

OCD-HOBBS

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

D-06-66

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input type="checkbox"/> DRILL <input checked="" type="checkbox"/> REENTER		5. Lease Serial No. LC 065863
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 PO Box 227, Artesia, NM 88211-0227	3b. Phone No. (include area code) 505-748-3303	8. Lease Name and Well No. <i><17817></i> Lusk Deep Unit "A" #6
4. Location of Well (if not location clearly and in accordance with any State requirements, <i>Subject to Like Approval By State</i>) At surface 660' FSL & 660' FWL <i>per attached plat from Market 4/12/06 Unit M</i> At proposed prod. zone 860' FSL & 660' FWL		9. API Well No. 30-025-20247
14. Distance in miles and direction from nearest town or post office* 40 miles west southwest of Hobbs, NM		10. Field and Pool, or Exploratory Lusk - Bone Spring
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 660'	16. No. of Acres in lease 640	11. Sec., T., R., M., or Blk. and Survey or Area 19 - 19S - 32E
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1090'W of Lusk 21	19. Proposed Depth 10700'	12. County or Parish Lea
21. Elevations (Show whether DF, KDB, RT, GL, etc.) GL 3536	22. Approximate date work will start* February 26, 2006	13. State NM
20. BLM/BIA Bond No. on file NM 2056		17. Spacing Unit dedicated to this well 40
23. Estimated duration 4 weeks		

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 Bratcher</i>	Name (Printed/Typed) Nancy T. Bratcher	Date 1/26/06
Title		
Land Department		
Approved by (Signature) <i>/s/ Tony J. Herrell</i>	Name (Printed/Typed) <i>/s/ Tony J. Herrell</i>	Date JUN 13 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)

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

K2

06-12-06 11:36

From-MARBOB

15057462523

T-719 P.02/02 F-713

STATE OF NEW MEXICO

DISTRICT I

1625 N. FRENCH DR., HOBBES, NM 88240

Energy, Minerals and Natural Resources Department

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 86210

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.

Santa Fe, New Mexico 87505

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

1620 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code 41540	Pool Name Lusk - Bone Spring
Property Code 18278 17817	Property Name LUSK DEEP UNIT "A"	Well Number 6
OGRID No. 14049 036324	Operator Name MARBOB ENERGY CORPORATION	Elevation 3543'

Surface Location


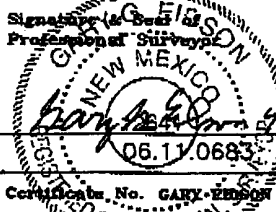
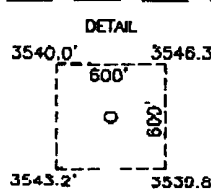
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
4	19	19-S	32-E		661	SOUTH	661	WEST	LEA

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
4	19	19-S	32-E		860	South	660	West	Lea

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40			

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

LOT 1 40.83 AC				OPERATOR CERTIFICATION 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 unburied 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.  12/06 Signature Date Nancy T. Bratcher Printed Name
LOT 2				
LOT 3 40.86 AC				
LOT 4 40.88 AC				
GEODETIC COORDINATES NAD 27 NME SURFACE LOCATION Y=597099.9 N X=660616.9 E LAT.=32°38'25.60" N LONG.=103°48'41.58" W GRID AZ.=358°08'16" DIST.=199.1'				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. APRIL 20, 2006 Date Surveyed Signature of Gary E. Eason Professional Surveyor  Certificate No. GARY EASON 12844
BOTTOM HOLE Y=597299.0 N X=660613.9 E				
DETAIL 				
BH SL SEE DETAIL 660' 661' 199.1' 860' 40.91 AC				

DRILLING PROGRAM

**Attached to Form 3160-3
Marbob Energy Corporation
Lusk Deep Unit "A" #6
660' FSL & 660' FWL, Unit M
Section 19, T19S, R32E
Lea County, New Mexico**

1. Geologic Name of Surface Formation:

Permian

2. Estimated Tops of Important Geologic Markers:

Delaware	4440'
Bone Spring	7080'
Wolfcamp	10310'

3. Estimated Depths of Anticipated Fresh Water, Oil or Gas:

Fresh water: 102'
Oil or gas: 4,440'

The surface fresh water sands are protected by the 13 3/8 casing at 776'.

