

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB NO. 1004-0136  
Expires: February 28, 1995

5. LEASE DESIGNATION AND SERIAL NO.

NMLC028795A-028794A

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL  DEEPEN

b. TYPE OF WELL

OIL WELL  GAS WELL OTHER

SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR

MARBOB ENERGY CORPORATION 14049

3. ADDRESS AND TELEPHONE NO.

PO BOX 227, ARTESIA, NM 88211-0227 (505) 748-8366

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)

At surface 1529 FSL 2053 FEL, UNIT J

At proposed prod. zone

SAME

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*

SEE SURFACE USE PLAN

15. DISTANCE FROM PROPOSED\*

LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig, unit line, if any)

1529'

18. DISTANCE FROM PROPOSED LOCATION\* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.

4800'

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

3605' GL

16. NO. OF ACRES IN LEASE

640

19. PROPOSED DEPTH

17. NO. OF ACRES ASSIGNED TO THIS WELL

40

20. ROTARY OR CABLE TOOLS

ROTARY

22. APPROX. DATE WORK WILL START\*

AUGUST 19, 2002

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	8 5/8" J55	24#	350'	300 SX
7 7/8"	5 1/2" J55	17#	4800'	SUFFICIENT TO COVER 200' ABOVE ALL KNOWN OIL & GAS HORIZONS

PAY ZONE WILL BE SELECTIVELY PERFORATED AND STIMULATED AS NEEDED FOR OPTIMUM PRODUCTION.

ATTACHED ARE:

1. WELL LOCATION AND ACREAGE DEDICATION PLAT
2. SURFACE USE PLAN
3. SUPPLEMENTAL DRILLING DATA

MASTER SURFACE USE PLAN ON FILE AT BLM ROSWELL.

IN ABOVE SPACE DESCRIBE PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED *[Signature]* TITLE PRODUCTION ANALYST

DATE 7/23/02

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

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:

APPROVED BY */s/ Mary J. Rugwell*

TITLE *FOR: Field Manager*

DATE AUG 30 2002

\*See Instructions On Reverse Side

APPROVAL FOR 1 YEAR

Title 18 U.S.C. Section 1001, makes 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.

12

W. J. ...  
D. J. ...

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised February 10, 1994  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88211-0719

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

OIL CONSERVATION DIVISION  
P.O. Box 2088

DISTRICT IV  
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

Santa Fe, New Mexico 87504-2088  
WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-015-	Pool Code 28509	Pool Name GRBG JACKSON SR Q GRBG SA
Property Code 6497	Property Name BURCH KEELY UNIT	Well Number 890
OGRID No. 14049	Operator Name MARBOB ENERGY CORPORATION	Elevation 3605'

Surface Location

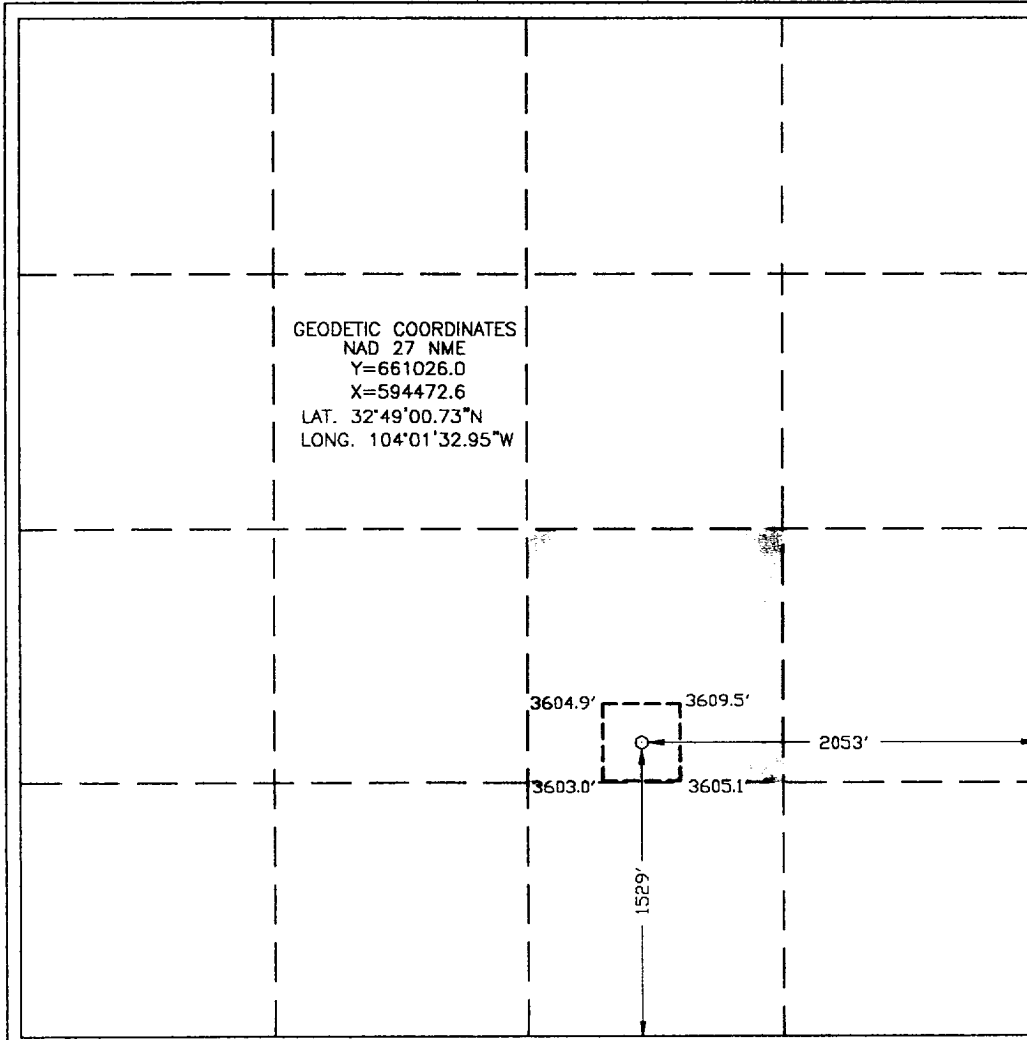
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	24	17-S	29-E		1529	SOUTH	2053	EAST	EDDY

