

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 1301 W. Grand Ave., Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 June 19, 2008

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

WELL API NO. 30-045-33464
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No. N/A
7. Lease Name or Unit Agreement Name Center Point SWD
8. Well Number 1
9. OGRID Number
10. Pool name or Wildcat
11. Elevation (Show whether DR, RKB, RT, GR, etc.)

SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well Gas Well Other

2. Name of Operator
Maralex Disposal, LLC

3. Address of Operator
PO Box 338, Ignacio, CO 81137

4. Well Location
 Unit Letter P : 856 feet from the South line and 738 feet from the East line
 Section 24 Township 31N Range 11W NMPM San Juan County

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL. <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
OTHER: Perform a Step-Rate Injection Test <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Maralex Disposal would like to perform a step-rate injection test for the purpose of obtaining an increase in the authorized injection pressure limit. The test will consist of eight 30 min stages beginning at 0.25 BPM. The rate will be stepped up by 0.25 BPM increments. The rates may be adjusted from this schedule in order to get 3 data points below and 3 data points above frac pressure. Casing and braden head pressures will be monitored during the job. Attached is a wellbore diagram including fracture stimulation data. Also attached is a history of injection pressures and volumes. Maralex personnel will notify the district office at least 24 hours in advance of the test.

RCVD OCT 28 '08
 OIL CONS. DIV.
 DIST. 3

Spud Date:

Rig Release Date:

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

SIGNATURE [Signature] TITLE Sr. Engineer DATE 10/27/08

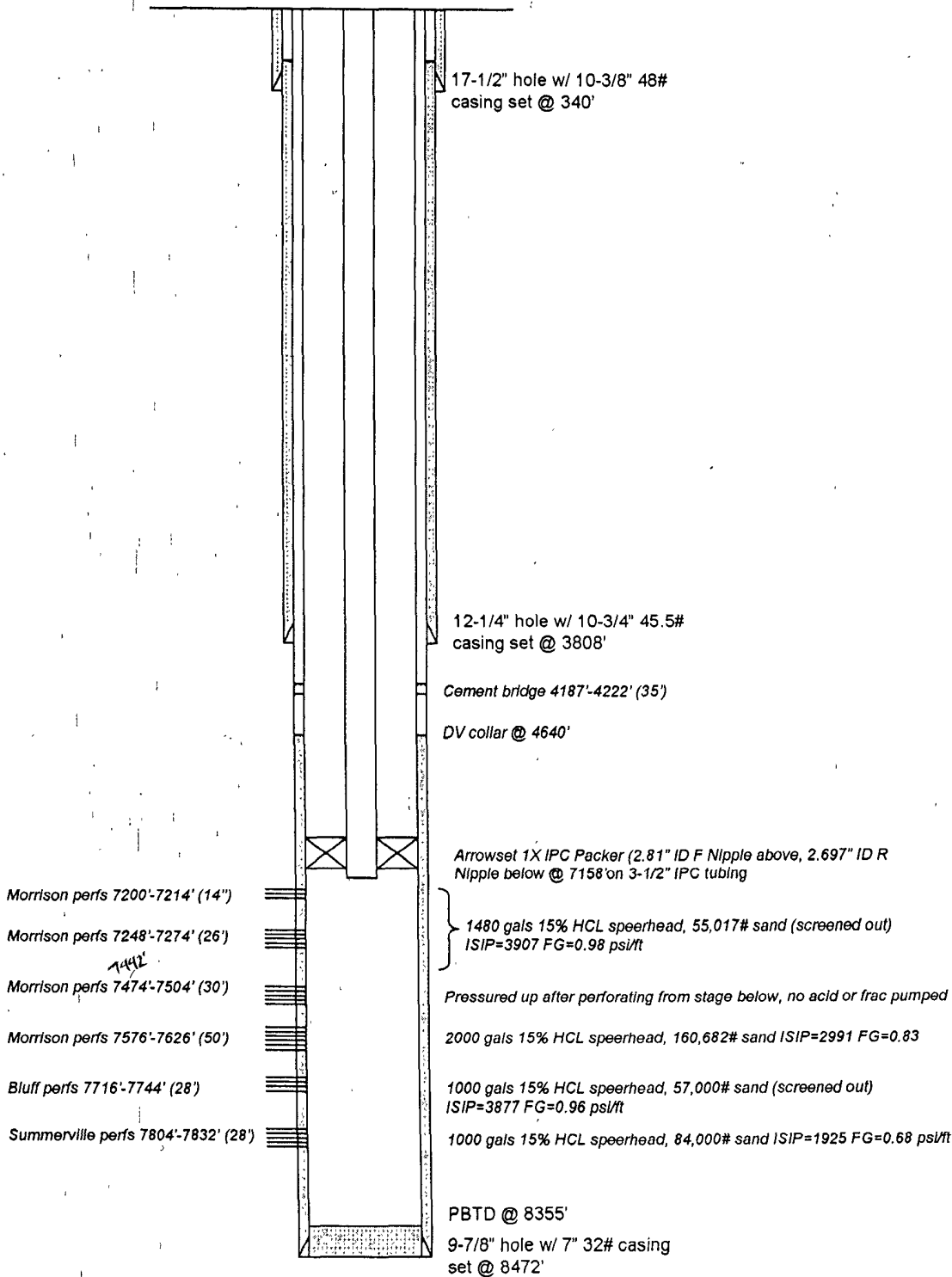
Type or print name D. Jeremy Golob E-mail address: jgolob@maralexinc.com PHONE: 970-563-4000

