

OCD-ARTESIA

Month - Year
FEB 20 2007
OCD - ARTESIA, NM

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

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UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMLC-028784-A
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 14049		7. If Unit or CA Agreement, Name and No.
3a. Address P.O. Box 227, Artesia, NM 88211-0227		8. Lease Name and Well No. Burch Keely Unit # 982 6497
3b. Phone No. (include area code) 505-748-3303		9. API Well No. 30-015-35432
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 800' FNL & 1725' FEL At proposed prod. zone ROSWELL CONTROLLED WATER BASIN		10. Field and Pool, or Exploratory Grayburg Jackson SR Q Grbg SA
14. Distance in miles and direction from nearest town or post office*		11. Sec., T., R., M., or Blk. and Survey or Area Sec 24, T17S - R29E
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	12. County or Parish Eddy County
17. Spacing Unit dedicated to this well 40	13. State NM	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 4800'	20. BLM/BIA Bond No. on file NM 2056
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3603'	22. Approximate date work will start* February 3, 2006	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.
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. Agnew	Name (Printed/Typed) Nancy T. Agnew	Date 1/3/07
Title Land Department		
Approved by (Signature) /s/ James Stovall	Name (Printed/Typed) /s/ James Stovall	Date FEB 15 2007
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 APPROVAL

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

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

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Artec, NM 87410

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

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005
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 28509	Pool Name GRBG JACKSON SR Q GRBG SA
Property Code	Property Name BURCH KEELY UNIT	Well Number 982
OGRID No. 14049	Operator Name MARBOB ENERGY CORPORATION	Elevation 3603'

