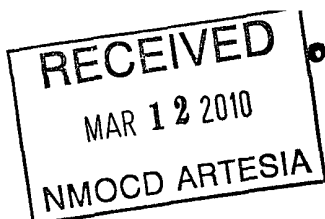


Form 3160-3  
(February 2005)



OCD Artesia

ATS-09-615 JM

10-213

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED  
OMB No 1004-0137  
Expires March 31, 2007

1a Type of work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5 Lease Serial No <b>ce</b> SHL: NM155929 BHL: NM117121
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 <b>Marbob Energy Corporation</b>		7 If Unit or CA Agreement, Name and No
3a Address <b>P.O. Box 227, Artesia, NM 88211-0227</b>	3b Phone No. (include area code) <b>575-748-3303</b>	8 Lease Name and Well No <b>Showstopper 19 Federal #3 H</b>
4 Location of Well (Report location clearly and in accordance with any State requirements *) At surface <b>430' FSL &amp; 430' FEL</b> At proposed prod zone <b>330' FNL &amp; 430' FEL</b>		9 API Well No. <b>30-015-37682</b>
10 Field and Pool, or Exploratory <b>Willow Lake; Bone Spring, SE</b>		11 Sec, T R M. or Blk and Survey or Area <b>Section 19, T25S - R29E</b>
12 Distance in miles and direction from nearest town or post office* <b>About 10 miles from Malaga, NM</b>		12 County or Parish <b>Eddy County</b>
13 State <b>NM</b>		
15 Distance from proposed* location to nearest property or lease line, ft (Also to nearest drig unit line, if any) <b>430'</b>	16 No of acres in lease <b>639.330</b>	17 Spacing Unit dedicated to this well <b>160</b>
18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft	19 Proposed Depth <b>6250' 19,589'</b> TVD: <del>6000'</del> THD: <del>14100'</del> <b>CRW 10/8/09</b>	20 BLM/BIA Bond No on file <b>NMB000412</b>
21 Elevations (Show whether DF, KDB, RT, GL, etc ) <b>2923' GL</b>	22 Approximate date work will start* <b>10/10/2009</b>	23 Estimated duration <b>30 Days</b>

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No 1, must 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 must be filed with the appropriate Forest Service Office) | 6 Such other site specific information and/or plans as may be required by the BLM             |

25 Signature <b>Nancy T. Agnew</b>	Name (Printed/Typed) <b>Nancy T. Agnew</b>	Date <b>09/10/2009</b>
Title <b>Land Department</b>		

Approved by (Signature) <b>/s/ Don Peterson</b>	Name (Printed/Typed) <b>Don Peterson</b>	Date <b>MAR 10 2010</b>
Title <b>FIELD MANAGER</b>	Office <b>CARLSBAD FIELD OFFICE</b>	

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 TWO YEARS

Title 18 USC Section 1001 and Title 43 USC 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)

Carlsbad Controlled Water Basin

MR

SEE ATTACHED FOR  
CONDITIONS OF APPROVAL

Approval Subject to General Requirements  
& Special Stipulations Attached

DISTRICT I  
1625 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II  
1361 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 EDDYse - 4 Copies  
Fee EDDYse - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number <b>30-015-37682</b>	Pool Code <b>96217</b>	Pool Name <b>WILLOW LAKE; BONE SPRING, SE</b>
Property Code <b>37899</b>	Property Name <b>SHOWSTOPPER 19 FEDERAL</b>	Well Number <b>34</b>
OGRID No. <b>14049</b>	Operator Name <b>MARBOB ENERGY CORPORATION</b>	Elevation <b>2923'</b>

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	19	25-S	29-E		430	SOUTH	430	EAST	EDDY

Bottom Hole Location If Different From Surface

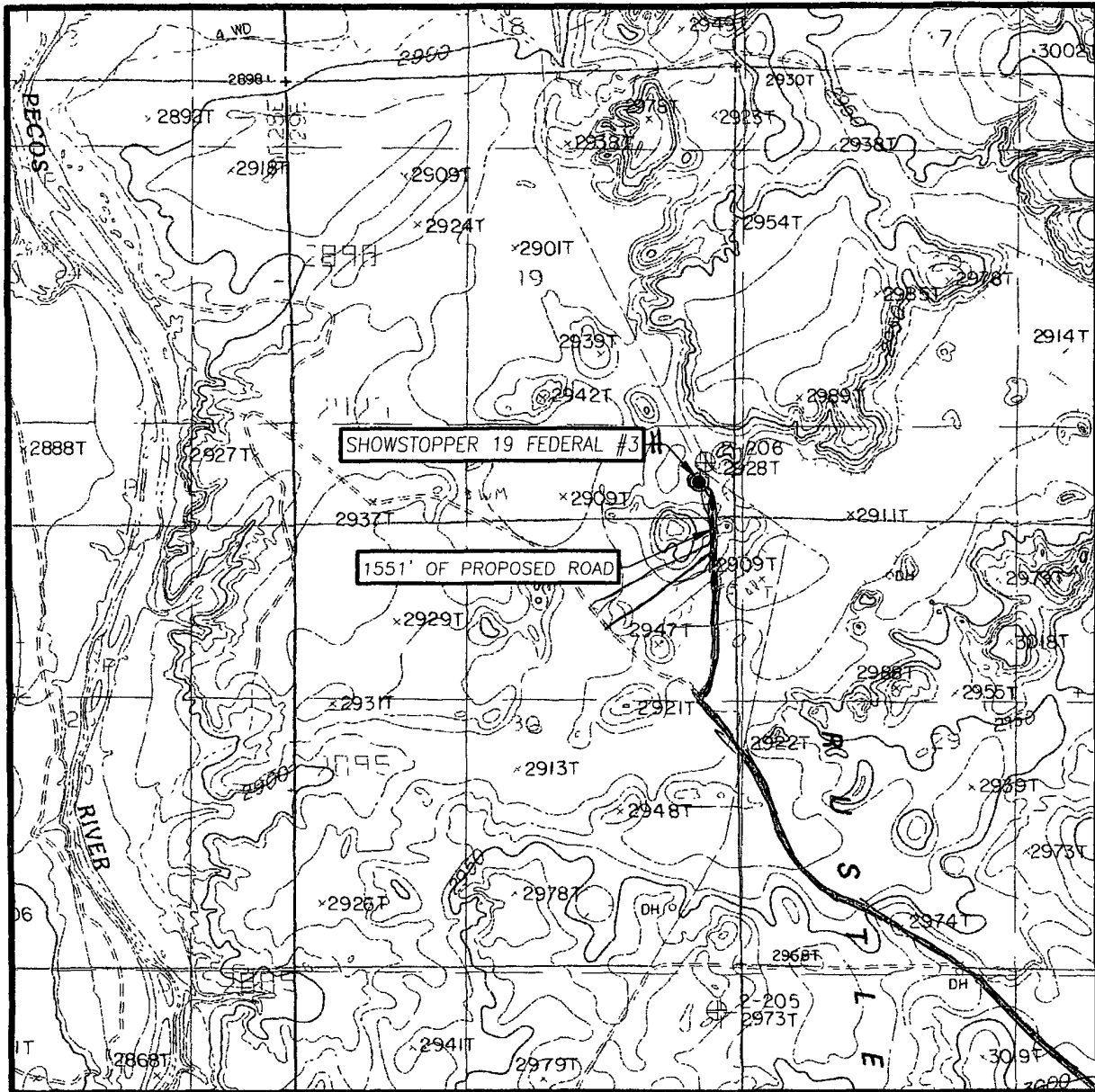
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	19	25-S	29-E		330	NORTH	430	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No
160			

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 SURFACE LOCATION Y=403667.4 N X=598219.3 E</p> <p>LAT.=32 109401" N LONG.=104 016115" W</p> <p>BOTTOM HOLE LOCATION Y=408211.2 N X=598224.4 E</p> <p>DETAIL</p> <p>2929.8' 2946.2'</p> <p>600'</p> <p>2946.2' 2933.9'</p> <p>SEE DETAIL</p> <p>SL</p> <p>430'</p> <p>430'</p> <p>GRID AZ = 00°03'47" HORIZ DIST = 4544.8'</p> <p>NM117121</p> <p>NM055929</p>	<p><b>OPERATOR CERTIFICATION</b></p> <p>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.</p> <p><u>Nancy T. Agnew</u> 9/10/09 Signature Date</p> <p><u>Nancy T. Agnew</u> Printed Name</p> <p><b>SURVEYOR CERTIFICATION</b></p> <p>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.</p> <p>DATE SURVEYED <u>19 AUGUST 19 2009</u> LA</p> <p>SIGNATURE &amp; SEAL OF PROFESSIONAL SURVEYOR <u>Ronald J. Eidson</u> 9-01-09 891110735</p> <p>Certificate No. GARY G. EIDSON 12641 RONALD J. EIDSON 3239</p>
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'  
RED BLUFF, NM

SEC. 19 TWP. 25-S RGE. 29-E

SURVEY N.M.P.M.

COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 430' FSL & 430' FEL


ELEVATION 2923'

OPERATOR MARBOB ENERGY CORPORATION

LEASE SHOWSTOPPER 19 FEDERAL

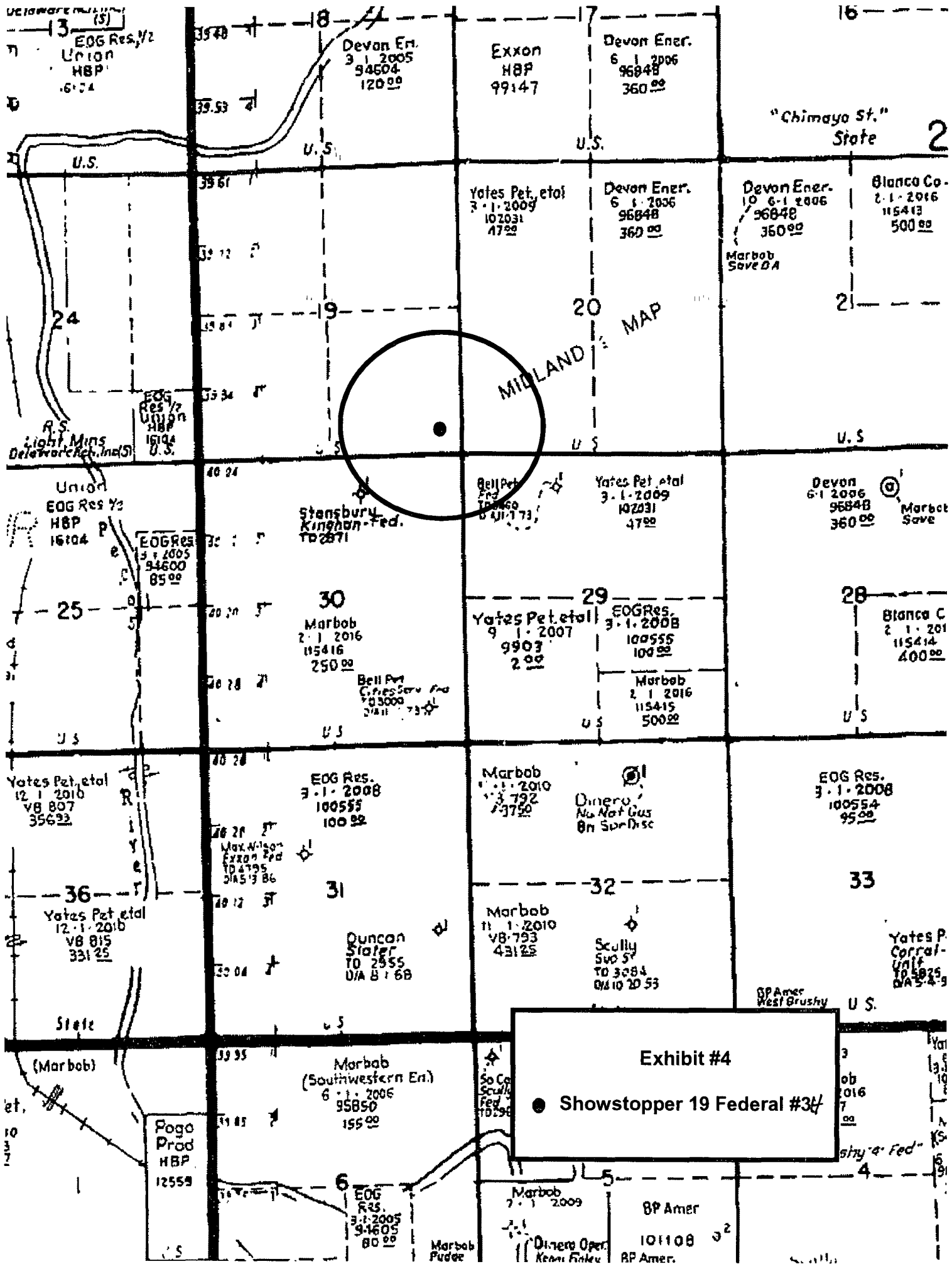
U.S.G S. TOPOGRAPHIC MAP  
RED BLUFF, NM

