

DATE 9/18/09	SUBPENSE 9/24/09	ENGINEER WVJ	LOGGED IN 9/18/09	TYPE SWD 1195	APR NO PWT 0925160 492
-----------------	---------------------	-----------------	----------------------	---------------------	---------------------------

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



3 19

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
 - [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
 - [D] Other: Specify _____
- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
- [A] Working, Royalty or Overriding Royalty Interest Owners
 - [B] Offset Operators, Leaseholders or Surface Owner
 - [C] Application is One Which Requires Published Legal Notice
 - [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 - [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
 - [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

BRIAN COLLINS
 Print or Type Name

Brian Collins
 Signature

PETROLEUM ENGINEER
 Title

4 Sept 09
 Date

bcollins@marbob.com
 e-mail Address

APPLICATION FOR AUTHORIZATION TO INJECT

I. PURPOSE: _____ Secondary Recovery _____ Pressure Maintenance X Disposal _____ Storage
Application qualifies for administrative approval? X Yes _____ No

II. OPERATOR: MARBOB ENERGY CORPORATION

ADDRESS: P O BOX 227, ARTESIA, NM 88211-0227

CONTACT PARTY: BRIAN COLLINS PHONE: 575-748-3303

III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection.
Additional sheets may be attached if necessary.

IV. Is this an expansion of an existing project? _____ Yes X No
If yes, give the Division order number authorizing the project: _____

V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.

VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.

VII. Attach data on the proposed operation, including:

1. Proposed average and maximum daily rate and volume of fluids to be injected;
2. Whether the system is open or closed;
3. Proposed average and maximum injection pressure;
4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).

*VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.

IX. Describe the proposed stimulation program, if any.

*X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).

*XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.

XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.

XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.

XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

NAME: BRIAN COLLINS TITLE: PETROLEUM ENGINEER

SIGNATURE: *Brian Collins* DATE: 4 Sept 09

E-MAIL ADDRESS: bcollins@marbob.com

* If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal: _____

C-108 Application for Authorization to Inject
SRO 16 SWD #1
1980' FNL, 1980' FEL
G-16-T26S-R28E, Eddy County

Marbob Energy Corporation proposes re-enter the captioned well for salt water disposal service into the Devonian from 14525' to 15100'.

- V. Map is attached.
- VI. No wells within the ½ mile radius area of review penetrate the proposed injection zone.
- VII.
 - 1. Proposed average daily injection rate = 2500 BWPD
Proposed maximum daily injection rate = 20,000 BWPD
 - 2. Closed system
 - 3. Proposed maximum injection pressure = 2905 psi
(0.2 psi/ft. x 14525 ft.)
 - 4. Source of injected water will be Delaware Sand and Bone Spring Sand produced water. No compatibility problems are expected. Analyses of Delaware and Bone Spring waters from analogous source wells are attached.
- VIII. The injection zone is the Devonian, permeable dolomite from 14525' to 15100'. Any underground water sources will be shallower than 500'.
- IX. The Devonian injection interval might be acidized with approximately 30,000 gals of 20% HCl acid.
- X. Well logs are filed with the Division. A section of the neutron-density porosity log showing the top 75 feet of injection interval is attached. Well will be deepened to approximately 15,100' to open more Devonian dolomite.
- XI. There are no fresh water wells within a mile of the proposed SWD well..
- XII. After examining the available geologic and engineering data, no evidence was found of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.
- XIII. Proof of Notice is attached.

INJECTION WELL DATA SHEET

OPERATOR: Marbob Energy Corp

WELL NAME & NUMBER: SRO 16 SWD #1 (Formerly Hamon St LG-1175 #1)

WELL LOCATION: 1980' FNL 1980' FEL

UNIT LETTER: G

SECTION: 16

TOWNSHIP: 26s

RANGE: 28e

WELLBORE SCHEMATIC

See attached before & after schematics.
Propose to reenter well, clean out to 9 5/8" stub at 5933', tie 9 5/8" back to surface, cement 9 5/8" to surface, clean out to original TD 14572', deepen to 15100'±, run 7" to 14525', cement 7" to 5000' and convert well to a SWD in Devonian open hole 14525-15100'±.

WELL CONSTRUCTION DATA
Surface Casing

Hole Size: 17 1/2" Casing Size: 13 3/8" e2434'
Cemented with: 2650 sx. or - ft³

Top of Cement: Surface Method Determined: Circ. to surface with 1"

Intermediate Casing

Hole Size: 12 1/4" Casing Size: 9 5/8" 5933-9441'
Cemented with: 1300 sx. or - ft³

Top of Cement: 6408' Method Determined: Temp. Survey

Production Casing

Hole Size: 8 1/2" Casing Size: -
Cemented with: - sx. or - ft³

Top of Cement: - Method Determined: -

Total Depth: 14572'

14525' Injection Interval feet to 15100'

(Perforated or Open Hole indicate which)

INJECTION WELL DATA SHEET

Tubing Size: 3 1/2" or 4 1/2" Lining Material: IPC or Duoline 20

Type of Packer: 10K nickel plated retrievable double grip

Packer Setting Depth: ± 14475'

Other Type of Tubing/Casing Seal (if applicable): N/A

Additional Data

1. Is this a new well drilled for injection? Yes No

If no, for what purpose was the well originally drilled? Oil & gas.

2. Name of the Injection Formation: Devonian

3. Name of Field or Pool (if applicable): _____

4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used.

