

P.O. Box 552 Midland, TX 79702-0552 Telephone 915/682-1626

March 23, 1999

Mr. Mike Stogner
New Mexico Oil Conservation Division
Energy, Minerals and Natural Resources Department
P.O. Box 2088
Santa Fe, New Mexico 87501-2088



Re: Request for Administrative Approval for Non Standard Location

Federal "C" 35 # 3 1500' FSL & 2080' FEL Section 35, T-21-S, R-23-E Eddy County, New Mexico

Dear Mr. Stogner,

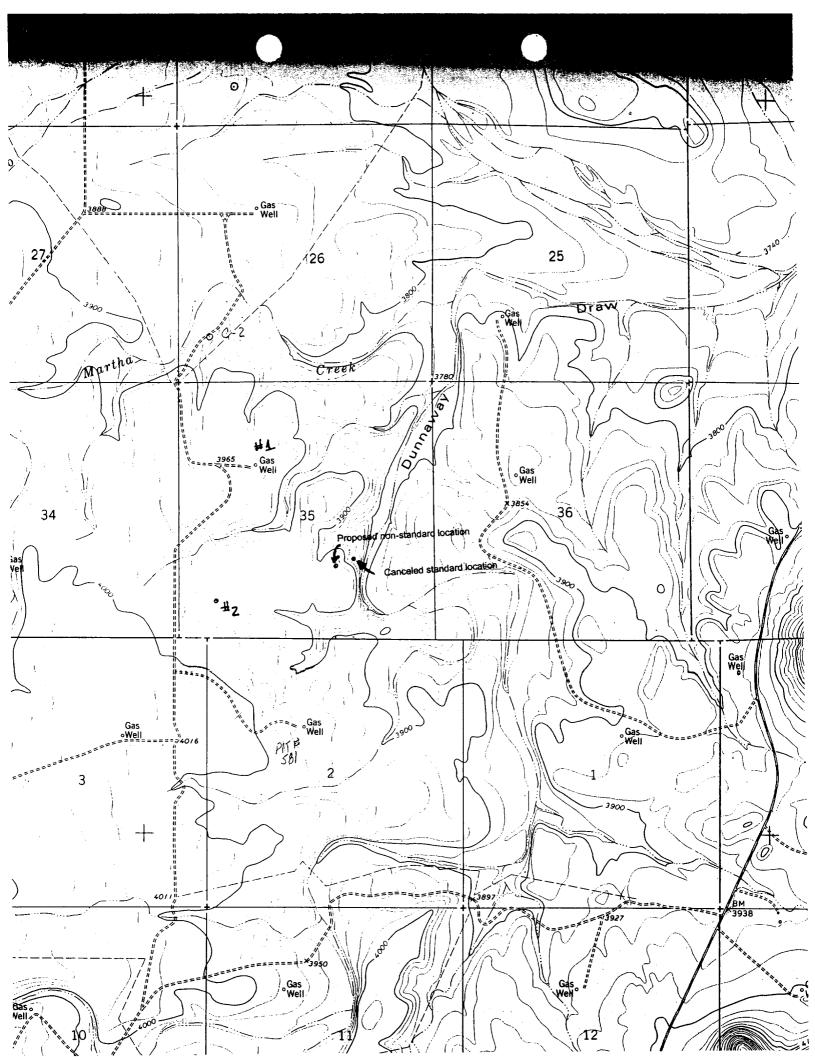
Enclosed for your review is Federal form 3160-3, Application for Permit to Drill for the above referenced well. Marathon Oil Company proposes to drill this well to test the Indian Basin-Upper Pennsylvanian Gas Pool which requires wells to be located no closer than 1650 feet from the outer boundary of the gas proration unit. A standard location was staked at 1650' FSL and 1650' FEL of Section 35 but was discouraged by the Bureau Of Land Management due to concerns of significant cut and fill damage and loss of floodplain associated with the steep hillside construction.

Attached please find a letter signed by Kerr-McGee Corporation which waives objection to our request as offset operator. Also enclosed please refer to the topographic map referencing the canceled standard location and the proposed non-standard location. This well shall require a 640 acre gas proration unit consisting of the entire section 35.

Marathon respectfully requests administrative approval for this nonstandard location based on extant topographical conditions pursuant to NMOCD rule 104.F(2). Should you have any questions please contact me at (800) 351-1417.

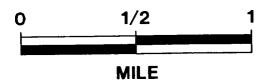
Very truly yours,

Walter Dueease



R 23 E

	MOC-I.B. 'E'	"C"2 ————————————————————————————————————	SANTA FE-I.B.'F'
T 21 S	"D"2	35 PROPOSED LOCATION #3 2 $MOC-FED$ $C-35$	¥¹ 36 ¢² oryx-lowe st.
	CHEVRON-BOGLE FLATS		YATES-ZINGARO 'ANG'



MARATHON OIL COMPANY MID-CONTINENT REGION

INDIAN BASIN UNIT

EDDY COUNTY, NEW MEXICO

FED. C-35 #3



P.O. Box 552 Midland, TX 79702-0552 Telephone 915/682-1626

February 26, 1999

Oryx Energy Company 13155 Noel Road Dallas, Texas 75221-2880

Re:

Application for Administrative Approval of an Unorthodox Well Location Eddy County, New Mexico

Dear Sir.

