ATS-10-212 RM

RECEIVED
MAR 17 2010
NMOCD ARTESIA

OCD Artesia

Form 3160-3
(February 2005)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

5 Lease Serial No.	SL:NM-99147 BHL:NM-96848
6 If Indian, Allotee or Tribe Name	N/A
7 If Unit or CA Agreement, Name and No.	N/A
8. Lease Name and Well No.	Showstopper 17 Federal #12
9 API Well No.	30-015-37712
10. Field and Pool, or Exploratory	Willow Lake; Bone Spring, SE
11 Sec., T R M or Blk and Survey or Area	Sec 17., T25S-R29E
12 County or Parish	Eddy County
13 State	NM

1a. Type of work: ☑ DRILL ☐ REENTER

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

2 - Name of Operator: Marbob Energy Corporation

3a Address: P.O. Box 227, Artesia, NM 88211-0228

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

4. Location of Well *(Report location clearly and in accordance with any State requirements *)*

At surface: 660'FSL & 560' FWL

At proposed prod zone: 330'FNL & 380'FWL

14 Distance in miles and direction from nearest town or post office*: Approximately 8 to 10 miles

15 Distance from proposed* location to nearest property or lease line, ft (Also to nearest drig unit line, if any)	330'	16 No. of acres in lease: SL:960.00 BHL:1600.00	17 Spacing Unit dedicated to this well: 160
18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft	N/A	19 Proposed Depth: Pilot hole 4960' TMD: ~~11250~~ 11,215' TVD - 7100'	20 BLM/BIA Bond No. on file: NMB000412
21 Elevations (Show whether DF, KDB, RT, GL, etc.): 2945' GL		22 Approximate date work will start*: 02/22/2010	23 Estimated duration: 30 DAYS

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.
2 A Drilling Plan
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)
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 BLM.

25 Signature: Marissa Villa	Name *(Printed/Typed)*: Marissa Villa	Date: 01/22/2010
Title: Land Department		
Approved by *(Signature)*: /s/ Don Peterson	Name *(Printed Typed)*	Date: MAR 15 2010
Title: 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 TWO 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 page 2)

Carlsbad Controlled Water Basin

Approval Subject to General Requirements & Special Stipulations Attached

JWR

SEE ATTACHED FOR CONDITIONS OF APPROVAL

OCD-ARTESIA

Form 3160-5
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE *– Other instructions on page 2.*

5. Lease Serial No.
SL: NM99147, BHL: NM96848

6. If Indian, Allottee or Tribe Name

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

1. Type of Well
☑ Oil Well ☐ Gas Well ☐ Other

8. Well Name and No.
Showstopper 17 Federal Com #12H

2. Name of Operator
Marbob Energy Corporation

9. API Well No.

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

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

10. Field and Pool or Exploratory Area
Willow Lake; Bone Spring, SE

4. Location of Well *(Footage, Sec., T.,R.,M., or Survey Description)*
SL: 660' FSL & 560' FWL, BHL 330' FNL & 380' FWL
Sec 17, T25S-R29E

11. Country or Parish, State
Eddy County, New Mexico

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
☑ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Subsequent Report	☐ Casing Repair	☐ New Construction	☐ Recomplete	☑ Other Name Change
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
☐ Final Abandonment Notice	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Marbob Energy Corporation respectfully requests approval for the following name change:

From: Showstopper 17 Federal #12
To: Showstopper 17 Federal Com #12H

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

Title Land Department

Signature Nancy T. Agnew

Date 02/24/2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by /s/ Don Peterson

Title **FIELD MANAGER**

Date MAR 15 2010

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office **CARLSBAD FIELD OFFICE**

Title 18 U S C. Section 1001 and Title 43 U.S.C Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction

(Instructions on page 2)

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
11885 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
11885 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
30-015-37712	96217	WILLOW LAKE: BONE SPRING, SE

Property Code	Property Name	Well Number
38095	SHOWSTOPPER FEDERAL 17 Com	12 H

OGRID No.	Operator Name	Elevation
14049	MARBOB ENERGY CORPORATION	2945'

Surface Location

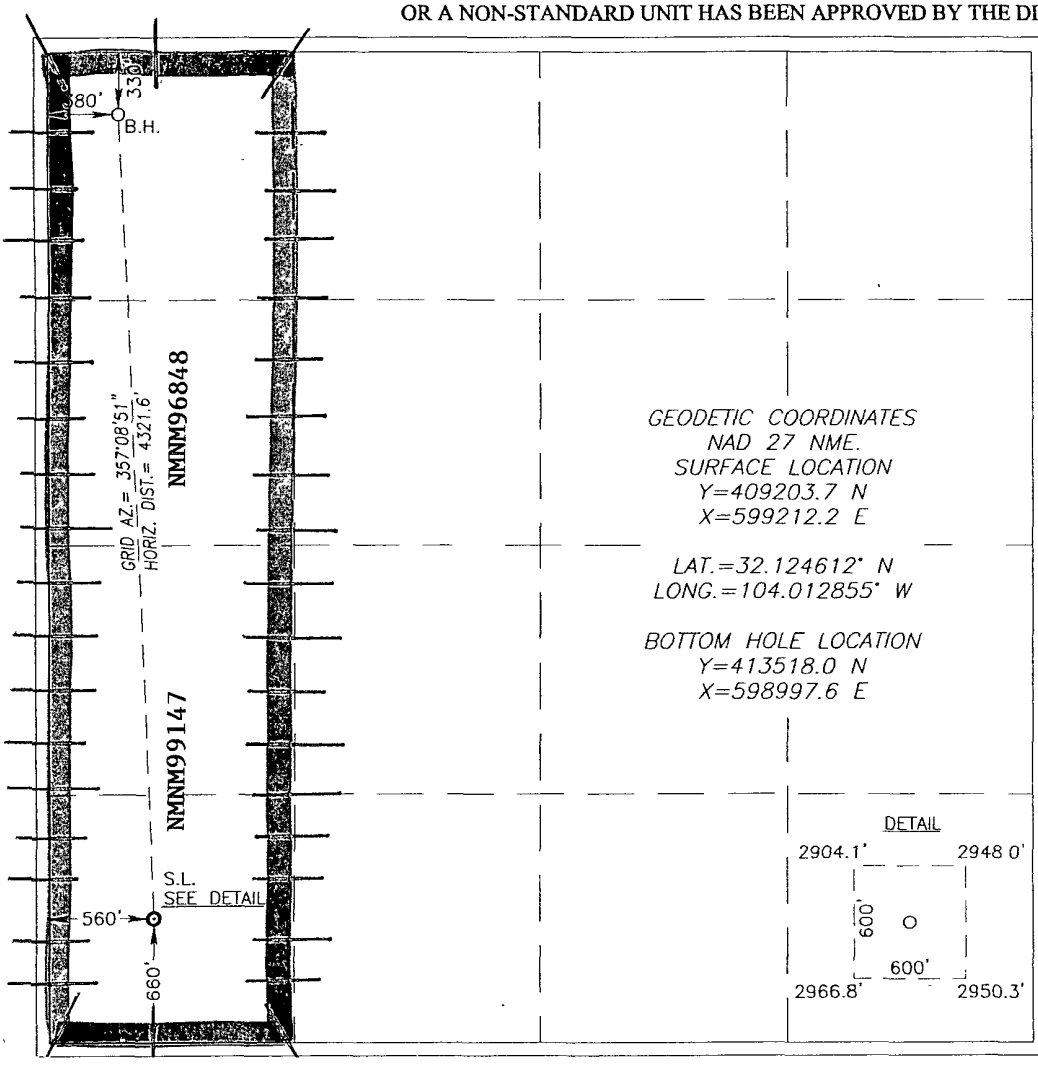
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	17	25-S	29-E		660	SOUTH	560	WEST	EDDY

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
D	17	25-S	29-E		330	NORTH	380	WEST	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



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.

Marissa Villa 1-7-10
Signature Date

MARISSA VILLA 1/7/2010
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.

