

OCD-ARTESIA

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

H-26

FORM APPROVED  
OMB No. 1004-0136  
Expires November 30, 2000



APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM0454018
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator MARBOB ENERGY CORPORATION Contact: MELANIE PARKER E-Mail: marbob@marbob.com		7. If Unit or CA Agreement, Name and No.
3a. Address P O BOX 227 ARTESIA, NM 88211-0227	3b. Phone No. (include area code) Ph: 505.748.3303 Fx: 505.746.2523	8. Lease Name and Well No. NUTRAGEOUS FEDERAL 1
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface SENE 1980FNL 990FEL At proposed prod. zone Unit 14		9. API Well No. 30-015-32869
14. Distance in miles and direction from nearest town or post office*	15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	10. Field and Pool, or Exploratory CARLSBAD, MORROW, South
16. No. of Acres in Lease 400.16	17. Spacing Unit dedicated to this well 320.00	11. Sec., T., R., M., or Bk. and Survey or Area Sec 3 T22S R27E Mer NMP SME: FEE
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 12200 MD	12. County or Parish EDDY
20. BLM/BIA Bond No. on file	21. Elevations (Show whether DF, KB, RT, GL, etc.) 3136 GL	13. State NM
22. Approximate date work will start	23. Estimated duration	

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.  | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).    |
| 2. A Drilling Plan.   | 5. Operator certification  |
| 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). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature (Electronic Submission)	Name (Printed/Typed) MELANIE PARKER	Date 05/13/2003
Title AUTHORIZED REPRESENTATIVE		
Approved by (Signature) /s/ LESLIE A. THEISS	Name (Printed/Typed) /s/ LESLIE A. THEISS	Date JUL 03 2003
Title FIELD MANAGER	Office CARLSBAD FIELD OFFICE	

Application approval does not warrant or certify 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.

Additional Operator Remarks (see next page)

APPROVAL SUBJECT TO Electronic Submission #21497 verified by the BLM Well Information System  
GENERAL REQUIREMENTS AND MARBOB ENERGY CORPORATION, sent to the Carlsbad  
SPECIAL STIPULATIONS committed to AFMSS for processing by Linda Askwig on 05/14/2003 (03LA0505AE)  
ATTACHED

Carlsbad Controlled Water Basin

\*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\*

**Additional Operator Remarks:**

NO REMARK PROVIDED

DISTRICT I  
P.O. Box 1880, Hobbs, NM 88241-1880

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III  
1000 Rio Brazos Rd., Artesia, NM 87410

DISTRICT IV  
P.O. Box 2088, Santa Fe, N.M. 87504-2088

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised February 10, 1994  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 73960	Pool Name Carlsbad Morrow South
Property Code	Property Name NUTRAGEOUS FEDERAL	Well Number 1
GRID No. 14049	Operator Name MARBOB ENERGY CORPORATION	Elevation 3136

Surface Location

UL or lot No. H	Section 3	Township 22-S	Range 27-E	Lot Idn	Feet from the 1980'	North/South line NORTH	Feet from the 990'	East/West line EAST	County EDDY
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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 320	Joint or Infill	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

LOT 4	LOT 3	LOT 2	LOT 1
39.75 AC	39.82 AC	39.89 AC	39.96 AC
		3143.3'	3136.2'
		3139.5'	3132.0'
			990'
			1980'

**OPERATOR CERTIFICATION**

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

*Melanie J. Parker*  
Signature

Melanie J. Parker  
Printed Name

Land Department  
Title

05/08/03  
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.