Marathon Oil Company requests offset operator approval of a non-standard Indian Basin, Upper Pennsylvanian Gas Pool location for the Federal "C" 35 # 3 to be located at 1500' FSL & 2080' FBL, Section 35, T-21-S, R-23-E, Eddy County, New Mexico. Due to topographical constraints the BLM has required Marathon to avoid significant cut and fill requirements and floodplain damage associated with a standard location proposed at 1650' FSL & 1650' FEL of Section 35. Pool rules for the Indian Basin, Upper Pennsylvanian Gas Pool require wells to be spaced no less than 1650 feet from the exterior boundaries. The proration unit for the proposed well shall comprise 640 acres or the entire section 35.

If you have an objection to this application, it must be filed in writing with the NMOCD at its Santa Fe office within twenty (20) days of the date of this letter.

Should you have no objection to this application, please signify by signing below and returning one executed copy to me at the letterhead address.

Very truly yours,

Mh ?. Wasterne And Walter J. Duccase

Marathon Oil Company

Subject to Marathon's acceptance of Letter dated March 9, 1999, attached hereto, Kerr-McGee Corporation waives objection to Marathon Oil Company's request to drill the Federal "C" 35 # 3 at a non - standard location, in the Indian Basin, Upper Pennsylvanian Gas Pool at 1500' FSL & 2080' FEL, Section 35, T-21-S, R-23-E, Eddy County, New Mexico.

Kerr-McGee Corporation

Title: LAMMA

Date: 3 9 99



PO BOX 2880 • DALLAS, TEXAS 75221-2880 14311 WELCH ROAD • DALLAS, TEXAS 75244-3934 972-715-8100

March 9, 1999

Mr. Walter Dueease Marathon Oil Company PO Box 552 Midland, Texas 79702

RE: Federal "C" 35 #3

Unorthodox Well Location 1500' FSL & 2080' FEL, Section 35, T21S-R23E,

Eddy County, New Mexico

Sent via FAX (915)687-8337 (2 pages)

Gentlemen:

We are in receipt of letter dated February 26, 1999, delivered to Mr. Roy Wolin while visiting your office in Midland, concerning Marathon's request for approval of an unorthodox or non-standard gas well location for the captioned well, a copy of which is attached hereto. Kerr-McGee Corporation approves Marathon's request subject to Marathon's agreement to the following:

- 1) Marathon will not object to a mirror unorthodox well location, that is, a well located no closer than 1500' to the North Line of Section 2, T22S-R23E, Eddy County, New Mexico, with the distance to the other Section line for such well location being an orthodox or standard distance, for a well to be proposed or drilled to the Indian Basin-Upper Pennsylvanian Pool by Kerr-McGee in Section 2, T22S-R23E, Eddy County, New Mexico.
- 2) Marathon will promptly furnish Kerr-McGee with copies of well logs, as they are received by Marathon, for Marathon's Federal "C" 35 #3 Well.

Thank you, and if the foregoing is acceptable, please sign and date this letter in the space provided below and return it to me via FAX at 972/715-4685 on or before March 12, 1999.

Sincerely,	Agreed to and accepted:
Kerr McGee Corporation	Marathon Oil Company
Steve Foerster Landman 972/715-8269	Ву:
8/2// 10-0208	Title:
	Date:

Form 3160-3 (July 1992)

UNIT STATES DEPARTMENT OF THE INTERIOR

SUBMIT IN TRIPLICATE*

(Other instructions on reverse side)

