

SURFACE USE AND OPERATING PLAN

**Burch Keely Unit No. 884
1980' FNL and 323' FEL
Section 24-17S-29E
Eddy County, New Mexico**

- 1.(c) Directions to Locations: From Loco Hills, proceed west on U.S. 82 for approximately 22 miles. Turn north on lease road and proceed .1 mile. Turn east on lease road to location.**
- 2. No new access road will be necessary.**
- 4.(a) If productive, this well will use Satellite "B".**

DRILLING PROGRAM

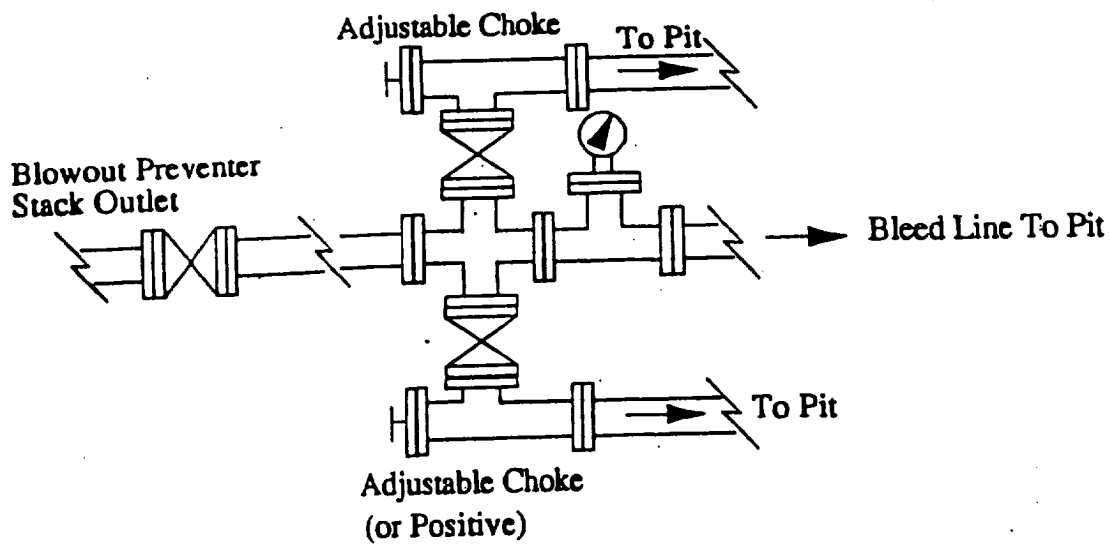
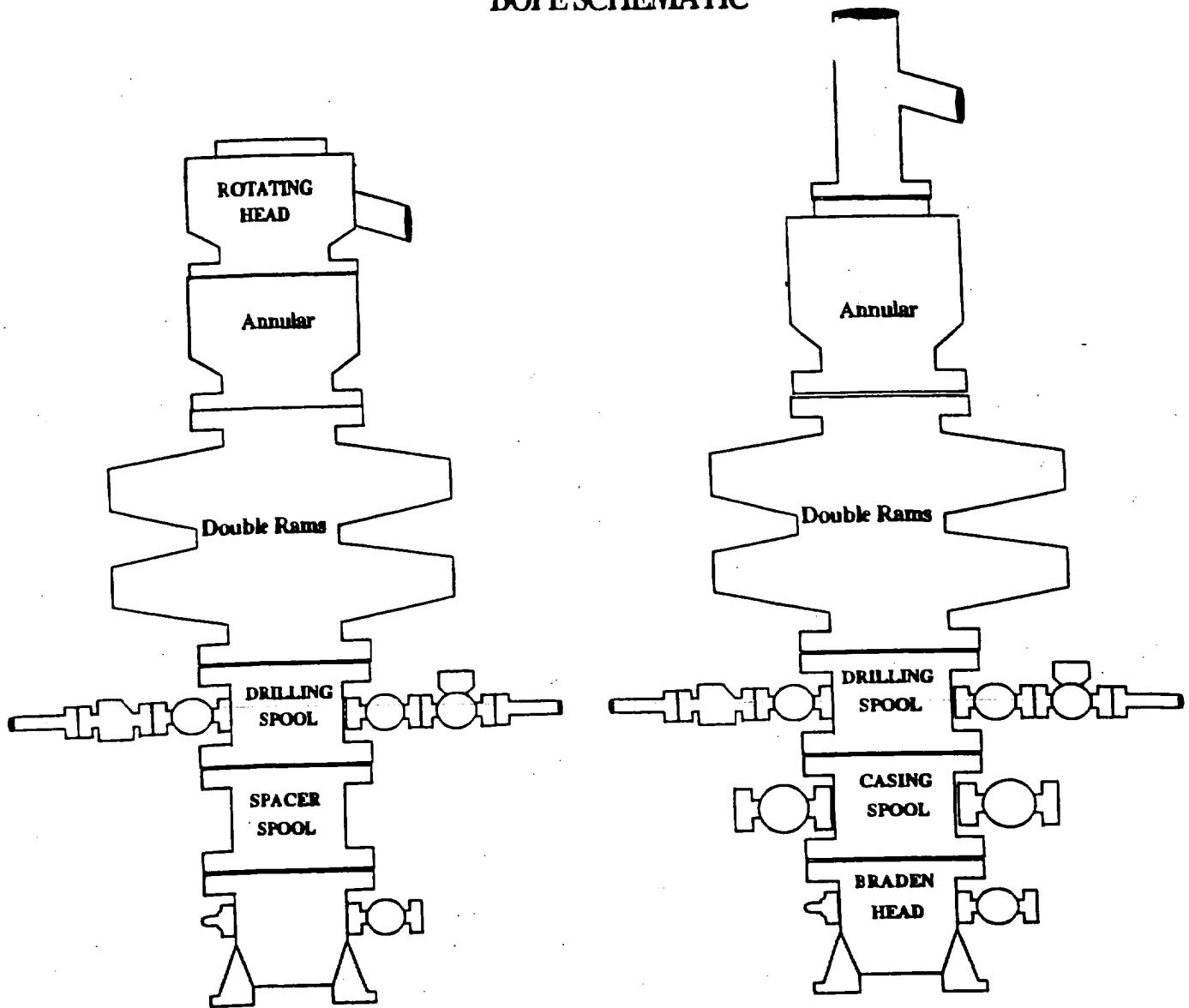
**Burch Keely Unit No. 884
1980' FNL and 323' FEL
Section 24-175-29E
Eddy County, New Mexico**

