

321 **N.M. Oil Cons. Dist. 2**
UNITED STATES **1301 W. Grand Avenue**
DEPARTMENT OF THE INTERIOR **Artesia, NM 88210**
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL X

DEEPEN

b. TYPE OF WELL

OIL
WELL **X**

GAS
WELL

OTHER

SINGLE
ZONE

MULTIPLE
ZONE

2. NAME OF OPERATOR

MARBOB ENERGY CORPORATION

3. ADDRESS AND TELEPHONE NO.

PO BOX 227, ARTESIA, NM 88211-0227

(505) 748-3303

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)

At surface

1980 FNL 1345 FEL, UNIT G

At proposed prod. zone

SAME

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

SEE SURFACE USE PLAN

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST

PROPERTY OR LEASE LINE, FT.
(Also to nearest drilg. unit line, if any)

1345'

18. DISTANCE FROM PROPOSED LOCATION*
TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

4800'

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

3618' GL

16. NO. OF ACRES IN LEASE

640

19. PROPOSED DEPTH

17. NO. OF ACRES ASSIGNED
TO THIS WELL

40

20. ROTARY OR CABLE TOOLS

ROTARY

22. APPROX. DATE WORK WILL START*

AUGUST 19, 2002

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE

GRADE, SIZE OF CASING

WEIGHT PER FOOT

SETTING DEPTH

QUANTITY OF CEMENT

12 1/4"

8 5/8" J55

24#

350'

300 SX

7 7/8"

5 1/2" J55

17#

4800'

**SUFFICIENT TO COVER 200' ABOVE
ALL KNOWN OIL & GAS HORIZONS**

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

ATTACHED ARE:

- 1. WELL LOCATION AND ACREAGE DEDICATION PLAT**
- 2. SURFACE USE PLAN**
- 3. SUPPLEMENTAL DRILLING DATA**

MASTER SURFACE USE PLAN ON FILE AT BLM ROSWELL.

IN ABOVE SPACE DESCRIBE PROGRAM: If proposal is to deepen, 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.

24.

SIGNED

TITLE **PRODUCTION ANALYST**

DATE **7/23/02**

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

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:

APPROVED BY

/s/ Mary J. Rugwell

TITLE

Field Manager

DATE **AUG 30 2002**

*See Instructions On Reverse Side

APPROVAL FOR 1 YEAR

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.

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

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
WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
30-015-	28509	GRBG JACKSON SR Q GRBG SA
Property Code	Property Name	Well Number
6497	BURCH KEELY UNIT	891
OGRID No.	Operator Name	Elevation
14049	MARBOB ENERGY CORPORATION	3618'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	24	17-S	29-E		1980	NORTH	1345	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>GEODETIC COORDINATES NAD 27 NME Y=662794.0 X=595172.9 LAT. 32°49'18.21"N LONG. 104°01'24.69"W</p>	<p>1980'</p> <p>3613.5'</p> <p>3614.4'</p> <p>3616.2'</p> <p>3617.4'</p> <p>1345'</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Diana J. Cannon</i></p> <p>Signature</p> <p>DIANA J. CANNON</p> <p>Printed Name</p> <p>PRODUCTION ANALYST</p> <p>Title</p> <p>JULY 23, 2002</p> <p>Date</p> <p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>JULY 12, 2002</p> <p>Date Surveyed</p> <p>A.W.B</p> <p>Signature & Seal of Professional Surveyor</p> <p><i>Gary Eidson 7/15/02</i></p> <p>02-11-0508</p> <p>Certificate No. RONALD J. EIDSON 3239 GARY EIDSON 12641</p>
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DRILLING PROGRAM

Burch Keely Unit No. 891
1980' FNL and 1345' FEL
Section 24-17S-29E
Eddy County, New Mexico

