

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

| | | | |
|---|--|---|--|
| 1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/> | | 5. LEASE DESIGNATION AND SERIAL NO. LC-028793C | |
| b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> | | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME | |
| 2. NAME OF OPERATOR Marbob Energy Corporation | | 7. UNIT AGREEMENT NAME BURCH KEELY UNIT | |
| 3. ADDRESS OF OPERATOR P. O. BOX 227 Artesia, NM 88210 | | 8. FARM OR LEASE NAME BURCH KEELY UNIT 6497 | |
| 4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 330 FNL 330 FEL At proposed prod. zone SAME | | 9. WELL NO. 863 | |
| 14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* EAST OF ARTESIA ON US 82 APPROX 23.1 MILES | | 10. FIELD AND POOL, OR WILDCAT GRBG JACKSON SR Q GRBG SA | |
| 15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 330' | | 11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA SEC. 30-T17S-R30E | |
| 16. NO. OF ACRES IN LEASE 1120 | | 12. COUNTY OR PARISH EDDY | |
| 17. NO. OF ACRES ASSIGNED TO THIS WELL 40 | | 13. STATE NM | |
| 18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. | | 20. ROTARY OR CABLE TOOLS ROTARY | |
| 21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3604' GR | | 22. APPROX. DATE WORK WILL START* MAY 1, 1999 | |

PROPOSED CASING AND CEMENTING PROGRAM

| HOLE SIZE | CASING SIZE | WEIGHT/FOOT | GRADE | THREAD TYPE | SETTING DEPTH | QUANTITY OF CEMENT |
|-----------|-------------|-------------|-------|-------------|---------------|---------------------|
| 12 1/4" | 8 5/8" | 24# | J-55 | WITNESS | 950' | 300 SX |
| 7 7/8" | 5 1/2" | 17# | J-55 | LTC | 4800' | SUFFICIENT TO COVER |

PAY ZONE WILL BE SELECTIVELY PERFORATED AND STIMULATED AS NEEDED FOR OPTIMUM PRODUCTION.

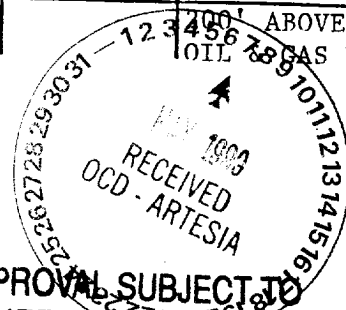
ATTACHED ARE: 1. LOCATION & ACREAGE DEDICATION PLAT
2. SUPPLEMENTAL DRILLING DATA
3. SURFACE USE PLAN

MASTER SURFACE USE PLAN ON FILE AT BLM - ROSWELL.

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS

ATTACHED

Post ID-1
5-14-99
API JLOC



IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

SIGNED Robin Cockrum TITLE Production Clerk DATE 4/6/99
(This space for Federal or State office use)

PERMIT NO. APPROVAL DATE
APPROVED BY Acting Assistant Field Office Manager.
CONDITIONS OF APPROVAL, IF ANY: Lands and Minerals DATE 5-6-99

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | |
|---------------|---------------------------|-----------|---------------------------|
| API Number | | Pool Code | Pool Name |
| | | 28509 | GRBG JACKSON SR Q GRBG SA |
| Property Code | Property Name | | Well Number |
| 6497 | BURCH KEELY UNIT | | 863 |
| OGRID No. | Operator Name | | Elevation |
| 14049 | MARBOB ENERGY CORPORATION | | 3604' |

Surface Location

| | | | | | | | | | |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
| A | 30 | 17 S | 30 E | | 330 | NORTH | 330 | EAST | EDDY |

