OPER. OGRID NO.	14049		
Form 3160-3 PROPERTY NO.	33543	FORM APPROVED OMB No. 1004-0136	
(August 1999) POOL CODE_ 6	5351)	Expires November 30, 2000	3
EFF. DATE 2/	2604	5. Lease Serial No. NMNM95640	
APPLIC APINO. 30-0	25-36609	6. If Indian, Allottee or Tribe Name	
1a. Type of Work: DRILL REENTER		7. If Unit or CA Agreement, Name an	id No.
		Lease Name and Well No. LASSOED LIZARD FEDERAL 1	1
1b. Type of Well: ☐ Oil Well ☐ Gas Well ☐ Ot 2. Name of Operator Contact:	her Single Zone Multiple Zone MELANIE PARKER	9. API Well No.	· · · · · · · · · · · · · · · · · · ·
MARBOB ENERGY CORPORATION	E-Mail: marbob@marbob.com	30.025.366	09
3a. Address P. O. BOX 227	3b. Phone No. (include area code) Ph: 505.748.3303	10. Field and Pool, or Exploratory UNKNOWN	
ARTESIA, NM 88211-0227	Fx: 505.746.2523	Bone Soring	Nort
4. Location of Well (Report location clearly and in accord	EU 31V (PTS)		ey or Area
At surface NWNE Lot 2 330FNL 231	4.	Sec 6 T18S R32E Mer NMP SME: BLM	
At proposed prod. zone NWNE Lot 2 330FNL 231	$\mathcal{O}(\mathcal{O}(1, \mathcal{O}))$	12. County or Parish	13. State
14. Distance in fines and direction from featest town of posi-	· office	LEA	NM
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	17. Spacing Unit dedicated to this we	All .
	160.11	2793037	
 Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft. 	19. Proposed Depth	20. BLM/PLA Bond No. on file	.\
	9600 MD	1 / 2	57 \ 57 \
21. Elevations (Show whether DF, KB, RT, GL, etc. 3846 GL	22. Approximate date work will start	23. Estimated duration	789
	24. Attachments	a al Charles Harris Harris	0/
The following, completed in accordance with the requirements	Kossen	Controlled Water Besin	
Well plat certified by a registered surveyor.	4. Bond to cover the operation	ons unless covered 44 44 Quishing bond of	n file (see
 A Drilling Plan. A Surface Use Plan (if the location is on National Forest System). 	stem Lands, the Item 20 above). 5. Operator certification		
SUPO shall be filed with the appropriate Forest Service O	6. Such other site specific in authorized officer.	nformation and/or plans as may be require	ed by the
25. Signature (Electronic Submission)	Name (Printed/Typed) MELANIE PARKER	Date 12/3	30/2003
Title AUTHORIZED REPRESENTATIVE	<u> </u>		
Approved by (Signature)	Name (Printed/Typed)	Date	
/s/ LESLIE A. THEISS	/s/ LESLIE A. THEIS	S	
FIELD MANAGER Application approval does not warrant or certify the applicant h		D OFFICE	
Application approval does not warrant or certify the applicant loperations thereon. Conditions of approval, if any, are attached.		lease which would entitle the applicant to APPROVAL FOR 1	
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212 States any false, fictitious or fraudulent statements or represent	, make it a crime for any person knowingly and willfully		
Additional Operator Remarks (see next page)			//
Electronic Submis	sion #26503 verified by the BLM Well Infor	mation System	18/

Electronic Submission #26503 verified by the BLM Well Information System
For MARBOB ENERGY CORPORATION, sent to the Hobbs
Committed to AFMSS for processing by LINDA ASKWIG on 01/05/2004 (04LA0033AE)

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS

Form 3160-5 (August 1999)

UNITED STATES

Do not use this form for proposals to drill or to re-enter an

SUNDRY NOTICES AND REPORTS ON WELLS	S
DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT	