RONALD J. EIDSON
NEW MEXICO
12641
REGISTERED PROFESSIONAL SURVEYOR

DECEMBER 14, 2009
Date Surveyed DSS

Signature & Seal of Professional Surveyor

Ronald J. Eidson 12-17-09

Certificate No. GARY G. EIDSON 12641
RONALD J. EIDSON 3239

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: January 20, 2010

Lease #: _____
Showstopper 17 Federal #12H

Legal Description: Sec. 17-T25S-R29E
Eddy County, New Mexico

Formation(s): Permian

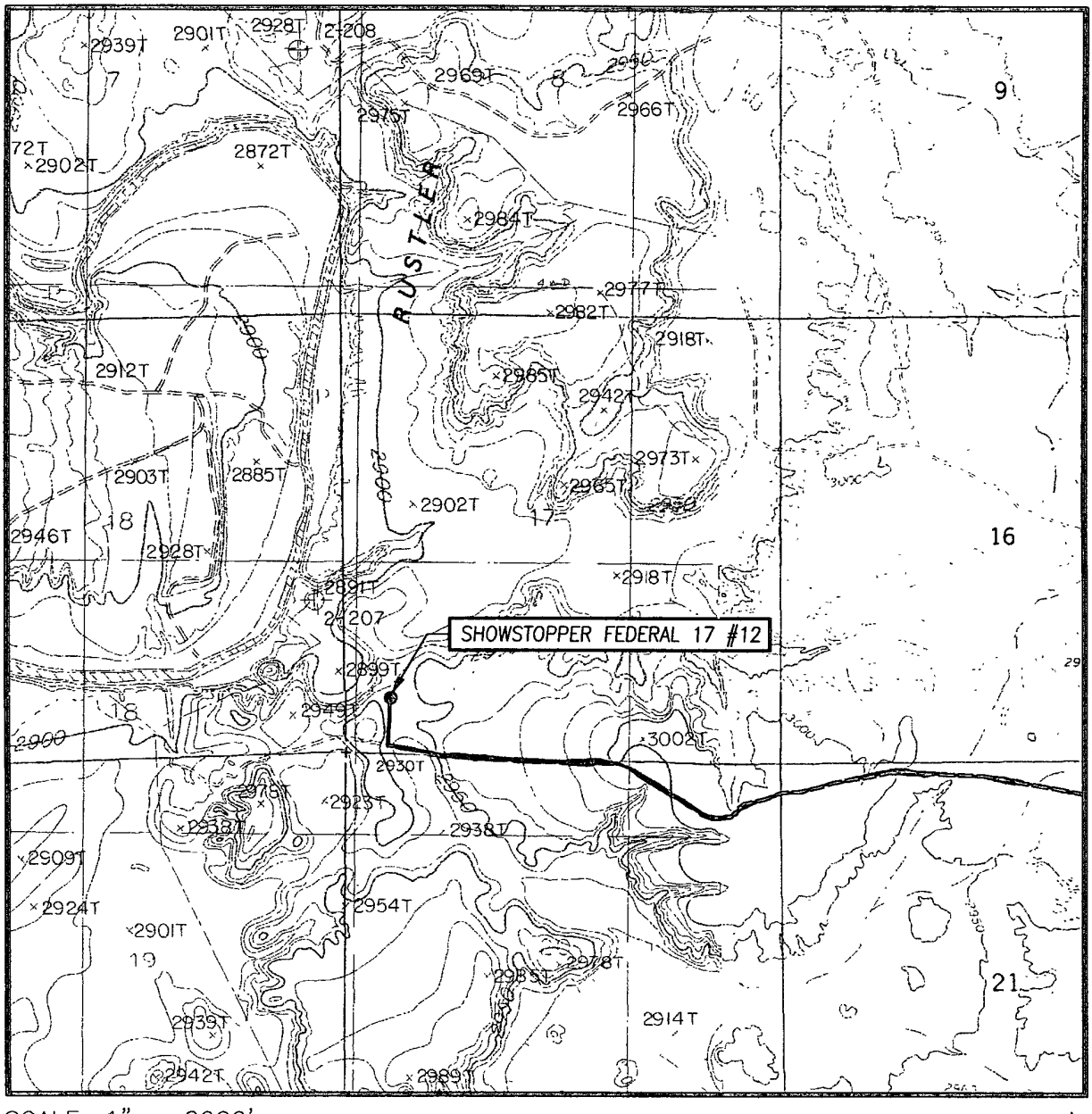
Bond Coverage: Statewide

BLM Bond File #: NMB000412

Marbob Energy Corporation

Marissa Villa
Land Department

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'
RED BLUFF, NM
MALAGA, NM
PIERCE CANYON, NM
ROSS RANCH, NM

SEC. 17 TWP. 25-S RGE. 29-E

SURVEY N.M.P.M.

COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 660' FSL & 560' FWL

ELEVATION 2945'

OPERATOR MARBOB ENERGY CORPORATION

LEASE SHOWSTOPPER FEDERAL 17

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

● **Proposed Access Road**

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

Exhibit #2

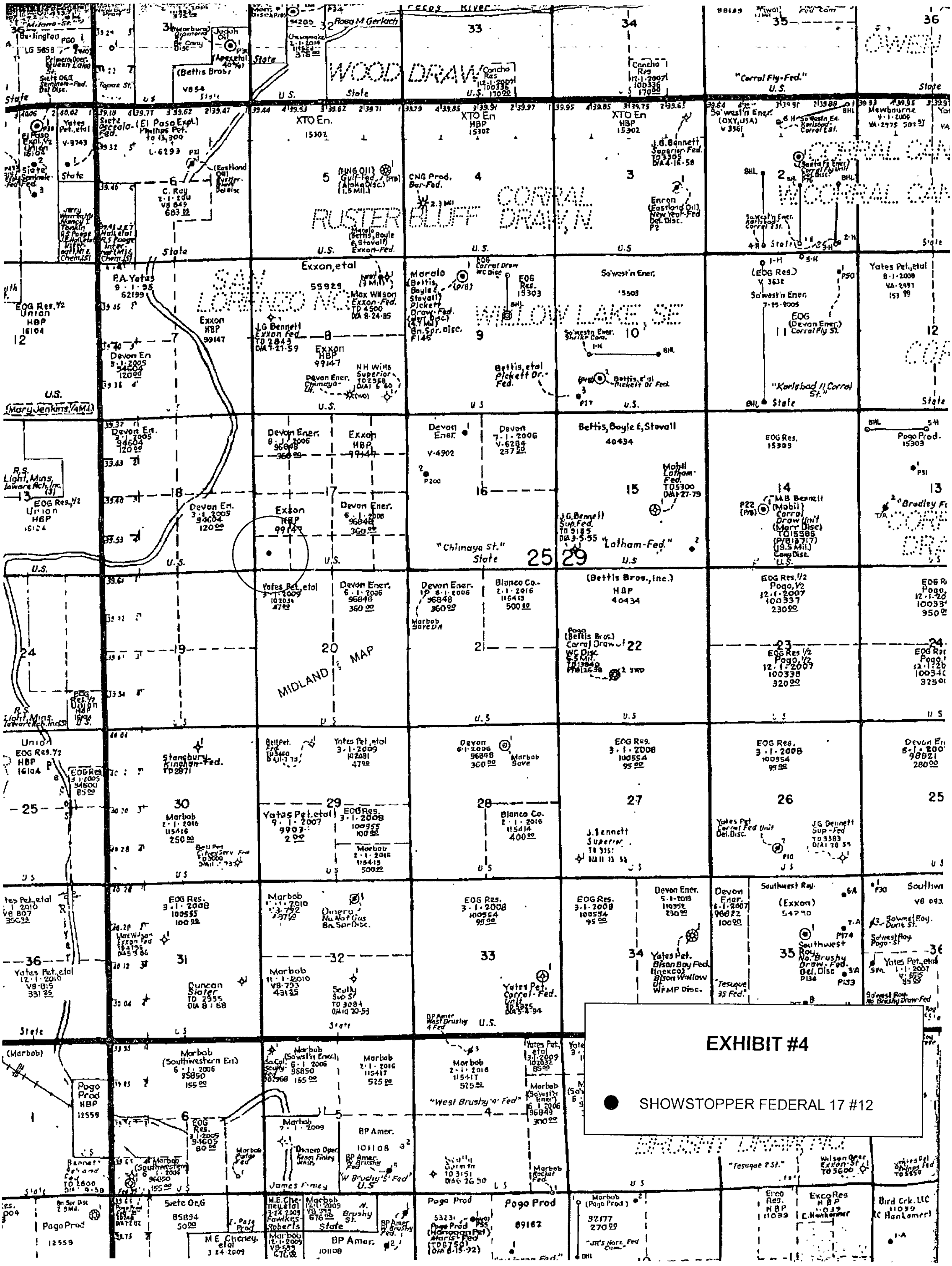


EXHIBIT #4
SHOWSTOPPER FEDERAL 17 #12
WOOD DRAW
RUSTER BLUFF
CORRAL DRAW, N.
SAN LORENZO NO.
WILLOW LAKE, SE
MIDLAND MAP
XTO En.
Exxon,etal
Exxon HBP 99147
Devon Ener.
Bettis, Boyle & Stovall 40434
(Bettis Bros., Inc.) HBP 40434
"Chimayo St."
"Latham-Fed."
"Karlsbad // Corral St."
"West Brushy '4' Fed"
Pogo Prod
Marbob
EOG Res.
Yates Pet. etal
Pecos River

MARBOB ENERGY CORPORATION
DRILLING AND OPERATIONS PROGRAM

Showstopper 17 Federal #12H
Surf: 660' FSL & 560' FWL
BHL: 330' FNL & 380' FWL
Section 17, 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:

Rustler	650'	
Top of Salt	850'	
Base of Salt	2650'	
Delaware	2850'	Oil
Bone Spring	6650'	Oil
TD(pilot hole)	9900'	
TVD	7100'	

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 700' and circulating cement back to surface. All intervals will be isolated by setting 5 ½" 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 ½"	0' – 700'	13 3/8"	New	48#	STC	H-40	1.125	1.125	1.6
12 ¼"	700' – ~~2750'~~ 2915'	9 5/8"	New	36#	BUTT	J-55	1.125	1.125	1.6
7 7/8"	2750'–11250'	5 1/2"	New	17#	LTC	N-80	1.125	1.125	1.6

See COA

5. Proposed Cement Program:

a. 13 3/8" Surf	Cement to surface with 700 sk "C" wt 14.8 yield 1.34.
See COA b. 9 5/8" Int	Cement to surface with 450 sk "C" Light wt 12.7 yield 1.91 Tail in with 150 sk "C" wt 14.8 yield 1.34
c. 5 1/2" Prod	Cement 1st stage with 450 sk "H" acid soluble cement wt 15.0 yield 2.6. Cement 2nd stage with 550 sk "H" light wt 12.7 yield 1.91 Tail in with 100 sk "H" wt 13.0 yield 1.64 DV @ 6500' TOC 2500'

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:

Nipple up on 13 3/8" with a 2M system tested to 2000# by independent tester. Nipple up on 9 5/8 with ~~3000~~# system tested to ~~3000~~ by independent tester. See COA

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. See COA

7. Estimated BHP: 2953.6 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' – 700'	Fresh Water	8.4	29	N.C.
700' – ~~2750'~~	Brine	9.9 – 10.0	29	N.C.
2975' ~~2750'~~ –11250'	Cut Brine	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 ½" 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 ½" 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 H2S in this area. If H2S 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: 2953.6 psi. No H2S 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.

marbob
energy corporation
Artesia, N.M.

