

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

## APPLICATION FOR PERMIT TO DRILL OR REENTER

OCD-ARTESIA

FORM APPROVED  
OMB No. 1004-0136  
Expires January 31, 20041a. Type of Work: ☐ DRILL ☒ REENTER

JUL 26 2006

1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other☒ Single Zone ☐ Multiple Zone

2. Name of Operator

Marbob Energy Corporation

3a. Address

P.O. Box 227, Artesia, NM 88211-0227

3b. Phone No. (include area code)

505-748-3303

4. Location of Well (Report location clearly and in accordance with any State requirements. \*)

At surface 495' FNL and 1980' FWL

At proposed prod. zone

14. Distance in miles and direction from nearest town or post office\*

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

17. Spacing Unit dedicated to this well

40

18. Distance from proposed location\*  
to nearest well, drilling, completed,  
applied for, on this lease, ft.

19. Proposed Depth

5813'

20. BLM/BIA Bond No. on file

NM 2056

21. Elevations (Show whether DF, KDB, RT, GL, etc.)

2983' GL

22. Approximate date work will start\*

July 14, 2006

23. Estimated duration

3 Weeks

24. Attachments

Carlsbad Controlled Water Back

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.

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

Nancy T. Bratcher

Name (Printed/Typed)

Nancy T. Bratcher

Date

6/13/2006

Land Department

Approved by (Signature) /s/ Tony J. Herrell

Name (Printed/Typed)

/s/ Tony J. Herrell

Date

JUL 24 2006

Title

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)

If earthen pits are used in  
association with the drilling of this  
well, an OCD pit permit must be  
obtained prior to pit construction.APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS  
ATTACHED5011  
29.1

## DISTRICT I

P.O. Box 1000, Hobbs, NM 88241-1000

## 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 8080	Pool Name Brushy Draw (Delaware)
Property Code NM 89815	Property Name Pappy's Preference Federal		Well Number 1
OGRID No. 060990	Operator Name ARCO PERMIAN		Elevation 2983'

## Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	4	26-S	29-E		495	NORTH	1980	WEST	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

		<b>OPERATOR CERTIFICATION</b> I hereby certify the information contained herein is true and complete to the best of my knowledge and belief. <i>Nancy T. Bratcher</i> Signature <b>Nancy T. Bratcher</b> Printed Name <b>Land Department</b> Title <b>6/13/06</b> Date	
<b>GEOGRAPHIC LOCATION</b> SPC NME NAD 1927 Y = 392074.0 X = 606034.1 LAT. = 32°04'38.87"N LONG. = 103°59'27.58"W		<b>SURVEYOR CERTIFICATION</b> 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. <b>DECEMBER 04, 2001</b> Date Surveyed Signature & Seal Professional Surveyor  <b>RONALD J. EDSON</b> Certificate No. 12641 Date 12/10/01	



CONTOUR INTERVAL: 10'  
ROSS RANCH, RED BLUFF, N.M.

