ATS-07-239

Form 3160-3
(September 2001)

I&E - CFO

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

OCD - ARTESIA, NM

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

5. Lease Serial No.
LC-028731-B

6. If Indian, Allottee or Tribe Name

1a. Type of Work: ☑ DRILL ☐ REENTER

7. If Unit or CA Agreement, Name and No.

1b. Type of Well: ☑ Oil Well ☐ Gas Well ☐ Other ☑ Single Zone ☐ Multiple Zone

8. Lease Name and Well No.
Dodd Federal Unit #525 34537

2. Name of Operator
Marbob Energy Corporation 14049

9. API Well No.
30-015-35615

3a. Address	3b. Phone No. *(include area code)*	10. Field and Pool, or Exploratory
P.O. Box 227, Artesia, NM 88211-0227	505-748-3303	GRBG Jackson SR Q GRBG SA

4. Location of Well *(Report location clearly and in accordance with any State requirements. *)*
At surface 2525' FNL & 2310' FWL
At proposed prod. zone

11. Sec., T., R., M., or Blk. and Survey or Area
Sec. 14, T17-S R29-E

14. Distance in miles and direction from nearest town or post office*	12. County or Parish	13. State
	Eddy County	NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	16. No. of Acres in lease	17. Spacing Unit dedicated to this well
		40

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth	20. BLM/BIA Bond No. on file
	5000'	NM 2056

21. Elevations (Show whether DF, KDB, RT, GL, etc.)	22. Approximate date work will start*	23. Estimated duration
GL 3622'	February 5, 2006	14 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)*	Date
Nancy T. Agnew	Nancy T. Agnew	1-5-07

Title
Land Department

Approved by *(Signature)*	Name *(Printed/Typed)*	Date
/s/ James Stovall	/s/ James Stovall	MAY 11 2007
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

Condition

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

APPROVAL FOR 2 YEARS

Title 18 U
States any
*(Instruct

a crime for any person knowingly and willfully to make to any department or agency of the United any matter within its jurisdiction.

Roswell Controlled Water Basin

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

Witness Surface Casing

SEE ATTACHED FOR CONDITIONS OF APPROVAL

DISTRICT I
1625 N. FRENCH DR., HOBBS, 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 October 12, 2005
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
	28509	GRBG JACKSON SR Q GRBG SA

Property Code	Property Name	Well Number
	DODD FEDERAL UNIT	525

OGRID No.	Operator Name	Elevation
14049	MARBOB ENERGY CORPORATION	3622'

