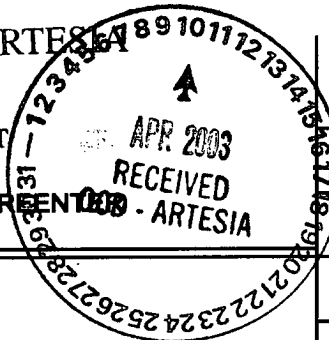


UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER



| | | | |
|--|--|---|--|
| 1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER | | 5. Lease Serial No. NMLC029395B | |
| 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. 23300 | |
| 3a. Address P O BOX 227 ARTESIA, NM 88211-0227 | | 8. Lease Name and Well No. LEE FEDERAL 39 | |
| 3b. Phone No. (include area code) Ph: 505.748.3303 Fx: 505.746.2523 | | 9. API Well No. 30-015-32740 | |
| 4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface SWNE Lot G 1650FNL 1650FEL At proposed prod. zone SWNE Lot G 1650FNL 1650FEL | | 10. Field and Pool, or Exploratory LOCO HILLS-PADDOCK | |
| 14. Distance in miles and direction from nearest town or post office SEE SURFACE USE PLAN | | 11. Sec., T., R., M., or Bk. and Survey or Area Sec 20 T17S R31E Mer NMP | |
| 15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1650' | | 12. County or Parish EDDY | |
| 16. No. of Acres in Lease 1786.15 | | 13. State NM | |
| 18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft. | | 17. Spacing Unit dedicated to this well 40.00 | |
| 19. Proposed Depth 6000 MD | | 20. BLM/BIA Bond No. on file | |
| 21. Elevations (Show whether DF, KB, RT, GL, etc.) 3674 GL | | 22. Approximate date work will start 03/31/2003 | |
| 23. Estimated duration | | 24. Attachments Roswell Controlled Water Basin | |

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the authorized officer.

| | | |
|---|--|---------------------|
| 25. Signature (Electronic Submission) | Name (Printed/Typed) DIANA CANNON | Date 02/21/2003 |
| Title AUTHORIZED REPRESENTATIVE | | |
| Approved by (Signature) /s/ LESLIE A. THEISS | Name (Printed/Typed) /s/ LESLIE A. THEISS | Date APR 08 2003 |
| Title Field Manager | Office Carlsbad Field Office | |

Application approval does not warrant or certify 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.

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.

Additional Operator Remarks (see next page)

Electronic Submission #18792 verified by the BLM Well Information System
For MARBOB ENERGY CORPORATION, sent to the Carlsbad
Committed to AFMSS for processing by Armando Lopez on 02/21/2003 (03AL0152AE)

Approval Subject to
General Requirements and
Special Stipulations
Attached

Witness Surface Casing

** REVISED ** REVISED ** REVISED ** REVISED ** REVISED ** REVISED ** REVISED ** REVISED **

Additional Operator Remarks:

17 1/2" HOLE, 13 3/8" 48# H40 CSG SET @ 350', CMT W/ 350 SX

12 1/4" HOLE, 8 5/8" 24# J55 CSG SET @ 1300', CMT W/ 550 SX

7 7/8" HOLE, 5 1/2" 17# J55 CSG SET @ 6000', CMT SUFFICIENT TO COVER 200' ABOVE ALL KNOWN OIL & GAS HORIZONS.

PRESSURE CONTROL EQUIPMENT: WE WILL BE USING A 2M SYSTEM. SEE EXHIBIT #1 (4 PGS)

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

ATTACHMENT INCLUDES:

1. WELL LOCATION AND ACREAGE DEDICATION PLAT
2. DRILLING PROGRAM
3. SURFACE USE AND OPERATING PLAN
4. HYDROGEN SULFIDE DRILLING OPERATIONS PLAN
5. ADDITIONAL REQUIRED INFORMATION (EXHIBITS #1 (4 PGS), #2, #3 & #4)

JAN 09 2003

DISTRICT I

P.O. Box 1900, Hobbs, NM 88241-1900

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 88211-0718

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

| | | |
|------------------------|--|---------------------------------|
| API Number 30-015- | Pool Code 96718 | Pool Name LOCO HILLS PADDOCK |
| Property Code 23300 | Property Name LEE FEDERAL | Well Number 39 |
| OGRID No. 14049 | Operator Name MARBOB ENERGY CORPORATION | Elevation 3674' |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| G | 20 | 17-S | 31-E | | 1650 | NORTH | 1650 | EAST | EDDY |

