Form 3160-3 (Juły 1992)	U DEPARTM⊨⊮T	N. ED STATES OF THE IN Ar	M. Oil Cons LS, 1st Str TERIOR MM 8 GEMENT	other instruction eet ^{rerse side} 8210-28	334 ^{[⁵}	FORM APPRO OMB NO. 100 Expires: Februa LEASE DESIGNATION AND NM - C 3E	4-0136 ry 28, 1995	
						. IF INDIAN, ALLOTTEE OR T	RIBE NAME	
	CATION FOR PE	<u>rmit to d</u>	RILL OR DEL	PEN		N/A UNIT AGREEMENT NAME	<u> </u>	
		DEEPEN				Indian Basin	6820	
b. TYPE OF WELL OIL WELL 2. NAME OF OPERATOR	GAS OTHER		SINGLE ZONE	MULTIPLE ZQNE		8. FARM OR LEASE NAME, W Foderal Indian "C" Gasa Con.	Basin #2	
Marathon Oil Com 3. ADDRESS AND TELEPHONE	NO.						31396	
P.O. Box 552 Mic	iland, TX 79702 ort location clearly and in accordan	nce with any State rec	quirements.*)	1-800-35	51-1417	10. FIELD AND POOL, OR WII Indian Basin Ug		
At surface 860' FSL & 660' 1 At proposed prod. zone		0			F	11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA		
860' FSL & 660' 1		NIT Y				Sec. 29, T-21-:	S, R-23-E 13. STATE	
	DIRECTION FROM NEAREST TOWN	OR POST OFFICE				Eddy	N.M	
15 miles N.W. Of 15 DISTANCE FROM PROPOSI LOCATION TO NEAREST PROPERTY OR LEASE LIN	ED*		16. NO. OF ACRES IN LE	ASE	17. NO. OF AC TO THIS W	CRES ASSIGNED YELL 640		
(Also to nearest drig, unit 18. DISTANCE FROM PROPOS TO NEAREST WELL, DRIL	line, if any) 660' FEL		640 19. PROPOSED DEPTH			RY OR CABLE TOOLS		
OR APPLIED FOR, ON THIS	S LEASE, FT. + 1195'		8200		<u>Rota</u>	22. APPROX. DATE WORK WILL START*		
21. ELEVATIONS (Show whe	mer Dr, K1, GK, eu.)					ASAP		
23.	F	PROPOSED CASING	G AND CEMENTING PR	OGRAM			. <u></u>	
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOO	DT SETTIN	G DEPTH		QUANTITY OF CEMI	ENT	
12.25"	9-5/8" k-55	36#	12	00'	<u>785 sk</u>	s. to surface	WITNESS	
8.75"	7" k-55	23# & 26	5#82	200 '	1400 s	ks. Circ. to sur	face	
Propose to d	rill a Upper Penn. J	Assoc. Well :	 To replace Our	CARL Federal I	SEAD (ndian Ba	Sin "C"	WATER PASIN	
* Distance f	From the Federal Indian Basin "C"	ian Basin "C	" Gas Com. # 1	located @	9 1700' F	SL & 1550' FERE	CEIVED ARTESIA	
OC	D -			GENER	AL REQ	BJECT TO UIREMENTSAN	5.5/	
Operator to noti	fv NMOCD time of spud			SPECIA	L211	MATIONS		

& time to witness 9 5/8" casing

Ð d is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or sured and true vertical depths. Give blowout preventer program, if any.

^{24.} Jerry Fletcher <u>Julika</u>	TITLE Engineer Tech.	DATE <u>7-24-00</u>
(This space for Federal or State office use)		
PERMIT NO	APPROVAL DATE	licant to conduct operations thereon.
CONDITIONS OF APPROVAL, IF ANY:		
/S/LARRY D. BRA		• · ·
A POPOVED BY	TITLE	

*See Instructions On Reverse Side 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 1960, Hobbs, Mi 96241-1960

DISTRICT II P.O. Drawer DD, Artesia, NM 58211-0719

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

DISTRICT IV P.C. BOX 2088, BANTA FE, N.M. 87604-2088

Ρ

WELL LOCATION AND ACREAGE DEDICATION PLAT

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

API Number	Pool Code	Pool Name			
		Indian Basin Upper Penn.	Assoc.		
Property Code		BASIN "C" GAS COM	Well Number 2		
OGRID No.		Operator Name			
14021	MARATHON	4040			
	Surfa	ce Location			

East/West line Feet from the North/South line Lot Idn Feet from the Range UL or lot No. Section Township EAST SOUTH 660 860 21 S 23 E 29

Bottom Hole Location If Different From Surface

									·7
UL or lot No.	Section	Townshi	p Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
						<u> </u>		<u> </u>	L
Dedicated Acres	Joint o	r Infili	Consolidation	Code Or	der No.				
640				l					