Surface Location

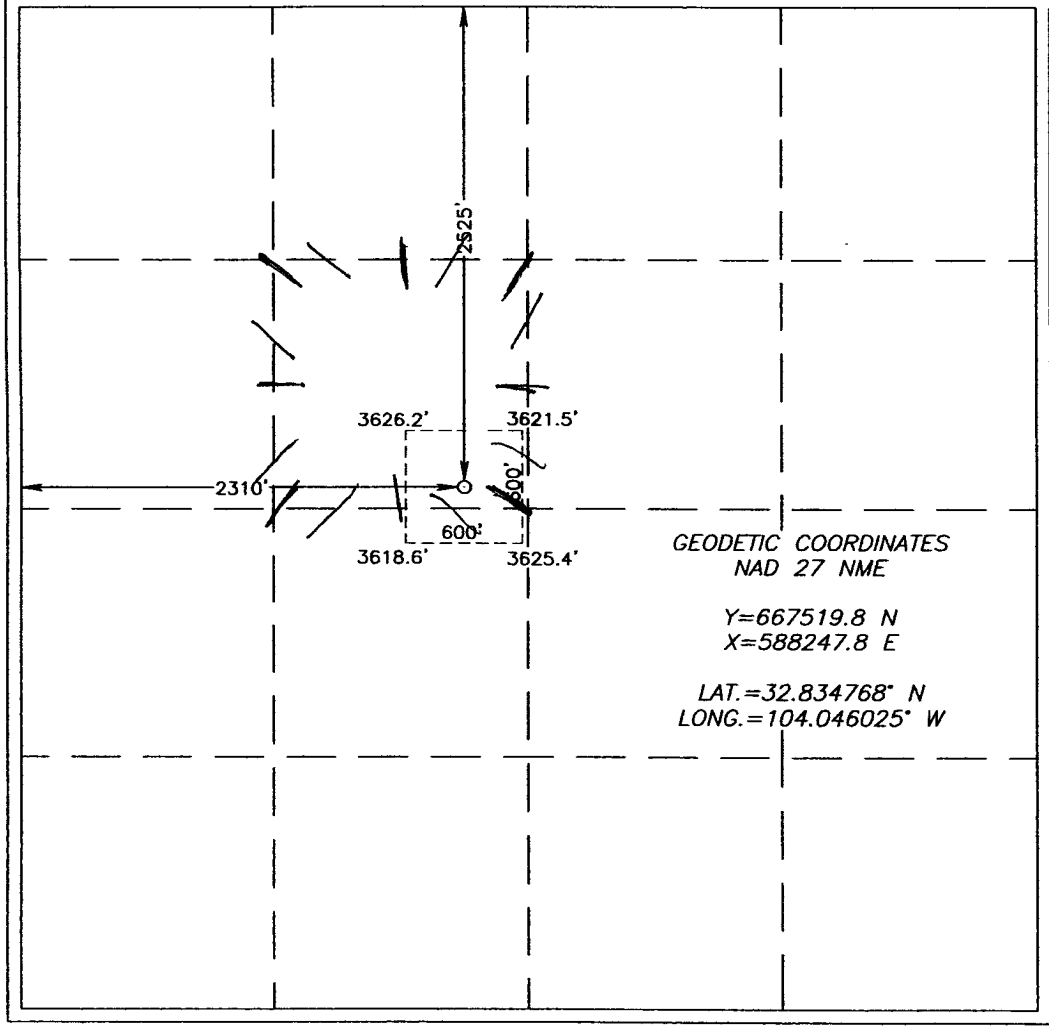
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	14	17-S	29-E		2525	NORTH	2310	WEST	EDDY

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.
40			

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



GEODETIC COORDINATES
NAD 27 NME

Y=667519.8 N
X=588247.8 E

LAT.=32.834768° N
LONG.=104.046025° W

OPERATOR CERTIFICATION

I hereby certify that the information 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 or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Nancy T. Agnew 11/5/07
Signature Date

Nancy T. Agnew
Printed Name

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 16, 2006
Date Surveyed LA

Signature & Seal of Professional Surveyor

Gary L. Eidson 12/5/06

06.11.1751

Certificate No. GARY EIDSON 12641

Master Drilling Plan
MARBOB ENERGY CORPORTATION
DODD FEDERAL UNIT

Master Drilling Program for Dodd Federal Unit
Attached to Form 3160-3

T-17S, R29E		T-17S, R29E	
E/2W/2	Section 10	S/2NE/4	Section 22
E/2	Section 10	NE/4NE/4	Section 22
ALL	Section 11	SE/4SW/4	Section 22
ALL	Section 14		
W/2	Section 15		
SE/4	Section 22		

Eddy County, New Mexico

1. **Geological Name of Surface Formation:**

   Permian

2. **Estimated Tops of Important Geologic Markers:**

Yates	830`
Queen	1765`
Grayburg	2078`
San Andres	2418`
Glorieta	3888`
Yeso	3954`

3. **Estimated Depths of Anticipated Fresh Water, Oil, or Gas:**

Grayburg	2078`	Oil
San Andres	2418`	Oil
Yeso	3954`	Oil

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 8-5/8" casing at 375` 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 5 ½" production casing which will be run at TD to sufficiently cover all known oil and gas horizons above 200`.

Revised 2 Copy
4/27/2007

4. Casing Program:

Hole Size	Interval	OD Csg.	Weight, Grade, Jt. Cond. Type
12 ¼``	0 - 375`	8 5/8``	24# J-55 LTC NEW R-3
7 7/8``	0 – 5000`	5 ½``	17# J-55 LTC NEW R-3

Cement Program:

8 5/8`` Surface Casing: Cemented to surface with 300sx of Class C with 2%cc.

The 8 5/8 inch surface casing shall be set at 350-375 feet or 25' in the Rustler Anhydrite or in the case that salt occurs at a shallower depth above the top of the salt, below usable water and cement circulated to the surface. The surface casing shoe shall be set in the anhydrite to ensure adequate sealing. If cement does not circulate to the surface the operator may then use ready-mix cement to fill the remaining annulus. The operator is required to use an excess of 100% cement volume to fill the annulus.

