Form 3160-3 (July 1989) (formerly 9-331C)

NM OIL CONS. COMME TONK DRAWER DD OFFICE NUMBER

88210 PIES REQUIRED Instructions on ARTESIA, NM

reverse side)

30-015-204 BLM Roswell District Modified Form No. NM060-3160-2

UNITED STATES DEPARTMENT OF THE INTERIOR

5. LEASE DESIGNATION AND SERIAL NO. BUREAU OF LAND MANAGEMENT LC-028731A APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK G. IF INDIAN, ALLOTTER OR TRIBE NAME 1a. TYPE OF WORK DRILL & Ke-Entry DEEPEN 🖾 7. UNIT AGREEMENT NAME PLUG BACK b. TYPE OF WELL WELL | SINGLE MULTIPLE ZONE OTHER 8. FARM OR LEASE NAME ZONE 2. NAME OF OPERATOR 3a. Area Code & Phone No. Dodd Marbob Energy Corporation 505-748-3303 9. WELL NO. 3. ADDRESS OF OPERATOR प्रदार श्राप्रभा P. O. Drawer 217, Artesia, NM 88210
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements) 10. FIELD AND POOL, OR WILDCAT Undesignated Upper Penn 1980 FSL 1880 FEL 11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA At proposed prod. zone Sec. 22-T17S-R29E 14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE. 12. COUNTY OR PARISH | 13. STATE 5 miles west of Loco Hills, New Mexico 15. DISTANCE FROM PROPOSED

LOCATION TO NEAREST

PROPERTY OR LEASE LINE, FT.

(Also to nearest drig, unit line, if any) Eddy NM 16. NO. OF ACRES IN LEASE 17. NO. OF ACRES ASSIGNED TO THIS WELL 1980' 600 160 18. DISTANCE FROM PROPOSED LOCATION® 19. PROPOSED DEPTH 20. ROTARY OR CABLE TOOLS TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 9600' Rotary 21. ELEVATIONS (Show whether DF, RT, GR, etc.) 22. APPROX. DATE WORK WILL START* 3551' GL December, 1993 23.

PROPOSED CASING AND CEMENTING PROGRAM

HOLE SIZE	CASING SIZE	WE IGHT/FOOT	GRADE	THREAD TYPE	1	
17.1/2"	11 3/4"	42#	5.00	THEAD THE	BETTING DEPTH	QUANTITY OF CEMENT
11"	8 5/8"				285'	250 sx (Existing)
	0 3/8:	24 & 32#			3500'	
77/8"	51/211	17#	7-55	1=00		
, , ,	9/2	' ['']	1 22	1 40	9600'	(tieback to 6600 min)
				•		11411

->> stub@~ 1223′ Marbob Energy proposes to drill out cmt to 3450', attempt to tie back into the 8 5/8" csg to surface and cmt it to surface, hole will be cleaned out to a depth below 9600' subsurface, 5½" csg will be run w/cmt brought up above 6600', injection interval will be perforated & cleaned up w/1000 gals. 15% NE ac if needed.

Attached is a copy of OCD-Santa Fe approval & a copy of form C-108. Administrative Order SWD-523.

070-10,880

A ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is one. If proposal is to drill or deepen directionally, give preventer program, if any.	to deepen or plug back, give data on present prodections and measure	ductive zone and proposed new product d and true vertical depths. Give blowd
SIGNED Thorda Nelson	_{тітів} Productiqn Clerk	DATE 7/9/93
(This space for Federal or State office use)		
APPROVED BY	TITLE AREA MANAGER	DATE DATE
PPROVAL ^{NS} SUBJECTATO***** ENERAL REQUIREMENTS AND PECTAL STIPULATIONS		DATE

SUFFRIENT SHIPMENTALIONS

*See Instructions On Reverse Side

ATTACHED
Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department.

