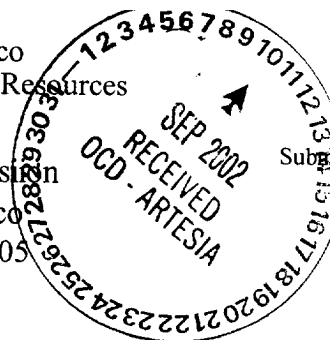


District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. 1st Street, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

Form C-101
Revised March 17, 1999
Submit to appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies



☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address Marathon Oil Company P.O. Box 552 Midland, TX 79702		² OGRID Number 14021
⁴ Property Code 6409	⁵ Property Name Indian Hills Unit	³ API Number 30-015-32530
		⁶ Well No. # 50

⁷ Surface Location									
UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South Line	Feet from the	East/West line	County
U.L. "K"	16	21-S	24-E		1821'	South	2092'	West	Eddy

⁸ Proposed Bottom Hole Location If Different									
UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	N	NOTIFY OCD SPUD & TIME TO WITNESS 9 5/8" CASING		
N/A									
⁹ Proposed Pool 1 Indian Basin Upper Penn. Assoc.									

¹¹ Work Type Code N	¹² Well Type Code G	¹³ Cable/Rotary Rotary	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 4118'
¹⁶ Multiple N	¹⁷ Proposed Depth 8600'	¹⁸ Formation Upper Penn.	¹⁹ Contractor McVay	²⁰ Spud Date ASAP

²¹ Proposed Casing and Cement Program					
Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12.250"	9-5/8"	36#	1800'	640	Surface
8.750"	7"	23#/26#	8600'	1280	Surface

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Marathon Oil Company is proposing to drill a vertical hole to the Indian Basin Upper Penn. Associated. This well will be Non Standard to the inner 660' boundary of the 320 acre West half project area. Surface hole is located 503' from the inner boundary line.

All BOPE shall be installed and tested according to OCD rules 109 and 114. BOPE schematic is attached.

NSL 4807 (CSD)

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.		OIL CONSERVATION DIVISION	
Signature: <i>Jerry Fletcher</i>		Approved by: ORIGINAL SIGNED BY TIM W. GUM	
Printed name: Jerry Fletcher		Title: DISTRICT II SUPERVISOR	
Title: Engineer Tech.		Approval Date: NOV 13 2002 Expiration Date: NOV 13 2003	
Date: September 09, 2002	Phone: 915/687-8360	Conditions of Approval:	
		Attached <input type="checkbox"/>	

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

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

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code 33685	Pool Name Indian Basin Upper Penn. Assoc.
Property Code	Property Name INDIAN HILLS UNIT	Well Number 50
GRID No. 14021	Operator Name MARATHON OIL COMPANY	Elevation 4118'