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

5. LEASE DESIGNATION AND SERIAL NO.

LC-06953

	BUREAU OF	LAND MANA	SEME	NT		<u> </u>	£C-00333		
							i. IF INDIAN, ALLOTTEE OR T	RIBE NAME	
	CATION FOR PE	<u> KMIT TO D</u>	KILL	OK DEEPE	<u>N</u>		7. UNIT AGREEMENT NAME		
YPE OF WORK DRI TYPE OF WELL	LL X	DEEPEN [INDIAN BASIN		
or \square	GAS X OTHER		s		MULTIPLE ZONE		8. FARM OR LEASE NAME, W FEDERAL "C" 35	ELL NO.	
rathon Oil Comp	any						9. API WELL NO.		
DDRESS AND TELEPHONE		<u> </u>				7 0256			
CATION OF WELL (Repo	l and, TX 79702 rt location clearly and in accorda	nce with any State rec	uirements		915/68	7-8356	10. FIELD AND POOL, OR WILL INDIAN BASIN -		
t surface 00' FSL & 2080'	FEL					-	11. SEC., T., R., M., OR BLK.	-	
t proposed prod. zone	ECI					ŀ	SEC. 35, T-21-	S D.23.F	
00' FSL & 2080' DISTANCE IN MILES AND D	RECTION FROM NEAREST TOWN	OR POST OFFICE*					12. COUNTY OR PARISH	13. STATE	
MILES NW OF CA	RLSBAD		_		<u> </u>		EDDY	NM	
DISTANCE FROM PROPOSE LOCATION TO NEAREST			16. NO.	OF ACRES IN LEASE		17. NO. OF A	CRES ASSIGNED VELL		
PROPERTY OR LEASE LINE (Also to nearest drig, unit)	line if any) 1500		468				640		
DISTANCE FROM PROPOSE TO NEAREST WELL, DRILL	D LOCATION* ING, COMPLETED,			POSED DEPTH			OR CABLE TOOLS		
OR APPLIED FOR, ON THIS	lease, ft. 2500'		780	00'	-	ROTA	RY 22. APPROX. DATE WORL	WILL STARTS	
ELEVATIONS (Show whet '91' GL, 3807' K							4/10/99	· · · · · · · · · · · · · · · · · · ·	
31 UL, 30U/ N		PROPOSED CASING	AND CF	MENTING PROGRA	M		1, 20, 33		
OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOO		SETTING DEPT			QUANTITY OF CEM	FNT	
12 1/4"	K-55, 9 5/8"	36 #	<u>/1</u>	1200'	I.N.	800 CI	CIRCULATE		
8 3/4"	L-80, K-55, 7"	7800		945 CIRCUL	ATE				
WELL IS A NOT CONSTRAINTS (OPOSED INDIAN BASIN N-STANDARD LOCATION OF FLOODPLAINS AND THE PROPOSED PROGRAM:	TO THE SOUT MINIMIZING C	H SECT	TION LINE DUE	oductive za	one and propo	osed new productive zone. I	f proposal is to dri	
epen directionally, give per	tinent data on subsurface location	ns and measured and	true vertic	al depths. Give blowor	ut prevente	er program, if	any.		
signed Watt	7. Ouran	<i></i>	TITLE_D	RILLING SUPER	RINTEN	DENT	DATE 3/4/9	9	
(This space for Federal	or State office use)								
PERMIT NO.				APPROVAL DATE	<u> </u>				
Application approval does n	ot warrant or certify that the applicant I	olds legal or equitable tit	le to those ri	ghts in the subject lease w	hich would	entitle the appli	cant to conduct operations thereon		
APPROVED BY —			TTLE				DATE		
		*See Instri	uctions (n Reverse Side	_				

DISTRICT I P.O. Box 1980, Hobbs, NM 86241-1980

State of New Mexico

Rnergy, Minerals and Natural Resources Department

Form C-102 Revised February 10, 1994 Submit to Appropriate District Office

State Lease - 4 Copies Fee Lease - S Copies

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

DISTRICT IV

DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410 OIL CONSERVATION DIVISION P.O. Box 2088

P.O. BOX 2068, SANTA FE, N.M. 87504-2088

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

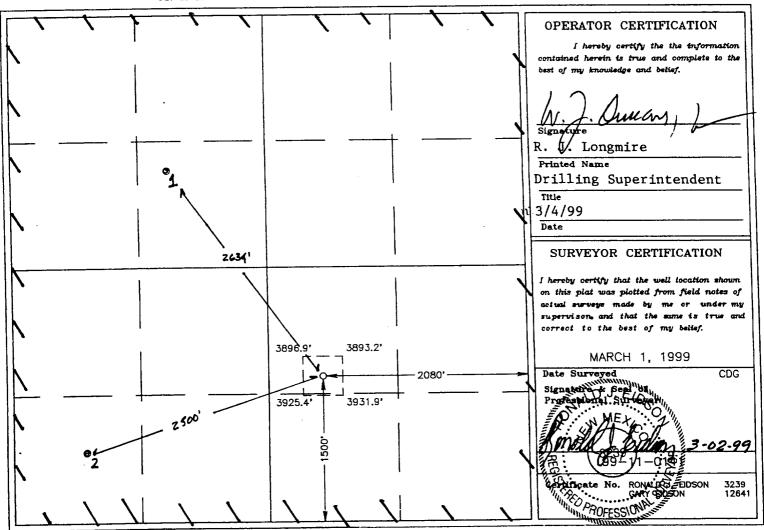
WELL LOCATION AND ACREAGE DEDICATION PLAT

API	Number		P	ool Code			Pool Name			
Indian Basin - Upper Penn							1			
Property (Code			f	Property Nam -EDERAL "C"	Well Number 3				
ogrid N 14021	0.			MARA	-	Perstor Name NOIL COMPANY Servation 3927'				
					Surface Loc	ation				
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County	
J	35	21 S	23 E		1500	SOUTH	2080	EAST	EDDY	

