

UNITED STATES **OCD-ARTESIA**
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMLC028784C
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator MARBOB ENERGY CORPORATION		7. If Unit or CA Agreement, Name and No. NMNM88525X
Contact: DIANA CANNON E-Mail: production@marbob.com		8. Lease Name and Well No. BURCH KEELY UNIT 905
3a. Address P O BOX 227 ARTESIA, NM 88211-0227	3b. Phone No. (include area code) Ph: 505.748.3303 Fx: 505.746.2523	9. API Well No. 30-015-33794
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface NWNW Lot D 1295FNL 610FWL At proposed prod. zone NWNW Lot D 1295FNL 610FWL		10. Field and Pool, or Exploratory GRBG JACKSON SR Q GRBG SA
14. Distance in miles and direction from nearest town or post office* SEE SURFACE USE PLAN		11. Sec., T., R., M., or Blk. and Survey or Area Sec 26 T17S R29E Mer NMP
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 610'	16. No. of Acres in Lease 1440.00	12. County or Parish EDDY
17. Spacing Unit dedicated to this well 40.00		13. State NM
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 4800 MD	20. BLM/BIA Bond No. on file
21. Elevations (Show whether DF, KB, RT, GL, etc.) 3571 GL	22. Approximate date work will start 03/19/2003	23. Estimated duration 21 DAYS

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- | | |
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| 1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the authorized officer. |
|--|--|

25. Signature (Electronic Submission)	Name (Printed/Typed) DIANA CANNON	Date 02/19/2003
Title AUTHORIZED REPRESENTATIVE		
Approved by (Signature) /s/ Joe G. Lara	Name (Printed/Typed) /s/ Joe G. Lara	Date 13 SEP 2004
Title FIELD MANAGER	Office CARLSBAD FIELD OFFICE	

Application approval does not warrant or certify the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

APPROVAL FOR 1 YEAR

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

Additional Operator Remarks (see next page)

Electronic Submission #18679 verified by the BLM Well Information System
For MARBOB ENERGY CORPORATION, sent to the Carlsbad
Committed to AFMSS for processing by Armando Lopez on 02/19/2003 (03AL0149AE)

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS

ATTACHED** REVISED ** REVISED ** REVISED ** REVISED ** REVISED **

If earthen pits are used in
association with the drilling of this
well, an OCD pit permit must be
obtained prior to pit construction.

Additional Operator Remarks:

12 1/4" HOLE - 8 5/8" J55 24# CSG SET @ 350' - CMT W/ 300 SX

7 7/8" HOLE - 5 1/2" J55 17# CSG SET @ 4800' - CMT SUFFICIENT TO COVER 200' ABOVE ALL KNOWN OIL & GAS HORIZONS.

PRESSURE CONTROL EQUIPMENT: WE WILL BE USING A 2M SYSTEM. (SEE EXHIBIT #1)

PAY ZONE WILL BE SELECTIVELY PERFORATED AND STIMULATED AS NEEDED FOR OPTIMUM PRODUCTION.

MASTER SURFACE USE PLAN ON FILE AT BLM ROSWELL.

INCLUDED IN THE ATTACHMENT ARE:

1. WELL LOCATION & ACREAGE DEDICATION PLAT
2. DRILLING PROGRAM & SURFACE USE PLAN
3. SUPPLEMENTAL DRILLING DATA (EXHIBITS #1 - #4)

DISTRICT I
P.O. Box 1882, Hobbs, NM 88241-1882

DISTRICT II
P.O. Drawer 22, Artesia, NM 88211-0712

DISTRICT III
1000 Rio Brazos Ed., Aztec, NM 87410

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

State of New Mexico
Energy, Minerals and Natural Resources Department

JAN 31 2003

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

OIL CONSERVATION DIVISION

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-	Pool Code 28509	Pool Name GRAYBURG JACKSON SR Q GRBG SA
Property Code 006497	Property Name BURCH KEELY UNIT	Well Number 905
GRID No. 14049	Operator Name MARBOB ENERGY CORPORATION	Elevation 3571'

