

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

5. Lease Serial No.
NM94826
6. If Indian, Allottee or Tribe Name

1a. Type of work: ☒ DRILL ☐ REENTER

1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

2. Name of Operator
Maralex Resources, Inc.

3a. Address (81137)
P.O. Box 338, Ignacio, CO

3b. Phone No. (include area code)
970/563-4000

4. Location of Well (Report location clearly and in accordance with any State requirements*)
At surface 800' FSL; 840' FWL
At proposed prod. zone Same as above

7. If Unit or CA Agreement, Name and No.

CA Pending
8. Lease Name and Well No.
Trading Post 24 # 2

9. API Well No.
30-045-32940

10. Field and Pool, or Exploratory
Basin Fruitland Coal

11. Sec., T. R. M. or Blk. and Survey or Area
Section 24-T25N-R11W

14. Distance in miles and direction from nearest town or post office*
Approximately 27 miles southwest of Bloomfield, NM

12. County or Parish
San Juan
13. State
NM

15. Distance from proposed*
location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any) 800'

16. No. of acres in lease
160

17. Spacing Unit dedicated to this well
S/2

18. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft.

19. Proposed Depth
1480'

20. BLM/BIA Bond No. on file
8188110

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
6513' GL

22. Approximate date work will start*
Immediately

23. Estimated duration
6 days

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.
2. A Drilling Plan.
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).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature
A.M. O'Hare
Title
President

Name (Printed/Typed)
A.M. O'Hare

Date
02/23/05

Approved by (Signature)
AFM
Title
AFM

Name (Printed/Typed)

Date
5-3-05

Office
PFO

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.

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 page 2)

This action is subject to technical and
procedural review pursuant to 43 CFR 3165.3
and appeal pursuant to 43 CFR 3165.4

DRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS".

NMOCD

District I
PO Box 1990, Hobbs, NM 88241-1980

District II

PO Drawer DD, Artesia, NM 88211-0719

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102

Revised February 21, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

200 JUN 20 PM 1:22 ☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-065-32940	Pool Code 71629	Pool Name Basin Fruitland Coal
Property Code 25952	Property Name TRADING POST 24	Well Number 2
GRID No. 013998	Operator Name MARALEX RESOURCES, INC.	Elevation 6513

10 Surface Location

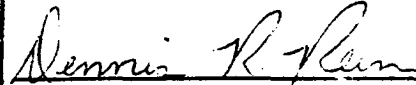
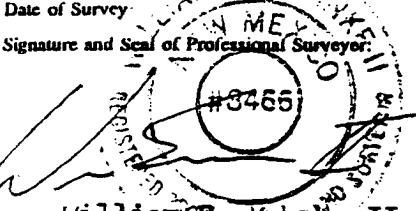
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	24	25 N	11 W		800	South	840	West	San Juan

11 Bottom Hole Location If Different From Surface

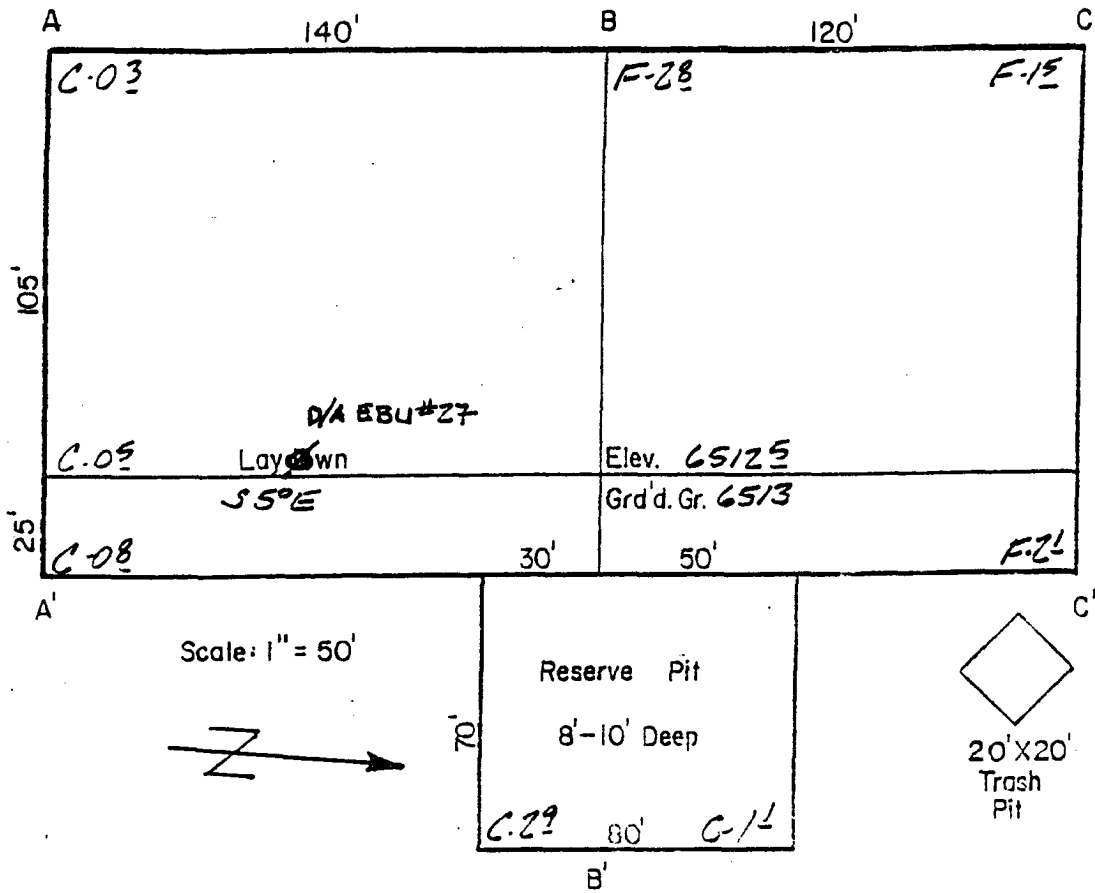
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 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

