

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-HOBBS

FORM APPROVED
OMB No 1004-0137
Expires July 31, 2010

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.

5 Lease Serial No
NMNM 110834

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE – Other instructions on page 2.

7 If Unit of CA/Agreement, Name and/or No

1 Type of Well
 Oil Well Gas Well Other

8. Well Name and No
Moe Federal #13

2 Name of Operator
Marbob Energy Corporation

9 API Well No
30-025-38363

3a. Address
P O Box 227, Artesia, NM 88211-0227

3b Phone No (include area code)
575-748-3303

10 Field and Pool or Exploratory Area
Pearsall Queen

4 Location of Well (Footage, Sec, T, R, M, or Survey Description)
330' FSL & 2310' FWL Unit N 34-175-32E

11 Country or Parish, State
Lea County, NM

12 CHECK THE 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 type="checkbox"/> Other <u>Extend APD</u>	
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon		
	<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 recomplete 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 must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Marbob Energy respectfully requests a two year extension on the above referenced APD.

RECEIVED

APR 10 2008

HOBBS OCD

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

APPROVED FOR 24 MONTH PERIOD
ENDING 3-22-10

14 I hereby certify that the foregoing is true and correct Name (Printed/Typed)
Nancy T. Agnew Title Land Department

Signature Nancy T. Agnew Date 02/27/2008

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by _____ Title **FIELD MANAGER** Date **APR 07 2008**

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 FIELD OFFICE**

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 page 2)

Ka

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No 1004-0137
Expires July 31, 2010

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.

5. Lease Serial No
NMNM 110834

6 If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE – Other instructions on page 2.

7 If Unit of CA/Agreement, Name and/or No

1 Type of Well
 Oil Well Gas Well Other

8 Well Name and No.
Moe Federal #13

2 Name of Operator
Marbob Energy Corporation

9. API Well No
30-025-38363

3a. Address
P O Box 227, Artesia, NM 88211-0227

3b Phone No. (include area code)
575-748-3303

10 Field and Pool or Exploratory Area
Pearsall Queen

4 Location of Well (Footage, Sec, T., R., M, or Survey Description)
330' FSL & 2310' FWL

11 Country or Parish, State
Lea County, NM

12. CHECK THE 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 type="checkbox"/> Other <u>Extend APD</u>	
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon		
	<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 recomplete 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 must be filed within 30 days following completion of the involved operations If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection)

Marbob Energy respectfully requests a two year extension on the above referenced APD.

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

APPROVED FOR ____ MONTH PERIOD
ENDING _____

14 I hereby certify that the foregoing is true and correct Name (Printed/Typed)
Nancy T. Agnew Title Land Department
Signature Nancy T. Agnew Date 02/27/2008

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by _____ Title **FIELD MANAGER** Date _____
Office **CARLSBAD FIELD OFFICE**

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 page 2)

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Marbob Energy Corporation
LEASE NO.:	NM110834
WELL NAME & NO.:	Moe Federal #13
SURFACE HOLE FOOTAGE:	330' FSL & 2310' FWL
LOCATION:	Section 34, T17S., R32E., NMPM
COUNTY:	Lea County, New Mexico

I. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 4 hours in advance for a representative to witness:

- a. Spudding well
- b. Setting and/or Cementing of all casing strings
- c. BOP/BOPE tests

Lea County

Call the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240,
(575) 393-3612

1. A Hydrogen Sulfide (H₂S) Drilling Plan should be activated 500 feet prior to drilling into the **Queen** formation. A copy of the plan shall be posted at the drilling site. **H₂S has been reported in Sec. 27 measuring 400 ppm in STV's from the Pearsall Queen.**
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. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.

B. CASING

Note: All casing shall meet or exceed API standards for new casing. Onshore Order 2.III.B.1.a (Any casing substitutions must have prior approval)

Centralizers required on surface casing as per Onshore Order 2.III.B.1.f

**Possible lost circulation in the Grayburg and San Andres formations.
Medium potential for karst features.**

1. The **13 3/8 inch** surface casing shall be set a minimum of **25 feet into the Rustler Anhydrite and above the salt at approximately 1200 feet** and cemented to the surface. **If salt is penetrated surface casing shall be set 25 feet above the salt.**

Onshore Order II requires casing to be set across a competent bed and the Rustler Anhydrite is the first formation that meets that criteria.

- a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.
 - b. Wait on cement (WOC) time for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater. (This is to include the lead cement).
 - c. **Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string.**
 - d. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
 - e. If cement falls back, remedial action will be done prior to drilling out that string.
2. The minimum required fill of cement behind the **8-5/8 inch intermediate** casing is:
 - Cement to surface. If cement does not circulate see B.1.a-e above.
 3. The minimum required fill of cement behind the **5-1/2 inch production** casing is:
 - Cement should tie-back at least 200 feet into previous casing string. **Operator shall provide method of verification.**

4. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

C. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.
2. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be 2000 (2M) psi.
3. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the 8-5/8 intermediate casing shoe shall be 3000 (3M) psi.
4. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. The tests shall be done by an independent service company.
 - b. The results of the test shall be reported to the appropriate BLM office.
 - c. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.
 - d. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.
 - e. A variance to test the surface casing and BOP/BOPE to the reduced pressure of 1000 psi with the rig pumps is approved.

D. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

JDW 3/27/08

JDW 4/7/08