

OCD-ARTESIA

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

Month - Year
OCD - ARTESIA, NM

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 12049		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 #523 34537
3b. Phone No. (include area code) 505-748-3303		9. API Well No. 30-015-35622
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 660' FNL & 715' 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	13. State NM	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 5000'	20. BLM/BIA Bond No. on file NM 2056
21. Elevations (Show whether DF, KDB, RT, GL, etc.) GL 3615'	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:

- | | |
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| 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 Nancy T. Agnew	Name (Printed/Typed) Nancy T. Agnew	Date 1-5-07
Title Land Department		
Approved by (Signature) /s/ James Stovall	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 with which the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

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**

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

Roswell Controlled Water Basin

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

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 SA
Property Code	Property Name DODD FEDERAL UNIT	Well Number 523
OGRID No. 14049	Operator Name MARBOB ENERGY CORPORATION	Elevation 3615'

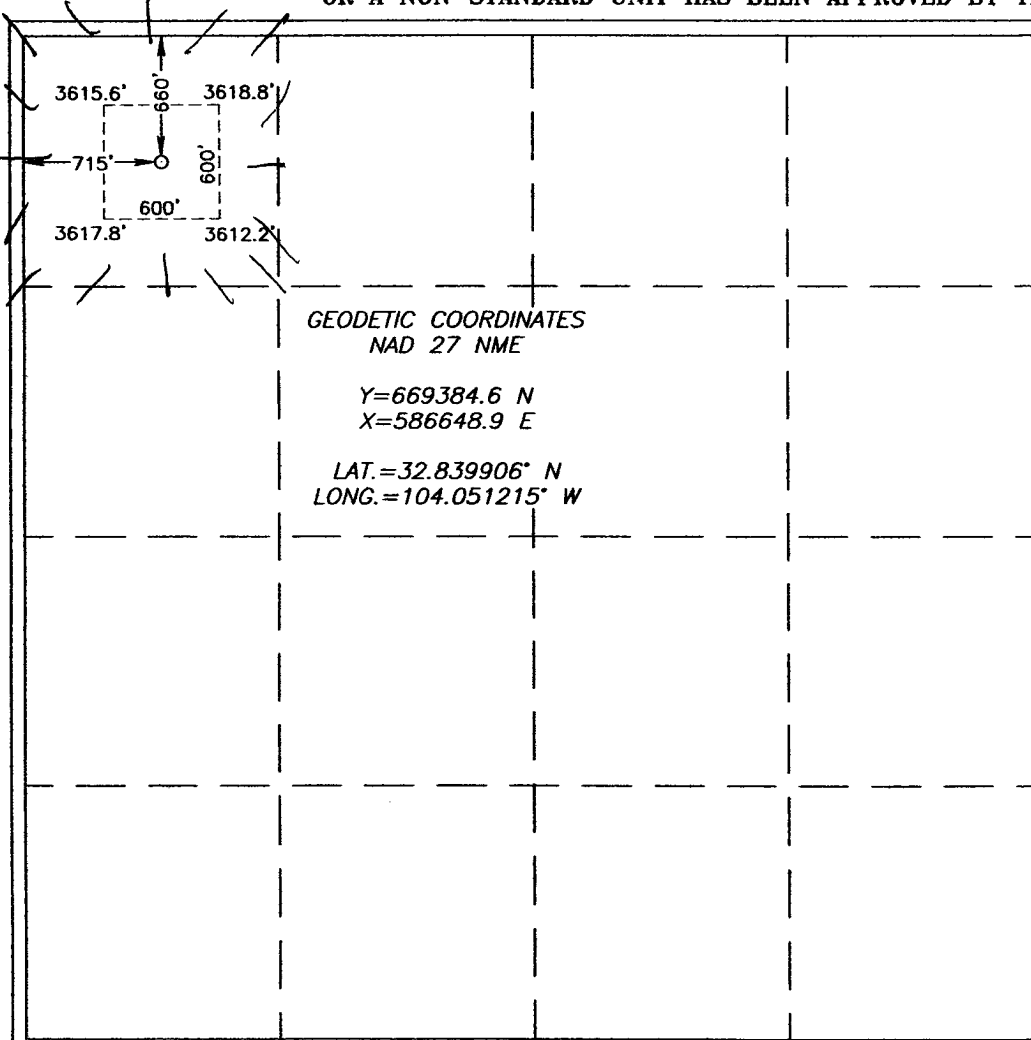
Surface Location

UL or lot No. D	Section 14	Township 17-S	Range 29-E	Lot Idn	Feet from the 660	North/South line NORTH	Feet from the 715	East/West line WEST	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 40	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



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 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.