Lug 27 11 05 11 153

DRILLING PROGRAM

Attached to Form 3160-3 Marbob Energy Corporation Dodd #1 SWD 1980' FSL and 1880' FEL Section 22, T-17S, R-29E Eddy County, New Mexico

1. Geologic Name of Surface Formation:

Permian

2. Estimated Tops of Important Geologic Markers:

Permian	Surface	Glorietta	4020'
Salt	360'	Tubb	5475'
Base of Salt	780 '	Abo	6076'
Yates	840'	Wolfcamp	7255'
Seven Rivers	1145'	Cisco	8847'
Oueen	1815'		
Grayburg	2140'		
San Andres	2520'		

3. Estimated Depths of Anticipated Fresh Water, Oil or Gas:

100'	Fresh Water
930'	Oil
1145'	Oil
1815'	Oil
2140'	Oil
2510 '	Oil
3900 '	Oil
	930' 1145' 1815' 2140' 2510'

DRILLING PROGRAM PAGE 2

The surface fresh water sands are protected by 11 3/4" casing at 285' which had cement circulated back to surface.

4. Casing Program:

<u>Hole Size</u>	<u>Interval</u>	OD csq	Weight, Grade, Jt. Cond. Type
		•	24#,J-55,LTC,NEW,R-3 tied back 17# J-55 LTC NEW R-3

Cement Program:

8 5/8" Surface Casing: Tie Back into and cement to surface with Class C w/2% cc.

5 1/2" Production Casing: Cemented with Class C to a minimum depth of 6600'.

5. Minimum Specifications for Pressure Control:

The blowout preventer equipment (BOP) shown in Exhibit $\sharp 1$ will consist of a double ram-type (3000 psi wp) preventer. This unit will by hydraulically operated and the ram-type preventer will be equipped with blind rams on top and 4-1/2" drill pipe rams on bottom. This BOP will be nippled up on the 11 3/4" surface csg and used continuously until TD is reached. All BOP's and accessory equipment will be tested to 1000 psi before drilling out of surface casing.

Pipe rams will be operationally checked each 24 hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. A 2" kill line and a 3" choke line will be included in the drilling spool located below the ram-type BOP. Other accessories to the BOP equipment will include a kelly cock and floor safety valve (inside BOP) and choke lines and choke manifold with 3000 psi WP rating.

DRILLING PROGRAM PAGE 3

6. Types and Characteristics of the Proposed Mud System:

The well will be drilled to TD with cut brine. The applicable depths and properties of this system are as follows:

Depth	Type	Weight <u>(ppg)</u>	Viscosity <u>(sec)</u>	Waterloss <u>(cc)</u>
0 - TD	Brine	9.8 - 10.2	40 - 45	N.C.

- 7. Auxiliary Well Control and Monitoring Equipment:
 - (A) A kelly cock will be kept in the drill string at all times.
 - (B) A full opening drill pipe stabbing valve (inside BOP) with proper drill pipe connections will be on the rig floor at all times.
- 8. Logging and Testing Program:

N/A

9. <u>Abnormal Conditions, Pressures, Temperatures, & Potential Hazards:</u>

N/A. Re-entry.

10. Anticipated Starting Date and Duration of Operations:

Location and road work will not begin until approval has been received from the BLM. The anticipated spud date is after September 1, 1993. Once commenced, the drilling operation should be finished in approximately 21 days.

SURFACE USE AND OPERATING PLAN

Attached to Form 3160-3 Marbob Energy Corporation Dodd #1 SWD 1980' FSL and 1880' FEL Section 22, T-17S, R-29E Eddy County, New Mexico

1. Existing Roads:

- A. The well site and elevation plat for the proposed well is shown in Exhibit #2. It was staked by John West Engineering.
- B. All roads to the location are shown in Exhibit #3. The existing roads are illustrated in red and are adequate for travel during drilling and production operations. Upgrading of the road prior to drilling will be done where necessary as determined during the onsite inspection.
- C. Directions to location: Proceed on U.S. Highway 82 East from Artesia for 21 miles. Turn right or South on paved road and proceed .2 miles, then turn East or left and proceed past the M. Dodd #6 well a total of .1 miles. A dry hole marker next to the road marks the location of the plugged Dodd #1 well.
- D. Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease.

2. Proposed Access Road:

Exhibit #3 shows the road in the area. Because current lease roads will service this well, no new roads will be needed.