16 S 89° 52' W 39.86 ch. 39.98 ch. NO 0° 06' W 2005 MAR 3 PM 1 21 RECEIVED OIL FARMINGTON NM NO-G-9909-1358 SEC.	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature Dennis R. Reimers Printed Name Engineering Manager Title 01/24/2000 Date
24 NO-G-9501-1282	18 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. 21 Dec. 1999 Date of Survey  Signature and Seal of Professional Surveyor William R. Mahake II Certificate Number 8466
NO 0° 07' W 840' 800' S 89° 51' W 39.74 ch. NM94826	

MARALTX RESOURCES, INC.
 TRADING POST 24 #2
 800' FSL & 840' FWL
 Sec. 24, T25N, R11W, NMPM
 San Juan Co., NM



A-A'	Vert.: 1" = 30'	Horiz.: 1" = 100'	C/L
6520			
6510			

B-B'	Vert.: 1" = 30'	Horiz.: 1" = 100'	C/L
6520			
6510			

C-C'	Vert.: 1" = 30'	Horiz.: 1" = 100'	C/L
6520			
6510			

**TRADING POST 24 # 2
800' FSL; 840' FWL
SECTION 24-T25N-R11W
SAN JUAN COUNTY, NM**

Drilling Program

1. Formation Tops

The estimated tops of important geologic markers are:

<u>Formation Name</u>	<u>GL Depth</u>	<u>KB Depth</u>
Basal Fruitland Coal	1320'	1325'
Pictured Cliffs	1380'	1385'
Total Depth (TD)	1480'	1485'

* All elevations reflect the ungraded ground level of 6513'.

2. Notable Zones

Oil and Gas Zones

Fruitland Coal	1320'
Pictured Cliffs	1380'

The primary objective is the Basin Fruitland Coal formation. Completion may require fracturing. The entire wellbore will be cased. Water zones will be protected with casing, cement and weighted mud. Oil and gas shows will be tested for commercial potential based on the well site geologist's recommendations.

3. Pressure Control

BOP systems will follow Onshore Order No. 2. The drilling contract has not been awarded yet, thus the exact BOP model to be used is not yet known. A typical model is shown on the attached page.

Once out from under the surface casing, a minimum of 2,000 psi BOP and choke manifold system will be used. BOP controls will be installed before drilling the surface casing plug and used until the well is completed or abandoned.

Pressure tests to 1,000 psi will be conducted with a rig pump. All BOP mechanical and pressure tests will be recorded on the driller's log. BOPs will be inspected and operated at least daily to assure good mechanical working order. The inspection will be recorded on the daily drilling report.

4. Casing and Cement

Hole Size	OD	Weight(lb/ft)	Grade	Depth
12-1/4"	8-5/8"	24	J-55	140'
7-7/8"	5-1/2"	15.5	J-55	1480'

Surface casing will be cemented to surface.
Production casing will be cemented to surface in one stage.
The entire wellbore will be cased. Water zones will be protected with casing, cement and weighted mud.

5. Mud Program

The proposed mud program is:

Depth	Type	ppg	vis(cp)	FL(cc)
0-1200'	Fresh Wtr	8.4	Polymer Sweeps	-
1200'-1480'	Ligno	8.4	20-40	-

6. Coring, Testing and Logging

No cores are planned. The following logs are likely to be run:

Dual Induction, Lateral Log, Formation Density, Compensated Neutron,
High Resolution, Caliper

7. Downhole Conditions

Neither abnormal temperatures nor hydrogen sulfide are anticipated. Maximum pressure will be approximately 300 psi.

MARALEX RESOURCES, INC.
TRADING POST 24 # 2
800' FSL; 840' FWL
SECTION 24-T25N-R11W
SAN JUAN COUNTY, NM

CEMENTING PROGRAM

SURFACE CASING

Surface casing will be set at 140 feet. It will be cemented with 110 sacks of Type III cement containing 3% CaCl₂ and ¼ lb. per sack celloflake. This cement has a yield of approximately 1.39 cubic feet per sack and the final slurry will weigh about 14.6 ppg. The calculated volumes equate to an eighty (80) percent excess of the annular volume. A total of three centralizers will be used on the surface casing.