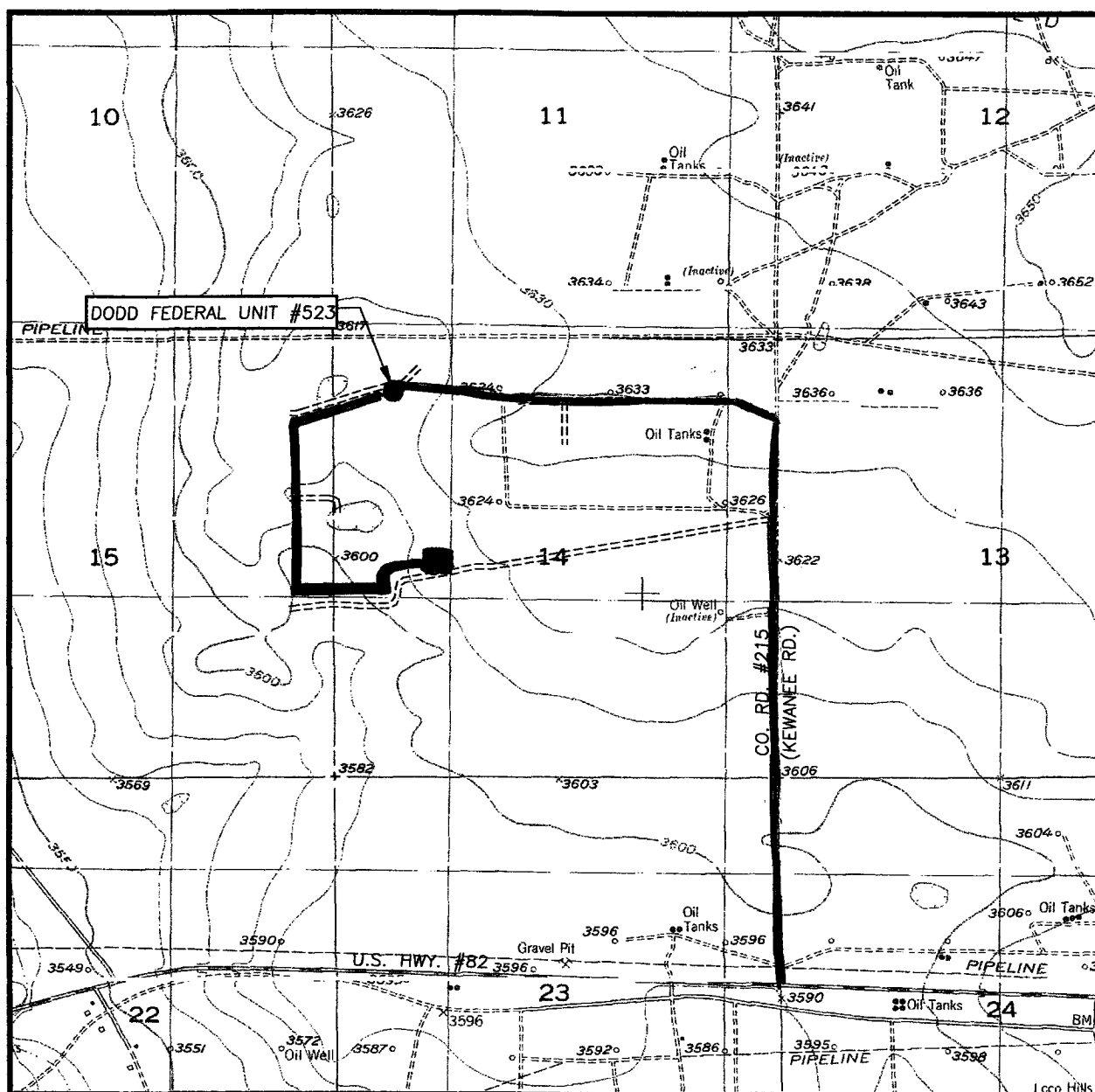
NOVEMBER 16, 2006

Date Surveyed LA
Signature & Seal of
Professional Surveyor

Gary Eidson 12/5/06
06.11.1749

Certificate No. GARY EIDSON 12841

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 660' FNL & 715' FWL

ELEVATION 3615'

OPERATOR MARBOB ENERGY CORPORATION

LEASE DODD FEDERAL UNIT

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

EXISTING ROADS

PROPOSED FLOWLINE ROUTE

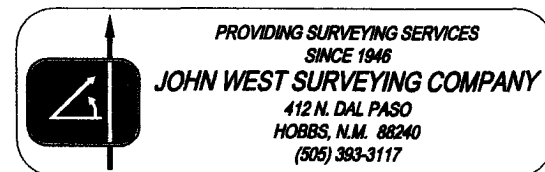


EXHIBIT #2

SURFACE USE AND OPERATING PLAN

**Dodd Federal Unit #523
660' FNL & 715' 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 West on Kewanee Rd. approx. 1.1 miles. Turn left and go West approx. 0.9 miles. This location is approx. 75 feet south.**
- 2. There is already an existing access road 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. 523 - DODD FEDERAL UNIT
Location: 660' FNL & 715' 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.