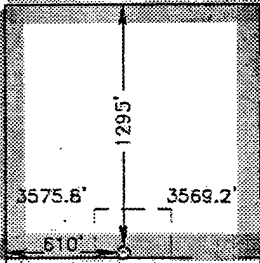
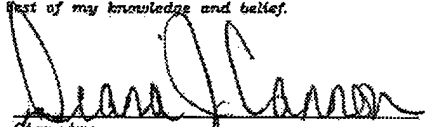
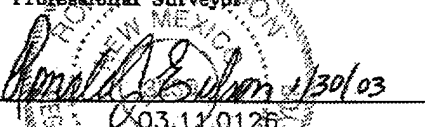
Surface Location

UL or lot No. D	Section 26	Township 17 S	Range 29 E	Lot Idn	Feet from the 1295	North/South line NORTH	Feet from the 610	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 40	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>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i>  Signature DIANA J. CANNON Printed Name PRODUCTION ANALYST Title FEBRUARY 19, 2003 Date		
						SURVEYOR CERTIFICATION <i>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.</i> JANUARY 28, 2003 Date Surveyed Signature & Seal of Professional Surveyor  03.11.0126 Certificate No. RONALD J. EDSON 3239 GARY EDSON 12641	

DRILLING PROGRAM

Burch Keely Unit No. 905
1295' FNL and 610' FWL
Section 26-17S-29E
Eddy County, New Mexico

10. Anticipated Starting Date and Duration of Operations

Starting date will be scheduled upon approval.

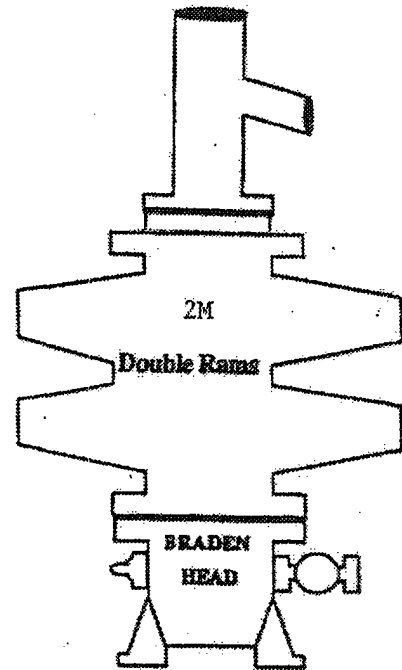
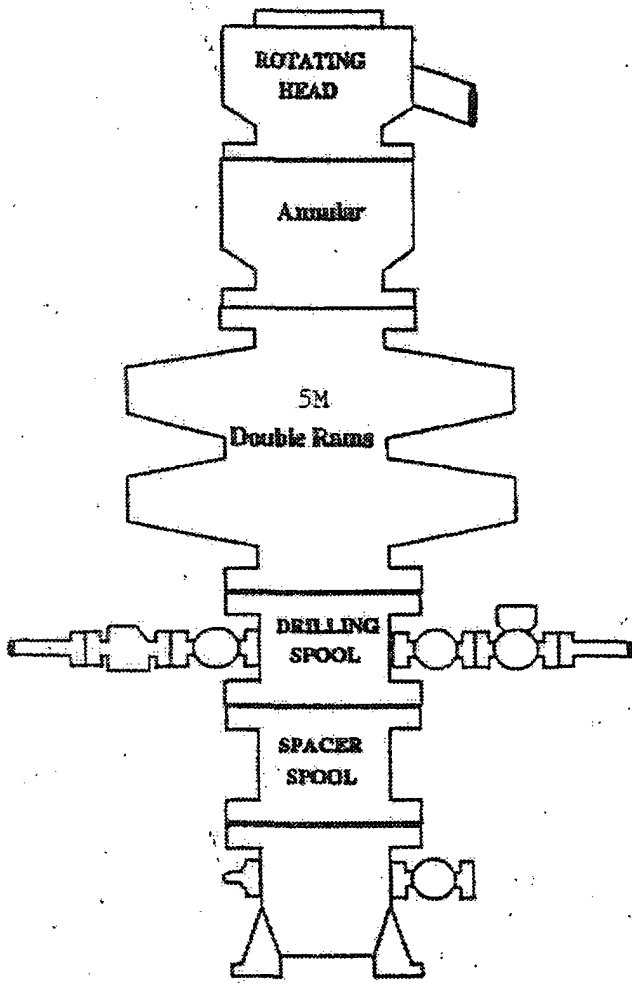
Duration of Operations: Once commenced, the drilling operations should be completed in approximately 21 days. If the well is productive, an additional 30 to 60 days will be required for completion and testing of the well.

