

UNIT
DEPARTMENT
BUREAU OF L

If earthen pits are used in
association with the drilling of this
well, an OCD pit permit must be
obtained prior to pit construction.

FORM APPROVED
OMB No. 1004-0136
Expires January 31, 2004

APPLICATION FOR PERMIT

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM-67979	
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name	
2. Name of Operator Marbob Energy Corporation		7. If Unit or CA Agreement, Name and No.	
3a. Address PO Box 227, Artesia, NM 88220		8. Lease Name and Well No. Irish Whiskey Federal #2	
3b. Phone No. (include area code) 505-748-3303		9. API Well No. 30-015-34327	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 760 FNL & 1980 FWL B. VST At proposed prod. zone pit attached SW dated 11-28-05 ETD		10. Field and Pool, or Exploratory Dublin Ranch, Morrow (Gas)	
14. Distance in miles and direction from nearest town or post office*		11. Sec., T., R., M., or Blk. and Survey or Area Section 26: T22S-R28E	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)		12. County or Parish Eddy	
16. No. of Acres in lease 320		13. State NM	
17. Spacing Unit dedicated to this well		20. BLM/BIA Bond No. on file 585716 NM 2056	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.		21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3137 GL	
19. Proposed Depth 13200'		22. Approximate date work will start* December 1, 2005	
23. Estimated duration 41 days			

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification.
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature 	Name (Printed/Typed) Melanie J. Parker	Date 10/24/2005
Title Land Department		
Approved by (Signature) /s/ Joe G. Lara	Name (Printed/Typed) /s/ Joe G. Lara	Date DEC 29 2005
Title ACTING FIELD MANAGER		
Office CARLSBAD FIELD OFFICE		

Application approval 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.

Conditions of approval, if any, are attached.

APPROVAL FOR 1 YEAR

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.

*(Instructions on reverse)

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

Carlsbad Controlled Water Basin

Witness Surface Casing

NOV 16 2005

DISTRICT I

1625 N. FRENCH DR., BOBBS, NM 88240

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico

Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102

Revised JUNE 10, 2003

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
	76140	DUBLIN RANCH MORROW (GAS)
Property Code	Property Name	Well Number
34529	IRISH WHISKEY	2
OGRID No.	Operator Name	Elevation
14049	MARBOB ENERGY CORPORATION	3136'

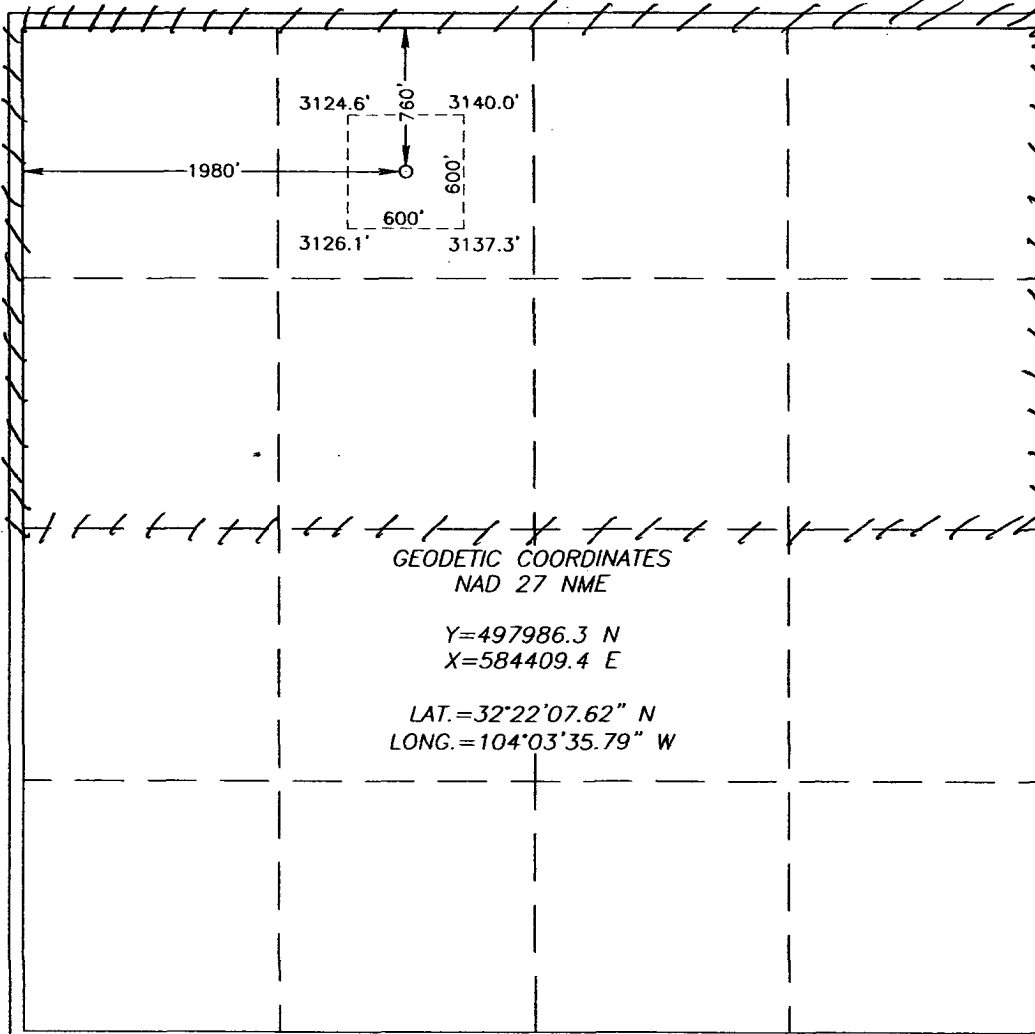
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	26	22-S	28-E		760	NORTH	1980	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						
320									