Bottom Hole Location If Different From Surface

				воссош	note	LUC	SECTOR II DILLE	Tent from bar	race		
UL or lot No.	Section	Townsh	úp	Range	Lot I	dn	Feet from the	North/South line	Feet from the	East/West line	County
			i								
Dedicated Acre	s Joint	or Infill	Co	nsolidation	Code	0r	der No.				
640											

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



Thirteen Point Surface Use Plan MARATHON OIL COMPANY

FEDERAL "C" 35 #3 Sec. 35, T-21-S, R-23-E Eddy County, New Mexico

- 1. Existing Roads: Refer to Vicinity Lease Map.
 - a. The proposed wellsite is staked and the surveyor's plat is attached.
 - b. To reach the location from Carlsbad, New Mexico: Turn South on extant lease road 1 mile West of IBGP. Follow road 1 mile South, .3 miles East, 1.4 miles South to IB "C" 35 #2.
 - c. Existing roads within a one-mile radius (refer to Vicinity Lease Map).
 - d. The existing road will be maintained as necessary to provide access during the drilling operation.
- 2. Planned Access Road: Refer to Vicinity Lease Map.

Access will be by existing lease roads and 2659' of new access. Construction plans will require blading and rolling the road and pad. The access road enters the drilling pad on the Southwest corner. The drilling location will have a V-door facing West with pits built into the cut.

- 3. Location of Existing Wells: See Vicinity Lease Map.
- 4. Location of Existing and Proposed Production Facilities within a one-mile radius:
 - a. Existing: There are seven oil and gas wells operated by Marathon, Santa Fe, and ORYX within a one-mile radius of the proposed location. These locations have production facilities including separators, condensate, oil, water starage tanks. Marathon, Santa Fe, and ORYX operate a variety of dehydrators, meter runs, and several gathering lines in the one-mile radius.
 - b. <u>New Facilities</u>: The proposed location will have a separator and gas sales line. The actual equipment and its configuration will be determined after the well is completed.
 - c. Rehabilitation of disturbed areas no longer needed for operations will be accomplished by grading, leveling and seeding as recommended.
- 5. Location and Type of Water Supply:
 - a. Source: Indian Basin Gas Plant, SE/4, NW/4, Sec. 28, T-21-S, R-24-E.
 - b. The water will be trucked by a contractor over existing roads to the well location. No new construction will be required on/along the water route.
 - c. No water well will be drilled on this location.

6. Source of Construction Materials:

- a. Construction materials may be obtained from the construction site.
- b. If production is obtained, native materials will be used on the location and for installation of production facilities.
- c. On-site inspection may dictate any changes in location construction.

7. Methods of Handling Waste Material Disposal:

- a. Cuttings will be deposited in the reserve pit.
- b. Drilling fluids contained in reserve pit and allowed to evaporate. Free water will be removed and transported to an approved disposal site to accelerate pit drying.
- c. Produced fluids none anticipated.
- A portable chemical toilet will be provided.
- e. Garbage and other waste material garbage and trash will be stored in a receptacle on location and periodically hauled to an approved sanitary landfill.
- f. After the rig moves out, all materials not necessary for operations will be removed. Pits will be backfilled and leveled. The location will be cleaned of all trash and debris.
- 8. <u>Ancillary Facilities</u>: Camp facilities will not be required. Portable trailers will be on location to house a company drilling foreman and contract toolpusher.

9. Wellsite Layout:

- a. The wellpad layout shows the drillsite layout as staked. Cross-sections have been drafted to visualize the planned cuts and fills across the location. Topsoil will be stockpiled per specifications.
- b. The reserve pit will be fenced on three sides before drilling begins. The fourth side will be fenced when the drilling rig leaves location.
- c. The reserve pit will be lined (8 mil material).

10. Plans for Restoration of the Surface:

- a. Backfilling, leveling, and contouring are planned as soon as all pits have dried. Waste disposal and spoiled materials will be buried or hauled away immediately after drilling is completed. If production is obtained, the unused area will be restored as soon as possible.
- b. The soil banked material will be spread over the area. Revegetation will be accomplished by planting mixed grasses as per formula by BLM. Revegetation is recommended for road area, as well as around the drill pad.
- c. The reserve pit will be fenced during drilling operations. Fencing will be maintained until contouring and cleanup are accomplished.

- d. If any oil is in the pits and is not immediately removed after operations cease, the pit containing the oil or other adverse substances will be flagged overhead or covered with mesh.
- e. The rehabilitation operations will begin after the drilling rig is removed. Removal of oil or other adverse substances will begin immediately or area will be flagged and fenced. Other cleanup will be done as needed. Planting and revegetation will be done between July 15 and September 15.

11. Other Information:

- a. There are no significant archaeological or cultural sites visible in the area of disturbance. A cultural resource survey was performed by Archaeological Consultants Inc. of Roswell.
- b. General topography: Shown on Vicinity Lease Map. The terrain at the wellsite is gently rolling hills. Vegetation is primarily sage brush and natural grasses.
- c. Animal life: Prairie dogs, domestic livestock, rabbits and native rodents and predators.
- d. Dwellings (nearest): Approximately 1.5 miles.
- e. General location: Approximately 15 miles Northwest of Carlsbad, New Mexico.
- f. Drainage: Internal
- g. Surface Owner: The surface is owned by the Federal Government.