SURFACE USE AND OPERATING PLAN

Burch Keely Unit No. 905
1295' FNL and 610' FWL
Section 26-17S-29E
Eddy County, New Mexico

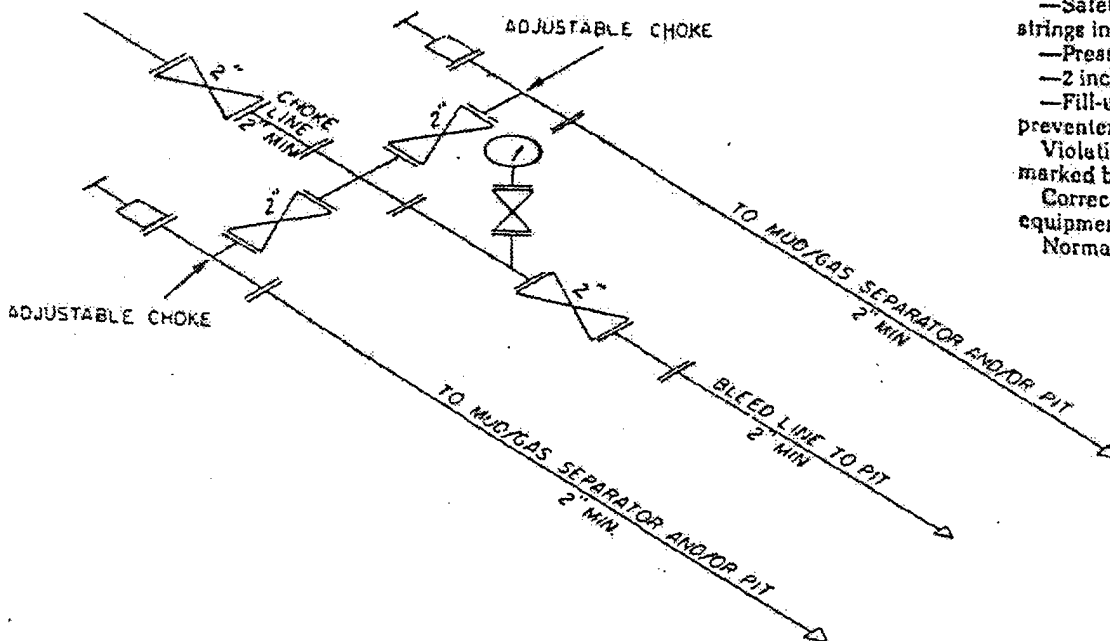
- 1.(c) Directions to Locations: From Loco Hills, proceed west on U.S. 82 for 3 miles. Turn south on lease road and proceed 5/10 miles. Turn west and proceed 5/10 miles. Turn south on lease road and proceed 1/10 miles. Location is on the west side of lease road.
2. No new access road will be necessary.
- 4.(a) If productive, this well will use Satellite "E".

