

Month - Year
FEB 16 2007
OCD - ARTESIA, NM

OCD-ARTESIA

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

AT5-07-233

FORM APPROVED
OMB No. 1004-0136
Expires January 31, 2004

1a. Type of Work: ☒ DRILL ☐ REENTER		5. Lease Serial No. NMLC-028793-C
1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator Marbob Energy Corporation 14049		7. If Unit or CA Agreement, Name and No.
3a. Address P.O. Box 227, Artesia, NM 88211-0227	3b. Phone No. (include area code) 505-748-3303	8. Lease Name and Well No. Burch Keely Unit # 987 6497
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 2180' FNL & 800' FEL Roswell Controlled Water Basin At proposed prod. zone		9. API Well No. 30 - 015 - 35434
14. Distance in miles and direction from nearest town or post office*		10. Field and Pool, or Exploratory Grayburg Jackson SR Q Grbg SA
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	16. No. of Acres in lease	11. Sec., T., R., M., or Blk. and Survey or Area Sec 18, T17S - R30E
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 4800'	12. County or Parish Eddy County
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3651'	22. Approximate date work will start* February 3, 2006	13. State NM
23. Estimated duration 14 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:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 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). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature Nancy T. Agnew	Name (Printed/Typed) Nancy T. Agnew	Date 1/3/07
Title Land Department		
Approved by (Signature) James Stovall	Name (Printed/Typed)	Date
Title ACTING FIELD MANAGER	Office CARLSBAD FIELD OFFICE	

Application approval does not warrant or certify that 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.

*(Instructions on reverse)

SEE ATTACHED FOR
CONDITIONS OF APPROVALAPPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHEDIf earthen pits are used in
association with the drilling of this
well, an OCD pit permit must be
obtained prior to pit construction.

Arrant, Bryan, EMNRD

To: marbob@marbob.com
Cc: Gum, Tim, EMNRD
Subject: FW: Burch Keely Unit # 987 & 988

Please note my correction in the date of your letter in bold.

From: Arrant, Bryan, EMNRD
Sent: Tuesday, February 20, 2007 8:15 AM
To: 'marbob@marbob.com'
Cc: Gum, Tim, EMNRD
Subject: Burch Keely Unit # 987 & 988

To Whom It May Concern,

In regards to recently approved APDs by the BLM, it is noted in one of the applications for the Burch Keely Unit # 987 that h2s has been reported in direct offset locations in the conditions of approval letter generated by the BLM.

For example, the BLM's letter states that:

".....in Sec 20-17S-30E measuring 10,000 ppm in gas streams and 4000 ppm in STVs from the Grayburg Jackson and Morrow".

In your letter dated **01/04/2007** that refers to a number of Burch Keely well applications to drill, it is noted (in part) that:

".....we do not believe that an h2s Contingency Plan would be necessary".

So that I may begin to get a more clear understanding, please submit h2s well contingency plans for these applications that meets the requirements of NMOCD rule 118, or explain in writing why a h2s well contingency plan is not necessary.

Yours truly,

Bryan G. Arrant
District II Geologist
NMOCD-Artesia
505-748-1283

CC: Well files

2/20/2007



marbob
energy corporation

January 4, 2007



Oil Conservation Division
1301 W. Grande Ave.
Artesia, N.M. 88210

Attention: Bryan Arrant

RE: Eddy County, New Mexico

Burch Keely Unit #981	330' FNL & 1850' FWL	Section 24 T17S, R29E
Burch Keely Unit #982	800' FNL & 1725' FEL	Section 24 T17S, R29E
Burch Keely Unit #983	1885' FNL & 2470' FEL	Section 24 T17S, R29E
Burch Keely Unit #985	1170' FNL & 290' FEL	Section 24 T17S, R29E
Burch Keely Unit #987	2180' FNL & 800' FEL	Section 18 T17S, R30E
Burch Keely Unit #988	250' FNL & 2130' FWL	Section 19 T17S, R30E

Dear Bryan:

Marbob Energy has conducted a review to determine if an H2S contingency plan is required for the above referenced wells. We were able to conclude that any potential hazardous volume would be minimal. H2S concentrations of wells in these areas from surface to TD are low enough; therefore we do not believe that an H2S Contingency Plan would be necessary.

Please advise us if you feel differently or need further information.

Sincerely,

Nancy Agnew
Land Department

/na

1625 N. FRENCH DR., HOBBS, NM 88240

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.

