

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

Month - Year  
FEB 20 2007  
OCD - ARTESIA, NM

ATS-07-232

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

## 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		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 # 985 4497
3b. Phone No. (include area code) 505-748-3303		9. API Well No. 30-015-35490
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 1170' FNL & 290' FEL At proposed prod. zone Roswell Controlled Water Basin Non-Standard Location		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.) 3609'	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.  | 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 <i>Nancy T. Agnew</i>	Name (Printed/Typed) Nancy T. Agnew	Date 1/3/07
Title Land Department		
Approved by (Signature) <i>/s/ James Stovall</i>		
Name (Printed/Typed) 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.

## State of New Mexico

## DISTRICT I

1625 N. FRENCH DR., HOBBS, NM 88240

Energy, Minerals and Natural Resources Department

Form C-102

## DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

## OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.  
Santa Fe, New Mexico 87505Revised October 12, 2005  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

## DISTRICT III

1000 Rio Brazos Ed., 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 28509	Pool Name GRBG JACKSON SR Q GRBG SA
Property Code	Property Name BURCH KEELY UNIT	Well Number 985
OGRID No. 14049	Operator Name MARBOB ENERGY CORPORATION	Elevation 3609'

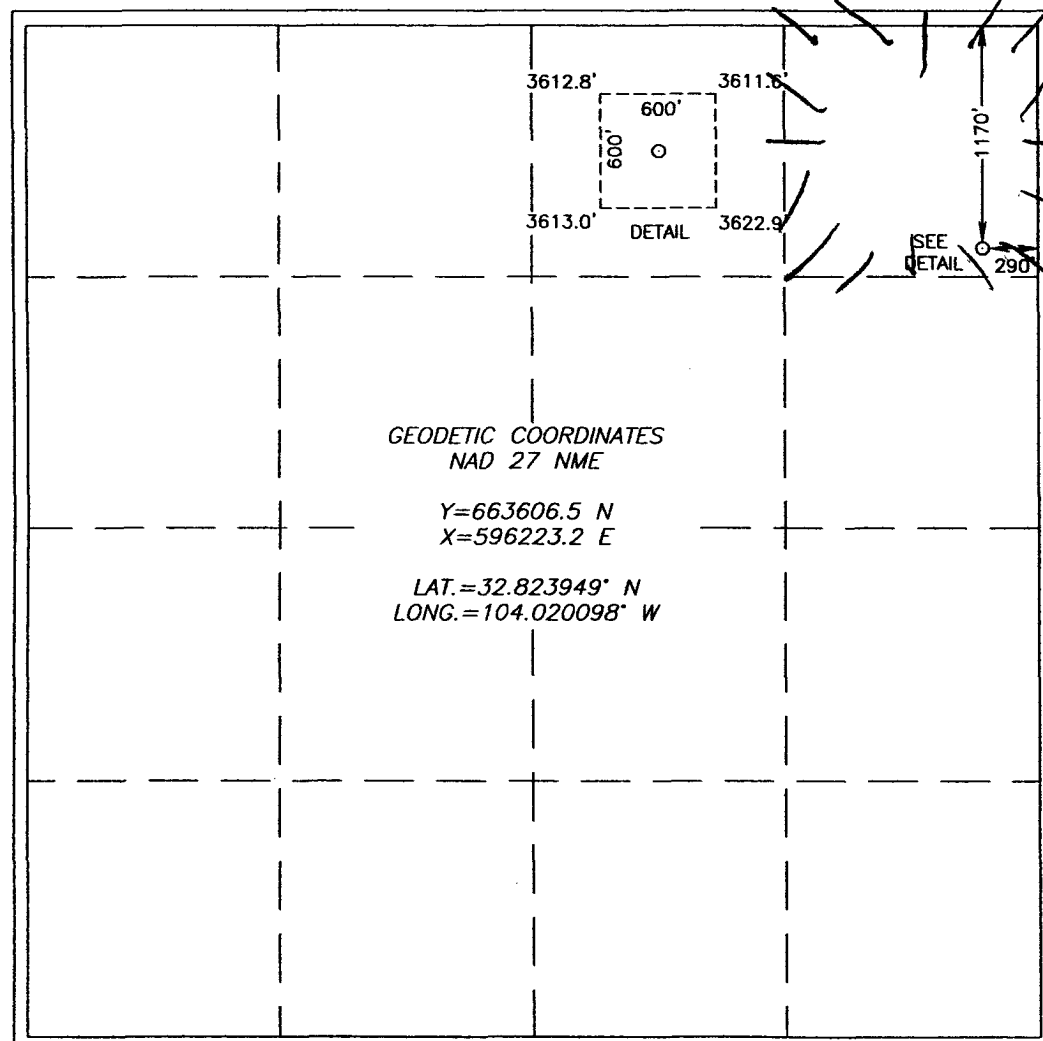
## Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	24	17-S	29-E		1170	NORTH	290	EAST	EDDY