BOPE SCHEMATIC



ONSHORE OIL AND GAS ORDER NO. 2

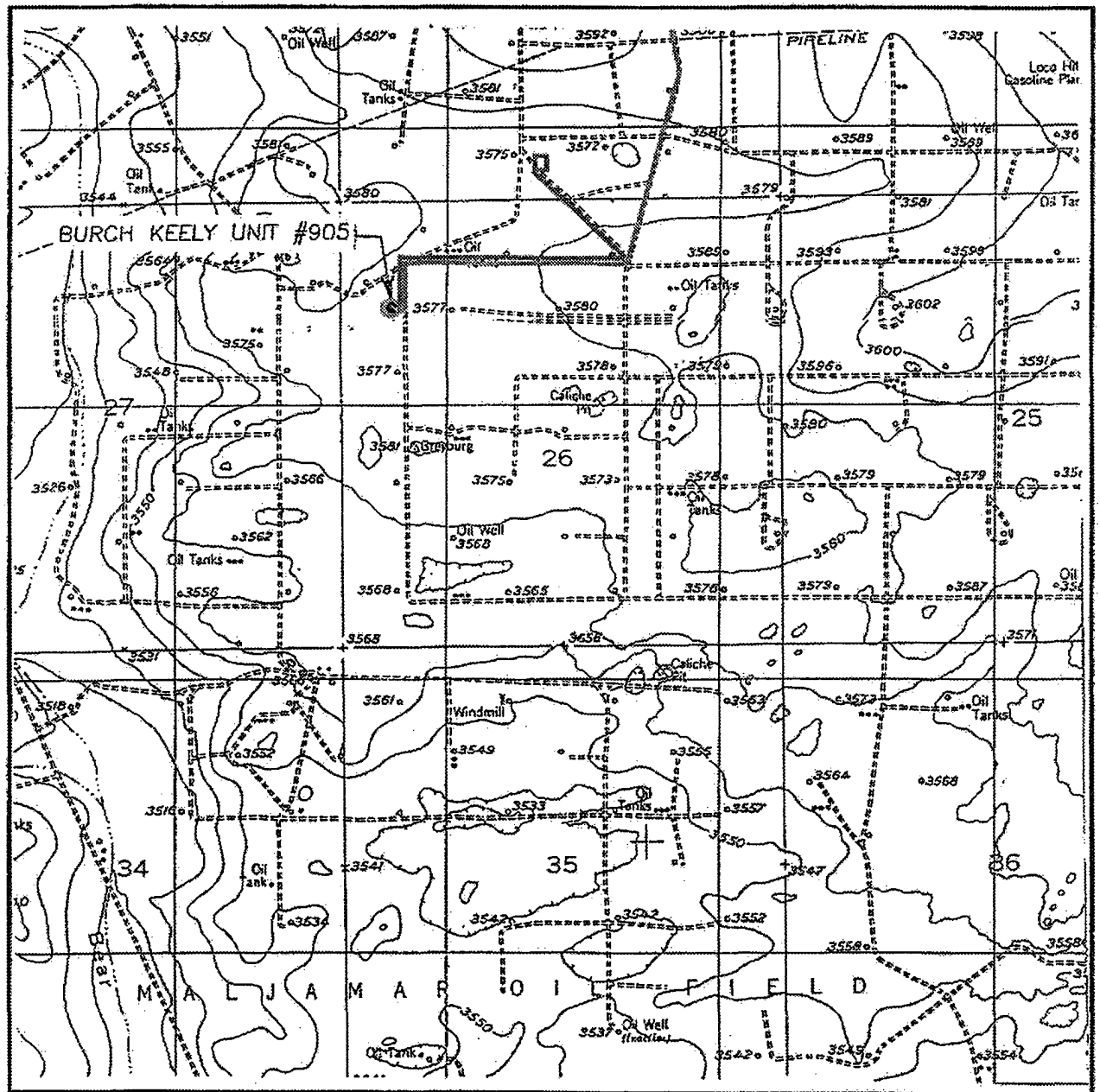
- 2M system:
- Annular preventer, or, double ram, or two rams with one being blind and one being a pipe ram *
 - Kill line (2 inch minimum)
 - 1 kill line valve (2 inch minimum)
 - 1 choke line valve
 - 2 chokes (refer to diagram in Attachment 1)
 - Upper kelly cock valve with handle available
 - Safety valve and subs to fit all drill strings in use
 - Pressure gauge on choke manifold
 - 2 inch minimum chokes line
 - Fill-up line above the uppermost preventer.
- Violation: Minor (all items unless marked by asterisk).
 Corrective Action: Install the equipment as specified.
 Normal Abatement Period: 24 hours.