For State Use Only
 APPROVED BY: [Signature] TITLE Deputy Oil & Gas Inspector, District #3 DATE OCT 29 2008

Conditions of Approval (if any): MUST RUN BOTTOM HOLE PRESSURE RECORDER AND CONDUCT 24 HOUR FALL OFF TEST SUBSEQUENT TO STEP RATE TEST. NOTIFIED JEREMY GOLOB OF REQUIREMENT 10-29-08 1115 AM .ZR

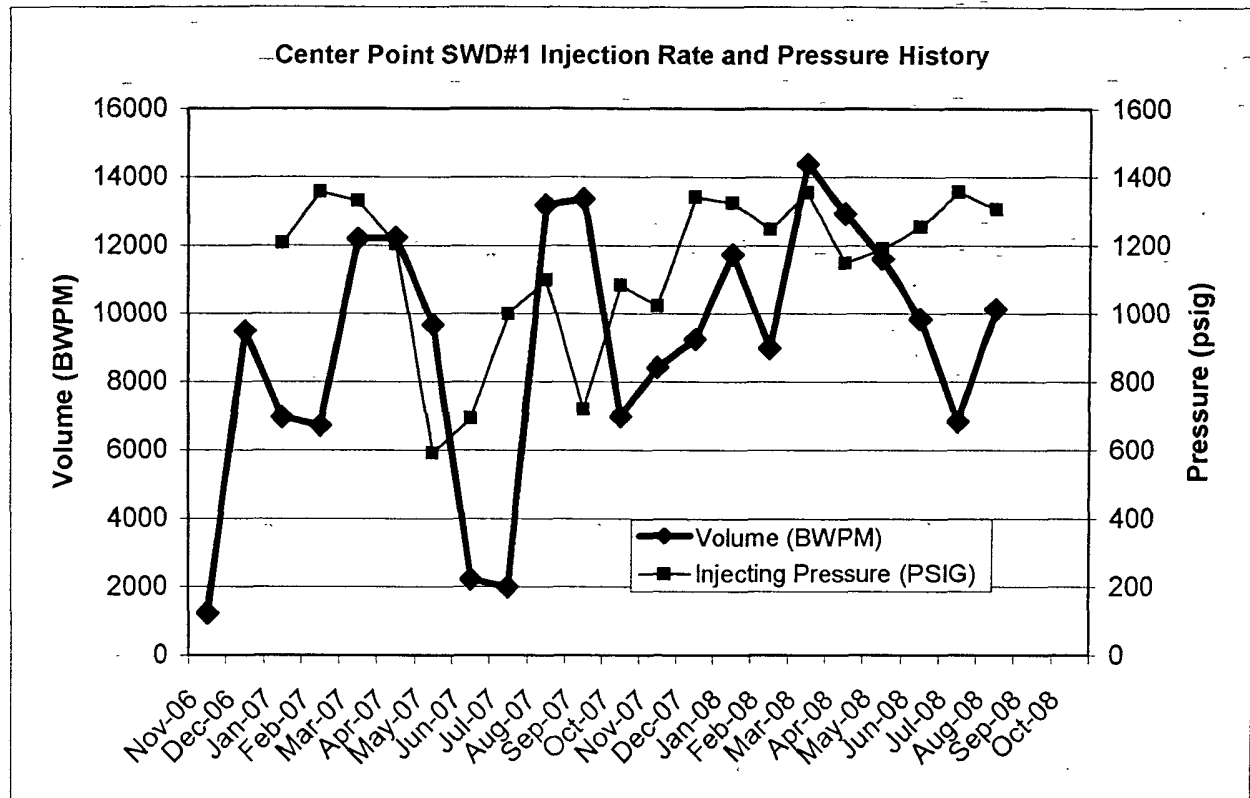
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Well:	Center Point SWD #1	Elev	5780' GL
Company:	Maralex Resources, Inc.	Drawn By:	D. Jeremy Golob
Location:	856' FSL; 738' FEL Sec 24, T31N, R11W San Juan County, NM	Updated:	10/27/08