### ~~Existing~~ Existing Roads

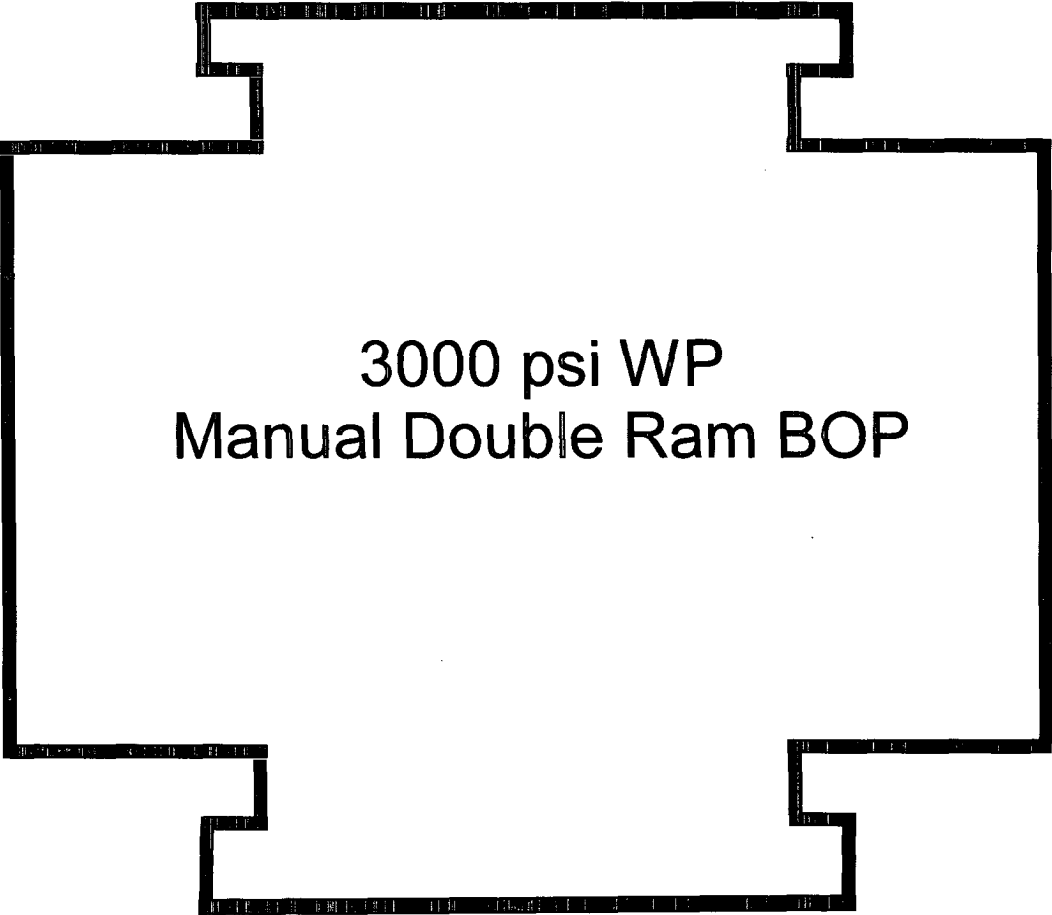
JOHN WEST SURVEYING  
HOBBS, NEW MEXICO  
(505) 393-3117

# EXHIBIT TWO

ELEVATION 2983'

LEASE Pappy's Preference Federal #1

U.S.G.S. TOPOGRAPHIC MAP  
ROSS RANCH, RED BLUFF, N.M.



3000 psi WP  
Manual Double Ram BOP

**Pappy's Preference Federal #1**  
**495' FNL & 1980' FWL**  
**Section 4, T26S - R29E**  
**Eddy County, New Mexico**



EEDS

**MARBOB ENERGY CORPORATION**  
**DRILLING AND OPERATIONS PROGRAM**

**Pappy's Preference Federal #1**  
**(Formerly West Brushy Draw 4 Federal #3)**  
**495' FNL & 1980' FWL**  
**Section 4, T26S, R29E**  
**Eddy County, New Mexico**

In conjunction with Form 3160-3, Application for Permit to Drill subject well, Marbob Energy Corporation submits the following ten items of pertinent information in accordance with BLM requirements.

1. The geological surface formation is Permian.
2. The tops of geologic markers are as follows:

Castille	2730'
Delaware	2920'
TD	5813'

3. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered:

Rustler	605'	Water
Delaware	2920'	Oil

No other formations are expected to give up oil, gas, or fresh water in measurable quantities. The surface fresh water sands are protected by casing at 605' in place.

4. Actual Casing Program:

Hole Size	Interval	OD Casing	Wt	Grade
11	0 - 605'	8 5/8"	24#	J-55
7 7/8	0 - 5798'	5 1/2"	15.5#	J-55

Actual Cement Program:

8 5/8" Surface Casing: Cemented w/ 400 sx cmt. Circulated to surface.

5 1/2" Production Casing: Cemented w/ 1710 sx cmt. Circulated to surface. (Gap in cement coverage from 653' to 1577')

5. Pressure Control Equipment: Double ram workover BOP (reentry of existing cased wellbore with subnormal pressures).
6. Mud Program: Will use cut brine or fresh water to drill out cement plugs.
7. Auxiliary Equipment: Sub with full opening valve on floor
8. Testing, Logging and Coring Program: Plan to clean wellbore out to 5550' and perforate, acidize, swab test and possibly frac Delaware Sands 5290' – 5380' and 5015' – 5032'
9. No abnormal pressures or temperatures are anticipated.
10. Anticipated starting date: As soon as possible after approval.