See COA

5 ½`` Production Casing: Cemented with 1100sx Class C. The minimum required fill of cement behind the 5 ½ inch production casing is cement shall extend upward a minimum of 200 feet into the surface casing.

5. Minimum Specifications for Pressure Control:

The blowout preventer equipment (BOP) shown in Exhibit #1 will consist of a double ram (2000 psi wp) preventer. This unit will be hydraulically operated and the ram-type preventer will be quipped with blind rams on the top and 3 1/2`` drill pipe rams on bottom. This BOP will be nippled up on the 8-5/8`` surface casing and used continuously until TD is reached. All BOP's and accessory equipment will be tested to 1000 psi before drilling out of surface casing.

Pipe rams will be operationally checked each 24 hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. A 2`` kill line and a 3`` choke line will be included in the drilling spool located below the ram-type BOP. Other accessories to the BOP equipment will include a Kelly cock and floor safety valve (inside BOP) and choke lines and choke manifold with 3000 psi wp rating.

6. **Types and Characteristics of the Proposed Mud System:**

The well will be drilled to TD with cut brine. The applicable depths and properties of this system are as follows:

Depth	Type	Weight (ppg)	Viscosity (sec)	Waterloss (cc)
0-375`	Fresh Water (Spud)	8.5	48	N.C.
375`-5000`	Brine	9.8-10.2	40-45	N.C.

7. **Auxiliary Well Control and Monitoring Equipment:**

(A) A Kelly cock will be kept in the drill string at all time.

(B) A full opening drill pipe stabbing valve (inside BOP) with proper drill pipe connections will be on the rig floor at all times.

8. **Logging, Testing, and Coring Program:**

(A) No Drillstem tests are anticipated.

(B) The electric logging program will consist of Dual Laterolog Micro SFL, Spectral Density Dual Spaced Neutron Csng Log, and Depth Control Log. Selected SW cores may be taken in zones of interest.

(C) No conventional coring is anticipated.

(D) Further testing procedures will be determined after the 5 ½`` production casing has been cemented at TD based on drill shows, and log evaluation, and drill stem test results.

9. **Abnormal Conditions, Pressures, Temperatures, & Potential Hazards:**

No abnormal pressures or temperatures are anticipated. The estimated bottom hole temperature (BHT) at TD is 104` and estimated bottom hole pressure (BHP) is 2250 psig.

This area has a potential H_2S hazard. An H_2S Drilling Plan is attached, including a diagram of the drilling rig layout with H_2S monitors and wind direction indicators shown.