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

	OPERATOR CERTIFICATION
	I hereby certify the the information contained hereby is true and complete to the best of my homologie and being.
	Jury Flitter
	Jerry Fletcher Printed Name Engineer Tech.
	Title Date
	SURVEYOR CERTIFICATION
Fed. I.B. "C" Gas Com. # 1	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 frue and correct to the best of my bolis.
	JUNE 29, 2000 Date Survice E/O
4048.2' 4049.5' SEE_DETAIL 0	Profine and Surveyor Profile and Surveyor
	WACON WEDDNALD 12185

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

□ AMENDED REPORT

County

EDDY

Thirteen Point Surface Use Plan MARATHON OIL COMPANY

<u>Federal Indian Basin "C" Gas Com. #2</u> Sec. 29, 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: Follow Hwy. 285 North of Carlsbad 11 miles. Turn left on (NM)137. Go 6 miles west. Turn Right on Marathon Road. Follow 7 miles to caliche road on south side of county road, turn south travel ½ mile across cattle guard, take a hard west turn, travel 1.2 miles to access road on the left adjacent to the MOC Fed. Indian Basin Gas Com. # 1. Travel another .4 Mile to location on left side of road.
 - 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. <u>Planned Access Road</u>: Refer to Vicinity Lease Map.

A new 961' access road will be built into location . 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 east.

- 3. Location of Existing Wells: See Vicinity Lease Map.
- Location of Existing and Proposed Production Facilities within a one-mile radius:
 - a. Existing: There are several oil and gas wells operated by Marathon, Kerr Mcgee, Texaco, and Chevron within a one-mile radius of the proposed location. These locations have production facilities including separators, condensate, oil, water starage tanks. Marathon and Kerr Mcgee, Texaco and Chevron operate a variety of dehydrators, meter runs, and several gathering lines in the one-mile radius.
 - b. <u>New Facilities</u>: No new facilities are proposed at this time. The well will be evaluated before construction of any new facilities.
 - 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. <u>Source</u>: Indian Basin Gas Plant, NE/4 Sec. 23, T-21-S, R-23-E.
- b. The water will be transported by a trucking contractor. 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.
- d. 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. 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 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 provided by the BLM. Revegetation is recommended for road area, as well as around the drill pad.

- The reserve pit will be fenced during drilling operations. Fencing will be maintained until C. leveling and cleanup are accomplished.
- If any oil is in the pits and is not immediately removed after operations cease, the pit d. containing the oil or other adverse substances will be flagged overhead or covered with mesh.
- The rehabilitation operations will begin after the completion rig is removed. Removal of oil e. 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.
- All efforts will be made to minimize surface disturbances and protect the visual resources f. along the scenic byway.

Other Information: 11.

- There are no significant archaeological or cultural sites visible in the area of disturbance. A а. cultural resource survey was performed by Archaeological Consultants Inc. of Roswell.
- General topography: Shown on Vicinity Lease Map. The terrain at the wellsite is gently b. rolling hills. Vegetation is primarily sage brush and natural grasses.
- Animal life: Prairie dogs, domestic livestock, rabbits and native rodents and predators. C.
- Dwellings (nearest): Approximately 2 miles. d.
- General location: Approximately 15 miles Northwest of Carlsbad, New Mexico. e.
- Drainage: Internal f.
- Surface Owner: The surface is owned by the Bureau of Land Management. g.
- Due to proximity of the location and nearby drainage, Marathon will make every effort to minimize surface disturbance. Please see the location pad and reserve pit dimensions.. h.
- **Operator Representatives:** 12. R. J. Longmire Drilling, Completion, & Workover Superintendent P. O. Box 552 Midland, TX 79702 800/351-1417 915/682-1626
- Certification: 13.

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

A. P. D. (cont.) Thirteen Point Surface Use Plan Federal Indian Basin "C" Gas Com. # 2

> contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

Jun 21,2000 Date

R. J. Longmir

DRILLING PROGRAM MARATHON OIL COMPANY Federal Indian Basin "C" Gas Com # 2

Estimated KB Elevation: 4056' KB 1.

TOP						FLUID	
FORMATION	MEASU		<u>A</u>	MEASU	RED	<u>SUBSEA</u>	CONTENT
Queen San Andres Glorietta Delaware Bone Spring Wolfcamp B/Permian Shale U. Penn	Surface 650' 2250' 3300' 4300' 5950' 7520'. 7530'	+4056' +3406' +1806' +756' -244' -1894' -3464' -3774'		650' 2250' 2355' 4300' 5950' 7520' 7530' 8200'		+3406' +1806' +1701' - 244 -1894' -3464' -3474' -4144'	water water oil gas oil gas gas, oil, water
FORMATION	EST <u>PSIG</u>	SBHP PPG EMW	EST DEG f	SBHT <u>PPM</u>	H2S	SIGNIFICAN (obj. marker, e	
Bone Springs Wolfcamp B/Permian Shale U. Penn	1210 1680 1810 2050	8.5 9.0 9.0 9.0			500 5000	marker marker objective pay objective pay	

_.