Bottom Hole Location If Different From Surface

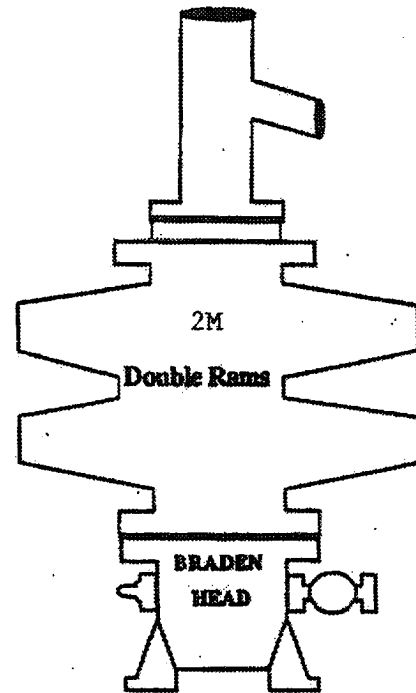
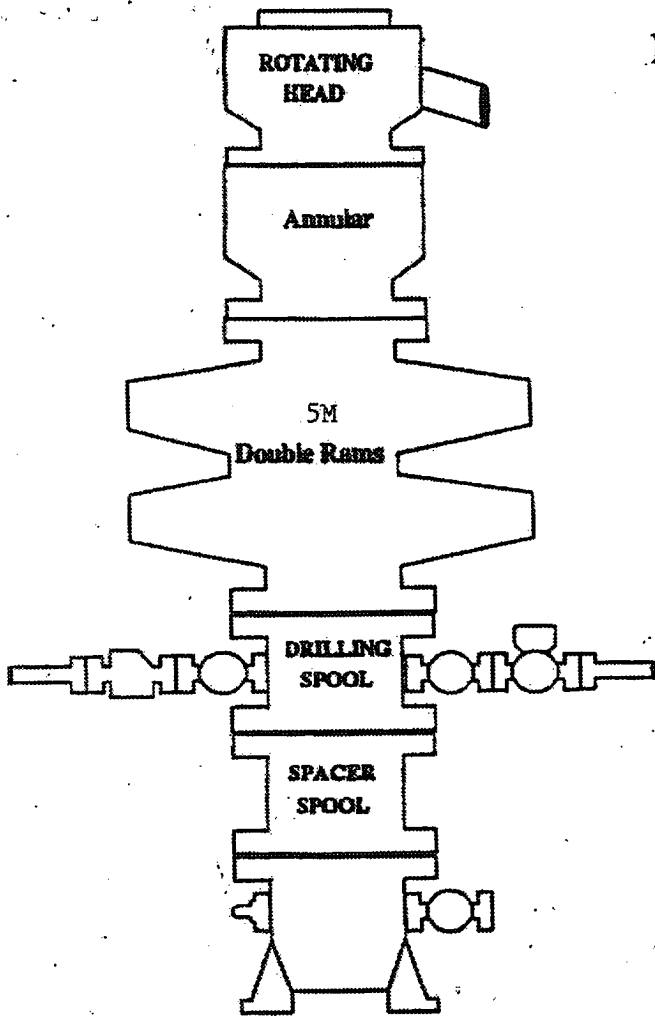
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| Dedicated Acres | 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

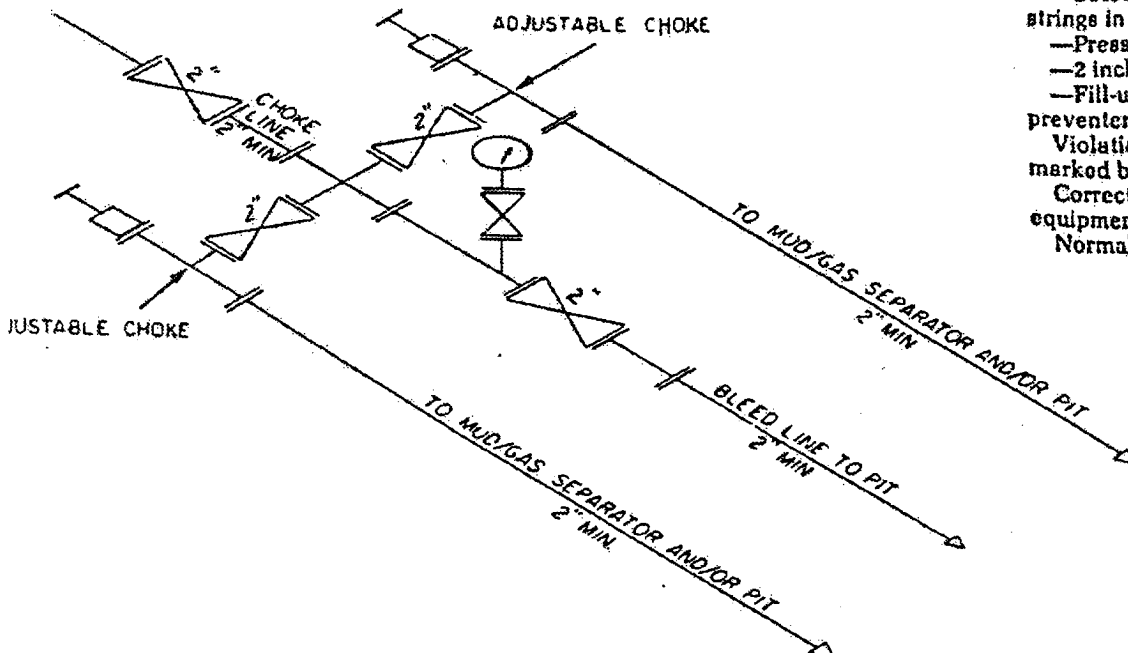
| | |
|--|--|
| | OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature DIANA J. CANNON Printed Name PRODUCTION ANALYST Title FEBRUARY 21, 2003 Date |
| | SURVEYOR CERTIFICATION I hereby certify that the well 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. JANUARY 7, 2003 Date Surveyed Signature & Seal of Professional Surveyor 02-11-1062 Certificate No.: RONALD J. EIDSON 3239 GARY EIDSON 12641 |
| | |
| | |

BOPE SCHEMATIC



ONSHORE OIL AND GAS ORDER NO. 2

- 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.



2M CHOKE MANIFOLD EQUIPMENT — CONFIGURATION OF CHOKES

MAY VARY

Exhibit One