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 the the information
contained herein is true and complete to the
best of my knowledge and belief.

Nancy T. Bratcher
Signature

Nancy T. Bratcher
Printed Name

Land Department
Title

November 28, 2005
Date

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.

NOVEMBER 10, 2005

Date Surveyed JR

Signature & Seal of
Professional Surveyor

Ronald T. Eidson 11/15/05
05.11.1733

Certificate No. GARY EIDSON 12641
RONALD T. EIDSON 3239

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144
March 12, 2004

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☒ No ☐

Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: **Marbob Energy Corporation**

Telephone: **505-748-3303**

e-mail address: **land2@marbob.com**

Address: **PO Box 227, Artesia, NM 88211-0227**

Facility or well name: **Irish Whiskey Federal #2**

API #: _____ U/L or Qtr/Qtr **N/2** Sec **26** T **22S** R **28E**

County: **Eddy**

Latitude _____ Longitude _____ NAD: 1927 ☐ 1983 ☐ Surface Owner Federal ☒ State ☐ Private ☐ Indian ☐

Pit

Type: Drilling ☒ Production ☐ Disposal ☐
Workover ☐ Emergency ☐

Lined ☒ Unlined ☐

Liner type: Synthetic ☒ Thickness **12** mil Clay ☐ Volume
_____ bbl

Below-grade tank

Volume: _____ bbl Type of fluid: _____

Construction material: _____

Double-walled, with leak detection? Yes ☐ If not, explain why not. _____

RECEIVED
OCT 25 2005
OCD-ARTESIA

Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)

Less than 50 feet

(20 points)

50 feet or more, but less than 100 feet

(10 points)

100 feet or more

(0 points)

0 points

Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)

Yes

(20 points)

No

(0 points)

0 points

Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)

Less than 200 feet

(20 points)

200 feet or more, but less than 1000 feet

(10 points)

1000 feet or more

(0 points)

0 points

Ranking Score (Total Points)

0 points

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location:

onsite ☐ offsite ☐ If offsite, name of facility _____ (3) Attach a general description of remedial action taken including remediation start date and end

date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface _____ ft. and attach sample results. (5) Attach soil sample results and a

diagram of sample locations and excavations.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☒, or an (attached) alternative OCD-approved plan ☐.