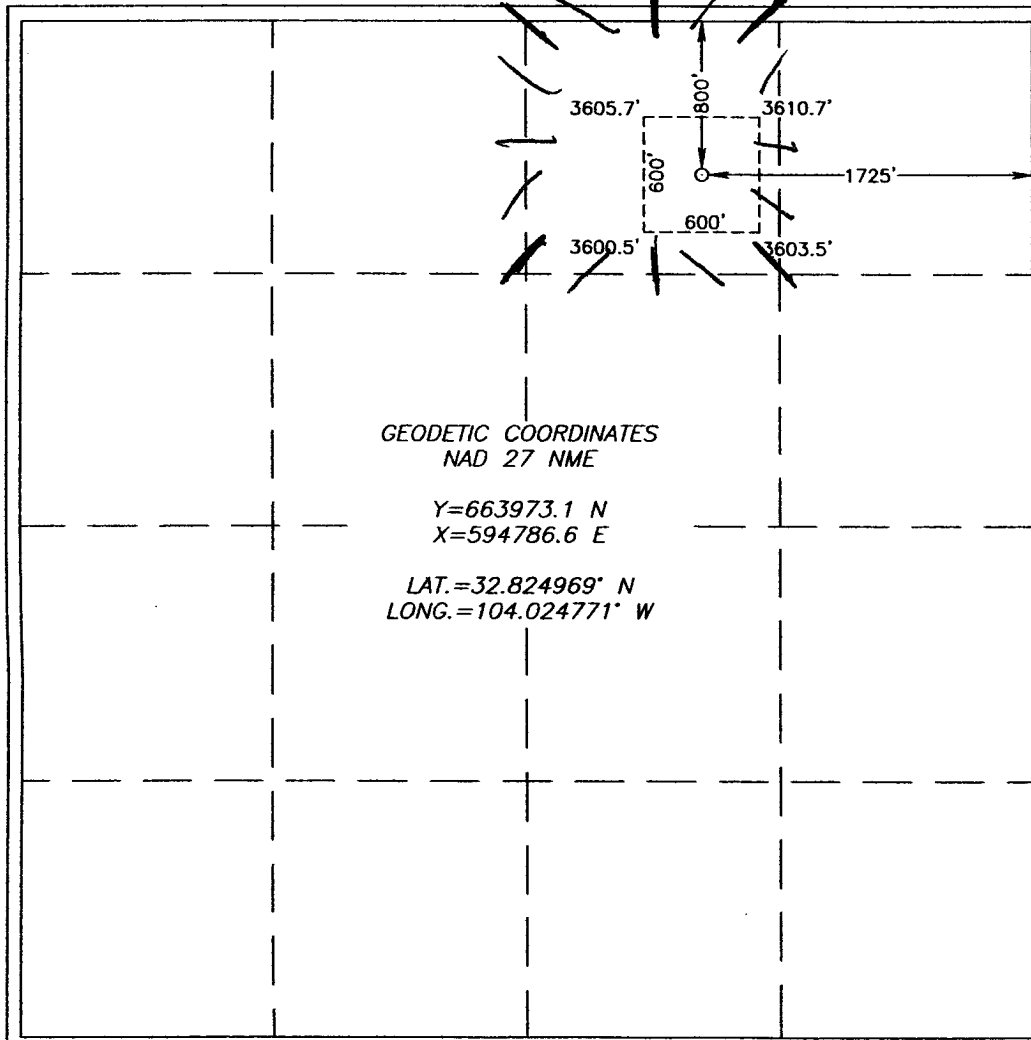
Surface Location

UL or lot No. B	Section 24	Township 17-S	Range 29-E	Lot Idn	Feet from the 800	North/South line NORTH	Feet from the 1725	East/West line EAST	County EDDY
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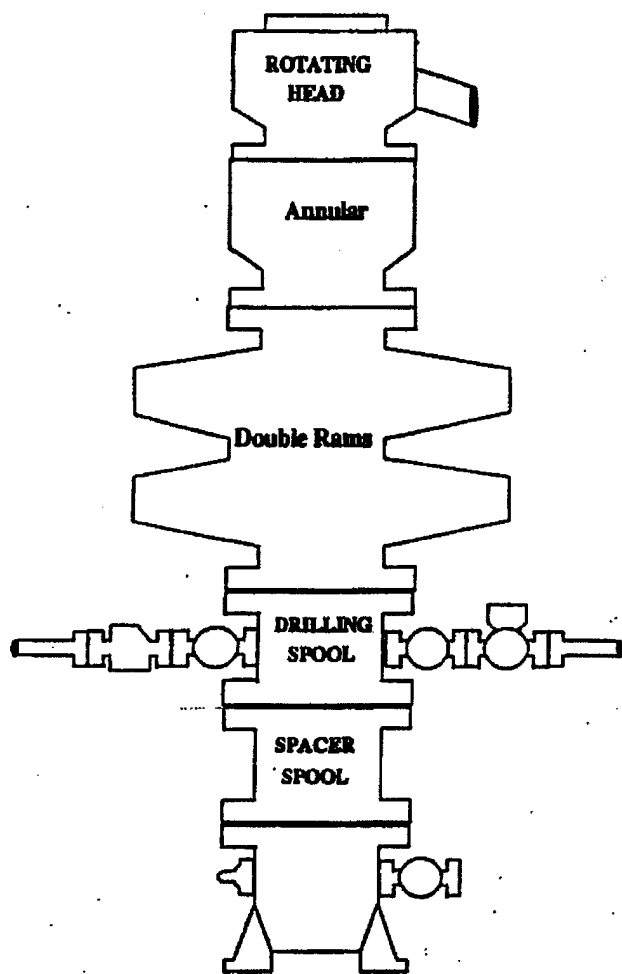
Bottom Hole Location If Different From Surface

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.						

