Form 9-331 C
(May 1963)

SUBMIT TRIPLICATE*
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 42-R1425.

C/SF

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

30-015-25955

5. LEASE DESIGNATION AND SERIAL NO.: LC-~~029388-D~~ 062052

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT AGREEMENT NAME:

8. FARM OR LEASE NAME: Marathon Shugart "B"

9. WELL NO.: 1

10. FIELD AND POOL, OR WILDCAT: ~~Undesignated~~ TAMANO (Bone Spring)

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Section 11, T-18-S, R-31-E

12. COUNTY OR PARISH: Eddy | 13. STATE: NM

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK: DRILL [XX] DEEPEN [ ] PLUG BACK [ ]

b. TYPE OF WELL: OIL WELL [XX] GAS WELL [ ] OTHER — SINGLE ZONE [ ] MULTIPLE ZONE [ ]

2. NAME OF OPERATOR: Marathon Oil Company

RECEIVED
JUL 20 '88
O. C. D.
ARTESIA, OFFICE

3. ADDRESS OF OPERATOR: P. O. Box 552 Midland, TX 79702

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
At surface: 660' FWL & 470' FSL
At proposed prod. zone: 660' FWL & 470' FSL

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: 10 miles ESE from Loco Hills, New Mexico

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)	16. NO. OF ACRES IN LEASE	17. NO. OF ACRES ASSIGNED TO THIS WELL
660' & 470'	960/26	40
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	**19. PROPOSED DEPTH**	**20. ROTARY OR CABLE TOOLS**
1333.6'	9000'	Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3718.4' GL

22. APPROX. DATE WORK WILL START*: As soon as possible

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8"	48	750'	825 sx - Circulate
11"	8 5/8"	24.32	2700'	1350 sx - Circulate
7 7/8"	5 1/2"	15.5	9000'	1500 sx

Propose to drill no deeper than 9000'.
All casing will be in accordance with regulations and by approved methods.
Blowout Preventers will be applied as outlined in Additional Information - (see Exhibits).

POST 10-1
NL & API
7-29-88

RECEIVED
JUL 12 1988
O. C. D.
ARTESIA, OFFICE

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. map

24.

SIGNED [signature] TITLE District Drilling Supt. DATE 6/27/88

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY [signature] TITLE _____ DATE 7-19-88

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

EW MEXICO OIL CONSERVATION COMMI ON

WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section

Operator	Lease	Well No.
Marathon Oil Company	Marathon Shugart "B"	1

Unit Letter	Section	Township	Range	County
M	11	18 South	31 East	Eddy

Actual Footage Location of Well: 470 feet from the south line and 660 feet from the west line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
3718.4	Bone Spring (SGS)	~~Undes.~~ TAMANO Bone Spring	40 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