**MARBOB ENERGY CORPORATION**  
**MULTI-POINT SURFACE USE AND OPERATIONS PLAN**

**Pappy's Preference Federal #1**  
**(Formerly West Brushy Draw 4 Federal #3)**  
**495' FNL & 1980' FWL**  
**Section 4, T26S, R29E**  
**Eddy County, New Mexico**

This plan is submitted with Form 3160-3, Application for Permit to Drill, covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of the surface disturbance involved and the procedures to be followed in rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effect associated with the operations.

**1. EXISTING ROADS:**

Exhibit 2 is a portion of a topo map showing the well and roads in the vicinity of the proposed location. The proposed wellsite and the access route to the location are indicated in red on Exhibit 2.

**DIRECTIONS:**

From Loving, New Mexico go South 17 miles on Highway 285 to Eddy County Road 725. Go East on CR 725 4.2 miles, turn left 1.5 miles then turn left to location.

**2. PLANNED ACCESS ROAD:**

A. The access road is already in place.

**3. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:**

A. Marbob Energy Corporation proposes a collection facility, if well is productive, to be located on Pappy's Preference Federal #1 well pad.

**4. METHODS OF HANDLING WASTE DISPOSAL:**

- A. Drill cuttings will be disposed of in the lined pit.
- B. Drilling fluids will be allowed to evaporate in the lined pit until the pit is dry.
- C. Water produced during completion may be disposed into the lined reserve pit.
- D. All trash and debris will be removed from the wellsite within 30 days after finishing drilling and/or completion operations. All waste material will be contained to prevent scattering by the wind.

**5. WELLSITE LAYOUT:**

- A. Exhibit 3 shows the relative location and dimensions of the well pad, the pit.
- B. The reserve pit will be lined with high quality plastic sheeting.

**6. PLANS FOR RESTORATION:**

- A. After finishing drilling and/or completion operations, all equipment and other material not needed for further operations will be removed. The location will be cleaned of all trash and junk to leave the wellsite in as aesthetically pleasing a condition as possible.
- B. Reserve pit will be fenced until it has dried and been leveled.
- C. All rehabilitation and/or vegetation requirements of the BLM will be complied with and will be accomplished as expeditiously as possible. All pits will be filled level within 90 days after abandonment.

**7. SURFACE OWNERSHIP:**

The well site and lease are located on Federal surface.



**8. OTHER INFORMATION:**

- A. Topography: Refer to the existing archaeological report for a description of the topography, flora, fauna, soil characteristics, dwellings, historical and cultural sites.

**9. OPERATOR'S REPRESENTATIVE:**

A. Through A.P.D. Approval:

Dean Chumbley, Landman  
Marbob Energy Corporation  
P. O. Box 227  
Artesia, NM 88211-0227  
Phone (505)748-3303  
Cell (505)748-5988

B. Through Drilling Operations

Shane Gray, Completions Supervisor  
Marbob Energy Corporation  
P. O. Box 227  
Artesia, NM 88211-0227  
Phone (505)748-3303  
Cell (505)748-5959

**10. CERTIFICATION:**

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Marbob Energy Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

6 / 15 / 06

Date

Marbob Energy Corporation

Nancy T. Bratcher

Nancy T. Bratcher  
Land Department

## **MARBOB ENERGY CORPORATION**

### **HYDROGEN SULFIDE DRILLING OPERATIONS PLAN**

#### **I. HYDROGEN SULFIDE TRAINING**

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:

- A. The hazards and characteristics of hydrogen sulfide (H<sub>2</sub>S).
- B. The proper use and maintenance of personal protective equipment and life support systems.
- C. The proper use of H<sub>2</sub>S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.
- D. The proper techniques for first aid and rescue procedures.

In addition, supervisory personnel will be trained in the following areas:

- A. The effects of H<sub>2</sub>S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
- B. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
- C. The contents and requirements of the H<sub>2</sub>S Drilling Operations Plan and the Public Protection Plan.

There will be an initial training session just prior to encountering a known or probable H<sub>2</sub>S zone (within 3 days or 500 feet) and weekly H<sub>2</sub>S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H<sub>2</sub>S Drilling Operations Plan and the Public Protection Plan. This plan shall be available at the well site. All personnel will be required to carry documentation that they have received the proper training.

