OCD-ARTESIA

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JUN - 2 2010
NMOCD-ARTESIA

Form 3160- 5
(August, 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No 1004- 0137
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - *Other Instructions on page 2.*

1 Type of Well
☐ Oil Well ☐ Gas Well ☒ Other WIW

2 Name of Operator
Marbob Energy Corporation

3a Address
PO Box 227
Artesia, NM 88211-0227

3b Phone No *(include area code)*
(575) 748-3303

4 Location of Well *(Footage, Sec , T , R , M , or Survey Description)*
660 FNL 1980 FWL, Sec. 30-T17S-R30E, Unit C

5 Lease Serial No
NMLC028784B

6 If Indian, Allottee, or Tribe Name

7 If Unit or CA Agreement Name and/or No
NMNM88525X

8 Well Name and No
Burch Keely Unit #144

9 API Well No
30-015-04389

10 Field and Pool, or Exploratory Area
Grayburg Jackson; SR-Q-Grbg-SA

11 County or Parish State
Eddy Co., NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/ Resume)	☐ Water Shut-off
	☐ Altering Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Subsequent Report	☐ Casing Repair	☐ New Construction	☐ Recomplete	☐ Other
	☐ Change Plans	☒ Plug and Abandon	☐ Temporarily Abandon	
☐ Final Abandonment Notice	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal	

13 Describe Proposed or Completed Operation (clearly state all pertinent details including estimated starting date of any proposed work and approximate duration thereof If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of pertinent markers and sands Attach the Bond under which the work will performed or provide the Bond No on file with the BLM/ BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed Final Abandonment Notice shall be filed only after all requirements, including reclamantion, have been completed, and the operator has determined that the site is ready for final inspection)

Marbob Energy Corporation proposes to plug & abandon this well.

(See detailed procedure and wellbore schematics attached)

6/2/2010

SEE ATTACHED FOR CONDITIONS OF APPROVAL

RECLAMATION PROCEDURE ATTACHED

14 I hereby certify that the foregoing is true and correct

Name *(Printed Typed)* Diana J Briggs — Title Production Manager

Signature — Date April 26, 2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

APPROVED
MAY 27 2010
/s/ Dustin Winkler
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

Approved by — Title — Date

Conditions of approval, if any are attached Approval of this notice 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 — Office

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 any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction

BKU 144
660' fnl, 1980' fwl
Unit C, Sec. 30, T17S, R30E
Eddy Co., NM
API 30-015-04389
Plug and Abandonment Procedure
15 Apr 10

RECEIVED
APR 15 2010

Basic Data:

8-5/8" @ 508' 50 sx. Calc TOC @ 250' Assuming 11" Hole.
7" @ 2911' 100 sx. Calc TOC @ 2170' Assuming 9" Hole.

Top Salt = 490', Base Salt = 945'

Grayburg and San Andres are part of a single pooled interval and don't need to be separated when well is plugged.

Note: Notify BLM inspectors in Carlsbad (575-361-2822) at least 24 hrs. before starting plugging operation. Class "C" cement will be used (14.8 ppg, 1.32 cfps, 6.3 gwps).

Procedure:

1. Pick up a work string and run bit and scraper to 2500' if necessary.

2. Install packoff, run gauge ring to 2500' if necessary and set CIBP at 2500'. Shoot 8 squeeze holes at 995' (50' below base salt) and 558' (50' below 8-5/8" shoe).

3. RIH with tubing to CIBP at 2500', tag plug, set a few points weight onto plug to make sure it won't move, spot 30 sx. Class "C" with 2% CaCl2 on top of CIBP, pull up to 2100', circulate 85 bbls of 9 ppg brine mixed with 25 sx per 100 bbls of salt gel into well, TOOH with tubing and pick up a packer.

4. RIH with packer to 800', establish injection rate into perfs at 995' (50' below base of salt, open valve on 7" x 8-5/8" annulus), pump 75 sx Class "C" with 2% CaCl2, flush cement to packer, TOOH with packer and RIH open-ended and tag cement. Plug needs to be 885' or shallower. Respot plug if necessary.

5. RIH with packer to 400', establish injection rate into perfs at 558' (50' below 8-5/8" shoe, open valve on 7" x 8-5/8" annulus), pump 75 sx Class "C" with 2% CaCl2, flush cement to packer, TOOH with packer, WOC couple of hours and RIH open-ended and tag cement. Plug needs to be 440' or shallower. Respot plug if necessary.