FORM APPROVED
OMB NO. 1004-0135
Expires: November 30, 2000

NMNM95640
6. If Indian, Allottee or Tribe Name

abandoned we	ell. Use form 3160-3 (AP	'D) for such proposals.	0. 1. 1.0.0	<u> </u>	
SUBMIT IN TR	IPLICATE - Other instru	ctions on reverse side.	7. If Unit or CA/Agre	eement, Name and/or No.	
1. Type of Well			8. Well Name and No		
Oil Well Gas Well Of	ther		LASSOED LIZAI	RD FEDERAL I	
Name of Operator MARBOB ENERGY CORPORATION	9. API Well No.				
3a. Address P. O. BOX 227 ARTESIA, NM 88211-0227	10. Field and Pool, o UNKNOWN	r Exploratory			
4. Location of Well (Footage, Sec.,	T., R., M., or Survey Descriptio	n)	11. County or Parish	, and State	
Sec 6 T18S R32E NWNE Lo	t 2 330FNL 2310FEL		LEA COUNTY	, NM	
12. CHECK APP	ROPRIATE BOX(ES) T	O INDICATE NATURE OF 1	NOTICE, REPORT, OR OTHE	ER DATA	
TYPE OF SUBMISSION		TYPE OF	FACTION		
Nation of Intent	Acidize	Deepen	Production (Start/Resume)	☐ Water Shut-Off	
Notice of Intent	Alter Casing	Fracture Treat	Reclamation	☐ Well Integrity	
☐ Subsequent Report	Casing Repair	New Construction	Recomplete	Other	
Final Abandonment Notice	Change Plans	Plug and Abandon	Temporarily Abandon	Change to Original A PD	
_	Convert to Injection	☐ Plug Back	☐ Water Disposal	1.0	
Attach the Bond under which the w following completion of the involve testing has been completed. Final A determined that the site is ready for MARBOB ENERGY PROPORTROM: 330' FNL & 2310' FE TO: 430' FNL & 2310' FEL,	hally or recomplete horizontally ork will be performed or provided operations. If the operation of the operation. SES TO MOVE THE LOCEL, SEC 6-T18S-R32E, LEAR SEC 6-T18S-R32E, LEAR	give subsurface locations and measure the Bond No. on file with BLM/BI/esults in a multiple completion or received only after all requirements, include ATION OF THIS WELL AS FOEA CO., NM	ared and true vertical depths of all period. Required subsequent reports shall be ompletion in a new interval, a Form 3 ling reclamation, have been completed	tinent markers and zones. be filed within 30 days 160-4 shall be filed once	
14. Thereby certify that the foregoing	Electronic Submission	#27155 verified by the BLM Wel	I Information System		
Co		NERGY CORPORATION, sent to cessing by ARMANDO LOPEZ o			
	E PARKER		RIZED REPRESENTATIVE		
	· · · · · · · · · · · · · · · · · · ·			· · · · · · · · · · · · · · · · · · ·	
Signature (Electronic	Submission)	Date 01/23/2		- <u></u>	
	THIS SDACE E	OD EEDEDAL OD STATE	OFFICE LISE		

Conditions of approval, if any, are attached. Approval of this notice 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. CARLSBAD FIELD OFFICE Office

/s/ LESLIE A. THEISS

Approved By

FIELD MANAGER

FEB 23 2004

DISTRICT I P.O. Box 1980, Hobbs, NW 06241-1960

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102 Revised Pebruary 10, 1994 Submit to Appropriate District Office

DISTRICT II P.O. Drawer DD, Artenia, NM 86211-0719

OIL CONSERVATION DIVISION

State Lease - 4 Capies Fee Lease - 3 Copies

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

P.O. Box 2088 Santa Fe, New Mexico 87504-2088

DISTRICT IV P.O. BOX 2008, SANTA FE, N.M. 67504-2008

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

30-025-366	09 Pool Code 65350	Pool Name YOUNG; BONE SPRING, NORTH	P
Fraperty Code 33543	Prop LASSOED LI	Well Number	
OGRED No. 14049		Y CORPORATION	Elevation 3846