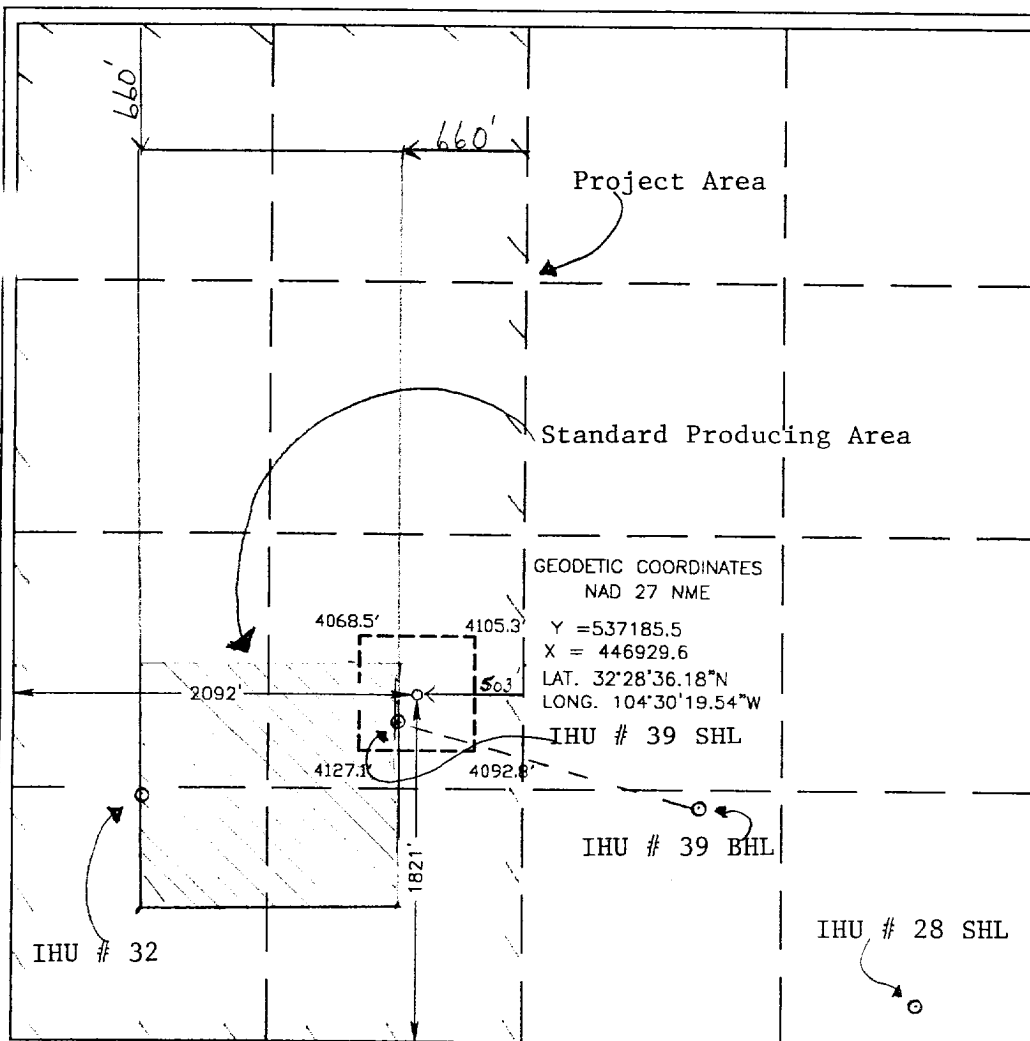
Surface Location

UL or lot No. K	Section 16	Township 21-S	Range 24-E	Lot Idn	Feet from the 1821'	North/South line SOUTH	Feet from the 2092'	East/West line WEST	County EDDY
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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 320 W/2	Joint or Infill	Consolidation Code	Order No.						

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 herein is true and complete to the
best of my knowledge and belief.

Jerry Fletcher
Signature

Jerry Fletcher
Printed Name
Engineer Tech.

Title
September 06, 2002
Date

SURVEYOR CERTIFICATION

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.