Date: **October 3, 2005**

Printed Name/Title: **Amy Johnson / Land Department**

Signature

Amy Johnson

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval: **NOV 2 2005**

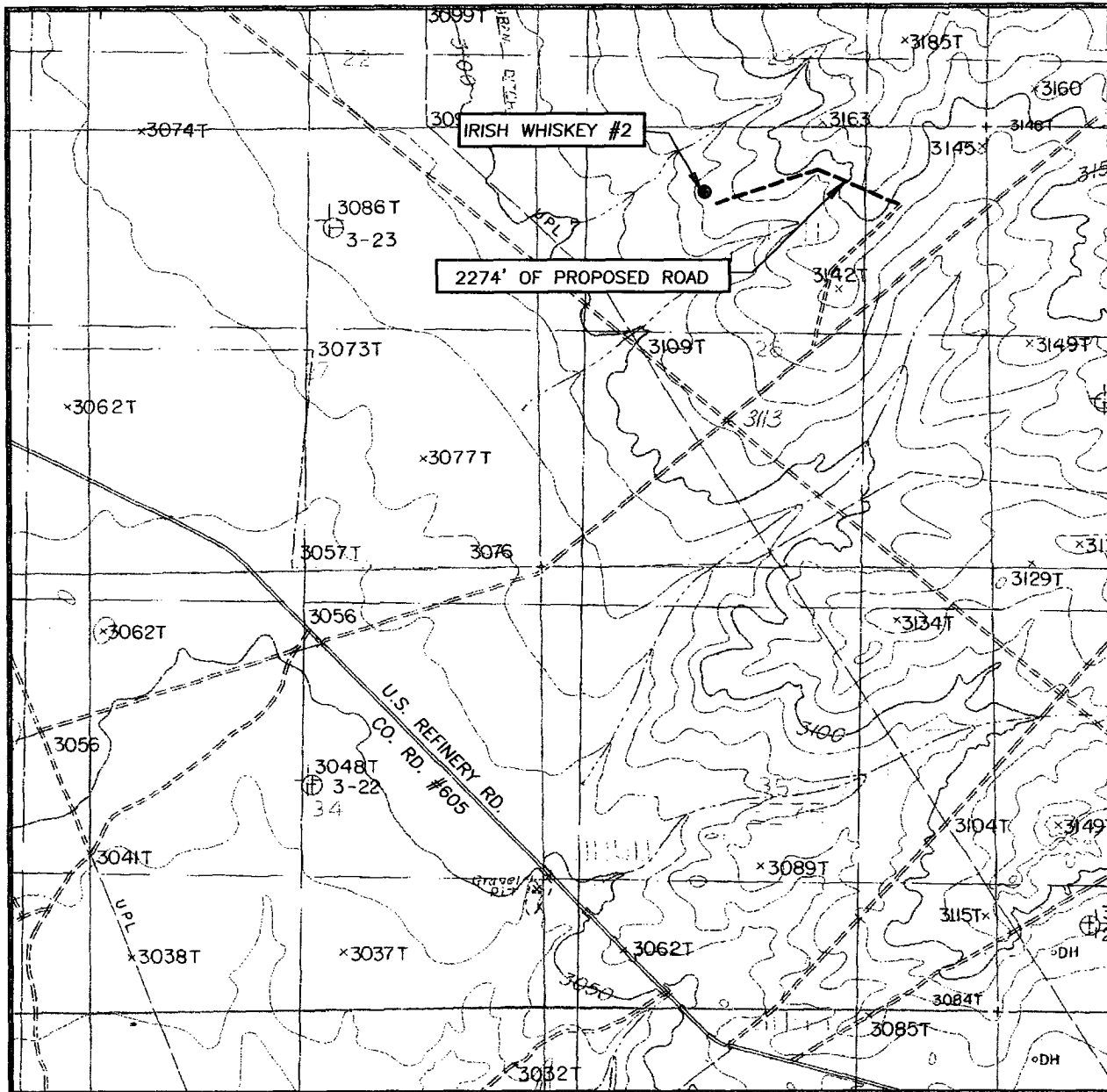
Date: _____ Field Supervisor

Printed Name/Title

Signature

[Signature]

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
LOVING, N.M. - 10'

SEC. 26 TWP. 22-S RGE. 28-E

SURVEY N.M.P.M.

COUNTY EDDY

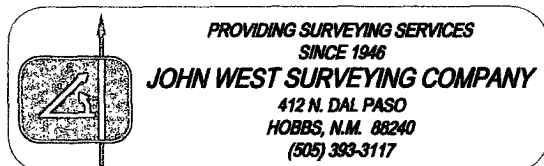
DESCRIPTION 760' FNL & 1980' FWL

ELEVATION 3136'

OPERATOR MARBOB ENERGY CORPORATION

LEASE IRISH WHISKEY

U.S.G.S. TOPOGRAPHIC MAP
LOVING, N.M.