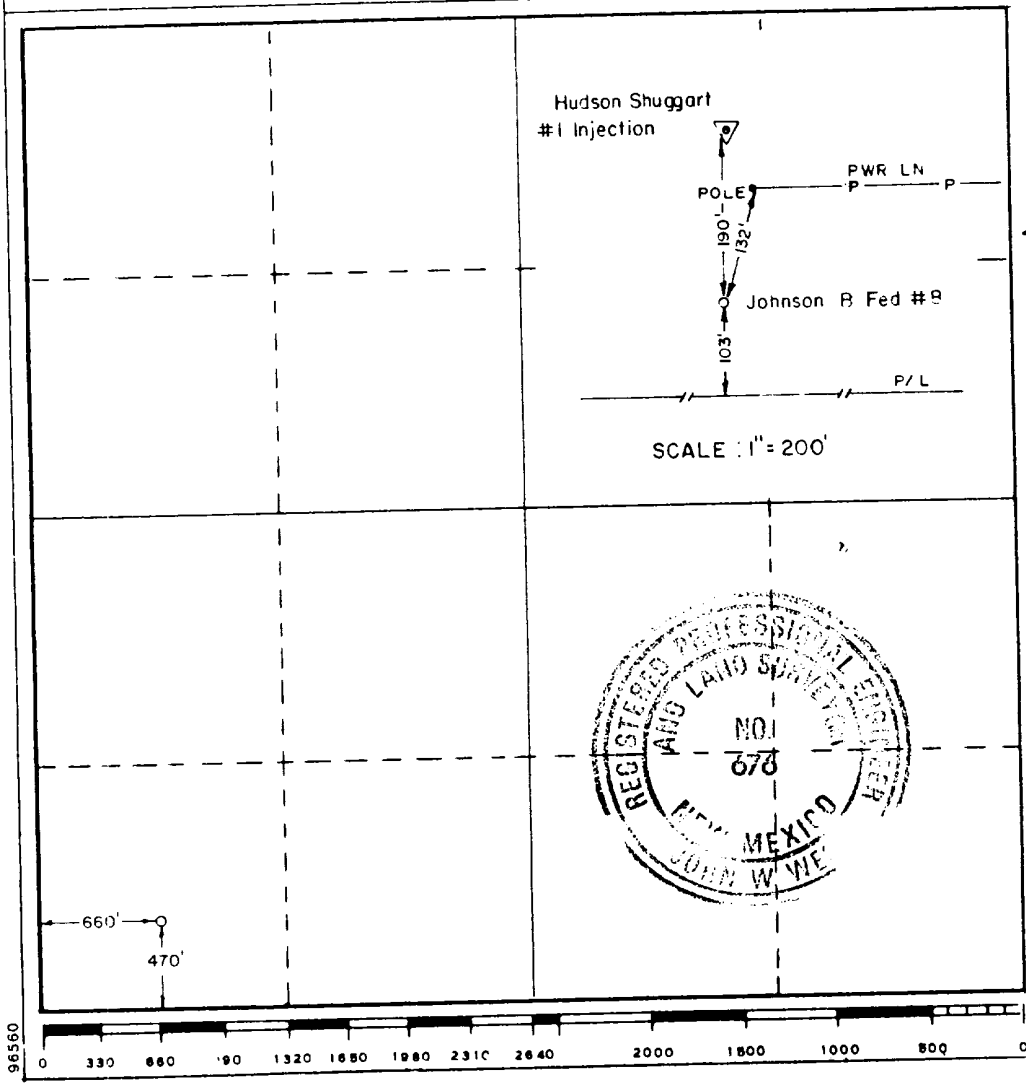
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling. etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



96560

CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name: Stanley L. Atnipp

Position: District Drilling Supt.

Company: Marathon Oil Company

Date: 6/24/88

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 knowledge and belief.