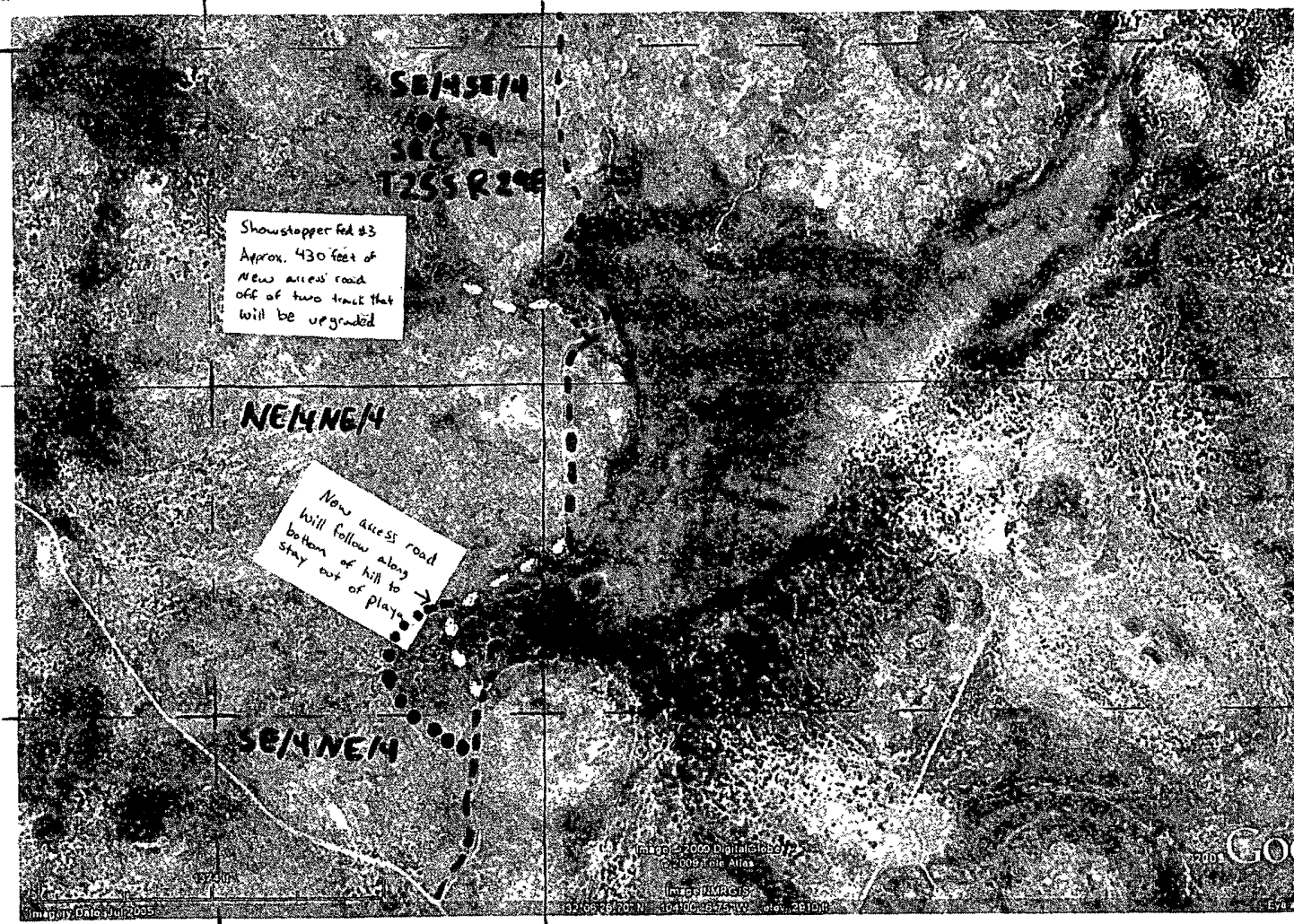
**Existing Roads**



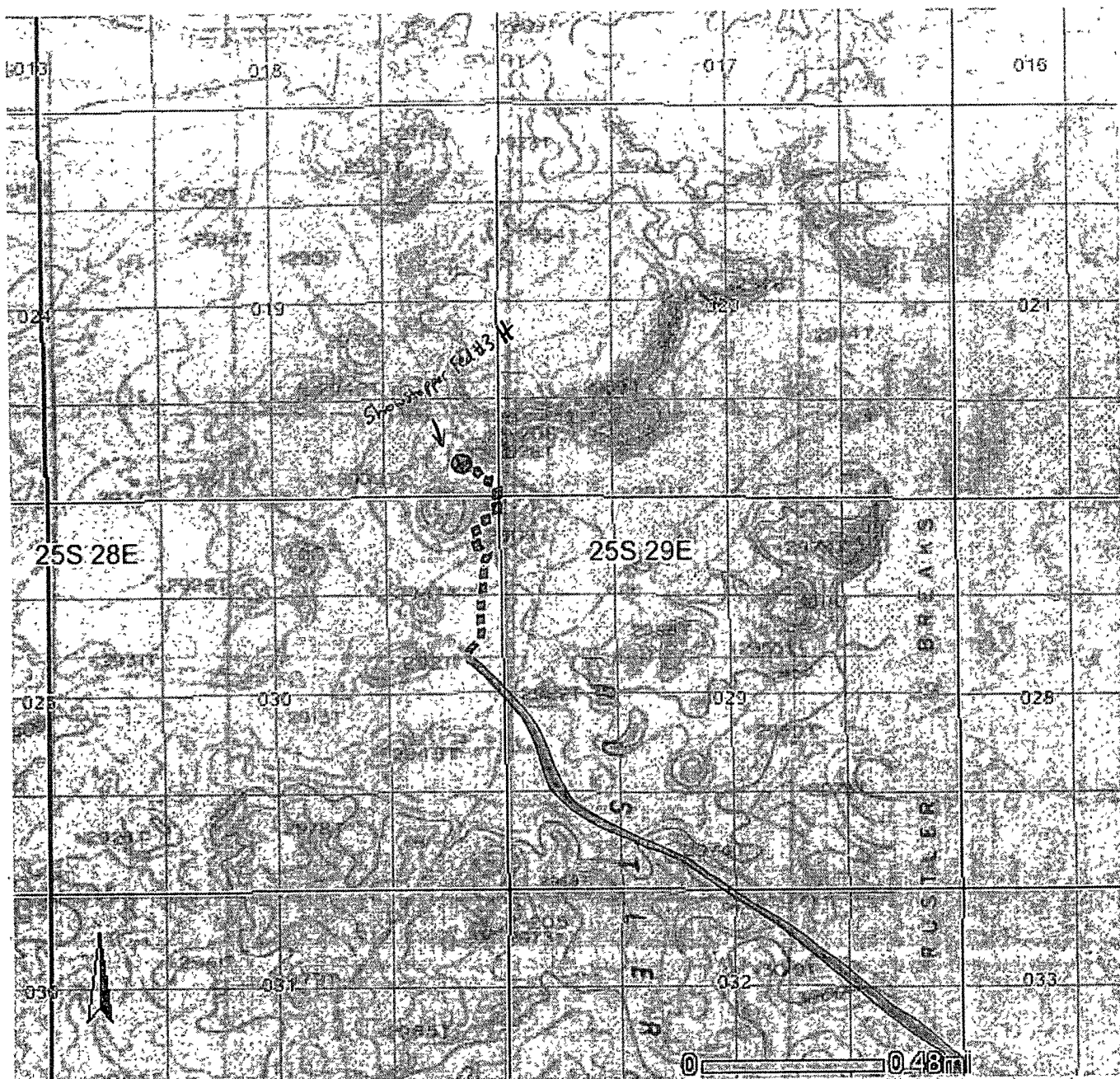
PROVIDING SURVEYING SERVICES  
SINCE 1946  
**JOHN WEST SURVEYING COMPANY**  
412 N. DAL PASO  
HOBBS, N.M. 88240  
(575) 393-3117

**Exhibit #2**





Red dashed  
lines show  
access road per  
Todd & J. Chop.  
11/17/2009



9/24/2009

No warranty is made by the BLM for the use of the data for purposes not intended by the BLM.



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

**Showstopper 19 Federal #3 <sup>ft</sup>**  
**Surf: 430' FSL & 430' FEL**  
**BHL: 330' FNL & 430' FEL**  
**Section 19, T25S, R29E**  
**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. Geological surface formation: Permian
2. The estimated tops of geologic markers & estimated depths at which anticipated water, oil or gas formations are expected to be encountered are as follows:

Top of Salt	600'
Base of Salt	2575'
Delaware	2775' Oil
Bone Spring	6500' Oil
TVD	6800' 6250
THD	11100' 10,569

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 250' and circulating cement back to surface. All intervals will be isolated by setting 5 1/2" casing to total depth and circulating cement above the base of the 9 5/8" casing.

**3. Proposed Casing Program:**

Hole Size	Interval	OD Casing	New or Used	Wt	Collar	Grade	Collapse Design Factor	Burst Design Factor	Tension Design Factor
17 1/2"	0' - 250'	13 3/8"	New	48#	STC	H-40	1.125	1.125	1.6
12 1/4"	250' - 2700'	9 5/8"	New	36#	BUTT	J-55	1.125	1.125	1.6
8 3/4"	2700' - 6300'	5 1/2"	New	17#	LTC	N-80	1.125	1.125	1.6
7 7/8"	6300' - 11100'	5 1/2"	New	17#	LTC	N-80	1.125	1.125	1.6

10,569



## 5. Proposed Cement Program: *See COA*

- a. 13 3/8" Surf Cement to surface with 275 sk "C" wt 14.8 ppg yield 1.34.
- b. 9 5/8" Int Cement to surface with 450 sk "C" Light wt 12.7 yield 1.91  
Tail in with 200 sk "C" yield 1.34 wt 14.8
- c. 5 1/2" Prod Cement 1<sup>st</sup> stage with 350 sk "H" acid soluble wt 15.0 yield 2.6 2<sup>nd</sup> stage with 700 sk "H" light wt 12.7 yield 1.91 Tail in with 100 sk "H" wt 13.0 yield 1.64 DV @ 6300' TOC 2000'

The above cement volumes could be revised pending the caliper measurement from the open hole logs. The top of cement is designed to reach approximately 200' above the 9 5/8" casing shoe. **All casing is new and API approved.**

## 6. Minimum Specifications for Pressure Control:

*See COA*  
Nipple up on 13 3/8" surface with a 2M system tested to ~~1000#~~ *with rig pumps*. Nipple up on 9 5/8" with 3M system and tested to 3000# with independent tester.

