

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

380'  
**Jack Federal #1H**  
**Surf: 330' FNL & 660' FWL, Sec 31, T25S-R27E**  
**BHL: 330' FSL & 660' FWL, Sec 31, T25S-R27E**  
**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:**

- a. The well site and elevation plat for the proposed well are reflected on the well site layout; Form C-102. The well was staked by John West Surveying Company.
- b. 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. Right of way using this proposed route is being requested if necessary.
- c. Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease.

**DIRECTIONS:**

From the intersection of Co. Rd. 724 (White City Rd.) and Co. Rd. 742 (John D. Forehand Rd.), go east approx. 2.4 miles on Co. Rd. 724. Turn left and go northeast approx. 0.2 miles. Veer left and go northwest approx. 2.3 miles to a proposed road survey. Turn left on proposed road survey and go southwest approx. 134 feet. This location stake is approx. 212 feet southwest.

**2. PLANNED ACCESS ROAD:**

Marbob will be using a proposed access road of 134' coming in on the northeast corner of the well pad.

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

- A. In the event the well is found productive, the Jack Federal #1H tank battery would be utilized and the necessary production equipment will be installed at the well site. A Site Facilities Diagram will be submitted upon completion of facility. All flowlines will adhere to API standards
- B. If electricity is needed, power will be obtained from Central Valley Electric. Central Valley Electric will apply for ROW for their power lines.

C. If the well is productive, rehabilitation plans are as follows:

- i. The original topsoil from the well site will be returned to the location. The drill site will then be contoured as close as possible to the original state.

**4. LOCATION AND TYPES OF WATER SUPPLY:**

This location will be drilled using a combination of water mud systems (outlined in the Drilling Program). The water will be obtained from commercial water stations in the area and hauled to location by transport truck using the existing and proposed roads shown in Exhibit #2. On occasion, water will be obtained from a pre-existing water well, running a pump directly to the drill rig. In these cases where a poly pipeline is used to transport water for drilling purposes, the existing and proposed road shown in Exhibit "2" will be utilized.

**5. CONSTRUCTION MATERIALS:**

All Caliche utilized for the drilling pad and proposed access road will be obtained from an existing BLM approved pit or from prevailing deposits found under the location. All roads will be constructed of 6" rolled and compacted caliche. Will use BLM recommended use of extra caliche from other locations close by for roads, if available.

**6. METHODS OF HANDLING WASTE MATERIAL:**

- a. All trash, junk and other waste material will be removed from the wellsite within 30 days after finishing drilling and/or completion operations. All waste material will be contained in trash cages or trash bins to prevent scattering. When the job is completed, all contents will be removed and disposed of in an approved sanitary landfill.
- b. The supplier, including broken sacks, will pick up slats remaining after completion of well.
- c. A porto-john will be provided for the rig crews. This equipment will be properly maintained during the drilling and completion operations and will be removed when all operations are complete.
- d. Disposal of fluids to be transported by an approved disposal company.

**7. ANCILLARY FACILITIES:**

No campsite or other facilities will be constructed as a result of this well.

**8. WELLSITE LAYOUT:**

- a. Exhibit 3 shows the proposed well site layout with dimensions of the pad layout.
- b. This exhibit indicates proposed location of fresh water sump pits if utilized and living facilities.
- c. Mud pits in the active circulating system will be steel pits and a closed loop system will be utilized.

## **9. PLANS FOR SURFACE RECLAMATION:**

- a. After finishing drilling and/or completion operations, if the well is found non-commercial, the caliche will be removed from the pad and transported to the original caliche pit or used for other drilling locations. The road will be reclaimed as directed by the BLM. The original top soil will again be returned to the pad and contoured, as close as possible, to the original state.
- b. The location and road will be rehabilitated as recommended by the BLM.
- a. If the well is deemed commercially productive, caliche from areas of the pad site not required for operations will be reclaimed. The original top soil will be returned to the area of the drill pad not necessary to operate the well. These unused areas of the drill pad will be contoured, as close as possible, to match the original topography. Reserve pit will not be used on this location therefore no reclamation is needed.
- b. Topsoil will be stockpiled on the EAST SIDE of the location until it is needed for interim reclamation described in paragraph above.