2. See (1) above.

4.

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

Pressure Control Equipment: 3.

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

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 man Federal Indian Basin "C" Gas Com. # 2

Test Frequency

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

Casing and Cement Program: 4.

DEPT <u>FROM</u>	H <u>TO</u>	SECTIC LENGT		HOLE <u>SIZE</u>	CSG <u>SIZE</u>	WT. <u>PPF</u>	GRADE			NEW <u>USED</u>	
0 0	1200' 4800'	1200' 4800'		12.25" 8.75"	9-5/8 " 7-0"	36# 23#	K-55 K-55	8rd, ST(8rd, LT8		New New	
4800'	8200'	3400'	Lood	8.75" Amt	7-0" Type	26#	K-55 Yield	8RD LT Wt.	&C	NEW	
Casing <u>String</u>	DV <u>Depth</u>	<u>Stg.</u>	Lead <u>Tail</u>	<u>SXS</u>	<u>Cemen</u>	<u>t</u>	<u>CF/SX</u>	<u>PPG.</u>	<u>TOC</u>	Additives	
9-5/8"	none	1	L	100	Thix-se	et	1.52	14.0	surf.	1.0% thix-set A	
9-5/8"		1	т	485	prem.p).	2.02	14.8	surf	2% cacl;.5lb/Flocele	Э
9-5/8"			т	200	prem.p).	1.34	14.8	surf	2% cacl	
7"	5400'	1	L	250	"H" Foa	amed	2.13	9.2	6400	Foamed N2	
7 "		1	т	350	"H" Foa	imed	1.44	13.0	7000'	Foamed N2	
7"		2	L	700	Interfil	II "C"	2.47	14.0	Surf.	Flocele ¼#/sk	
7"		2	Т	100	"C" N	eat	1.32	14.8	5900'	5# gilsonite / sk.	

Each stage will be preceded by an appropriate mud flush. Actual production hole volumes will be based on the caliper volume plus 25% excess.

A. P. D. (cont.) Thirteen Point Surface Use rian Federal Indian Basin "C" Gas Com # 2

5. Mud Program

DEP1	ГН		WEIGH	Т	WL.		VISUAL
FROM	TO	MUD TYPE	(PPG)	VIS	<u>22</u>	ADDITIVES	MONTR.
0	1200'	fresh water	8.3	28	N/A	Gel, Lime	Reserve
1200'	5000'	fresh	8.5	28-32	N/C	Gel, caustic, H ₂ S Scavenger	Reserve
5000'	7000'	fresh	8.9	32-36	N/C	Gel, caustic, H ₂ S Scavenger	Reserve
7000'	8200'	fresh	8.9	32-36	<20	Gel, caustic, H ₂ S Scavenger	Steel Pits

......

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

6. Logging, Testing & Coring Programs:

LOG/TEST/CORE/MUDLOG/OTHER	INTE <u>FROM</u>	RVAL- _ <u>TO</u>	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 H_2S in Cisco & Upper Penn. See H_2S Drilling Operations Plan.

8. Other Information:

Anticipated Starting Date: As soon as possible.

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

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	HBU 1403 H Grace 022534 SMI Hills Dov Resserveral Daoco 112 Ske	id Fosken Ily-Fed	HODIALS S	
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LOCATION VERFICATION MAP



SCALE: 1'' = 2000'

SEC. 29 TWP. 21 RGE. 33
SURVEYN.M.P.M.
COUNTYEDDY
DESCRIPTION 860' FSL & 660' FEL
ELEVATION 4040
OPERATORMARATHON OIL CO
FEDERAL INDIAN BASIN LEASECT_GAS_COM
U.S.G.S. TOPOGRAPHIC MAP MARTHA CREEK, N.M.

CONTOUR INTERVAL: MARTHA CREEK, N.M.- 20'

JOHN WEST SURVEYING HOBBS, NEW MEXICO (505) 393-3117 VICINITY MAP_



SEC. 29 TWP. 21 RGE. 33 SURVEY N.M.P.M. COUNTY EDDY DESCRIPTION 860' FSL & 660' FEL ELEVATION 4040 OPERATOR MARATHON OIL CO. FEDERAL INDIAN BASIN LEASE "C" GAS COM SCALE: 1" = 2 MILES

JOHN WEST SURVEYING 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:

- 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.	to	ft.
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