Date Surveyed: June 20, 1988

Registered Professional Engineer and/or Land Surveyor

Certificate No. JOHN W. WEST, 676
RONALD J. EIDSON, 3239

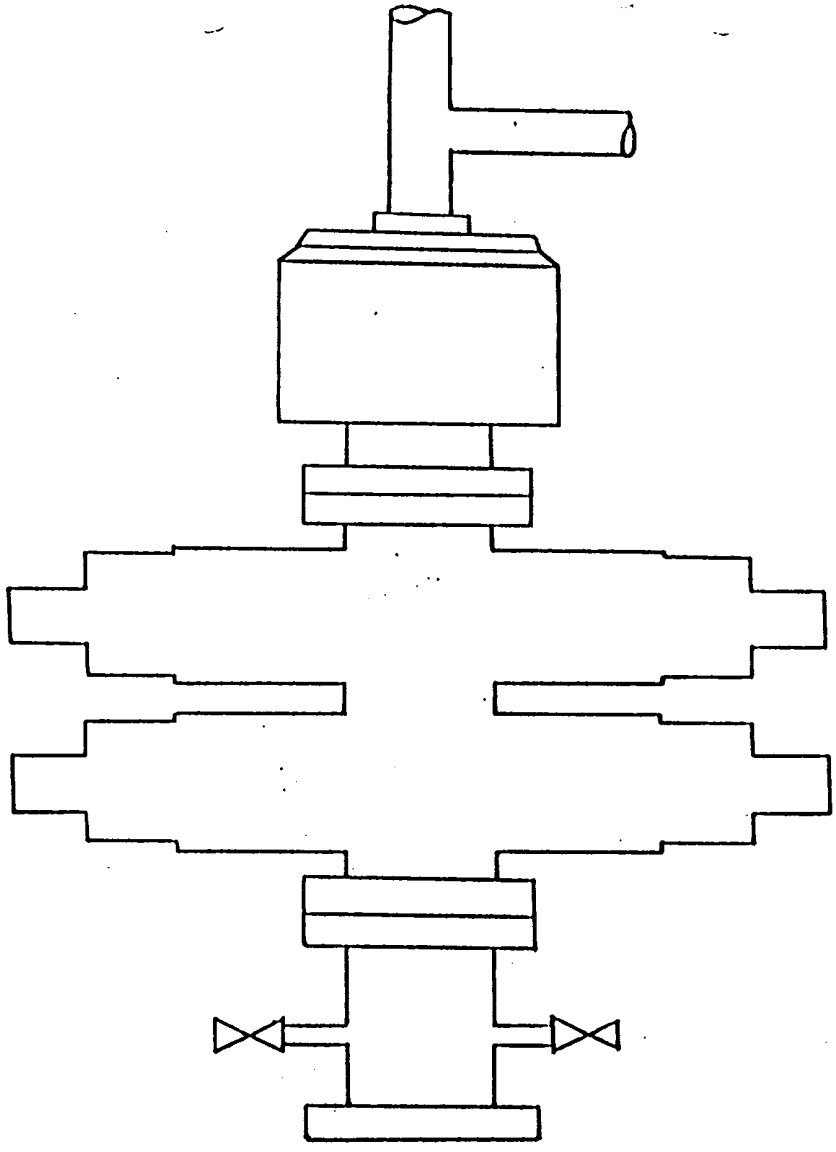


EXHIBIT "A"
Johnson "B" Federal #8
BOP Stack Arrangement
13 3/8" Surface Casing

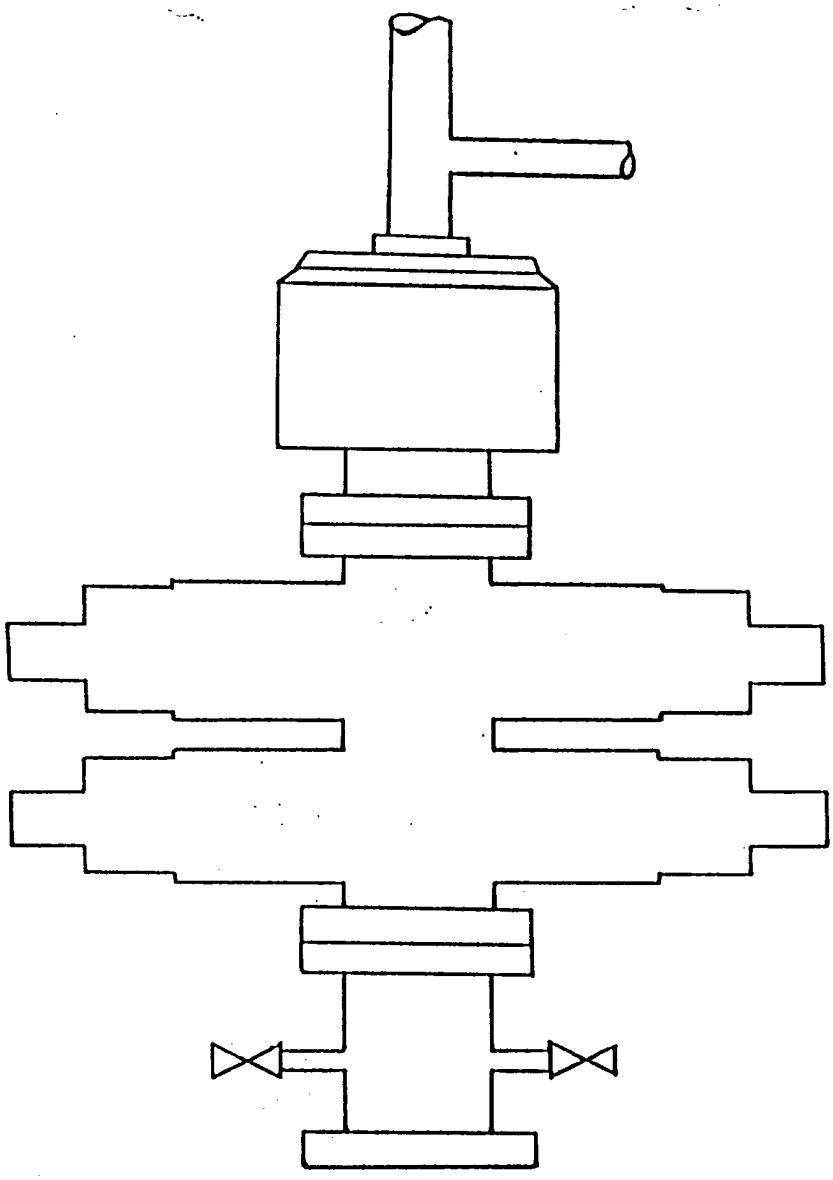


EXHIBIT "B"
Johnson "B" Federal #8
BOP Stack Arrangement
8 5/8" Intermediate Casing

MARATHON OIL COMPANY

JOHNSON "B" FEDERAL #8
ADDITIONAL INFORMATION
Comply with Order 1

In conjunction with Form 9-331C, Application to drill subject well, Marathon Oil Company submits the following items of information in accordance with BLM requirements:

1. Geological Name of Surface Formation

Quaternary Alluvium

2. Estimated Tops of Important Geological Markers

Rustler	810'	Delaware	4710'
Base of Salt	2120'	Bone Spring	5890'
Yates	2280'	1st Sand	7580'
Seven Rivers	2650'	2nd Carb	7890'
Queen	3335'	2nd Sand	8190'
Grayburg	3900'	3rd Carb	8840'
San Andres	4430'		

3. Estimated Depths of Anticipated Water, Oil or Gas Bearing Formations

Yates (water)	2280'	Bone Spring	5890'
Seven Rivers (water)	2650'	1st Sand (water & oil)	7580'
Queen (water & oil)	3335'	2nd Carb (water & oil)	7890'