6. Shoot 8 squeeze holes at 200', RIH with open-ended tubing to 250', fill 7" with approx. 45 sx. Class "C" with 2% CaCl2, POOH with tubing, tie onto 7" casing, pump cement down 7" and up 7" x 8-5/8" annulus until cement circulates to surface, close 7" x 8-5/8" annulus and pump cement down 7" and attempt to circulate to surface outside the 8-5/8" casing. Have extra cement available in case needed (should take approx. 100 sx. to fill 7", 7" x 8-5/8" annulus and 8-5/8" x open hole annulus from 200' to surface).

7. Cut wellhead and casings off 3' below ground level and remove. Weld plate onto 8-5/8" stub. Weld a 4" diameter dry hole marker onto plate such that 4' of it is above ground level. The following information needs to be placed on the marker:

   Marbob Energy, BKU 144, 660' fnl, 1980' fwl, Unit C, Sec. 30, T17S, R30E, 30-015-04389
   Date well plugged

8. Cut off anchors, and reclaim location per BLM specs.

Kbc/bku 144 plug

Well: BKU 144 WIW
Burch GB Fed. 10

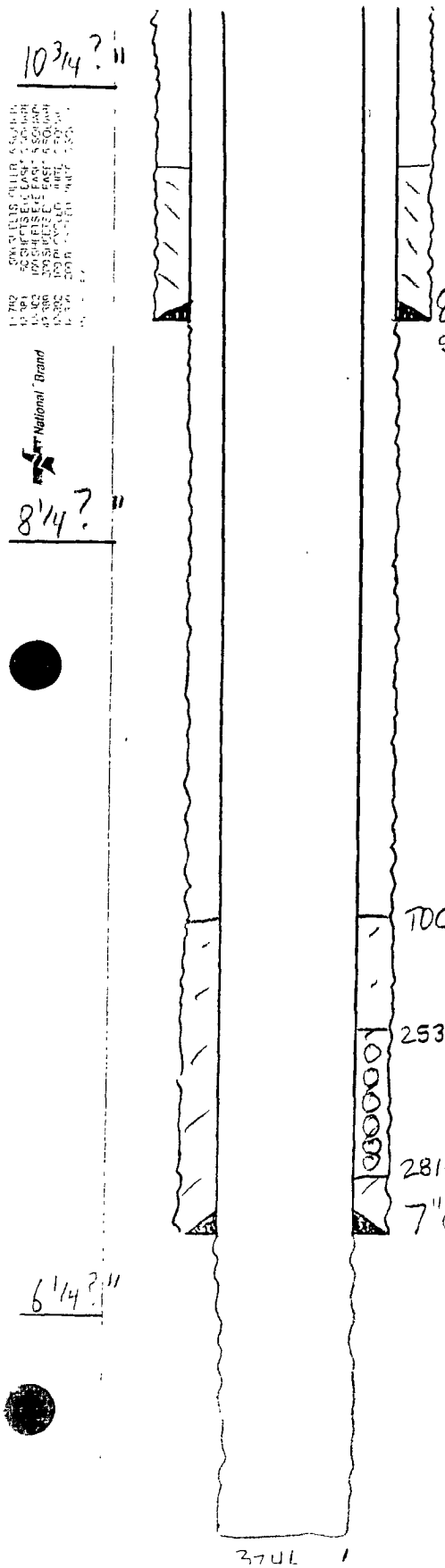
Location: 660' FNL, 1980' FWL
C-30-17s-30e
Eddy NM

Zero: GL
KB :
GL : 3612'

Casing Program:

Size	Wt.	Grade	Conn.	Depth
8 5/8	24	used	8V	508'
7	20	H40	8V	2911'
2 3/8	4.7	J55	EUE	2432'
				Plastic Coat.

3/44 Orig TD = 3246'



4/44: Acdz 500 + 1000 + 3000g. acid 35 → 135 bopd

Before P&A

7/77: Perf 2572-80' (16) Loco Hills
2641-44' (6), 2684-90' (12) Metex
Frac OH 40,000g / 40,000# sd
2641-90' 20,000g / 20,000# sd
2572-80' 30,000g / 25,000# sd
Pump 70 bopd

10/86: Rm scraper to 2885'. Acdz 5 Andres OH 4000g. 15% HCl,
Perf 2533-35' (4), 2540-44' (8), 2563-65' (4), 2610-12' (4), 2722-24' (4), 2748-50' (4), 2796-98' (4), 2806-10' (8) 2 SPF
Acdz Grbg 3700g. 7 1/2% HCl
POT Husky PC pkr on 2 3/8" PC inj. tbg @ 2494'

7/87: Separate test. Pull up 1 jt., reset pkr

7/89: Pkr leak. POOH. Clean out to 3200', Rn 2 3/8" string to 2432' (Plastic Coated).