## **10. SURFACE OWNERSHIP:**

The surface is owned by the Department of the Interior. The surface is multiple use with the primary uses of the region for the grazing of livestock and the production of oil and gas. The proposed road routes and the surface location will be restored as directed by the BLM.

## **11. OTHER INFORMATION:**

- a. The area surrounding the well site is grassland. The topsoil is very sandy in nature. The vegetation is moderately sparse with native prairie grass, some mesquite bushes and shinnery oak. No wildlife was observed but it is likely that deer, rabbits, coyotes, and rodents traverse the area.
- b. There is no permanent or live water in the general proximity of the location.
- c. There are no dwellings within 2 miles of location.
- d. A Cultural Resources Examination will be completed by Boone Archeological and forwarded to the BLM office in Carlsbad, New Mexico.

## **12. OPERATOR'S REPRESENTATIVE:**

A. Through A.P.D. Approval:  
Dean Chumbley, Landman  
Marbob Energy Corporation  
P. O. Box 227  
Artesia, NM 88211-0227  
Phone (575)748-3303  
Cell (575) 748-5988

B. Through Drilling Operations  
Sheryl Baker, Drilling Supervisor  
Marbob Energy Corporation  
P. O. Box 227  
Artesia, NM 88211-0227  
Phone (575)748-3303  
Cell (575)748-5489

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 9, 2010

Lease #: NMNM114349  
Jack Federal #1H

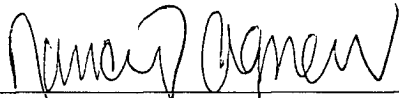
Legal Description: Sec. 31-T25S-R27E  
Eddy County, New Mexico

Formation(s): Permian

Bond Coverage: Statewide

BLM Bond File #: NMB000412

Marbob Energy Corporation

A handwritten signature in dark ink, appearing to read "Nancy Agnew", is written over a horizontal line.