Grayburg (water & oil)	3900'	2nd Sand (water & oil)	8190'
San Andres (water & oil)	4430'	3rd Carb (water & oil)	8840'
Delaware (water & oil)	4710'		

4. Casing and Cementing Program

13 3/8" Surface to 750':	Cement to surface with 835 sxs Class "C" with 2% $CaCl_2$
8 5/8" Intermediate to 2700':	Cement to surface with 1100 sxs Modified Lite followed by 250 sxs Class "C" with 2% $CaCl_2$
5 1/2" Production to 9000':	Cement to 2200' with 1500 sxs Class "H" PozMix

5. Pressure Control Equipment (Exhibits A & B)

13 3/8" Surface:	11" 3000 psi working pressure annular preventer tested to 2000 psi
	11" 3000 psi working pressure pipe and blind rams tested to 3000 psi
8 5/8" Intermediate:	11" 3000 psi working pressure annular preventer tested to 2000 psi
	11" 3000 psi working pressure pipe rams and blind rams tested to 3000 psi

6. Proposed Mud Program

0 - 750	Native; Mud Wt: 8.3 - 9.2, Viscosity 28 - 34 Sec
750 - 2,700	Brine Water; Mud Wt: 9.0 - 10.0, Viscosity 28 - 32 Sec
2,700 - 7,000	Cut Brine; Mud Wt: 8.6 - 8.8, Viscosity 28 - 32 Sec
7,000 - 9,000	Cut Brine: Mud Wt: 8.8 - 9.2, Viscocity 32 - 44

7. Auxiliary Equipment

A stabbing valve will be kept on the floor to be used when the kelly is not in the string.