Santa Fe, New Mexico 87505

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number		Pool Code	Pool Name
		28509	GRBG JACKSON SR Q GRBG SA
Property Code	Property Name		Well Number
	BURCH KEELY UNIT		987
OGRID No.	Operator Name		Elevation
14049	MARBOB ENERGY CORPORATION		3651'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	18	17-S	30-E		2180	NORTH	800	EAST	EDDY

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

LOT 1		
37.37 AC. LOT 2	GEODETIC COORDINATES NAD 27 NME Y=667893.4 N X=600895.0 E LAT.=32.835694° N LONG.=104.004847° W	
37.39 AC. LOT 3		
37.41 AC. LOT 4		
37.43 AC.		

OPERATOR CERTIFICATION

I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date 12/3/2007
 Nancy T. Agnew
 Printed Name

SURVEYOR CERTIFICATION

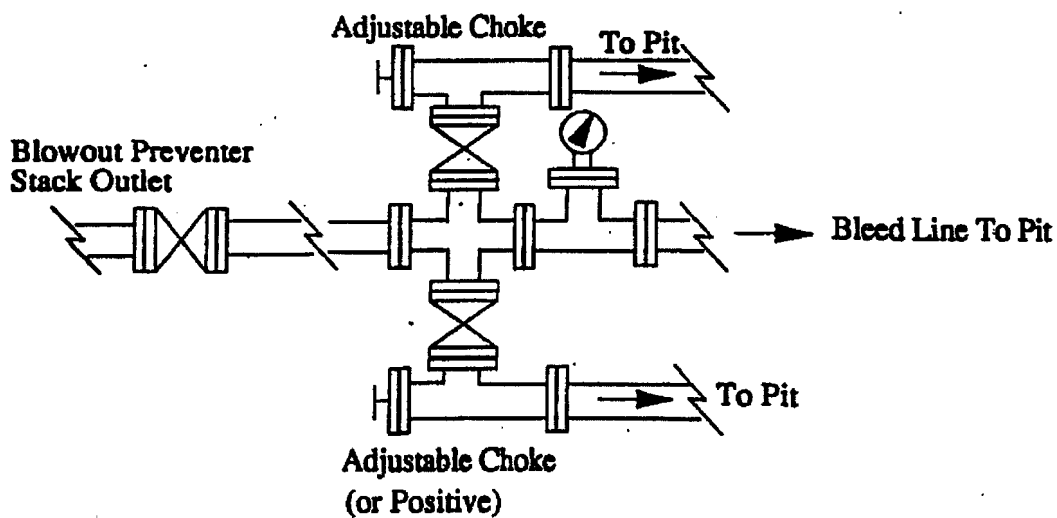
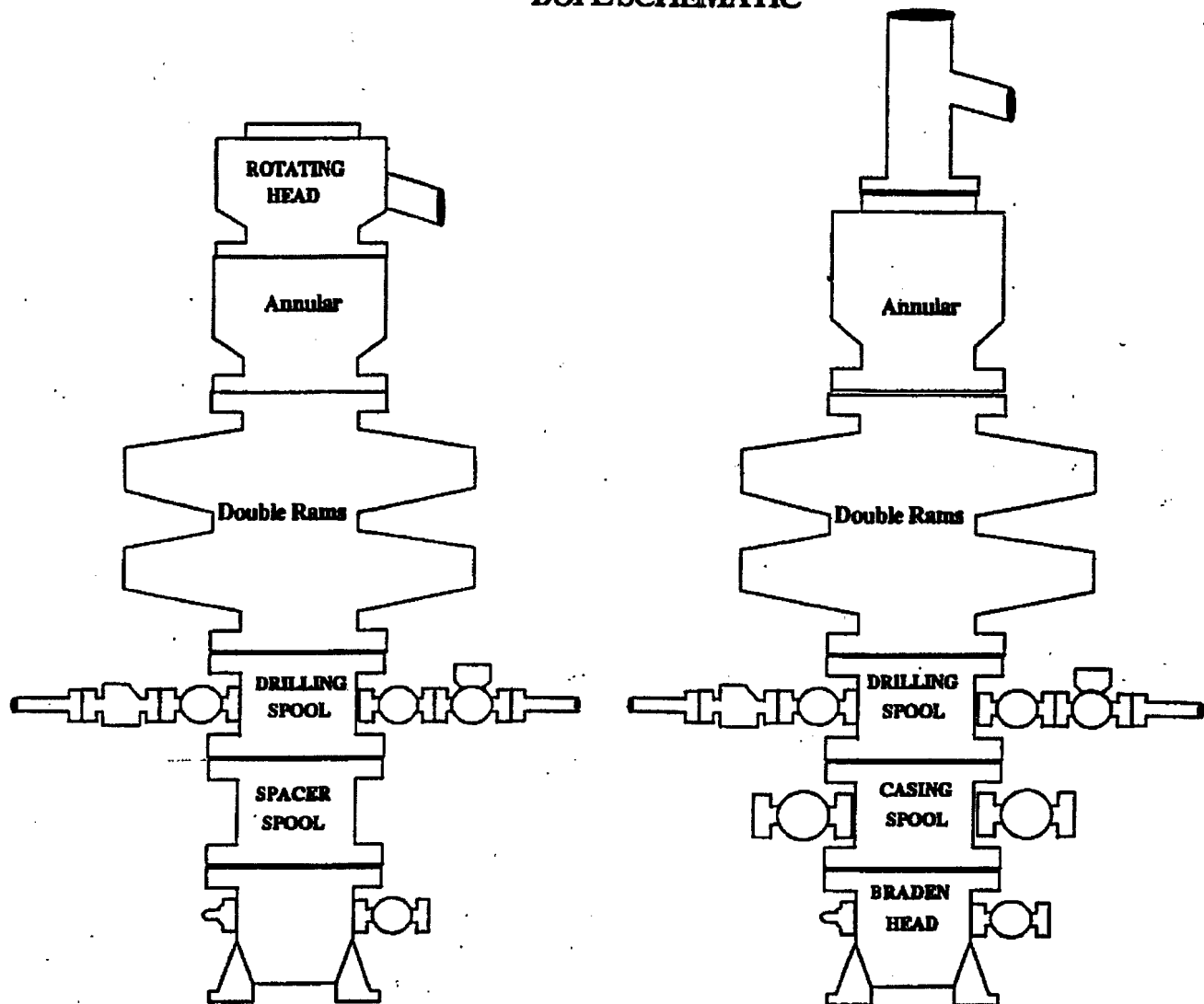
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