MARBOB ENERGY CORPORATION
DRILLING AND OPERATIONS PROGRAM

Irish Whiskey Federal #2
660' FNL & 1980' FWL, Unit C
Section 26, T22S, R28E
Eddy County, New Mexico

In conjunction with Form 3160-3, Application for Permit to Drill subject well, Marbob Energy Corporation submits the following ten items of pertinent information in accordance with BLM requirements.

1. The geological surface formation is Permian.
2. The estimated tops of geologic markers are as follows:

Top of Salt	770'	Strawn	11450'
Base of Salt	2630'	Atoka	11700'
Delaware	2870'	Morrow	12400'
Bone Spring	6430'	TD	13200'
Wolfcamp	9920'		

3. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered:

Delaware	2870'	Oil
Wolfcamp	9920'	
Strawn	11450'	Gas
Atoka	11700'	
Morrow	12400'	

No other formations are expected to give up oil, gas, or fresh water in measurable quantities. The surface fresh water sands will be protected by setting 13 3/8" casing at 400' and circulating cement back to surface. Any shallower zones above TD which contain commercial quantities of oil and/or gas will have cement circulated across them by inserting a float shoe joint into the 4 1/2" production casing which will be run at TD to sufficiently cover all known oil and gas horizons, ~~above 200'~~.

4. Proposed Casing Program:

Hole Size	Interval	OD Casing	Wt	Grade
17 1/2"	0 - 400'	13 3/8"	48#	H-40
12 1/4"	0 - 2750'	9 5/8"	36#	J-55
8 3/4"	0 - 9900'	7"	23#	L80 - P110
6 1/8"	0 - 13200'	4 1/2"	11.6#	S95 - P110

WITNESS

Proposed Cement Program:

13 3/8" Surface Casing: Cement w/ 400 sx Premium Plus. Circulate to surface.

9 5/8" Intermediate Casing: Cement w/ 700 sx cmt. Circulate to surface.

7" Intermediate Casing: Cement w/ 1050 sx cmt. Attempt to tie in to 9 5/8" csg.

4 1/2" Production Casing: Cement w/ 300 sx cmt. TOC 200' above all oil and gas bearing zones

5. Pressure Control Equipment: See Exhibit 1. Marbob proposes to nipple up on the 13 3/8" and 9 5/8" casing with a 2M system, testing it to 1000# with rig pumps, then nipple up on the 7" casing with a 5M system, tested to 5000# before drilling out.
6. Mud Program: The applicable depths and properties of this system are as follows:

Depth	Type	Weight (ppg)	Viscosity (sec)	Waterloss (cc)
0 – 400'	Fresh Wtr	8.4 – 9.2	32 – 36	N.C.
400 – 2750'	Brine	9.9 – 10.2	28 – 32	N.C.
2750 – 9900'	Cut Brine	8.9 – 9.2	28 – 32	N.C.
9900 – 13200'	Cut Brine	8.7 – 9.5	28 – 34	N.C.

7. Auxiliary Equipment: Kelly Cock; Sub with full opening valve on floor; and drill pipe connections.

8. Testing, Logging and Coring Program:

No drillstem tests are anticipated.

The electric logging program will consist of Dual Laterolog Micro SFL, Spectral Density Dual Spaced Neutron Csg Log, and Depth Control Log.

No conventional coring is anticipated.

9. No abnormal pressures or temperatures are anticipated.

10. Anticipated starting date: As soon as possible after approval.

MARBOB ENERGY CORPORATION
MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Irish Whiskey Federal #2
660' FNL & 1980' FWL, Unit C
Section 26, T22S, R28E
Eddy County, New Mexico

This plan is submitted with Form 3160-3, Application for Permit to Drill, covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of the surface disturbance involved and the procedures to be followed in rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effect associated with the operations.

1. EXISTING ROADS:

Exhibit 2 is a portion of a topo map showing the well and roads in the vicinity of the proposed location. The proposed wellsite and the access route to the location are indicated in red on Exhibit 2.

DIRECTIONS:

From the intersection of US Hwy 62-180 and County Rd #605 (US Refinery Rd) Go southeast on County Road #605 approximately 8.4 miles. Turn left (east) and go approximately 0.5 miles. Bend left (NE) and go approximately 0.5 miles to a pipeline crossing. Turn left (north) and go approximately 2685 feet to location.