4. Casing Program:

<u>Hole Size</u>	<u>Interval</u>	<u>OD</u> <u>Casing</u>	<u>Wt.</u>	<u>Grade</u>	<u>Type</u>
17 1/2"	0 – 776'	13 3/8"	48#	H40	STC
12 1/4"	0-4369'	8 5/8"	32#	J55	STC
7 7/8"	0-90'±	5 1/2"	17#	N80	LTC
	0-8800'±		17#	J55	LTC
	0-10700' ±		17#	N80	LTC
		2 7/8"	6.5#	J55	EVE

See attached well bore schematics.

DRILLING PROGRAM

Page 2

Cement Program:

13 3/8" casing set at 776' with 650 sx cement, circ to surface.

8 5/8" casing set at 4,369' with 2700 sx cement, TOC 668'.

5 1/2" casing set at 10,700' with 960 sx cement, TOC at 4,000 overlapped into 8 5/8" casing.

5. Minimum Specifications for Pressure Control:

The blowout preventer plus an annular preventer equipment (BOP) shown in Exhibit #1 will consist of a double ram-type preventer. This unit will be hydraulically operated and the ram-type preventer will be equipped with blind rams on bottom and pipe rams on top. This BOP will be nipped up on the 8 5/8" casing and used continuously until TD is reached.

Pipe rams will be operationally checked each 24 hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. Other accessories to the BOP equipment will include a full opening ball valve with 5000 psi WP rating.

6. Types and Characteristics of the Proposed Mud System:

The well will be cleaned out to TD with cut brine.

7. Auxiliary Well Control and Monitoring Equipment:

A full opening 5000 psi WP ball-type valve with proper pipe connections will be on the rig floor at all times.

8. Logging, Testing, and Coring Program:

Neutron Density and Dual Laterlog

9. Abnormal Conditions, Pressures, Temperatures, and Potential Hazards:

No abnormal pressures or temperatures are anticipated.

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:

1. The hazards and characteristics of hydrogen sulfide (H₂S).
2. The proper use and maintenance of personal protective equipment and life support systems.
3. The proper use of H₂S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.
4. The proper techniques for first aid and rescue procedures.

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

1. The effects of H₂S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
2. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
3. The contents and requirements of the H₂S Drilling Operations Plan and the Public Protection Plan.

There will be an initial training session just prior to encountering a known or probable H₂S zone (within 3 days or 500 feet) and weekly H₂S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H₂S 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. H₂S SAFETY EQUIPMENT AND SYSTEMS

Note: All H₂S 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 H₂S.

1. Well Control Equipment:
 - A. Flare Line.
 - B. Choke manifold.
 - C. Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.
 - D. Auxiliary equipment to include: annular preventer, mud-gas separator, rotating head.
2. Protective equipment for essential personnel:
 - A. Mark II Surviveair 30-minute units located in the dog house and at briefing areas, as indicated on well site diagram.
3. H₂S detection and monitoring equipment:
 - A. 2 - portable H₂S monitor positioned on location for best coverage and response. These units have warning lights and audible sirens when H₂S levels of 20 ppm are reached.
4. Visual warning systems:
 - A. Wind direction indicators as shown on well site diagram.
 - B. 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.

5. Mud Program:

- A. The mud program has been designed to minimize the volume of H₂S circulated to the surface. Proper mud weight, safe drilling practices, and the use of H₂S scavengers will minimize hazards when penetrating H₂S bearing zones.
- B. A mud-gas separator will be utilized.

6. Communication:

- A. Radio communications in company vehicles including cellular telephone and 2-way radio.
- B. Land line (telephone) communications at field office.