8. Testing, Logging, and Coring Programs

A. Coring Program:

None Anticipated

B. Testing Program:

None Anticipated

C. Logging Program:

TD to intermediate casing - LDT-CNL, DLL

9. Abnormal Pressures, Temperatures or Potential Hazards

None Anticipated

10. Anticipated Starting Date

As soon as possible

WJD:88104:tsm

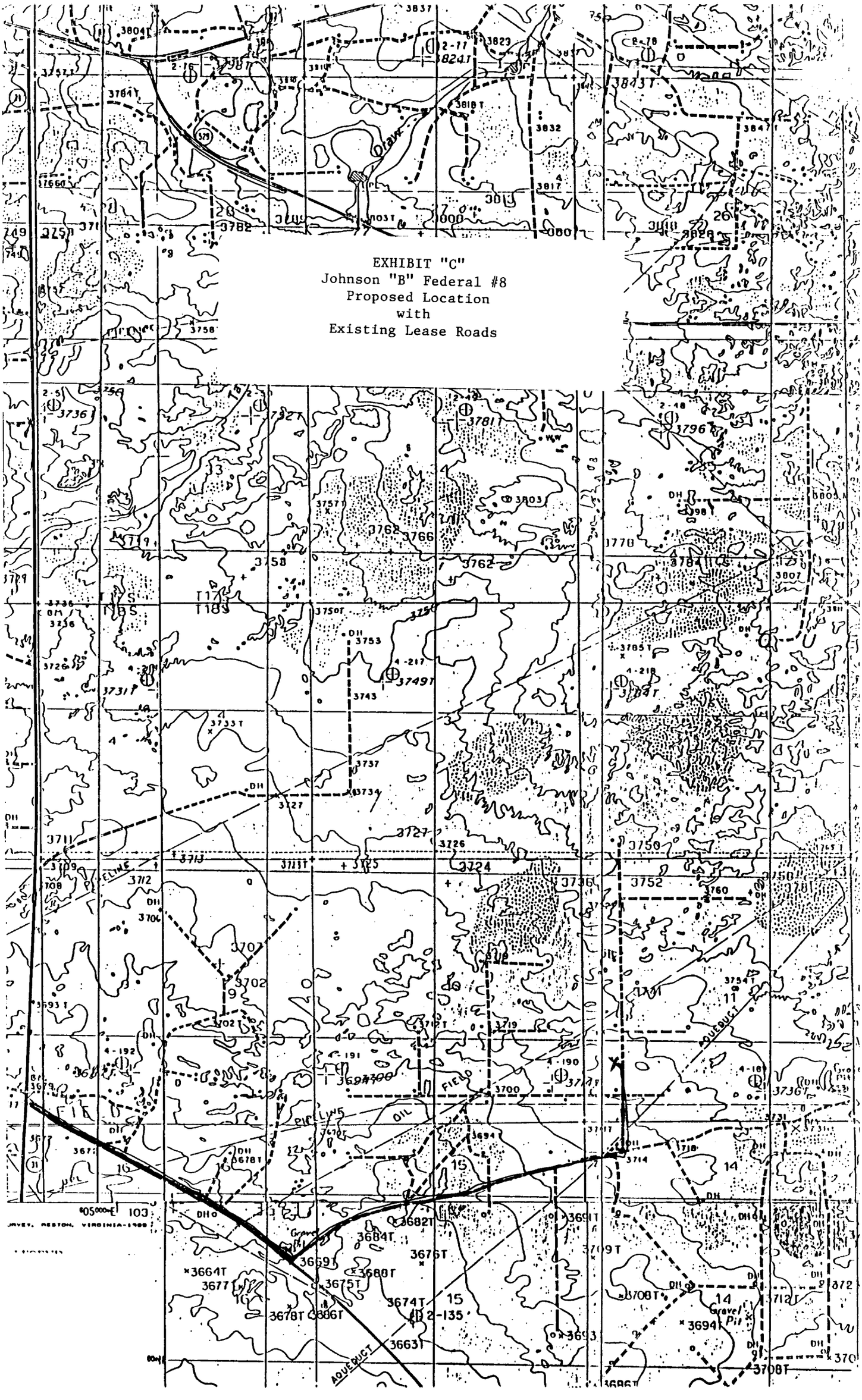


EXHIBIT "C"
Johnson "B" Federal #8
Proposed Location
with
Existing Lease Roads

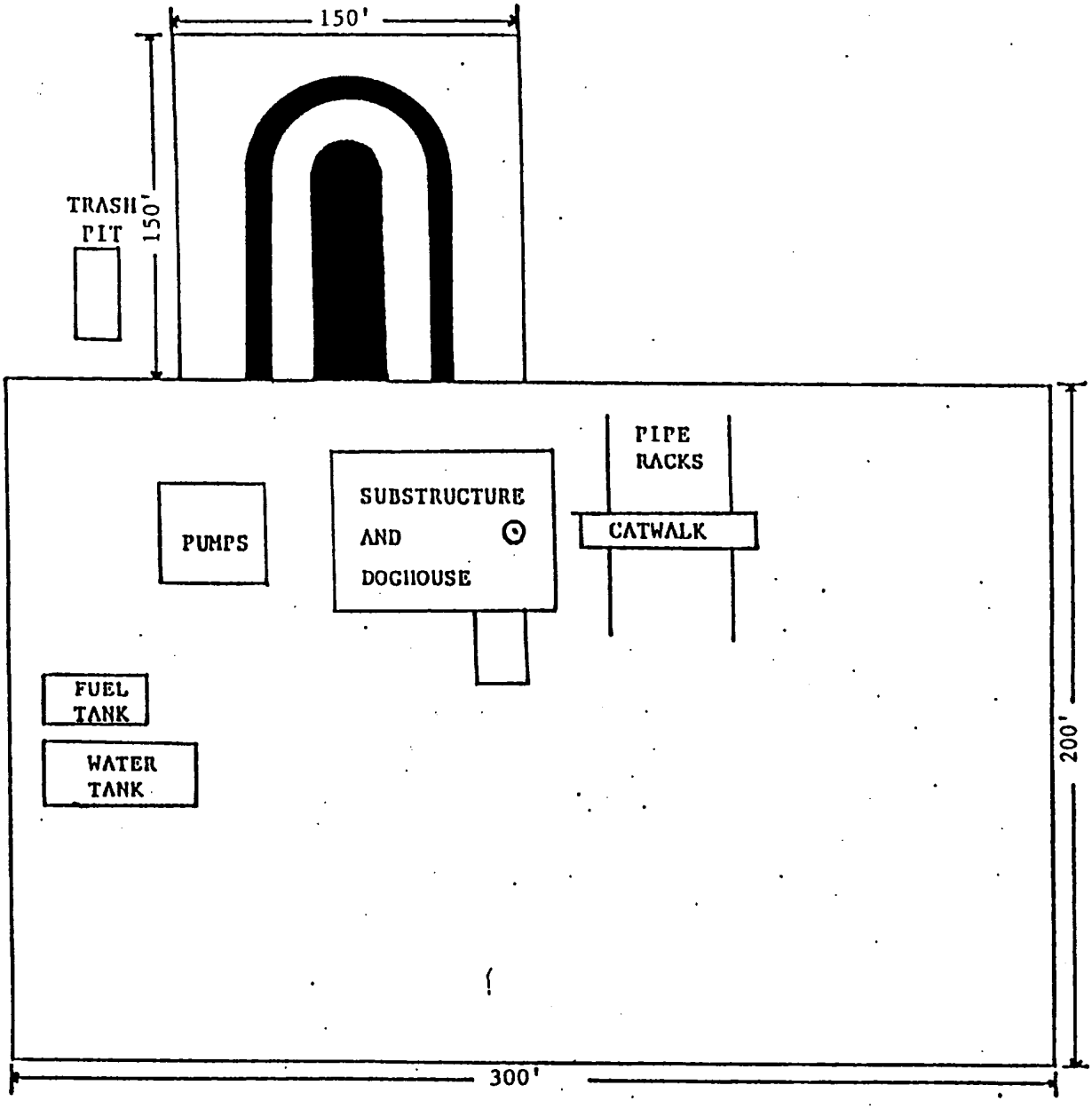


EXHIBIT "E"
Johnson "B" Federal #8
Relative Location
of
Rig Components