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



GEODETTIC COORDINATES  
NAD 27 NME  
Y=661026.0  
X=594472.6  
LAT. 32°49'00.73"N  
LONG. 104°01'32.95"W

OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

*Diana J. Cannon*  
Signature

DIANA J. CANNON  
Printed Name

PRODUCTION ANALYST  
Title

JULY 23, 2002  
Date

SURVEYOR CERTIFICATION

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.

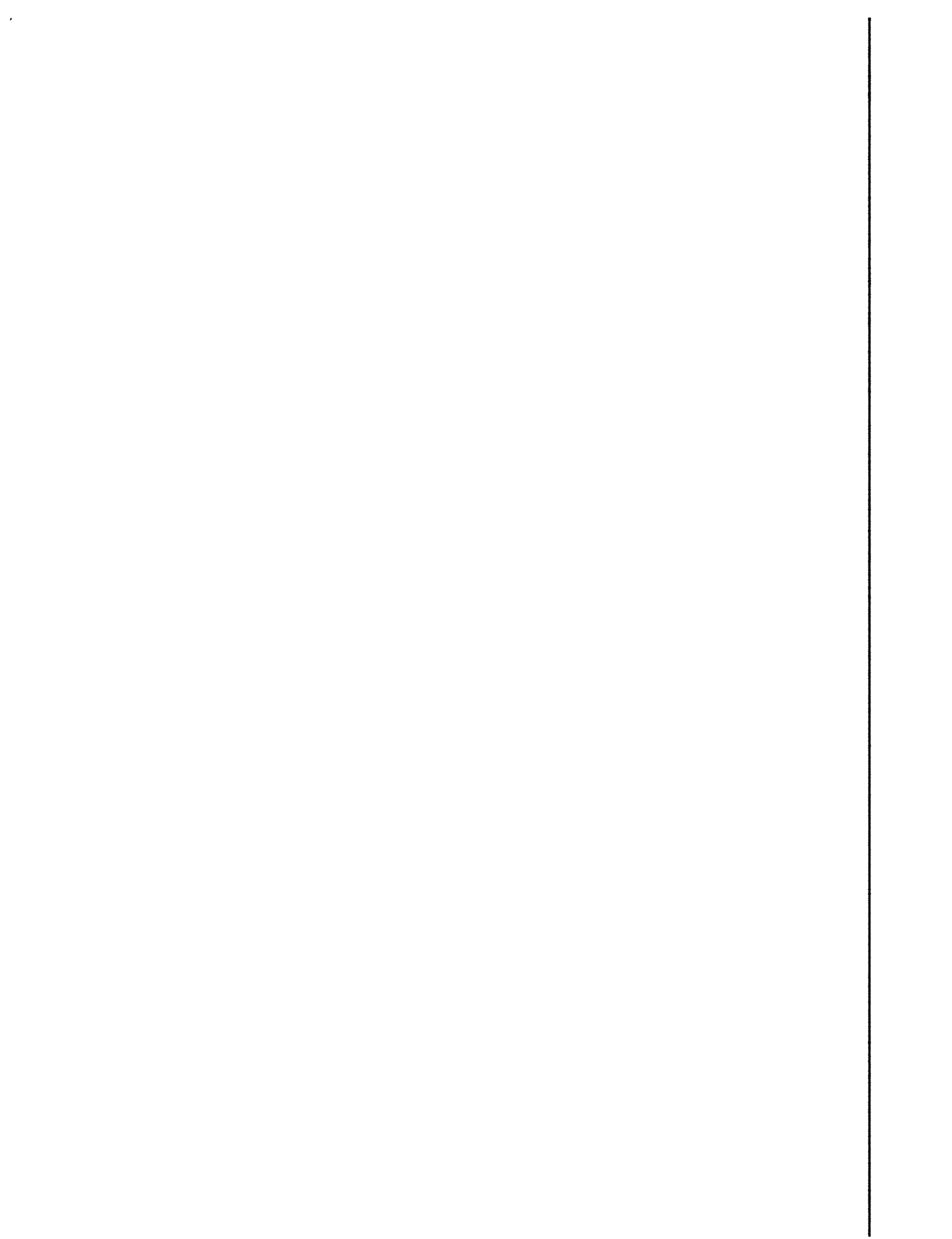
JULY 12, 2002

Date Surveyed A.W.B

Signature & Seal of Professional Surveyor

*Ronald J. Eidson* 7/15/02  