W A R N I N G

**YOU ARE ENTERING AN H₂S 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

BOPE SCHEMATIC

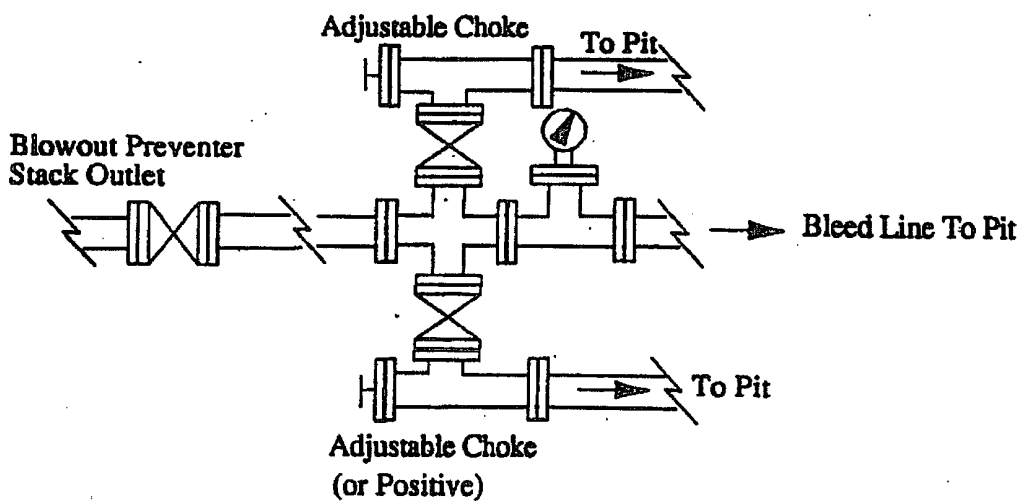
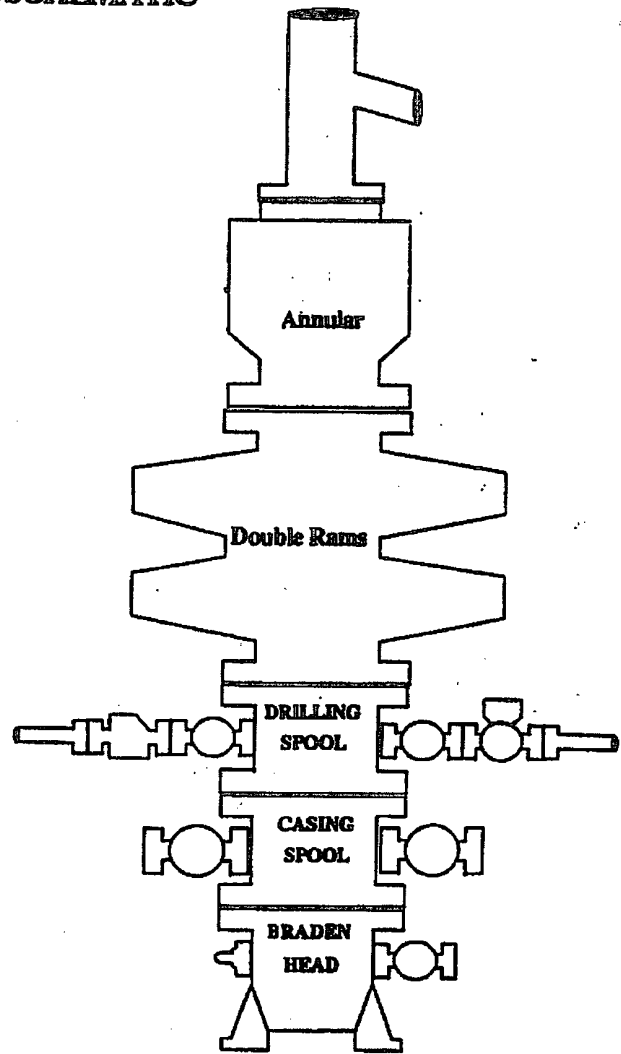
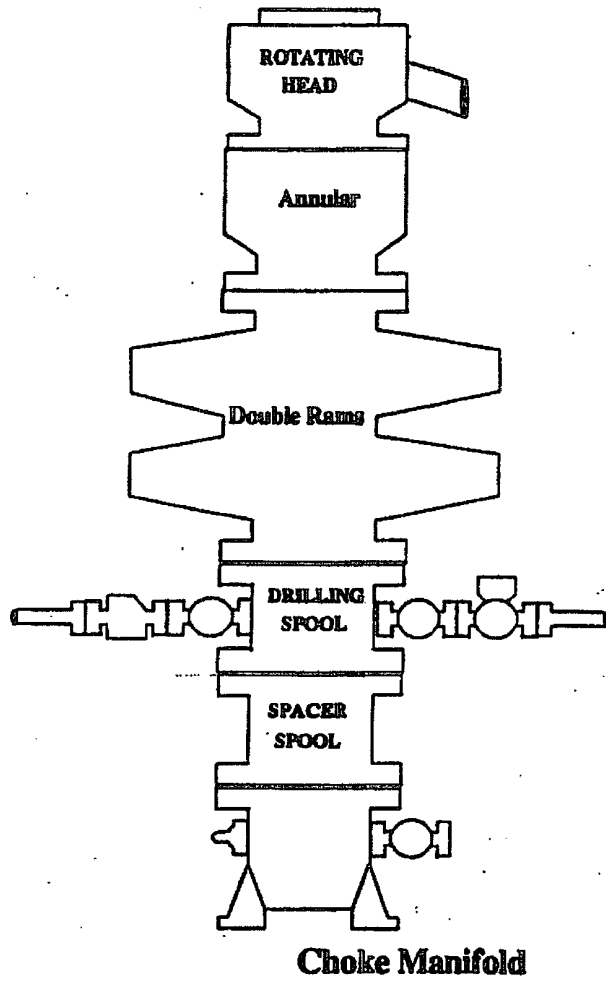