See wellbore schematic

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area:

Underlying: None

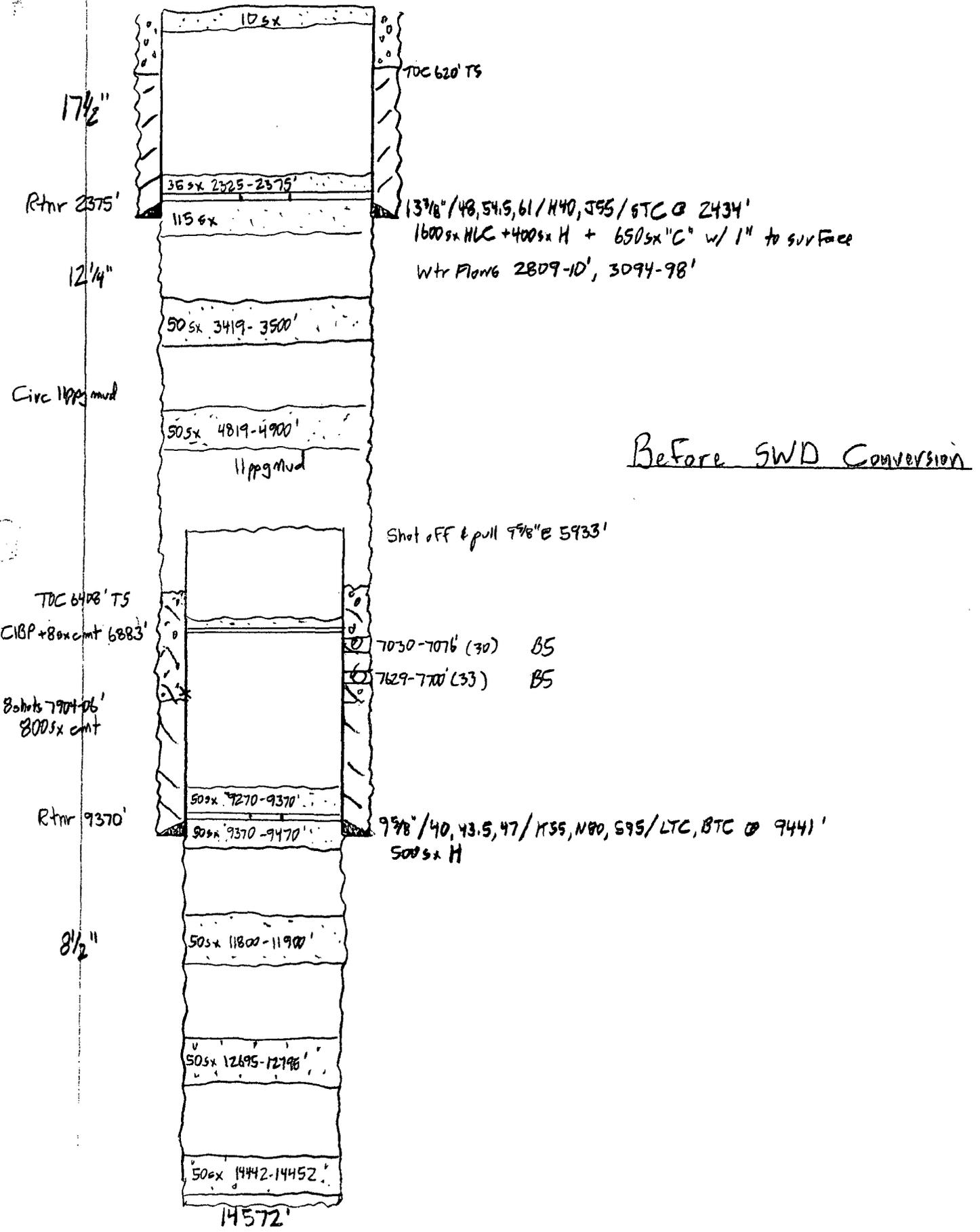
Overlying: Possible Delaware 2500-6000', Possible Bone Spring 6250-8500', Possible Penn 10500' +, Possible Strawn 11,950' +, Possible Atoka 12,100' + Possible Morrow 12,500' +

No productive wells within 1 mile of this location.

30-015-21398

(Formerly St. LG-1175 #1)
1980' FML, 1980' FEL
G-16-26s-28e
Eddy NM

Zero: 17' AGL
KB: 3041'
GL: 3024'