10. Anticipated Starting Date and Duration of Operations

Spud Date: Approximately August 19, 2002

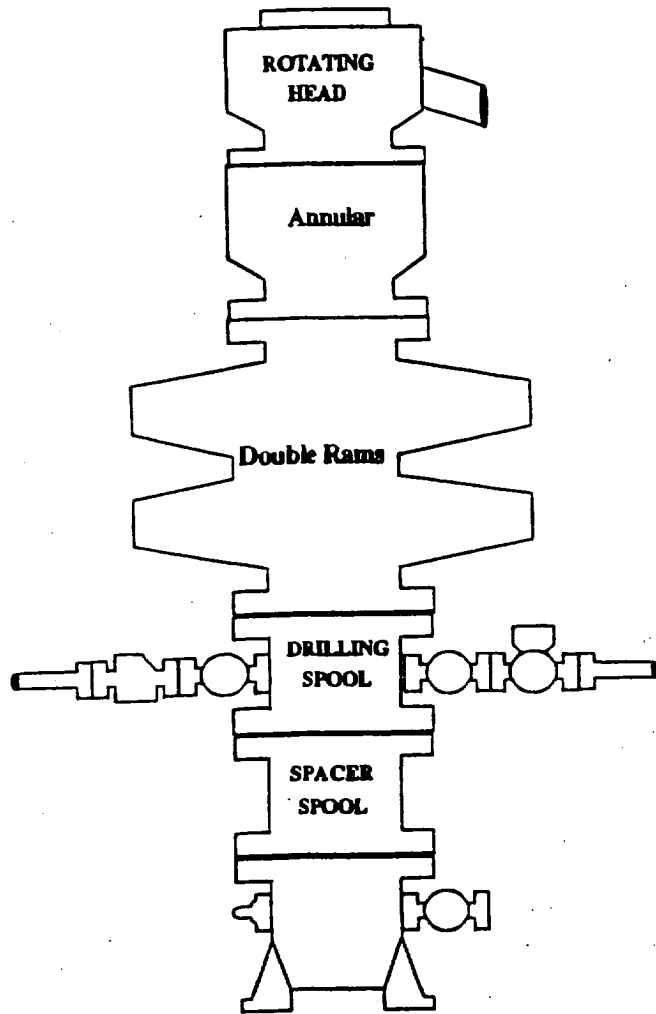
Duration of Operations: Once commenced, the drilling operations should be completed in approximately 21 days. If the well is productive, an additional 30 to 60 days will be required for completion and testing of the well.