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.

## 7. Estimated BHP: 2828.8 psi

## 8. Mud Program: The applicable depths and properties of this system are as follows:

Depth	Type System	Mud Weight	Viscosity (sec)	Waterloss (cc)
0' - 250'	Fresh Water	8.4 - 8.5	29	N.C.
250' - 2700'	Brine	9.9 - 10.0	29	N.C.
2700' - <del>11100'</del> 10,589'	Cut Brine	8.9 - 9.0	29	N.C.

The necessary mud products for weight addition and fluid loss control will be on location at all times.



## **9. Auxiliary Well Control and Monitoring Equipment:**

- a. A Kelly cock will be in the drill string at all times.
- b. A full opening drill pipe stabbing valve having the appropriate connections will be on the rig floor at all times.
- c. Hydrogen Sulfide detection equipment will be in operation after drilling out the 13 3/8" casing shoe until the 5 1/2" casing is cemented. Breathing equipment will be on location upon drilling the 13 3/8" shoe until total depth is reached.

## **10. Testing, Logging and Coring Program:** See COA

- a. Drill stem tests will be based on geological sample shows.
- b. The open hole electrical logging program will be:
  - i. Total Depth to Intermediate Casing: Dual Laterolog-Micro Laterolog and Gamma Ray. Compensated Neutron – Z Density log with Gamma Ray and Caliper.
  - ii. Total Depth to Surface: Compensated Neutron with Gamma Ray
  - iii. No coring program is planned
  - iv. Additional testing will be initiated subsequent to setting the 5 1/2" production casing. Specific intervals will be targeted based on log evaluation, geological sample shows and drill stem tests.

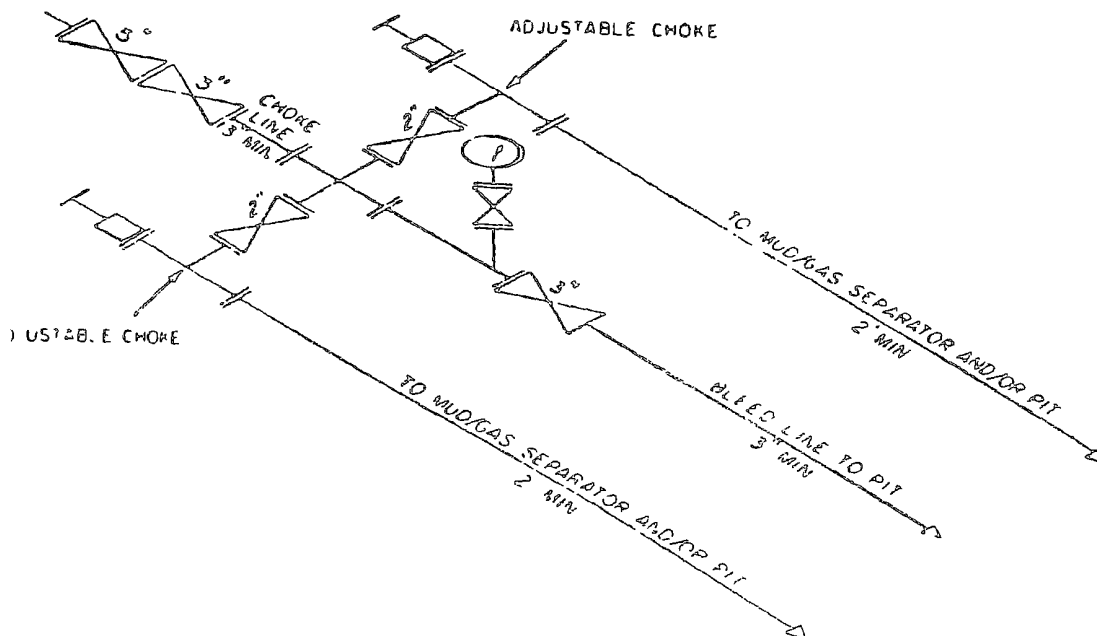
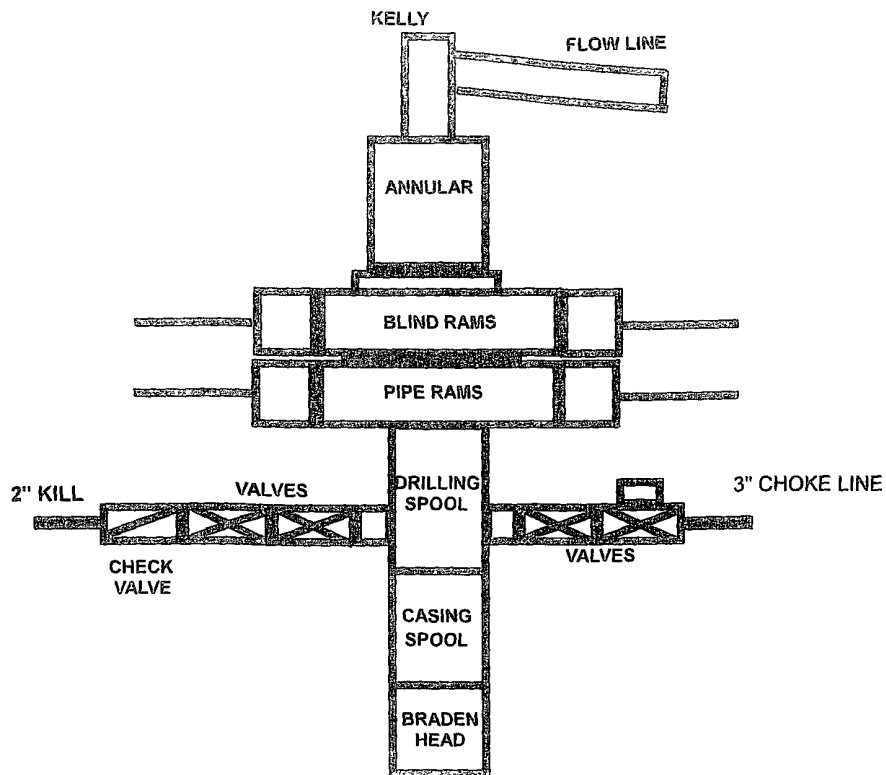
## **11. Potential Hazards:**

- a. No abnormal pressures or temperatures are expected. There is no known presence of H<sub>2</sub>S in this area. If H<sub>2</sub>S is encountered the operator will comply with the provisions of Onshore Oil and Gas Order No. 6. No lost circulation is expected to occur. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Estimated BHP: 2828.8 psi. No H<sub>2</sub>S is anticipated to be encountered.

## **12. Anticipated starting date and Duration of Operations:**

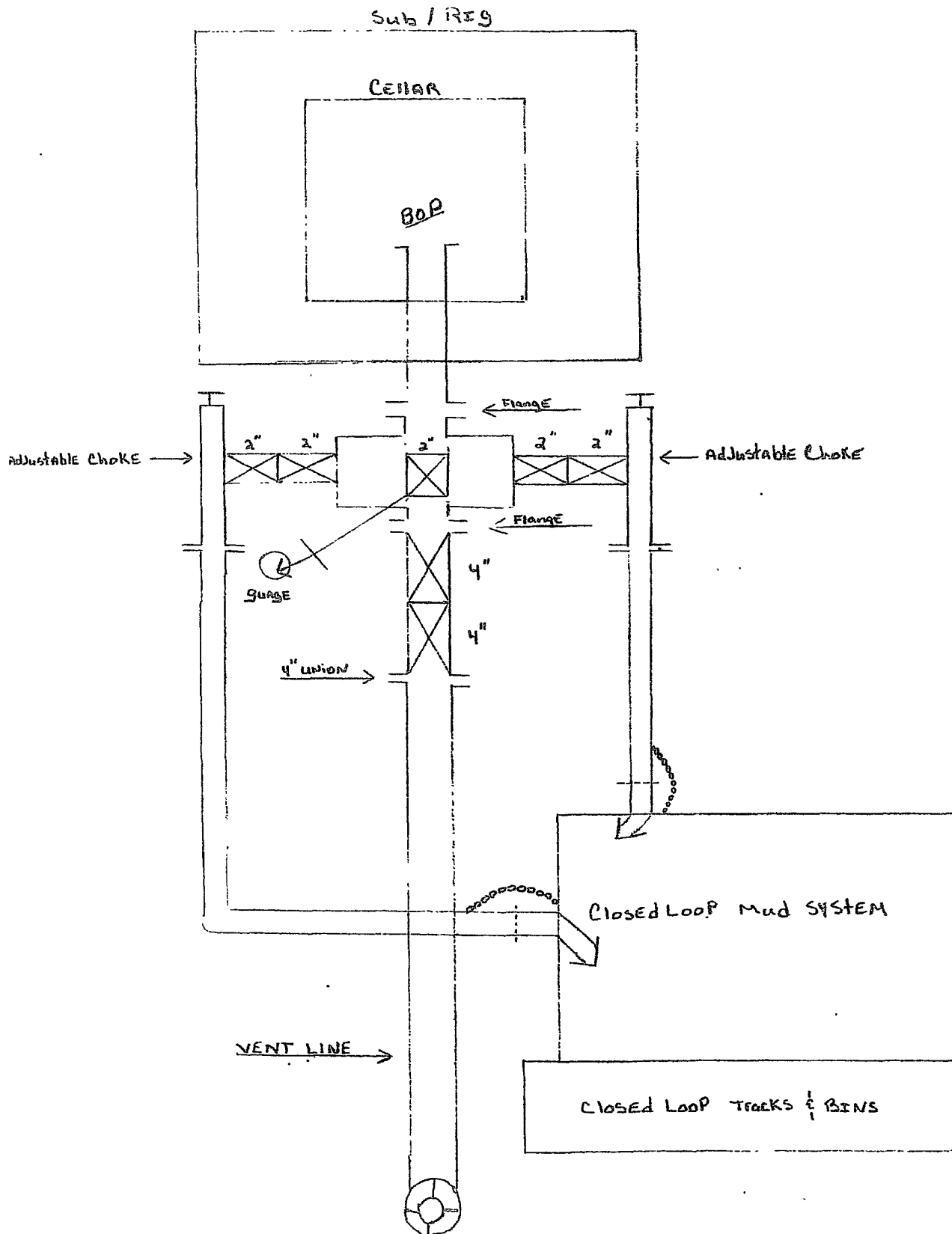
- a. Road and location construction will begin after the BLM has approved the APD. Anticipated spud date will be as possible after BLM approval and as soon as a rig will be available. Move in operations and drilling is expected to take 30 days.