Marbob

Eddy County
Showtopper Federal 17
#12
OH

Plan: Plan #1

Pathfinder X & Y Planning Report

30 December, 2009

PATHFINDER

Company:	Marbob	**Local Co-ordinate Reference:**	Well #12
Project:	Eddy County	**TVD Reference:**	WELL @ 2960.00ft (15' KB)
Site:	Showtopper Federal 17	**MD Reference:**	WELL @ 2960.00ft (15' KB)
Well:	#12	**North Reference:**	Grid
Wellbore:	OH	**Survey Calculation Method:**	Minimum Curvature
Design:	Plan #1	**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 Showtopper Federal 17

Site Position:		**Northing:**	408,818.300 ft	**Latitude:**	32° 7' 24.653 N
From:	Map	**Easting:**	603,724 900 ft	**Longitude:**	103° 59' 53 815 W
Position Uncertainty:	0 00 ft	**Slot Radius:**	"	**Grid Convergence:**	0 18 °

Well #12

Well Position	**+N/-S**	0.00 ft	**Northing:**	409,203.700 ft	**Latitude:**	32° 7' 28 603 N
	+E/-W	0.00 ft	**Easting:**	599,212 200 ft	**Longitude:**	104° 0' 46.278 W
Position Uncertainty		0 00 ft	**Wellhead Elevation:**	ft	**Ground Level:**	2,945.00 ft

Wellbore OH

Magnetics	**Model Name**	**Sample Date**	**Declination (°)**	**Dip Angle (°)**	**Field Strength (nT)**
	IGRF200510	12/30/2009	7.94	60.07	48,686

Design Plan #1

Audit Notes:

Version:	**Phase:**	PLAN	**Tie On Depth:**	0 00

Vertical Section:	**Depth From (TVD) (ft)**	**+N/-S (ft)**	**+E/-W (ft)**	**Direction (°)**
	0.00	0 00	0.00	357 15

Survey Tool Program **Date** 12/30/2009

From (ft)	**To (ft)**	**Survey (Wellbore)**	**Tool Name**	**Description**
0 00	11,214.69	Plan #1 (OH)	MWD	MWD - Standard

Company:	Marbob	**Local Co-ordinate Reference:**	Well #12
Project:	Eddy County	**TVD Reference:**	WELL @ 2960.00ft (15' KB)
Site:	Showtopper Federal 17	**MD Reference:**	WELL @ 2960.00ft (15' KB)
Well:	#12	**North Reference:**	Grid
Wellbore:	OH	**Survey Calculation Method:**	Minimum Curvature
Design:	Plan #1	**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)
0.00	0.00	0 00	0.00	-2,960 00	0 00	0.00	0.00	0 00	409,203 70	599,212.20
100 00	0.00	0 00	100 00	-2,860.00	0 00	0 00	0 00	0 00	409,203 70	599,212 20
200.00	0.00	0.00	200.00	-2,760.00	0.00	0.00	0 00	0.00	409,203 70	599,212 20
300.00	0.00	0.00	300.00	-2,660.00	0.00	0.00	0.00	0.00	409,203 70	599,212.20
400.00	0.00	0.00	400.00	-2,560 00	0.00	0 00	0 00	0 00	409,203 70	599,212.20
500.00	0.00	0.00	500 00	-2,460 00	0.00	0 00	0 00	0.00	409,203.70	599,212 20
600.00	0.00	0 00	600 00	-2,360.00	0.00	0 00	0 00	0.00	409,203 70	599,212.20
700 00	0.00	0.00	700 00	-2,260.00	0 00	0.00	0.00	0.00	409,203.70	599,212 20
800 00	0 00	0.00	800.00	-2,160.00	0.00	0.00	0.00	0 00	409,203 70	599,212.20
900.00	0 00	0.00	900.00	-2,060 00	0 00	0.00	0 00	0 00	409,203.70	599,212 20
1,000.00	0 00	0.00	1,000 00	-1,960.00	0 00	0.00	0 00	0.00	409,203 70	599,212 20
1,100.00	0.00	0.00	1,100.00	-1,860 00	0.00	0 00	0.00	0.00	409,203 70	599,212.20
1,200 00	0.00	0 00	1,200.00	-1,760.00	0.00	0.00	0.00	0 00	409,203.70	599,212.20
1,300 00	0 00	0.00	1,300.00	-1,660.00	0.00	0.00	0.00	0 00	409,203 70	599,212 20
1,400 00	0.00	0.00	1,400.00	-1,560.00	0.00	0.00	0 00	0.00	409,203.70	599,212 20
1,500 00	0 00	0.00	1,500.00	-1,460.00	0 00	0.00	0 00	0 00	409,203 70	599,212 20
1,600.00	0 00	0.00	1,600.00	-1,360.00	0 00	0.00	0 00	0.00	409,203 70	599,212 20
1,700.00	0 00	0 00	1,700.00	-1,260 00	0.00	0 00	0 00	0.00	409,203.70	599,212 20
1,800.00	0.00	0 00	1,800 00	-1,160 00	0.00	0 00	0 00	0 00	409,203 70	599,212 20
1,900.00	0.00	0 00	1,900.00	-1,060 00	0.00	0 00	0 00	0 00	409,203.70	599,212 20
2,000 00	0.00	0 00	2,000.00	-960 00	0.00	0.00	0 00	0 00	409,203.70	599,212 20
2,100.00	0.00	0 00	2,100 00	-860.00	0 00	0 00	0.00	0 00	409,203.70	599,212.20
2,200.00	0.00	0 00	2,200 00	-760.00	0 00	0.00	0.00	0.00	409,203.70	599,212 20
2,300 00	0.00	0.00	2,300.00	-660 00	0 00	0.00	0.00	0.00	409,203 70	599,212.20
2,400 00	0.00	0 00	2,400.00	-560 00	0 00	0 00	0.00	0 00	409,203.70	599,212 20
2,500 00	0.00	0.00	2,500.00	-460.00	0.00	0.00	0 00	0.00	409,203 70	599,212.20
2,600 00	0 00	0.00	2,600.00	-360.00	0.00	0.00	0.00	0 00	409,203.70	599,212.20

Company:	Marbob	**Local Co-ordinate Reference:**	Well #12
Project:	Eddy County	**TVD Reference:**	WELL @ 2960 00ft (15' KB)
Site:	Showtopper Federal 17	**MD Reference:**	WELL @ 2960.00ft (15' KB)
Well:	#12	**North Reference:**	Grid
Wellbore:	OH	**Survey Calculation Method:**	Minimum Curvature
Design:	Plan #1	**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	-260.00	0 00	0.00	0 00	0.00	409,203 70	599,212 20
2,800 00	0 00	0.00	2,800 00	-160.00	0 00	0.00	0.00	0.00	409,203.70	599,212 20
2,900.00	0.00	0.00	2,900.00	-60.00	0.00	0.00	0.00	0 00	409,203.70	599,212.20
3,000.00	0.00	0 00	3,000 00	40 00	0.00	0 00	0 00	0 00	409,203.70	599,212.20
3,100.00	0.00	0 00	3,100.00	140.00	0.00	0.00	0 00	0 00	409,203.70	599,212 20
3,200.00	0 00	0 00	3,200.00	240.00	0.00	0.00	0.00	0.00	409,203 70	599,212 20
3,300.00	0 00	0.00	3,300.00	340.00	0 00	0.00	0 00	0.00	409,203 70	599,212.20
3,400.00	0 00	0.00	3,400.00	440.00	0.00	0.00	0 00	0.00	409,203.70	599,212.20
3,500 00	0.00	0.00	3,500 00	540.00	0 00	0.00	0.00	0 00	409,203.70	599,212 20
3,600 00	0.00	0 00	3,600 00	640.00	0 00	0 00	0.00	0 00	409,203.70	599,212 20
3,700.00	0.00	0.00	3,700 00	740 00	0 00	0.00	0.00	0 00	409,203 70	599,212 20
3,800.00	0.00	0 00	3,800 00	840.00	0.00	0.00	0 00	0.00	409,203 70	599,212.20
3,900.00	0.00	0.00	3,900.00	940.00	0 00	0 00	0 00	0.00	409,203.70	599,212.20
4,000.00	0 00	0.00	4,000.00	1,040.00	0.00	0 00	0 00	0.00	409,203.70	599,212 20
4,100.00	0.00	0.00	4,100.00	1,140.00	0 00	0 00	0 00	0 00	409,203.70	599,212 20
4,200.00	0 00	0.00	4,200.00	1,240.00	0 00	0 00	0 00	0 00	409,203.70	599,212 20
4,300 00	0.00	0.00	4,300.00	1,340.00	0.00	0 00	0 00	0 00	409,203.70	599,212 20
4,400.00	0.00	0.00	4,400.00	1,440.00	0.00	0 00	0 00	0 00	409,203 70	599,212 20
4,500.00	0 00	0.00	4,500.00	1,540.00	0.00	0 00	0 00	0 00	409,203 70	599,212.20
4,600.00	0.00	0.00	4,600.00	1,640.00	0 00	0.00	0 00	0 00	409,203.70	599,212 20
4,700 00	0 00	0.00	4,700.00	1,740 00	0.00	0 00	0 00	0 00	409,203.70	599,212.20
4,800 00	0 00	0.00	4,800.00	1,840 00	0.00	0.00	0 00	0 00	409,203 70	599,212.20
4,900 00	0 00	0.00	4,900.00	1,940.00	0 00	0.00	0 00	0 00	409,203.70	599,212.20
5,000.00	0.00	0.00	5,000.00	2,040 00	0 00	0 00	0 00	0 00	409,203 70	599,212 20
5,100.00	0.00	0.00	5,100.00	2,140 00	0.00	0 00	0 00	0.00	409,203 70	599,212.20
5,200.00	0.00	0.00	5,200.00	2,240.00	0 00	0 00	0 00	0 00	409,203 70	599,212.20
5,300.00	0 00	0.00	5,300.00	2,340 00	0.00	0 00	0 00	0 00	409,203.70	599,212 20