- A. The average grade will be less than 1%.
- B. No turnouts are planned.
- C. No culverts, cattleguard, gates, low-water crossings, or fence cuts are necessary.
- D. Surfacing material will consist of native caliche. Caliche will be obtained from the nearest BLM-approved caliche pit. Any additional materials that are required will be purchased from the dirt contractor.

SURFACE USE AND OPERATING PLAN PAGE 2

3. Location of Existing Wells:

Exhibit #3 shows all existing wells within a one-half mile radius of this well.

4. Location of Existing and/or Proposed Facilities:

- A. Marbob Energy Corporation already has a collection facility set up for this lease.
- B. Rehabilitation plans are as follows:
 - (1) The pit will be back-filled after the contents of the pit are dry (within 10 months after the well is completed).
 - (2) Topsoil removed from the drill site will be used to recontour the pit area and any unused portions of the drill pad to the original natural level, as nearly as possible, and reseeded as per BLM specifications.

5. Location and Type of Water Supply:

The well will be drilled with brine water mud system as outlined in the drilling program. The water will be obtained from commercial water stations in the area and hauled to the location by transport truck over the existing and proposed access roads shown in Exhibit #2.

6. Source of Construction Materials:

All caliche required for construction of the drill pad and the proposed new access road (approximately 500 cubic yards) will be obtained from a BLM - approved caliche pit. The pad will be constructed of 6" of rolled and compacted caliche.

7. Methods of Handling Water Disposal:

- A. Drill cuttings not retained for evaluation purposes will be disposed into the reserve pit.
- B. Water produced from the well during completion may be disposed into the pit.

SURFACE USE AND OPERATING PLAN PAGE 3

8. Ancillary Facilities:

No airstrip, campsite, or other facilities will be built as a result of the operations on this well.

9. Well Site Layout:

A. The drill pad layout, with elevations staked by John West Engineering, is shown in Exhibit #4. Dimensions of the pad and pits are shown.

10. Plans for Restoration of the Surface:

A. Upon finishing drilling and/or completion operations, all equipment and other material not needed for operations will be removed.

All trash, garbage, and pit lining will be hauled away in order to leave the location in an aesthetically pleasing condition. All pits will be filled and the location leveled within 10 months after abandonment.

11. Surface Ownership:

The wellsite and lease is located on Federal Surface.

- A. The area around the well site is grassland and the top soil is sandy. The site is 100' from an existing well.
- B. Previous development has caused considerable disturbance such that no Cultural Resource Examination would be beneficial. Proposed operations are confined to a much smaller area than normally needed for drilling a new well.

SURFACE USE AND OPERATING PLAN PAGE 4

12. Lessee's and Operator's Representative:

The Marbob Energy Corporation representative responsible for assuring compliance with the surface use plan is as follows:

Johnny C. Gray
Marbob Energy Corporation
324 W. Main, Suite 103
P. O. Drawer 217
Artesia, New Mexico 88210
Phone: 505/748-3303 (office)
505/885-3879 (home)

Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and the work associated with the operations proposed herein will be performed by Marbob Energy Corporation and its contractors and subcontractors in conformity with this plan and the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Date: Mb. 25, 1993

Signed:

Jøhn R. Gray

President

MARBOB ENERGY CORPORATION

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

I. HYDROGEN SULFIDE TRAINING

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:

- 1. The hazards and characteristics of hydrogen sulfide $(\mathrm{H}_2\mathrm{S})$.
- 2. The proper use and maintenance of personal protective equipment and life support systems.
- 3. The proper use of H_2S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.
- 4. The proper techniques for first aid and rescue procedures.

In addition, supervisory personnel will be trained in the following areas:

- 1. The effects of H_2S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
- 2. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
- 3. The contents and requirements of the H_2S Drilling Operations Plan and the Public Protection Plan.

There will be an initial training session just prior to encountering a known or probable $\rm H_2S$ zone (within 3 days or 500 feet) and weekly $\rm H_2S$ and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific $\rm H_2S$ Drilling Operations Plan and the Public Protection Plan. This plan shall be available at the well site. All personnel will be required to carry documentation that they have received the proper training.