Nancy Agnew  
Land Department

**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.

5/9/10  
Date

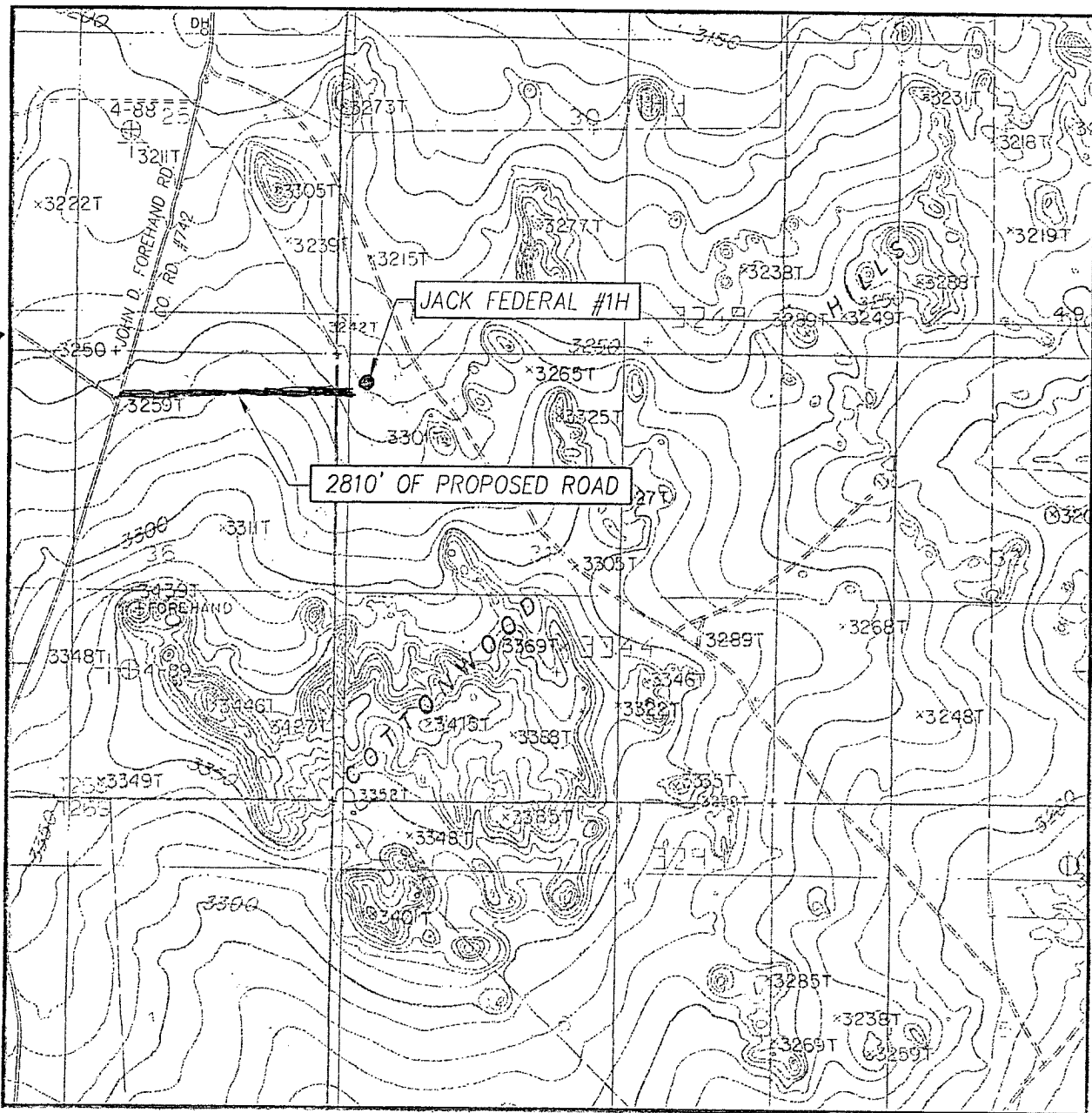
Marbob Energy Corporation



William Miller

Land Department

# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:  
COTTONWOOD HILLS, N.M. - 10'

SEC. 31 TWP. 25-S. RGE. 27-E

SURVEY N.M.P.M.

COUNTY EDDY STATE NEW MEXICO


DESCRIPTION 330' FNL & 380' FWL

ELEVATION 3241'