Company:	Marbob	**Local Co-ordinate Reference:**	Well #12
Project:	Eddy County	**TVD Reference:**	WELL @ 2960 00ft (15' KB)
Site:	Showtopper Federal 17	**MD Reference:**	WELL @ 2960.00ft (15' KB)
Well:	#12	**North Reference:**	Grid
Wellbore:	OH	**Survey Calculation Method:**	Minimum Curvature
Design:	Plan #1	**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	2,440 00	0.00	0.00	0 00	0 00	409,203 70	599,212.20
5,500.00	0.00	0.00	5,500 00	2,540.00	0.00	0 00	0.00	0.00	409,203.70	599,212 20
5,600.00	0 00	0.00	5,600.00	2,640.00	0.00	0.00	0 00	0 00	409,203.70	599,212 20
5,700.00	0.00	0.00	5,700.00	2,740 00	0 00	0 00	0.00	0 00	409,203 70	599,212 20
5,800.00	0.00	0.00	5,800 00	2,840.00	0 00	0.00	0.00	0.00	409,203.70	599,212 20
5,900.00	0 00	0.00	5,900.00	2,940 00	0 00	0 00	0 00	0 00	409,203.70	599,212 20
6,000 00	0.00	0.00	6,000 00	3,040 00	0 00	0 00	0.00	0.00	409,203.70	599,212.20
6,100.00	0.00	0.00	6,100.00	3,140.00	0.00	0.00	0 00	0 00	409,203 70	599,212 20
6,200 00	0.00	0 00	6,200.00	3,240.00	0.00	0.00	0.00	0 00	409,203.70	599,212 20
6,300.00	0.00	0.00	6,300 00	3,340.00	0.00	0.00	0.00	0 00	409,203 70	599,212 20
6,400.00	0 00	0.00	6,400 00	3,440.00	0.00	0.00	0 00	0 00	409,203.70	599,212.20
6,500.00	0.00	0 00	6,500.00	3,540 00	0 00	0.00	0.00	0 00	409,203.70	599,212.20
6,600.00	0 00	0.00	6,600.00	3,640 00	0.00	0.00	0 00	0 00	409,203 70	599,212.20
6,622.50	0 00	0.00	6,622.50	3,662.50	0.00	0 00	0.00	0.00	409,203 70	599,212 20
6,625 00	0.30	357.15	6,625.00	3,665 00	0.01	0 00	0.01	12.00	409,203 71	599,212 20
6,650 00	3.30	357 15	6,649.98	3,689 98	0.79	-0.04	0.79	12 00	409,204.49	599,212.16
6,675 00	6.30	357.15	6,674 89	3,714.89	2.88	-0.14	2 88	12.00	409,206 58	599,212.06
6,700.00	9.30	357.15	6,699.66	3,739.66	6.27	-0.31	6.28	12 00	409,209 97	599,211.89
6,725 00	12.30	357.15	6,724.21	3,764 21	10.95	-0 54	10.96	12 00	409,214.65	599,211 66
6,750.00	15.30	357 15	6,748.49	3,788.49	16.90	-0.84	16 92	12.00	409,220.60	599,211 36
6,775 00	18.30	357 15	6,772 42	3,812 42	24 12	-1 20	24.15	12 00	409,227 82	599,211 00
6,800.00	21.30	357.15	6,795 94	3,835.94	32.57	-1.62	32 61	12 00	409,236 27	599,210.58
6,825 00	24.30	357.15	6,818.98	3,858.98	42.25	-2.10	42.30	12 00	409,245 95	599,210 10
6,850.00	27 30	357.15	6,841.49	3,881.49	53.11	-2.64	53.18	12 00	409,256 81	599,209 56
6,875.00	30 30	357.15	6,863.40	3,903.40	65.14	-3 24	65.22	12 00	409,268 84	599,208 96
6,900.00	33 30	357.15	6,884.64	3,924.64	78.29	-3 90	78 39	12 00	409,281.99	599,208 30
6,925 00	36.30	357 15	6,905 17	3,945.17	92 54	-4.61	92 66	12.00	409,296 24	599,207 59

Company:	Marbob	**Local Co-ordinate Reference:**	Well #12
Project:	Eddy County	**TVD Reference:**	WELL @ 2960.00ft (15' KB)
Site:	Showtopper Federal 17	**MD Reference:**	WELL @ 2960 00ft (15' KB)
Well:	#12	**North Reference:**	Grid
Wellbore:	OH	**Survey Calculation Method:**	Minimum Curvature
Design:	Plan #1	**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)
6,950.00	39 30	357.15	6,924.92	3,964.92	107 84	-5.37	107.98	12 00	409,311.54	599,206.83
6,975.00	42.30	357.15	6,943.84	3,983.84	124 15	-6.18	124.31	12.00	409,327.85	599,206.02
7,000 00	45.30	357.15	6,961.89	4,001.89	141.43	-7.04	141.61	12 00	409,345.13	599,205 16
7,025 00	48.30	357.15	6,979.00	4,019.00	159 63	-7.95	159.83	12.00	409,363.33	599,204 25
7,050.00	51.30	357.15	6,995 14	4,035.14	178.70	-8.90	178.92	12 00	409,382.40	599,203 30
7,075.00	54 30	357 15	7,010.25	4,050 25	198 59	-9 89	198 83	12.00	409,402 29	599,202.31
7,100 00	57.30	357.15	7,024.30	4,064 30	219.23	-10 91	219.51	12 00	409,422.93	599,201 29
7,125 00	60 30	357 15	7,037.25	4,077.25	240 59	-11 98	240 89	12 00	409,444 29	599,200.22
7,150 00	63.30	357.15	7,049 07	4,089.07	262.59	-13 07	262.92	12.00	409,466 29	599,199.13
7,175 00	66 30	357 15	7,059.71	4,099.71	285.18	-14.20	285.53	12 00	409,488.88	599,198 00
7,200 00	69 29	357 15	7,069.16	4,109.16	308.29	-15 35	308.68	12.00	409,511 99	599,196.85
7,225.00	72.29	357.15	7,077 38	4,117.38	331.87	-16 52	332.28	12 00	409,535.57	599,195 68
7,250 00	75 29	357 15	7,084.36	4,124.36	355.85	-17.72	356 29	12.00	409,559 55	599,194 48
7,275 00	78 29	357.15	7,090.07	4,130 07	380 15	-18.93	380 62	12.00	409,583 85	599,193.27
7,300 00	81.29	357.15	7,094 50	4,134 50	404.72	-20.15	405.22	12.00	409,608.42	599,192.05
7,325 00	84.29	357 15	7,097.63	4,137.63	429.49	-21.38	430 02	12 00	409,633 19	599,190 82
7,350 00	87.29	357 15	7,099 47	4,139.47	454.39	-22.62	454 95	12.00	409,658 09	599,189.58
7,372 56	90.00	357.15	7,100 00	4,140 00	476 91	-23.74	477.50	12 00	409,680.61	599,188 46
7,399 25	90.00	357 15	7,100.00	4,140.00	503.57	-25.07	504 19	0 01	409,707 27	599,187 13
7,500.00	90.00	357 15	7,100 00	4,140.00	604.20	-30.07	604 94	0.00	409,807 90	599,182 13
7,600.00	90.00	357.15	7,100 00	4,140.00	704 07	-35.04	704.94	0.00	409,907.77	599,177 16
7,700.00	90 00	357.15	7,100.00	4,140.00	803.95	-40.01	804.94	0.00	410,007 65	599,172 19
7,800 00	90 00	357 15	7,100.00	4,140.00	903.83	-44.98	904.94	0.00	410,107.53	599,167 22
7,900 00	90.00	357 15	7,100.00	4,140.00	1,003 70	-49.94	1,004.94	0.00	410,207 40	599,162 26
8,000 00	90.00	357.15	7,100 00	4,140 00	1,103 58	-54 91	1,104 94	0 00	410,307.28	599,157.29
8,100.00	90.00	357.15	7,100.00	4,140.00	1,203.46	-59 88	1,204 94	0.00	410,407 16	599,152 32
8,200 00	90 00	357 15	7,100.00	4,140.00	1,303.33	-64.85	1,304 94	0 00	410,507 03	599,147 35

Company:	Marbob	**Local Co-ordinate Reference:**	Well #12
Project:	Eddy County	**TVD Reference:**	WELL @ 2960.00ft (15' KB)
Site:	Showtopper Federal 17	**MD Reference:**	WELL @ 2960.00ft (15' KB)
Well:	#12	**North Reference:**	Grid
Wellbore:	OH	**Survey Calculation Method:**	Minimum Curvature
Design:	Plan #1	**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)
8,300.00	90.00	357.15	7,100.00	4,140 00	1,403.21	-69 81	1,404 94	0.00	410,606.91	599,142 39
8,400.00	90.00	357 15	7,100 00	4,140.00	1,503.09	-74.78	1,504 94	0.00	410,706 79	599,137 42
8,500 00	90 00	357.15	7,100 00	4,140.00	1,602.96	-79.75	1,604.94	0 00	410,806.66	599,132.45
8,600 00	90.00	357.15	7,100.00	4,140 00	1,702.84	-84 72	1,704.94	0 00	410,906 54	599,127 48
8,700.00	90 00	357 15	7,100.00	4,140.00	1,802.72	-89.68	1,804 94	0.00	411,006 42	599,122 52
8,800 00	90 00	357.15	7,100 00	4,140.00	1,902.59	-94.65	1,904.94	0.00	411,106.29	599,117.55
8,900 00	90 00	357.15	7,100.00	4,140.00	2,002 47	-99 62	2,004.94	0 00	411,206 17	599,112 58
9,000.00	90.00	357.15	7,100 00	4,140 00	2,102.34	-104 59	2,104.94	0 00	411,306 04	599,107 61
9,100.00	90.00	357.15	7,100.00	4,140.00	2,202 22	-109.55	2,204.94	0.00	411,405 92	599,102.65
9,200 00	90 00	357.15	7,100.00	4,140 00	2,302.10	-114 52	2,304.94	0.00	411,505.80	599,097.68
9,300 00	90.00	357.15	7,100.00	4,140.00	2,401.97	-119 49	2,404 94	0 00	411,605.67	599,092.71
9,400 00	90.00	357.15	7,100.00	4,140 00	2,501.85	-124 46	2,504 94	0.00	411,705 55	599,087.74
9,500 00	90 00	357.15	7,100 00	4,140.00	2,601.73	-129.42	2,604.94	0 00	411,805 43	599,082.78
9,600 00	90.00	357.15	7,100.00	4,140.00	2,701 60	-134.39	2,704.94	0.00	411,905.30	599,077 81
9,700 00	90.00	357.15	7,100.00	4,140.00	2,801 48	-139 36	2,804 94	0 00	412,005.18	599,072 84
9,800.00	90.00	357.15	7,100.00	4,140.00	2,901 36	-144.33	2,904 94	0.00	412,105 06	599,067 87
9,900 00	90.00	357.15	7,100.00	4,140 00	3,001 23	-149 29	3,004 94	0.00	412,204 93	599,062.91
10,000.00	90 00	357.15	7,100 00	4,140 00	3,101.11	-154 26	3,104.94	0.00	412,304 81	599,057 94
10,100.00	90.00	357.15	7,100 00	4,140.00	3,200.99	-159.23	3,204.94	0 00	412,404 69	599,052 97
10,200.00	90 00	357.15	7,100.00	4,140.00	3,300 86	-164.20	3,304 94	0 00	412,504.56	599,048.00
10,300 00	90.00	357.15	7,100.00	4,140.00	3,400.74	-169 16	3,404.94	0.00	412,604 44	599,043.04
10,400 00	90.00	357.15	7,100.00	4,140 00	3,500 62	-174.13	3,504 94	0.00	412,704 32	599,038.07
10,500 00	90.00	357.15	7,100.00	4,140.00	3,600 49	-179 10	3,604.94	0.00	412,804 19	599,033.10
10,600 00	90.00	357.15	7,100 00	4,140 00	3,700.37	-184 07	3,704.94	0.00	412,904.07	599,028 13
10,700.00	90.00	357 15	7,100.00	4,140.00	3,800.25	-189 03	3,804.94	0 00	413,003.95	599,023.17
10,800.00	90.00	357 15	7,100 00	4,140.00	3,900.12	-194 00	3,904.94	0 00	413,103 82	599,018.20
10,900.00	90 00	357 15	7,100 00	4,140.00	4,000.00	-198 97	4,004.94	0 00	413,203.70	599,013 23