10. Anticipated Starting Date and Duration of Operations

Spud Date: Approximately November 3, 2001

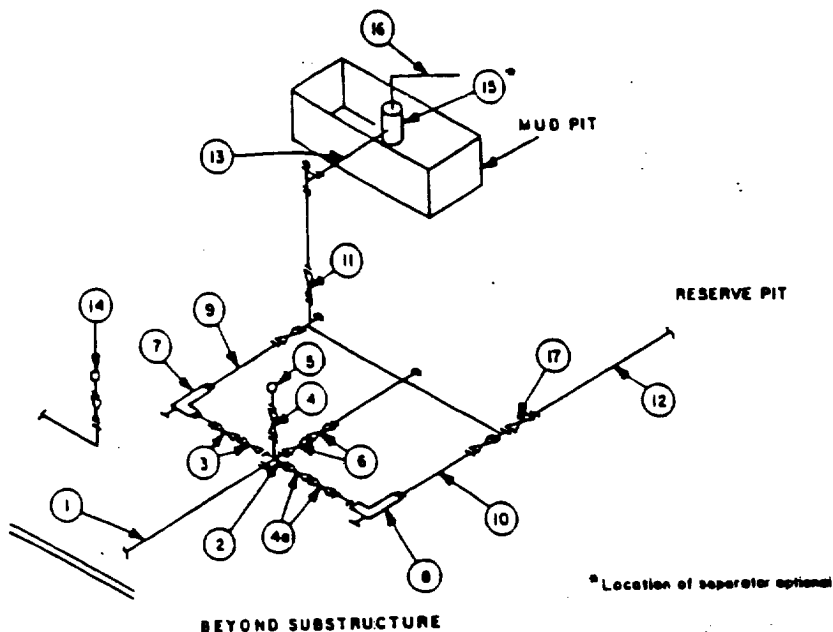
Duration of Operations: Once commenced, the drilling operations should be completed in approximately 21 days. If the well is productive, an additional 30 to 60 days will be required for completion and testing of the well.