12. Operator Representatives:

R. J. Longmire Drilling, Completion, & Workover Superintendent P. O. Box 552 Midland, TX 79702 800/351-1417 915/682-1626

13. <u>Certification</u>:

I hereby certify that I, or someone under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions that presently exist; that the statements made in this plan are, to the best of my knowledge and belief, true and correct; and that the work associated with the operations proposed herein will be performed by MARATHON OIL COMPANY and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

Date

R. J. June

DRILLING PROGRAM MARATHON OIL COMPANY

FEDERAL "C" 35 #3

1. Estimated KB Elevation: 3,807' KB'

	TOP		BASE	FLUID		
<u>FORMATION</u>	MEASURED	SUBSEA	MEASURED	SUBSEA	CONTENT	
Queen	Surface	+3807'	650'	+3157' +1557'	water water	
San Andres Glorietta	650' 2250'	+3157' +1557'	2250' 2355'	+507	water	
Delaware Bone Spring	3300' 4300'	+507' -493'	4300' 5950'	-493' -2143'	oil gas	
Wolfcamp B/Permian Shale	5950' 7520'.	-2143' -3713'	7520' 7530'	-3713 ' -3723'	oil gas	
U. Penn	7530'	-3723'	7550'	-3743'	gas, oil, water	

<u>FORMATION</u>	EST <u>PSIG</u>	SBHP PPG EMW	EST DEG f	SBHT PPM	H2\$	SIGNIFICANCE (obj. marker, etc.)
Bone Springs Wolfcamp B/Permian Shale	1210 1680 1810	8.5 9.0 9.0			500 5000	marker marker objective pay objective pay
U. Penn Morrow	2050 3460	9.0 9.2			0000	objective pay

2. See (1) above.

If any unexpected water or mineral bearing zones are encountered, they will be reported, evaluated, and protected as circumstances and regulations require.

3. Pressure Control Equipment:

9 5/8" Surface: 11" 3M annular tested to 200#/2000#, 11" 3M dual rams, choke manifold and mud cross, tested to 300#/3000#.

Auxiliary Equipment:

Surface Hole: Annular or rotating head w/air rig.

Intermediate Hole: N/A

Production Hole: Flow indicator, PVT, H₂S Sensors, air packs, stroke counter, rotating head.

BOP systems will be consistent with API RP 53. Blowout preventers will be installed and tested prior to drilling the surface casing plug and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated at least daily to ensure good mechanical working order, and this inspection recorded on the daily drilling report. Preventers and casing will be pressure tested before drilling casing cement plugs.

Upper and lower kelly cocks with valve handle and safety valve and subs to fit all drillstring connections in use will be available on rig floor.

A. P. D. (cont.) Thirteen Point Surface Use Plant

Test Frequency

- 1. When installed.
- 2. Anytime a pressure seal is broken (test confined only to affected equipment).
- 3. At least every 20 days.
- 4. Blind and pipe rams shall be activated each trip but not more than once/day.

4. Casing and Cement Program:

DEPTH FROM TO	SECTION LENGTH	HOLE <u>SIZE</u>	CSG SIZE	WT. <u>PPF</u>	GRADE	THREA COUPL		NEW USED
0 1200' 0 4700' 4700' 7800'	1200' 4700' 3100'	12.25" 8.75" 8.75"	9.625" 7" 7"	36 23 26	K-55 K-55 K-55	8rd, ST 8rd, LT 8rd, LT	CNew	New
Casing DV String Depth	Lea <u>Stg. Tail</u>		Type <u>Cemer</u>	<u>1t</u>	Yield CF/SX	Wt. <u>PPG.</u>	TOC	Additives
9.625" None	1 L	200	"C" Ne	at	1.51	14.6	Surf	10% Gel, 3% CACl ₂ , 1/4# cello
9.625"	Т	200	"C" Ne	at	1.32	14.8	Surf	2% CACI, 1/4# cello
7" ±5600'	1 L	270	"H" Lite	В	1.28	15.3	5600'	5 pps Silica, .6% Halad 9, 3% salt, 3 pps Gilsonite
7"	2 L	800	65:35 I	POZ	1.91	12.6	5500'	5 pps, salt, 3 pps Gilsonite, 4% Gel, 1/4 pps Cello
7"	2 T	100	"C" Ne	eat	1.32	14.8	±1000'	2% CaCl2

Each stage will be preceded by an appropriate mud flush. Actual production hole volumes will be based on the caliper volume plus 15% excess.

Centralizer Program:

9 5/8" Conventional centralizers. Bottom 3 joints and every fourth joint to surface.

7" Conventional centralizers middle of 1st joint, then every joint to 7500', and 1 centralizer every 4th joint thereafter to 1100'.