OPERATOR MARBOB ENERGY CORPORATION

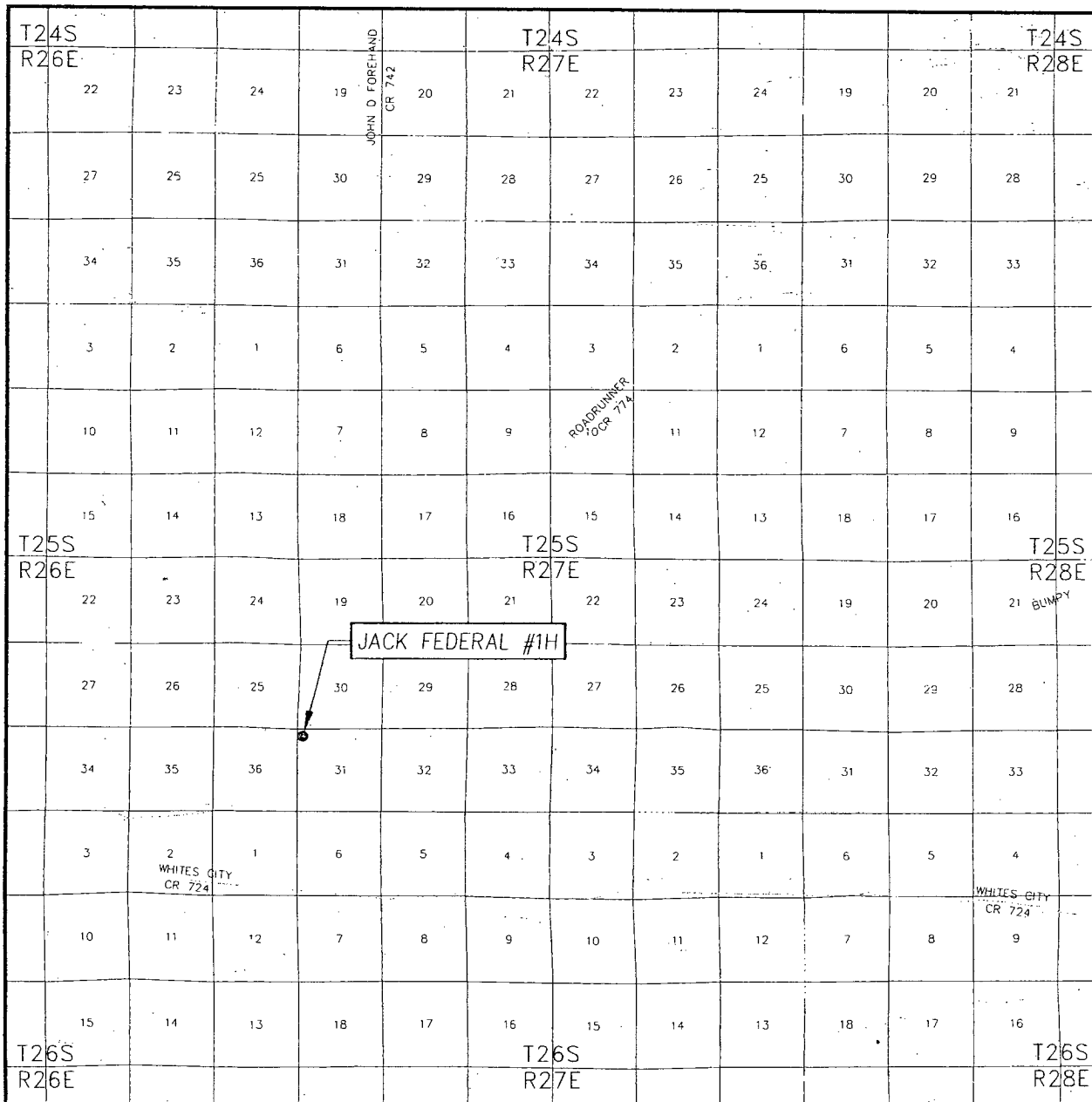
LEASE JACK FEDERAL

U.S.G.S. TOPOGRAPHIC MAP  
COTTONWOOD HILLS, N.M.



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

# VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 31 TWP. 25-S RGE. 27-E

SURVEY N.M.P.M.

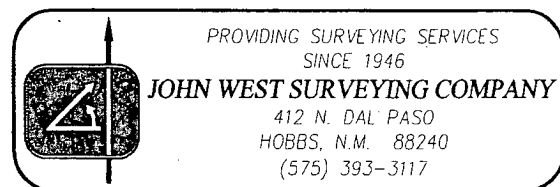
COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 330' FNL & 380' FWL