PLANNED ACCESS ROAD:

A new access road of 2185' will be necessary. The new road will be constructed as follows:

- A. The maximum width of the running surface will be 10'. The road will be crowned and ditched and constructed of 6" of rolled and compacted caliche. Ditches will be at 3:1 slope and 4 feet wide. Water will be diverted where necessary to avoid ponding, prevent erosion, maintain good drainage, and to be consistent with local drainage patterns. BLM may specify any additions or changes during the onsite inspection.
- B. The average grade will be less than 1%.
- C. No turnouts are planned.
- D. No culverts, cattleguard, gates, low-water crossings, or fence cuts are necessary.
- E. 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.
- F. The proposed access road as shown in Exhibit 2 has been centerline flagged by John West Engineering.

2. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- A. Marbob Energy Corporation proposes a collection facility, if well is productive, to be located on Irish Whiskey Federal #2 well pad.

3. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drill cuttings will be disposed of in the lined pit.
- B. Drilling fluids will be allowed to evaporate in the lined pit until the pit is dry.
- C. Water produced during completion may be disposed into the lined reserve pit.
- D. All trash and debris will be removed from the wellsite within 30 days after finishing drilling and/or completion operations. All waste material will be contained to prevent scattering by the wind.

4. WELLSITE LAYOUT:

- A. Exhibit 3 shows the relative location and dimensions of the well pad, the pit.
- B. The reserve pit will be lined with high quality plastic sheeting.

5. PLANS FOR RESTORATION:

- A. After finishing drilling and/or completion operations, all equipment and other material not needed for further operations will be removed. The location will be cleaned of all trash and junk to leave the wellsite in as aesthetically pleasing a condition as possible.
- B. Reserve pit will be fenced until they have dried and been leveled.
- C. All rehabilitation and/or vegetation requirements of the BLM will be complied with and will be accomplished as expeditiously as possible. All pits will be filled level within 90 days after abandonment.

6. SURFACE OWNERSHIP:

The well site and lease are located on Federal surface

- A. The area around the well site is grassland and the top soil is sandy. The vegetation is native scrub grasses with abundant oakbrush, sagebrush, yucca, and prickly pear.
- B. A Cultural Resources Examination has been requested and will be forwarded to your office in the near future.

7. OTHER INFORMATION:

- A. Topography: Refer to the existing archaeological report for a description of the topography, flora, fauna, soil characteristics, dwellings, historical and cultural sites.

8. OPERATOR'S REPRESENTATIVE:

- A. Through A.P.D. Approval:

Dean Chumbley, Landman
Marbob Energy Corporation
P. O. Box 227
Artesia, NM 88211-0227
Phone (505)748-3303
Cell (505)748-5988

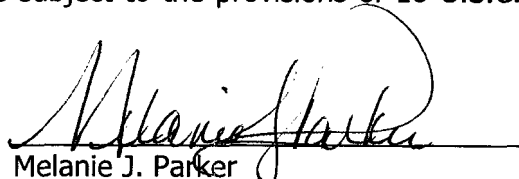
- B. Through Drilling Operations

Sheryl Baker, Drilling Supervisor
Marbob Energy Corporation
P. O. Box 227
Artesia, NM 88211-0227
Phone (505)748-3303
Cell (505)748-5489

9. 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 presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and that 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 terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

10/24/05
Date


Melanie J. Parker
Land Department

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:

- A. The hazards and characteristics of hydrogen sulfide (H₂S).
- B. The proper use and maintenance of personal protective equipment and life support systems.
- C. The proper use of H₂S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.
- D. The proper techniques for first aid and rescue procedures.

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

- A. The effects of H₂S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
- B. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
- C. The contents and requirements of the H₂S Drilling Operations Plan and the Public Protection Plan.

There will be an initial training session just prior to encountering a known or probable H₂S zone (within 3 days or 500 feet) and weekly H₂S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H₂S 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.

E. Mud Program:

The mud program has been designed to minimize the volume of H₂S circulated to the surface.

A mud-gas separator will be utilized.

F. Metallurgy:

All drill strings, casings, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H₂S service.

G. Communication:

Company vehicles equipped with cellular telephone and 2-way radio.

W A R N I N G

**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

II. H₂S SAFETY EQUIPMENT AND SYSTEMS

Note: All H₂S 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 H₂S.