Spinner Data @ 950 BWPD	Porosity
12%	11%
30%	8%
3%	3%
52%	3%
27%	5%
0%	11%

Month	Monthly Volume BBLs	Average Injecting Pressure PSIG	Average Injecting Rate BWPD
11/1/06	1240		41
12/1/06	9486		312
1/1/07	6965	1207	229
2/1/07	6721	1356	221
3/1/07	12201	1331	401
4/1/07	12235	1203	402
5/1/07	9659	592	318
6/1/07	2211	692	73
7/1/07	2002	997	66
8/1/07	13172	1097	433
9/1/07	13354	718	439
10/1/07	6984	1083	230
11/1/07	8420	1022	277
12/1/07	9243	1342	304
1/1/08	11740	1324	386
2/1/08	8971	1247	295
3/1/08	14395	1355	473
4/1/08	12930	1147	425
5/1/08	11610	1190	382
6/1/08	9825	1254	323
7/1/08	6835	1357	225
8/1/08	10118	1307	333
9/1/08			
10/1/08			



Center Point SWD #1 Step-Rate Test

Step #	Duration	Rate BPM	Rate BPD	Rate gpm	Tubing Friction psi	Water Volume (30 min/stg) BBLS	Recorded Pressure psig
1	30 mins	0.25	360	10.5	1.15	8	
2	30 mins	0.50	720	21.0	4.15	15	
3	30 mins	0.75	1080	31.5	8.79	23	
4	30 mins	1.00	1440	42.0	14.96	30	
5	30 mins	1.25	1800	52.5	22.60	38	
6	30 mins	1.50	2160	63.0	31.68	45	
7	30 mins	1.75	2520	73.5	42.13	53	
8	30 mins	2.00	2880	84.0	53.93	60	
						270	

Procedure

1. Install pressure gauges on casing and braden head for monitoring during job
2. Spot in a 400 bbl frac tank and fill with produced water.
3. Stop injection and shut well in for 3 days or until pressure stabilizes
4. Notify NMOCDC at least 24 hours in advance
5. Rig up a pump truck with pressure recording equipment (Bottom hole pressure gauges are not required because friction is minimal and can be calculated)
6. Pump 8 stage test per the schedule above. Adjust if necessary to obtain at least 3 data points below and 3 point above the frac gradient
 Each stage should be pumped at a steady rate and of equal time duration.
7. Stop injection and monitor leak-off. Note ISIP, 5 min, 10 min, 15 min pressures.
8. RDMO pump truck.
9. Leave well shut in until pressures are below permitted limit. Resume injection.

Do fall off with Bomb in Hole 24 hours

Center Point Rig-up Diagram