NOVEMBER 10, 2006

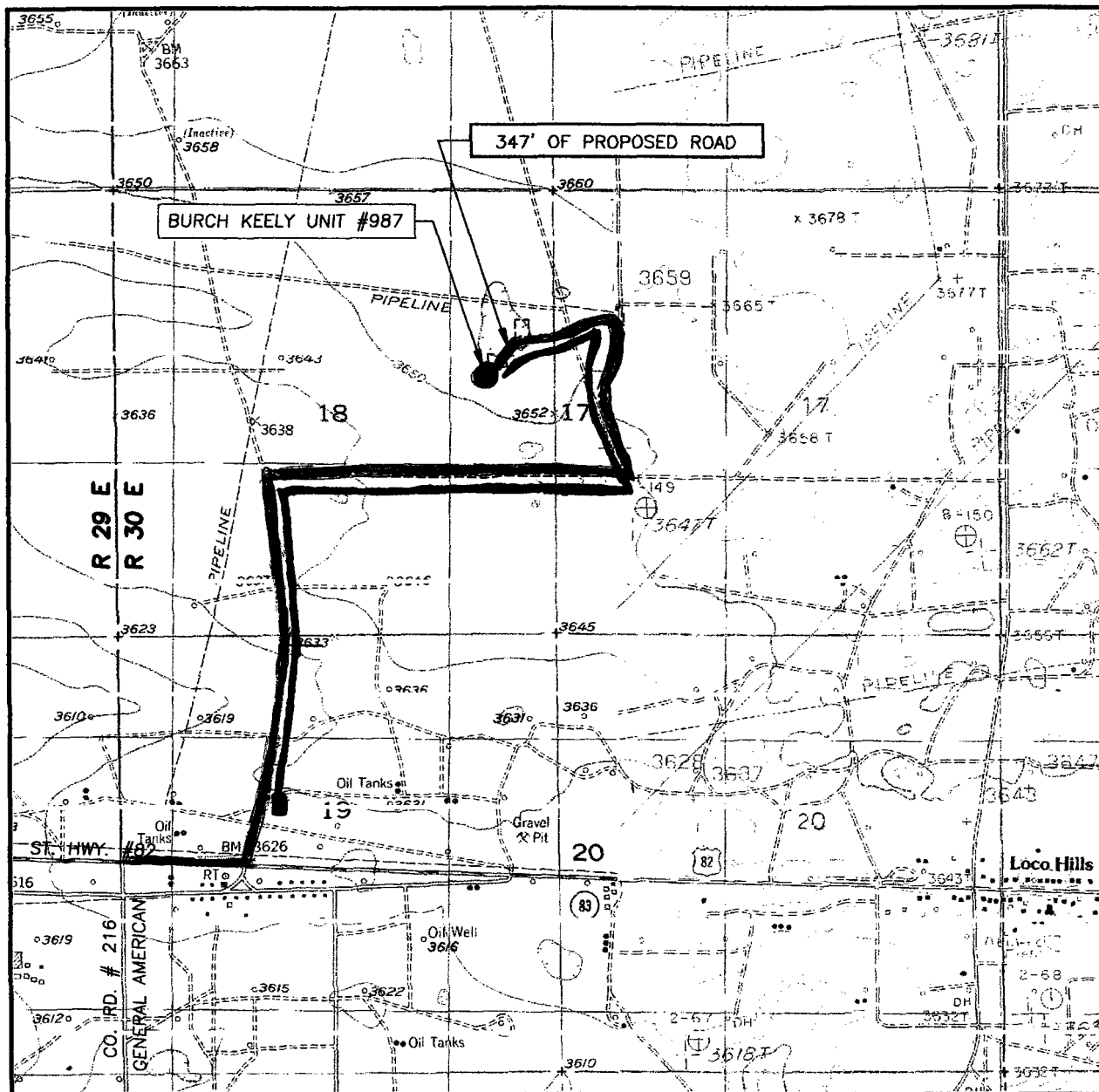
Date Surveyed _____ DSR
 Signature & Seal of Professional Surveyor