02-11-0507

Certificate No. RONALD J. EIDSON 3239  
CARY EIDSON 12641



## DRILLING PROGRAM

Burch Keely Unit No. 890  
1529' FSL and 2053' FEL  
Section 24-175-29E  
Eddy County, New Mexico

### 10. Anticipated Starting Date and Duration of Operations

Spud Date: Approximately August 19, 2002

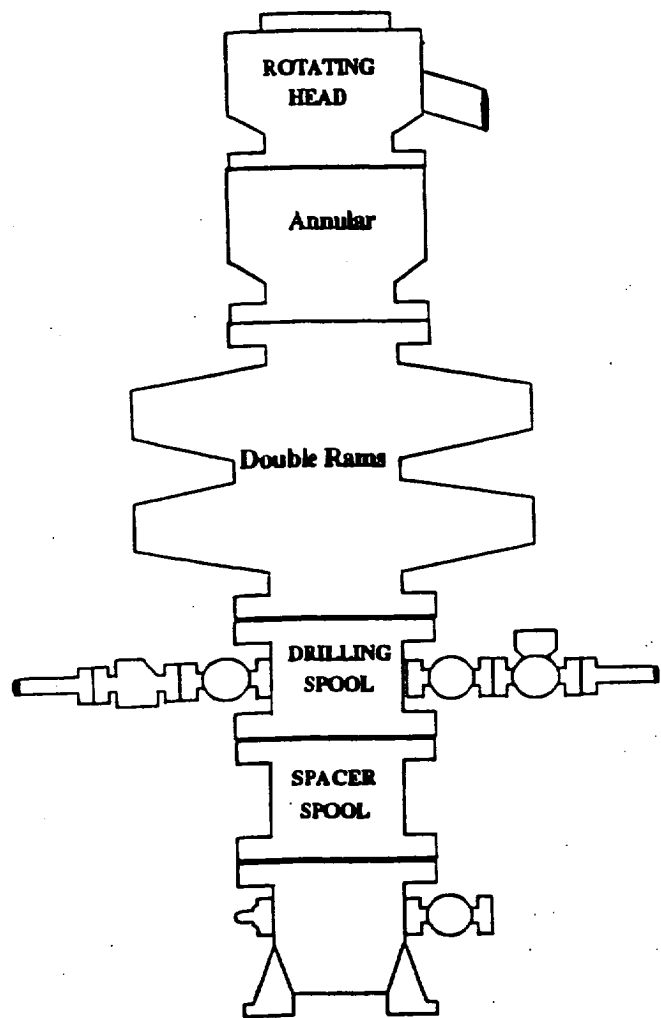
Duration of Operations: Once commenced, the drilling operations should be completed in approximately 21 days. If the well is productive, an additional 30 to 60 days will be required for completion and testing of the well.