APRIL 10, 2003

Date Surveyed

Signature & Seal of Professional Surveyor

RONALD S. EDSON  
4/11/03  
03.11.0374

Certificate No. RONALD S. EDSON 3239  
CARY EDSON 12641

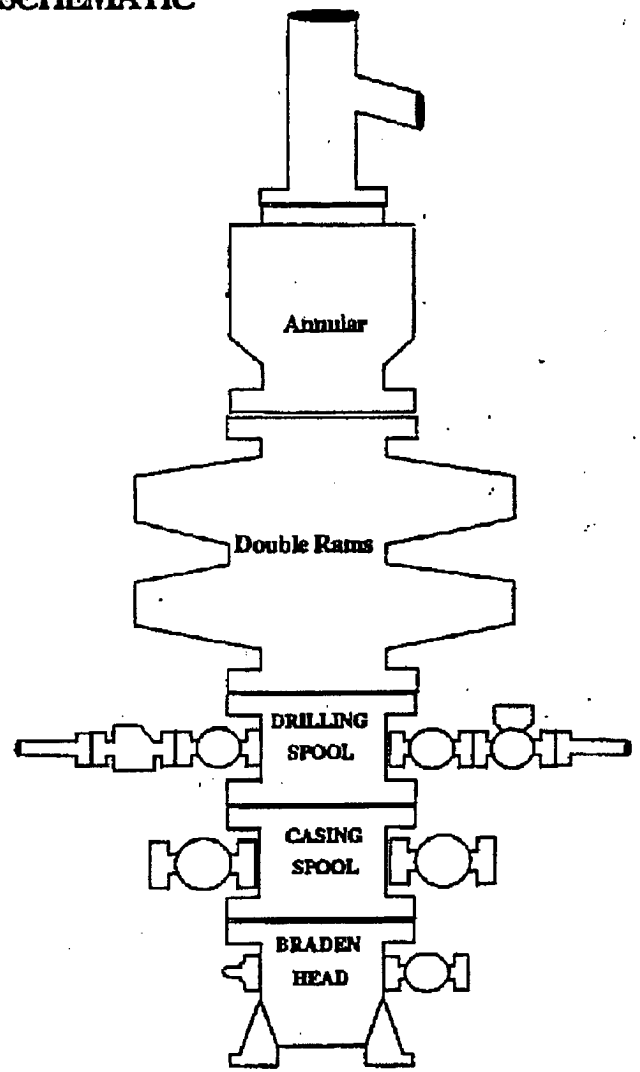
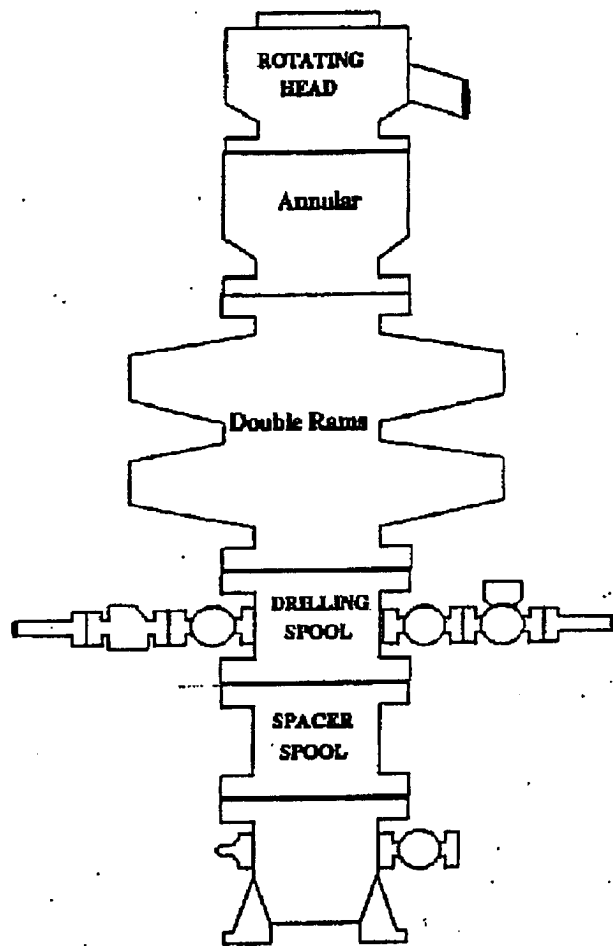
11

CONTOUR INTERVAL: 10'  
CARLSBAD EAST, N.M.