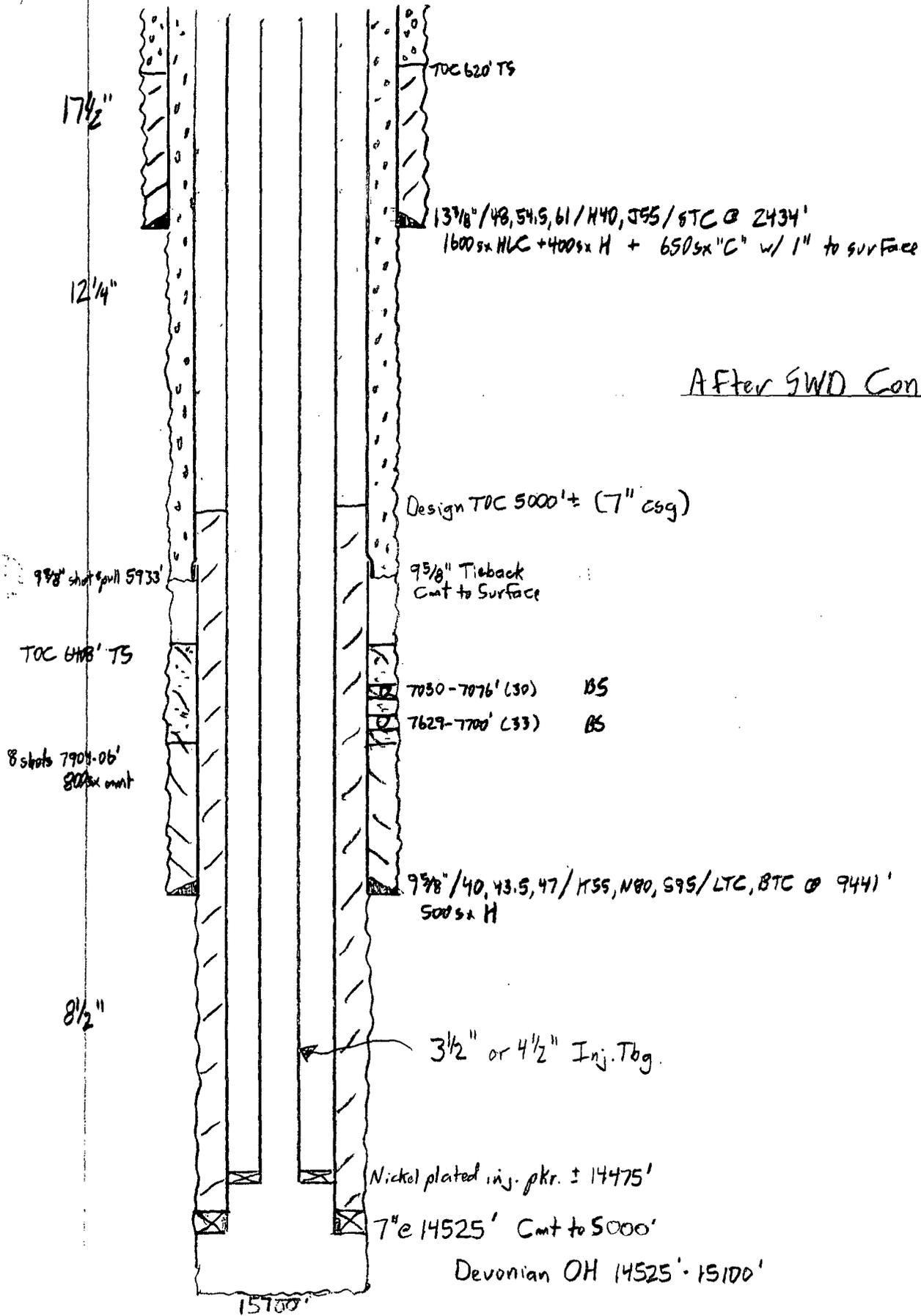


SR016 SWD No. 1

30-015-21398

(Formerly St. LG-1175 #1)
1980' FNL, 1980' FEL
G-16-26s-28e
Eddy NM

Zero: 17' AGL
KB: 3041'
GL: 3024'