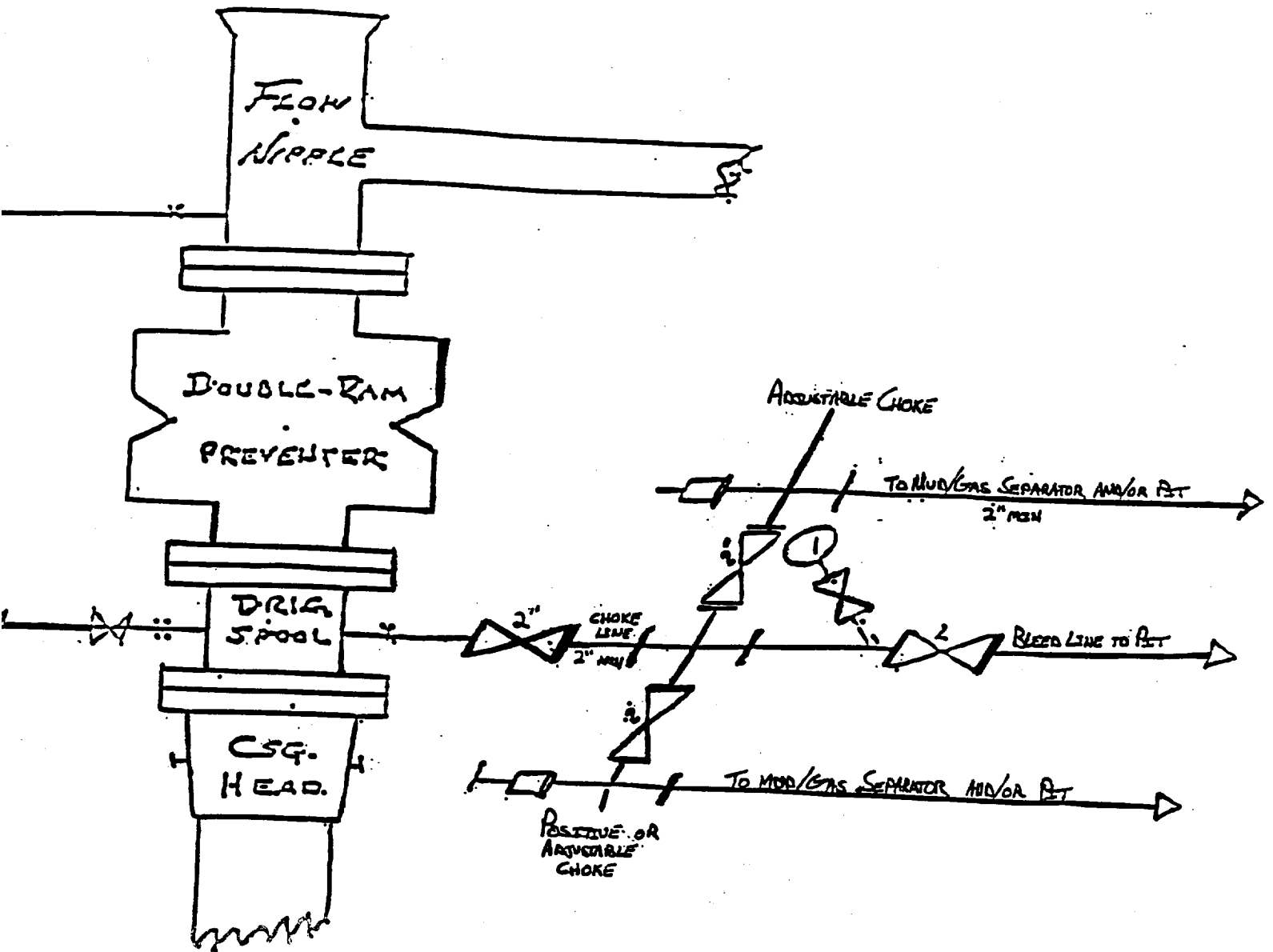
Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|-----------------|-----------------|--------------------|-----------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
| Dedicated Acres | Joint or Infill | Consolidation Code | Order No. | | | | | | |
| 40 | | | | | | | | | |

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>OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><u>Robin Cockrum</u> Signature</p> <p><u>ROBIN COCKRUM</u> Printed Name</p> <p><u>PRODUCTION ANALYST</u> Title</p> <p><u>4/6/99</u> Date</p> |
| | | <p>SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>MARCH 17, 1999</p> <p>Date Surveyed</p> <p><u>Ronald E. Edison</u> Signature of Professional Surveyor</p> <p><u>CDG</u></p> <p><u>3-22-99</u> Date</p> <p><u>3239</u> Certificate No.</p> <p><u>12641</u> Professional Surveyor No.</p> |

FLOW OUT PREVENTER AND CHOKE MANIFOLD



10"/900 Cameron SS Space Saver
3000# Working Pressure
3000# Working Pressure Choke Manifold

Burch Keely Unit No. 863
330' FNL and 330' FEL
Section 30-17S-30E
Eddy County, New Mexico

Attachment to Exhibit #1
NOTES REGARDING THE BLOWOUT PREVENTERS

1. Drilling nipple to be so constructed that it can be removed without use of a welder through rotary table opening, with minimum I.D. equal to preventer bore.
2. Wear ring to be properly installed in head.
3. Blow out preventer and all fittings must be in good condition, 1000 psi W.P. minimum.
4. All fittings to be flanged.
5. Safety valve must be available on rig floor at all times with proper connections, valve to be full bore 1000 psi W.P. minimum.
6. All choke and fill lines to be securely anchored, especially ends of choke lines.
7. Equipment through which bit must pass shall be at least as large as the diameter of the casing being drilled through.
8. Kelly cock on kelly.
9. Extension wrenches and hand wheels to be properly installed.
10. Blow out preventer control to be located as close to driller's position as feasible.
11. Blow out preventer closing equipment to include minimum 40 gallon accumulator, two independent sources of pump power on each closing unit installation, and meet all API specifications.