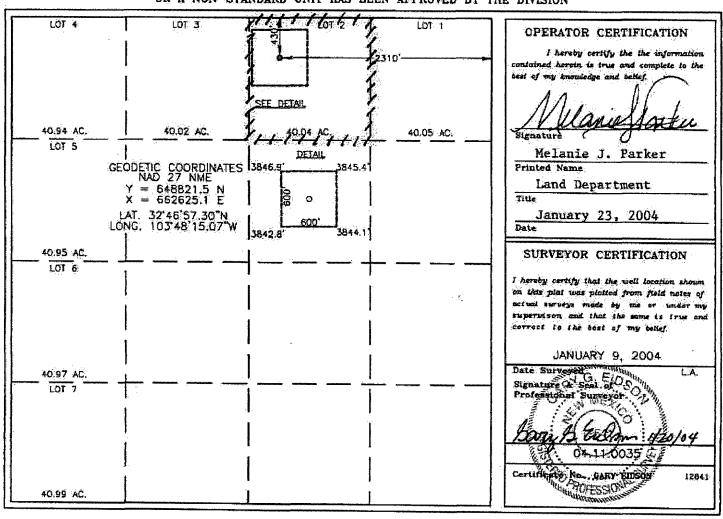
Surface Location

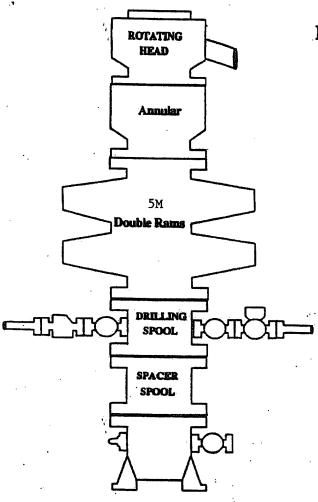
III, or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	Bast/West line	County
13/2	6	18-S	32-E		430	NORTH	2310	EAST	LEA

Bottom Hole Location If Different From Surface

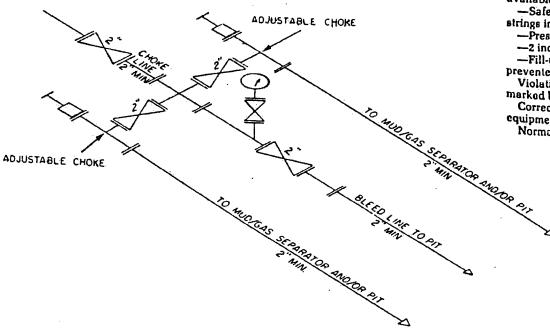
UL or lot No.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres	Jeint o	r Infill Co	l prolidation	Code Or	der No.				

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

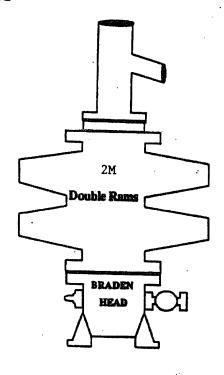




ONSHORE OIL AND GAS ORDER NO. 2



BOPE SCHEMATIC



2M system:

-Annular preventer, or. double ram, or two rams with one being blind and one being a pipe ram.

-Kill line (2 inch minimum)

-1 kill line valve (2 inch minimum)

-1 choke line valve

-2 chokes (refer to diagram in Attachment 1)

—Upper kelly cock valve with handle

available —Safety valve and subs to fit all drill

strings in use

-Pressure gauge on choke manifold

-2 inch minimum choke line

-Fill-up line above the uppermost preventer.