BOPE SCHEMATIC

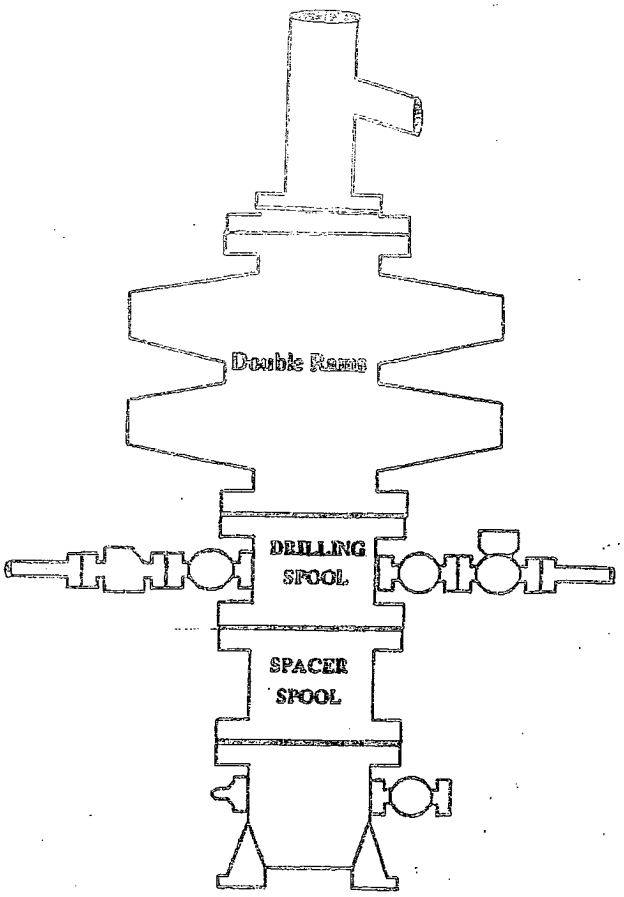
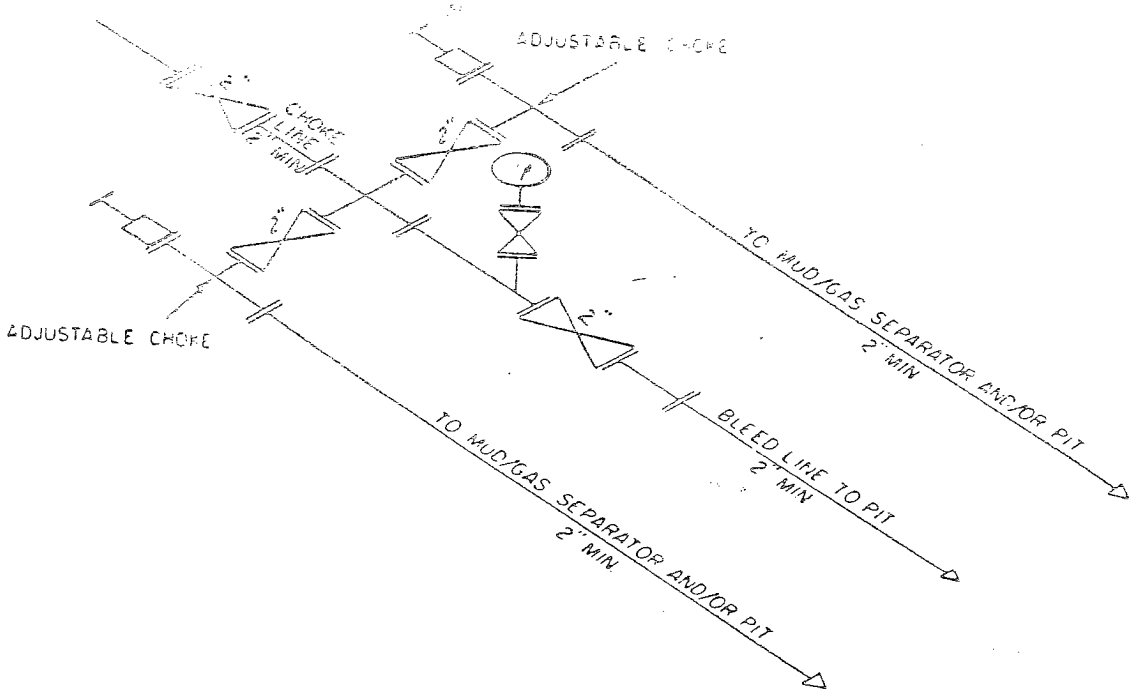
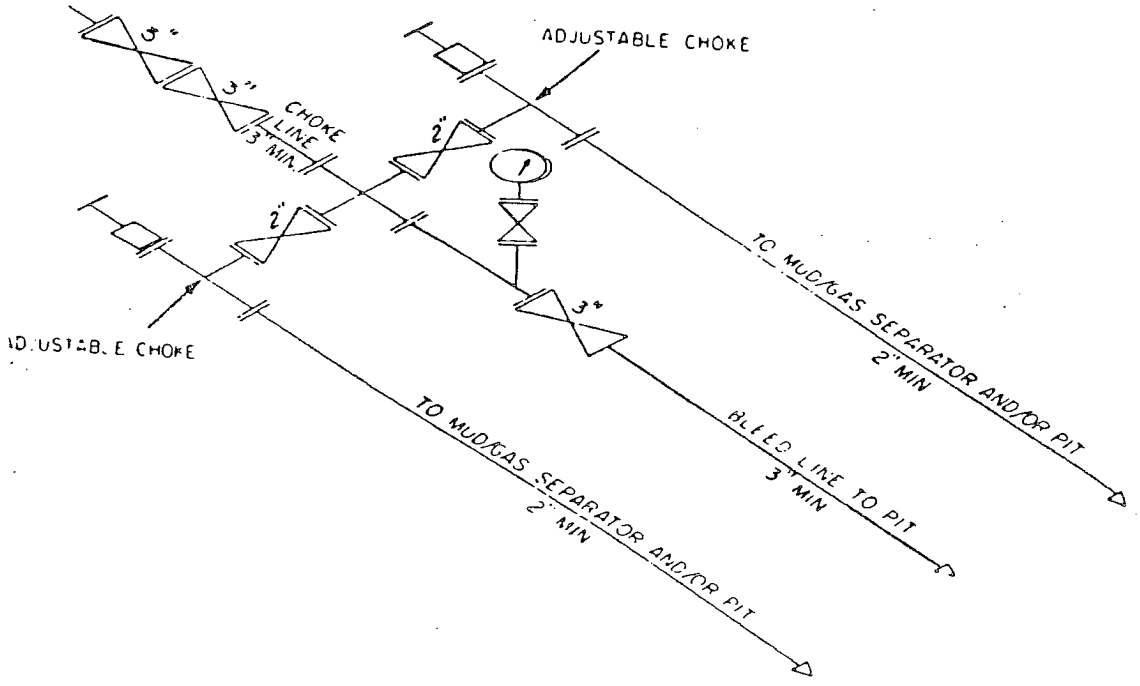