SURFACE USE AND OPERATING PLAN

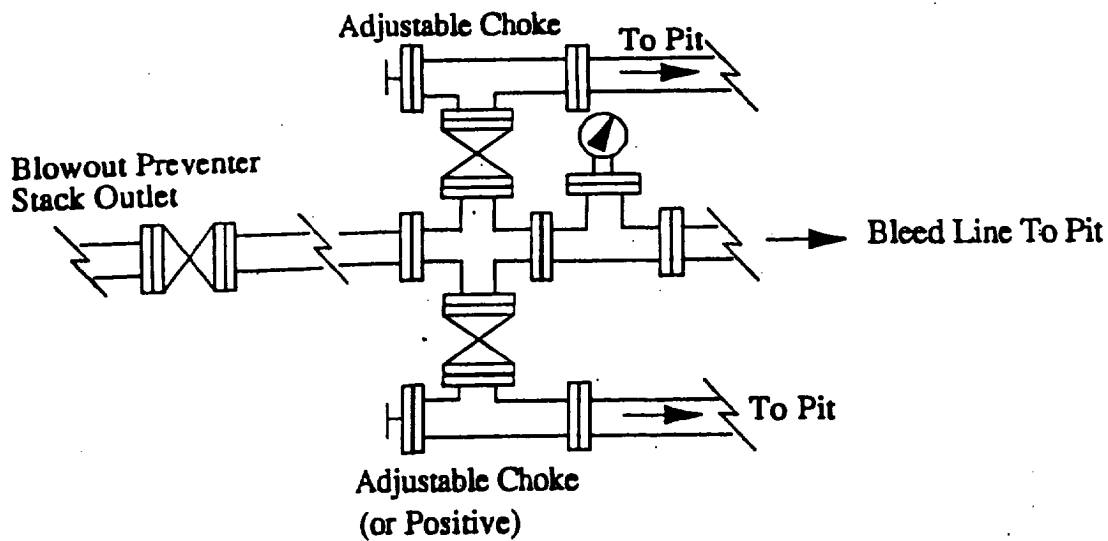
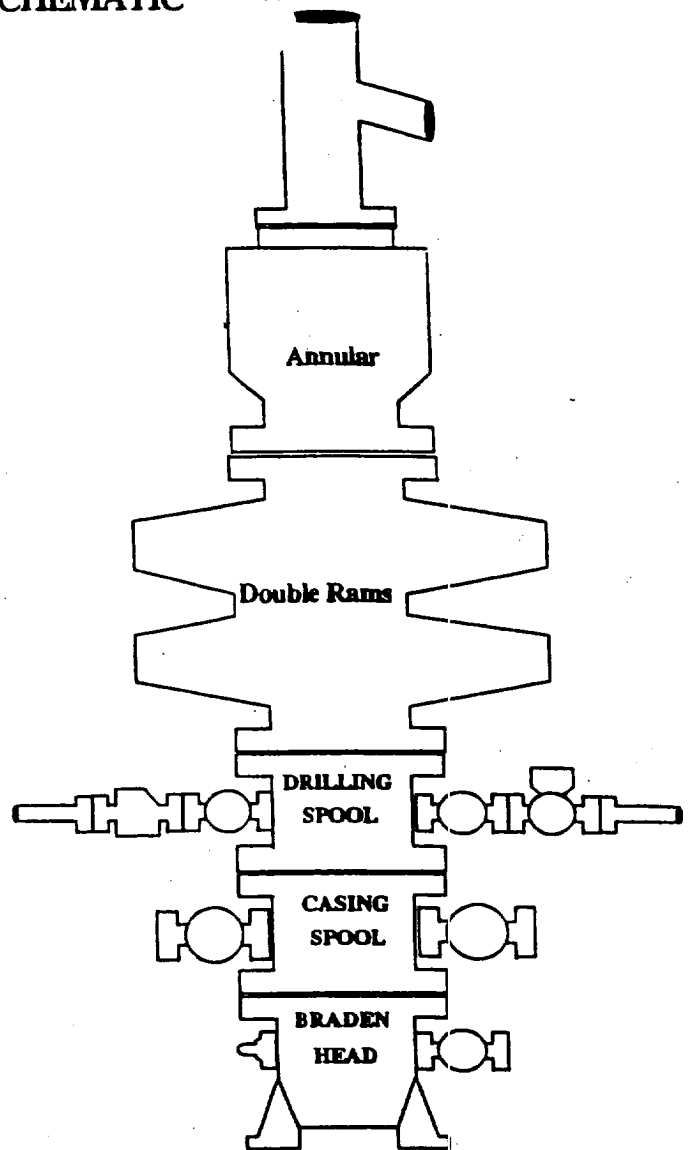
Burch Keely Unit No. 891
1980' FNL and 1345' FEL
Section 24-17S-29E
Eddy County, New Mexico

- 1.(c) Directions to Locations: From Loco Hills, proceed west on U.S. 82 for 2.0 miles. Turn north on lease road, take left fork and proceed .1 mile. Turn west and proceed 200'. Location is on the north side of the lease road.
2. No new access road will be necessary.
- 4.(a) If productive, this well will use Satellite "B".