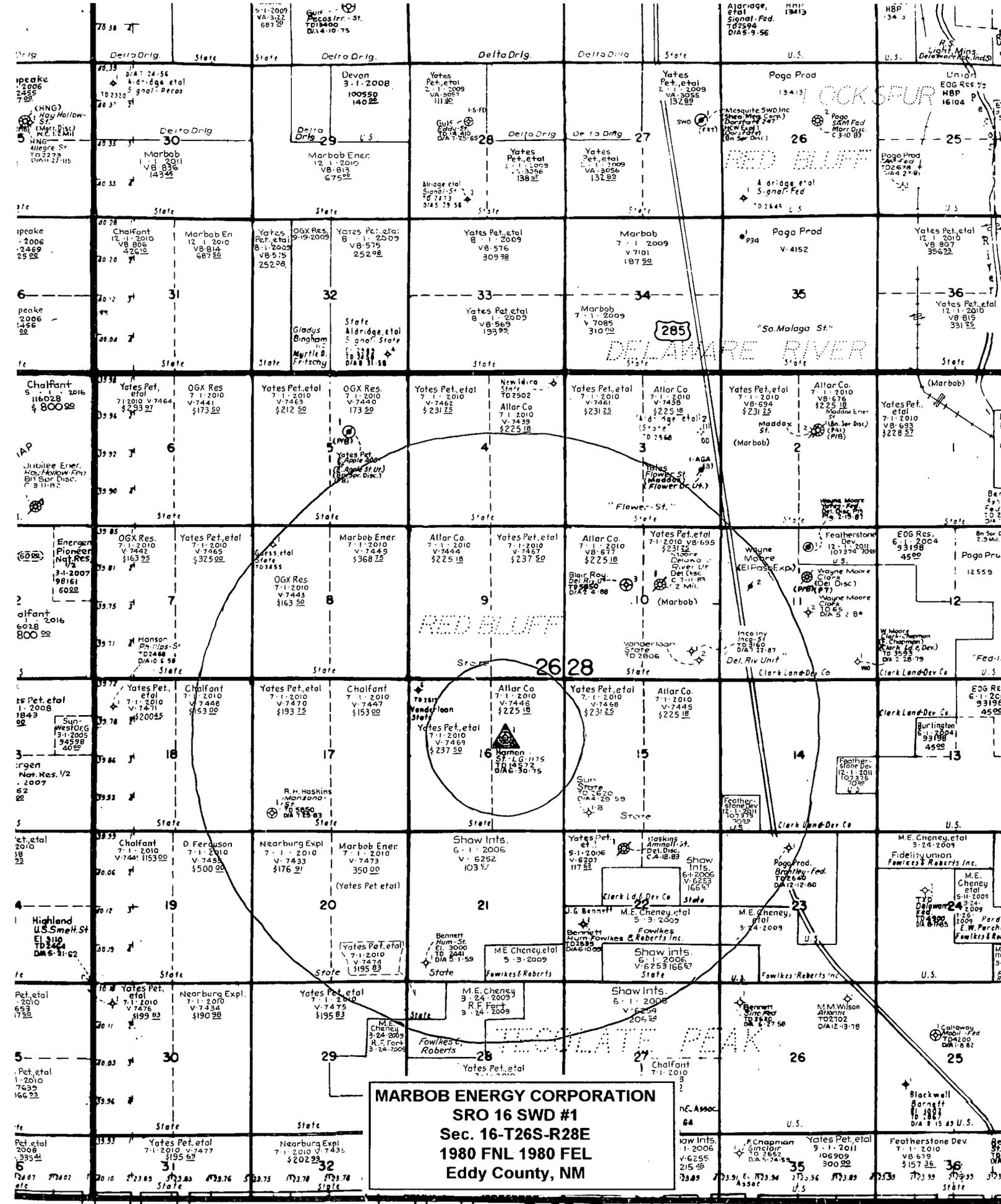


After SWD Conversion

Devonian OH 14525' - 15100'

V.

MAP



MARBOB ENERGY CORPORATION
SRO 16 SWD #1
Sec. 16-T26S-R28E
1980 FNL 1980 FEL
Eddy County, NM

R-28-E

CULBERSON, East

VII.

WATER ANALYSIS

MALLIBURTON

PERMAIN BASIN OPERATIONS LABORATORY
WATER ANALYSIS REPORT
HOBBS, NEW MEXICO

COMPANY Marbob

REPORT W08-156
DATE November 25, 2008
DISTRICT Hobbs

SUBMITTED BY Bone Spring Sand Produced Water

WELL Save DA 21 Fed. #1 DEPTH _____ FORMATION _____
COUNTY _____ FIELD _____ SOURCE _____

SAMPLE

Sample Temp.	70	°F		°F		°F		°F
RESISTIVITY	0.068							
SPECIFIC GR	1.095							
pH	6.53							
CALCIUM	7500	mpl		mpl		mpl		mpl
MAGNESIUM	6000	mpl		mpl		mpl		mpl
CHLORIDE	83125	mpl		mpl		mpl		mpl
SULFATES	Light	mpl		mpl		mpl		mpl
BICARBONATES	231	mpl		mpl		mpl		mpl
SOLUBLE IRON	0	mpl		mpl		mpl		mpl
KCL	Negative							
Sodium		mpl	0	mpl	0	mpl	0	mpl
TDS		mpl	0	mpl	0	mpl	0	mpl
OIL GRAVITY	@	°F	@	°F	@	°F	@	°F

REMARKS

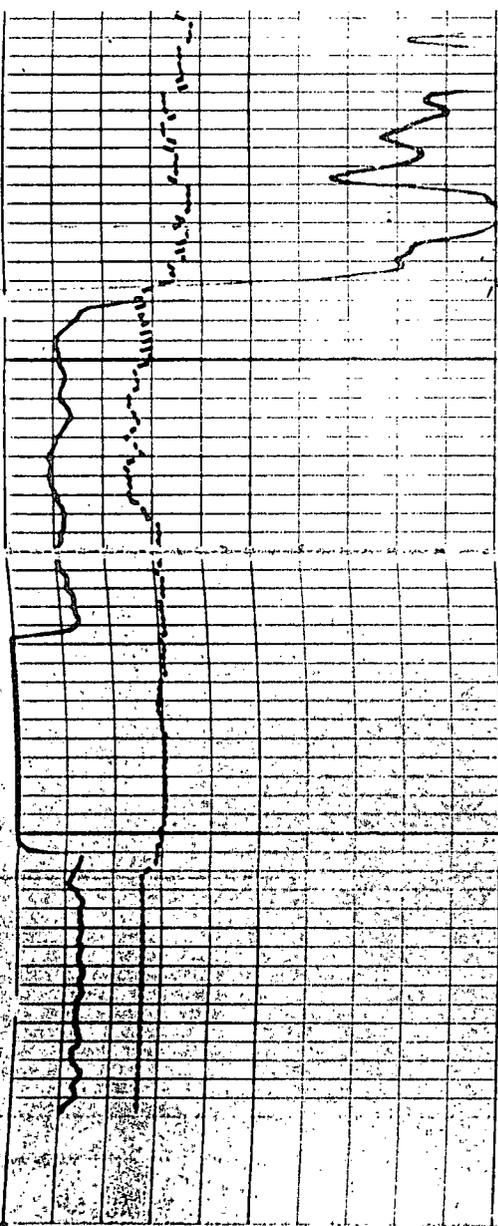
MPL - Milligrams per liter
Resistivity measured in 25°C, 2.5 cm

This report is the property of Halliburton Company and neither the report nor the data herein should be published or disclosed without first obtaining the express written approval of laboratory management. It may never be used as the basis of a claim of liability, in any capacity, by any person other than the person or persons specifically named herein.