# 3M SYSTEM

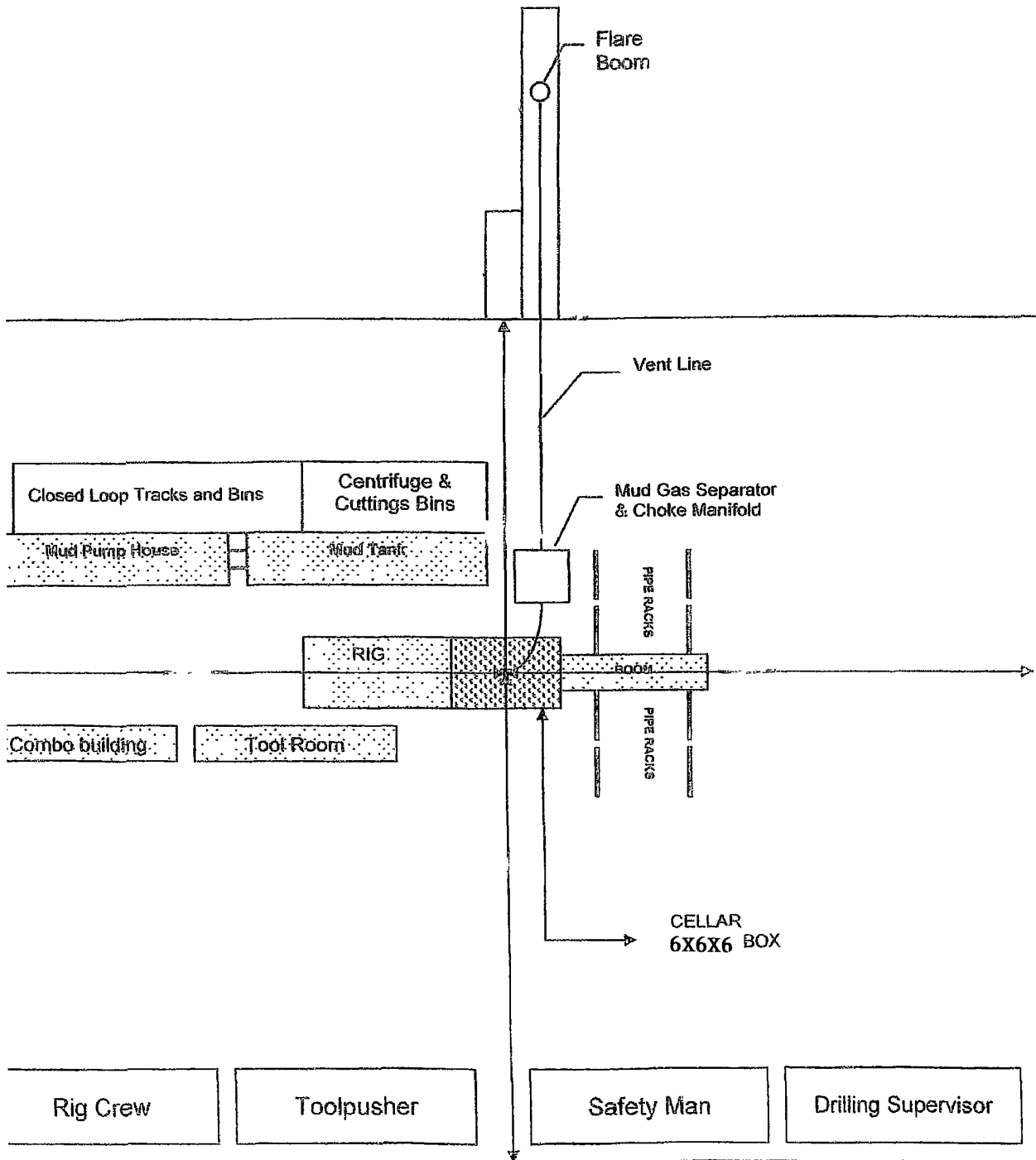


3M CHOKE MANIFOLD EQUIPMENT — CONFIGURATION OF CHOKES  
MAY VARY

## 2M Choke Manifold Equipment



# 3M Choke Manifold Equipment



## **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.

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.

Marbob Energy has conducted a review to determine if an H<sub>2</sub>S contingency plan is required for the above referenced well. We were able to conclude that any potential hazardous volume would be minimal. H<sub>2</sub>S concentrations of wells in this area from surface to TD are low enough; therefore we do not believe that an H<sub>2</sub>S Contingency Plan would be necessary.

# **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**



### **EMERGENCY CALL LIST**

	<u>Office</u>	<u>Mobile</u>	<u>Home</u>
Marbob Energy Corp.	575-748-3303		
Sheryl Baker	575-748-3303	575-748-5489	575-748-2396
Johnny C. Gray	575-748-3303	575-748-5983	575-885-3879
Raye Miller	575-748-3303	575-513-0176	575-746-9577
Dean Chumbley	575-748-3303	575-748-5988	575-748-2426

### **EMERGENCY RESPONSE NUMBERS** **Eddy County, New Mexico**

State Police	575-748-9718
Eddy County Sheriff	575-746-2701
Emergency Medical Services (Ambulance)	911 or 575-746-2701
Eddy County Emergency Management (Harry Burgess)	575-887-9511
State Emergency Response Center (SERC)	575-476-9620
Carlsbad Police Department	575-885-2111
Carlsbad Fire Department	575-885-3125
New Mexico Oil Conservation Division	575-748-1283
Indian Fire & Safety	800-530-8693
Halliburton Services	800-844-8451

**MARBOB ENERGY CORPORATION**  
**MULTI-POINT SURFACE USE AND OPERATIONS PLAN**

**Showstopper 19 Federal #3H**  
**Surf: 430' FSL & 430' FEL**  
**BHL: 330' FNL & 430' FEL**  
**Section 19, T25S, R29E**  
**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:**

- a. The well site and elevation plat for the proposed well are reflected on the well site layout; Form C-102. The well was staked by John West Surveying Company.
- b. 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. Right of way using this proposed route is being requested if necessary.
- c. 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.

**DIRECTIONS:**

From the intersection of U.S. Highway #285 and Co. Rd. #725 (Whitehorn), go east on White Horn road approx. 5.8 miles. Turn left and go north approx. 0.2 miles. Turn left and go west-northwest approx. 2.5 miles to a trail road. Go north on trail road approx. 862 feet to a proposed road survey. Follow road survey 1551 feet to this location.

**2. PLANNED ACCESS ROAD:**

There is a proposed access road of 1551' coming in on the southeastern side of the well pad.

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

- A. In the event the well is found productive, the Showstopper 19 Federal #3 tank battery would be utilized and the necessary production equipment will be installed at the well site. A Site Facilities Diagram will be submitted upon completion of facility.
- B. All flowlines will adhere to API standards

- C. If electricity is needed, 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:
  - i. The original topsoil from the well site will be returned to the location. The drill site will then be contoured as close as possible to the original state.

**4. LOCATION AND TYPES OF WATER SUPPLY:**

- i. This location will be drilled using a combination of water mud systems (outlined in the Drilling Program). The water will be obtained from commercial water stations in the area and hauled to location by transport truck using the existing and proposed roads shown in Exhibit #2. On occasion, water will be obtained from a pre-existing water well, running a pump directly to the drill rig. In these cases where a poly pipeline is used to transport water for drilling purposes, the existing and proposed road shown in Exhibit "2" will be utilized.

**5. CONSTRUCTION MATERIALS:**

All Caliche utilized for the drilling pad and proposed access road will be obtained from an existing BLM approved pit or from prevailing deposits found under the location. All roads will be constructed of 6" rolled and compacted caliche. Will use BLM recommended use of extra caliche from other locations close by for roads, if available.

**6. METHODS OF HANDLING WASTE MATERIAL:**

- a. All trash, junk and other waste material will be removed from the wellsite within 30 days after finishing drilling and/or completion operations. All waste material will be contained in trash cages or trash bins to prevent scattering. When the job is completed, all contents will be removed and disposed of in an approved sanitary landfill.
- b. The supplier, including broken sacks, will pick up slats remaining after completion of well.
- c. A porto-john will be provided for the rig crews. This equipment will be properly maintained during the drilling and completion operations and will be removed when all operations are complete.
- d. Disposal of fluids to be transported by an approved disposal company.

**7. ANCILLARY FACILITIES:**

No campsite or other facilities will be constructed as a result of this well.

**8. WELLSITE LAYOUT:**

- a. Exhibit 3 shows the proposed well site layout with dimensions of the pad layout.
- b. This exhibit indicates proposed location of fresh water sump pits if utilized and living facilities.

- c. Mud pits in the active circulating system will be steel pits and a closed loop system will be utilized.

#### **9. PLANS FOR SURFACE RECLAMATION:**

- a. After finishing drilling and/or completion operations, if the well is found non-commercial, the caliche will be removed from the pad and transported to the original caliche pit or used for other drilling locations. The road will be reclaimed as directed by the BLM. The original top soil will again be returned to the pad and contoured, as close as possible, to the original state.
- b. The location and road will be rehabilitated as recommended by the BLM.
- c. If the well is deemed commercially productive, the reserve pit will be restored as described in 10(A) within 120 days subsequent to the completion date. Caliche from areas of the pad site not required for operations will be reclaimed. The original top soil will be returned to the area of the drill pad not necessary to operate the well. These unused areas of the drill pad will be contoured, as close as possible, to match the original topography.

#### **10. SURFACE OWNERSHIP:**

The surface is owned by the US Government and is administered by the Bureau of Land Management. The surface is multiple use with the primary uses of the region for the grazing of livestock and the production of oil and gas. The proposed road routes and the surface location will be restored as directed by the BLM.

#### **11. OTHER INFORMATION:**

- a. The area surrounding the well site is grassland. The topsoil is very sandy in nature. The vegetation is moderately sparse with native prairie grass, some mesquite bushes and shinnery oak. No wildlife was observed but it is likely that deer, rabbits, coyotes, and rodents traverse the area.
- b. There is no permanent or live water in the general proximity of the location.
- c. There are no dwellings within 2 miles of location.
- d. A Cultural Resources Examination will be completed by Boone Archeological and forwarded to the BLM office in Carlsbad, New Mexico.

#### **12. OPERATOR'S REPRESENTATIVE:**

A. Through A.P.D. Approval:  
Dean Chumbley, Landman  
Marbob Energy Corporation  
P. O. Box 227  
Artesia, NM 88211-0227  
Phone (575)748-3303  
Cell (575) 748-5988

B. Through Drilling Operations  
Sheryl Baker, Drilling Supervisor  
Marbob Energy Corporation  
P. O. Box 227  
Artesia, NM 88211-0227  
Phone (575)748-3303  
Cell (575)748-5489

## 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: September 10, 2009

Lease #: ~~SHL: NM 55929~~  
BHL: NM 117121  
Showstopper 19 Federal #3 H

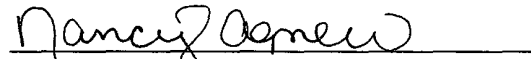
Legal Description: Sec. 19-T25S-R29E  
Eddy County, New Mexico

Formation(s): Permian

Bond Coverage: Statewide

BLM Bond File #: NMB000412

Marbob Energy Corporation



Nancy Agnew  
Land Department

**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.

9/10/2009  
Date

Marbob Energy Corporation

WAM  
William Miller  
Land Department



# **Marbob**

**Eddy County  
Showstopper 19 Fed  
#3H  
OH**

**Plan: Plan #1**

## **Pathfinder X & Y Planning Report**

**11 September, 2009**

Bureau of Land Management  
RECEIVED  
SEP 17 2009  
Carlsbad Field Office  
Carlsbad, NM

# **PATHFINDER**





# Pathfinder Energy Services

## Pathfinder X & Y Planning Report



Company: Marbob  
Project: Eddy County  
Site: Showstopper 19 Fed  
Well: #3H  
Wellbore: OH  
Design: Plan #1

Local Co-ordinate Reference: Well #3H  
TVD Reference: WELL @ 2945 00ft (22' KB Correction)  
MD Reference: WELL @ 2945 00ft (22' KB Correction)  
North Reference: Grid  
Survey Calculation Method: Minimum Curvature  
Database: Midland Database

Project	Eddy County		
Map System:	US State Plane 1927 (Exact solution)	System Datum:	Mean Sea Level
Geo Datum	NAD 1927 (NADCON CONUS)		
Map Zone:	New Mexico East 3001		