Exhibit One



2M CHOKE MANIFOLD EQUIPMENT — CONFIGURATION OF CHOKES MAY VARY



3M CHOKE MANIFOLD EQUIPMENT — CONFIGURATION OF CHOKES MAY VARY

Attachment to Exhibit #1
Notes Regarding the Blowout Preventers

1. **Blow out preventer and all fittings must be in good condition, 2000 psi W.P. minimum.**

2. **All fittings to be flanged.**

3. **Safety valve must be available on rig floor at all times with proper connections, valve to be bore 2000 psi W.P. minimum.**

4. **All choke and fill line to be securely anchored, especially ends of choke lines.**

5. **Equipment through which bit must pass shall be at least as large as the diameter of the casing being drilled through.**

6. **Kelly cock on Kelly.**

7. **Extension wrenches and hand wheels to be properly installed.**

8. **Blow out preventer closing equipment to include minimum 40 gallon accumulator, two independent sources of pump power on each closing unit installation, and meet all API specifications.**

MARBOB ENERGY CORPORTATION

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

I. HYDROFEN 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:

1. **The hazards and characteristics of hydrogen sulfide (H_2S).**

2. **The proper use and maintenance of personal protective equipment and life support systems.**

3. **The proper use of H_2S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.**

4. **The proper techniques for first aid and rescue procedures.**

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

1. **The effects of H_2S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.**

2. **Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.**

3. **The contents and requirements of the H_2S Drilling Operations Plan and the Public Protection Plan.**

There will be an initial training session just prior to encountering a known or probable H_2S zone (within 3 days or 500 feet) and weekly H_2S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H_2S 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_2S SAFETY EQUIPMENT AND SYSTEMS

Note: All H_2S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet above, or three days

prior penetrating the first zone containing or reasonably expected to contain H_2S.

1. **Well Control Equipment:**

   A. **Choke manifold**

   B. **Blind rams and pipe rams to accommodate all pipe sixes with properly sized closing unit.**

2. **Protective equipment for essential personnel:**

   A. **Mark II Surviveair 30-minute units located in the dog house and at briefing areas, as indicated on well site diagram.**

3. **H_2S detection and monitoring equipment:**

   A. **2 - portable H_2S monitor positioned on location for best coverage and response. These units have warning lights and audible sirens when H_2S levels of 20 ppm are reached.**

   B. **1 – portable S02 monitor positioned near flow line.**

4. **Visual warning systems:**

   A. **Wind direction indicators as shown on well site diagram.**

   B. **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.**

5. **Mud Program:**

   A. **The mud program has been designed to minimize the volume of H_2S circulated to the surface. Proper mud weight, safe drilling practices, and the use of H_2S scavengers will minimize hazards when penetrating H_2S bearing zones.**