BOPE SCHEMATIC

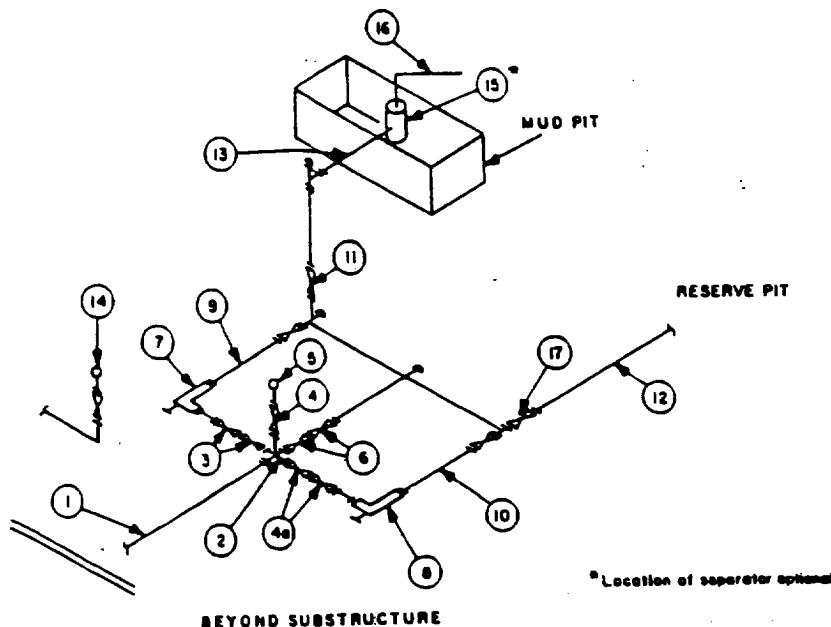


Choke Manifold



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	RATING
1	Line from drilling spool		3"	3,000		3"	5,000		3"	10,000
2	Cross 3"x3"x3"x2"			3,000			5,000			10,000
	Cross 3"x3"x3"x3"									
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		3"	10,000
10	Line		2"	3,000		2"	5,000		3"	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		3"	2,000
13	Lines		3"	1,000		3"	1,000		3"	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		4"	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 chokes 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.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

JUN 21 1999

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

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

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

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

MARBOB ENERGY CORPORATION

3. Address and Telephone No.

P.O. BOX 227, ARTESIA, NM 88210 505-748-3303

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

T17S-R29E
T17S-R30E
T17S-R31E

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

TYPE OF SUBMISSION

- ☐
- Notice of Intent
-
- ☐
- Subsequent Report
-
- ☐
- Final Abandonment Notice

TYPE OF ACTION

- ☐
- Abandonment
-
- ☐
- Recompletion
-
- ☐
- Plugging Back
-
- ☐
- Casing Repair
-
- ☐
- Altering Casing
-
- ☒
- Other TEST BOPS

- ☐
- Change of Plans
-
- ☐
- New Construction
-
- ☐
- Non-Routine Fracturing
-
- ☐
- Water Shut-Off
-
- ☐
- Conversion to Injection
-
- ☐
- 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

Title PRODUCTION ANALYST

Date 05/25/99

(This space for Federal or State office use)

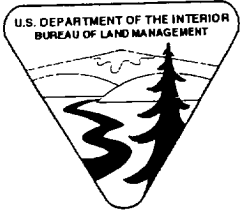
Approved by
Conditions of approval, if any:

Title PETROLEUM ENGINEER

Date

JUN 16 1999

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.