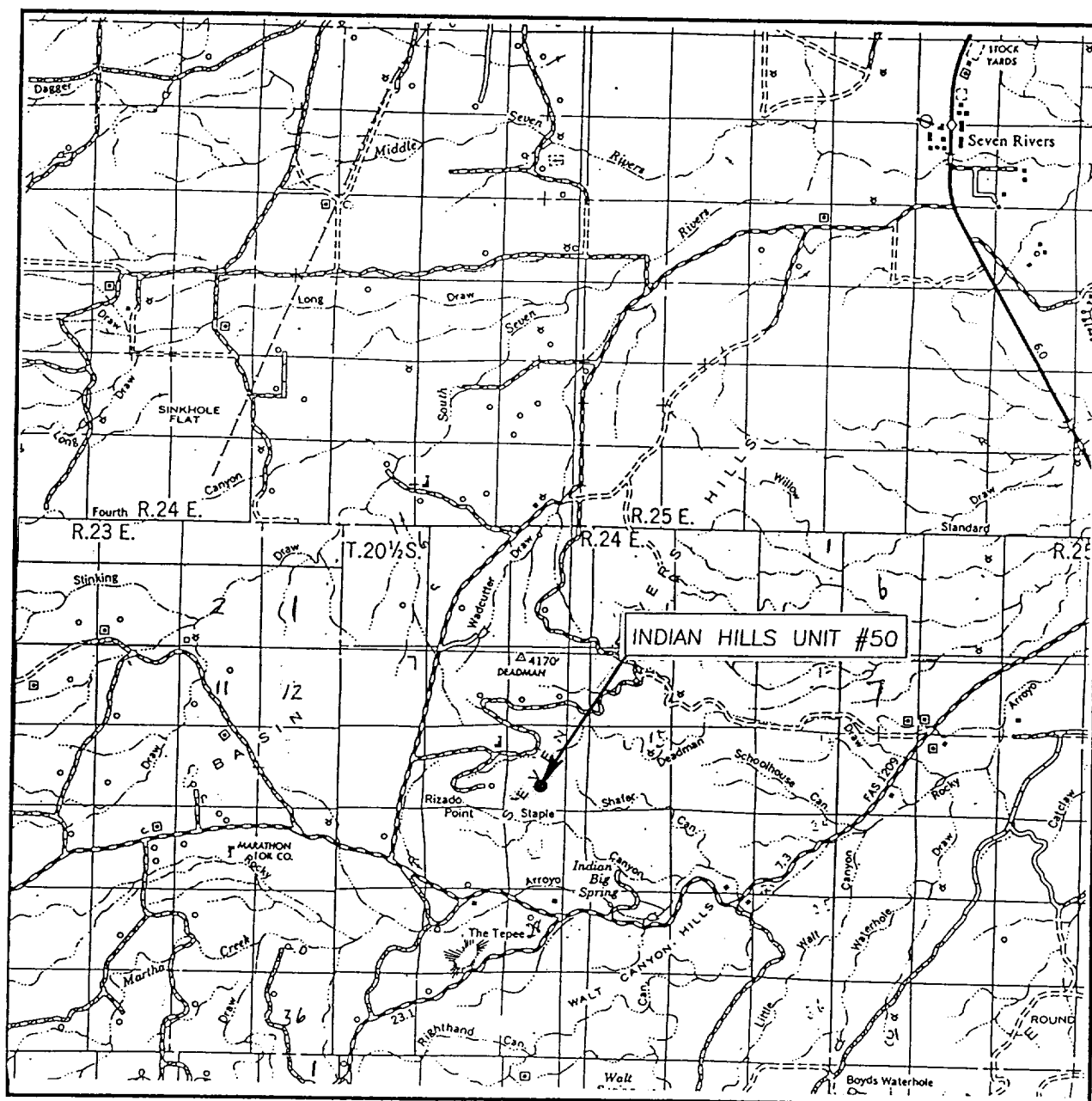
AUGUST 26, 2002

Date Surveyed
Signature & Seal of
Professional Surveyor

Gary Edson
Professional Surveyor
02.11/0575

Certificate No. RONALD J. EDSON 3239
GARY EDSON 12641

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 16 TWP. 21-S RGE. 24-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1821' FSL 2092' FWL