ANALYST MA 08 JR

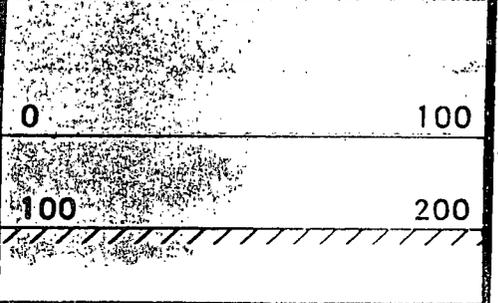
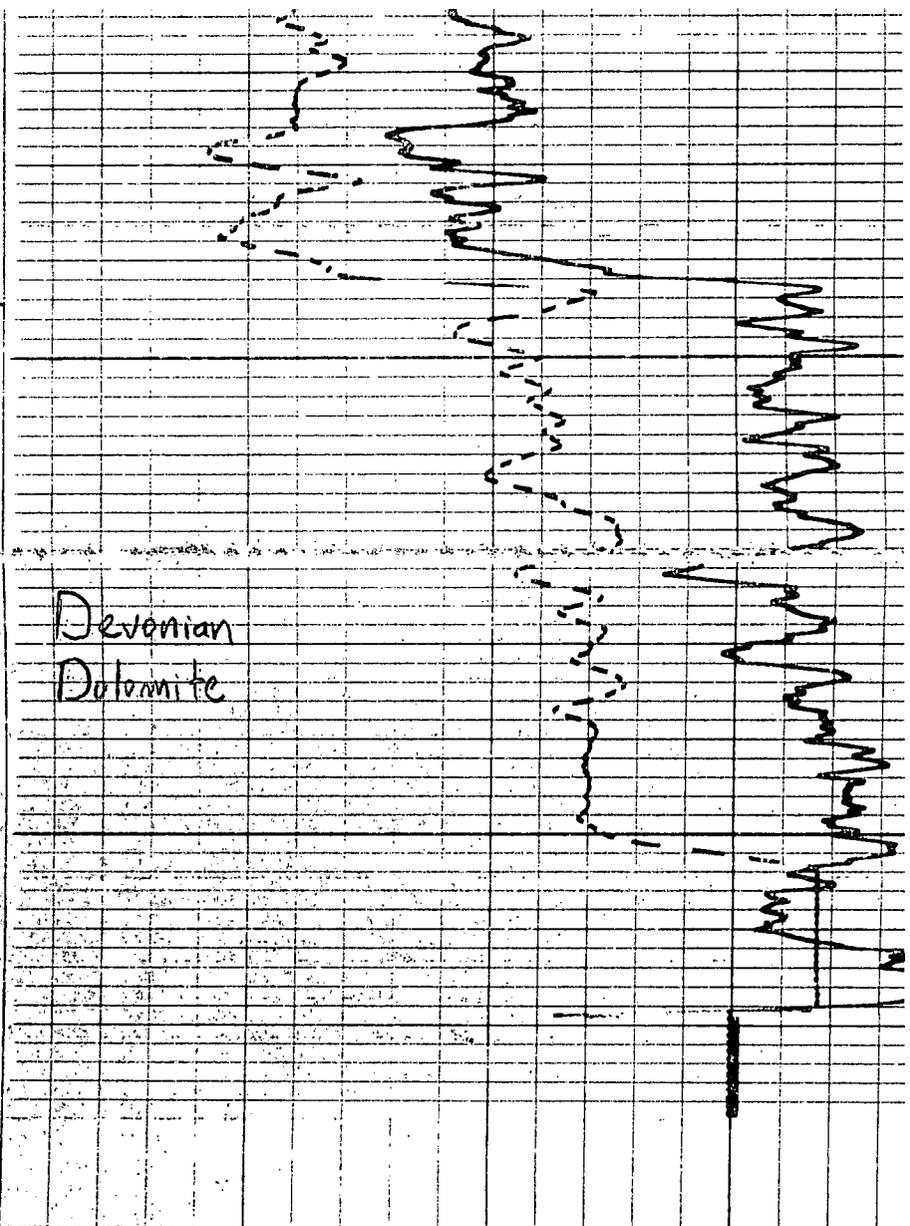
X.