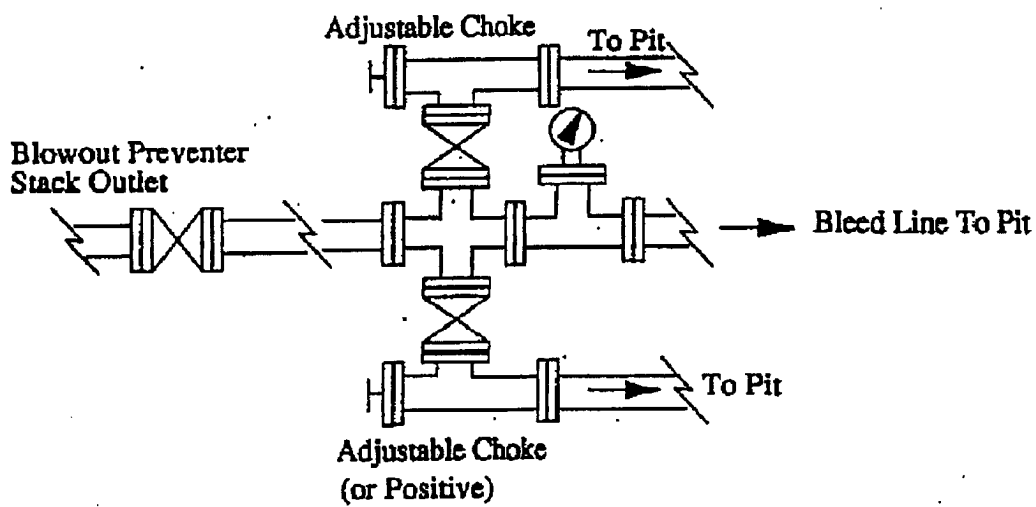
CARLSBAD EAST, N.M.

**JOHN WEST SURVEYING  
HOBBS, NEW MEXICO  
(505) 393-3117**

# BOPE SCHEMATIC



**Choke Manifold**



**Exhibit One**

**MARBOB ENERGY CORPORATION**  
**DRILLING AND OPERATIONS PROGRAM**

**Nutrageous Federal No. 1**  
**1980' FNL and 660' FEL**  
**Section 3-T22S-R27E**  
**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 Alluvium:
2. The estimated tops of geologic markers are as follows:

Permian	Surface	Strawn	10100'
Delaware	1500'	Atoka	10620'
Bone Springs	5100'	Morrow	11250'
Wolfcamp	8800'		

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

Delaware	6500'	Oil
Wolfcamp	8800'	Gas
Strawn	10100'	Gas
Morrow	11250'	Gas

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.

4. Proposed Casing Program:

Hole Size	Interval	OD Casing	Wt	Grade	Cement
17 1/2"	0 - 400'	13 3/8"	48#	H-40	300 sx to surface
12 1/4"	0 - 1500'	9 5/8"	36#	J-55	900 sx to surface
8 3/4"	0 - 8900'	7"	23#	N80 - P-110	1650 sx to surface
6 1/8"	0 - 12200'	4 1/2"	11.6#	M95 - 110	350 sx to tie back to 7" (500')

5. Pressure Control Equipment: See Exhibit 1.

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 Water	8.6 – 8.8	32 – 35	N.C.
400' – 1500'	Brine	9.5 – 10.1	29	N.C.
1500' – 8900'	Cut Brine	9.0 – 9.4	29 – 32	N.C.
8900' – T.D.	Brine/Polymer	10.0 – 10.2	32 – 39	6-8 wl

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**

**Nutrageous Federal No. 1**  
**1980' FNL and 660' FEL**  
**Section 3-T22S-R27E**  
**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 Carlsbad NM proceed east on US 62/180 2 miles. Turn south on US Refinery Road (CR-605) and proceed 1.3 miles. Access road and location are on east side of county road.

**2. PLANNED ACCESS ROAD:**

No new access road is necessary.