 06.11.1773
 Certificate No. GARY EIDSON 12641

BOPE SCHEMATIC



LOCATION VERIFICATION MAP



CONTOUR INTERVAL:
RED LAKE S.E., N.M. - 10'
LOCO HILLS, N.M. - 10'

SEC. 18 TWP. 17-S. RGE. 30-E

SURVEY N.M.P.M.

COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 2180' FNL & 800' FNL

ELEVATION 3651'

OPERATOR MARBOB ENERGY CORPORATION

LEASE BURCH KEELY UNIT

U.S.G.S. TOPOGRAPHIC MAP
RED LAKE S.E., N.M.

EXISTING ROADS
PROPOSED FLOWLINE ROUTE

PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

EXHIBIT #2

SURFACE USE AND OPERATING PLAN

**Burch Keely Unit No. 987
2180' FNL & 800' FEL
Section 18-17S-30E
Eddy County, New Mexico**

- 1. (c) Directions to Locations: From the intersection of St. Hwy #82 and Co. Rd #216 (General American Rd.) go East on St. Hwy. #82 approx. 0.3 miles. Turn left and go North approx. 1.0 mile. Turn right and go East approx. 0.8 miles. Turn left and go Northwest approx. 0.2 miles, veer right and go Northeast approx. 0.2 miles. Turn left and go West approx. 0.2 miles to an existing well pad. Follow proposed road survey from the Southwest corner of well pad Southwest approx. 560 feet to this location.**
- 2. There will be 347' of proposed access road.**
- 4. (a) If productive, this well will use Satellite "B".**

CONDITIONS OF APPROVAL - DRILLING

Well Name & No. 987-Burch Keely Unit
Operator's Name: Marbob Energy Corporation
Location: 2180FNL, 0800FEL, Section 18, T-17-S, R-30-E
Lease: NMLC-028793-C

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 - for wells in Eddy County, in sufficient time for a representative to witness:

A. Spudding

B. Cementing casing: 8-5/8 inch 5-1/2 inch

C. BOP tests

2. Although no H₂S has been reported in this section. It has been reported in Sec 17-17-S-30E measuring 1600 ppm in gas streams and 1500 ppm in STVs from a well completed in the Grayburg Jackson, San Andres, and Queen and in Sec 20-17S-30E measuring 10,000 ppm in gas streams and 4000 ppm in STVs from the Grayburg Jackson and Morrow. A Hydrogen Sulfide (H₂S) Drilling Plan should be activated prior to drilling into the Queen Formation. A copy of the plan shall be posted at the drilling site.

3 Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

4. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.

5. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

6. Gamma-Ray/Neutron logs shall be run from the base of the Salado Formation to the surface; cable speed not to exceed 30 feet per minute.

II. CASING:

1. The 8-5/8 inch surface casing shall be set at a minimum of 25' in the Rustler Anhydrite at approximately 350 feet or in the case that salt occurs at a shallower depth above the top of the salt, below usable water and cement circulated to the surface. If cement does not circulate, contact the BLM for further instructions. Remedial cementing shall be completed prior to drilling out that string.

Possible lost circulation in the Grayburg and San Andres formations.

Possible water flow in the Salado and Artesia groups.

2. The minimum required fill of cement behind the 5-1/2 inch production casing is cement shall extend upward a minimum of 200 feet into the surface casing.

III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the **8-5/8** inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be **2000** psi.
Operator has blanket approval to test BOP, BOPE, and surface casing to 1000 psi due to the low bottom hole pressure of formations 6000 feet or shallower (sundry approved by BLM 6/16/99).

3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.

- The tests shall be done by an independent service company.
- The results of the test shall be reported to the appropriate BLM office.
- Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
- Testing must be done in a safe workman-like manner. Hard line connections shall be required.
- Both low pressure and high pressure testing of BOPE is required.

Engineer on call phone: 505-706-2779

WWI 011907