II. H2S SAFETY EQUIPMENT AND SYSTEMS

Note: All H_2S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonably expected to contain H_2S .

- 1. Well Control Equipment:
 - A. Flare line with electronic igniter or continuous pilot.
 - B. Choke manifold with a minimum of one remote choke.
 - C. Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.
 - D. Auxiliary equipment to include: annular preventer, mud-gas separator, rotating head, and flare gun with flares.
- 2. Protective equipment for essential personnel:
 - A. Mark II Surviveair 30-minute units located in the dog house and at briefing areas, as indicated on well site diagram.
- 3. H₂S detection and monitoring equipment:
 - A. 2 portable H_2S monitor positioned on location for best coverage and response. These units have warning lights and audible sirens when H_2S levels of 20 ppm are reached.
 - B. 1 portable SO2 monitor positioned near flare line.
- 4. Visual warning systems:
 - A. Wind direction indicators as shown on well site diagram.
 - B. Caution/Danger signs shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used, when appropriate. See example attached.

5. Mud Program:

A. The mud program has been designed to minimize the volume of $\rm H_2S$ circulated to the surface. Proper mud weight, safe drilling practices, and the use of $\rm H_2S$ scavengers will minimize hazards when penetrating $\rm H_2S$ bearing zones.

B. A mud-gas separator and an H_2S gas buster will be utilized.

6. Metallurgy:

- A. All drill strings, casings, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H₂S service.
- B. All elastomers used for packing and seals shall be ${\rm H}_2{\rm S}$ trim.

7. Communication:

- A. Radio communications in company vehicles including cellular telephone and 2-way radio.
- B. Land line (telephone) communications at field office.

8. Well testing:

A. Drill stem testing will be performed with a minimum number of personnel in the immediate vicinity which are necessary to safely and adequately conduct the test. The drill stem testing will be conducted during daylight hours and formation fluids will not be flowed to the surface. All drill stem testing operations conducted in an H₂S environment will use the closed chamber method of testing.

WARNING

YOU ARE ENTERING AN H₂S AREA AUTHORIZED PERSONNEL ONLY

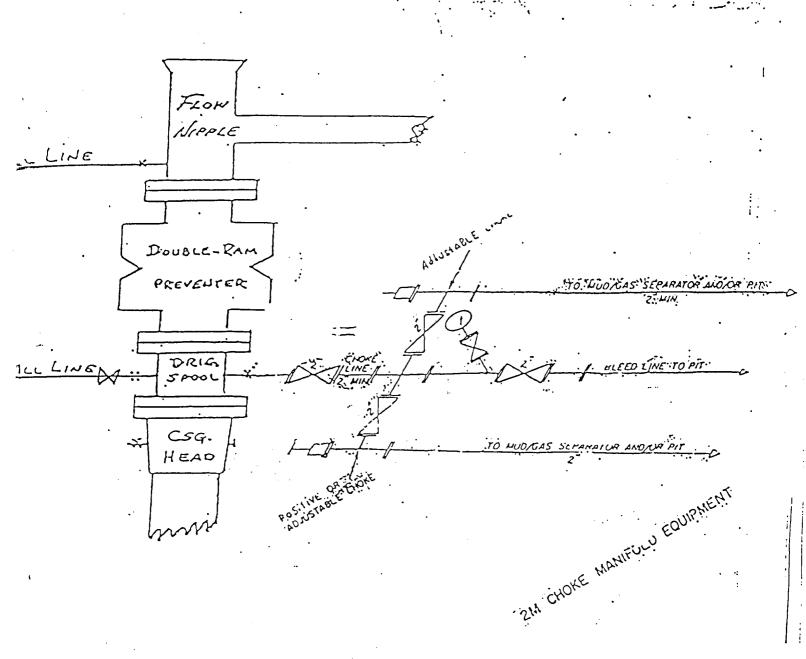
- 1. BEARDS OR CONTACT LENSES NOT ALLOWED
- 2. HARD HATS REQUIRED
- 3. SMOKING IN DESIGNATED AREAS ONLY
- 4. BE WIND CONSCIOUS AT ALL TIMES
- 5. CK WITH MARBOB FOREMAN AT MAIN OFFICE