**3. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:**

A. The production facilities for this lease will be located on the well pad.

**4. 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.

**5. 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.



**6. 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.

**7. SURFACE OWNERSHIP:**

Bradley Light. A surface agreement will be reached prior to approval of this APD.

**8. 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.
- B. The primary surface use is for grazing.

**9. 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

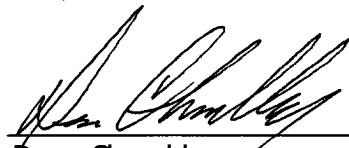
B. Through Drilling Operations

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

**10. 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.

5-15-2003  
Date

  
\_\_\_\_\_  
Dean Chumbley  
Landman

## **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 (H<sub>2</sub>S).
- B. The proper use and maintenance of personal protective equipment and life support systems.
- C. The proper use of H<sub>2</sub>S 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 H<sub>2</sub>S 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 H<sub>2</sub>S Drilling Operations Plan and the Public Protection Plan.

There will be an initial training session just prior to encountering a known or probable H<sub>2</sub>S zone (within 3 days or 500 feet) and weekly H<sub>2</sub>S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H<sub>2</sub>S 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. H<sub>2</sub>S SAFETY EQUIPMENT AND SYSTEMS**

Note: All H<sub>2</sub>S 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<sub>2</sub>S.

### **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. H<sub>2</sub>S detection and monitoring equipment:**

2 - portable H<sub>2</sub>S monitor positioned on location for best coverage and response. These units have warning lights and audible sirens when H<sub>2</sub>S 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.

E. Mud Program:

The mud program has been designed to minimize the volume of H<sub>2</sub>S 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 H<sub>2</sub>S service.

G. Communication:

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

# **W A R N I N G**

**YOU ARE ENTERING AN H<sub>2</sub>S AREA  
AUTHORIZED PERSONNEL ONLY**

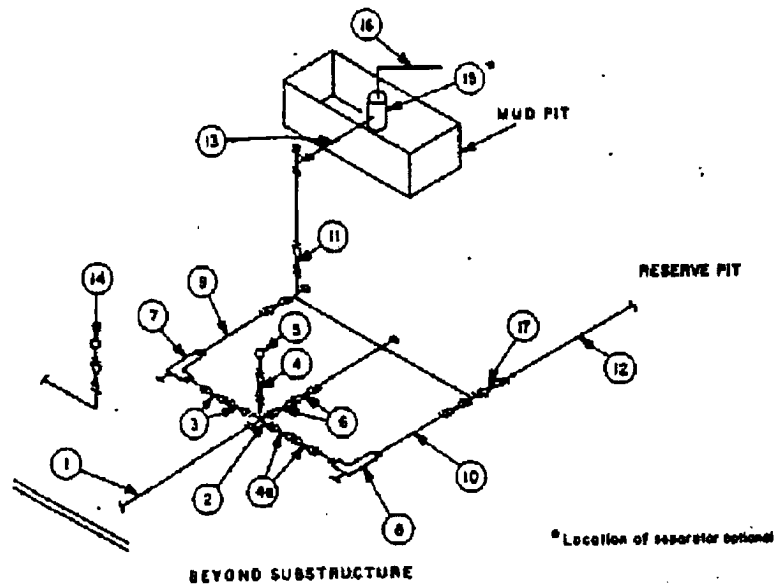
- 1. BEARDS OR CONTACT LENSES NOT ALLOWED**
- 2. HARD HATS REQUIRED**
- 3. SMOKING IN DESIGNATED AREAS ONLY**
- 4. BE WIND CONSCIOUS AT ALL TIMES**
- 5. CK WITH MARBOB FOREMAN AT MAIN OFFICE**