## SURFACE USE AND OPERATING PLAN

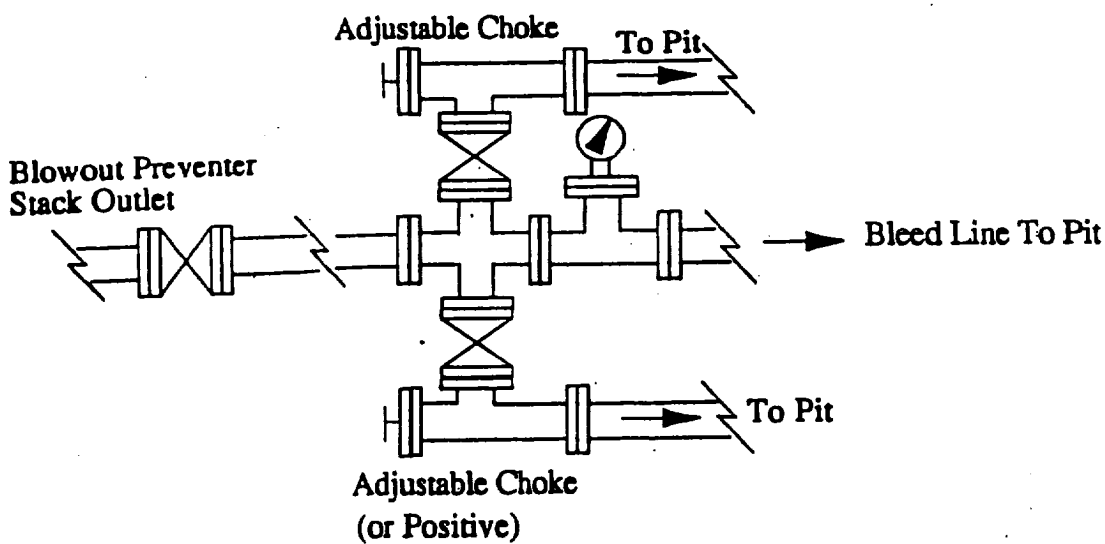
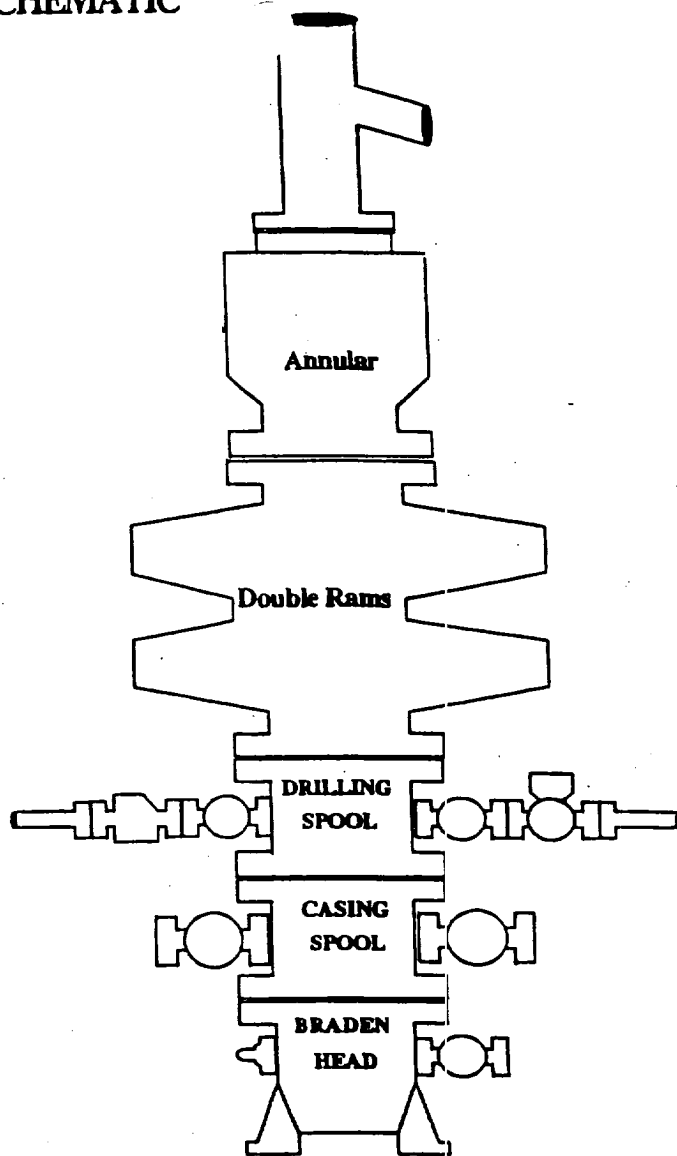
Burch Keely Unit No. 890  
1529' FSL and 2053' FEL  
Section 24-17S-29E  
Eddy County, New Mexico

- 1.(c) Directions to Locations: From Loco Hills, proceed west on U.S. 82 for 2.1 miles. Turn south on lease road and proceed approximately 500'. Turn west and proceed approximately 500'. Turn south and proceed to BKU #89. Location and access road are off of the southeast corner of the well pad.
  
2. A new access road of 180' will be necessary.
  
- 4.(a) If productive, this well will use Satellite "A".