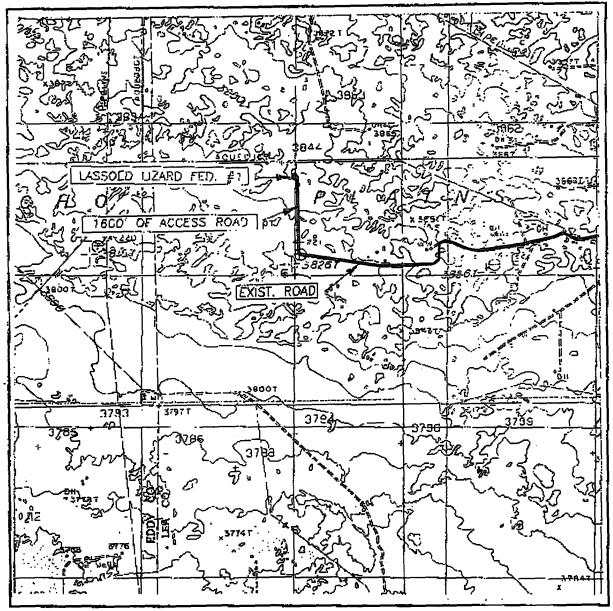
Violation: Minor (all items unless marked by asterisk).

Corrective Action: Install the

equipment as specified.

Normal Abatement Period: 24 hours.

LOCATION VERIFICATION MAP



SCALF: 1" = 2000'

CONTOUR INTERVAL: MALJAMAR, N.M.

10"

SFC 6 TWP. 18-S RGE. 32-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 330' FNI. & 2310' FEL

ELEVATION 3846'

OPERATOR MARBOB ENERGY

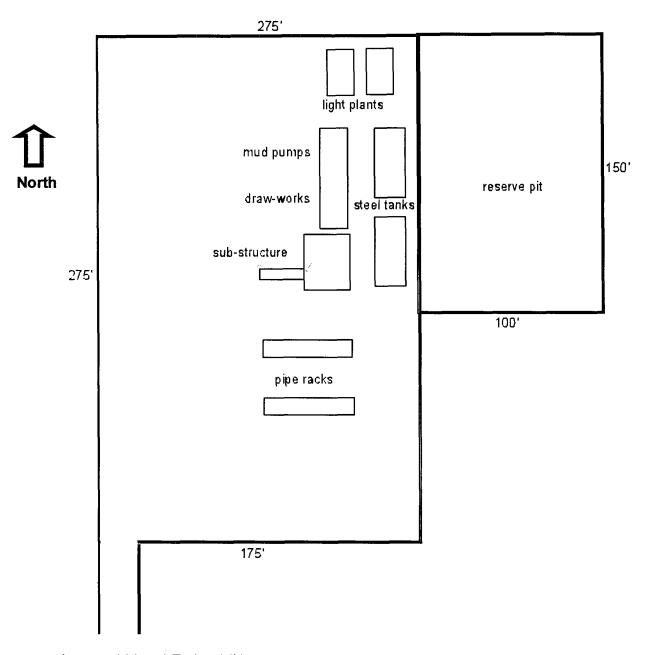
LEASE LASSOED LIZARD FELLERAL

U.S.G.S. TOPOGRAPHIC MAP

MALJAMAR, N.M.

JOHN WEST SURVEYING HOBBS, NEW MEXICO (505) 393-3117

Exhibit 2



Lassoed Lizard Federal #1 330' FNL & 2310' FEL Lot 2, Section 6, T18S, R32E Lea County, New Mexico

MARBOB ENERGY CORPORATION DRILLING AND OPERATIONS PROGRAM

Lassoed Lizard Federal #1 330' FNL & 2310' FEL, Lot 2 Section 6, T18S, R32E Eddy County, New Mexico

In conjunction with Form 3160-3, Application for Permit to Drill subject well, Marbob Energy Corporation submits the following ten items of pertinent information in accordance with BLM requirements.

- 1. The geological surface formation is Permian.
- 2. The estimated tops of geologic markers are as follows:

Rustler	1010′	Delaware	4435′
Top of Salt	1212′	Bone Spring	5370′
Base of Salt	2250'	1 st Sand	7561'
Yates	2454'	2 nd Sand	8145′
7-Rivers	2672′	3 rd Sand	8900'
Queen	3623'	Wolfcamp	9182'
San Andres	4122'	TD	9600'

3. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered:

Yates	2454'	Oil
7-Rivers	2672'	Oil
Queen	3623'	Oil
San Andres	4122'	Oil
Delaware	4435'	Oil
Bone Spring	5370′	Oil

No other formations are expected to give up oil, gas, or fresh water in measurable quantities. The surface fresh water sands will be protected by setting 13 3/8" casing at 400' and circulating cement back to surface. Any shallower zones above TD which contain commercial quantities of oil and/or gas will have cement circulated across them by inserting a float shoe joint into the 5 1/2" production casing which will be run at TD to sufficiently cover all known oil and gas horizons above 200'.