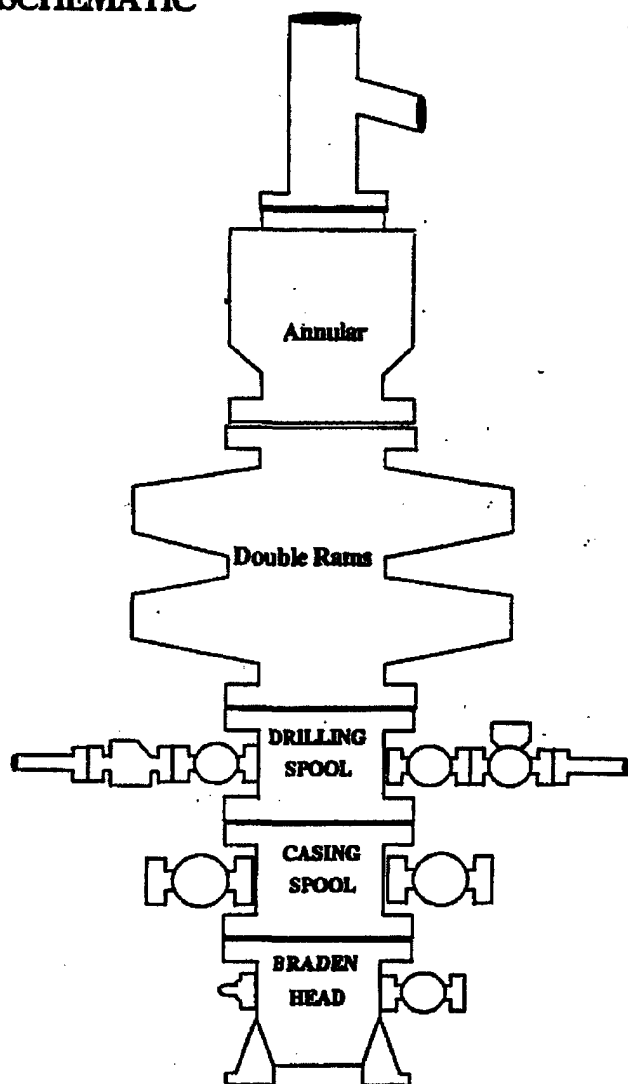
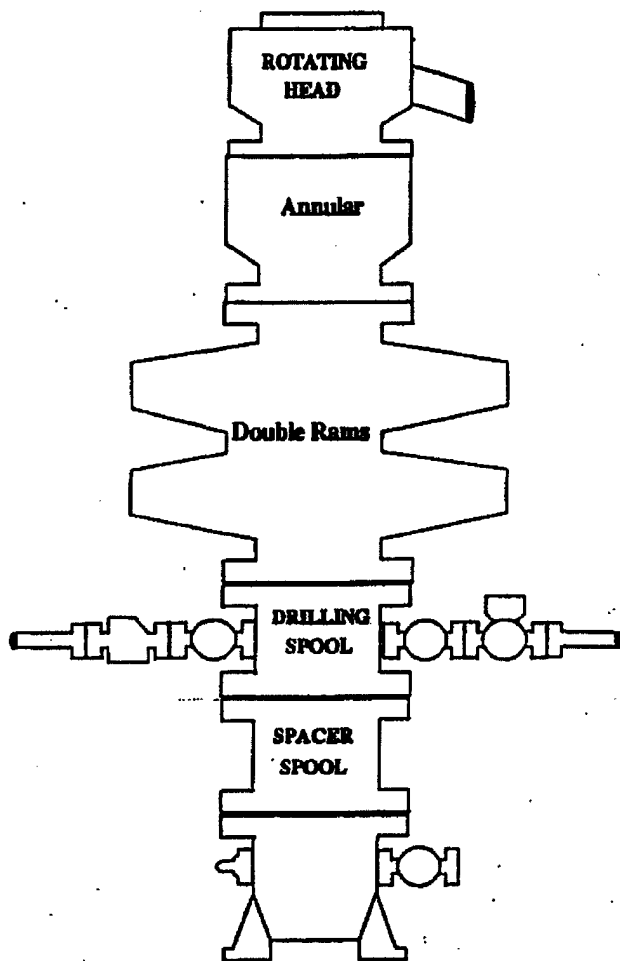
## Bottom Hole Location If Different From Surface