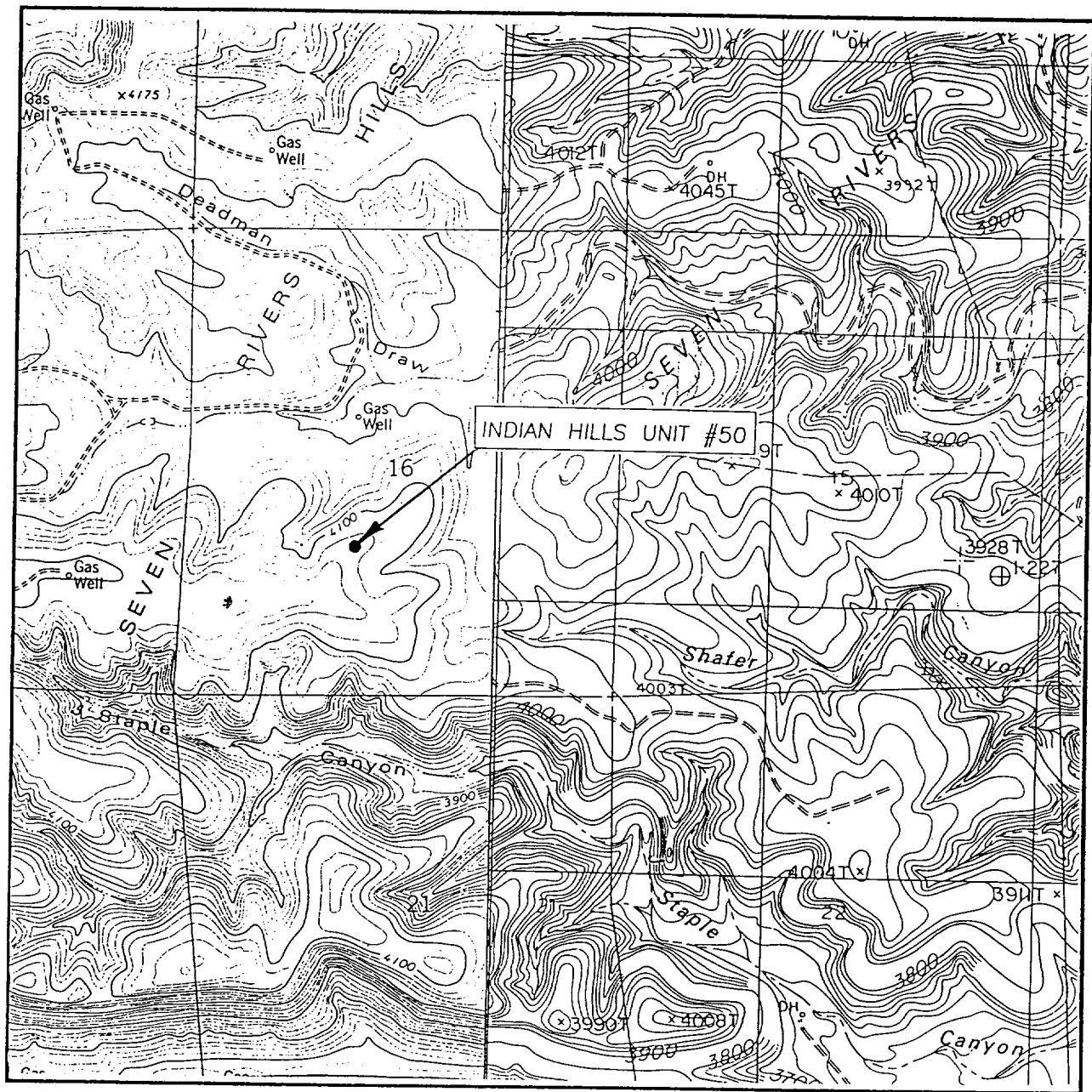
ELEVATION 4118'

OPERATOR MARATHON OIL COMPANY

LEASE INDIAN HILLS UNIT

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

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 20'
MARTHA CREEK, N.M.
AZOTEA PEAK, N.M.

SEC. 16 TWP. 21-S RGE. 24-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1821' FSL 2092' FWL