BOPE SCHEMATIC



MINIMUM CHOKE MANIFOLD
3,000, 5,000 and 10,000 PSI Working Pressure

3 MWP - 5 MWP - 10 MWP



MINIMUM REQUIREMENTS									
No.		3,000 MWP			5,000 MWP			10,000 MWP	
		I.D.	NOMINAL	RATING	I.D.	NOMINAL	RATING	I.D.	NOMINAL
1	Line from drilling spool		3"	3,000		3"	5,000		10,000
2	Cross 3"x3"x3"x2"			3,000					10,000
3	Valves(1) Gate <input type="checkbox"/> Plug <input type="checkbox"/> (2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"	10,000
4	Valve Gate <input type="checkbox"/> Plug <input type="checkbox"/> (2)	1-13/16"		3,000	1-13/16"		5,000	1-13/16"	10,000
4a	Valves(1)	2-1/16"		3,000	2-1/16"		5,000	3-1/8"	10,000
5	Pressure Gauge			3,000			5,000		10,000
6	Valves Gate <input type="checkbox"/> Plug <input type="checkbox"/> (2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"	10,000
7	Adjustable Choke(3)	2"		3,000	2"		5,000	2"	10,000
8	Adjustable Choke	1"		3,000	1"		5,000	2"	10,000
9	Line		3"	3,000		3"	5,000		10,000
10	Line		2"	3,000		2"	5,000		10,000
11	Valves Gate <input type="checkbox"/> Plug <input type="checkbox"/> (2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"	10,000
12	Lines		3"	1,000		3"	1,000		2,000
13	Lines		3"	1,000		3"	1,000		2,000
14	Remote reading compound standpipe pressure gauge			3,000			5,000		10,000
15	Gas Separator		2'x5'			2'x5'			2'x5'
16	Line		4"	1,000		4"	1,000		2,000
17	Valves Gate <input type="checkbox"/> Plug <input type="checkbox"/> (2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"	10,000

(1) Only one required in Class 3M.

(2) Gate valves only shall be used for Class 10M.

(3) Remote operated hydraulic choke required on 5,000 psi and 10,000 psi for drilling.

EQUIPMENT SPECIFICATIONS AND INSTALLATION INSTRUCTIONS

- All connections in choke manifold shall be welded, studded, flanged or Cameron clamp of comparable rating.
- All flanges shall be API 6B or 6BX and ring gaskets shall be API RX or BX. Use only BX for 10 MWP.
- All lines shall be securely anchored.
- Chokes shall be equipped with tungsten carbide seats and needles, and replacements shall be available.
- Choke manifold pressure and standpipe pressure gauges shall be available at the choke manifold to assist in regulating chokes. As an alternate with automatic chokes, a choke manifold pressure gauge shall be located on the rig floor in conjunction with the standpipe pressure gauge.
- Line from drilling spool to choke manifold should be as straight as possible. Lines downstream from chokes shall make turns by large bends or 90° bends using bull plugged tees.

Form 3160-5
June 1990)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

JUN 21 1999

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT-" for such proposals

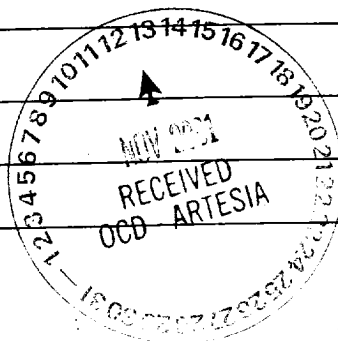
SUBMIT IN TRIPLICATE

Type of Well
☒ Oil Well ☐ Gas Well ☐ Other

Name of Operator
MARBOB ENERGY CORPORATION

Address and Telephone No.
P.O. BOX 227, ARTESIA, NM 88210 505-748-3303

Location of Well (Footage, Sec., T., R., M., or Survey Description)
T17S-R29E
T17S-R30E
T17S-R31E



