

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NMOCD

FORM APPROVED
OMB NO. 1004-0135
Expires: November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other Instructions on reverse side.

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMNM07260	
2. Name of Operator MARATHON OIL COMPANY		6. If Indian, Allottee or Tribe Name	
3a. Address P O BOX 3128 HOUSTON, TX 77253		7. If Unit or CA/Agreement, Name and/or No. NMNM70964A	
3b. Phone No. (include area code) Ph: 713.629.6600 Ext: 3254 Fx: 713.499.6748		8. Well Name and No. INDIAN HILLS UNIT 35	
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 33 T21S R24E NWNE 1087FNL 2037FEL		9. API Well No. 30-015-32199-00-S1	
		10. Field and Pool, or Exploratory INDIAN BASIN UPPER PENN ASS	
		11. County or Parish, and State EDDY COUNTY, NM	

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Drilling Operations
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleation in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Marathon Oil Co. intends to drill a new horizontal lateral to the same permitted producing interval. Marathon will plug off current producing interval w/ 200 sks. of premium cement. Marathon will cut a window in the casing at approx. 9313'MD, 8078' TVD and drill a 4-3/4" hole to a TL of 664' FSL & 686' FEL, Sec. 28, T 21-S, R-24-E. Marathon will use produced water and Fresh water as drilling fluids. This will be an Open Hole completion (no liner)

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS ATTACHED

14. I hereby certify that the foregoing is true and correct. Electronic Submission #32869 verified by the BLM Well Information System For MARATHON OIL COMPANY, sent to the Carlsbad Committed to AFMSS for processing by ARMANDO LOPEZ on 07/12/2004 (04AL0255SE)	
Name (Printed/Typed) MIKE MICK	Title AUTHORIZED REPRESENTATIVE
Signature (Electronic Submission)	Date 07/09/2004

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By ALEXIS C SWOBODA	Title PETROLEUM ENGINEER	Date 07/12/04
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.		Office Carlsbad

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED **

DISTRICT I
P.O. Box 1888, Santa Fe, NM 87504-2088

DISTRICT II
P.O. Box 1888, Santa Fe, NM 87504-2088

DISTRICT III
1000 Rio Grande Rd., Santa Fe, NM 87504-2088

DISTRICT IV
P.O. Box 1888, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-188
Revised February 18, 1984
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name INDIAN HILLS UNIT	Well Number 35
OGRI No.	Operator Name MARATHON OIL COMPANY	Elevation 4123'

Surface Location

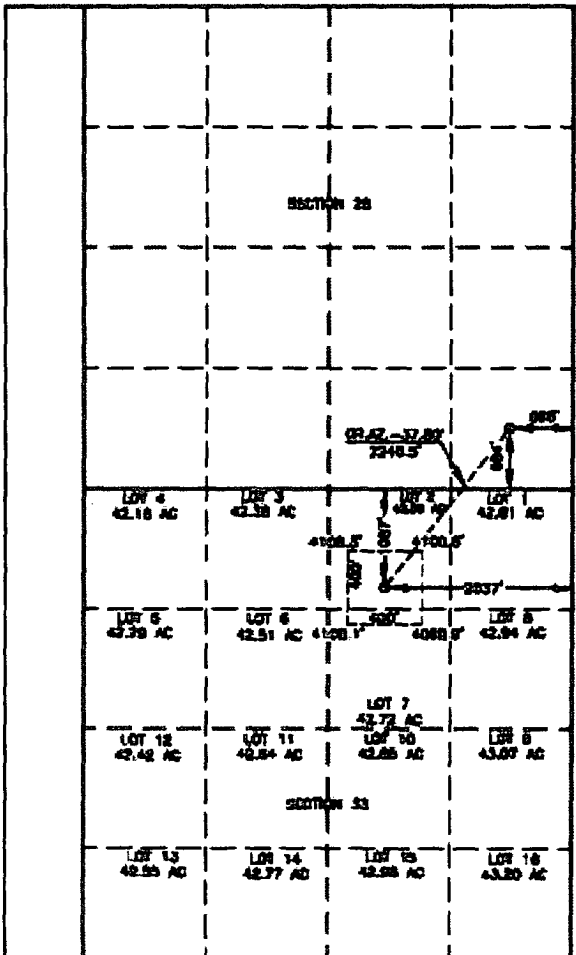
UL or lot No.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County
2	33	21-S	24-E		1087	NORTH	2037	EAST	EDDY