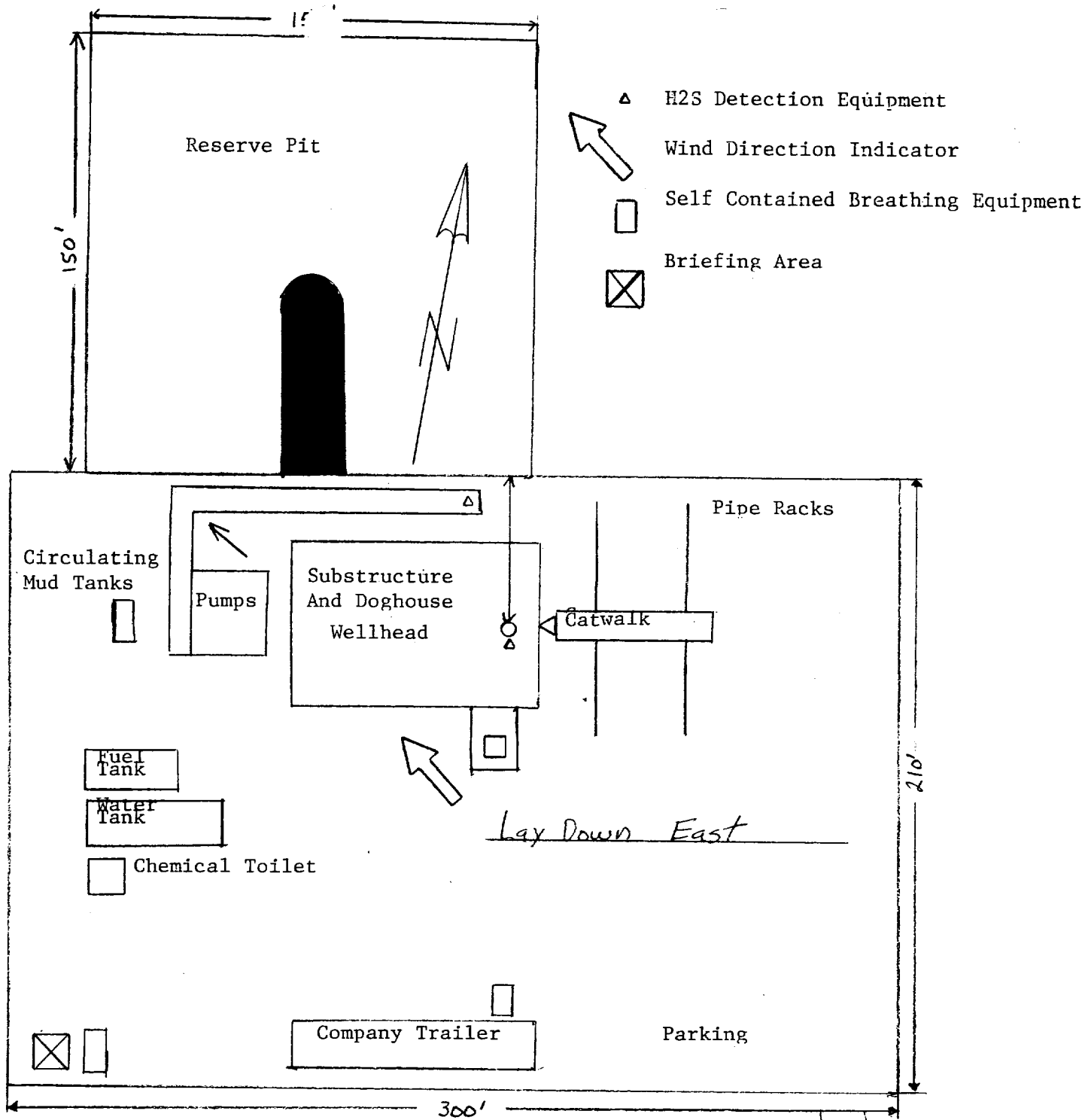
ELEVATION 4118'