# BOPE SCHEMATIC

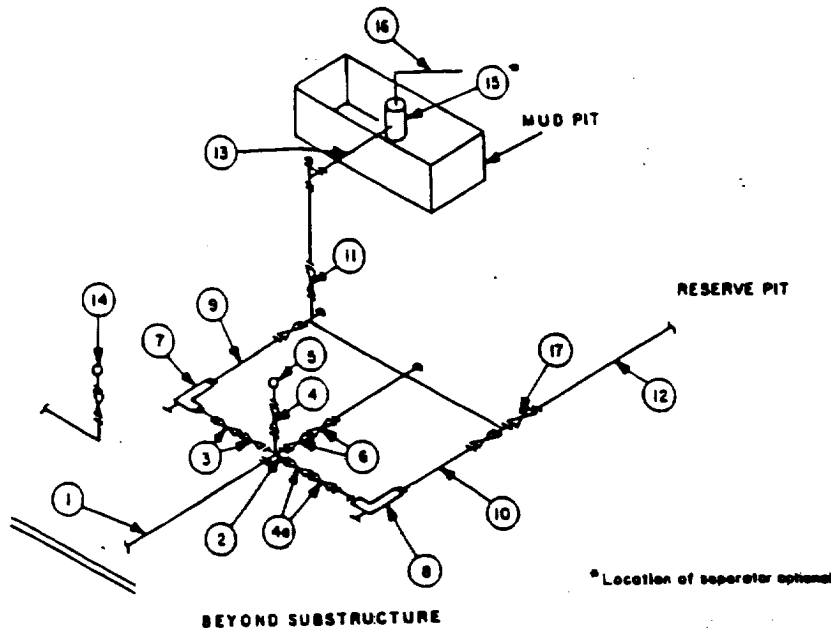


**Choke Manifold**



**MINIMUM CHOKE MANIFOLD**  
3,000, 5,000 and 10,000 PSI Working Pressure

**3 MWP - 5 MWP - 10 MWP**



MINIMUM REQUIREMENTS										
No.		3,000 MWP			5,000 MWP			10,000 MWP		
		I.D.	NOMINAL	RATING	I.D.	NOMINAL	RATING	I.D.	NOMINAL	RATING
1	Line from drilling spool		3"	3,000		3"	5,000		3"	10,000
2	Cross 3"x3"x3"x2"			3,000			5,000			10,000
	Cross 3"x3"x3"x3"									
3	Valves(1) Gate <input type="checkbox"/> Plug <input type="checkbox"/> (2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000
4	Valve Gate <input type="checkbox"/> Plug <input type="checkbox"/> (2)	1-13/16"		3,000	1-13/16"		5,000	1-13/16"		10,000
4a	Valves(1)	2-1/16"		3,000	2-1/16"		5,000	3-1/8"		10,000
5	Pressure Gauge			3,000			5,000			10,000
6	Valves Gate <input type="checkbox"/> Plug <input type="checkbox"/> (2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000
7	Adjustable Choke(3)	2"		3,000	2"		5,000	2"		10,000
8	Adjustable Choke	1"		3,000	1"		5,000	2"		10,000
9	Line		3"	3,000		3"	5,000		3"	10,000
10	Line		2"	3,000		2"	5,000		3"	10,000
11	Valves Gate <input type="checkbox"/> Plug <input type="checkbox"/> (2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000
12	Lines		3"	1,000		3"	1,000		3"	2,000
13	Lines		3"	1,000		3"	1,000		3"	2,000
14	Remote reading compound standpipe pressure gauge			3,000			5,000			10,000
15	Gas Separator		2'x5'			2'x5'			2'x5'	
16	Line		4"	1,000		4"	1,000		4"	2,000
17	Valves Gate <input type="checkbox"/> Plug <input type="checkbox"/> (2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000

- (1) Only one required in Class 3M.
- (2) Gate valves only shall be used for Class 10M.
- (3) Remote operated hydraulic chokes required on 5,000 psi and 10,000 psi for drilling.

**EQUIPMENT SPECIFICATIONS AND INSTALLATION INSTRUCTIONS**

1. All connections in choke manifold shall be welded, studded, flanged or Cameron clamp of comparable rating).
2. All flanges shall be API 6B or 6BX and ring gaskets shall be API RX or BX. Use only BX for 10 MWP.
3. All lines shall be securely anchored.
4. Chokes shall be equipped with tungsten carbide seats and needles, and replacements shall be available.
5. Choke manifold pressure and standpipe pressure gauges shall be available at the choke manifold to assist in regulating chokes. As an alternate with automatic chokes, a choke manifold pressure gauge shall be located on the rig floor in conjunction with the standpipe pressure gauge.
6. Line from drilling spool to choke manifold should be as straight as possible. Lines downstream from chokes shall make turns by large bends or 90° bends using bull plugged tees.



Form 3160-5  
June 1990)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

JUN 21 1999

FORM APPROVED  
Budget Bureau No. 1004-0135  
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.  
Use "APPLICATION FOR PERMIT-" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other	5. Lease Designation and Serial No.
2. Name of Operator MARBOB ENERGY CORPORATION	6. If Indian, Allottee or Tribe Name
3. Address and Telephone No. P.O. BOX 227, ARTESIA, NM 88210 505-748-3303	7. If Unit or CA, Agreement Designation
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) T17S-R29E T17S-R30E T17S-R31E	8. Well Name and No.
	9. API Well No.
	10. Field and Pool, or Exploratory Area
	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
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other TEST BOPS
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

DUE TO THE LOW BOTTOM HOLE PRESSURE OF FORMATIONS ABOVE 6000', WE ARE REQUESTING BLANKET APPROVAL FOR WELLS IN THE ABOVE LOCATIONS TO TEST BOPS ON SURFACE CASING TO 1000#

THIS SUNDRY IS APPROVED FOR MARBOB TO HAVE A BLANKET APPROVAL FOR TESTING BOPS.  
HOWEVER, THE OPERATOR WILL STATE ON EACH APD THIS APPLIES TO IN ORDER TO  
REMIND AND/OR BRING NOTICE TO THE BLM OFFICE AND ENGINEER REVIEWING THE APD  
THAT THE WELL'S BOPE TESTING IS COVERED BY A BLANKET APPROVAL FOR THESE LOCATIONS