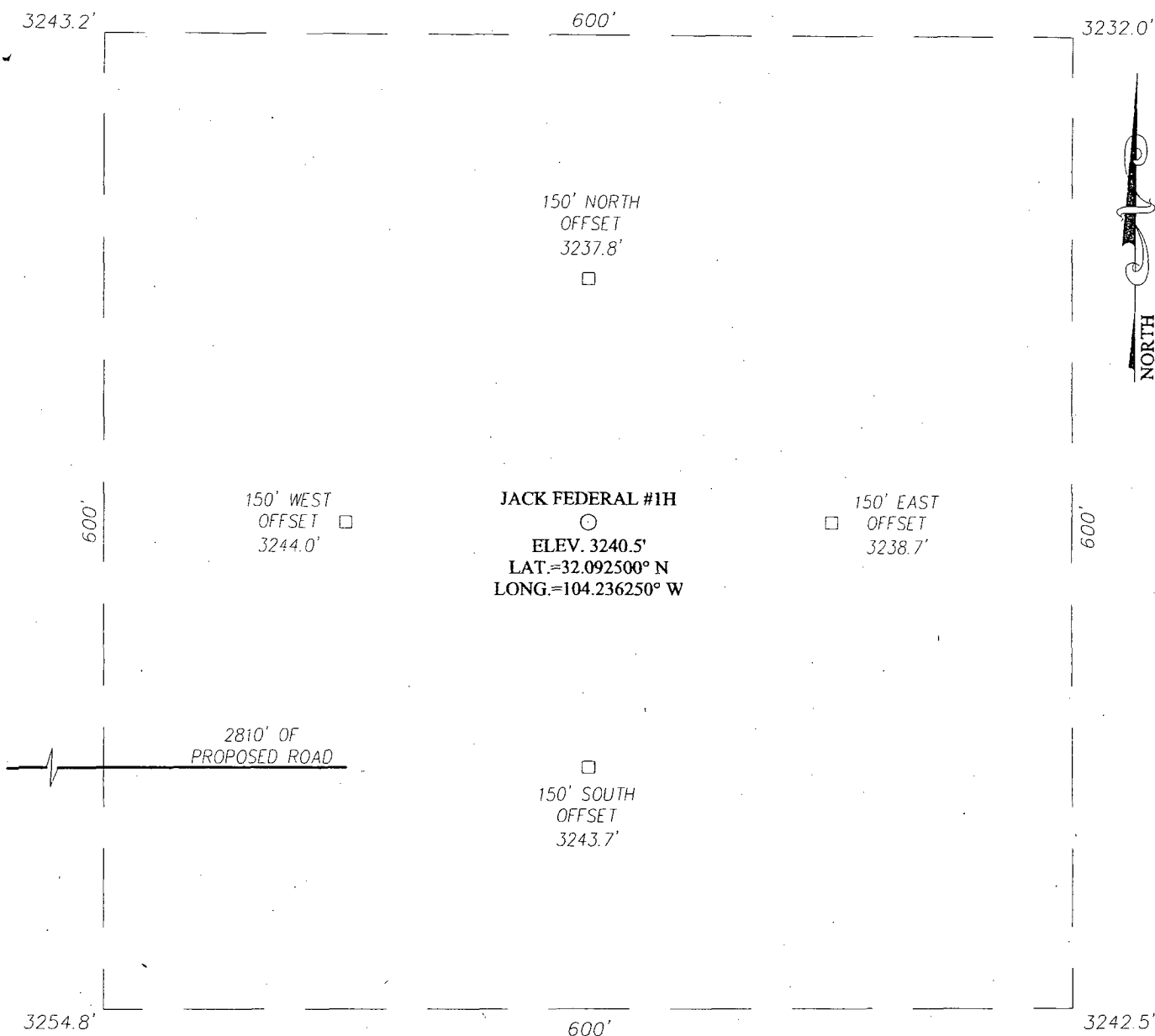
ELEVATION 3241'

OPERATOR MARBOB ENERGY CORPORATION

LEASE JACK FEDERAL

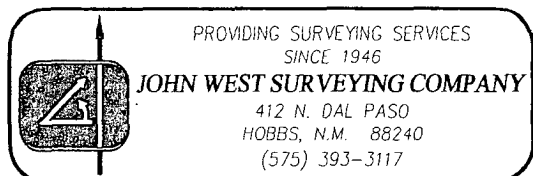
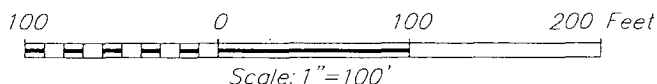


SECTION 31, TOWNSHIP 25 SOUTH, RANGE 27 EAST, N.M.P.M.  
EDDY COUNTY NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF CO. RD. 724 (WHITES CITY RD.) AND CO. RD. 742 (JOHN D. FOREHAND RD.), GO NORTH APPROX. 2.0 MILES. THE LOCATION STAKE IS APPROX. 2950 FEET EAST.