**Neutron Density Log
Across Proposed Top
75 Feet of Devonian
Injection Interval**

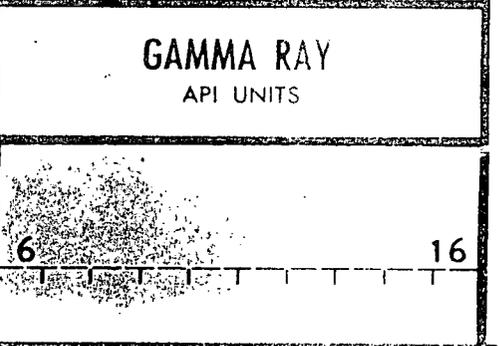


14500

Devonian
Dolomite



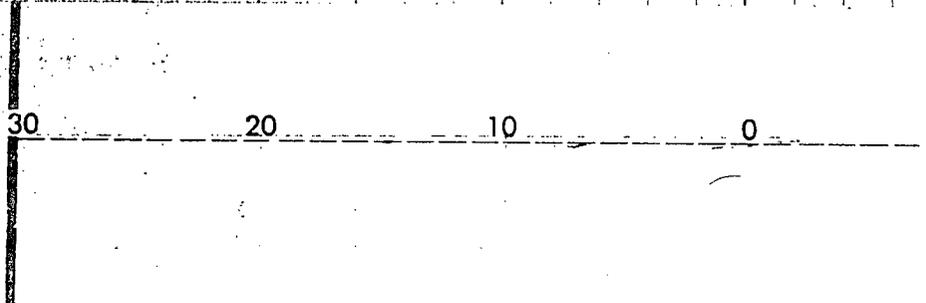
GAMMA RAY
API UNITS



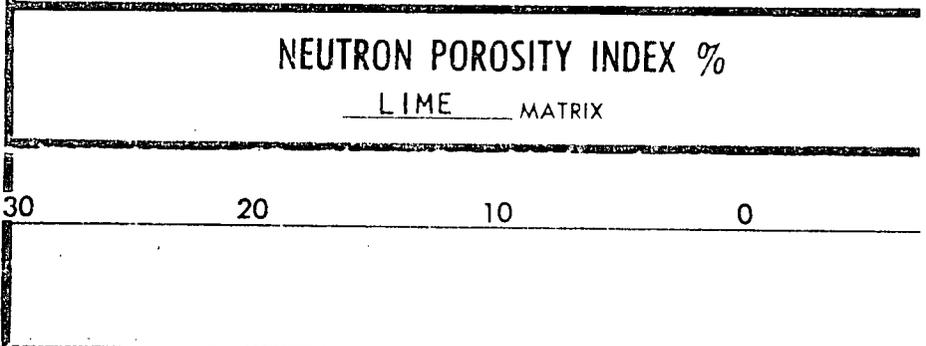
CALIPER
HOLE DIAM. IN INCHES

RUN 2

DEPTHS



NEUTRON POROSITY INDEX %
LIME MATRIX



DENSITY POROSITY INDEX %
LIME MATRIX

XI.

Fresh Water Sample Analyses



New Mexico Office of the State Engineer

Point of Diversion by Location

(with Drilling Information)

WR File Nbr	Sub basin	Use	Diversion	County	POD Number	Grant	Source				NAD83 UTM in meters		Finish Date	Depth	
							q	q	q	q	X	Y		Well	Water
C-01612	PRO	0	ED	C-01612		6416 4	22	26S	28E	587362	3543892*				
C-01613	PRO	0	ED	C-01613		21	26S	28E		585744	3543866*				
C-02160	IRR	397.5	ED	C-02160 S7		Shallow	3	3	1	22	26S	28E	01/01/1961	300	120
C-02479	STK	3	ED	C-02479		4	4	10	26S	28E	587909	3546534*	12/31/1960	200	
C-02480	STK	3	ED	C-02480		4	4	10	26S	28E	587909	3546534*	12/31/1912	150	

Record Count: 5

POD Search:

POD Basin: Carlsbad

PLSS Search:

Section(s): 8, 9, 10, 15, 16, Township: 26S Range: 28E
17, 20, 21, 22

Sorted by: File Number

None Within 1 Mile

*UTM location was derived from PLSS - see Help

The data is furnished by the NMOSE/ISC and is accepted by the recipient with the expressed understanding that the OSE/ISC make no warranties, expressed or implied, concerning the accuracy, completeness, reliability, usability, or suitability for any particular purpose of the data.



marbob
energy corporation

E-mailed 09/04/09

August 11, 2009

Artesia Daily Press
P. O. Box 190
Artesia, NM 88211-0190

Re: Legal Notice
Water Disposal Well

Gentlemen:

Enclosed are 5 legal notices regarding New Mexico Oil Conservation Division C-108 Application for Authorization to Inject for a salt water disposal well.

Please run this notice and return the proof of notice to the undersigned at Marbob Energy Corporation, P. O. Box 227, Artesia, NM 88211-0227.

Sincerely,

Brian Collins
Petroleum Engineer

BC/dlw

enclosure

ARTESIA DAILY PRESS
LEGAL NOTICES

Marbob Energy Corporation, Post Office Box 227, Artesia, New Mexico, 88211-0227, has filed Form C-108 (Application for Authorization to Inject) with the New Mexico Oil Conservation Division seeking administrative approval for a salt water disposal well. The proposed well, the SRO 16 SWD #1, is located 1980' FNL 1980' FEL, Sec. 16, Township 26 South, Range 28 East, Eddy County, New Mexico. Disposal water will be sourced from area wells producing from the Delaware and Bone Spring formations. The disposal water will be injected into the Devonian formation at a depth of 14525-15100' at a maximum surface pressure of 2905 psi and a maximum rate of 20,000 BWPD. Any interested party who has an objection to this must give notice in writing to the Oil Conservation Division, 1220 South Saint Francis Street, Santa Fe, New Mexico, 87505, within fifteen (15) days of this notice. Any interested party with questions or comments may contact Brian Collins at Marbob Energy Corporation, Post Office Box 227, Artesia, New Mexico 88211-0227, or call 575-748-3303.

Published in the Artesia Daily Press, Artesia, New Mexico
_____, 2009.



August 11, 2009

New Mexico State Land Office
P. O. Box 1148
Santa Fe, NM 87504-1148

Re: Application to Inject
SRO 16 SWD #1
Township 26 South, Range 28 East, NMPM
Section 16: 1980 FNL 1980 FEL, Unit G
Eddy County, New Mexico

Ladies and Gentlemen:

Enclosed for your review is a copy of Marbob Energy Corporation's application to convert the referenced well to salt water disposal. As a requirement of the New Mexico Oil Conservation Division, we are notifying you because you have been identified as an operator or surface owner. Any objections must be submitted in writing to NMOCD, 1220 S. St. Francis Drive, Santa Fe, New Mexico 87505. Objections must be received within fifteen (15) days of receipt of this letter.