Exhibit One

Well: Lusk Unit 6

Zero:

Location: 660' F92, 660' F102

KB: _____

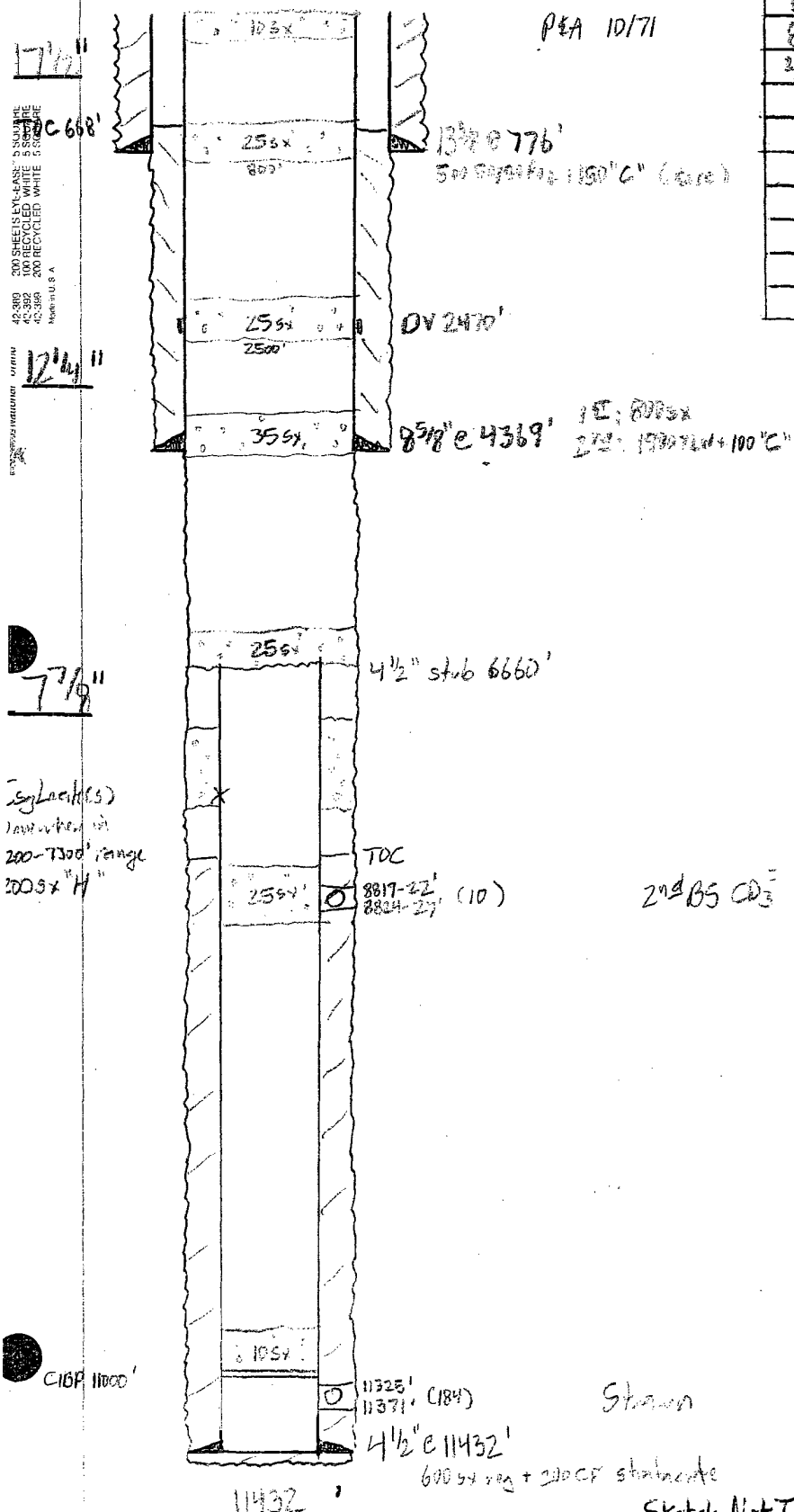
GL: _____

M-19-196-320

Loc. NM

Casing Program:

Size	Wt.	Grade	Conn.	Depth
13 3/4"	48	H40	STC	776'
8 5/8"	32	J55	STC	4369'
4 1/2"	116	N80	LK	11432'



BEFORE

Shown

— Sketch Not To Scale —

KBC 11/11/01

Well: Lusk Unit 6

Zero:

KB:

GL:

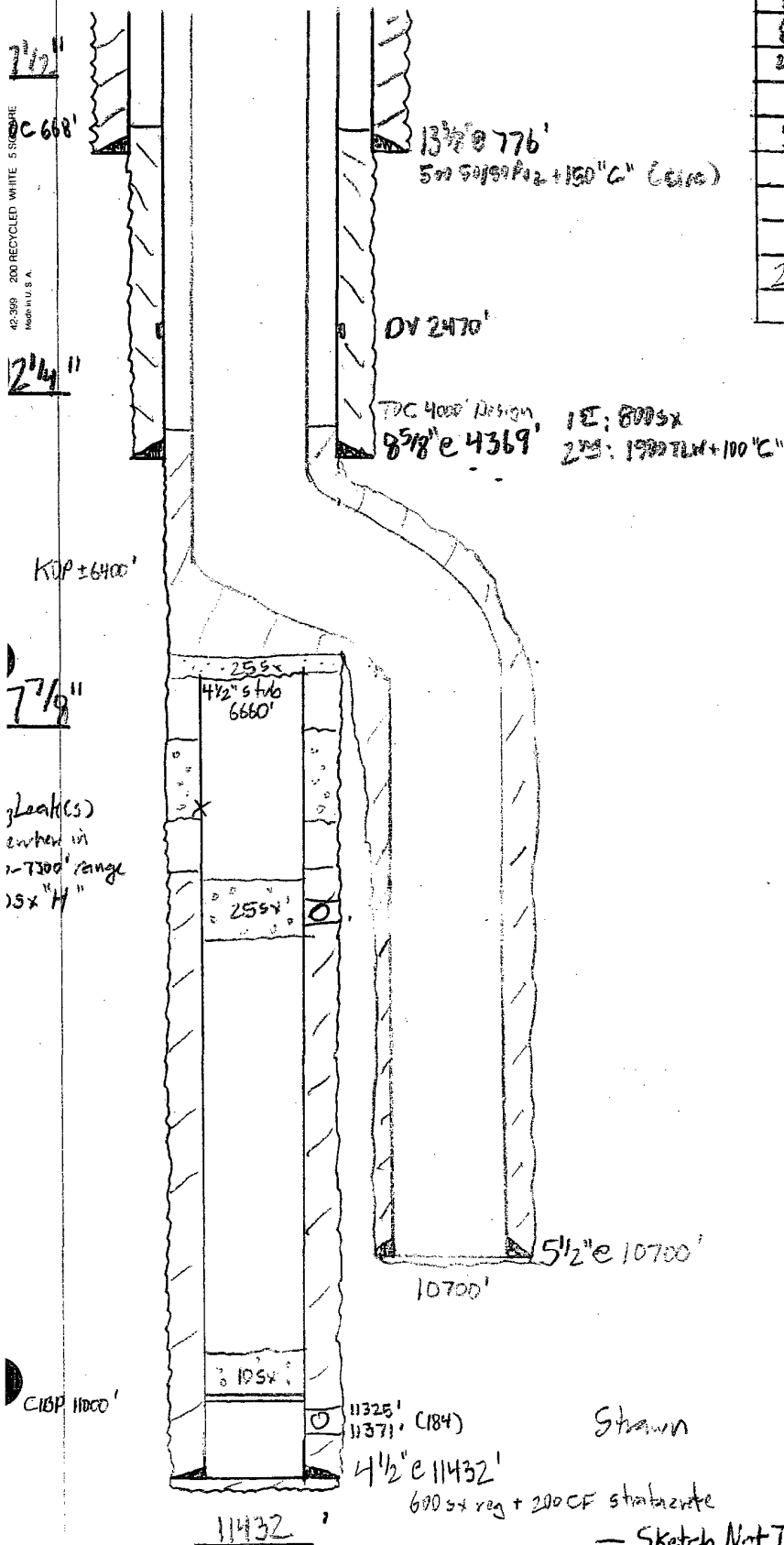
Location: 660' FSL, 660' FWL

M-19-196-328

100 NM

Casing Program:

Size	Wt.	Grade	Conn.	Depth
13 7/8"	48	H40	STC	776'
8 5/8"	32	J55	STC	4369'
4 1/2"	116	N80	LK	11432'
5 1/2"	17	N80	LTC	90' ±
	17	J55	LTC	8800' ±
	17	N80	LTC	10700' ±
2 1/8"	6.5	J55	EUE	



AFTER

Straw

- Sketch Not To Scale -

KBC Collins /

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144
March 12, 2004

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☒ No ☐

Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: **Marbob Energy Corporation**

Telephone: **505-748-3303**

e-mail address: **landtech@marbob.com**

Address: **PO Box 227, Artesia, NM 88211-0227**

660' FSL & 660' FWL

Facility or well name: **Lusk Deep Unit "A" #6**

API #: **30-025-20247** U/L or Qtr/Qtr **SWSW** Sec **19** T **19S** R **32E**

County: **Lea**

Latitude _____ Longitude _____ NAD: 1927 ☐ 1983 ☐ Surface Owner Federal ☒ State ☐ Private ☐ Indian ☐

Pit

Type: Drilling ☒ Production ☐ Disposal ☐

Workover ☐ Emergency ☐

Lined ☒ Unlined ☐

Liner type: Synthetic ☒ Thickness **12** mil Clay ☐ Volume

_____ bbl

Below-grade tank

Volume: _____ bbl Type of fluid: _____

Construction material: _____

Double-walled, with leak detection? Yes ☐ If not, explain why not.

RECEIVED

JAN 30 2006

UCD-ARTESIA

Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)

Less than 50 feet

(20 points)

50 feet or more, but less than 100 feet

(10 points)

100 feet or more

(0 points)

0 points

Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)

Yes

(20 points)

No

(0 points)

0 points

Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)

Less than 200 feet

(20 points)

200 feet or more, but less than 1000 feet

(10 points)

1000 feet or more

(0 points)

0 points

Ranking Score (Total Points)

0 points

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location:

onsite ☐ offsite ☐ If offsite, name of facility _____ (3) Attach a general description of remedial action taken including remediation start date and end

date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface _____ ft. and attach sample results. (5) Attach soil sample results and a

diagram of sample locations and excavations.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☒, or an (attached) alternative OCD-approved plan ☐.

Date: **January 26, 2006**

Printed Name/Title: **Nancy T. Bratcher / Land Department**

Signature

Nancy T. Bratcher

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval: **JAN 31 2006**

Date:


Printed Name/Title

JUN 20 2006

PETROLEUM ENGINEER

Signature

[Signature]

 The sender of this message has requested a read receipt. [Click here to send a receipt.](#)

Mull, Donna, EMNRD

From: Phillips, Dorothy, EMNRD
To: Mull, Donna, EMNRD
Cc:
Subject: RE: Financial Assurance Requirement
Attachments:

Sent: Tue 6/20/2006 10:04 AM

None appear on Jane's list and all have blankets.

From: Mull, Donna, EMNRD
Sent: Tuesday, June 20, 2006 7:45 AM
To: Phillips, Dorothy, EMNRD
Cc: Macquesten, Gail, EMNRD; Sanchez, Daniel J., EMNRD
Subject: Financial Assurance Requirement

Dorothy,

Is the Financial Assurance Requirements for these Operators OK?

H L Brown Operating LLC (213179)
Mewbourne Oil Co (14744)
Melrose Operating Co (184860)
COG Operating LLC (229137)
Latigo Petroleum Inc (227001)
Marbob Energy Corp (14049)
Devon Energy Production Co LP (6137)
McElvain Oil & Gas Properties Inc (22044)

I have checked each Operator in the Inactive well list.

Please let me know. Thanks and have a nice day. Donna