Bottom Hole Location if Different From Surface

UL or lot No.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County
P	28	21-S	24-E		664	SOUTH	686	EAST	EDDY

Dedicated Acres	Joint or In NE	Consolidation Code	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

	<p>B.H. Y=525668.6 N X=449725.9 E</p> <p>GEODETIC COORDINATES NAD 27 NME SURF. Y=523893.6 N X=448349.0 E</p> <p>LAT.=32°26'24.87" N LONG.=104°30'02.73" W</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>Date _____</p> <p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>SEPTEMBER 6, 2001</p> <p>Date Surveyed REV: 07/02/04 JR</p> <p>Signature & Seal of Professional Surveyor _____</p> <p>04.13.0832</p> <p>Certificate No. GARY HEDSON 12843</p>
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Marathon Oil Company
INDIAN HILLS UNIT #35

slot #1
INDIAN BASIN
Eddy County New Mexico

P R O P O S A L L I S T I N G

by
Baker Hughes INTEQ

Your ref : ST_P1
Our ref : prop3527
License :

Date printed : 26-Jun-2004
Date created : 21-Oct-2002
Last revised : 26-Jun-2004

Field is centred on 445535.500,521332.200,-105.00000,N
Structure is centred on 448350.100,523894.600,-105.00000,N

Slot location is n32 26 24.677,w104 30 2.712
Slot Grid coordinates are N 523894.600, E 448350.100
Slot local coordinates are 0.00 N 0.00 E

Projection type: mercator - New Mexico East (3001), Spheroid: Clarke - 1866

Reference North is Grid North

Marathon Oil Company
INDIAN HILLS UNIT #35, slot #1
INDIAN BASIN, Eddy County New Mexico

PROPOSAL LISTING Page 1
Your ref : ST_P1
Last revised : 26-Jun-2004

Measured Depth	Inclin. Degrees	Azimuth Degrees	True Vert Depth	R E C T A N G U L A R C O O R D I N A T E S		Dogleg Deg/100ft	Vert Sect
8335.00	20.58	348.17	8046.19	1831.01 N	277.55 W	0.00	1276.67
8400.00	40.14	65.99	8103.84	1851.57 N	260.03 W	61.89	1303.65
8495.42	94.30	93.22	8140.00	1862.39 N	176.94 W	61.89	1363.12
8500.00	94.30	93.22	8139.66	1862.13 N	172.39 W	0.00	1365.72
9000.00	94.30	93.22	8102.17	1834.13 N	325.42 E	0.00	1648.69
9295.00	94.30	93.22	8080.05	1817.60 N	619.12 E	0.00	1815.65
9313.40	93.38	93.22	8078.82	1816.57 N	637.45 E	5.00	1826.07
9400.00	93.38	93.22	8073.71	1811.72 N	723.77 E	0.00	1875.14
9500.00	93.38	93.22	8067.81	1806.11 N	823.43 E	0.00	1931.80
9600.00	93.38	93.22	8061.91	1800.51 N	923.10 E	0.00	1988.45
9700.00	93.39	93.22	8056.00	1794.90 N	1022.77 E	0.00	2045.11
9800.00	93.39	93.22	8050.10	1789.30 N	1122.44 E	0.00	2101.78
9900.00	93.39	93.22	8044.19	1783.70 N	1222.11 E	0.00	2158.44
10000.00	93.39	93.21	8038.28	1778.10 N	1321.77 E	0.00	2215.10
10055.41	93.39	93.21	8035.00	1775.00 N	1377.00 E	0.00	2246.50 BHL

All data is in feet unless otherwise stated.
Coordinates from slot #1 and TVD from rotary table.
Bottom hole distance is 2246.50 on azimuth 37.80 degrees from wellhead.
Vertical section is from S 0.00 W 0.00 on azimuth 37.80 degrees.
Calculation uses the minimum curvature method.
Presented by Baker Hughes INTEQ

Marathon Oil Company
INDIAN HILLS UNIT #35, slot #1
INDIAN BASIN, Eddy County New Mexico

