

OCD-ARTESIA

AT5-07242

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. LC-028731-B
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input 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		7. If Unit or CA Agreement, Name and No.
3a. Address P.O. Box 227, Artesia, NM 88211-0227		8. Lease Name and Well No. Dodd Federal Unit #526 34537
3b. Phone No. (include area code) 505-748-3303		9. API Well No. 30-015-35621
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 1750' FSL & 1650' FWL At proposed prod. zone		10. Field and Pool, or Exploratory GRBG Jackson SR Q GRBG SA
14. Distance in miles and direction from nearest town or post office*		11. Sec., T., R., M., or Blk. and Survey or Area Sec. 14, T17-S R29-E
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	12. County or Parish Eddy County
17. Spacing Unit dedicated to this well 40	18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	13. State NM
19. Proposed Depth 5000'	20. BLM/BIA Bond No. on file NM 2056	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) GL 3608'	22. Approximate date work will start* February 5, 2006	23. Estimated duration 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 <i>Nancy T. Agnew</i>	Name (Printed/Typed) Nancy T. Agnew	Date 1-5-07
Title Land Department		
Approved by (Signature) <i>/s/ James Stovall</i>	Name (Printed/Typed) /s/ James Stovall	Date 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 thereon.

Conditions of approval, if any, are attached.

APPROVAL FOR 2 YEARS

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)

Reeswell Controlled Water Basin

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

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

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 28509	Pool Name GRBG JACKSON SR Q GRBG SA
Property Code	Property Name DODD FEDERAL UNIT	Well Number 526
OGRID No. 14049	Operator Name MARBOB ENERGY CORPORATION	Elevation 3608'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	14	17-S	29-E		1750	SOUTH	1650	WEST	EDDY

Bottom Hole Location If Different From Surface

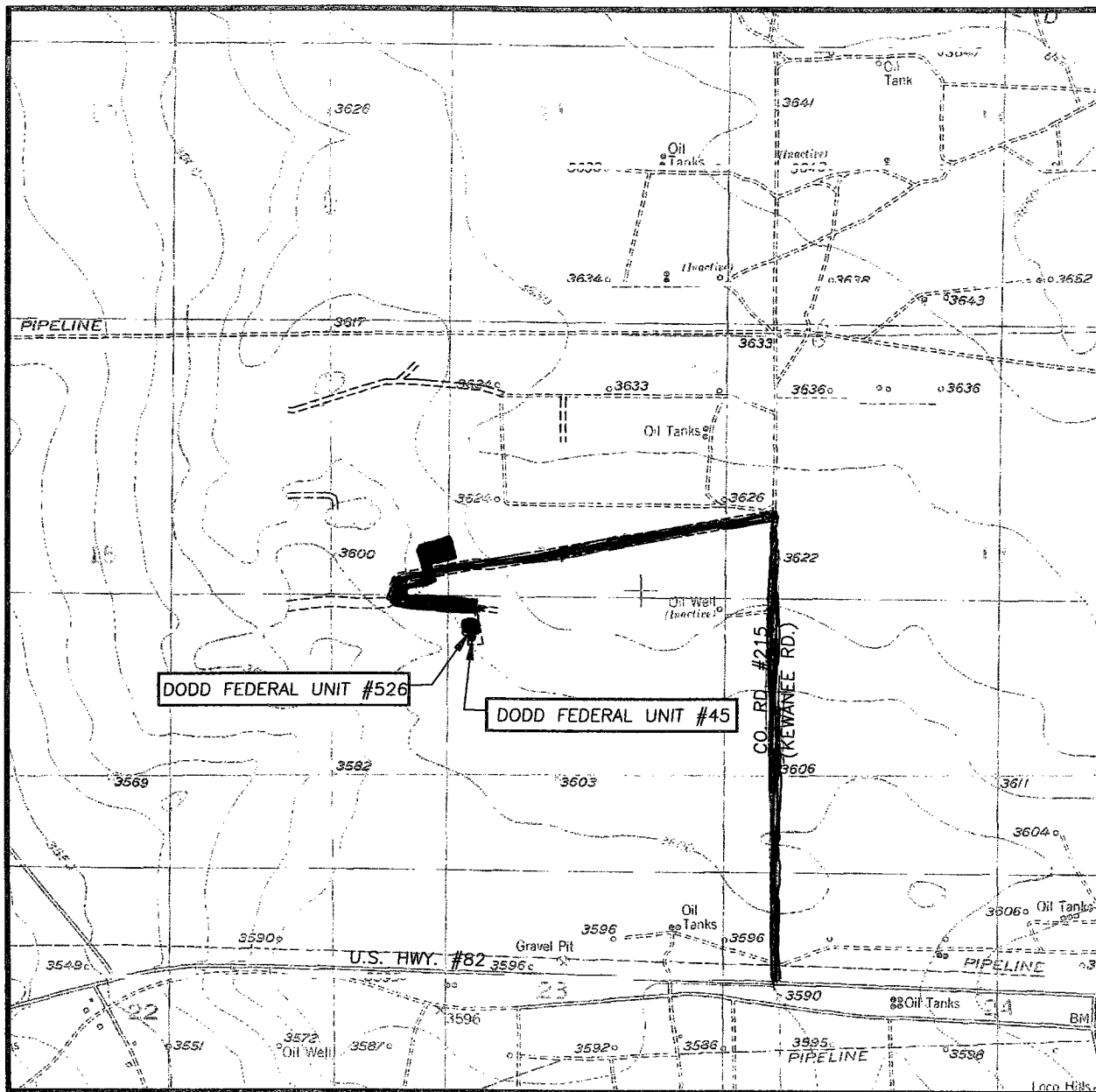
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>GEODETIC COORDINATES NAD 27 NME Y=666511.6 N X=587590.7 E LAT.=32.832002° N LONG.=104.048174° W</p>	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. <i>Nancy T. Agnew</i> 1/5/2007 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 15, 2006 Date Surveyed LA Signature & Seal of Professional Surveyor <i>Gary A. Eidson</i> 12/5/06 06.11.1752 Certificate No. GARY EIDSON 12641

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
RED LAKE SE, N.M. - 10'

SEC. 14 TWP. 17-S RGE. 29-E

SURVEY N.M.P.M.

COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 1750' FSL & 1650' FWL

ELEVATION 3608'

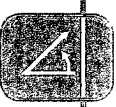
OPERATOR MARBOB ENERGY CORPORATION

LEASE DODD FEDERAL UNIT

U.S.G.S. TOPOGRAPHIC MAP
RED LAKE SE, N.M.

EXISTING ROADS

PROPOSED FLOWLINE ROUTE



PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

EXHIBIT #2

SURFACE USE AND OPERATING PLAN

**Dodd Federal Unit #526
1750' FSL & 1650' FWL
Section 14-17S-29E
Eddy County, New Mexico**

- 1.(c) Directions to Locations: From the intersection of U.S. Hwy #82 and Co. Rd #215 (Kewanee Rd), go North on Co. Rd. #215 for approx. 1.0 miles. Turn left and go West approx. 0.9 miles. Veer left and go South approx. 300 feet. Veer left and go East approx. 0.2 miles. Turn right and go South 230 feet to the Dodd Federal Unit #45 well pad. This location is approx. 65 feet West.**
- 2. There is an existing access road already in place.**
- 4. (a) If productive, this well will use the North tank battery.**

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: MARBOB ENERGY CORPORATION
Well Name & No. 526 - DODD FEDERAL UNIT
Location: 1750' FSL & 1650' 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 NMOCDC 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.