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MAR 21 2009

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

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

Bureau of Land Management  
Farmington Field Office

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. N/A
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" 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 N/A
2. Name of Operator MARALEX RESOURCES, INC.		7. If Unit or CA Agreement, Name and No. N/A
3a. Address P. O. BOX 338 IGNACIO, CO 81337	3b. Phone No. (include area code) (970) 563-4000	8. Lease Name and Well No. TRADING POST 29 #1
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 665' FNL & 1635' FEL At proposed prod. zone SAME		9. API Well No. 30-045-34932
14. Distance in miles and direction from nearest town or post office* 24 AIR MILES SOUTH OF BLOOMFIELD, NM		10. Field and Pool, or Exploratory BASIN FRUITLAND COAL GAS
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 655' (665' to CA line)	16. No. of acres in lease 800	11. Sec., T. R. M. or Blk. and Survey or Area 29-25N-10W NMPM
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. N/A	19. Proposed Depth 1,650'	12. County or Parish SAN JUAN
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6,654' GL	22. Approximate date work will start* 05/01/2009	13. State NM
17. Spacing Unit dedicated to this well N2 (= 320 acres) RCVD JUN 17 '09 OIL CONS. DIV. BLM STATE WIDE NM2880 DIST. 3		
23. Estimated duration 2 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:

- 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 	Name (Printed/Typed) BRIAN WOOD	Date 03/27/2009
Title CONSULTANT		
PHONE: (505) 466-8120 FAX: (505) 466-9682		
Approved by (Signature) 	Name (Printed/Typed)	Date 6/17/09
Title AFM	Office FEO	

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)

A COMPLETE C-144 MUST BE SUBMITTED TO AND APPROVED BY THE NMOCD FOR: A PIT, CLOSED LOOP SYSTEM, BELOW GRADE TANK, OR PROPOSED ALTERNATIVE METHOD, PURSUANT TO NMOCD PART 19.15.17, PRIOR TO THE USE OR CONSTRUCTION OF THE ABOVE APPLICATIONS.

NOTIFY AZTEC OLD 24 HRS.  
PRIOR TO CASING & CEMENT

NMOCD

JUN 19 2009

**Details:**

1525 N. French Dr. Hobbs, NM 88240  
 District II  
 1301 W. Grand Avenue, Alamogordo, NM 88310  
 District III  
 1001 Rio Grande Rd., Aztec, NM 87410  
 District IV  
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
 Energy, Minerals & Natural Resources Department  
 OIL CONSERVATION DIVISION  
 1220 South St. Francis Dr.  
 Santa Fe, NM 87505

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Form C-102

Revised October 12, 2005

Submit to Appropriate District Office  
 MAR 21 2009 State Lease - 4 Copies  
 Fee Lease - 3 Copies

Bureau of Land Management  
 Farmington Field Office

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number <b>30-045-34932</b>	Field Code <b>71629</b>	Field Name <b>BASIN FRUITLAND COAL GAS</b>
Product Code <b>37718</b>	Primary Name <b>TRADING POST 29</b>	Well Number <b>1</b>
UIC ID No. <b>013998</b>	Operator Name <b>MARALEX RESOURCES, INC.</b>	Permit No. <b>6654</b>

**10 Surface Location**

UIC or Loc No.	Section	Township	Range	Latitude	East from the	North-South Line	East from the	East-West Line	County
<b>B</b>	<b>29</b>	<b>25 N</b>	<b>10 W</b>		<b>665</b>	<b>North</b>	<b>1635</b>	<b>East</b>	<b>San Juan</b>

**11 Bottom Hole Location if Different From Surface**

UIC or Loc No.	Section	Township	Range	Latitude	East from the	North-South Line	East from the	East-West Line	County
<b>320</b>			<b>C</b>						

No allowable will be assigned to this completion until all intervals have been consolidated or a non-standard unit has been approved by the division