Well: BKV 144 WIW
Burch BB Fed. 10 LC028784-93-B

Location: 660' FNL, 1980' FWL
C-30-17s-30e
Eddy NM
30-015-04389

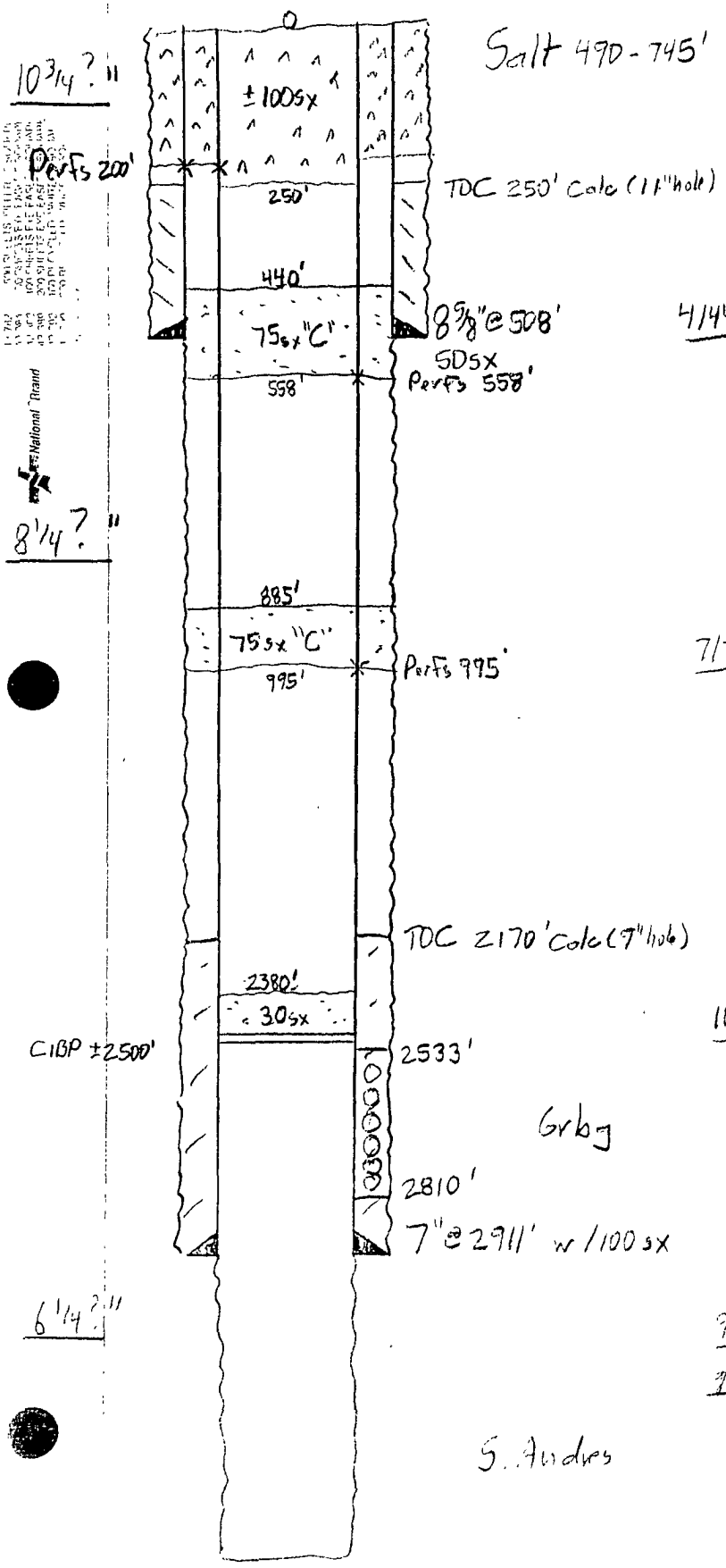
Zero: GL
KB :
GL : 3612'

Casing Program:

Size	Wt.	Grade	Conn.	Depth
8 5/8	24	used	8V	508'
7	20	H40	8V	2911'
2 3/8	4.7	J55	EUE	2432'
				Plastic Coat.