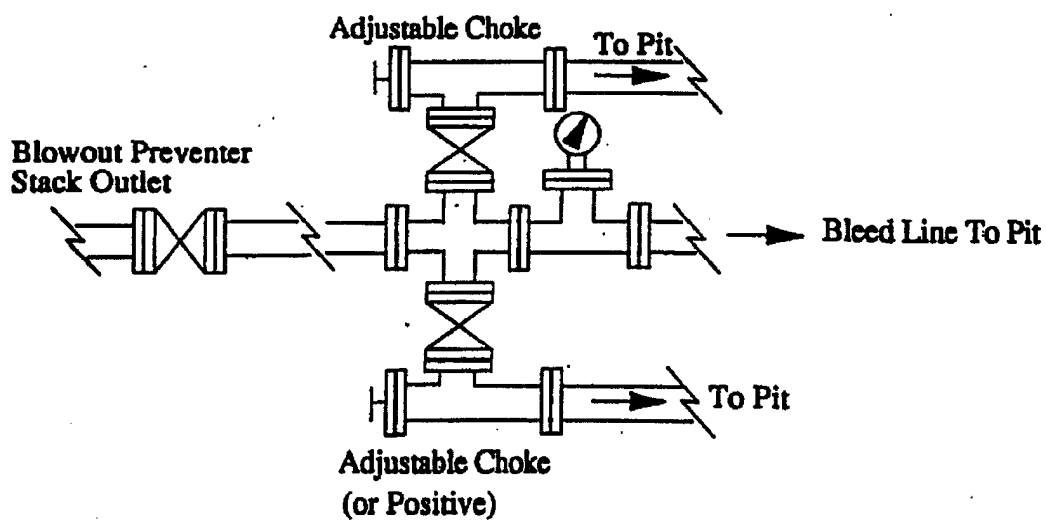
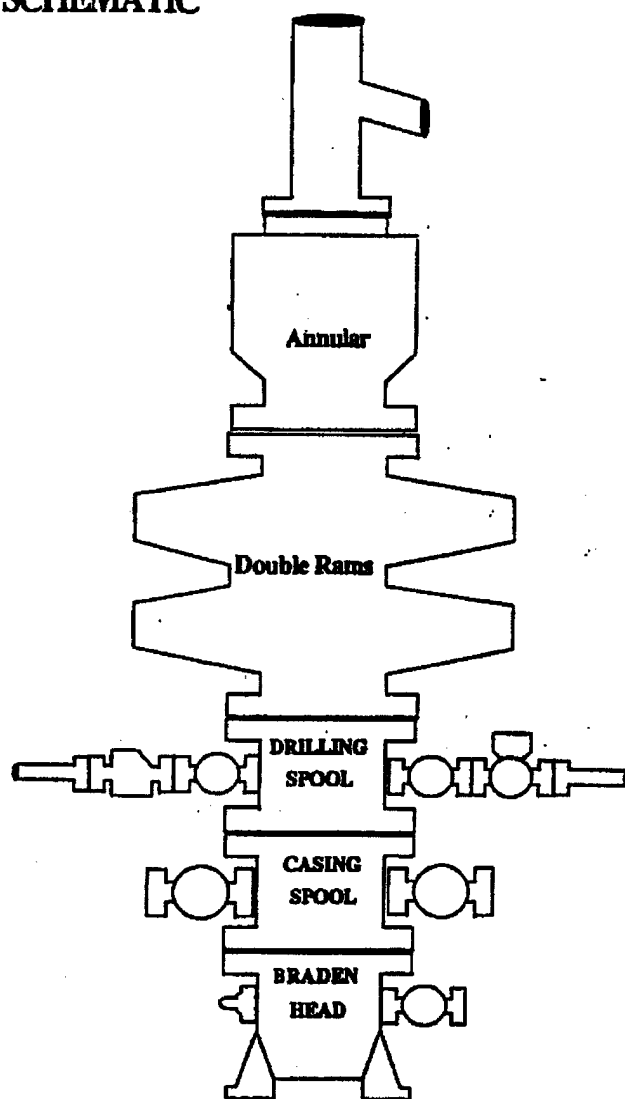
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

 <p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=663973.1 N X=594786.6 E</p> <p>LAT.=32.824969° N LONG.=104.024771° W</p>	<p>OPERATOR CERTIFICATION</p> <p>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.</p> <p><u>Nancy T. Agnew</u> 1/3/2007 Signature Date</p> <p><u>Nancy T. Agnew</u> Printed Name</p> <p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>NOVEMBER 09, 2006</p> <p>Date Surveyed DSR</p> <p>Signature & Seal of Professional Surveyor</p> <p><u>Gary A. Edson</u> 12/5/06 06.11.1768</p> <p>Certificate No. GARY EIDSON 12641</p>
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BOPE SCHEMATIC