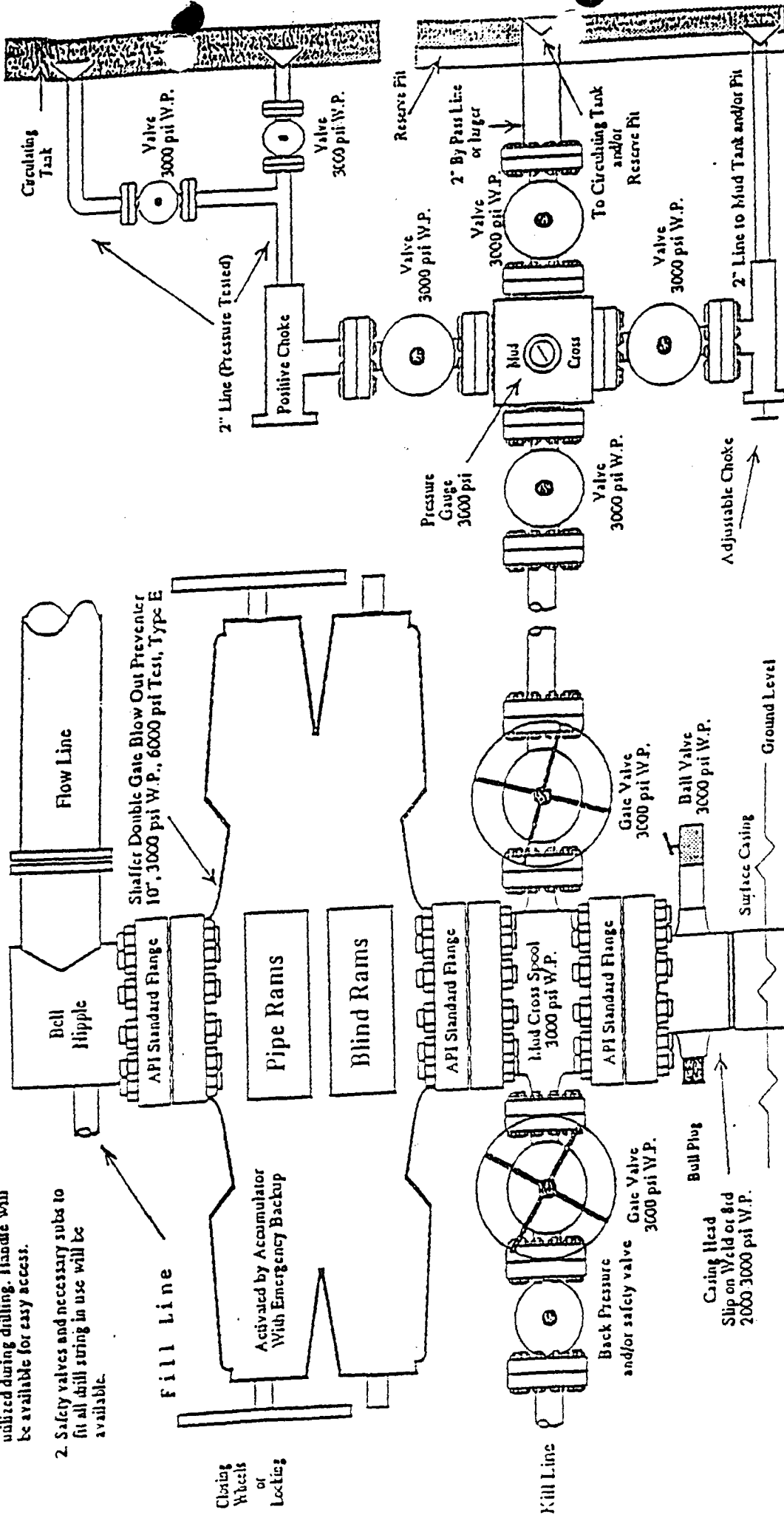
PRODUCTION CASING

The production casing will be run to TD and cemented back to surface with 100 sacks of 65:35 Pozmix cement containing 2% CaCl₂, 4% Gilsonite and ¼ lb per sack celloflake. This cement will be followed by 100 sacks of Type III with 2% CaCl₂ tail. The lead cement has a yield of approximately 2.04 cubic feet per sack and has a slurry weight of 12.1 ppg. The tail slurry has a yield of about 1.39 cubic feet per sack and a slurry weight of 14.6 ppg. The calculated volumes will amount to about a 28 percent excess of the annular volume. A total of 20 centralizers will be used on the production casing.

Pressure Control Equipment

Note: 1. An upper Kelly cock valve will be utilized during drilling. Handle will be available for easy access.

2. Safety valves and necessary subs to fit all drill string in use will be available.



Note: This equipment is designed to meet requirements for a 2-M rating standard per 43 CFR part 3160 (amended). Proper operation and testing of equipment will be carried out per standard. 2,000 psi equipment can be substituted in the drawing to meet minimum requirements per standard.