MARBOB ENERGY CORPORATION

1-505-748-3303

EUP & CHOKE MANIFOLD

10"/900 Cameron SS Space Saver 3000# Working Pressure 3.000# Working Pressure Choke Manifold



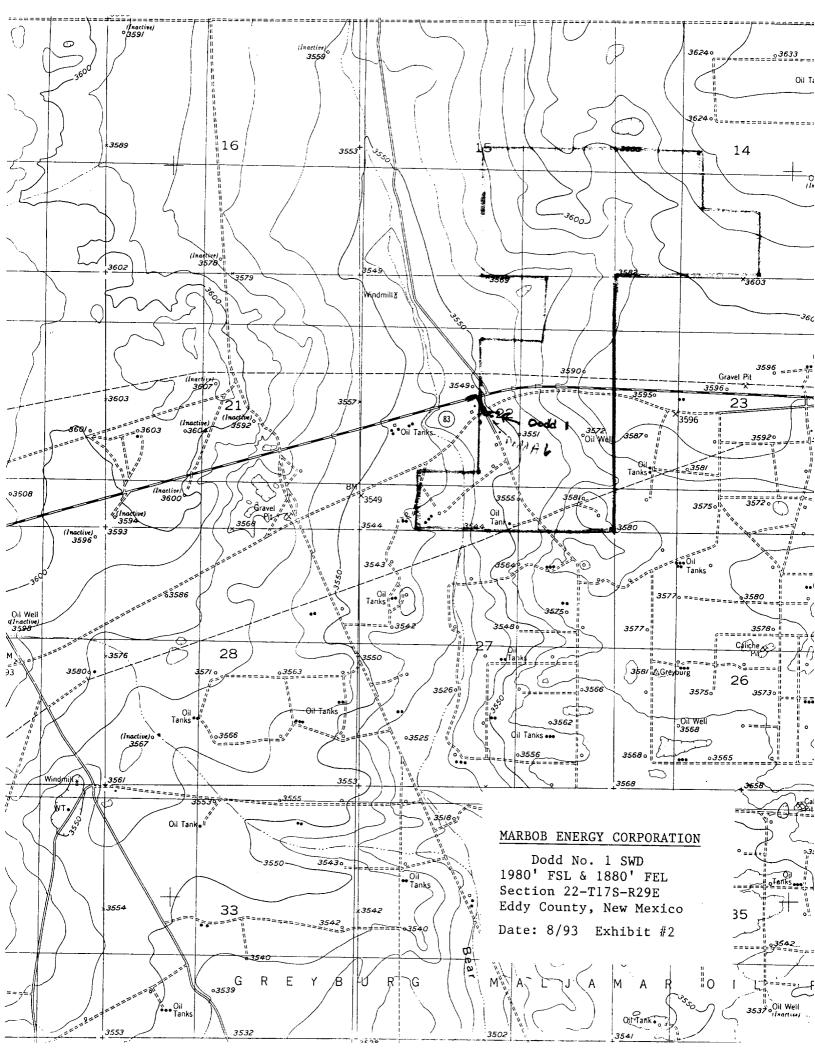
MARBOB ENERGY CORPORATION

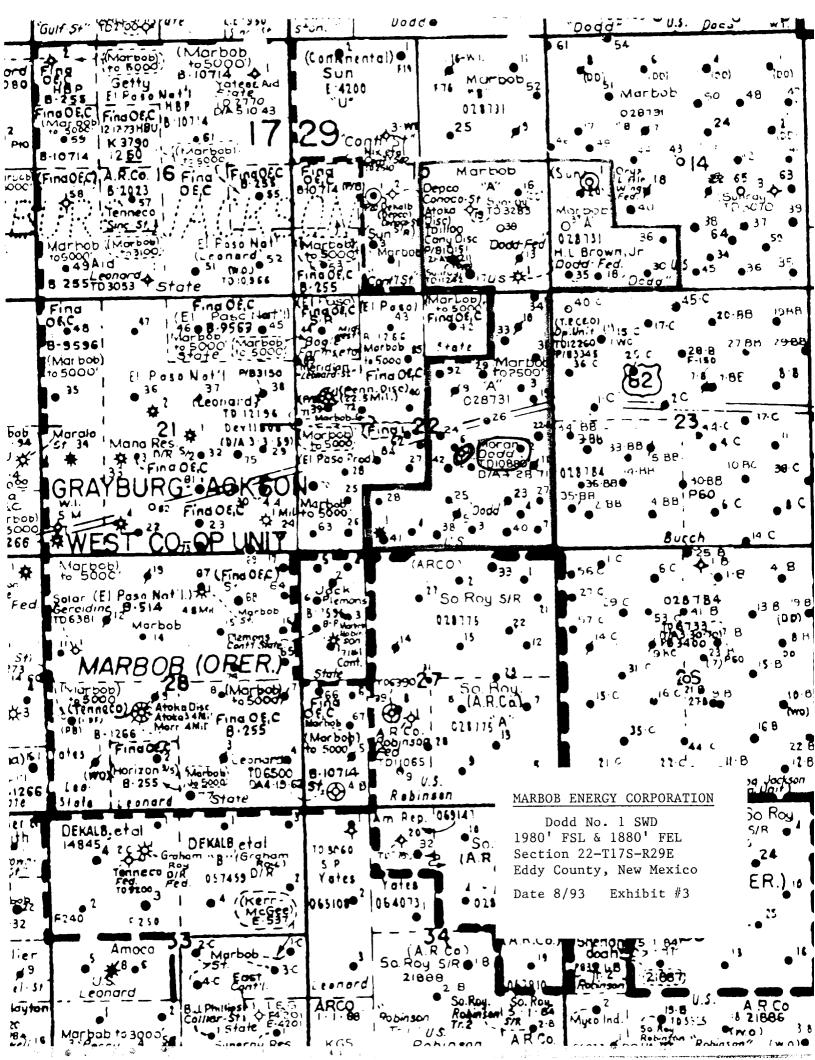
Dodd No. 1 SWD 1980' FSL & 1880' FEL Section 22-T17S-R29E Eddy County, New Mexico