Please do not hesitate to contact us should you have any questions.

Sincerely,

Brian Collins
Petroleum Engineer

BC/dlw
enclosure

Jones, William V., EMNRD

From: Ross Duncan [rduncan@marbob.com]
Sent: Wednesday, September 16, 2009 3:03 PM
To: Jones, William V., EMNRD
Subject: RE: SWD application from Marbob: SRO 10 SWD #1 30-015-25864

William:

As for the SRO #16, YPC, Allar, and Marbob are under JOA in the Devonian. The SRO #17 is covered by the SRO State Exploratory Unit JOA, along with lands in the NE/4 of Section 19 whereas Marbob is Lessee of Record.

Please let me know if you have further questions.

Thanks,
Ross

From: Jones, William V., EMNRD [mailto:William.V.Jones@state.nm.us]
Sent: Wednesday, September 16, 2009 2:41 PM
To: Ross Duncan
Subject: RE: SWD application from Marbob: SRO 10 SWD #1 30-015-25864

Ross:
Did you guys check out the other two submittals also (SRO 16 and SRO 17)?
One is a Devonian injection interval – does Marbob have all the Devonian minerals within ½ mile of this well?

William V. Jones PE
New Mexico Oil Conservation Division
1220 South St. Francis
Santa Fe, NM 87505
505-476-3448

From: Ross Duncan [mailto:rduncan@marbob.com]
Sent: Wednesday, September 16, 2009 1:53 PM
To: Jones, William V., EMNRD
Cc: 'Brian Collins'
Subject: FW: SWD application from Marbob: SRO 10 SWD #1 30-015-25864

William:

Please see below for information regarding your questions to Brian Collins on the SRO 10 SWD #1 and SRO 5 SWD #1:

SRO 10 SWD #1 – We have YPC under a Joint Operating Agreement, Marbob as Operator, covering the lands and depths in question.

SRO 5 SWD #1 – We have YPC and Legend (Legend purchased OGX) under a Joint Operating Agreement, Marbob as Operator, covering the lands and depths in question.

Please let me know if you need anything else.

Thanks,
Marbob Energy Corporation

Ross Duncan

From: Brian Collins [mailto:bcollins@marbob.com]
Sent: Wednesday, September 16, 2009 9:57 AM
To: Ross Duncan
Subject: Fw: SWD application from Marbob: SRO 10 SWD #1 30-015-25864

----- Original Message -----

From: Jones, William V., EMNRD
To: Brian Collins
Cc: Ezeanyim, Richard, EMNRD ; Reeves, Jacqueta, EMNRD
Sent: Wednesday, September 16, 2009 9:05 AM
Subject: SWD application from Marbob: SRO 10 SWD #1 30-015-25864

Hello Brian:

You must have found the logs for this one – I see a resis log on the web site.

Only a notice question for this one:

The ½ mile Midland map shows Yates as lessee within ½ mile of this well. Please ask your Landman and let me know if Marbob is now the lessee (or controls the minerals) in the Delaware in this well and in the surrounding ½ mile including all the old Yates acreage?

Regards,

William V. Jones PE
New Mexico Oil Conservation Division
1220 South St. Francis
Santa Fe, NM 87505
505-476-3448

Confidentiality Notice: This e-mail, including all attachments is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited unless specifically provided under the New Mexico Inspection of Public Records Act. If you are not the intended recipient, please contact the sender and destroy all copies of this message. -- This email has been scanned by the Sybari - Antigen Email System.

Confidentiality Notice: This e-mail, including all attachments is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited unless specifically provided under the New Mexico Inspection of Public Records Act. If you are not the intended recipient, please contact the sender and destroy all copies of this message. -- This email has been scanned by the MessageLabs Email Security System.

This inbound email has been scanned by the MessageLabs Email Security System.

Jones, William V., EMNRD

From: Debora Wilbourn [geology@marbob.com]
Sent: Wednesday, September 16, 2009 2:37 PM
To: Jones, William V., EMNRD
Subject: SRO 16 SWD #1
Attachments: Proof of Notice.pdf

Proof of Notice

Will,

Is this method of sending the proofs of notice and the affidavits of publication OK with you? Or do you want me to send hard copies through the mail?

Debora L Wilbourn, GeoTech
geology@marbob.com
Marbob Energy Corporation
PH 575-748-3303

This inbound email has been scanned by the MessageLabs Email Security System.

SENDER: COMPLETE THIS SECTION

- Complete Items 1, 2, and 3. Also complete Item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

NM STATE LAND OFFICE
P O BOX 1148
SANTA FE NM 87504-1148

2. Article Number

(Transfer from service label)

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from Item 1? Yes
If YES, enter delivery address below No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

Jones, William V., EMNRD

From: Debora Wilbourn [geology@marbob.com]
Sent: Friday, September 25, 2009 2:54 PM
To: Jones, William V., EMNRD
Subject: SRO 16 SWD #1
Attachments: Proof of Notice YPC.pdf

Proof of Notice

Debora L Wilbourn, GeoTech
geology@marbob.com
Marbob Energy Corporation
PH 575-748-3303

This inbound email has been scanned for malicious software and transmitted safely to you using Webroot Email Security.