Company:	Marbob	**Local Co-ordinate Reference:**	Well #12
Project:	Eddy County	**TVD Reference:**	WELL @ 2960.00ft (15' KB)
Site:	Showtopper Federal 17	**MD Reference:**	WELL @ 2960.00ft (15' KB)
Well:	#12	**North Reference:**	Grid
Wellbore:	OH	**Survey Calculation Method:**	Minimum Curvature
Design:	Plan #1	**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)
11,000.00	90.00	357 15	7,100.00	4,140.00	4,099.88	-203 94	4,104 94	0.00	413,303 58	599,008 26
11,100.00	90.00	357.15	7,100.00	4,140.00	4,199 75	-208.90	4,204.94	0.00	413,403.45	599,003 30
11,200 00	90 00	357.15	7,100.00	4,140 00	4,299.63	-213 87	4,304 94	0.00	413,503 33	598,998 33
11,214.69	90.00	357 15	7,100.00	4,140.00	4,314.30	-214 60	4,319.63	0.00	413,518.00	598,997 60

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(ST17#12) - plan hits target - Point	0.00	0.00	7,100 00	4,314.30	-214.60	413,518.000	598,997 600	32° 8' 11 305 N	104° 0' 48 625 W

Checked By: _____ Approved By: _____ Date: _____

marbob energy corporation
Artesia, N.M.

Project: Eddy County
Site: Showtopper Federal
Well: #12
Wellbore: OH
Plan: Plan #1 (#12/OH)

Azimuths to Grid North
True North: -0.17°
Magnetic North: 7.77°

Magnetic Field
Strength: 48685.8snT
Dip Angle: 60.07°
Date: 12/30/2009
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	6622.50	0.00	0.00	6622.50	0.00	0.00	0.00	0.00	0.00	
3	7372.56	90.00	357.15	7100.00	476.91	-23.74	12.00	357.15	477.50	
4	7399.25	90.00	357.15	7100.00	503.57	-25.07	0.01	0.00	504.19	
5	11214.69	90.00	357.15	7100.00	4314.30	-214.60	0.00	0.00	4319.63	PBHL(ST17#12)

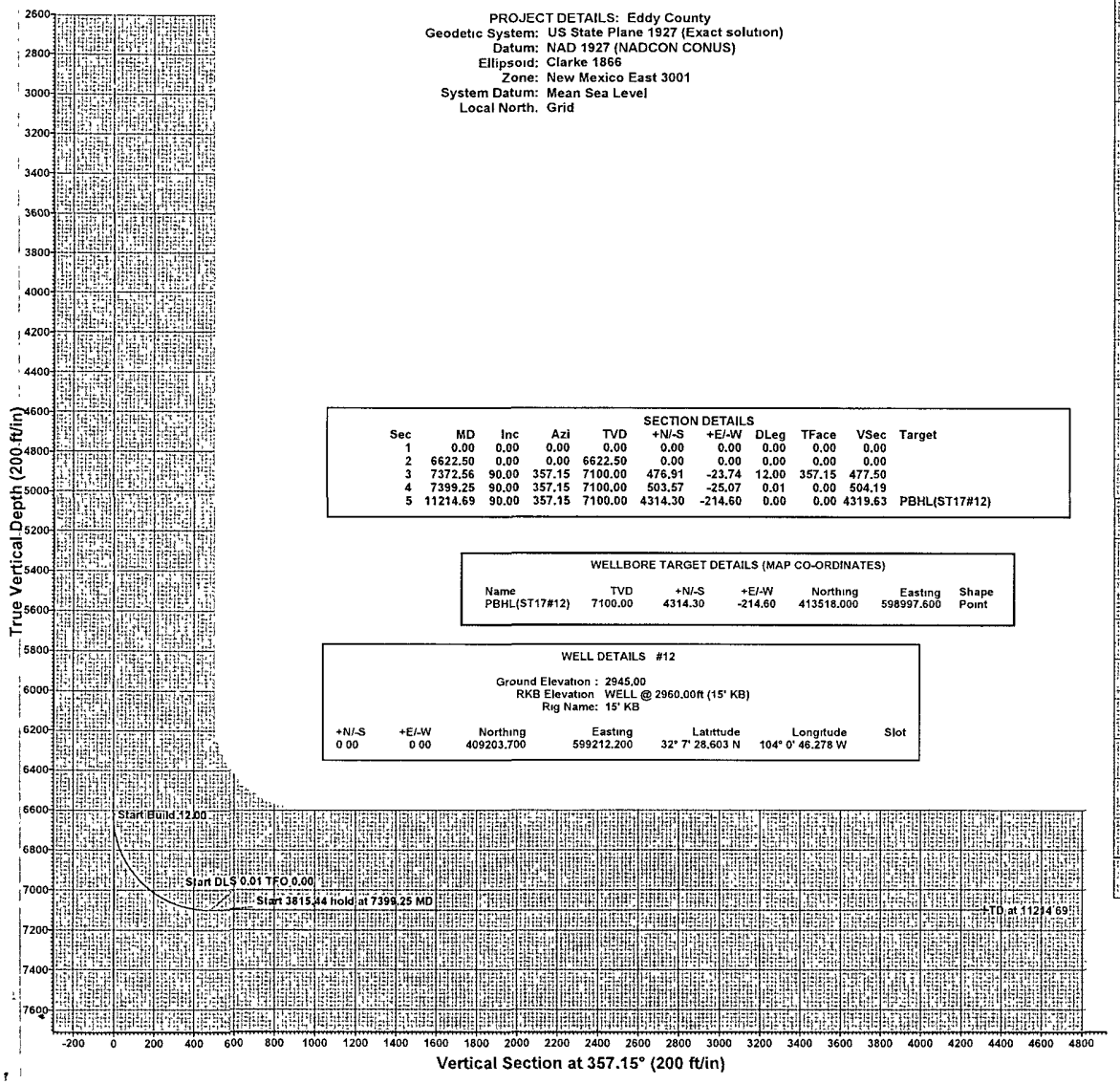
WELLBORE TARGET DETAILS (MAP CO-ORDINATES)

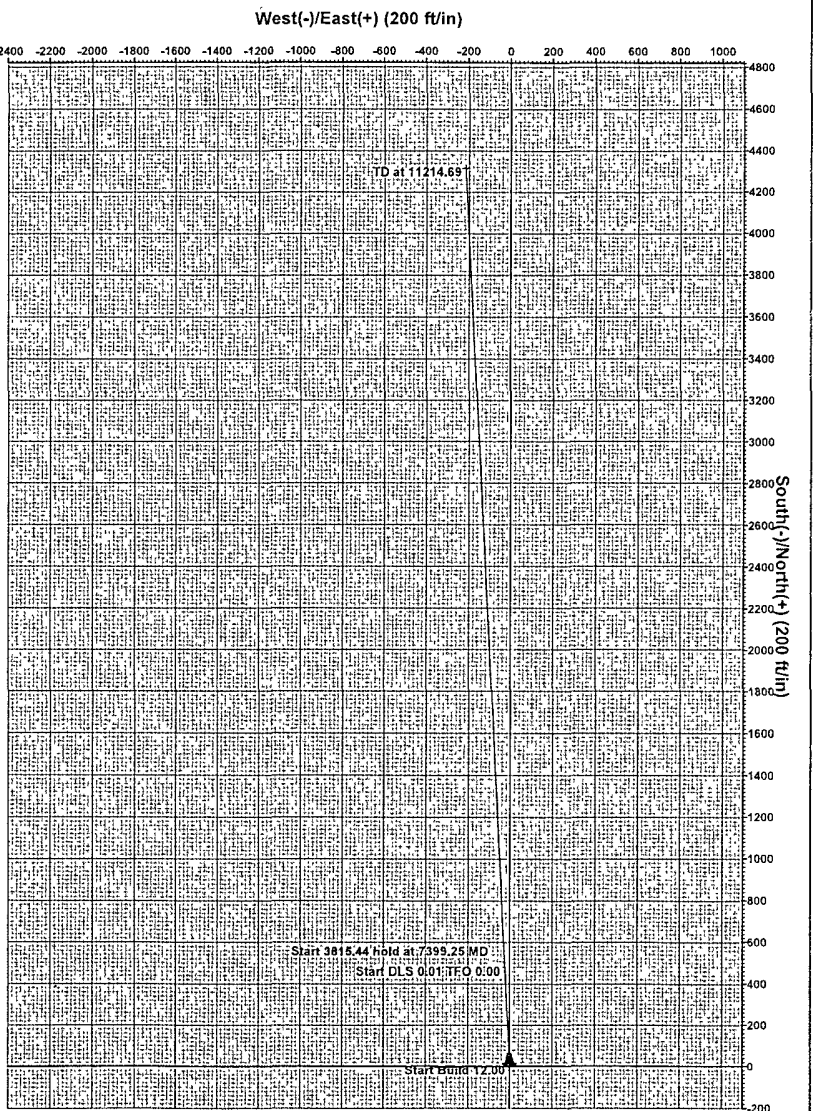
Name	TVD	+N/-S	+E/-W	Northing	Easting	Shape
PBHL(ST17#12)	7100.00	4314.30	-214.60	413518.000	598997.600	Point