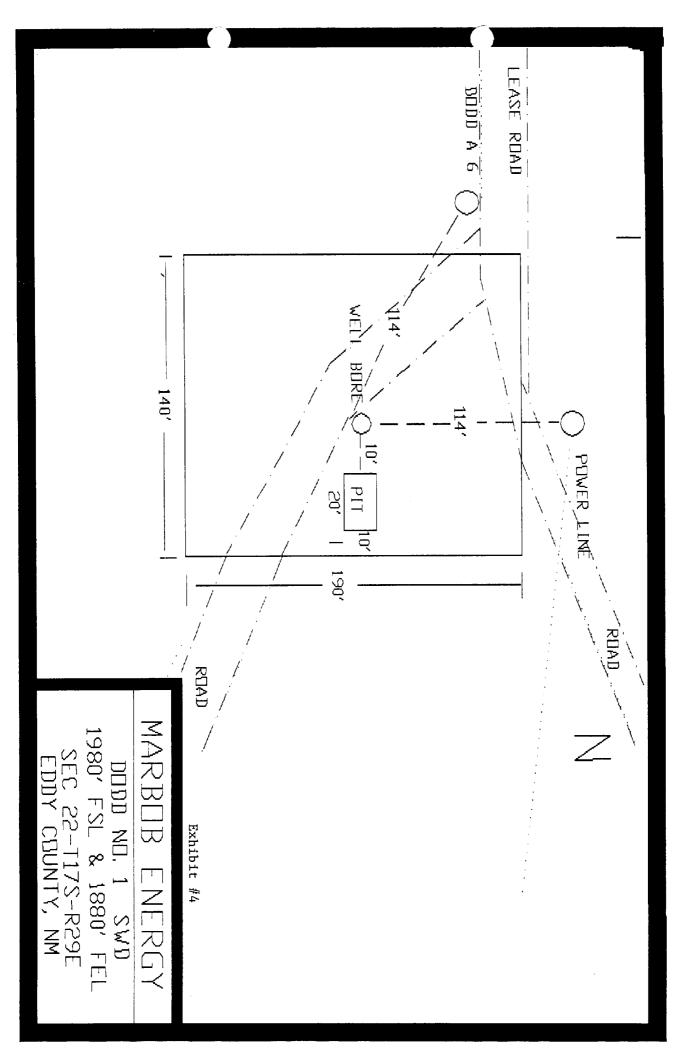
Date: 8/93 Exhibit #1

Attachment to Exhibit #1 NOTES REGARDING THE BLOWOUT PREVENTERS

- 1. Drilling nipple to be so constructed that it can be removed without use of a welder through rotary table opening, with minimum I.D. equal to preventer bore.
- Wear ring to be properly installed in head.
- 3. Blow out preventer and all fittings must be in good condition, 3000 psi W.P. minimum.
- 4. All fittings to be flanged.
- 5. Safety valve must be available on rig floor at all times with proper connections, valve to be full bore 3000 psi W.P. minimum.
- 6. All choke and fill lines to be securely anchored, especially ends of choke lines.
- 7. Equipment through which bit must pass shall be at least as large as the diameter of the casing being drilled through.
- 8. Kelly cock on kelly.
- 9. Extension wrenches and hand wheels to be properly installed.
- 10. Blow out preventer control to be located as close to driller's position as feasible.
- 11. Blow out preventer closing equipment to include minimum 40 gallon accumulator, two independent sources of pump power on each closing unit installation, and meet all API specifications.







All distances must be from the outer boundaries of the Section.

				Well No.	
MOHANACI XRROCCC HICAS ENNIXAC CONS.				1	
			'		
	11/5	RZJE		IY .	
	SOUTH line on	a 1880 ' te	et from the EAST	line	
				Dedicated Acreage;	
Penn		Grayburg Pe	enn-	160 Acres	
Producing For Penn ne acreage dediction one lease is not royalty). an one lease of communitization, No If the is "no," list the if necessary.) ble will be assig	ated to the subject dedicated to the w different ownership i unitization, force-poor	Grayburg Per Grayburg Per Grayburg Per well by colored pencil ell, outline each and ideas dedicated to the well pling. etc? The of consolidation Scriptions which have all interests have been	or hachure marks on the sentify the ownership to the interests of actually been consolidated (by contact interests, has been sentimentally been consolidated (by contact interests, has been sentimentally to the sentimental	he plat below. thereof (both as to working f all owners been consolidated. (Use reverse side of mmunitization, unitization, n approved by the Commiscertify that the information concertify that the information concertifies the infor	
STATE OF STA	- ACKANAWA	1880	shown of notes of under maken is true knowled by the survey of the surve	eyed ARCH 10, 1971 d Professional Engineer and Surveyor W. W. J. W. J.	
	Section 22 cation of Well: feet from the Producing Form Penn The acreage dedication on the lease is and royalty). an one lease of communitization, No If a sis "no;" list the if necessary.) ble will be assigned be seen in the image of the communitization of the will be assigned by the community of the community o	Section Township 22 T17S cation of Well: feet from the SOUTH line on Producing Formation Penn ne acreage dedicated to the subject than one lease is dedicated to the wind royalty). an one lease of different ownership is communitization, unitization, force-pooling "no," list the owners and tract desif necessary.) ble will be assigned to the well until boling, or otherwise) or until a non-standard of the well until a non-	Section Township Range Section Township Range T17S R29E Total Institute South Institute and 1880 to producing Formation Penn Grayburg Bearing at a creage dedicated to the subject well by colored pencil than one lease is dedicated to the well, outline each and ident orgality). an one lease of different ownership is dedicated to the well communitization, unitization, force-pooling, etc? No If answer is "yes," type of consolidation is "no," list the owners and tract descriptions which have if necessary.) ble will be assigned to the well until all interests have been oling, or otherwise) or until a non-standard unit, eliminating standard unit, eliminating sta	SENDENCE NACCO SURVINGUES SANCE. Section Township Township Reage County 22	