**MARBOB ENERGY CORPORATION**

**1-505-748-3303**

**MINIMUM CHOKE MANIFOLD**  
3,000, 5,000 and 10,000 PSI Working Pressure

**3 MWP - 5 MWP - 10 MWP**



MINIMUM REQUIREMENTS									
No.		3,000 MWP			5,000 MWP			10,000 MWP	
		I.D.	NOMINAL	RATING	I.D.	NOMINAL	RATING	I.D.	NOMINAL
1	Line from drilling spool		3"	3,000		3"	5,000		3"
2	Cross 3"x3"x3"x2"			3,000			5,000		
	Cross 3"x3"x3"x3"								10,000
3	Valves (1) Gate <input type="checkbox"/> Plug <input type="checkbox"/> (2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"	10,000
4	Valve Gate <input type="checkbox"/> Plug <input type="checkbox"/> (2)	1-13/16"		3,000	1-13/16"		5,000	1-13/16"	10,000
4a	Valves (1)	2-1/16"		3,000	2-1/16"		5,000	3-1/8"	10,000
5	Pressure Gauge			3,000			5,000		10,000
6	Valves Gate <input type="checkbox"/> Plug <input type="checkbox"/> (2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"	10,000
7	Adjustable Choke(3)	2"		3,000	2"		5,000	2"	10,000
8	Adjustable Choke	1"		3,000	1"		5,000	2"	10,000
9	Line		3"	3,000		3"	5,000		3"
10	Line		2"	3,000		2"	5,000		3"
11	Valves Gate <input type="checkbox"/> Plug <input type="checkbox"/> (2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"	10,000
12	Lines		3"	1,000		3"	1,000		3"
13	Lines		3"	1,000		3"	1,000		2,000
14	Remote reading compound standpipe pressure gauge			3,000			5,000		10,000
15	Gas Separator		2'x5'			2'x5'			2'x5'
16	Line		4"	1,000		4"	1,000		4"
17	Valves Gate <input type="checkbox"/> Plug <input type="checkbox"/> (2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"	10,000

(1) Only one required in Class 3M.

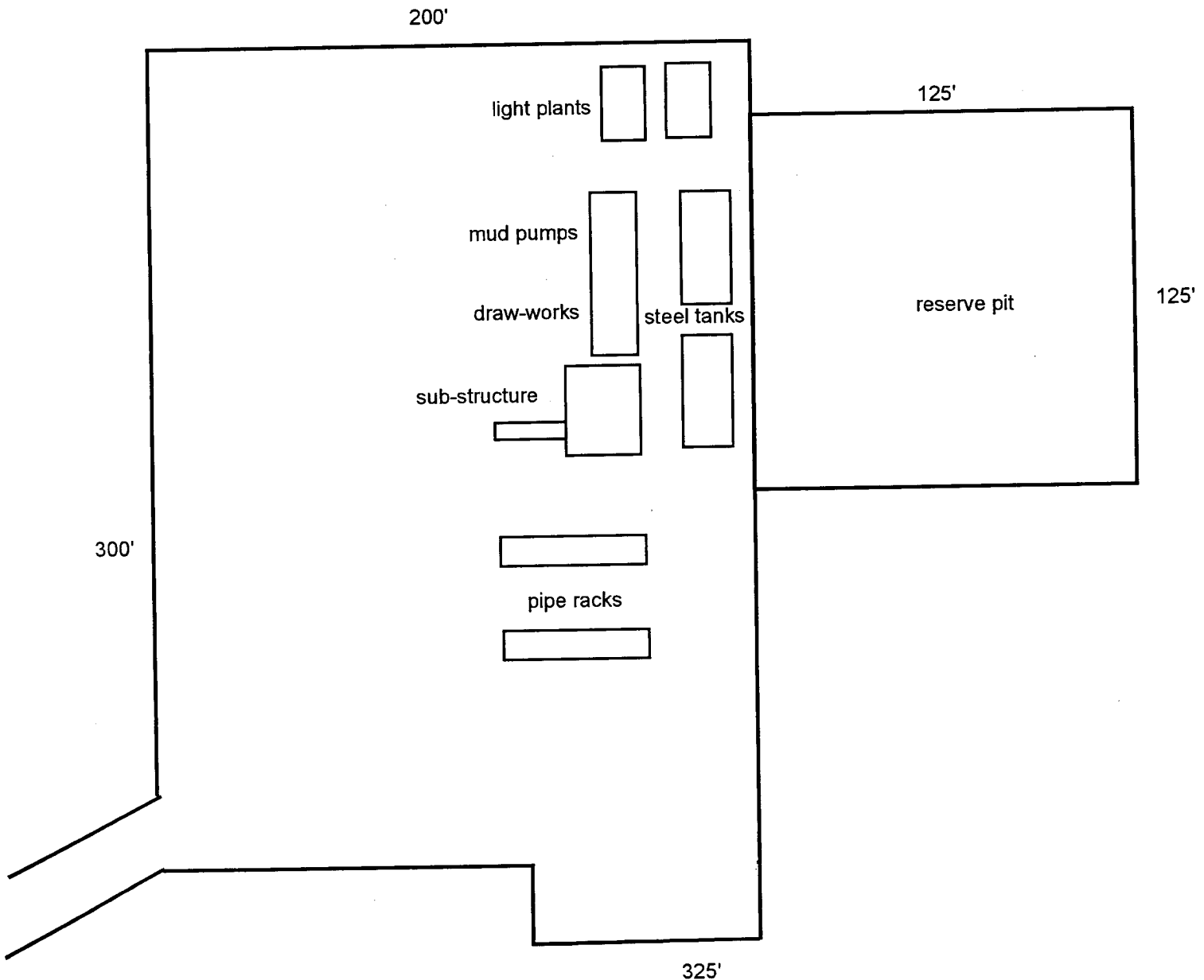
(2) Gate valves only shall be used for Class 10M.