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

**YATES PETROLEUM CORPORATION
104 S 4TH ST
ARTESIA NM 88210**

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
x Melissa Stewart

B. Received by (Printed Name) Date of Delivery
MELISSA STEWART SEP 24 2009

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

SEP 25 2009

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number **7006 0810 0000 8979 7459**
 (Transfer from service label)

Not Required - See J.O.A. Statement.

Jones, William V., EMNRD

From: Debora Wilbourn [geology@marbob.com]
Sent: Wednesday, September 16, 2009 11:05 AM
To: Jones, William V., EMNRD
Subject: SRO 16 SWD #1
Attachments: Affidavit of Publication.pdf

Affidavit of Publication

Debora L Wilbourn, GeoTech
geology@marbob.com
Marbob Energy Corporation
PH 575-748-3303

This inbound email has been scanned by the MessageLabs Email Security System.

RECEIVED

Jake L. Hamon
State LG-1175 No. 1
1980 FNL & 1980 FEL Sec. 16, T-26-S, R-28-E
Eddy County, New Mexico

JUL 18 1975

O. C. C.
ARTEZIA, OFFICE

DST No. 1

Tested Atoka from 12,090' to 12,249', 3/8" bottom x 1" top choke, 5000' W.C. 1 hr test. Had very weak blow for 1 hr test. Recovered 4,775' gas cut W.C. and 585' gas cut mud. 1 hr ISIP 5184#, IFP 2564#, FFP 2620#, 1 hr FSIP 3482# and BHT 195° F.

DST No. 2

Tested Devonian from 14,522' to 14,572', 3/4" bottom x 1" top choke, 6000' W.C., 2 hr test. Had good blow for 2 hr test. No gas to surface. Recovered 6000' W.C., 300' of water cut drilling mud and 3500' of formation (sulphur) water. 1 hr ISIP 6334#, IFP 3092#, FFP 4457#, 2 hr FSIP 6334#, and BHT 220° F.

Swab test Bone Springs perf from 7629' to 7700'. Swabbed tubing dry, well making a slight blow of gas, TSTM. Well making trace of light green oil. Did not recover all of acid water.

Swab test Bone Springs perf from 7030' to 7076'. Swabbed back acid water and swabbed tubing from bottom. Swabbed 30 bbls of water and approximately 1/4 bbl of oil in 3 hrs. Abandoned Bone Springs as non productive.

Injection Permit Checklist (8/14/09)

Case _____ R- _____ SWD 1175 WFX _____ PMX _____ IPI _____ Permit Date 9/29/09 UIC Qtr (JAS)
 # Wells 1 Well Name: SKO 16 SWD #1 (was State LG 1175 #1)
 API Num: (30-) 015-21398 Spud Date: 12/17/74 New/Old: 0 (UIC primacy March 7, 1982)
 Footages 1980 FNL / 1980 FEL Unit 9 Sec 16 Tsp 26S Rge 28E County Eddy
 Operator: Marbel Energy Corp. Contact Brian Collins
 OGRID: _____ RULE 5.9 Compliance (Wells) OK (Finan Assur) OK

Operator Address: _____

Current Status of Well: PEA, Dry Hole

Planned Work to Well: Deepen To ~ 15,100 install 9 5/8 To Surf; Run 7 1/2" E CMT.
 Planned Tubing Size/Depth: 3 1/2" or 4 1/2" @ 14,475

	Sizes Hole.....Pipe	Setting Depths	Cement Sx or Cf	Cement Top and Determination Method
Existing <input checked="" type="checkbox"/> Surface	<u>17 1/2 13 3/8</u>	<u>2434</u>	<u>2650</u>	<u>620 T.S.; 1" to surface</u>
Existing <input checked="" type="checkbox"/> Intermediate	<u>12 1/4 9 5/8</u>	<u>5933-9441</u>	<u>1300</u>	<u>6408 T.S.</u>
Existing <input checked="" type="checkbox"/> Long String	<u>8 1/2</u>			

DV Tool _____ Liner _____ Open Hole Planned 2H Total Depth Planned @ 15,100'

Well File Reviewed Diagrams: Before Conversion After Conversion Elogs in Imaging File:

Intervals:	Depths	Formation	Producing (Yes/No)
Above (Name and Top)			
Above (Name and Top)			
Injection..... Interval TOP:	<u>14,525</u>	<u>Dev</u>	
Injection..... Interval BOTTOM:	<u>15,100</u>	<u>Dev</u>	
Below (Name and Top)			

2905 PSI Max. WHIP
 Open Hole (Y/N)
 _____ Deviated Hole?

Sensitive Areas: Capitan Reef _____ Cliff House _____ Salt Depths _____
 Potash Area (R-111-P) _____ Potash Lessee _____ Noticed? _____

Fresh Water: Depths: 0-500' Wells None Analysis? _____ Affirmative Statement

Disposal Fluid Sources: Del/BK Analysis? _____

Disposal Interval Production Potential/Testing/Analysis Analysis: _____

Notice: Newspaper(Y/N) Surface Owner SLO Mineral Owner(s) _____

RULE 26.7(A) Affected Parties: aller/ypc/marbel in J.O.A.

Area of Review: Adequate Map (Y/N) and Well List (Y/N)

Active Wells 0 Num Repairs _____ Producing in Injection Interval in AOR _____
 ..P&A Wells 0 Num Repairs _____ All Wellbore Diagrams Included? _____

Questions to be Answered:

Required Work on This Well: _____ Request Sent _____ Reply: _____
AOR Repairs Needed: _____ Request Sent _____ Reply: _____
 _____ Request Sent _____ Reply: _____