5. Mud Program:

DEPTH			WEIGH	WEIGHT			VISUAL	
FROM	<u>TO</u>	MUD TYPE	(PPG)	<u>VIS</u>	<u>CC</u>	<u>ADDITIVES</u>	MONTR.	
0	1200'	air/mist	N/A	N/A	N/A	Soap for mist	Reserve	
1200'	5000'	fresh	8.5	28-32	N/C	Gel, caustic, H₂S Scavenger	Reserve	
5000'	7000'	cut brine	9.0	32-36	N/C	Saturated brine	Reserve	
7000'	7800'	cut brine	9.0	32-36	<20	Salt gel, starch, caustic	Steel Pits	

Sufficient quantities of additives will be on location to maintain above mud properties for any anticipated well conditions.

A. P. D. (cont.) Thirteen Point Surface Use P....

6. <u>Logging, Testing & Coring Programs</u>:

--INTERVAL-LOG/TEST/CORE/MUDLOG/OTHER FROM TO REMARKS

DLL/MSFL/GR/CNL/LDT/CAL

TD 5000'

LDT/CNL/GR/CAL

TD surf casing

MUD LOGGER

6000' TD

ROP, Lithology, Gas Analysis,

Chromatograph

NO CORES OR DST'S

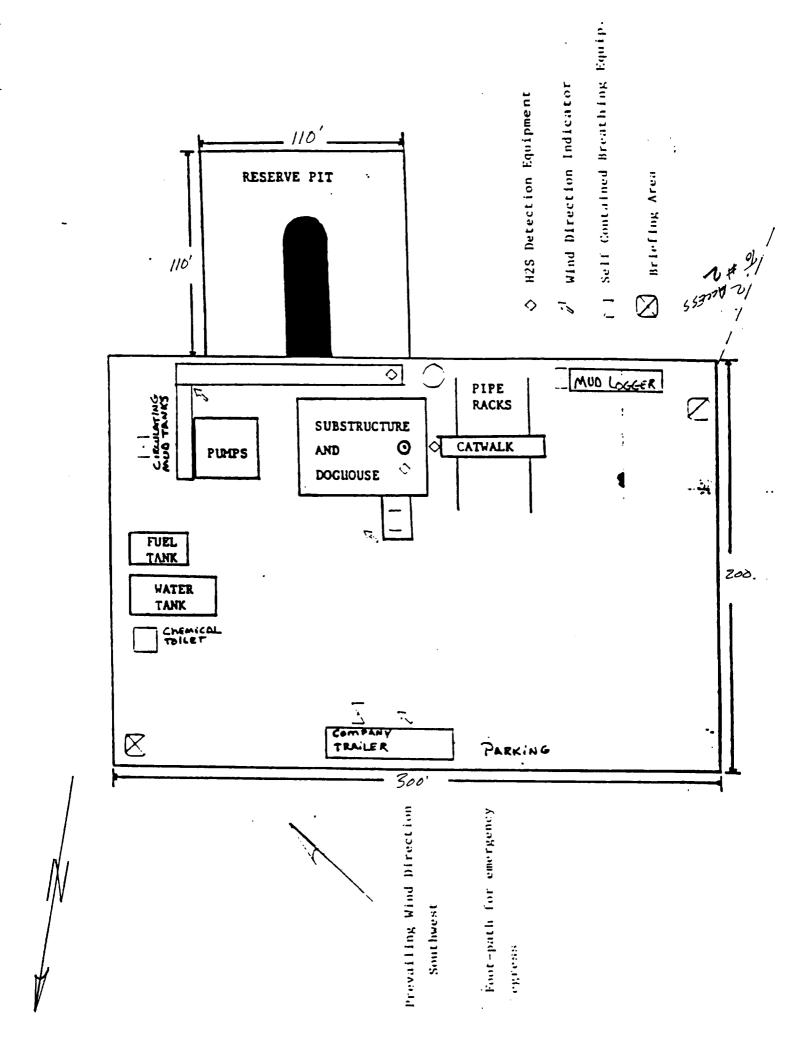
7. <u>Abnormal Pressures, Temperatures or Potential Hazards</u>:

None anticipated. Possible H₂S in Cisco & Upper Penn. See H₂S Drilling Operations Plan.