3/44 Orig TD = 3246' T"cap = .2273 CF/F
8 5/8" x 7" cap = .0903

4/44: Acdz 500 + 1000 + 3000g. acid 35 → 135 bopd
8 5/8" cap = .3575
8 5/8" x 11" = .2542 CF/F



After P&A

7/77: Perf 2572-80' (16) Loco Hills
2641-44' (6), 2684-90' (12) Metex
Frac OH 40,000g / 40,000# sd
2641-70' 20,000g / 20,000# sd
2572-80' 30,000g / 25,000# sd
Pump 70 bopd

10/86: Run scraper to 2885'. Acdz S Andres OH
4000g. 15% HCl.
Perf 2533-35' (4), 2540-44' (8), 2563-65' (4)
2610-12' (4), 2722-24' (4), 2748-50' (4)
2796-98' (4), 2806-10' (8) 3 : 10
Acdz Grbg 3700g. 7 1/2% HCl
BOT Husky PC pkr on 2 3/8" PC inj. tbg @ 2494'

7/87: Stb rate test. Pull up 1 jt., reset pkr
7/89: Pkr leak. POOH. Clean out to 3200'. Run inj string to 2432' (Plastic)

Marbob Energy Corperation
NMLC-028784B: Burch Keely Unit #144
API: 30-015-04389
Eddy County, New Mexico

RE: Plugging and Abandonment Procedure, Conditions of Approval

H2S monitoring equipment to be on location.

1. OK
2. OK
3. OK (Perfs)
4. OK (BOS)
5. OK (Casing shoe – TOS)
6. OK (Surface)
7. Verify cement to surface in all annuluses. Ground Level Dry Hole Marker required in this area – Requirements attached.
8. OK
9. Submit subsequent report, with details.

See attached standard COA.

DHW 042910

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972

Permanent Abandonment of Federal Wells
Conditions of Approval

Failure to comply with the following Conditions of Approval may result in a Notice of Incidents of Noncompliance (INC) in accordance with 43 CFR 3163.1.

1. Plugging operations shall commence within **ninety (90)** days from the approval date of this Notice of Intent to Abandon.
If you are unable to plug the well by the 90th day provide this office, prior to the 90th day, with the reason for not meeting the deadline and a date when we can expect the well to be plugged. Failure to do so will result in enforcement action.

The rig used for the plugging procedure cannot be released and moved off without the prior approval of the authorized officer. Failure to do so may result in enforcement action.

2. **Notification: Contact the appropriate BLM office at least 24 hours prior to the commencing of any plugging operations. For wells in Chaves and Roosevelt County, call 575-627-0272; Eddy County, call 575-361-2822; Lea County, call 575-393-3612.**

3. Blowout Preventers: A blowout preventer (BOP), as appropriate, shall be installed before commencing any plugging operation. The BOP must be installed and maintained as per API and manufacturer recommendations. The minimum BOP requirement is a 2M system for a well not deeper than 9,090 feet; a 3M system for a well not deeper than 13,636 feet; and a 5M system for a well not deeper than 22,727 feet.

4. Mud Requirement: Mud shall be placed between all plugs. Minimum consistency of plugging mud shall be obtained by mixing at the rate of 25 sacks (50 pounds each) of gel per 100 barrels of **brine** water. Minimum nine (9) pounds per gallon.

5. Cement Requirement: Sufficient cement shall be used to bring any required plug to the specified depth and length. Any given cement volumes on the proposed plugging procedure are merely estimates and are not final. Unless specific approval is received, no plug except the surface plug shall be less than 25 sacks of cement. In lieu of a cement plug in a cased hole, a bridge plug set within 50 feet to 100 feet above the perforations shall be capped with 25 sacks of cement. If a bailer is used to cap this plug, 35 feet of cement shall be sufficient. Any plug that requires a tag will have a minimum WOC time of 4 hours.

Unless otherwise specified in the approved procedure, the cement plug shall consist of either Neat Class "C", for up to 7,500 feet of depth or Neat Class "H", for deeper than 7,500 feet plugs.

6. Dry Hole Marker: All casing shall be cut-off at the base of the cellar or 3 feet below final restored ground level (whichever is deeper). **The BLM is to be notified when the wellhead is cut off to verify that cement is to surface in the casing and all annuluses.** The well bore shall then be capped with a 4-inch pipe, 10-feet in length, 4 feet above ground and embedded in cement. The following information shall be permanently inscribed on the dry hole marker: well name and number, name of the operator, lease serial number, surveyed location (quarter-quarter section, section, township and range or other authorized survey designation acceptable to the authorized officer such as metes and bounds).