Choke Manifold



SURFACE USE AND OPERATING PLAN

**Burch Keely Unit No. 982
800' FNL & 1725' FEL
Section 24-17S-29E
Eddy County, New Mexico**

- 1. (c) Directions to Locations: From the intersection of St. Hwy #82 and Co. Rd #216 (General American Rd.) go West on St. Hwy. #82 approx. 0.1 mile. Turn right and go North approx. 100 feet to a "Y" intersection. Turn left and go Northwest approx. 0.4 miles. This location is approx. 120 feet East.**
- 2. There is an existing access road already in place.**
- 4. (a) If productive, this well will use Satellite "B".**

CONDITIONS OF APPROVAL - DRILLING

Well Name & No. 982-Burch Keely Unit
Operator's Name: Marbob Energy Corporation
Location: o800FNL, 1725FEL, Section 24, T-17-S, R-29-E
Lease: NMLC-028784-A

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 21-17-S-30E measuring 1900 ppm in gas streams from a well completed in the Seven Rivers and Grayburg Jackson. It has also been reported in Sec. 17-17S-30E measuring 1600 ppm in gas streams and 1500 ppm in STVs from the Queen, Grayburg Jackson and San Andres, 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.
3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.
 - A variance to test the **BOP, BOPE, and surface casing** to the reduced pressure of 1000 psi is approved.
 - 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 020607

Marbob Energy Corporation
Burch Keely Unit

HYDROGEN SULFIDE PUBLIC PROTECTION PLAN

The purpose of this plan is to safeguard the lives of the public and company personnel in the event of a component failure or natural disaster while oil and gas production operations are in progress.

A copy of this plan shall be available at the Burch Keely Central Tank Battery and Burch Keely Satellite E Battery as well as all the satellites.

I. Responsibilities and Duties of Key Personnel

The Foreman shall be responsible for overall oil and gas operations, on-site safety, training programs, and for implementing the procedures contained in this plan. In his absence the Assistant Foreman is in charge.

II. Emergency Call-out Procedures

During normal operations, the unit is controlled by a central alarm that monitors all batteries and satellites. In the event of an H₂S emergency, Nova Monitoring Systems, Inc. will immediately contact Marbob personnel. In order, persons contacted are as follows:

Doyle Davis	Office	(505) 748-3303
Production Foreman	Cellular	(505) 748-5975
	Home	(505) 746-6550
Adam Olguin	Office	(505) 748-3303
Asst. Production Foreman	Cellular	(505) 748-4868
	Home	(505) 748-3138
John Bilberry	Office	(505) 748-3303
Field Foreman	Cellular	(505) 748-5992
	Home	(505) 365-2636
Randy Dutton	Office	(505) 748-3303
Field Foreman	Cellular	(505) 748-5973
	Home	(505) 887-5409
Eddy County Sheriff's Office		(505) 746-9888
Emergency Calls		911

The Eddy County Sheriff's office will contact:

Local emergency personnel (fire and medical) will be put on alert (see Appendix I & II).

The following information is to be given to all persons contacted:

1. Nature of emergency, especially noting the presence of H₂S and concentrations of any H₂S.
2. Whether the emergency is under control or not.
3. Estimated flow rate of hazardous gas.
4. Whether hazardous gas is being flared.
5. Wind direction and velocity
6. Casualties and damage.

The foreman on duty will then notify:

Johnny C. Gray	Office	(505) 748-3303
President	Cellular	(505) 748-5983
	Home	(505) 885-3879
Doug Chandler	Office	(505) 748-3303
Vice-President	Cellular	(505) 748-5985
	Home	(505) 887-6934
Shane Gray	Office	(505) 748-3303
	Cellular	(505) 748-5959
	Home	(505) 746-0860

One of the officers of Marbob will notify all necessary federal, state, and local government agencies as specified in Appendix III of this plan.



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