4. Proposed Casing Program:

_ Hole Size	Interval	OD Casing	Wt	Grade
17 1/2"	0 – 400′	13 3/8"	48#	H-40
12 1/4"	0 – 2350′	8 5/8"	24#	J - 55
7 7/8"	0 – 9600'	5 1/2"	17#	S-95/P-110

Proposed Cement Program:

13 3/8" Intermediate Casing: Cement w/ 400 sx Class C. Circulate to surface.

8 5/8" Intermediate Casing: Cement w/ 1100 sx Class C. Circulate to surface.

500

5 1/2" Production Casing: Cemented sufficient to cover 200' above all oil and gas

horizons.

5. Pressure Control Equipment: See Exhibit 1.

The blowout preventer equipment (BOP) shown in Exhibit #1 will consist of a double ram-type preventer. This unit will by hydraulically operated and the ram-type preventer will be equipped with blind rams on top and 4-1/2" drill pipe rams on bottom. We propose to nipple up on 13 3/8" with a 2M system tested to 1211# with rig pumps then nipple up on 8 5/8" casing with a 3M system tested to 3000# with independent tester.

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. A 2" kill line and a 3" choke line will be included in the drilling spool located below the ram-type BOP. Other accessories to the BOP equipment will include a kelly cock and floor safety valve (inside BOP) and choke lines and choke manifold with 3000 psi WP rating.

6. Mud Program: The applicable depths and properties of this system are as follows:

		Weight	Viscosity	Waterloss
Depth	Туре	(ppg)	(sec)	(cc)
0 - 1100'	Fresh Wtr	8.5	28	N.C.
1100 - 2350'	Brine	9.8 -10.2	28 – 36	N.C.
2350 - 9600'	Cut Brine	8.6 - 9.4	28 – 36	N.C.

- 7. Auxiliary Equipment: Kelly Cock; Sub with full opening valve on floor; and drill pipe connections.
- 8. Testing, Logging and Coring Program:

No drillstem tests are anticipated.

The electric logging program will consist of Dual Laterolog Micro SFL, Spectral Density Dual Spaced Neutron Csng Log, and Depth Control Log. No conventional coring is anticipated.

- 9. No abnormal pressures or temperatures are anticipated.
- 10. Anticipated starting date: As soon as possible after approval.

MARBOB ENERGY CORPORATION MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Lassoed Lizard Federal #1 330' FNL & 2310' FEL, Lot 2 Section 6, T18S, R32E 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:

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.

DIRECTIONS:

From Loco Hills proceed east on U.S. 82 6.3 miles to state road 529. Proceed on NM 529 for 6 miles to mile marker 6. Turn south on lease road and proceed south .9 miles. Turn west and proceed .8 miles on lease road to access road.

2. PLANNED ACCESS ROAD:

A new access road of 1600' will be necessary. The new road will be constructed as follows:

- A. The maximum width of the running surface will be 10'. The road will be crowned and ditched and constructed of 6" of rolled and compacted caliche. Ditches will be at 3:1 slope and 4 feet wide. Water will be diverted where necessary to avoid ponding, prevent erosion, maintain good drainage, and to be consistent with local drainage patterns. BLM may specify any additions or changes during the onsite inspection.
- B. The average grade will be less than 1%.
- C. No turnouts are planned.
- D. No culverts, cattleguard, gates, low-water crossings, or fence cuts are necessary.
- E. Surfacing material will consist of native caliche. Caliche will be obtained from the nearest BLM-approved caliche pit. Any additional materials that are required will be purchased from the dirt contractor.