14. I hereby certify that the foregoing is true and correct

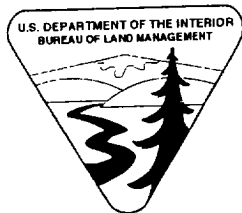
Signed Robin Carrum Title PRODUCTION ANALYST Date 05/25/99

(This space for Federal or State office use)

Approved by Sally Smith Title PETROLEUM ENGINEER Date JUN 16 1999

Conditions of approval, if any:

SEP 09 1999



## United States Department of the Interior

### BUREAU OF LAND MANAGEMENT

Roswell Field Office  
2909 West Second St.  
Roswell, New Mexico 88201  
[www.nm.blm.gov](http://www.nm.blm.gov)



IN REPLY REFER TO:  
NMNM-88525X  
3180 (06200)

Marbob Energy Corporation  
Attention: Johnny Gray  
P. O. Box 227  
Artesia, NM 88210

SEP 07 1999

Gentlemen:

With regard to our telephone conversation of September 2, 1999, a review of our records has found discrepancies in the casing requirements section of the conditions of approval for your APD's. As per our meeting on July 7, 1999, our office had agreed with your recommended casing procedures for shallow wells of 6000 ft. or less in T. 17 S., Rgs. 29, 30 and 31 E., NMPM. In order to correct the discrepancies, this letter states the language to be used for the conditions of approval casing requirements for all your existing APD's

Conditions of Approval-Drilling amended as follows:

II. Casing requirements in T. 17 S., Rgs. 29, 30 and 31 E. for shallow wells less than 6,000 ft.

1. 8-5/8 inch surface casing should be set at approximately \_\_\_\_ ft. in the Rustler Anhydrite or in the case the salt occurs at a shallower depth above the top of the salt. The surface casing shoe shall be set in the anhydrite to ensure adequate sealing. The operator is required to use an excess of 100% cement volume to fill annulus. If cement does not circulate to surface the operator may then use ready mix cement to fill the remaining annulus.

2. The minimum required fill of cement behind the 5½ inch production casing is to place the top of the cement 200 ft. above the top of the uppermost hydrocarbon bearing interval or to the base of the salt.

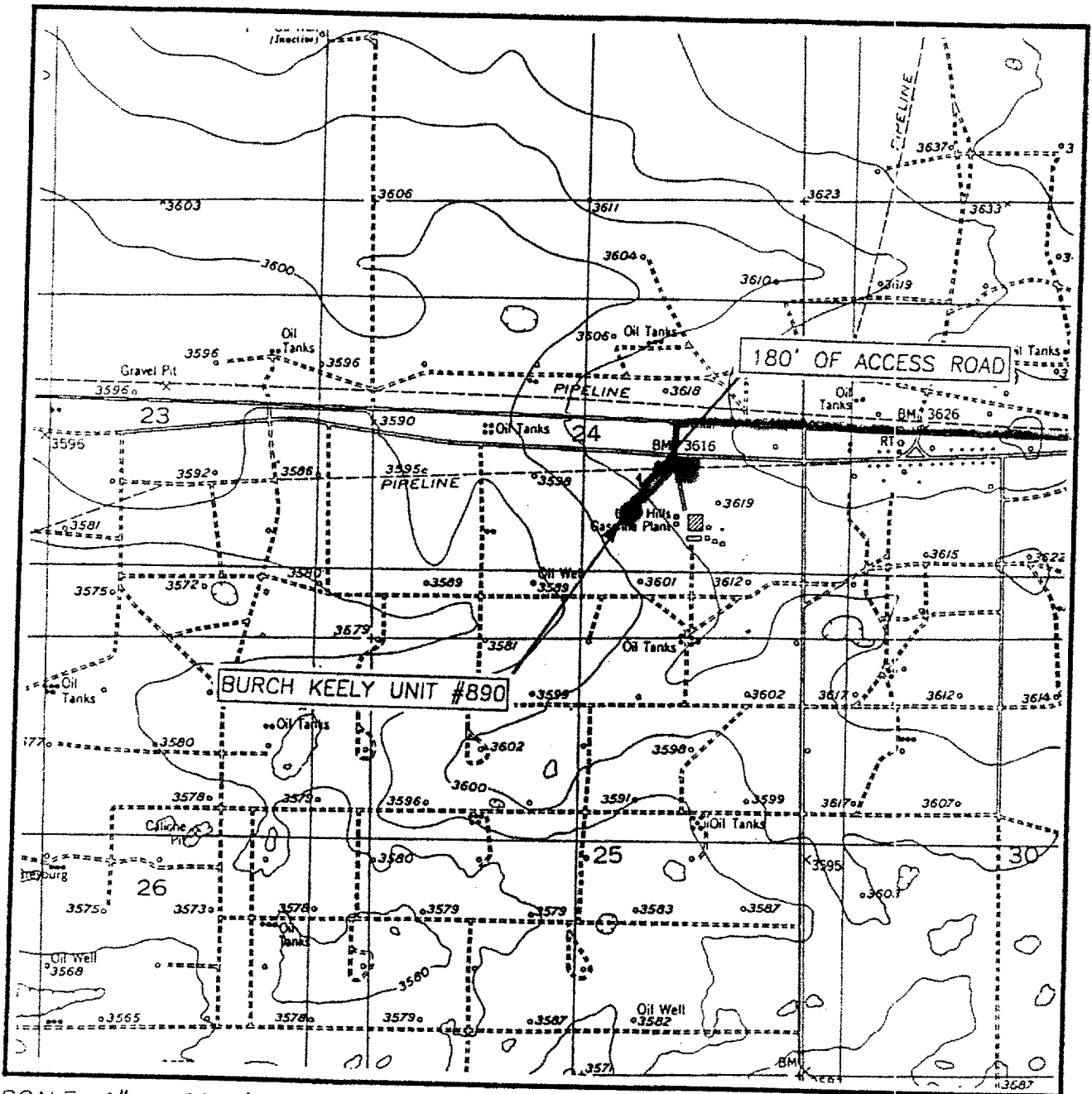
These requirements supercede those issued in your existing, approved APD's for the shallow wells located in T. 17 S., Rgs. 29, 30 and 31 E., NMPM. If you have any question regarding this matter please call John S. Simitz at (505) 627-0288 or Armando A. Lopez at (505) 627-0248.