Site	Showstopper 19 Fed		
Site Position:		Northing:	403,667 400 ft
From: Map		Easting:	598,219 300 ft
Position Uncertainty:	0 00 ft	Slot Radius:	"
		Latitude:	32° 6' 33 842 N
		Longitude:	104° 0' 58 014 W
		Grid Convergence:	0 17 °

Well	#3H		
Well Position	+N/-S	0 00 ft	Northing:
	+E/-W	0 00 ft	Easting:
Position Uncertainty	0 00 ft	Wellhead Elevation:	ft
		Latitude:	32° 6' 33 842 N
		Longitude:	104° 0' 58 014 W
		Ground Level:	2,923 00ft

Wellbore	OH		
Magnetics	Model Name	Sample Date	Declination
			(°)
	IGRF200510	12/09/2009	7 95
			Dip Angle
			(°)
			60 05
			Field Strength
			(nT)
			48,682

Design	Plan #1		
Audit Notes:			
Version:	Phase:	PLAN	Tie On Depth:
			0 00
Vertical Section:	Depth From (TVD)	+N/-S	+E/-W
	(ft)	(ft)	(ft)
	0 00	0 00	0 00
			Direction
			(°)
			0 06

Survey Tool Program	Date	09/11/2009		
From	To		Tool Name	Description
(ft)	(ft)	Survey (Wellbore)		
0 00	10,588 84	Plan #1 (OH)	MWD	MWD - Standard



# Pathfinder Energy Services

## Pathfinder X & Y Planning Report



Company: Marbob  
 Project: Eddy County  
 Site: Showstopper 19 Fed  
 Well: #3H  
 Wellbore: OH  
 Design: Plan #1

Local Co-ordinate Reference  
 TVD Reference:  
 MD Reference:  
 North Reference:  
 Survey Calculation Method:  
 Database:

Well #3H  
 WELL @ 2945 00ft (22' KB Correction)  
 WELL @ 2945 00ft (22' KB Correction)  
 Grid  
 Minimum Curvature  
 Midland Database

### Planned Survey

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)	Northing (ft)	Easting (ft)
0 00	0 00	0 00	0 00	-2,945 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
100 00	0 00	0 00	100 00	-2,845 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
200 00	0 00	0 00	200 00	-2,745 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
300 00	0 00	0 00	300 00	-2,645 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
400 00	0 00	0 00	400 00	-2,545 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
500 00	0 00	0 00	500 00	-2,445 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
600 00	0 00	0 00	600 00	-2,345 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
700 00	0 00	0 00	700 00	-2,245 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
800 00	0 00	0 00	800 00	-2,145 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
900 00	0 00	0 00	900 00	-2,045 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
1,000 00	0 00	0 00	1,000 00	-1,945 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
1,100 00	0 00	0 00	1,100 00	-1,845 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
1,200 00	0 00	0 00	1,200 00	-1,745 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
1,300 00	0 00	0 00	1,300 00	-1,645 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
1,400 00	0 00	0 00	1,400 00	-1,545 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
1,500 00	0 00	0 00	1,500 00	-1,445 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
1,600 00	0 00	0 00	1,600 00	-1,345 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
1,700 00	0 00	0 00	1,700 00	-1,245 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
1,800 00	0 00	0 00	1,800 00	-1,145 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
1,900 00	0 00	0 00	1,900 00	-1,045 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
2,000 00	0 00	0 00	2,000 00	-945 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
2,100 00	0 00	0 00	2,100 00	-845 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
2,200 00	0 00	0 00	2,200 00	-745 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
2,300 00	0 00	0 00	2,300 00	-645 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
2,400 00	0 00	0 00	2,400 00	-545 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
2,500 00	0 00	0 00	2,500 00	-445 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
2,600 00	0 00	0 00	2,600 00	-345 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30



# Pathfinder Energy Services

Pathfinder X & Y Planning Report



Company: Marbob  
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Site: Showstopper 19 Fed  
Well: #3H  
Wellbore: OH  
Design: Plan #1

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MD Reference: WELL @ 2945 00ft (22' KB Correction)  
North Reference: Grid  
Survey Calculation Method: Minimum Curvature  
Database: Midland Database

## Planned Survey

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)	Northing (ft)	Easting (ft)
2,700 00	0 00	0 00	2,700 00	-245 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
2,800 00	0 00	0 00	2,800 00	-145 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
2,900 00	0 00	0 00	2,900 00	-45 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
3,000 00	0 00	0 00	3,000 00	55 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
3,100 00	0 00	0 00	3,100 00	155 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
3,200 00	0 00	0 00	3,200 00	255 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
3,300 00	0 00	0 00	3,300 00	355 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
3,400 00	0 00	0 00	3,400 00	455 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
3,500 00	0 00	0 00	3,500 00	555 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
3,600 00	0 00	0 00	3,600 00	655 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
3,700 00	0 00	0 00	3,700 00	755 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
3,800 00	0 00	0 00	3,800 00	855 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
3,900 00	0 00	0 00	3,900 00	955 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
4,000 00	0 00	0 00	4,000 00	1,055 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
4,100 00	0 00	0 00	4,100 00	1,155 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
4,200 00	0 00	0 00	4,200 00	1,255 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
4,300 00	0 00	0 00	4,300 00	1,355 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
4,400 00	0 00	0 00	4,400 00	1,455 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
4,500 00	0 00	0 00	4,500 00	1,555 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
4,600 00	0 00	0 00	4,600 00	1,655 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
4,700 00	0 00	0 00	4,700 00	1,755 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
4,800 00	0 00	0 00	4,800 00	1,855 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
4,900 00	0 00	0 00	4,900 00	1,955 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
5,000 00	0 00	0 00	5,000 00	2,055 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
5,100 00	0 00	0 00	5,100 00	2,155 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
5,200 00	0 00	0 00	5,200 00	2,255 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
5,300 00	0 00	0 00	5,300 00	2,355 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30



Pathfinder Energy Services  
Pathfinder X & Y Planning Report



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Survey Calculation Method: Minimum Curvature  
Database: Midland Database

Planned Survey

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)	Northing (ft)	Easting (ft)
5,400 00	0 00	0 00	5,400 00	2,455 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
5,500 00	0 00	0 00	5,500 00	2,555 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
5,600 00	0 00	0 00	5,600 00	2,655 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
5,700 00	0 00	0 00	5,700 00	2,755 00	0 00	0 00	0 00	0 00	403,667 40	598,219 30
5,772 50	0 00	0 00	5,772 50	2,827 50	0 00	0 00	0 00	0 00	403,667 40	598,219 30
5,775 00	0 30	0 06	5,775 00	2,830 00	0 01	0 00	0 01	12 00	403,667 41	598,219 30
5,800 00	3 30	0 06	5,799 98	2,854 98	0 79	0 00	0 79	12 00	403,668 19	598,219 30
5,825 00	6 30	0 06	5,824 89	2,879 89	2 88	0 00	2 88	12 00	403,670 28	598,219 30
5,850 00	9 30	0 06	5,849 66	2,904 66	6 28	0 01	6 28	12 00	403,673 68	598,219 31
5,875 00	12 30	0 06	5,874 21	2,929 21	10 96	0 01	10 96	12 00	403,678 36	598,219 31
5,900 00	15 30	0 06	5,898 49	2,953 49	16 92	0 02	16 92	12 00	403,684 32	598,219 32
5,925 00	18 30	0 06	5,922 42	2,977 42	24 15	0 03	24 15	12 00	403,691 55	598,219 33
5,950 00	21 30	0 06	5,945 94	3,000 94	32 62	0 04	32 62	12 00	403,700 02	598,219 34
5,975 00	24 30	0 06	5,968 98	3,023 98	42 30	0 05	42 30	12 00	403,709 70	598,219 35
6,000 00	27 30	0 06	5,991 49	3,046 49	53 18	0 06	53 18	12 00	403,720 58	598,219 36
6,025 00	30 30	0 06	6,013 39	3,068 39	65 22	0 07	65 22	12 00	403,732 62	598,219 37
6,050 00	33 30	0 06	6,034 64	3,089 64	78 40	0 09	78 40	12 00	403,745.80	598,219 39
6,075 00	36 30	0 06	6,055 17	3,110 17	92 66	0 10	92 66	12 00	403,760 06	598,219 40
6,100 00	39 30	0 06	6,074 92	3,129 92	107 98	0 12	107 98	12 00	403,775 38	598,219 42
6,125 00	42 30	0 06	6,093 84	3,148 84	124 32	0 14	124 32	12 00	403,791 72	598,219 44
6,150 00	45 30	0 06	6,111 88	3,166 88	141 62	0 16	141 62	12 00	403,809 02	598,219 46
6,175 00	48 30	0 06	6,128 99	3,183 99	159 84	0 18	159 84	12 00	403,827 24	598,219 48
6,200 00	51 30	0 06	6,145 13	3,200 13	178 93	0 20	178 93	12 00	403,846 33	598,219 50
6,225 00	54 30	0 06	6,160 24	3,215 24	198 84	0 22	198 84	12 00	403,866.24	598,219 52
6,250 00	57 30	0 06	6,174 29	3,229 29	219 52	0 25	219 52	12 00	403,886.92	598,219 55
6,275 00	60 30	0 06	6,187 24	3,242 24	240 90	0 27	240 90	12 00	403,908 30	598,219 57
6,300 00	63 30	0 06	6,199 05	3,254 05	262 93	0 30	262 93	12 00	403,930 33	598,219 60



# Pathfinder Energy Services

## Pathfinder X & Y Planning Report



Company: Marbob  
Project: Eddy County  
Site: Showstopper 19 Fed  
Well: #3H  
Wellbore: OH  
Design: Plan #1

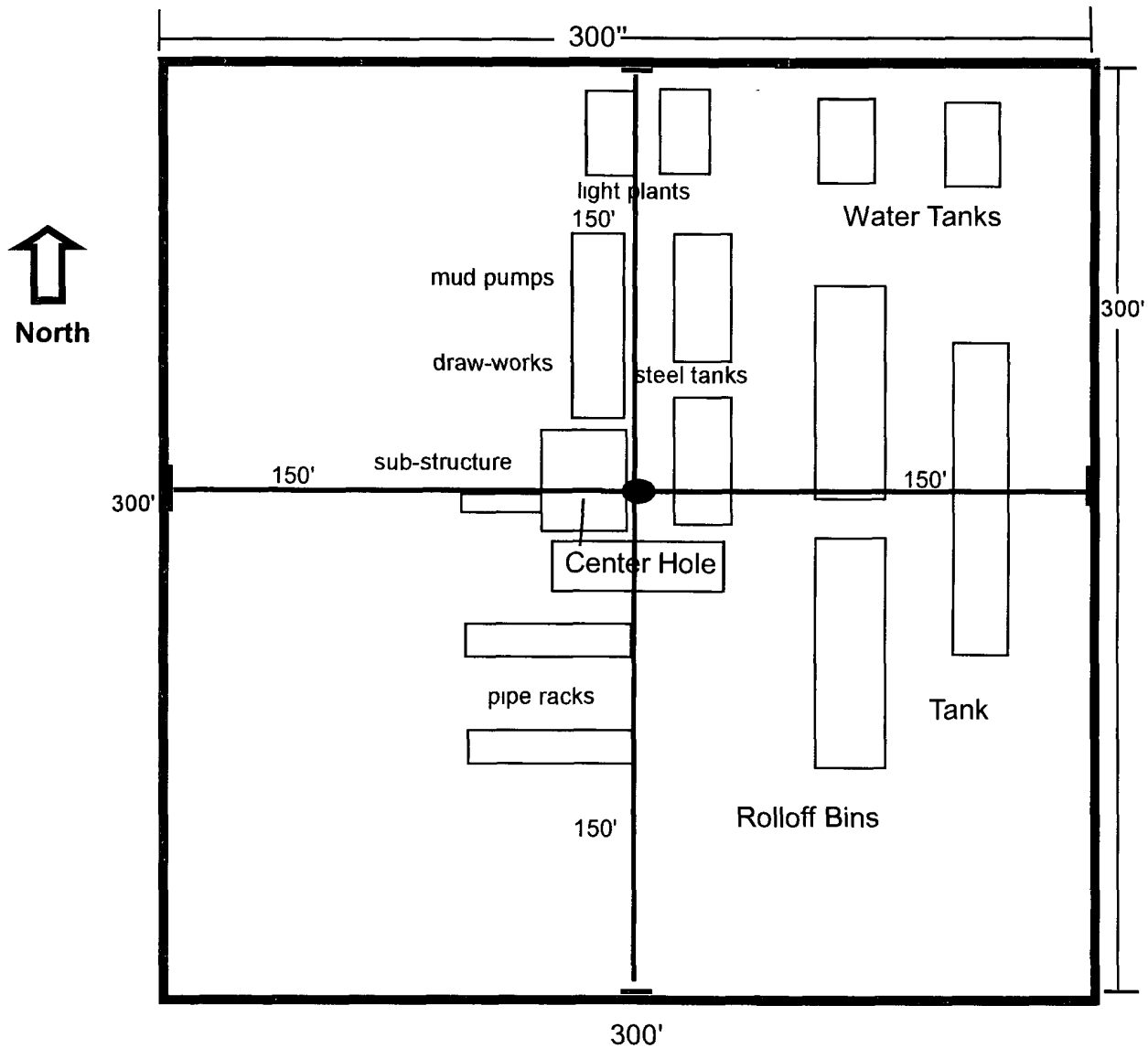
Local Co-ordinate Reference.  
TVD Reference:  
MD Reference:  
North Reference:  
Survey Calculation Method:  
Database:

Well #3H  
WELL @ 2945 00ft (22' KB Correction)  
WELL @ 2945 00ft (22' KB Correction)  
Grid  
Minimum Curvature  
Midland Database

### Planned Survey

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)	Northing (ft)	Easting (ft)
6,325 00	66 30	0 06	6,209 70	3,264 70	285 55	0 32	285 55	12 00	403,952 95	598,219 62
6,350 00	69 30	0 06	6,219 14	3,274 14	308 69	0 35	308 69	12 00	403,976 09	598,219 65
6,375 00	72 30	0 06	6,227 36	3,282 36	332 30	0 37	332 30	12 00	403,999 70	598,219 67
6,400 00	75 30	0 06	6,234 34	3,289 34	356 30	0 40	356 30	12 00	404,023 70	598,219 70
6,425 00	78 30	0 06	6,240 04	3,295 04	380 64	0 43	380 64	12 00	404,048 04	598,219 73
6,450 00	81 30	0 06	6,244 47	3,299 47	405 24	0 45	405 24	12 00	404,072 64	598,219 75
6,475 00	84 30	0 06	6,247 60	3,302 60	430 04	0 48	430 04	12 00	404,097 44	598,219 78
6,500 00	87 30	0 06	6,249 43	3,304 43	454 97	0 51	454 97	12 00	404,122 37	598,219 81
6,522 50	90 00	0 06	6,249 96	3,304 96	477 46	0 54	477 46	12 00	404,144 86	598,219 84
6,600 00	90 00	0 06	6,249 96	3,304 96	554 96	0 62	554 96	0 00	404,222 36	598,219 92
6,700 00	90 00	0 06	6,249 96	3,304 96	654 96	0 74	654 96	0 00	404,322 36	598,220 04
6,800 00	90 00	0 06	6,249 96	3,304 96	754 96	0 85	754 96	0 00	404,422 36	598,220 15
6,900 00	90 00	0 06	6,249 96	3,304 96	854 96	0 96	854 96	0 00	404,522 36	598,220 26
7,000 00	90 00	0 06	6,249 96	3,304 96	954 96	1 07	954 96	0 00	404,622 36	598,220 37
7,100 00	90 00	0 06	6,249 96	3,304 96	1,054 96	1 18	1,054 96	0 00	404,722 36	598,220 48
7,200 00	90 00	0 06	6,249 96	3,304 96	1,154 96	1 30	1,154 96	0 00	404,822 36	598,220 60
7,300 00	90 00	0 06	6,249 96	3,304 96	1,254 96	1 41	1,254 96	0 00	404,922 36	598,220 71
7,400 00	90 00	0 06	6,249 96	3,304 96	1,354 96	1 52	1,354 96	0 00	405,022 36	598,220 82
7,500 00	90 00	0 06	6,249 96	3,304 96	1,454 96	1 63	1,454 96	0 00	405,122 36	598,220 93
7,600 00	90 00	0 06	6,249 96	3,304 96	1,554 96	1 75	1,554 96	0 00	405,222 36	598,221 05
7,700 00	90 00	0 06	6,249 96	3,304 96	1,654 96	1 86	1,654 96	0 00	405,322 36	598,221 16
7,800 00	90 00	0 06	6,249 96	3,304 96	1,754 96	1 97	1,754 96	0 00	405,422 36	598,221 27
7,900 00	90 00	0 06	6,249 96	3,304 96	1,854 96	2 08	1,854 96	0 00	405,522 36	598,221 38
8,000 00	90 00	0 06	6,249 96	3,304 96	1,954 96	2 19	1,954 96	0 00	405,622 36	598,221 49
8,100 00	90 00	0 06	6,249 96	3,304 96	2,054 96	2 31	2,054 96	0 00	405,722 36	598,221 61
8,200 00	90 00	0 06	6,249 96	3,304 96	2,154 96	2 42	2,154 96	0 00	405,822 36	598,221 72
8,300 00	90 00	0 06	6,249 96	3,304 96	2,254 96	2 53	2,254 96	0 00	405,922 36	598,221 83

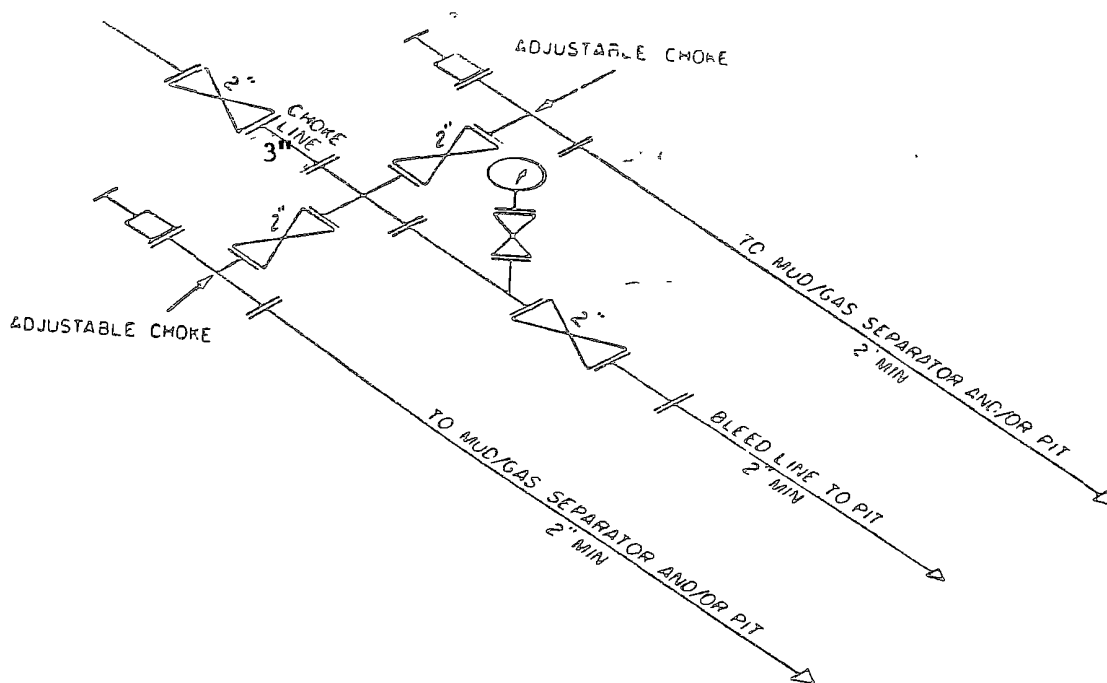
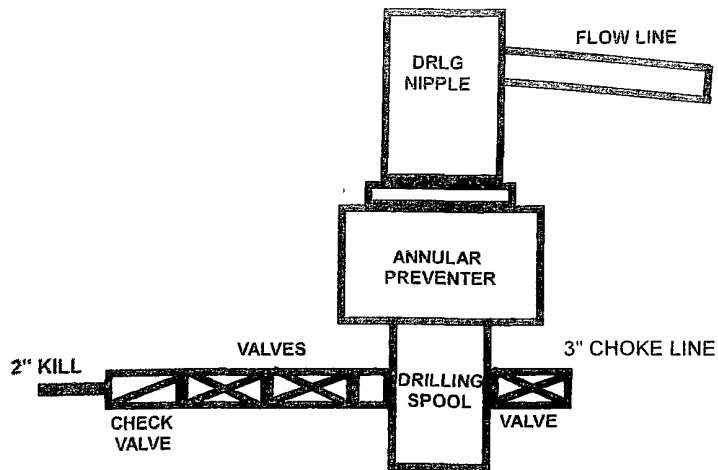
# Well Site Lay-Out Plat



Showstopper 19 Federal #34  
Surf: 430' FSL & 430' FEL  
BHL: 330' FNL & 430' FEL  
Section 19, T25S - R29E  
Eddy County, New Mexico

EXHIBIT THREE

## 2M SYSTEM



2M CHOKE MANIFOLD EQUIPMENT — CONFIGURATION OF CHOKES

MAY VARY





# Pathfinder Energy Services

## Pathfinder X & Y Planning Report



Company: Marbob  
Project: Eddy County  
Site: Showstopper 19 Fed  
Well: #3H  
Wellbore: OH  
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MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)	Northing (ft)	Easting (ft)
8,400 00	90 00	0 06	6,249 96	3,304 96	2,354 96	2 64	2,354 96	0 00	406,022 36	598,221 94
8,500 00	90 00	0 06	6,249 96	3,304 96	2,454 96	2 76	2,454 96	0 00	406,122 36	598,222 06
8,600 00	90 00	0 06	6,249 96	3,304 96	2,554 96	2 87	2,554 96	0 00	406,222 36	598,222 17
8,700 00	90 00	0 06	6,249 96	3,304 96	2,654 96	2 98	2,654 96	0 00	406,322 36	598,222 28
8,800 00	90 00	0 06	6,249 96	3,304 96	2,754 96	3 09	2,754 96	0 00	406,422 36	598,222 39
8,900 00	90 00	0 06	6,249 96	3,304 96	2,854 96	3 20	2,854 96	0 00	406,522 36	598,222 50
9,000 00	90 00	0 06	6,249 96	3,304 96	2,954 96	3 32	2,954 96	0 00	406,622 36	598,222 62
9,100 00	90 00	0 06	6,249 96	3,304 96	3,054 96	3 43	3,054 96	0 00	406,722 36	598,222 73
9,200 00	90 00	0 06	6,249 96	3,304 96	3,154 96	3 54	3,154 96	0 00	406,822 36	598,222 84
9,300 00	90 00	0 06	6,249 96	3,304 96	3,254 96	3 65	3,254 96	0 00	406,922 36	598,222 95
9,400 00	90 00	0 06	6,249 96	3,304 96	3,354 96	3 77	3,354 96	0 00	407,022 36	598,223 07
9,500 00	90 00	0 06	6,249 96	3,304 96	3,454 96	3 88	3,454 96	0 00	407,122 36	598,223 18
9,600 00	90 00	0 06	6,249 96	3,304 96	3,554 96	3 99	3,554 96	0 00	407,222 36	598,223 29
9,700 00	90 00	0 06	6,249 96	3,304 96	3,654 96	4 10	3,654 96	0 00	407,322 36	598,223 40
9,800 00	90 00	0 06	6,249 96	3,304 96	3,754 96	4 21	3,754 96	0 00	407,422 36	598,223 51
9,900 00	90 00	0 06	6,249 96	3,304 96	3,854 96	4 33	3,854 96	0 00	407,522 36	598,223 63
10,000 00	90 00	0 06	6,249 96	3,304 96	3,954 96	4 44	3,954 96	0 00	407,622 36	598,223 74
10,100 00	90 00	0 06	6,249 96	3,304 96	4,054 96	4 55	4,054 96	0 00	407,722 36	598,223 85
10,200 00	90 00	0 06	6,249 96	3,304 96	4,154 96	4 66	4,154 96	0 00	407,822 36	598,223 96
10,300 00	90 00	0 06	6,249 96	3,304 96	4,254 96	4 78	4,254 96	0 00	407,922 36	598,224 08
10,400 00	90 00	0 06	6,249 96	3,304 96	4,354 96	4 89	4,354 96	0 00	408,022 36	598,224 19
10,500 00	90 00	0 06	6,249 96	3,304 96	4,454 96	5 00	4,454 96	0 00	408,122 36	598,224 30
10,588 84	90 00	0 06	6,249 96	3,304 96	4,543 80	5 10	4,543 80	0 00	408,211 20	598,224 40