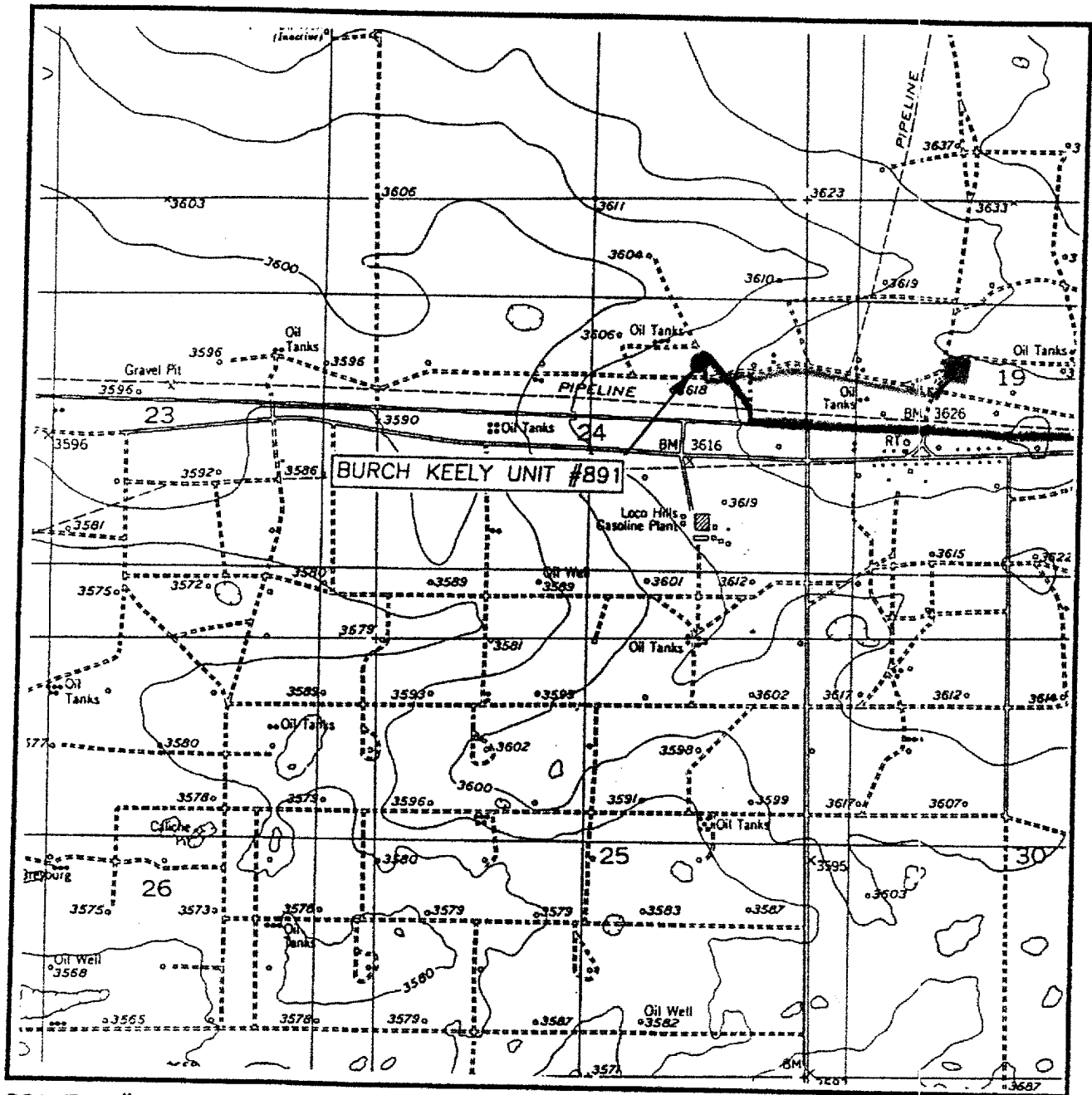
These requirements supercede those issued in your existing, approved APD's for the shallow wells located in T. 17 S., Rgs. 29, 30 and 31 E., NMPM. If you have any question regarding this matter please call John S. Simitz at (505) 627-0288 or Armando A. Lopez at (505) 627-0248.

Sincerely,

A handwritten signature in cursive script, reading "Larry D. Bray". The signature is written in black ink and is positioned above the printed name and title.

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

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'

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

RED LAKE SE, N.M.