8. Other Information:

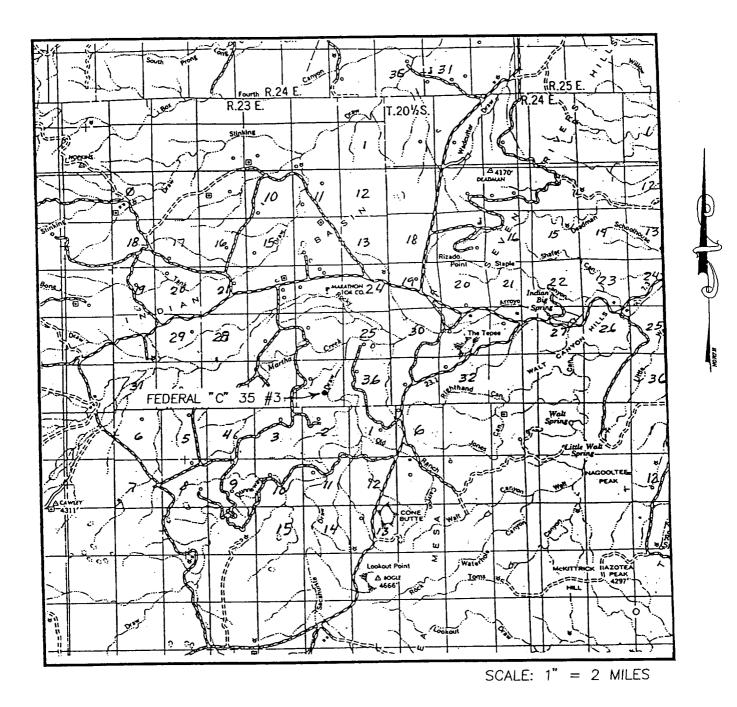
Anticipated Starting Date: As soon as possible.

Duration of Well: drilling - 25 days, completion - 10 days.



moise US Tevron Odessa 2 Sun 148 Cryst Serv Marchael Sam Marchael Sam	Moratino Mo. Indian Basin Unit. 2	3 Marathon (MW Pet, 12) 05 (12 Parash to Figgs 22 Parash 21 Mill Dud (Lowe) Dud (Lowe)	Morathon Indian days sed. U.S. Morathon Be Be (MW Pet.) 10254444 MW Pet. 10254444 MW Pet.	Social Services Va 3 7 29 U 5 Marchan 21816:8 Since Marathar Since Services 1189:35	The second secon	清 ストー・・・・・・・・・・・・・・・・・・・・・・・・・・・・・・・・・・・・
vronichevran Sun	*ea U.S. **NOCC **HBP CTOSEZZ	Morothon (MW Pet.) 57 52: 4774 Marathan 27 Vision Annual (Lawel Indian Basin U.S.) (Xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx	Morathon) MW Pet. C'5512 OF C'5511 OF C'5511	Santo retner. (G.A Chasc) 075512 7770 ADD 25 (Morathon) 133 un 103 an Basin U.S. Oryx Montantol 10457 FMOuntil	The state of the s	
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033 64 144 3 Neg	Sun Aincerton Chevron 03364 104527 104527 15un) 15un)	Chevron 945273 4-10 Q 46M11 IO Bagie Flate Unit* U.S. Marathon HBP	MW Pet. 0251093 652141 Pan American 11	#W Pet. HBC 0251099 0359448 *U.S.A. Smith 12 Gas Unit* 1 MW Pet.	31 40 ,d "Lucky Stiff-Fed." U 5. 34 13 ' Totes Pet. 072	Santa
Mobil)	Western States Month Amax on (Uryx) 1 = 1 = 1 = 1 = 1 = 1 = 1 = 1 = 1 = 1	(Suif) @3 4775 Perm Discl5	# 15.1.Mil. Fed :88 Sas Com	Hone Oil GU USA - O Collins & More Serdence B6513	Fon Amer 1002 Pon Amer Duncen Fed. Duncen Fed. 1002 Pon Amer 1002 Duncen Fed. 1002 Duncen Fed. 1002 Duncen Fed. 1003 Tiggs 10049 1063 Tiggs 10049 1063 Tiggs 10049 1063	
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VICINITY MAP



SEC. 35 TWP. 21—S RGE. 23—E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1500' FSL & 2080' FEL

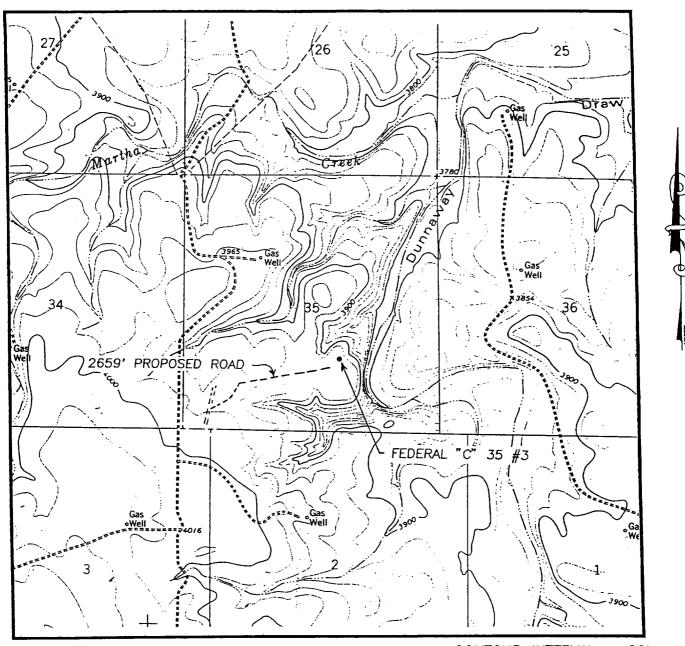
ELEVATION 3927'