5. Lease Designation and Serial No.

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

9. API Well No.

10. Field and Pool, or Exploratory Area

11. County or Parish, State

EDDY CO., NM

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

TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other TEST BOPS
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

DUE TO THE LOW BOTTOM HOLE PRESSURE OF FORMATIONS ABOVE 6000', WE ARE REQUESTING BLANKET APPROVAL FOR WELLS IN THE ABOVE LOCATIONS TO TEST BOPS ON SURFACE CASING TO 1000#

THIS SUNDRY IS APPROVED FOR MARBOB TO HAVE A BLANKET APPROVAL FOR TESTING BOPS.
HOWEVER, THE OPERATOR WILL STATE ON EACH APD THIS APPLIES TO IN ORDER TO
REMIND AND/OR BRING NOTICE TO THE BLM OFFICE AND ENGINEER REVIEWING THE APD
THAT THE WELL'S BOPE TESTING IS COVERED BY A BLANKET APPROVAL FOR THESE LOCATIONS

14. I hereby certify that the foregoing is true and correct

Signed Robin Corum

Title PRODUCTION ANALYST

Date 05/25/99

(This space for Federal or State office use)

Approved by [Signature]

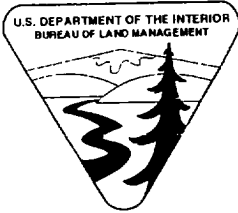
Title PETROLEUM ENGINEER

Date JUN 16 1999

Conditions of approval, if any:

Title 18 U.S.C. Section 1001, makes 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.

SEP 09 1999



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Roswell Field Office
2909 West Second St.
Roswell, New Mexico 88201
www.nm.blm.gov



IN REPLY REFER TO:
NMNM-88525X
3180 (06200)

Marbob Energy Corporation
Attention: Johnny Gray
P. O. Box 227
Artesia, NM 88210

SEP 07 1999

Gentlemen:

With regard to our telephone conversation of September 2, 1999, a review of our records has found discrepancies in the casing requirements section of the conditions of approval for your APD's. As per our meeting on July 7, 1999, our office had agreed with your recommended casing procedures for shallow wells of 6000 ft. or less in T. 17 S., Rgs. 29, 30 and 31 E., NMPM. In order to correct the discrepancies, this letter states the language to be used for the conditions of approval casing requirements for all your existing APD's

Conditions of Approval-Drilling amended as follows:

II. Casing requirements in T. 17 S., Rgs. 29, 30 and 31 E. for shallow wells less than 6,000 ft.

1. 8-5/8 inch surface casing should be set at approximately ____ ft. in the Rustler Anhydrite or in the case the salt occurs at a shallower depth above the top of the salt. The surface casing shoe shall be set in the anhydrite to ensure adequate sealing. The operator is required to use an excess of 100% cement volume to fill annulus. If cement does not circulate to surface the operator may then use ready mix cement to fill the remaining annulus.

2. The minimum required fill of cement behind the 5½ inch production casing is to place the top of the cement 200 ft. above the top of the uppermost hydrocarbon bearing interval or to the base of the salt.

These requirements supercede those issued in your existing, approved APD's for the shallow wells located in T. 17 S., Rgs. 29, 30 and 31 E., NMPM. If you have any question regarding this matter please call John S. Simitz at (505) 627-0288 or Armando A. Lopez at (505) 627-0248.

Sincerely,

A handwritten signature in black ink, appearing to read "Larry D. Bray". The signature is fluid and cursive, with the first name "Larry" and last name "Bray" clearly distinguishable.

Larry D. Bray
Acting Assistant Field Office Manager,
Lands and Minerals



CONTOUR INTERVAL: 10'
RED LAKE SE, N.M.

SEC. 24 TWP. 17-S RGE. 29 E

SURVEY _____ N.M.I.P.M.