A. Well Control Equipment:

Flare line.

Choke manifold.

Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.

Auxiliary equipment to include: annular preventer, mud-gas separator, rotating head.

B. Protective equipment for essential personnel:

Mark II Surviveair 30-minute units located in the dog house and at briefing areas.

C. H₂S detection and monitoring equipment:

2 - portable H₂S monitor positioned on location for best coverage and response. These units have warning lights and audible sirens when H₂S levels of 20 ppm are reached.

D. Visual warning systems:

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.

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below:

Marbob Energy Corporation
PO Box 227
Artesia, NM 88211-0227

Date: October 4, 2005

Lease #: NM 67979
Irish Whiskey Federal #2

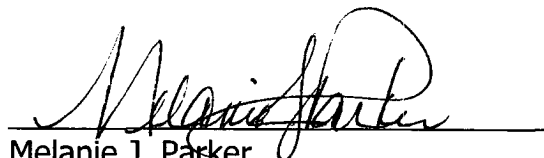
Legal Description: Section 26: N/2
Township 22S – Range 28E
Eddy County, New Mexico

Formation(s): Morrow

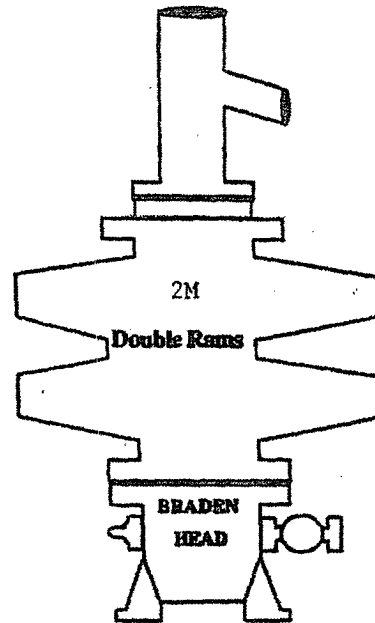
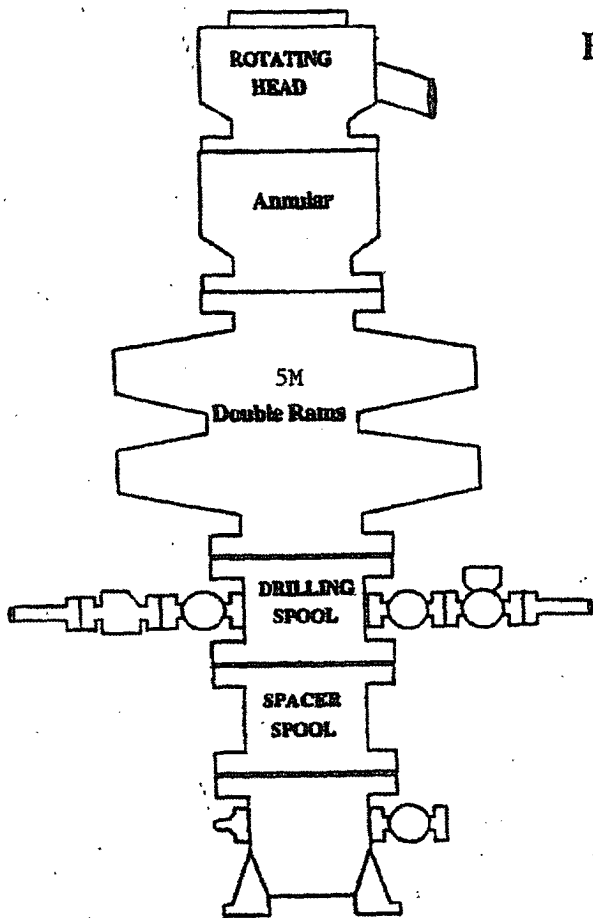
Bond Coverage: Statewide

