

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address MARBOB ENERGY CORP PO Box 227 Artesia, NM 88211		2. OGRID Number 14049
		3. API Number 30-015-35211
4. Property Code 36088	5. Property Name UGLY STIK STATE	6. Well No. 003

7. Surface Location

UL - Lot O	Section 2	Township 19S	Range 27E	Lot Idn O	Feet From 330	N/S Line S	Feet From 2249	E/W Line E	County EDDY
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8. Pool Information

ARTESIA,QUEEN-GRAYBURG-SAN ANDRES	3230
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Additional Well Information

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3514
14. Multiple N	15. Proposed Depth 2800	16. Formation San Andres	17. Contractor	18. Spud Date 11/25/2006
Depth to Ground water 250		Distance from nearest fresh water well > 1000		Distance to nearest surface water > 1000
Pit: Liner: Synthetic ☒ 12 _____ miles thick Clay ☐ Pit Volume: 3000 _____ bbls Drilling Method: Closed Loop System ☐ Fresh Water ☐ Brine ☐ Diesel/Oil-based ☒ Gas/Air ☐				

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	12.25	8.625	24	300	300	0
Prod	7.875	5.5	17	2800	300	0

Casing/Cement Program: Additional Comments

We propose to drill 12 1/4 inch hole to 275 ft with fresh water, run 24 lb J-55 8 5/8 inch csg and set at 275 ft with 300 sx cmt, circ to surface; drl 7 7/8 inch hole to 2800 ft with cut brine water, run 5 1/2 inch 17 lb J-55 csg and set at 2800 ft with 300 sx cmt, circ to surface.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	2000	2000	Cameron

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

I further certify that the drilling pit will be constructed according to NMOCB guidelines ☐ a general permit ☒ or an (attached) alternative OCB-approved plan ☐.

Printed Name: Electronically filed by Diana Briggs

Title: Production Analyst

Email Address: production@marbob.com

Date: 10/25/2006 Phone: 505-748-3303

OIL CONSERVATION DIVISION

Approved By: Bryan Arrant

Title: Geologist

Approved Date: 10/26/2006 Expiration Date: 10/26/2007

Conditions of Approval Attached

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone:(505) 393-6161 Fax:(505) 393-0720

District II
 1301 W. Grand Ave., Artesia, NM 88210
 Phone:(505) 748-1283 Fax:(505) 748-9720

District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
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1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102
 Permit 40296

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-35211	2. Pool Code 3230	3. Pool Name ARTESIA;QUEEN-GRAYBURG-SAN ANDRES
4. Property Code 36088	5. Property Name UGLY STIK STATE	6. Well No. 003
7. OGRID No. 14049	8. Operator Name MARBOB ENERGY CORP	9. Elevation 3514

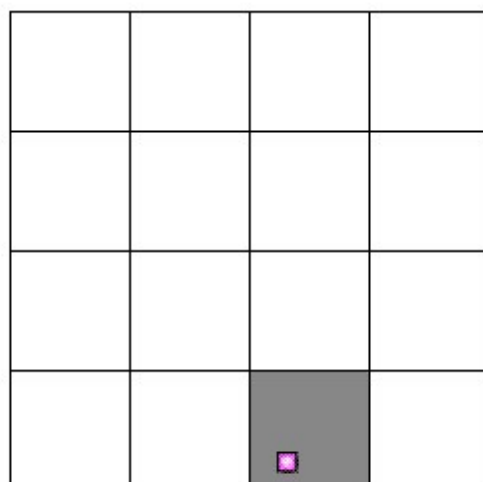
10. Surface Location

UL - Lot O	Section 2	Township 19S	Range 27E	Lot Idn	Feet From 330	N/S Line S	Feet From 2249	E/W Line E	County EDDY
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11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 40.00	13. Joint or Infill	14. Consolidation Code	15. Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

E-Signed By: Diana Briggs
 Title: Production Analyst
 Date: 10/25/2006

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Surveyed By: Ronald Eidson
 Date of Survey: 9/25/2006
 Certificate Number: 3239

Permit Comments

Operator: MARBOB ENERGY CORP , 14049

Well: UGLY STIK STATE #003

API: 30-015-35211

Created By	Comment	Comment Date
MARBOB4	Marbob Energy has conducted a review to determine if an H2S contingency plan is required for the above referenced well. We were able to conclude that any potential hazardous volume would be minimal. H2S concentrations of wells in this area from surface to TD are low enough; therefore we do not believe that an H2S Contingency Plan would be necessary.	10/25/2006

Permit Conditions of Approval

Operator: MARBOB ENERGY CORP , 14049

Well: UGLY STIK STATE #003

API: 30-015-35211

OCD Reviewer	Condition
BArrant	Pit construction and closure must satisfy all requirements of your approved plan, D.C.D. Rule 19.15.2.50, and the Pit and Below-Grade Tank Guidelines