COUNTY _____ FIDY _____

DESCRIPTION 1980' INL & 12' TLL

ELEVATION _____ 3619'

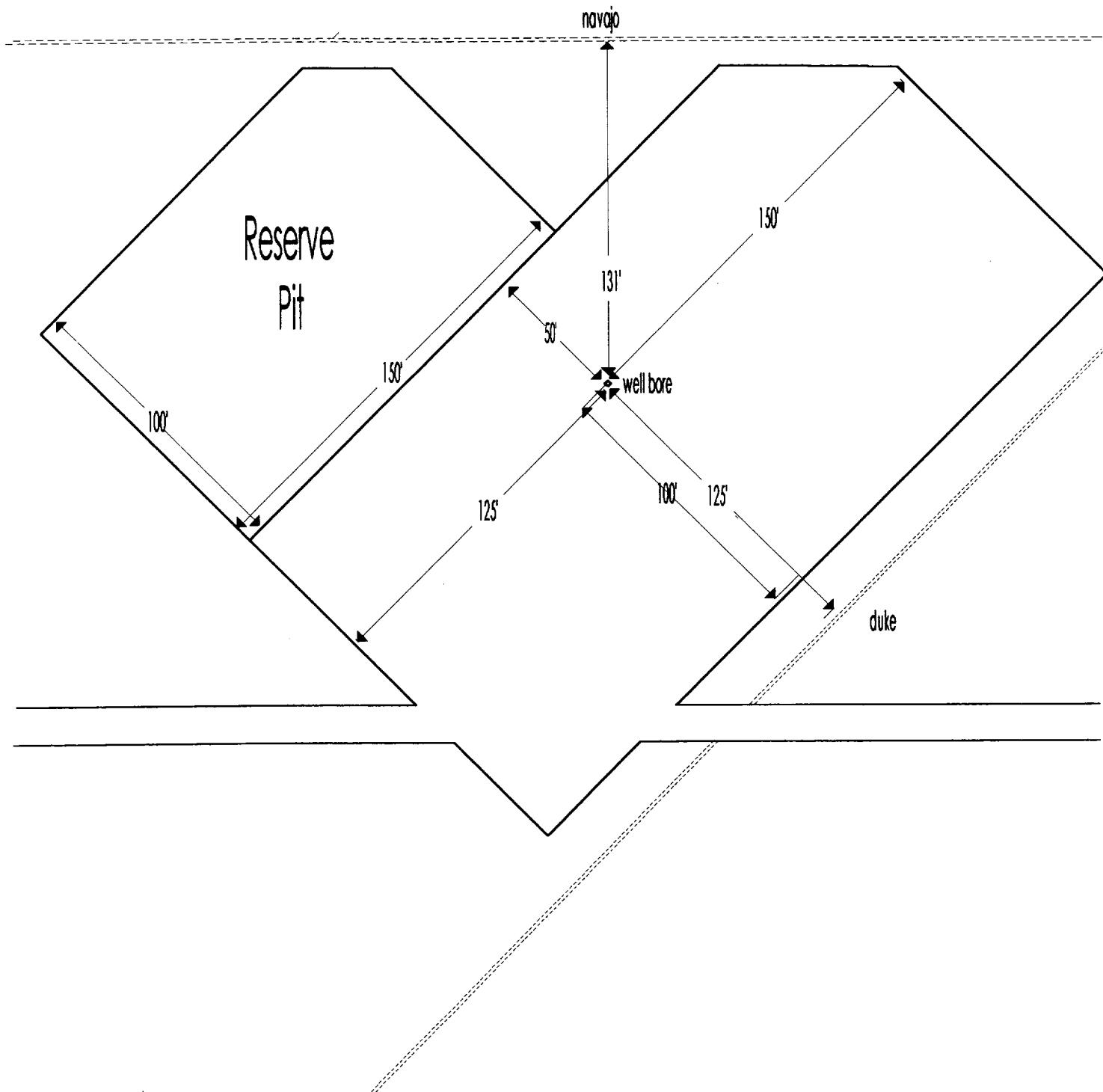
OPERATOR MARBON ENERGY CORPORATION

LEASE _____ BURCH, KELLY 1970

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

EXHIBIT TWO





Burch Keely Unit No. 884
1980' FNL & 323' FEL
Section 24; T17S - R29E
Eddy County, New Mexico

Exhibit Four