PROPOSAL LISTING Page 2
Your ref : ST_P1
Last revised : 26-Jun-2004

				Comments in wellpath
				=====
MD	TVD	Rectangular Coords.		Comment

10055.41	8035.00	1775.00 N	1377.00 E	BHL

Targets associated with this wellpath				
=====				
Target name	Geographic Location	T.V.D.	Rectangular Coordinates	Revised

BHL		8035.00	1775.00N 1377.00E	26-Jun-2004



Marathon Oil Company

Created by: dent
Date plotted: 26-Jun-2004
Plot Reference is ST P1.
Coordinates are in feet reference slot #1.
True Vertical Depths are reference rotary table.
35slip
--- Baker Hughes INTEQ ---

Structure : INDIAN HILLS UNIT #35

Slot : slot #1

Field : INDIAN BASIN

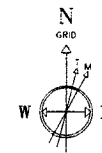
Location : Eddy County New Mexico

BAKER
HUGHES
INTEQ

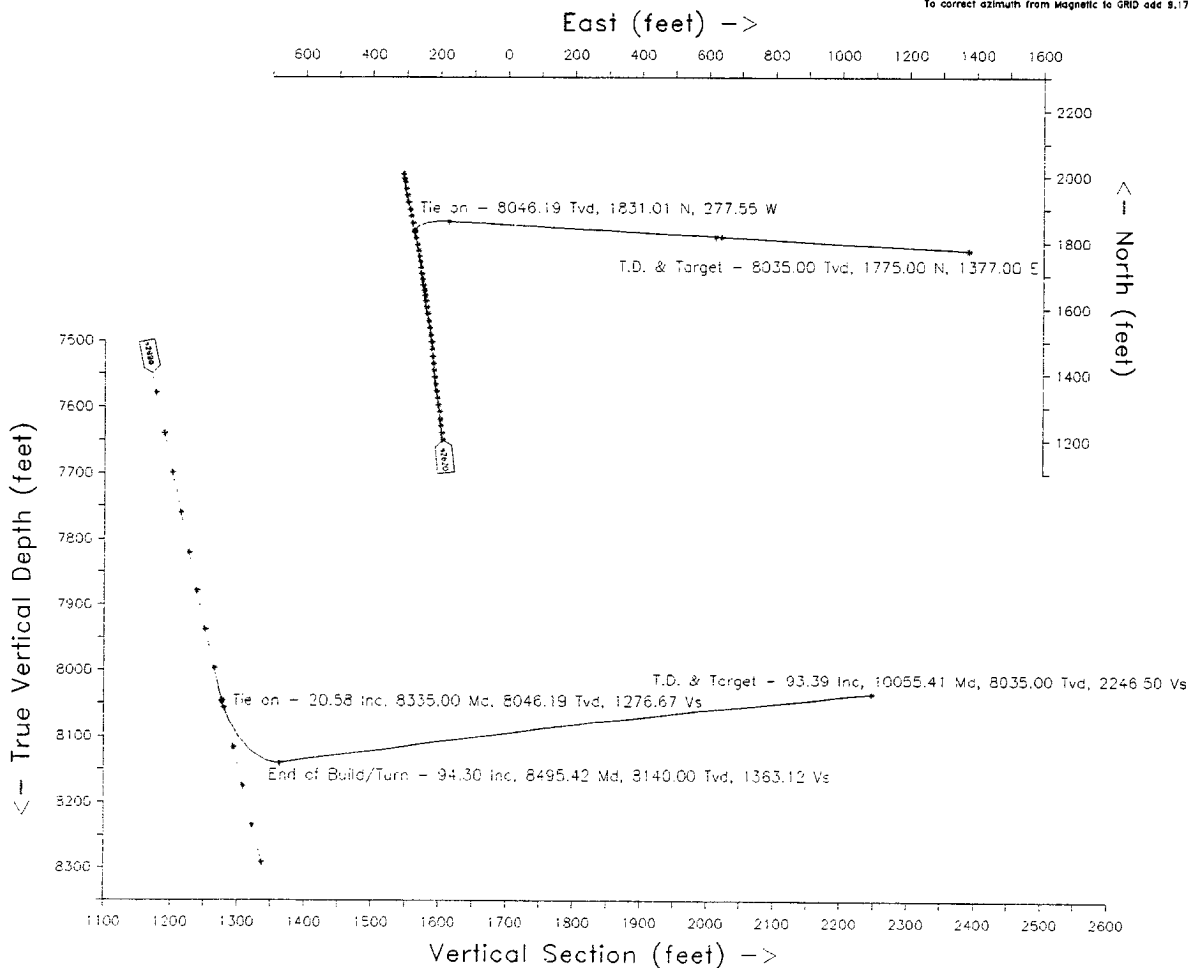
WELL PROFILE DATA

Point	MD	Inc	Dir	TVD	North	East	V. Sect	Deg/100
Tie on	8335.00	20.58	348.17	8046.19	1831.01	-277.55	1276.67	0.00
End of Build/Turn	8495.42	94.30	93.22	8140.00	1862.39	-176.94	1363.12	61.89
End of Hold	9295.00	94.30	93.22	8080.05	1817.60	619.12	1815.65	0.00
KOP	9313.40	93.38	93.22	8078.82	1816.57	637.45	1826.07	5.00
T.D. & Target BHL	10055.41	93.39	93.21	8035.00	1775.00	1377.00	2246.50	0.00

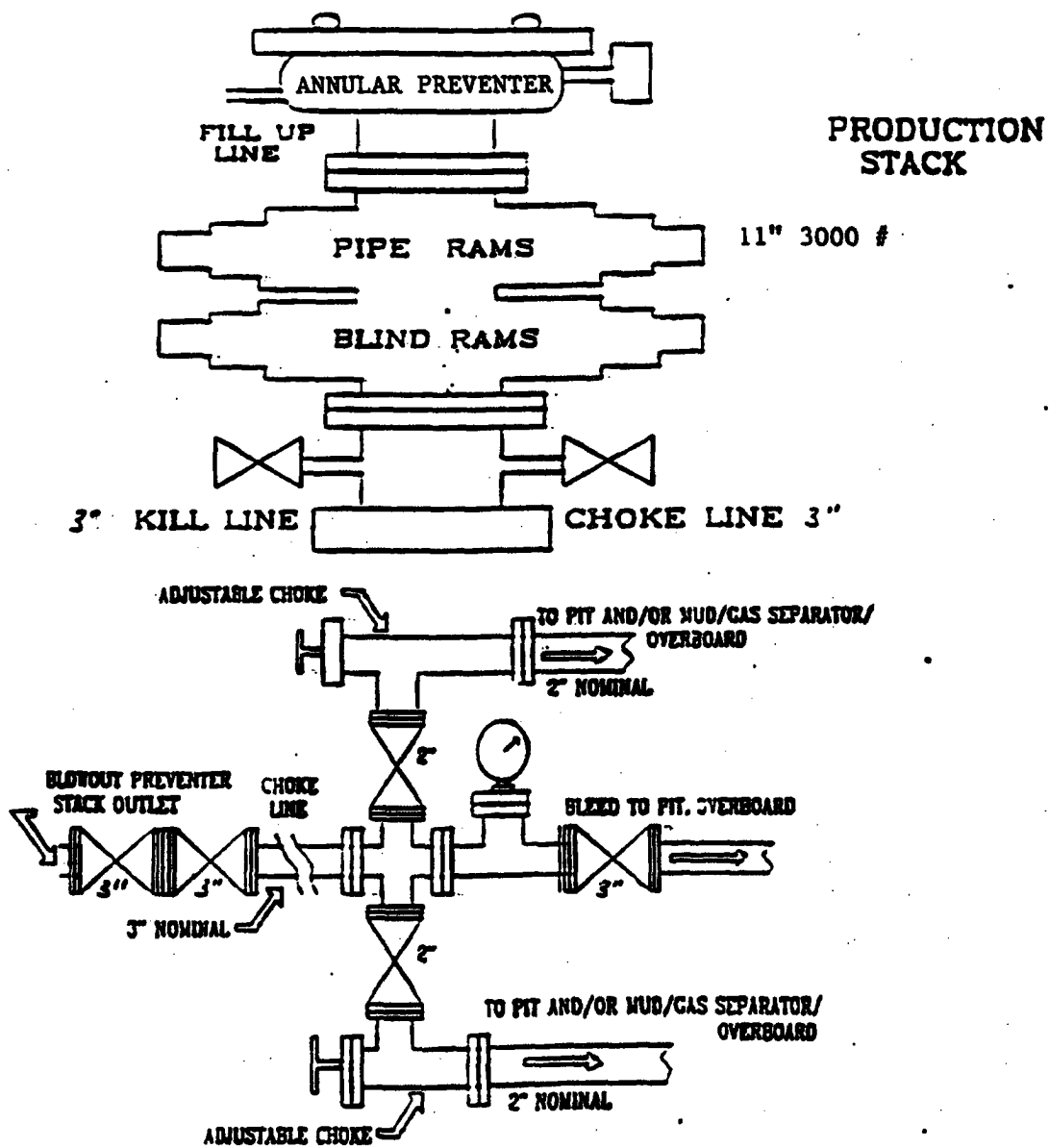
Approved By: _____
Title: _____
Date: _____