7. Subsequent Plugging Reporting: Within 30 days after plugging work is completed, file one original and five copies of the Subsequent Report of Abandonment, Form 3160-5 to BLM. The report should give in detail the manner in which the plugging work was carried out, the extent (by depths) of cement plugs placed, and the size and location (by depths) of casing left in the well. **Show date well was plugged.**

8. Trash: All trash, junk and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.

Following the submission and approval of the Subsequent Report of Abandonment, surface restoration will be required. See attached reclamation procedure.

DHW 112309

United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 E. Greene St
Carlsbad, New Mexico 88220-6292
www.blm.gov/nm

TAKE PRIDE® IN AMERICA

In Reply Refer To: 1310

Interim Reclamation Procedures

Reclamation Objective: Oil and gas development is one of many uses of the public lands and resources. While development may have a short- or long-term effect on the land, successful reclamation can ensure the effect is not permanent. During the life of the development, all disturbed areas not needed for active support of production operations should undergo "interim" reclamation in order to minimize the environmental impacts of development on other resources and uses.

Interim reclamation consists of minimizing the footprint of disturbance by reclaiming all portions of the well site not needed for production operations. The portions of the cleared well site not needed for operational and safety purposes are recontoured to a final or intermediate contour that blends with the surrounding topography as much as possible. Sufficient level area remains for setup of a workover rig and to park equipment. Topsoil is respread over areas not needed for all-weather operations. Production facilities should be clustered to maximize the opportunity for interim reclamation. In order to inspect and operate the well or complete workover operations, it may be necessary to drive, park, and operate on restored, interim vegetation within the previously disturbed area. This is generally acceptable provided damage is repaired and reclaimed following use.

To reduce final reclamation costs; maintain healthy, biologically active topsoil; and to minimize habitat, visual, and forage loss during the life of the well, all salvaged topsoil should be spread over the area of interim reclamation, rather than stockpiled.

1. The Application for Permit to Drill or Reenter (APD, Form 3160-3), Surface Use Plan of Operations must include adequate measures for stabilization and reclamation of disturbed lands. Oil and Gas operators must plan for reclamation, both interim and final, up front in the APD process as per Onshore Oil and Gas Order No. 1.

2. For wells and/or access roads not having an approved plan, or an inadequate plan for surface reclamation (either interim or final reclamation), the operator must submit a proposal describing the procedures for reclamation. For interim reclamation, the appropriate time for submittal would be when filing the Well Completion or Recompletion Report and Log (Form 3160-4). Interim reclamation is to be completed within 6 months of well completion.

3. If you have an approved Surface Use Plan of Operation and/or an approved Sundry Notice, you are free to proceed with interim reclamation as per approved APD or Sundry Notice. If you have issues or concerns, contact a BLM specialist to assist you. It would be in your interest to have a BLM specialist look at the location and access road prior to the removal of reclamation equipment to ensure that it meets BLM objectives. Upon conclusion submit a Form 3160-5, Subsequent Report of Reclamation. This will prompt a specialist to inspect the location to verify work was completed as per approved plans.

4. The approved Subsequent Report of Reclamation will be your notice that the native soils, contour and seedbed have been reestablished. If the BLM objectives have not been met the operator will be notified and corrective actions may be required.

5. It is the responsibility of the operator to monitor these locations and/or access roads until such time as the operator feels that the BLM objective has been met.

If there are any questions, please feel free to contact any of the following specialists:

Jim Amos
Supervisory Environmental Protection Specialist
575-234-5909, 575-361-2648 (Cell)

Terry Gregston
Environmental Protection Specialist
575-234-5958

Bobby Ballard
Environmental Protection Specialist
575-234-2230

Randy Rust
Environmental Protection Specialist
575-234-5943

Linda Denniston
Environmental Protection Specialist
575-234-5974

Jennifer Van Curen
Environmental Protection Specialist
575-234-5905

Justin Frye
Environmental Protection Specialist
575-234-5922

Cody Layton
Natural Resource Specialist
575-234-5959

Trishia Bad Bear
Natural Resource Specialist
575-393-3612

Todd Suter
Surface Protection Specialist
575-234-5987

Doug Hoag
Civil Engineering Technician
575-234-5979