WELL DETAILS #12

Ground Elevation : 2945.00
RKB Elevation WELL @ 2960.00ft (15' KB)
Rig Name: 15' KB

+N/-S	+E/-W	Northing	Easting	Latitude	Longitude	Slot
0.00	0.00	409203.700	599212.200	32° 7' 28.603 N	104° 0' 46.278 W	



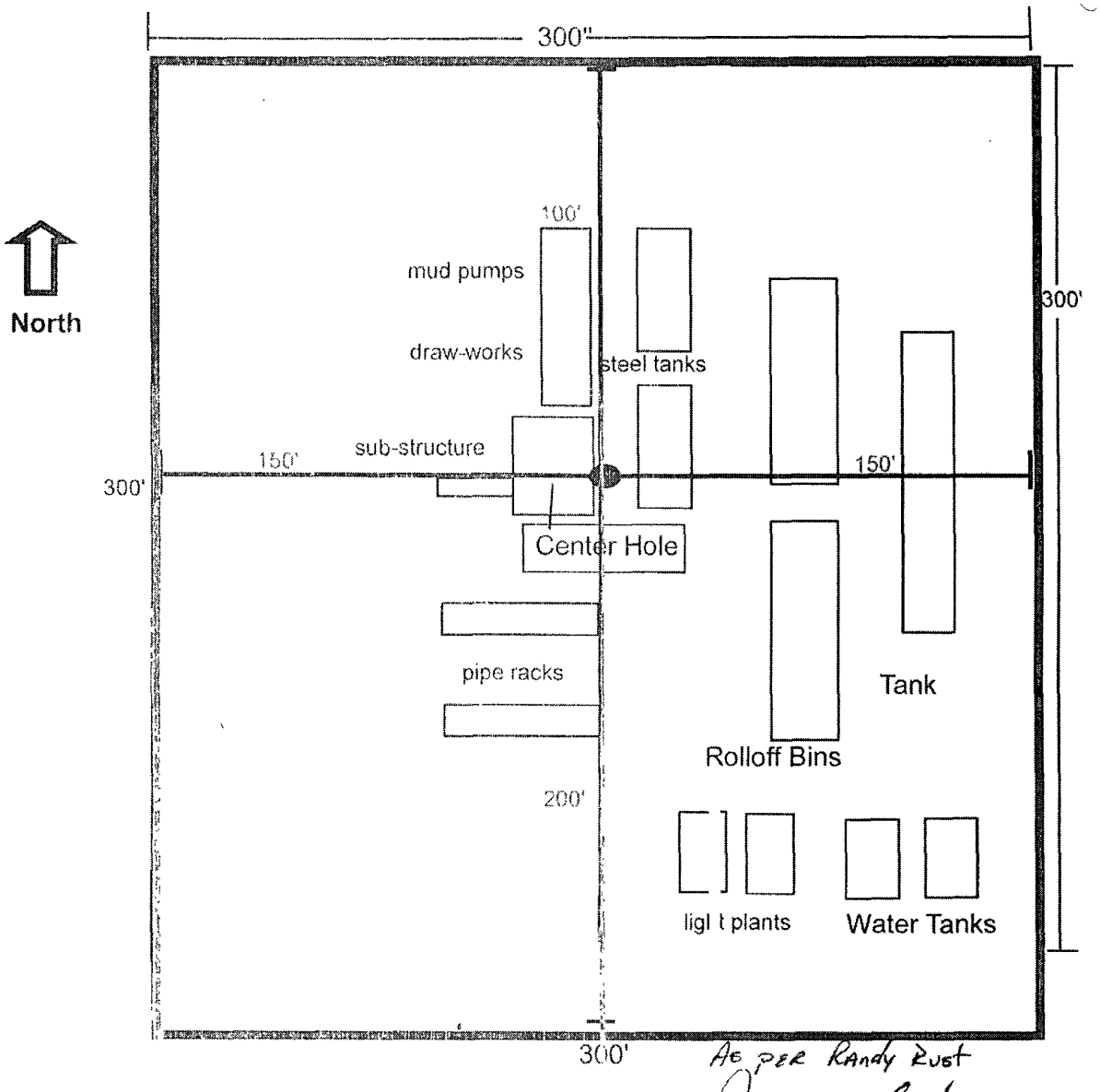


Plan Plan #1 (#12/OH)

Created By: Nate Bingham Date 15 28, December 30 2009

Checked _____ Date _____

Well Site Lay-Out Plat



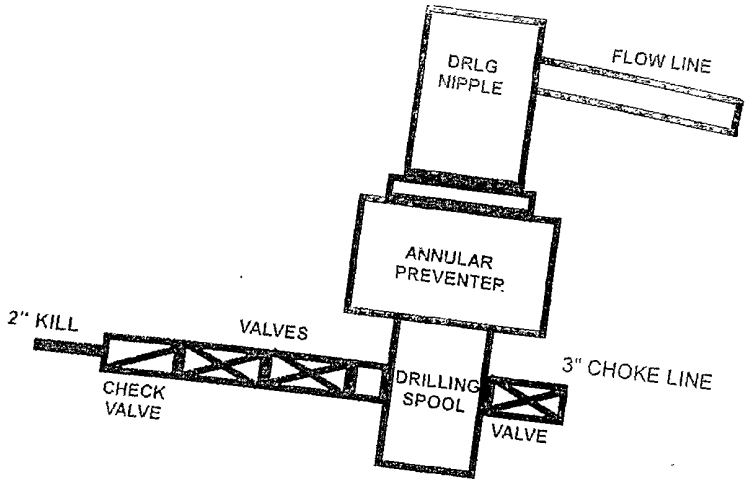
As per Randy Rust

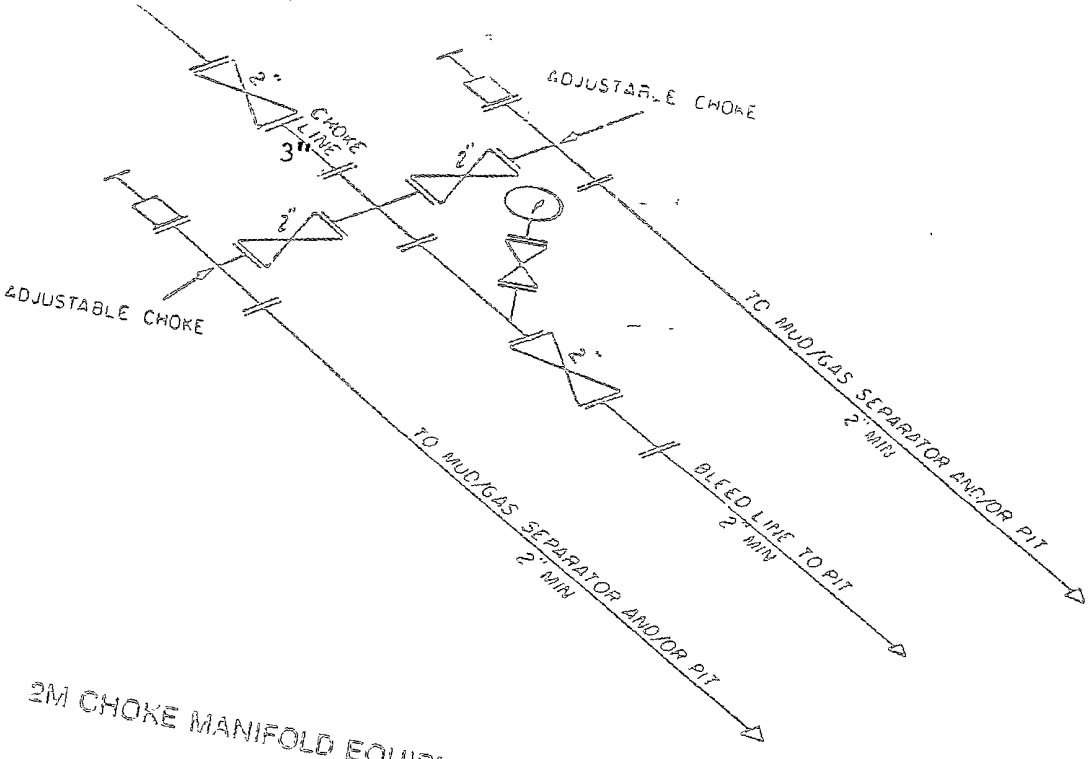
Showstopper Federal 17 #12
SHL: 660' FSL & 560' FWL
BHL: 330' FNL & 380' FWL
Section 17, T25S - R29E
Eddy County, New Mexico