2M CHOKER MANIFOLD EQUIPMENT — CONFIGURATION OF CHOKES

MAY VARY

Exhibit One

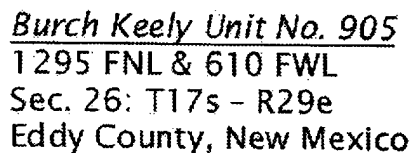


SCALE: 1" = 2000'

CONTOUR INTERVAL:
RED LAKE SE, N.M. - 10'

Burch Keely Unit No. 905
1295 FNL & 610 FWL
Sec. 26: T17s - R29e
Eddy County, New Mexico

EXHIBIT TWO



Well Site Lay-Out Plat

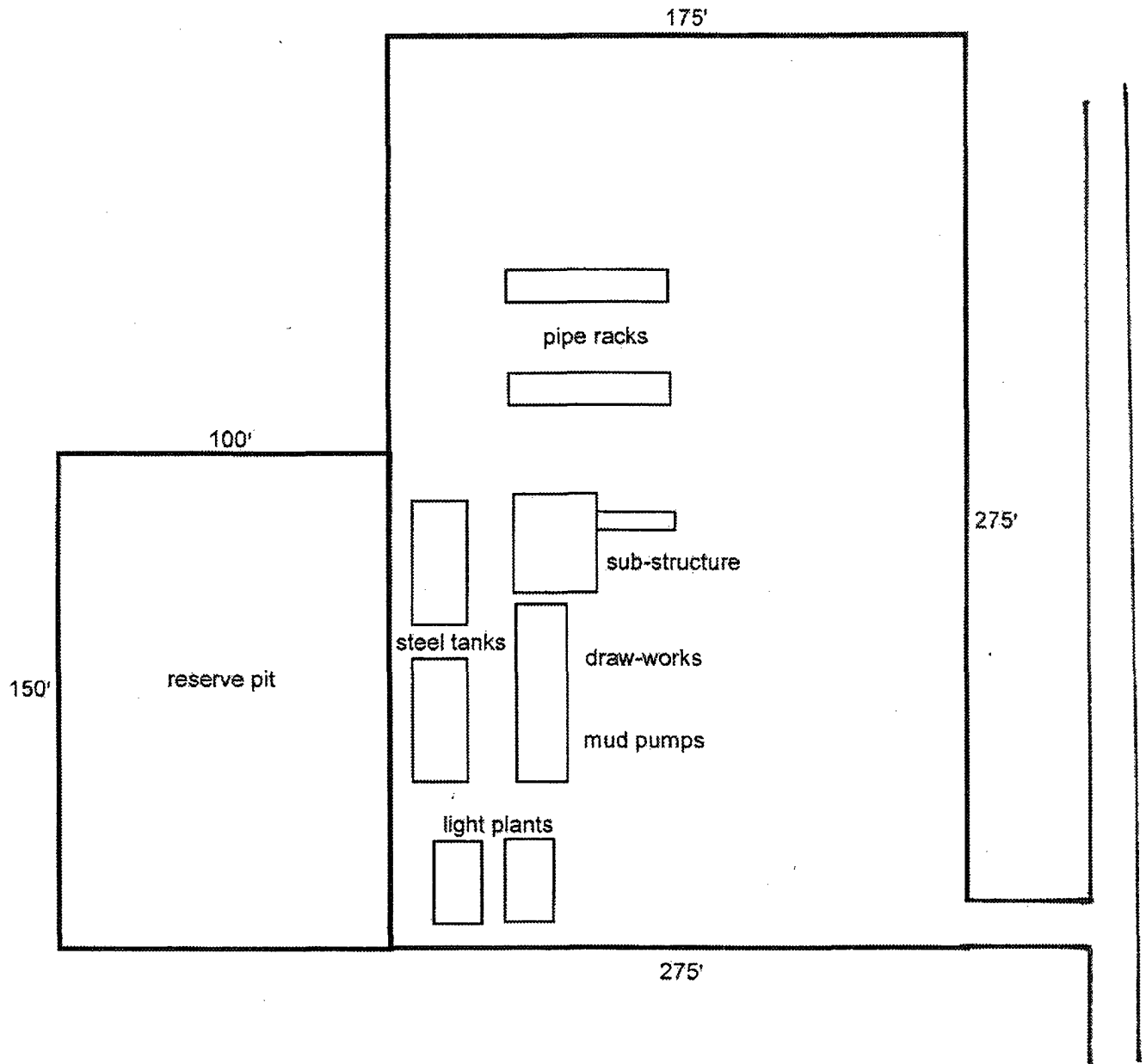


EXHIBIT FOUR

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

JUN 21 1999

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT-" for such proposals

SUBMIT IN TRIPLICATE

Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

Name of Operator

MARBOB ENERGY CORPORATION

Address and Telephone No.