PBHL(ST#3H)



# Pathfinder Energy Services

## Pathfinder X & Y Planning Report



Company: Marbob  
Project: Eddy County  
Site: Showstopper 19 Fed  
Well: #3H  
Wellbore: OH  
Design: Plan #1

Local Co-ordinate Reference: Well #3H  
TVD Reference: WELL @ 2945 00ft (22' KB Correction)  
MD Reference: WELL @ 2945 00ft (22' KB Correction)  
North Reference: Grid  
Survey Calculation Method: Minimum Curvature  
Database: Midland Database

### Targets

Target Name - hit/miss target - Shape	Dip Angle (°)	Dip Dir. (°)	TVD (ft)	+N/-S (ft)	+E/-W (ft)	Northing (ft)	Easting (ft)	Latitude	Longitude
PBHL(ST#3H) - plan hits target - Point	0 00	0 00	6,250 00	4,543 80	5 10	408,211 200	598,224 400	32° 7' 18 809 N	104° 0' 57 799 W

Checked By: \_\_\_\_\_ Approved By: \_\_\_\_\_ Date: \_\_\_\_\_



Project: Eddy County  
Site: Showstopper 19 Fe  
Well: #3H  
Wellbore: OH  
Plan: Plan #1 (#3H/OH)

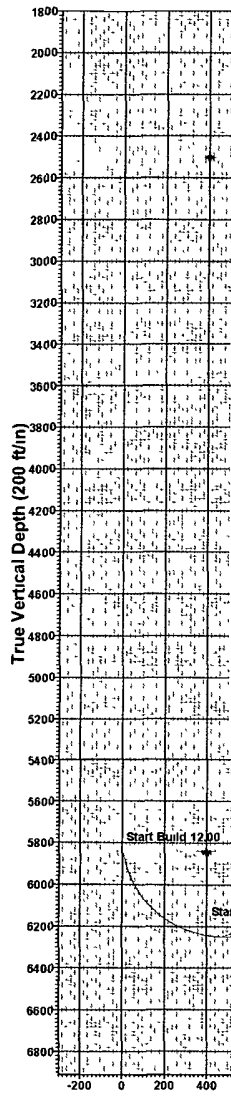


Azimuths to Grid North  
True North: -0.17°  
Magnetic North: 7.78°

Magnetic Field  
Strength: 48681.8 nT  
Dip Angle: 60.05°  
Date: 12/09/2009  
Model: IGRF200510

# PATHFINDER

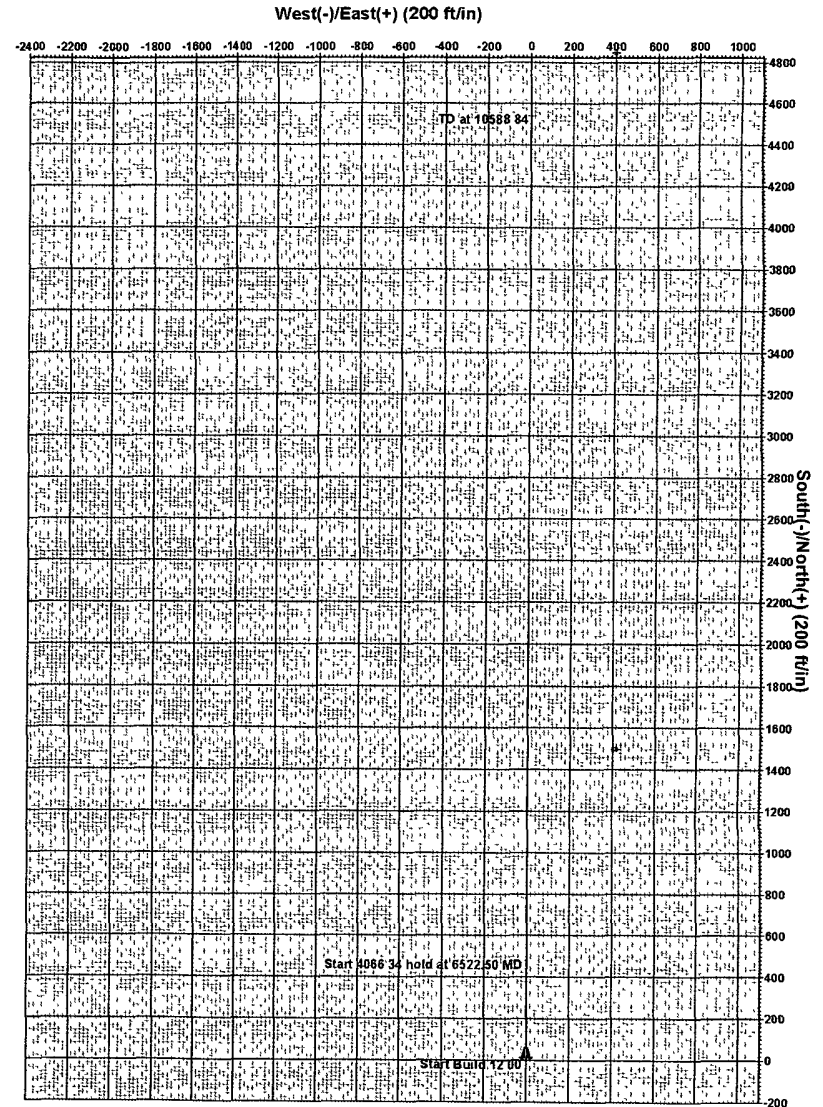
PROJECT DETAILS Eddy County  
Geodetic System US State Plane 1927 (Exact solution)  
Datum NAD 1927 (NADCON CONUS)  
Ellipsoid Clarke 1866  
Zone New Mexico East 3001  
System Datum Mean Sea Level  
Local North Grid



SECTION DETAILS										
Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2	5772.50	0.00	0.00	5772.50	0.00	0.00	0.00	0.00	0.00	
3	6522.50	90.00	0.06	6249.96	477.48	0.54	12.00	0.06	477.48	PBHL(ST#3H)
4	10588.84	90.00	0.06	6249.96	4543.80	5.10	0.00	0.00	4543.80	PBHL(ST#3H)

WELLBORE TARGET DETAILS (MAP CO-ORDINATES)					
Name	TVD	+N/-S	+E/-W	Northing	Easting
PBHL(ST#3H)	6250.00	4543.80	5.10	408211.200	598224.400
					Point

WELL DETAILS #3H						
Ground Elevation	2923.00					
RKB Elevation	WELL @ 2945.00ft (22' KB Correction)					
Rig Name	22' KB Correction					
+N/-S	+E/-W	Northing	Easting	Latitude	Longitude	Slot
0.00	0.00	403667.400	598219.300	32° 0' 33.842 N	104° 0' 58.014 W	



Plan: Plan #1 (#3H/OH)

Created By: Nate Bingham Date: 10/29/September 11 2009

Checked: \_\_\_\_\_ Date: \_\_\_\_\_

## PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Marbob energy corporation
LEASE NO.:	NM117121
WELL NAME & NO.:	Showstopper 19 Federal # 3H
SURFACE HOLE FOOTAGE:	430' FSL & 430' FEL
BOTTOM HOLE FOOTAGE:	330' FNL & 430' FEL
LOCATION:	Section 19, T. 25 S., R 29 E., NMPM
COUNTY:	Eddy County, New Mexico

### TABLE OF CONTENTS

Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

- ☐ **General Provisions**
- ☐ **Permit Expiration**
- ☐ **Archaeology, Paleontology, and Historical Sites**
- ☐ **Noxious Weeds**
- ☒ **Special Requirements**
  - Cave/Karst
  - VRM
  - Cultural
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  - Berming of Location**
- ☒ **Construction**
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  - Topsoil
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  - Roads
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  - Well Structures & Facilities
  - Pipelines
  - Electric Lines
- ☒ **Reseeding Procedure/Interim Reclamation**
- ☐ **Final Abandonment/Reclamation**

## **I. GENERAL PROVISIONS**

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

## **II. PERMIT EXPIRATION**

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD. (Filing of a Sundry Notice is required for this 60 day extension.)

## **III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES**

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

## **IV. NOXIOUS WEEDS**

The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

## **V. SPECIAL REQUIREMENT(S)**

### **Communitization Agreement**

**A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales. Operator to supply NMOCD order, which details the vertical and horizontal extent of pool to verify that requested communitization is within an approved and established pool. NMOCD form C-123 – pool designation request.**

### **Berming of Location**

**The location will need to be bermed on the north, east, and west side of the location. Some diversion system will need to be on the south side of the pad at the road entrance, to divert storm flow runoff. This berming will keep all runoff diverted around the location and keep all potential spills on location, from entering the large playa to the southeast.**

## **VI. CONSTRUCTION**

### **A. NOTIFICATION**

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (575) 234-5972 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

### **B. TOPSOIL**

The operator shall stockpile the topsoil of the well pad. The topsoil to be stripped is approximately 6 inches in depth. The topsoil shall not be used to backfill the reserve pit and will be used for interim and final reclamation.

### **C. CLOSED LOOP SYSTEM**

Although this is a closed loop system and no reserve pits will be utilized, the v-door will be on the east side of the location.

Tanks are required for drilling operations: No Pits.

The operator shall properly dispose of drilling contents at an authorized disposal site.

### **D. FEDERAL MINERAL MATERIALS PIT**

If the operator elects to surface the access road and/or well pad, mineral materials extracted during construction of the reserve pit may be used for surfacing the well pad and access road and other facilities on the lease.

Payment shall be made to the BLM prior to removal of any additional federal mineral materials from any site other than the reserve pit. Call the Carlsbad Field Office at (575) 234-5972.

### **E. WELL PAD SURFACING**

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation.



The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

## **F. ON LEASE ACCESS ROADS**

### **Road Width**

The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed thirty (30) feet.

### **Surfacing**

Surfacing material is not required on the new access road driving surface. If the operator elects to surface the new access road or pad, the surfacing material may be required to be removed at the time of reclamation.

Where possible, no improvements should be made on the unsurfaced access road other than to remove vegetation as necessary, road irregularities, safety issues, or to fill low areas that may sustain standing water.