(3) Remote operated hydraulic chokes required on 5,000 psi and 10,000 psi for drilling.

**EQUIPMENT SPECIFICATIONS AND INSTALLATION INSTRUCTIONS**

- All connections in choke manifold shall be welded, studded, flanged or Cameron clamp of comparable rating.
- All flanges shall be API 6B or 6BX and ring gaskets shall be API RX or BX. Use only BX for 10 MWP.
- All lines shall be securely anchored.
- Chokes shall be equipped with tungsten carbide seats and needles, and replacements shall be available.
- Choke manifold pressure and standpipe pressure gauges shall be available at the choke manifold to assist in regulating chokes. As an alternate with automatic chokes, a choke manifold pressure gauge shall be located on the rig floor in conjunction with the standpipe pressure gauge.
- Line from drilling spool to choke manifold should be as straight as possible. Lines downstream from chokes shall make turns by large bends or 90° bends using bull plugged tees.

# Well Site Lay-Out Plat



Nutrageous Federal No. 1  
1980' FNL & 990' FEL  
Section 3, T22S, R27E  
Eddy County, New Mexico

EXHIBIT 3

RECEIVED

2003 MAY 19 AM 8:33

BUTLER COUNTY, PA  
DEPT. OF REVENUE

# 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:

Date: May 15, 2003

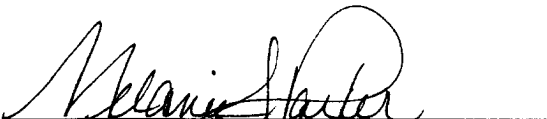
Lease #: NM-0454018  
Nutraeous Federal

Legal Description: W/2 Sec. 3-T22S-R27E  
Eddy County, New Mexico

Formation(s): Morrow

Bond Coverage: Statewide

BLM Bond File #: 585716



Melanie J. Parker  
Land Department

SELF-CERTIFICATION STATEMENT  
FROM LESSEE/OPERATOR

SURFACE OWNER IDENTIFICATION

Federal or Indian Lease No. NMNM0454018

I hereby certify to the Authorized Officer of the Bureau of Land Management that I have reached one of the following agreements with the Surface Owner; or after failure of my good-faith effort to come to an agreement of any kind with the Surface Owner, have provided a bond and will provide evidence of service of such bond to the Surface Owner:

- 1) XX I have a signed access agreement to enter the leased lands;
- 2) \_\_\_\_\_ I have a signed waiver from the surface owner;
- 3) \_\_\_\_\_ I have entered into an agreement regarding compensation to the surface owner for damages for loss of crops and tangible improvements.
- 4) \_\_\_\_\_ because I have been unable to reach either 1), 2), or 3) with the surface owner, I have obtained a bond to cover loss of crops and damages to tangible improvements and served the surface owner with a copy of the bond.