Sincerely,

A handwritten signature in black ink that reads "Larry D. Bray". The signature is written in a cursive style with a large, looped initial "L".

Larry D. Bray  
Acting Assistant Field Office Manager,  
Lands and Minerals

# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'  
RED LAKE SE, N.M.

SEC. 24 TWP. 17-S RGE. 29-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1529' FSL & 2053' FEL

ELEVATION 3605'

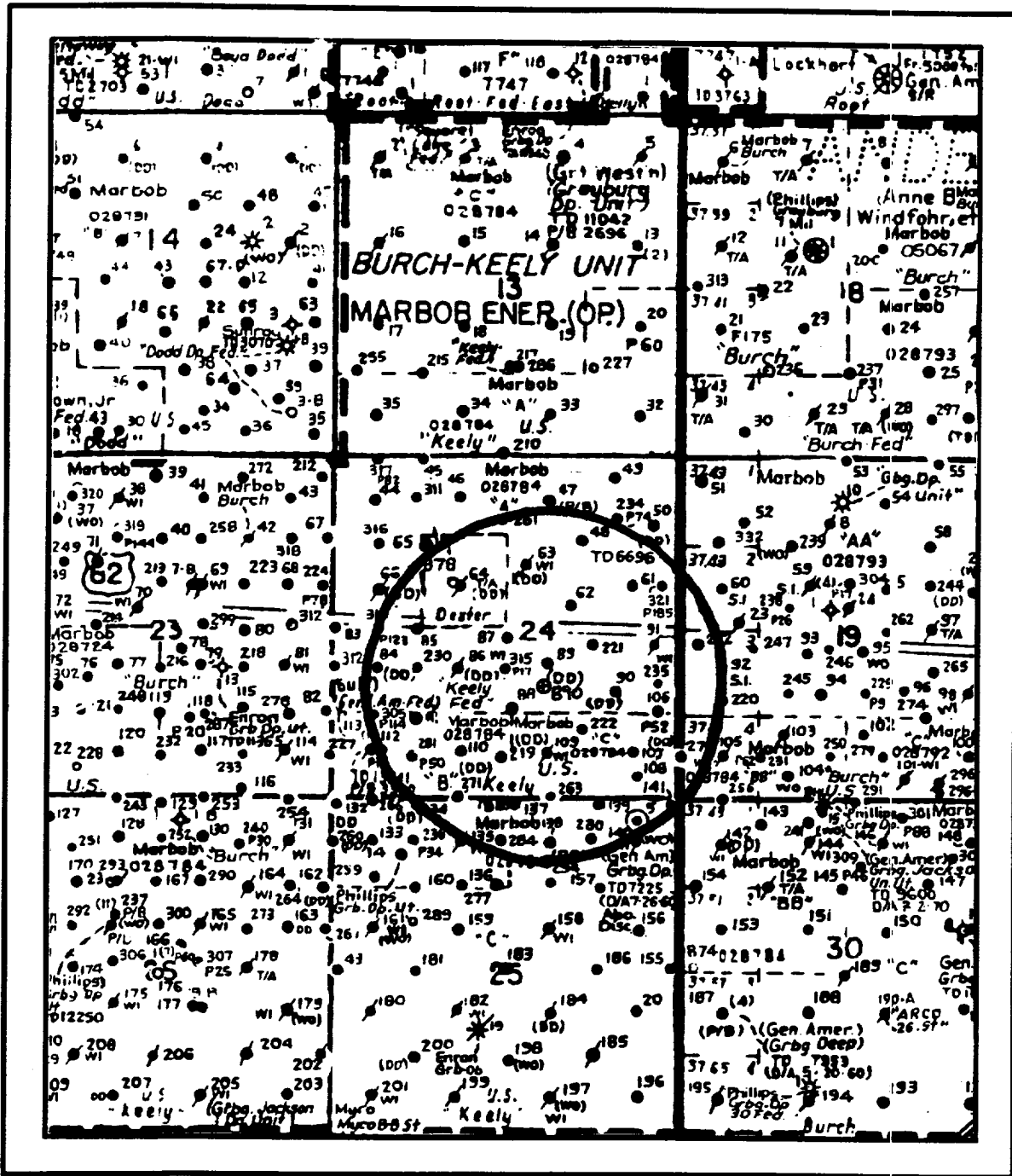
OPERATOR MARBOB ENERGY CORPORATION

LEASE BURCH KEELY UNIT

U.S.G.S. TOPOGRAPHIC MAP

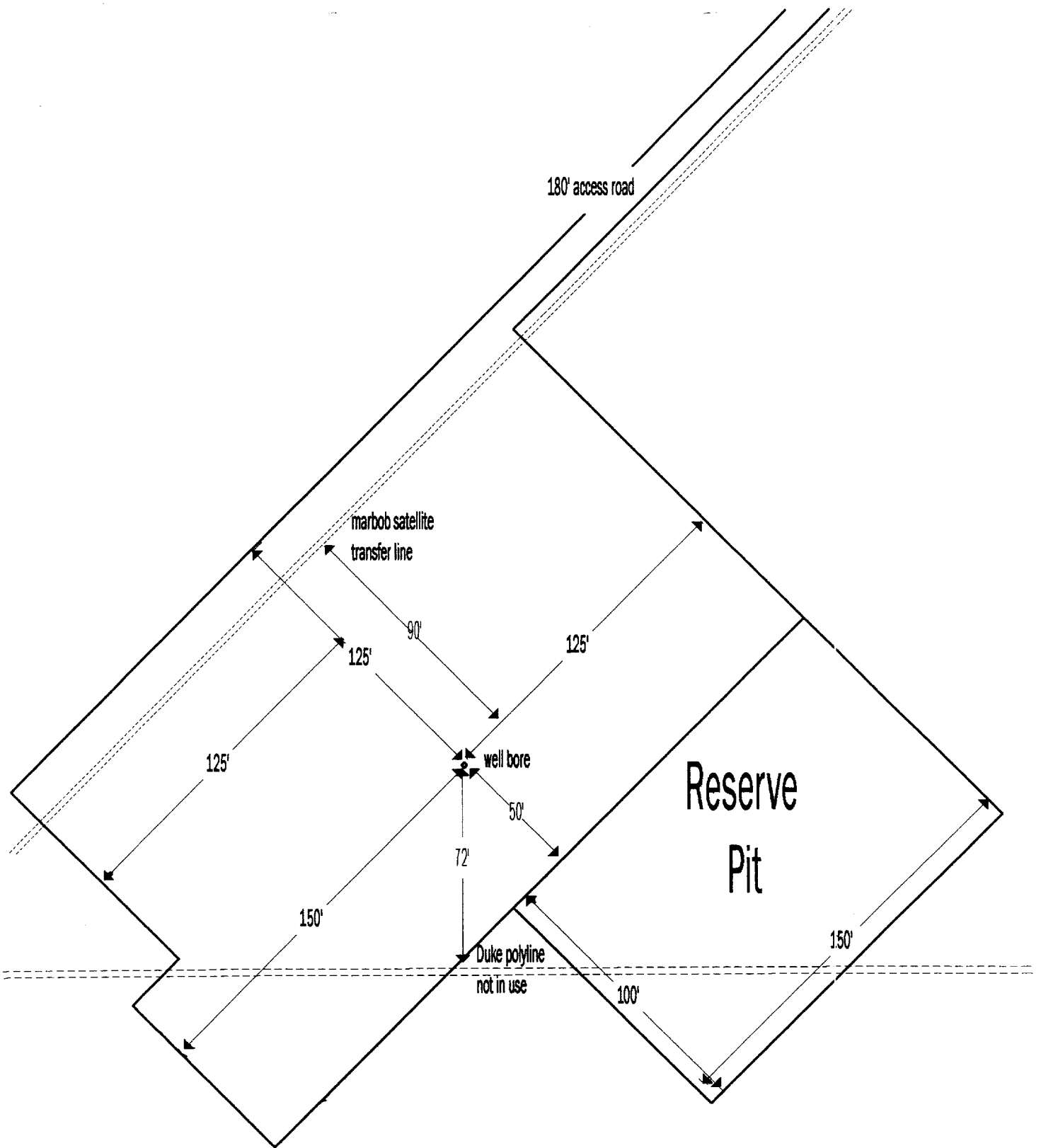
RED LAKE SE, N.M.

**EXHIBIT TWO**



Burch Keely Unit No. 890  
 1529' FSL & 2053' FEL  
 Section 24; T17S - R29E  
 Eddy County, New Mexico

EXHIBIT THREE



Burch Keely Unit No. 890  
 1529' FSL & 2053' FEL  
 Section 24; T17S - R29E  
 Eddy County, New Mexico

Exhibit Four