The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future field development. The surfacing depth and type of material will be determined at the time of notification.

### **Crowning**

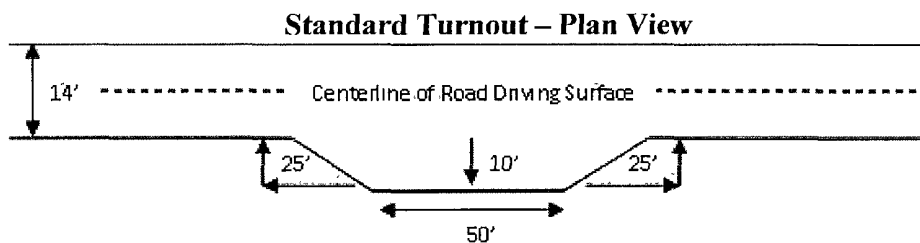
Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

### **Ditching**

Ditching shall be required on the uphill side of the road.

### **Turnouts**

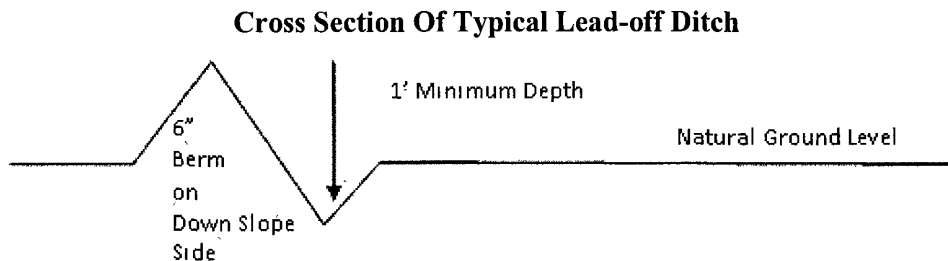
Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall be constructed on all blind curves. Turnouts shall conform to the following diagram:



## **Drainage**

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outsloping and insloping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.



All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval are variable for lead-off ditches and shall be determined according to the formula for spacing intervals of lead-off ditches, but may be amended depending upon existing soil types and centerline road slope (in %);

### **Formula for Spacing Interval of Lead-off Ditches**

Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

$$400 \text{ foot road with } 4\% \text{ road slope: } 400/4\% + 100' = 200' \text{ lead-off ditch interval}$$

## **Culvert Installations**

Appropriately sized culvert(s) shall be installed at the deep waterway channel flow crossing.

## **Cattleguards**

An appropriately sized cattleguard(s) sufficient to carry out the project shall be installed and maintained at fence crossing(s).

Any existing cattleguard(s) on the access road shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattleguard(s) that are in place and are utilized during lease operations.

A gate shall be constructed and fastened securely to H-braces.

## **Fence Requirement**

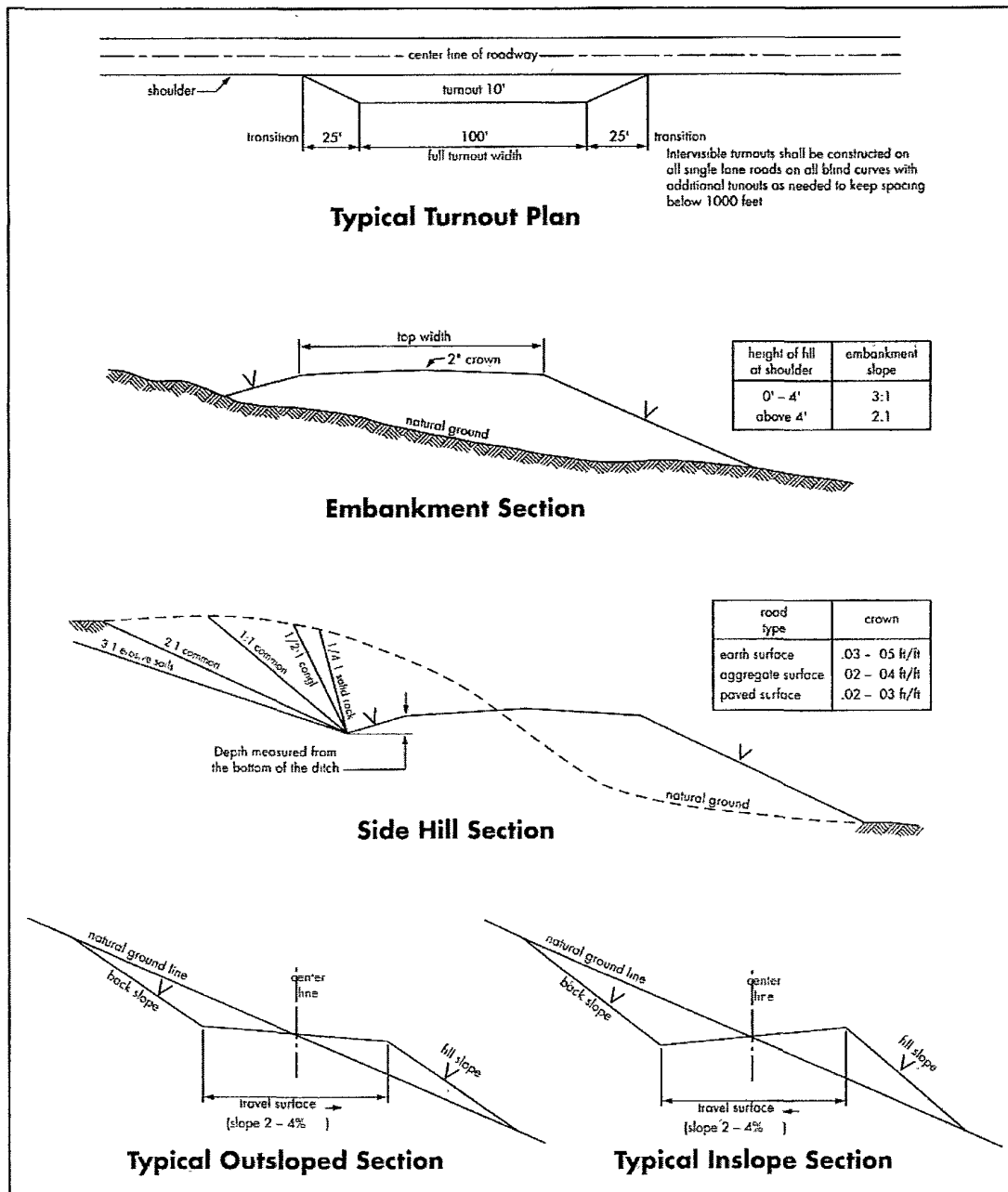
Where entry is required across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting.

The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fence(s).

**Public Access**

Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.

**Figure 1 – Cross Sections and Plans For Typical Road Sections**



## VII. 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. BOPE tests

☒ **Eddy County**

Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220,  
(575) 361-2822

1. **Although Hydrogen Sulfide has not been reported in this section, it is always a possible hazard. It has been reported in the Township to the east. If Hydrogen Sulfide is encountered, please report measured amounts and formations to the BLM.**
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.
4. **The record of the drilling rate along with the CAL/GR/N well log run from TD to surface will be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies. The Rustler top and top and bottom of Salt are to be recorded on the Completion Report.**

### B. CASING

**Changes to the approved APD casing and cement program require submitting a sundry and receiving approval prior to work. Failure to obtain approval prior to work will result in an Incident of Non-Compliance being issued.**

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

**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 for all casing strings. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. See individual casing strings for details regarding lead cement slurry requirements.**

**No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.**

**Medium cave/karst**

**Possible water and brine flows in the Salado and Delaware Mountain Groups.**

**Possible lost circulation in the Delaware mountain Group.**

1. The 13-3/8 inch surface casing shall be set at **approximately 250 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt)** and cemented to the surface.
  - 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 is to include the lead cement slurry.**
  - c. 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.
  - d. If cement falls back, remedial cementing will be done prior to drilling out that string.
2. The minimum required fill of cement behind the 9-5/8 inch intermediate casing is:
  - ☒ Cement to surface. If cement does not circulate see B.1.a, c-d above.  
**This casing is to be set in the Lamar Limestone. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/karst.**

**If 75% or greater lost circulation occurs while drilling the intermediate casing hole, the cement on the production casing must come to surface.**

**Centralizers required on horizontal leg, must be type for horizontal service and minimum of one every other joint.**

3. The minimum required fill of cement behind the 5-1/2 inch production casing is:
  - a. First stage to DV tool, cement shall:
    - ☒ Cement to circulate. If cement does not circulate, contact the appropriate BLM office before proceeding with second stage cement job. **Additional cement may be required as the excess cement calculates to be 22%.**
  - b. Second stage above DV tool, cement shall:
    - ☒ Cement should tie-back at least 700 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 9-5/8" 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. **Effective November 1, 2008, no variances will be granted on reduced pressure tests on the surface casing and BOP/BOPE. Onshore Order 2 requirements will be in effect.**

**D. DRILL STEM TEST**

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

**CRW 100809**



## **VIII. PRODUCTION (POST DRILLING)**

### **A. WELL STRUCTURES & FACILITIES**

#### **Placement of Production Facilities**

Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

#### **Containment Structures**

The containment structure shall be constructed to hold the capacity of the entire contents of the largest tank, plus 24 hour production, unless more stringent protective requirements are deemed necessary by the Authorized Officer.

#### **Painting Requirement**

All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color  
Shale Green, Munsell Soil Color Chart # 5Y 4/2

## **IX. INTERIM RECLAMATION & RESEEDING PROCEDURE**

### **A. INTERIM RECLAMATION**

If the well is a producer, interim reclamation shall be conducted on the well site in accordance with the orders of the Authorized Officer. The operator shall submit a Sundry Notices and Reports on Wells (Notice of Intent), Form 3160-5, prior to conducting interim reclamation.

During the life of the development, all disturbed areas not needed for active support of production operations should undergo interim reclamation in order to minimize the environmental impacts of development on other resources and uses.

Operators should work with BLM surface management specialists to devise the best strategies to reduce the size of the location. Any reductions should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

### **B. RESEEDING PROCEDURE**

Once the well has been drilled, all completion procedures have been accomplished, and all trash removed, the location and all surrounding disturbed areas shall be reseeded as follows:

### Seed Mixture 3, for Shallow Sites

The holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)\* per acre. There shall be no primary or secondary noxious weeds in the seed mixture. Seed will be tested and the viability testing of seed will be done in accordance with State law(s) and within nine (9) months prior to purchase. Commercial seed will be either certified or registered seed. The seed container will be tagged in accordance with State law(s) and available for inspection by the authorized officer.

Seed will be planted using a drill equipped with a depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (smaller/heavier seeds have a tendency to drop the bottom of the drill and are planted first). The holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed will be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre are to be doubled. The seeding will be repeated until a satisfactory stand is established as determined by the authorized officer. Evaluation of growth will not be made before completion of at least one full growing season after seeding.

Species to be planted in pounds of pure live seed\* per acre:

<u>Species</u>	<u>lb/acre</u>
Plains Bristlegrass ( <i>Setaria magrostachya</i> )	1.0
Green Spangletop ( <i>Leptochloa dubia</i> )	2.0
Side oats Grama ( <i>Bouteloua curtipendula</i> )	5.0

\*Pounds of pure live seed:

Pounds of seed x percent purity x percent germination = pounds pure live seed

## **X. FINAL ABANDONMENT & REHABILITATION REQUIREMENTS**

Upon abandonment of the well and/or when the access road is no longer in service the Authorized Officer shall issue instructions and/or orders for surface reclamation and restoration of all disturbed areas.

On private surface/federal mineral estate land the reclamation procedures on the road and well pad shall be accomplished in accordance with the private surface land owner agreement.