Surface owner information: (if available after diligent effort)

Surface Owner Name: Bradley Light

Surface Owner Address: 1409 W. Orchard, Carlsbad, NM 88220

Surface Owner Phone Number: 505-885-5500

Signed this 19th -- day of May, 2003.

\_\_\_\_\_  
(Name of lessee/operator) Marbob Energy Corporation

I (Surface Owner) accept X do not accept \_\_\_\_\_ the lessee or operator=s Surface Owner Agreement under 1, 2, or 3 above.

Signed this 27th day of May, 2003.

Bradley Light 585-22-6751  
(Signature of Surface Owner if an agreement has been reached)

Attachment 1-1



## RELEASE AND AGREEMENT

Bradley Light dealing as authorized agent for the Light Revocable Trust, who is the record owner of the surface rights (hereinafter sometimes referred to as "Owner") in the following described lands (the "Lands");

Township 22 South, Range 27 East, NMPM

Section 3: E/2 NW/4 Limited to the well pad and access road

Marbob Energy Corporation, Post Office Box 227, Artesia, New Mexico 88211-0227 (hereinafter referred to as "Marbob"), is the owner or Operator, acting on Lessee's behalf of the right to explore for oil and gas beneath the Lands under the terms of Oil and Gas Lease, who proposes to drill a well (or wells) for the production of oil or gas on the Lands.

The Owner and Marbob desire to reach an agreement regarding compensable damages to the surface of the Lands, if any, that may be incurred in conjunction with Marbob's operations in drilling, equipping, completing, and plugging of the well located thereon. This agreement does not apply to damages to the surface of the lands that may be incurred in conjunction with installation, maintenance, and removal of any pipelines to and from said well.

For adequate consideration, Owner and Marbob agree as follows:

- (1) Marbob agrees to pay to Owner the sum of \$1,000.00 per acre for location and \$20.00 per rod for access road, as surface damage consideration, for any well drilled on non-irrigated and non-cultivated Lands owned by Owner in the Lands.
- (2) Owner hereby acknowledges that the consideration received represents full and complete settlement for all damages to the surface of the Lands. In consideration for such compensation, Owner hereby releases Marbob, the lessee, its officers, agents, contractors, subcontractors, employees, successors and assigns, from any and all claims for losses and damages occasioned by or arising out of such operations.

This Release and Agreement made between Owner and Marbob is intended as a covenant running with the Lands and shall be binding on the parties hereto and any and all of their personal representatives, successors and assigns. As such, this agreement may be recorded by Marbob as evidence of the agreement between the parties hereto.

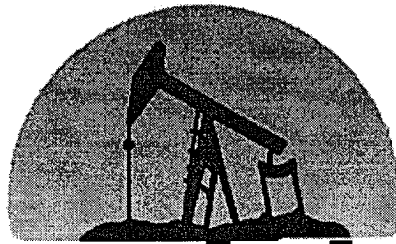
EXECUTED this 27 day of May, 2003.

Operator: Marbob Energy Corporation

By: Ray Miller

Owner:

Bradley Light  
Bradley Light



**marbob**  
**ENERGY CORPORATION**  
ARTESIA, NEW MEXICO

July 10, 2003

Oil Conservation Division  
1301 W. Grand Ave.  
Artesia, NM 88210

Attention: Bryan Arrant

Re: Nutrageous Federal #1  
1980' FNL & 990' FEL  
Section 3, T22S, R27E  
Eddy County, New Mexico

Dear Bryan:

In reviewing your request for an H2S contingency plan on the above referenced well we have determined the following: It is not anticipated that the objective formation (Morrow) will encounter any H2S gas, therefore we do not believe that a contingency plan is necessary.

If you have questions or need further information, please call.

Sincerely,

Melanie J. Parker  
Land Department

/mp