6. **Metallurgy**

   A. **All drill strings, casings, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H_2S service.**

   B. **All elastomers used for packing and seals shall be H_2S trim.**

7. **Communication:**

   A. **Radio communications in company vehicles including cellular telephone and 2-way radio.**

   B. **Land line (telephone) communications at field office.**

SURFACE USE AND OPERATING PLAN

Dodd Federal Unit #525
2525' FNL & 2310' FWL
Section 14-17S-29E
Eddy County, New Mexico

1.(c) Directions to Locations: From the intersection of St. Hwy #82 and Co. Rd #215 (Kewanee Rd), go North on Co. Rd. #215 for approx. 1.1 miles. Turn left and go West approx. 0.6 miles. This location is approx. 160 feet North.

2. There is an existing access road already in place.

4. (a) If productive, this well will use the North tank battery.

SURFACE USE PLAN
MARBOB ENERGY CORPORTATION
DODD FEDERAL UNIT

Attached to Form 3160-3

T-17S, R29E		T-17S, R29E	
E/2W/2	Section 10	S/2NE/4	Section 22
E/2	Section 10	NE/4NE/4	Section 22
ALL	Section 11	SE/4SW/4	Section 22
ALL	Section 14		
W/2	Section 15		
SE/4	Section 22		

Eddy County, New Mexico

1. **Existing Roads:**

   (A) The well site and elevation plat for the proposed well is shown.

   (B) All roads to the location are shown on Exhibit #2 of each individual application. The existing roads are illustrated in red and are adequate for travel during drilling and production operations. Upgrading of the road prior to drilling will be done where necessary determined during the onsite inspection.

   (C) Directions to location will be provided for each individual well application.

   (D) Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease.

2. **Proposed Access Road:**

   Exhibit #2 of each application will show the new access road (if necessary) to be constructed and will be illustrated in red. The 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` 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, cattle guards, 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.

3. Location of Existing and/or Proposed Facilities:

(A) Marbob Energy Corp. already has tank batteries set up for this lease. There are two tank batteries located on the lease. The tank batteries are located:

North Tank Battery	SESW	11-17S-29E
South Tank Battery	NWSE	22-17S-29E

Each new well will use either the North or South Tank facility corresponding to the side of highway it is located on.

(B) If the well is productive, a 2`` or 3`` plastic flowline (grade SDR 7 @ 265 psi) will be laid on the surface following the existing lease road Right-of-Way to the Tank Battery. Anticipated pressures in the flowline should not exceed 75 psi. Proposed flowline route is indicated in blue on exhibit #2.

(C) If the well is productive; power will be obtained from Central Valley Electric. Central Valley Electric will apply for ROW for their power lines.

(D) If the well is productive, rehabilitation plans are as follows:

(1) The reserve pit will be back-filled after the contents of the pit are dry (within 10 months after the well is completed).

(2) Topsoil removed from the drill site will be used to recontour the pit area and any unused portions of the drill pad to the original natural level, as nearly as possible, and reseeded as per BLM specifications.

4. Location and Type of Water Supply:

The well will be drilled with a combination brine and fresh water mud system as outlined in the drilling program. The water will be obtained from commercial water stations in the area and hauled to the location by transport truck over the existing and proposed access roads. If a commercial fresh water source is nearby, fasline may be laid along existing road ROW's and fresh water pumped to the well. No water well will be drilled on the location.

5. Source of Construction Materials:

All caliche required for construction of the drill pad (approximately 1500 cubic yards) will be obtained from a BLM approved caliche pit. The pads will be constructed of 6`` rolled and compacted caliche.

6. Methods of Handling Water Disposal:

A. **Drill cuttings not retained for evaluation purposes will be disposed into the reserve pit.**

B. **Drilling fluids will be contained in lined working pits. The reserve pit will contain any excess drilling fluid or flow from the well during drilling, cementing, and completion operations. The reserve pit will be an earthen pit, approximately 100` X 150` X 6` deep. A dike will be built across the pit, dividing it in half. One-half of the reserve pit will be plastic-lined to minimize loss of drilling fluids and saturation of the ground with brine water. The other half of the reserve pit will be lined with plastic if we encounter a waterflow during drilling operations and find that we need additional space. This portioin of the pit is a precautionary measure only. The portion of the pit that will be lined with plastic should be more than adequate for normal drilling operations. If a water flow is encountered, we should have ample time to line the other half of the pit with plastic before the water encroaches.**