18-Jun-2002 (source: BGM)
Magnetic North is 9.08 degrees East of True North
GRID North is 0.09 degrees West of True North
To correct azimuth from True to GRID add 0.09 deg
To correct azimuth from Magnetic to GRID add 9.17 deg



Azimuth 37.80 with reference 0.00 S, 0.00 W from slot #1



MARATHON OIL COMPANY

H2S DRILLING OPERATIONS PLAN

• HYDROGEN SULFIDE TRAINING

All contractors and subcontractors employed by Marathon Oil Company will receive or have received training from a qualified instructor within the last twelve months in the following areas prior to commencing drilling operations on this well.

- 1. The hazards and characteristics of hydrogen sulfide (H2S)**
- 2. Safety precautions**
- 3. Operations of safety equipment and life support systems**

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

- 1. The effect of H2S on metal components in the system. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.**
- 2. Corrective action and shut-down procedures when drilling or reworking a well, blowout prevention and well control procedures, if the nature of work performed involves these items.**
- 3. The contents and requirements of the contingency plan when such plan is required.**

All personnel will be required to carry documentation of the above training on their person.

II. H2S EQUIPMENT AND SYSTEMS

1. Safety Equipment

The following safety equipment will be on location.

A. Wind direction indicators.

B. Automatic H2S detection alarm equipment (both audio and visual).

C. Clearly visible warning signs. Signs will use the words "POISON GAS" and "CAUTION" with a strong color contrast.

D. Protective breathing equipment will be located in the dog house and at briefing areas.

2. WELL CONTROL SYSTEMS

A. Blowout Prevention Equipment

Equipment includes but is not limited to:

- a. pipe rams to accommodate all pipe sizes**
- b. blind rams**
- c. choke manifold**
- d. closing unit**

Auxiliary equipment added as appropriate includes:

- a. annular preventor**
- b. rotating head**
- c. mud- gas separator**
- d. flare line and means of ignition _____ e. remote operated choke**

B. Communication

The rig contractor will be required to have two-way communication capability. Marathon Oil Company will have either land-line or mobile telephone capabilities.

C. Mud Program

The mud program has been designed to minimize the volume of H₂S circulated to surface. Proper mud weight, safe drilling practices, and the use of H₂S scavengers when appropriate will minimize hazards when penetrating H₂S bearing zones.

III. WELL SITE DIAGRAM

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: **Marathon Oil Company**
Well Name & No. **Indian Hills Unit # 35 – PLUG BACK AND SIDE TRACK**
SH Location: **1087' FNL, 2037' FEL, Section 33, T. 21 S., R. 24 E., Eddy County, New Mexico**
Proposed BH Location: **664' FSL, 686' FEL, Section 28, T. 21 S., R. 24 E., Eddy County, New Mexico**
Lease: **NM-07260 (BHL)**

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 for wells in Eddy County in sufficient time for a representative to witness:

A. Well spud

B. Cementing casing: 9-5/8 inch 7 inch – ALL CASINGS IN PLACE

C. BOP tests

2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

3. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15-day time frame.

4. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

II. CASING:

1. The 9-5/8 inch surface casing is set at 1832 feet and cement circulated to the surface.

2. The 7 inch production casing is set at 8875 feet and cement circulated to the surface.

3. Well bore will be plugged back with 200 sx cement. A window will be cut in the existing 7" casing at approximately 8078' TVD and a 4-3/4" hole will be drilled to the proposed bottom hole location.

4. Well will be completed open hole.

III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 9-5/8 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 3000 psi.

3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.

- The tests shall be done by an independent service company.
- The results of the test shall be reported to the appropriate BLM office.
- Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
- Testing must be done in a safe workman-like manner. Hard line connections shall be required.