OPERATOR MARATHON OIL COMPANY

LEASE FEDERAL "C" 35

JOHN WEST SURVEYING CO. HOBBS, NEW MEXICO (505) 393-3117

LOCAT.)N VERIFICATIC J MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL - 20'

SEC. 35 TWP. 21—S RGE. 23—E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1500' FSL & 2080' FEL

ELEVATION 3927'

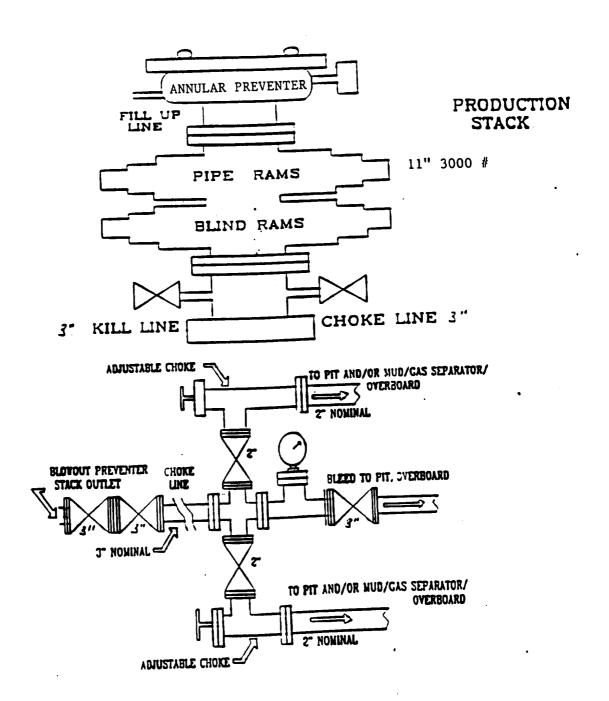
OPERATOR MARATHON OIL COMPANY

LEASE FEDERAL "C" 35

U.S.G.S. TOPOGRAPHIC MAP

MARTHA CREEK, NM

JOHN WEST SURVEYING CO. HOBBS, NEW MEXICO (505) 393-3117



MARATHON OIL COMPANY

H2S DRILLING OPERATIONS PLAN

I. HYDROGEN SULFIDE TRAINING

All contractors and subcontractors employed by Marathon Oil Company will receive or have received training from a qualified instructor within the last twelve months in the following areas prior to commencing drilling operations on this well.

- 1. The hazards and characteristics of hydrogen sulfide (H2S)
- 2. Safety precautions
- 3. Operations of safety equipment and life support systems

In addition, contractor supervisory personnel will be trained or prepared in the following areas:

- 1. The effect of H2S on metal components in the system. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
- 2. Corrective action and shut-down procedures when drilling or reworking a well, blowout prevention and well control procedures, if the nature of work performed involves these items.
- 3. The contents and requirements of the contingency plan when such plan is required.

All personnel will be required to carry documentation of the above training on their person.

II. H2S EQUIPMENT AND SYSTEMS

1. Safety Equipment

The following safety equipment will be on location.

- A. Wind direction indicators as seen in attached diagram.
- B. Automatic H2S detection alarm equipment (both audio and visual).
- C. Clearly visible warning signs as seen on the attached diagram. Signs will use the words "POISON GAS' and "CAUTION" with a strong color contrast.
- D. Protective breathing equipment will be located in the dog house and at briefing areas as seen in the attached diagram.

2. WELL CONTROL SYSTEMS

A. Blowout Prevention Equipment

Equipment includes but is not limited to	Equipment	includes	but is	not	limited	to
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- a. pipe rams to accomodate all pipe sizes
- b. blind rams
- c. choke manifold
- d. closing unit

Auxillary equipment added as appropriate includes:

a. annular preventor	
b. rotating head	
c. mud- gas separator	
d. flare line and means of ignition	
e. remote operated choke	

B. Communication

The rig contractor will be required to have two-way communication capability. Marathon Oil Company will have either land-line or mobile telephone capabilities.

C. Mud Program

The mud program has been designed to minimize the volume of H2S circulated to surface. Proper mud weight, safe drilling practices, and the use of H2S scavengers when appropriate will minimize hazards when penetrating H2S bearing zones.

D. Drill Stem Test intervals are as follows:

DST No. 1	ft. to ft.
DST No. 2	ft. toft.
DST No. 3	ft. to ft.

Drill Stem Testing Safety Rules are attached.

III. WELL SITE DIAGRAM

A complete well site diagram including the following information is attached.

- 1. Rig orientation
- 2. Terrain
- 3. Briefing areas
- 4. Ingress and egress
- 5. Pits and flare lines
- 6. Caution and danger signs
- 7. Wind indicators and prevailing wind direction