2/24/10

EXHIBIT THREE

2M SYSTEM

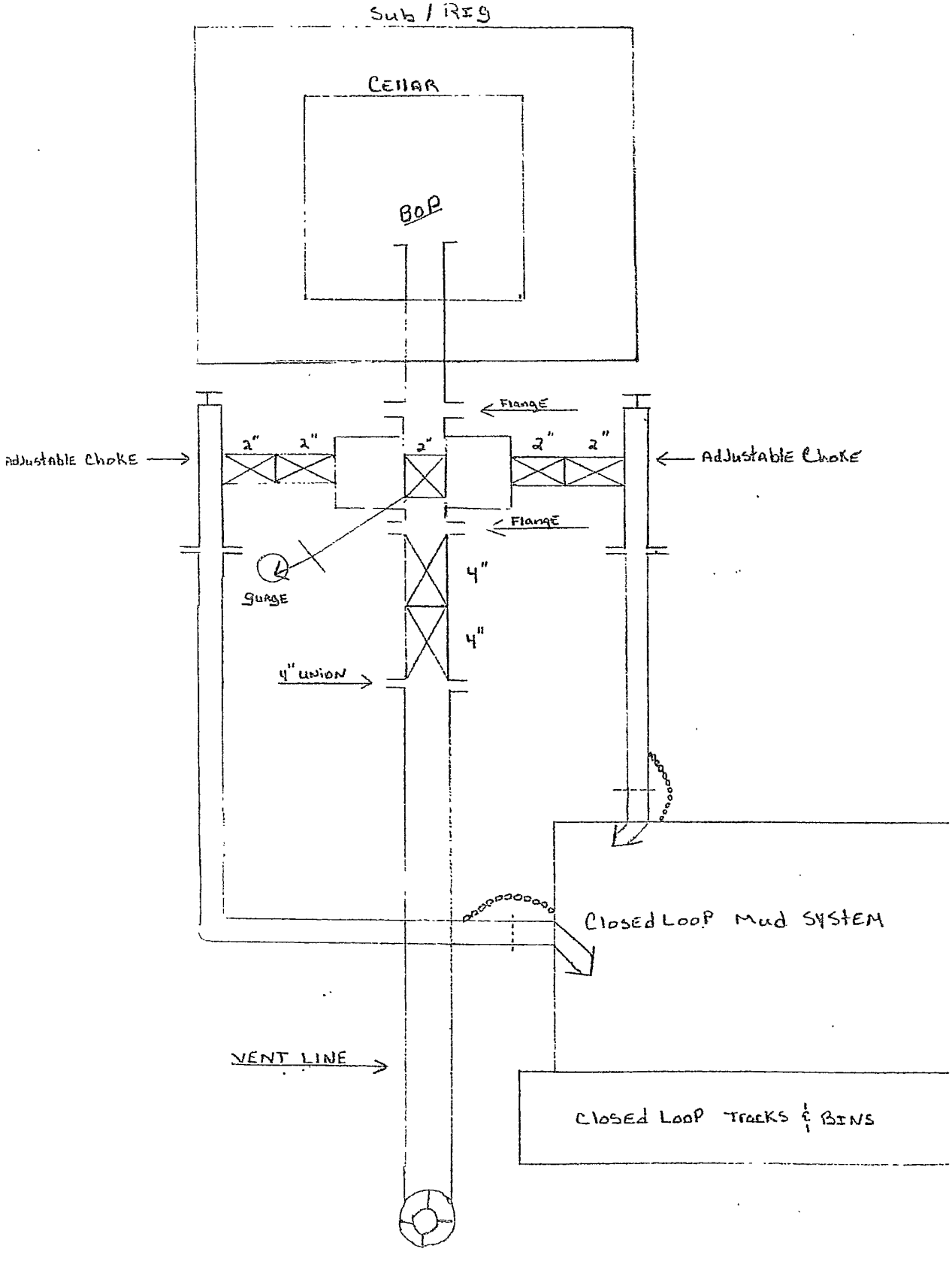




2M CHOKE MANIFOLD EQUIPMENT — CONFIGURATION OF CHOKES MAY VARY

Exhibit #1

2M 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_2S).

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

C. The proper use of H_2S 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_2S 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_2S Drilling Operations Plan and the Public Protection Plan.

There will be an initial training session just prior to encountering a known or probable H_2S zone (within 3 days or 500 feet) and weekly H_2S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H_2S Drilling Operations Plan and the Public Protection Plan. This plan shall be available at the well site. All personnel will be required to carry documentation that they have received the proper training.

II. H_2S SAFETY EQUIPMENT AND SYSTEMS

Note: All H_2S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonably expected to contain H_2S.

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_2S detection and monitoring equipment:

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

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_2S 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_2S service.

G. Communication:

Company vehicles equipped with cellular telephone and 2-way radio.

Marbob Energy has conducted a review to determine if an H2S contingency plan is required for the above referenced well. We were able to conclude that any potential hazardous volume would be minimal. H2S concentrations of wells in this area from surface to TD are low enough; therefore we do not believe that an H2S Contingency Plan would be necessary.

WARNING

YOU ARE ENTERING AN H_2S 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

1-575-748-3303

EMERGENCY CALL LIST

	Office	Mobile	Home
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 17 Federal #12H
Surf: 660' FSL & 560' FWL
BHL: 330' FNL & 380' FWL
Section 17, 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 (LONGHORN ROAD), go easterly on Co. Rd. #725 approx. 5.8 miles. Turn left and go north approx. 2.0 miles on meandering lease Rd. Veer left and go northwest approx. 0.6 miles. Turn left and go west approx. 1.9 miles. This location stake is approx. 520 feet north of lease Rd.

2. PLANNED ACCESS ROAD:

Marbob will be using an existing access road. See directions above.

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

A. In the event the well is found productive, the Showstopper 17 Federal #12H 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:

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 form 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

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.

Marbob Energy Corporation

1/25/10
Date

William Miller
Land Department

PECOS DISTRICT
CONDITIONS OF APPROVAL

OPERATOR'S NAME:	MARBOB ENERGY CORP
LEASE NO.:	NM96848
WELL NAME & NO.:	12-Showstopper 17 Federal
SURFACE HOLE FOOTAGE:	0660' FSL & 0560' FWL
BOTTOM HOLE FOOTAGE	0330' FNL & 0380' FWL
LOCATION:	Section 17, T. 25 S., R 29 E., NMPM
COUNTY:	Eddy County, New Mexico

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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.

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☐ **Permit Expiration**
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☐ **Noxious Weeds**
☒ **Special Requirements**
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☒ **Construction**
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- V-Door Direction
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☐ **Production (Post Drilling)**
- Well Structures & Facilities
- Pipelines
- Electric Lines

☐ **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.

- The entire well pad will be bermed to prevent oil, salt, and other chemical contaminants from leaving the well pad. Topsoil shall not be used to construct the berm. No water flow from the uphill side(s) of the pad shall be allowed to enter the well pad. The berm shall be maintained through the life of the well and after interim reclamation has been completed.
- Any water erosion that may occur due to the construction of the well pad during the life of the well will be quickly corrected and proper measures will be taken to prevent future erosion.
- Stockpiling of topsoil is required. The top soil shall be stockpiled in an appropriate location to prevent loss of soil due to water or wind erosion and not used for berming or erosion control.

Surface Pipeline COAs Only:

- A leak detection plan will be submitted to the BLM Carlsbad Field Office for approval prior to pipeline installation. The method could incorporate gauges to detect pressure drops, situating values and lines so they can be visually inspected periodically or installing electronic sensors to alarm when a leak is present. The leak detection plan will incorporate an automatic shut off system that will be installed for proposed pipelines to minimize the effects of an undesirable event.

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. **V-DOOR DIRECTION:** Not stipulated

C. TOPSOIL

The operator shall stockpile the topsoil in a low profile manner in order to prevent wind/water erosion of the topsoil. The topsoil to be stripped is approximately 6 inches in depth. The topsoil will be used for interim and final reclamation.

D. CLOSED LOOP SYSTEM

Tanks are required for drilling operations: No Pits.

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

E. FEDERAL MINERAL MATERIALS PIT

Payment shall be made to the BLM prior to removal of any federal mineral materials. Call theCarlsbad Field Office at (575) 234-5972.

F. 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.

G. 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.

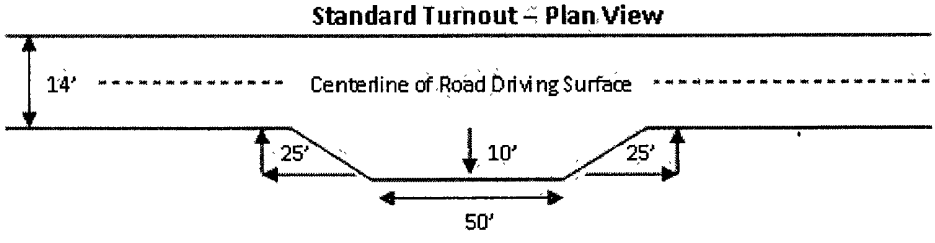
The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future field development. The surfacing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

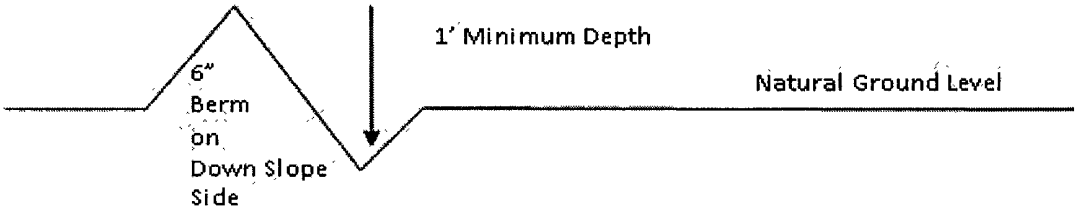
Turnouts
Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall be constructed on all blind curves. Turnouts shall conform to the following diagram:



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.

Cross Section of a Typical 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 foot road with 4% road slope: $\frac{400'}{4\%} + 100' = 200'$ 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.