F. The proposed access road as shown in Exhibit 2 has been centerline flagged by John West Engineering.

3. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

A. Marbob Energy Corporation proposes a collection facility, if well is productive, to be located on Lassoed Lizard Federal #1 well pad.

4. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drill cuttings will be disposed of in the lined pit.
- B. Drilling fluids will be allowed to evaporate in the lined pit until the pit is dry.
- C. Water produced during completion may be disposed into the lined reserve pit.
- D. All trash and debris will be removed from the wellsite within 30 days after finishing drilling and/or completion operations. All waste material will be contained to prevent scattering by the wind.

5. WELLSITE LAYOUT:

. . .

- A. Exhibit 3 shows the relative location and dimensions of the well pad, the pit.
- B. The reserve pit will be lined with high quality plastic sheeting.

6. PLANS FOR RESTORATION:

- A. After finishing drilling and/or completion operations, all equipment and other material not needed for further operations will be removed. The location will be cleaned of all trash and junk to leave the wellsite in as aesthetically pleasing a condition as possible.
- B. Reserve pit will be fenced until they have dried and been leveled.
- C. All rehabitation and/or vegetation requirements of the BLM will be complied with and will be accomplished as expeditiously as possible. All pits will be filled level within 90 days after abandonment.

7. SURFACE OWNERSHIP:

The well site and lease are located on Federal surface

- A. The area around the well site is grassland and the top soil is sandy. The vegetation is native scrub grasses with abundant oakbrush, sagebrush, yucca, and prickly pear.
- B. A Cultural Resources Examination has been requested and will be forwarded to your office in the near future.

8. OTHER INFORMATION:

A. Topography: Refer to the existing archaeological report for a description of the topography, flora, fauna, soil characteristics, dwellings, historical and cultural sites.

9. OPERATOR'S REPRESENTATIVE:

A. Through A.P.D. Approval:

Dean Chumbley, Landman Marbob Energy Corporation P. O. Box 227 Artesia, NM 88211-0227 Phone (505)748-3303 Cell (505)748-5988 B. Through Drilling Operations

Sheryl Baker, Drilling Supervisor Marbob Energy Corporation P. O. Box 227 Artesia, NM 88211-0227 Phone (505)748-3303 Cell (505)748-5489

10. 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.

	s/Dean Chumbley
Date	Dean Chumbley
	Landman

MARBOB ENERGY CORPORATION

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

I. HYDROGEN SULFIDE TRAINING

A. . .

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:

- A. The hazards and characteristics of hydrogen sulfide (H_2S) .
- B. The proper use and maintenance of personal protective equipment and life support systems.
- C. The proper use of H₂S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.
- D. The proper techniques for first aid and rescue procedures.

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

- A. The effects of H₂S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
- B. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
- C. The contents and requirements of the H_2S Drilling Operations Plan and the Public Protection Plan.

There will be an initial training session just prior to encountering a known or probable H_2S zone (within 3 days or 500 feet) and weekly H_2S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H_2S 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.

A. Well Control Equipment:

Flare line.

Choke manifold.

Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.

Auxiliary equipment to include: annular preventer, mud-gas separator, rotating head.

B. Protective equipment for essential personnel:

Mark II Surviveair 30-minute units located in the dog house and at briefing areas.

C. H₂S detection and monitoring equipment:

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.

D. Visual warning systems:

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.

E. Mud Program:

The mud program has been designed to minimize the volume of H₂S circulated to the surface.

A mud-gas separator will be utilized.

F. Metallurgy:

All drill strings, casings, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H₂S service.

G. Communication:

Company vehicles equipped with cellular telephone and 2-way radio.

WARNING

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

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:

December 29, 2003

Lease #:

NM-95640

Lassoed Lizard Federal

Legal Description: Lot 2, Sec. 6-T18S-R32E

Eddy County, New Mexico

Formation(s): Morrow

Bond Coverage: Statewide

BLM Bond File #: 585716

s/ Melanie J. Parker

Melanie J. Parker Land Department