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.						

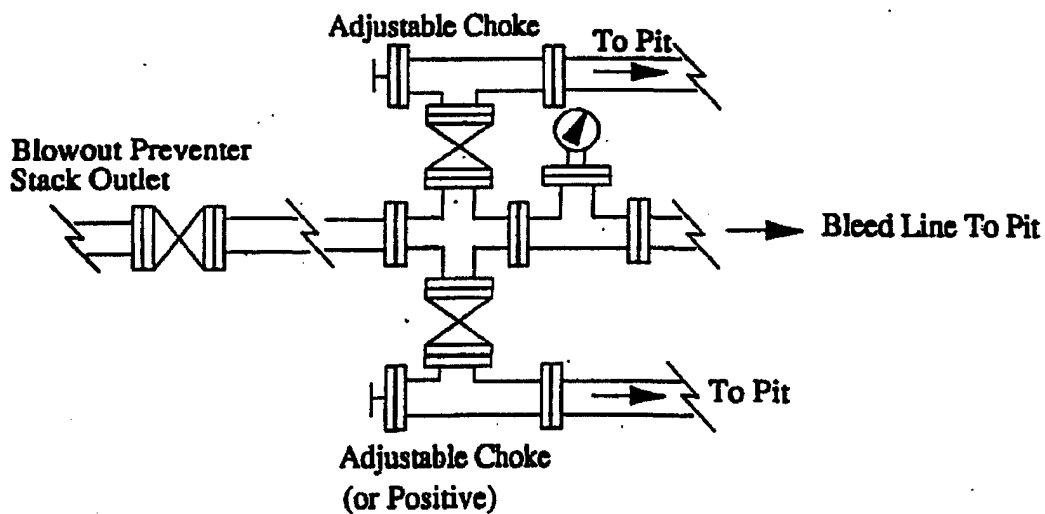
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

 <p>3612.8' 3611.6' 3613.0' 3622.9'</p> <p>600' 600'</p> <p>DETAIL</p> <p>SEE DETAIL</p> <p>290'</p> <p>1170'</p> <p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=663606.5 N X=596223.2 E</p> <p>LAT.=32.823949° N LONG.=104.020098° W</p>	<p><b>OPERATOR CERTIFICATION</b></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><i>Nancy T. Agnew</i> 11/3/2007 Signature Date</p> <p>Nancy T. Agnew Printed Name</p> <p><b>SURVEYOR CERTIFICATION</b></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 &amp; Seal of Professional Surveyor</p> <p><i>Gary E. Edson</i> 12/5/06 06.11.1771</p> <p>Certificate No. GARY EDSON 12841</p>
--	--

# BOPE SCHEMATIC



Choke Manifold



## **SURFACE USE AND OPERATING PLAN**

**Burch Keely Unit No. 985  
1170' FNL & 290' 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. 0.1 mile. Turn right and go East approx. 0.1 mile. Turn left and go Northwest approx. 825 feet to this location.**
- 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. 985-Burch Keely Unit  
Operator's Name: Marbob Energy Corporation  
Location: 1170FNL, 0290FEL, 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 H<sub>2</sub>S 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 (H<sub>2</sub>S) 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**



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