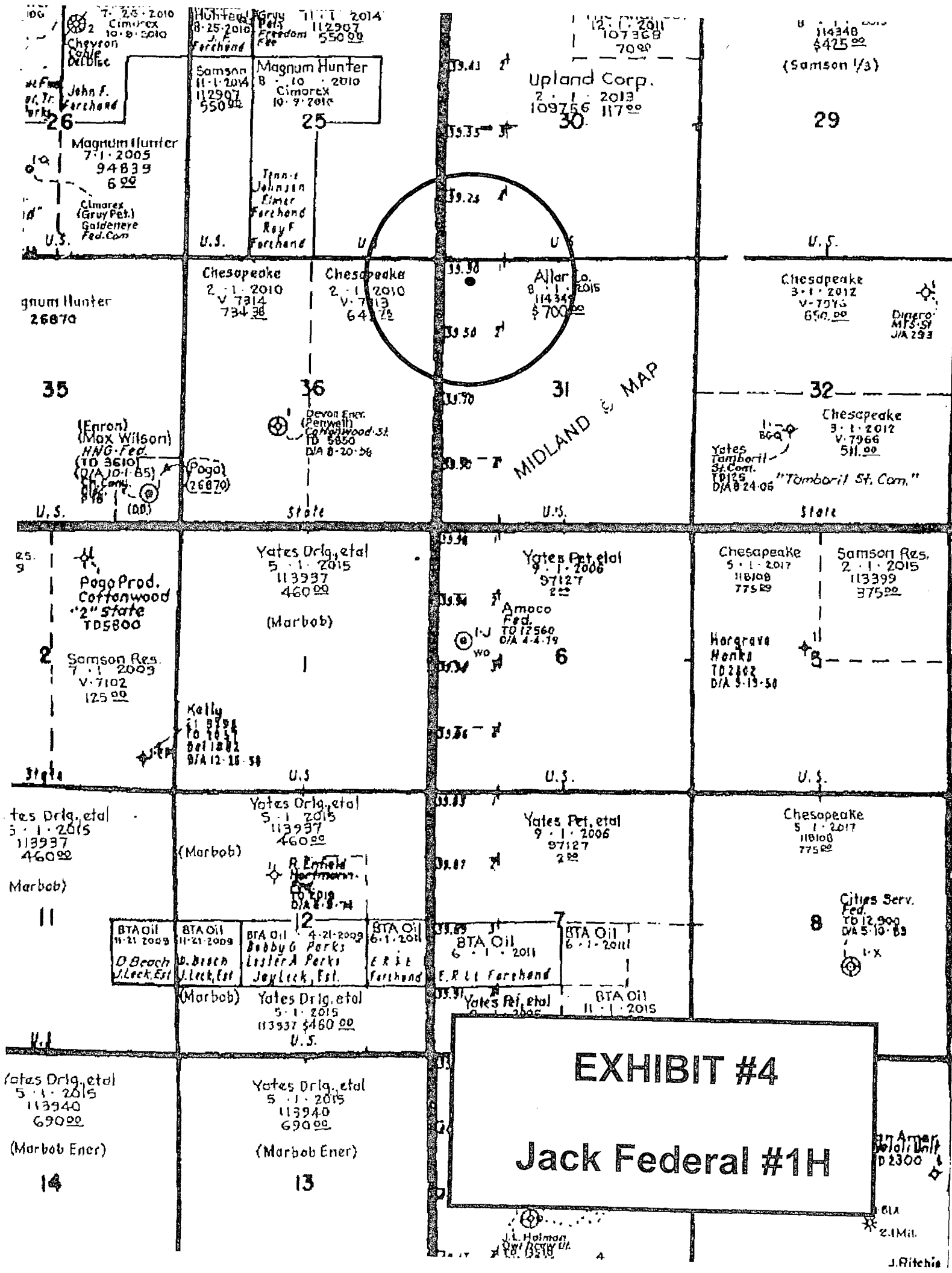


**MARBOb ENERGY CORPORATION**

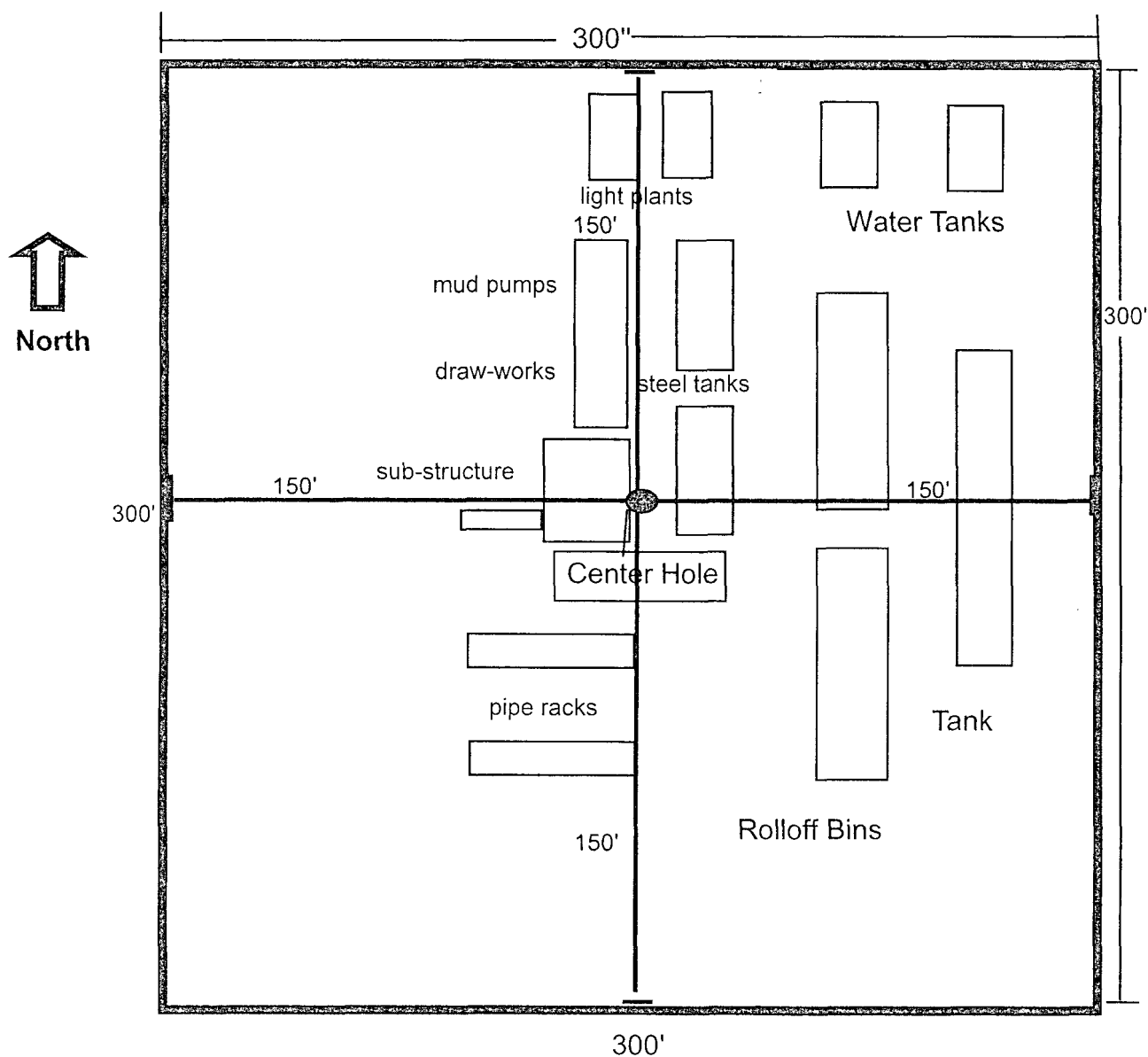
JACK FEDERAL #1 WELL  
LOCATED 330 FEET FROM THE NORTH LINE  
AND 380 FEET FROM THE WEST LINE OF SECTION 31,  
TOWNSHIP 25 SOUTH, RANGE 27 EAST, N.M.P.M.,  
EDDY COUNTY, NEW MEXICO

Survey Date: 8/4/10	Sheet 1 of 1 Sheets
W.O. Number: 10.11.1162	Dr. By: LA
Date: 8/11/10	Rel. W.O.: 10111162
	Scale: 1"=100'





Well Site Lay-Out Plat



380'  
Jack Federal #1H  
Surf: 330' FNL & 660' FWL, Sec 31, T25S-R27E  
BHL: 330' FSL & 660' FWL, Sec 31, T25S-R27E  
Eddy County, New Mexico

EXHIBIT THREE