

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Marbob Energy Corporation
Well Name & No. M Dodd B Deep Federal #1
Location: 1980' FNL, 1295' FEL, Section 14, T17S R29E, Eddy County, New Mexico
Lease: LC-028731B
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I. DRILLING OPERATIONS REQUIREMENTS:

The Bureau of Land Management (BLM) is to be notified at the Carlsbad Resource Area Office, 620 East Greene St., Carlsbad, NM 88220, (505) 887-6544 for wells in Eddy County in sufficient time for a representative to witness:

1. Spudding
2. Cementing casing: 13-3/8 inch 8-5/8 inch 5-1/2 inch
3. BOP tests
4. 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.
5. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

II. CASING:

1. The 13-3/8 inch surface casing shall be set at 400 feet and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.
2. The minimum required fill of cement behind the 8-5/8 inch intermediate casing is to be circulated to the surface.
3. The minimum required fill of cement behind the 5-1/2 inch production casing is to be 600 feet above the top of the highest producing zone.

III. PRESSURE CONTROL:

The BOPE shall be installed before drilling below the 13-3/8 inch casing and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced. Before drilling below the surface casing shoe, the blowout preventer assembly shall consist of a minimum of: One Annular Preventer and/or Two Ram-Type Preventers and a Kelly Cock/Stabbing Valve.

Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 2000 psi.

The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.