## **II. H<sub>2</sub>S SAFETY EQUIPMENT AND SYSTEMS**

Note: All H<sub>2</sub>S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonably expected to contain H<sub>2</sub>S.

### **A. Well Control Equipment:**

Flare line.

Choke manifold.

Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.

Auxiliary equipment to include: annular preventer, mud-gas separator, rotating head.

### **B. Protective equipment for essential personnel:**

Mark II Surviveair 30-minute units located in the dog house and at briefing areas.

### **C. H<sub>2</sub>S detection and monitoring equipment:**

2 - portable H<sub>2</sub>S monitor positioned on location for best coverage and response. These units have warning lights and audible sirens when H<sub>2</sub>S levels of 20 ppm are reached.

### **D. Visual warning systems:**

Caution/Danger signs shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used, when appropriate. See example attached.

E. Mud Program:

The mud program has been designed to minimize the volume of H<sub>2</sub>S circulated to the surface.

A mud-gas separator will be utilized.

F. Metallurgy:

All drill strings, casings, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H<sub>2</sub>S service.

G. Communication:

Company vehicles equipped with cellular telephone and 2-way radio.

# **W A R N I N G**

**YOU ARE ENTERING AN H<sub>2</sub>S AREA  
AUTHORIZED PERSONNEL ONLY**

- 1. BEARDS OR CONTACT LENSES NOT ALLOWED**
- 2. HARD HATS REQUIRED**
- 3. SMOKING IN DESIGNATED AREAS ONLY**
- 4. BE WIND CONSCIOUS AT ALL TIMES**
- 5. CK WITH MARBOB FOREMAN AT MAIN OFFICE**

**MARBOB ENERGY CORPORATION**

**1-505-748-3303**

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below:

Date: June 13, 2006

*BA*

Lease #: <sup>NM</sup> 89815 115417

**Pappy's Preference Federal #1**

Legal Description: Section 4: NENW  
Township 26S – Range 29E  
Eddy County, New Mexico

Formation(s): Delaware

Bond Coverage: Statewide

BLM Bond File #: NM 2056

Marbob Energy Corporation

*Nancy T. Bratcher*

Nancy T. Bratcher  
Land Department

## CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Marbob Energy Corporation  
Well Name & No: Pappys Preference Federal No 01  
Location: Surface 495' FSL & 1980' FWL, Sec.04, T. 26 S., R. 29 E.  
Lease: NMNM 115417  
Eddy County, New Mexico

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### I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Roswell Field Office, 2909 West Second St., Roswell, NM 88201, (505) 627-0272 for wells in Chaves and Roosevelt Counties; the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea 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. A Hydrogen Sulfide (H2S) Drilling Plan is not required for this well bore.
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.

### II. CASING:

1. The 8 5/8 inch shall be set at 605 Feet into the top of the rustler and above the top of the salt with cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.
2. The minimum required fill of cement behind the 5 1/2 inch Production casing is to circulate to surface.

### 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.

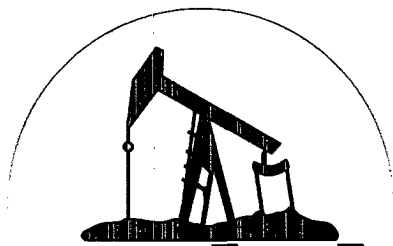
**(III Cont):**

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 2 M psi.

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

- The test 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 safe workman-like manner. Hard line connections shall be required.
- Both low pressure and high pressure testing of BOPE is required.

**G. Gourley RFO 06/27/2006**



**marbob**  
energy corporation

RECEIVED  
JUN 16 2006  
UNIVERSITY OF ARIZONA

June 15, 2006

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

Attention: Bryan Arrant

RE: Pappy's Preference Federal #1  
495' FNL & 1980' FWL  
Section 4, T26S, R29E  
Eddy County, New Mexico

Dear Bryan:

Marbob Energy has conducted a review to determine if an H2S contingency plan is required for the above referenced well. We were able to conclude that any potential hazardous volume would be minimal. H2S concentrations of wells in this area 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 T. Bratcher  
Land Department

/nb