OPERATOR MARATHON OIL COMPANY

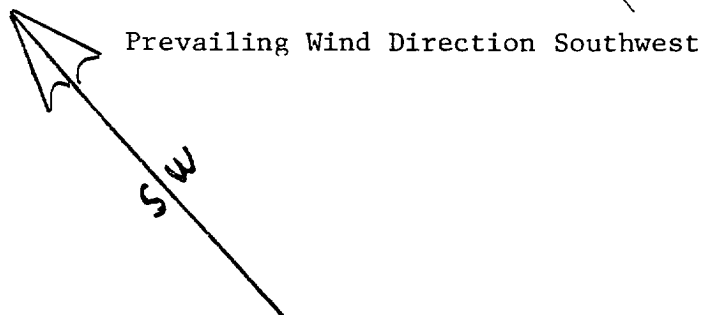
LEASE INDIAN HILLS UNIT

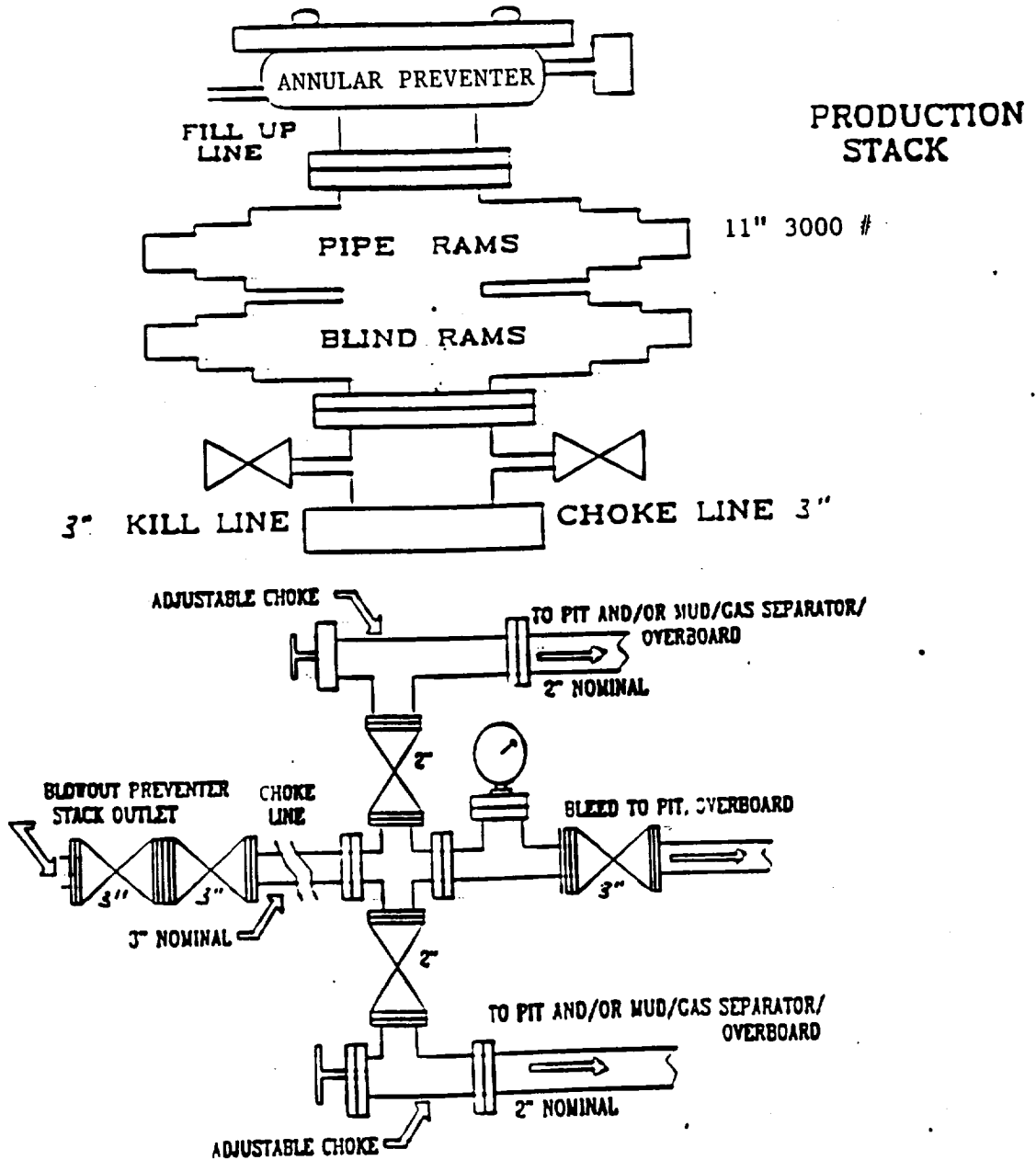
U.S.G.S. TOPOGRAPHIC MAP
MARTHA CREEK, AZOTEA PEAK, N.M.

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



1 INCH= 50 feet





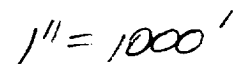


Exhibit "I"

Marathon Oil Company

SPILL PREVENTION CONTROL AND COUNTERMEASURE PLAN (SPCC PLAN)

Marathon Oil Company has pollution prevention, good housekeeping, safety and fire prevention policies that are to be followed at all times. All company employees, contractors and subcontract personnel are to observe safe working practices and prevent pollution to the maximum extent possible.

In the event of an emergency, spill, fire, explosion or blowout, personal injuries, property or equipment damage, call **MARATHON OIL COMPANY @ 915-559-9339**

Prior to drilling, certain measures should be taken:

1. Use impervious materials to build the location and the reserve pit.
2. Ditch the outline of the rig toward the reserve pit.
3. Place sumps on each end of the rig to catch any free oil or debris from entering the reserve pit.
4. Keep materials on location to contain or clean up spills (absorbent pads, shovels, etc).
5. Make known to Drilling Supervisors a list of spill response contractors available.
6. BOP testing shall be performed each time a casing string is set.
7. The Drilling contractor is required to have a certified SPCC plan for the Drilling rig.
8. Routine inspections of the operations shall be performed to ensure SPCC guidelines are followed.
9. Ensure all Marathon personnel are HAZWOPER trained in methods for stopping, controlling, and cleaning up any spills.

Spill control measures to be taken:

1. Shut down activities underway, as deemed necessary by the person in charge.
2. Determine the source of pollution and stop the discharge, if possible.
3. Isolate and contain the discharged materials, if possible.
4. Seek guidance from the Southern Region Emergency Action Plan.

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