P.O. BOX 227, ARTESIA, NM 88210 505-748-3303

Location of Well (Footage, Sec., T., R., M., or Survey Description)

T17S-R29E
T17S-R30E
T17S-R31E

5. Lease Designation and Serial No.

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

9. API Well No.

10. Field and Pool, or Exploratory Area

11. County or Parish, State

EDDY CO., NM

2. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other TEST BOPS
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

3. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

DUE TO THE LOW BOTTOM HOLE PRESSURE OF FORMATIONS ABOVE 6000', WE ARE REQUESTING BLANKET APPROVAL FOR WELLS IN THE ABOVE LOCATIONS TO TEST BOPS ON SURFACE CASING TO 1000#

THIS SUNDRY IS APPROVED FOR MARBOB TO HAVE A BLANKET APPROVAL FOR TESTING BOPS.
HOWEVER, THE OPERATOR WILL STATE ON EACH APD THIS APPLIES TO IN ORDER TO
REMIND AND/OR BRING NOTICE TO THE BLM OFFICE AND ENGINEER REVIEWING THE APD
THAT THE WELL'S BOPE TESTING IS COVERED BY A BLANKET APPROVAL FOR THESE LOCATIONS

4. I hereby certify that the foregoing is true and correct

Signed Robin Carman

Title PRODUCTION ANALYST

Date 05/25/99

This space for Federal or State office use

Approved by [Signature]
Conditions of approval, if any:

Title PETROLEUM ENGINEER

Date JUN 16 1999

SEP 09 1999



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Roswell Field Office
2909 West Second St.
Roswell, New Mexico 88201
www.nm.blm.gov



IN REPLY REFER TO:
NMNM-88525X
3180 (06200)

Marbob Energy Corporation
Attention: Johnny Gray
P. O. Box 227
Artesia, NM 88210

SEP 07 1999

Gentlemen:

With regard to our telephone conversation of September 2, 1999, a review of our records has found discrepancies in the casing requirements section of the conditions of approval for your APD's. As per our meeting on July 7, 1999, our office had agreed with your recommended casing procedures for shallow wells of 6000 ft. or less in T. 17 S., Rgs. 29, 30 and 31 E., NMPM. In order to correct the discrepancies, this letter states the language to be used for the conditions of approval casing requirements for all your existing APD's

Conditions of Approval-Drilling amended as follows:

II. Casing requirements in T. 17 S., Rgs. 29, 30 and 31 E. for shallow wells less than 6,000 ft.

1. 8-5/8 inch surface casing should be set at approximately ____ ft. in the Rustler Anhydrite or in the case the salt occurs at a shallower depth above the top of the salt. The surface casing shoe shall be set in the anhydrite to ensure adequate sealing. The operator is required to use an excess of 100% cement volume to fill annulus. If cement does not circulate to surface the operator may then use ready mix cement to fill the remaining annulus.

2. The minimum required fill of cement behind the 5 1/2 inch production casing is to place the top of the cement 200 ft. above the top of the uppermost hydrocarbon bearing interval or to the base of the salt.

These requirements supercede those issued in your existing, approved APD's for the shallow wells located in T. 17 S., Rgs. 29, 30 and 31 E., NMPM. If you have any question regarding this matter please call John S. Simitz at (505) 627-0288 or Armando A. Lopez at (505) 627-0248.

Sincerely,

A handwritten signature in cursive script, reading "Larry D. Bray".

Larry D. Bray
Acting Assistant Field Office Manager,
Lands and Minerals