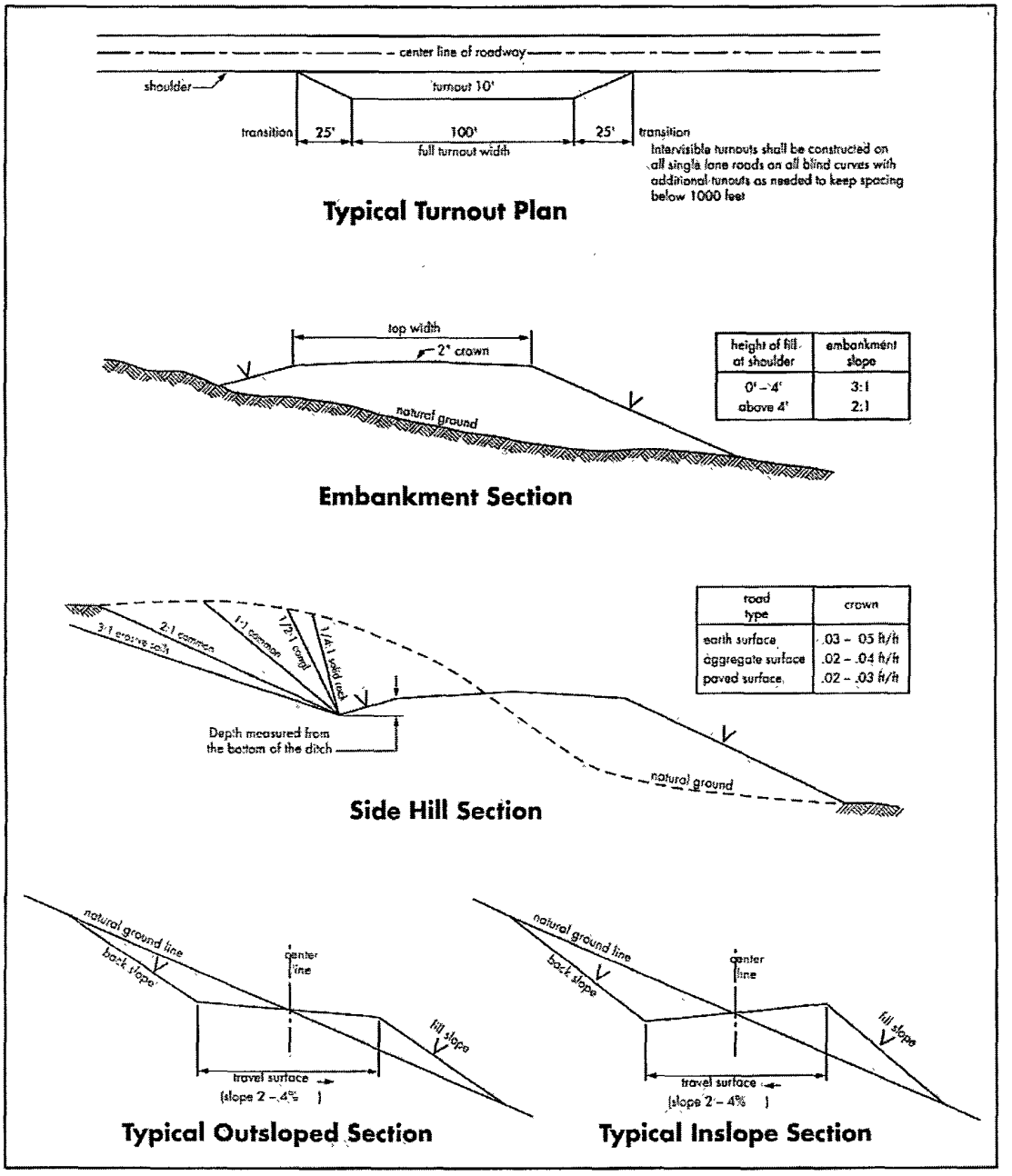
A gate shall be constructed and fastened securely to H-braces.

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 the area, it is always a potential hazard. 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 is 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.
Possible high pressures if the Wolfcamp is penetrated (pilot hole).

1. The **13-3/8** inch surface casing shall be set at **approximately 700 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt)** and cemented to the surface. **If the salt is encountered set the surface casing 25 feet above the top of the salt.**

    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 surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.

    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 at approximately 2975 feet. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/karst. Additional cement may be required as the excess cement calculates to be 7%.

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

Formation below the 9-5/8" shoe to be tested according to Onshore Order 2.III.B.1.i. Test to be done as a mud equivalency test using the mud weight necessary for the pore pressure of the formation below the shoe (not the mud weight required to prevent dissolving the salt formation) and the mud weight for the bottom of the hole. Report results to BLM office.

Pilot Hole Plugging: Plug required at bottom of pilot hole to be a minimum of 200 feet and must be tagged 50 feet above the Wolfcamp. Tag depth to be recorded and reported on subsequent sundry with casing information. KOP plug is required to be a minimum of 500 feet in length.

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.

   b. Second stage above DV tool, cement shall:

   ☒ Cement should tie-back at least 200 feet into previous casing string. Operator shall provide method of verification.

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

C. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.

2. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **2000 (2M)** psi.

    a. **For surface casing only:** If the BOP/BOPE is to be tested against casing, the wait on cement (WOC) time for that casing is to be met (see WOC statement at start of casing section). Independent service company required.

3. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the **9-5/8** inch intermediate casing shoe shall be **5000 (5M)** psi. **5M system requires an HCR valve, remote kill line, annular and choke manifold to match. The remote kill line is to be installed prior to testing the system and tested to stack pressure.**

4. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.

    a. Casing cut-off and BOP installation will not be initiated until the cement has had a minimum of 8 hours setup time for a water basin. The casing shall remain stationary and under pressure for at least eight hours after the operator places the cement. In the potash area, the minimum time is 12 hours and the casing shall remain stationary and under pressure during this time period. Casing shall be under pressure if the operator uses some acceptable means of holding pressure or if the operator employs one or more float valves to hold the cement in place. Testing the BOP/BOPE against a plug can commence after meeting the above conditions plus the BOP installation time.

    b. The tests shall be done by an independent service company using a test plug.

    c. The results of the test shall be reported to the appropriate BLM office.

    d. 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.**

    e. 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.

    f. BOP/BOPE must be tested by an independent service company within 500 feet of the top of the **Wolfcamp** formation if the time between the setting of the intermediate casing and reaching this depth exceeds 20 days. This test does not exclude the test prior to drilling out the casing shoe as per Onshore Order No. 2 (applicable to pilot hole).

D. DRILLING MUD (applicable to pilot hole)

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the **Wolfcamp** formation, and shall be used until production casing is run and cemented.

Proposed mud weight may not be adequate for drilling into Wolfcamp.

E. DRILL STEM TEST

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

CRW 022410

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

B. PIPELINES – Flowline to central battery

STANDARD STIPULATIONS FOR SURFACE INSTALLED PIPELINES

A copy of the grant and attachments, including stipulations, survey plat and/or map, will be on location during construction. BLM personnel may request to you a copy of your permit during construction to ensure compliance with all stipulations.

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

1. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.

2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC 2601 et seq. (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.

3. The holder agrees to indemnify the United States against any liability arising from the

release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq.) on the Right-of-Way (unless the release or threatened release is wholly unrelated to activity of the Right-of-Way holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way holder on the Right-of-Way. This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.

4. The holder shall be liable for damage or injury to the United States to the extent provided by 43 CFR Sec. 2883.1-4. The holder shall be held to a standard of strict liability for damage or injury to the United States resulting from pipe rupture, fire, or spills caused or substantially aggravated by any of the following within the right-of-way or permit area:

a. Activities of the holder including, but not limited to construction, operation, maintenance, and termination of the facility.

b. Activities of other parties including, but not limited to:

(1) Land clearing.
(2) Earth-disturbing and earth-moving work.
(3) Blasting.
(4) Vandalism and sabotage.

c. Acts of God.

The maximum limitation for such strict liability damages shall not exceed one million dollars ($1,000,000) for any one event, and any liability in excess of such amount shall be determined by the ordinary rules of negligence of the jurisdiction in which the damage or injury occurred.

This section shall not impose strict liability for damage or injury resulting primarily from an act of war or from the negligent acts or omissions of the United States.

5. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil, salt water, or other pollutant should be discharged from the pipeline system, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil, salt water, or other pollutant, wherever found, shall be the responsibility of the holder, regardless of fault. Upon failure of the holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages resulting therefrom, on the Federal lands, the Authorized Officer may take such measures as he deems necessary to control and clean up the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve the holder of any responsibility as provided herein.

6. All construction and maintenance activity will be confined to the authorized right-of-way width of **25** feet.

7. No blading or clearing of any vegetation will be allowed unless approved in writing by the Authorized Officer.

8. The holder shall install the pipeline on the surface in such a manner that will minimize suspension of the pipeline across low areas in the terrain. In hummocky of duney areas, the pipeline will be "snaked" around hummocks and dunes rather then suspended across these features.

9. The pipeline shall be buried with a minimum of **24** inches under all roads, "two-tracks," and trails. Burial of the pipe will continue for 20 feet on each side of each crossing. The condition of the road, upon completion of construction, shall be returned to at least its former state with no bumps or dips remaining in the road surface.

10. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

11. In those areas where erosion control structures are required to stabilize soil conditions, the holder will install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound resource management practices.

12. Excluding the pipe, all above-ground structures not subject to safety requirement shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Standard Environmental Colors" – **Shale Green**, Munsell Soil Color No. 5Y 4/2; designated by the Rocky Mountain Five State Interagency Committee.

13. The pipeline will be identified by signs at the point of origin and completion of the right-of-way and at all road crossings. At a minimum, signs will state the holder's name, BLM serial number, and the product being transported. Signs will be maintained in a legible condition for the life of the pipeline.

14. The holder shall not use the pipeline route as a road for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder. The holder will take whatever steps are necessary to ensure that the pipeline route is not used as a roadway.

15. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the authorized officer. Holder 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 will be made by the authorized officer to determine appropriate cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the authorized officer after consulting with the holder.

C. ELECTRIC LINES

IX. 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.

Within six (6) months of well completion, operators should work with BLM surface management specialists (Jim Amos: 575-234-5909) to devise the best strategies to reduce the size of the location. Interim reclamation 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 that is free of contaminants 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.

All disturbed areas after they have been satisfactorily prepared need to be reseeded with the seed mixture provided below.

Upon completion of interim reclamation, the operator shall submit a Sundry Notices and Reports on Wells, Subsequent Report of Reclamation (Form 3160-5).

X. FINAL ABANDONMENT & RECLAMATION

At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land are restored.

Earthwork for final reclamation must be completed within six (6) months of well plugging. All pads, pits, facility locations and roads must be reclaimed to a satisfactory revegetated, safe, and stable condition, unless an agreement is made with the landowner or BLM to keep the road and/or pad intact.

After all disturbed areas have been satisfactorily prepared, these areas need to be revegetated with the seed mixture provided below. Seeding should be accomplished by drilling on the contour whenever practical or by other approved methods. Seeding may need to be repeated until revegetation is successful, as determined by the BLM.

Operators shall contact a BLM surface protection specialist prior to surface abandonment operations for site specific objectives (Jim Amos: 575-234-5909).

Seed Mixture 1, for Loamy 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 regulator to ensure proper depth of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (small/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:

Species	lb/acre
Plains lovegrass (Eragrostis intermedia)	0.5
Sand dropseed (Sporobolus cryptandrus)	1.0
Sideoats grama (Bouteloua curtipendula)	5.0

*Pounds of pure live seed:

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