BLM Bond File #: NM 2056

Authorized Signature

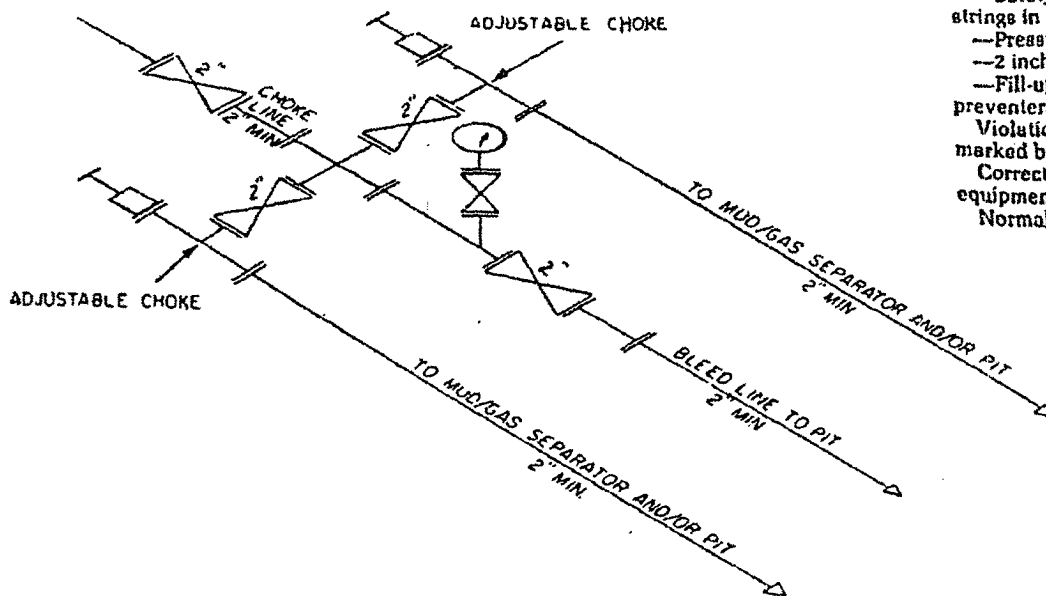

Melanie J. Parker
Land Department

BOPE SCHEMATIC



ONSHORE OIL AND GAS ORDER NO. 2

- 2M system:
- Annular preventer, or, double ram, or two rams with one being blind and one being a pipe ram *
 - Kill line (2 inch minimum)
 - 1 kill line valve (2 inch minimum)
 - 1 choke line valve
 - 2 chokes (refer to diagram in Attachment 1)
 - Upper kelly cock valve with handle available
 - Safety valve and subs to fit all drill strings in use
 - Pressure gauge on choke manifold
 - 2 inch minimum choke line
 - Fill-up line above the uppermost preventer.
- Violation: Minor (all items unless marked by asterisk).
Corrective Action: Install the equipment as specified.
Normal Abatement Period: 24 hours.



2M CHOKE MANIFOLD EQUIPMENT — CONFIGURATION OF CHOKES

MAY VARY

Exhibit One

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Marbob Energy Corporation
Well Name & No. Irish Whiskey Federal #2
Location: 760 600' FNL, 1980' FWL, Section 26, T. 22 S., R. 28 E., Eddy County, New Mexico
Lease: NM-67979

no attached SN dated 11-28-05 EAH

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: 13-3/8 inch 9-5/8 inch 7 inch 4-1/2 inch

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 13-3/8 inch surface casing shall be set at approximately 400 feet and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

2. The minimum required fill of cement behind the 9-5/8 inch first intermediate casing is to be circulated to the surface.

tie back at least 200' into the 9 5/8" csy. (JL)

3. The minimum required fill of cement behind the 7 inch second intermediate casing is to be sufficient to reach at least 500 feet above the top of the uppermost hydrocarbon productive interval.

reach 500' above uppermost hydrocarbon zone. (JL)

4. The minimum required fill of cement behind the 4-1/2 inch production casing is to be sufficient to tie back into the 7 inch second intermediate casing.

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 13-3/8 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) from base of surface casing to 2750 feet shall be 2000 psi. Test to 1000 psi with rig pumps is ok.

3. Minimum working pressure of the blowout preventer and related equipment (BOPE) from base of first intermediate casing to 9900 feet shall be 3000 psi.

4. Minimum working pressure of the blowout preventer and related equipment (BOPE) from base of second intermediate casing to total depth shall be 5000 psi.

5. 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.

IV. DRILLING MUD:

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the Wolfcamp formation, and shall be used until production casing is run and cemented. Monitoring equipment shall consist of the following:

- Recording pit level indicator to indicate volume gains and losses.
- Mud measuring device for accurately determining the mud volumes necessary to fill the hole during trips.
- Flow-sensor on the flow-line to warn of abnormal mud returns from the well.

10/31/05

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