C. **Water produced from the well during completion may be disposed into the reserve pit.**

D. **Garbage and trash produced during drilling or completion operations will be hauled off. All waste material will be contained to prevent scattering by the wind. All water and fluids will be disposed of into the reserve pit. Salts and other chemicals produced during drilling or testing will be disposed into the reserve pit. No toxic waste or hazardous chemicals will be produced by this operation.**

E. **After the rig is moved out and the well is either completed or abandoned, all waste materials will be cleaned-up within 30 days. No adverse materials will be left on the location. The reserve pit is dry enough to breakout and fill, the reserve pit will be leveled and reseeded**

as per BLM specifications. In the event of a dry hole, the location will be ripped and seeded, as per BLM specifications, and a dry hole marker will remain.

7. **Ancillary Facilities:**

No airstrip, campsite, or other facilities will be built as a result of the operations on this well.

8. **Well Site Layout:**

(A) The drill pad layout will be shown on Exhibit #3 for each individual well. Dimensions of the pad and pits will be shown. Top soil, if available, will be stockpiled per BLM specifications as determined as the on-site inspection.

(B) The reserve pit will be lined with a high-quality plastic sheeting.

9. **Plans for Restoration of the Surface:**

(A) Upon finishing drilling and/or completion operations, all equipment and other material not needed for operations will be removed.

All trash, garbage, and pit lining will be hauled away in order to leave the location in an aesthetically pleasing condition. All pits will be filled and the location leveled within 10 months after abandonment.

(B) Three sides of the reserve pit will be fenced prior to and during drilling operations. At the time that the rig is removed, the reserve pit will be fenced on the rig (fourth) side. The fencing will remain in place until the pit area is cleaned up and leveled. No oil will be left on the surface of the fluid in the pit.

(C) Upon completion of the proposed operations, if the well is completed, the reserve pit area will be treated as outlined above within the same prescribed time. Any additional caliche required for facilities will be obtained from a BLM approved caliche pit. Topsoil removed from the drill site will be used to recontour the pit area to the original natural level and reseeded as per BLM specifications.

10. **Surface Ownership:**

The wellsite and lease is located on federal surface.

(A) The area around the well site is grassland and the topsoil is sandy. The vegetation is native scrub grasses with abundant oakbrush, sagebrush, yucca, and prickly pear.

(B) There is no permanent or live water in the immediate area.

(C) A Cultural Resources Examination had been requested and will be forwarded to the BLM office for each location staked.

11. **Lessee's and Operator's Representative:**

The Marbob Energy Corp. representative responsible for assuring compliance with the surface use plan is as follows:

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

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 currently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and 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 provisions of 18 U.S.C. 1001 for the filing of a false statement.

Signed:

Date: 5/1/2007

Johnny C. Gray, President

Revised 2 Copy
4/27/2007

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: MARBOB ENERGY CORPORATION
Well Name & No. 525 – DODD FEDERAL UNIT
Location: 2525' FNL & 2310' FWL – SEC 14 – T17S – R29E – EDDY COUNTY
Lease: LC-028731-B

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Roswell Field Office, 2909 West Second St., Roswell NM 88201, (505) 627-0272 for wells in Chaves and Roosevelt Counties; the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 234-5909 or (505) 361-2822 (After hours) - for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:

A. Spudding

B. Cementing casing: 8-5/8 inch 5-1/2 inch

C. BOP tests

2. A Hydrogen Sulfide (H2S) Drilling Plan should be activated prior to drilling into the Grayburg Formation at approximately 2700'. Acopy of the plan shall be posted at the drilling site.

3 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.

4. 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.

5. 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 8-5/8 inch surface casing shall be set at **approximately 330 feet or 25' in the Rustler Anhydrite or in the case that salt occurs at a shallower depth above the top of the salt, below usable water 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 5-1/2 inch production casing is **cement shall tie back 200 feet into the 8-5/8 inch surface 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 **8-5/8** 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 **2000** psi. **Operator has blanket approval to test BOPE on surface casing to 1000 psi due to the low bottom hole pressure of formations 6000 feet or shallower (sundry approved by BLM 6/16/99).**

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.