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1980' FNL & 1345' FEL

ELEVATION 3618'

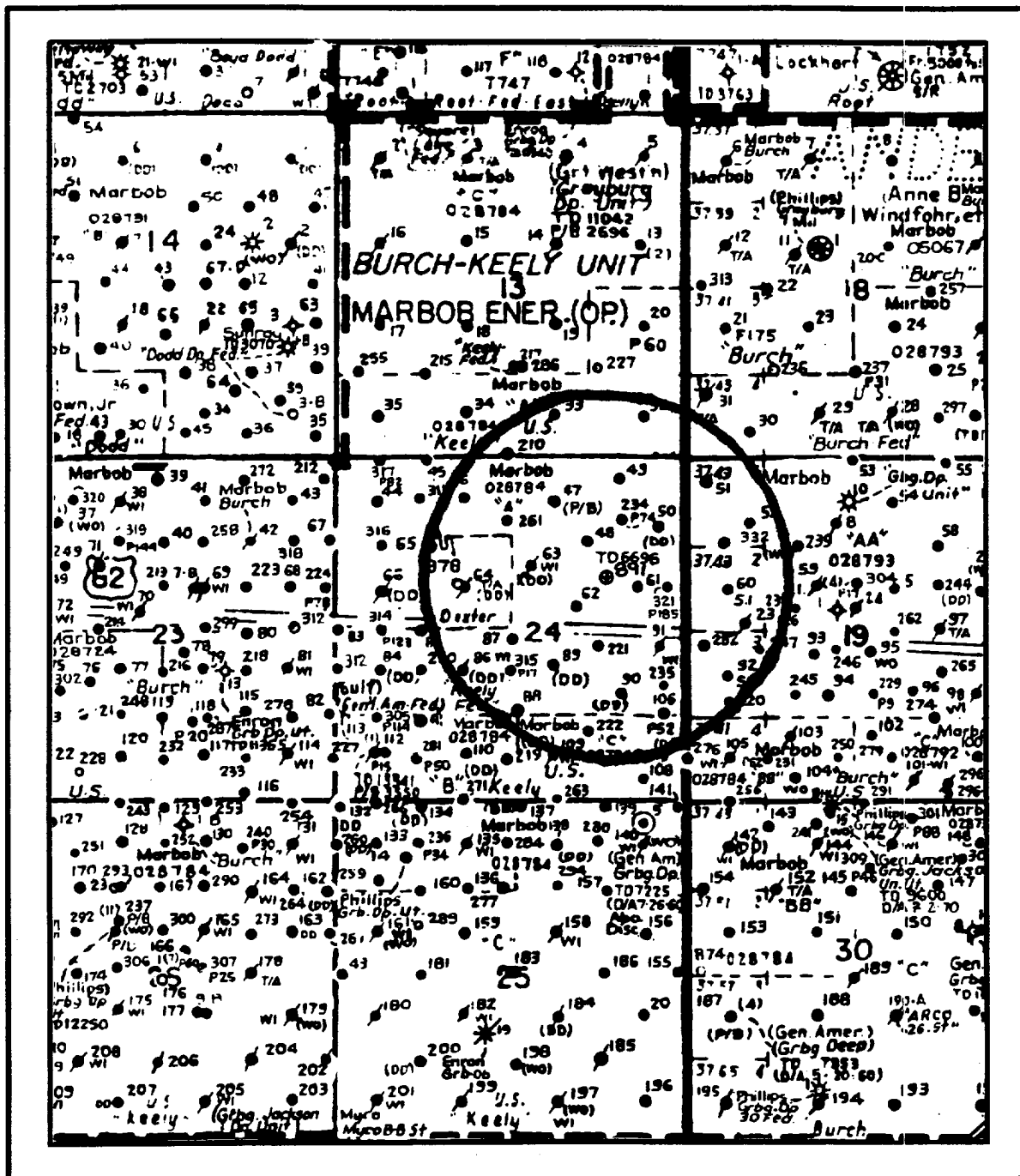
OPERATOR MARBOB ENERGY CORPORATION

LEASE BURCH KEELY UNIT

U.S.G.S. TOPOGRAPHIC MAP

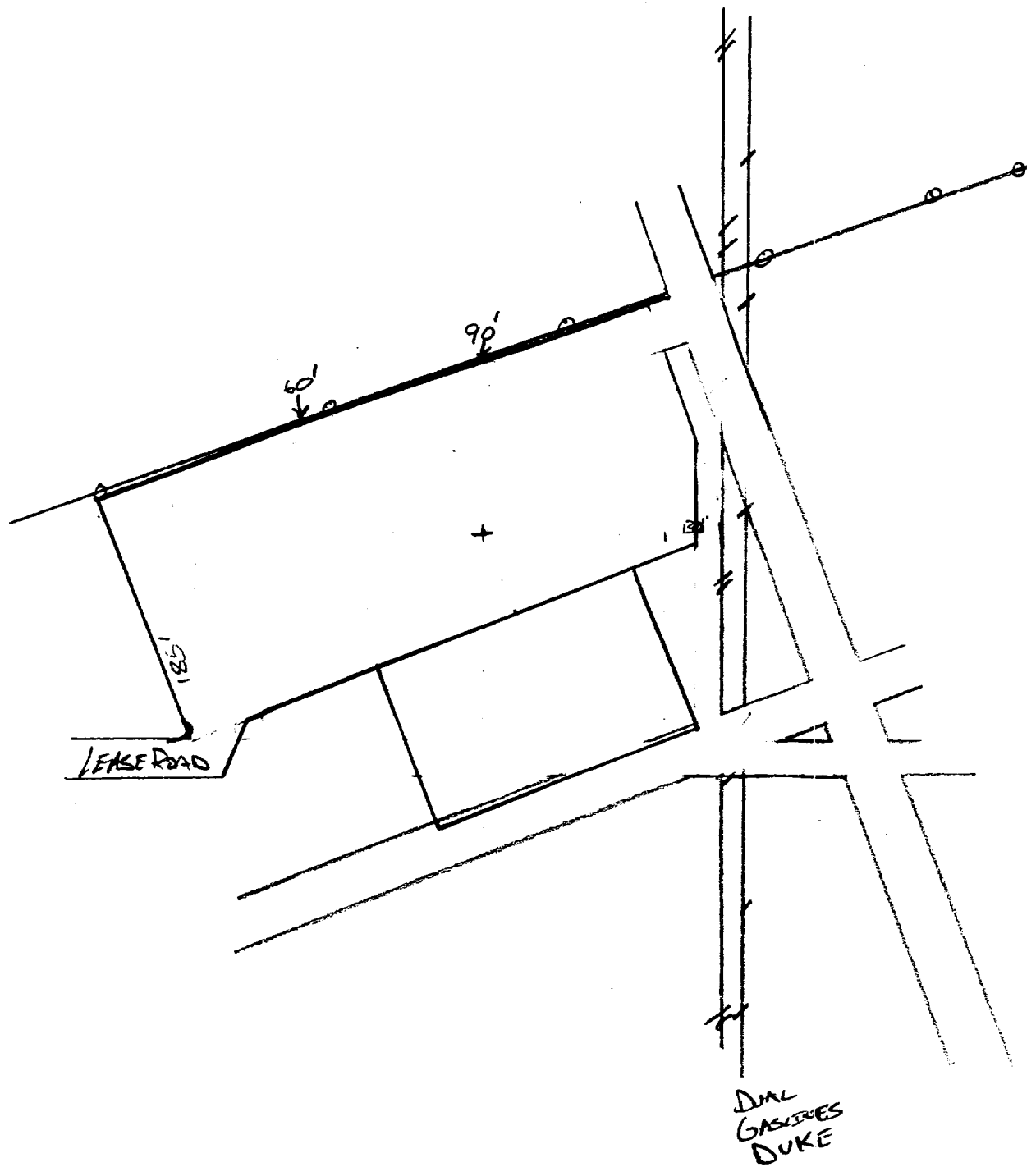
RED LAKE SE, N.M.

EXHIBIT TWO



**Burch Keely Unit No. 891
1980' FNL & 1345' FEL
Section 24; T17S - R29E
Eddy County, New Mexico**

EXHIBIT THREE



Burch Keely Unit No. 891
1980' FNL & 1345' FEL
Section 24; T17S - R29E
Eddy County, New Mexico

Exhibit Four