<p><b>12</b></p> <p>S 89°47' W</p> <p>79.91 Ch</p> <p>665'</p> <p>Lat. 36.37747°N Long. 107.91542°W</p> <p>1635'</p> <p>79.70 Ch.</p> <p>79.55 Ch.</p> <p>Sec. 29</p> <p>North</p> <p>S 89°56' W</p> <p>79.97 Ch.</p>		<p><b>17 OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this information either owns a working interest or mineral interest in the land including the proposed location to be drilled, or has the right to drill this well at that location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling unit, as hereinafter defined by the division.</p> <p><b>3-27-09</b></p> <p>Signature: <i>Brian Wood</i> Date:</p> <p>Printed Name: <b>BRIAN WOOD</b></p>
<p><b>18 SURVEYOR CERTIFICATION</b></p> <p>I hereby certify that the well location shown on this plat was plotted from field notes and actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p><b>04 Aug 2008</b></p> <p>Date:</p> <p>Signature and Title of Registered Surveyor: <i>William E. Melhake II</i></p> <p>Certificate Number: <b>8456</b></p>		

Maralex Resources, Inc.  
Trading Post 29 #1  
665' FNL & 1635' FEL  
Sec. 29, T. 25 N., R. 10 W.  
San Juan County, New Mexico

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## Drilling Program

### 1. ESTIMATED FORMATION TOPS

<u>Formation</u>	<u>GL Depth</u>	<u>KB Depth</u>	<u>Elevation</u>
Nacimiento	0'	5'	+6,654'
Ojo Alamo sandstone	854'	859'	+5,800'
Fruitland coal	1,354'	1,359'	+5,300'
Pictured Cliffs sandstone	1,604'	1,609'	+5,050'
Total Depth (TD)	1,650'	1,655'	+5,079'

### 2. NOTABLE ZONES

<u>Oil &amp; Gas Zones</u>	<u>Water Zone</u>	<u>Coal Zone</u>
Fruitland	Nacimiento	Fruitland
Pictured Cliffs		

Water zones will be protected with casing, cement, and fresh water weighted mud. Fresh water encountered during drilling will be recorded by depth, cased, and cemented. Oil and gas shows will be tested for commercial potential based on the well site geologist's recommendations.

### 3. PRESSURE CONTROL

The drilling contract has not yet been awarded, thus the exact BOP model to be used is not yet known. (A typical 2,000 psi model is on PAGE 3.)

Once out from under the surface casing, a minimum 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.

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Pressure tests to  $\approx 1,000$  psi will be conducted with a rig pump. All BOP, mechanical, and pressure tests will be recorded on the driller's log. BOP 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 & CEMENT

<u>Hole Size</u>	<u>O. D.</u>	<u>Weight</u>	<u>Grade</u>	<u>Type</u>	<u>Age</u>	<u>Depth Set</u>
12-1/4"	8-5/8"	24#	J-55	S T & C	New	160'
7-7/8"	5-1/2"	15.5#	J-55	L T & C	New	1,650'

Surface casing will be cemented to the surface with  $\approx 135$  cubic feet ( $\approx 115$  sacks) standard cement with 1/4 pound per sack cellophane + 2%  $\text{CaCl}_2$ . Yield = 1.18 cubic feet per sack. Weight = 15.6 pounds per gallon. Volume = 25% annular excess. Three centralizers will be installed.

Production casing will be cemented to the surface with  $\approx 25\%$  annular excess. Cement with  $\approx 150$  sacks ( $\approx 282$  cubic feet) Class B with 6% gel + 5 pounds per sack gilsonite + 1/4 pound per sack cellophane + 2%  $\text{CaCl}_2$ . Follow with  $\approx 80$  sacks ( $\approx 101$  cubic feet) Class B with 0.4% Halad 344 + 5 pounds per sack gilsonite + 1/4 pound per sack cellophane +  $\approx 35$  sacks scavenger slurry. Lead cement will have a yield of 1.88 cubic feet per sack and weight of 12.4 pounds per gallon. Tail slurry will have a yield of 1.26 cubic feet per sack and weight of 15.2 pounds per gallon. Approximately 17 centralizers will be used.

#### 5. MUD PROGRAM

<u>Range</u>	<u>Type</u>	<u>Pounds per Gallon</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0' - 1,200'	Fresh Water	8.4	Polymer Sweeps	-
1,200' - TD	LSND	8.4 - 9.1	30 - 60	<10 cc

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#### 6. CORES, TESTS, & LOGS

No cores or drill stem tests are planned. Dual induction, lateral, formation density, compensated neutron, high resolution density, and caliper logs are likely to be run.

#### 7. DOWN HOLE CONDITIONS

No abnormal pressures, temperatures, nor hydrogen sulfide are expected. Maximum expected bottom hole pressure will be  $\leq 660$  psi.

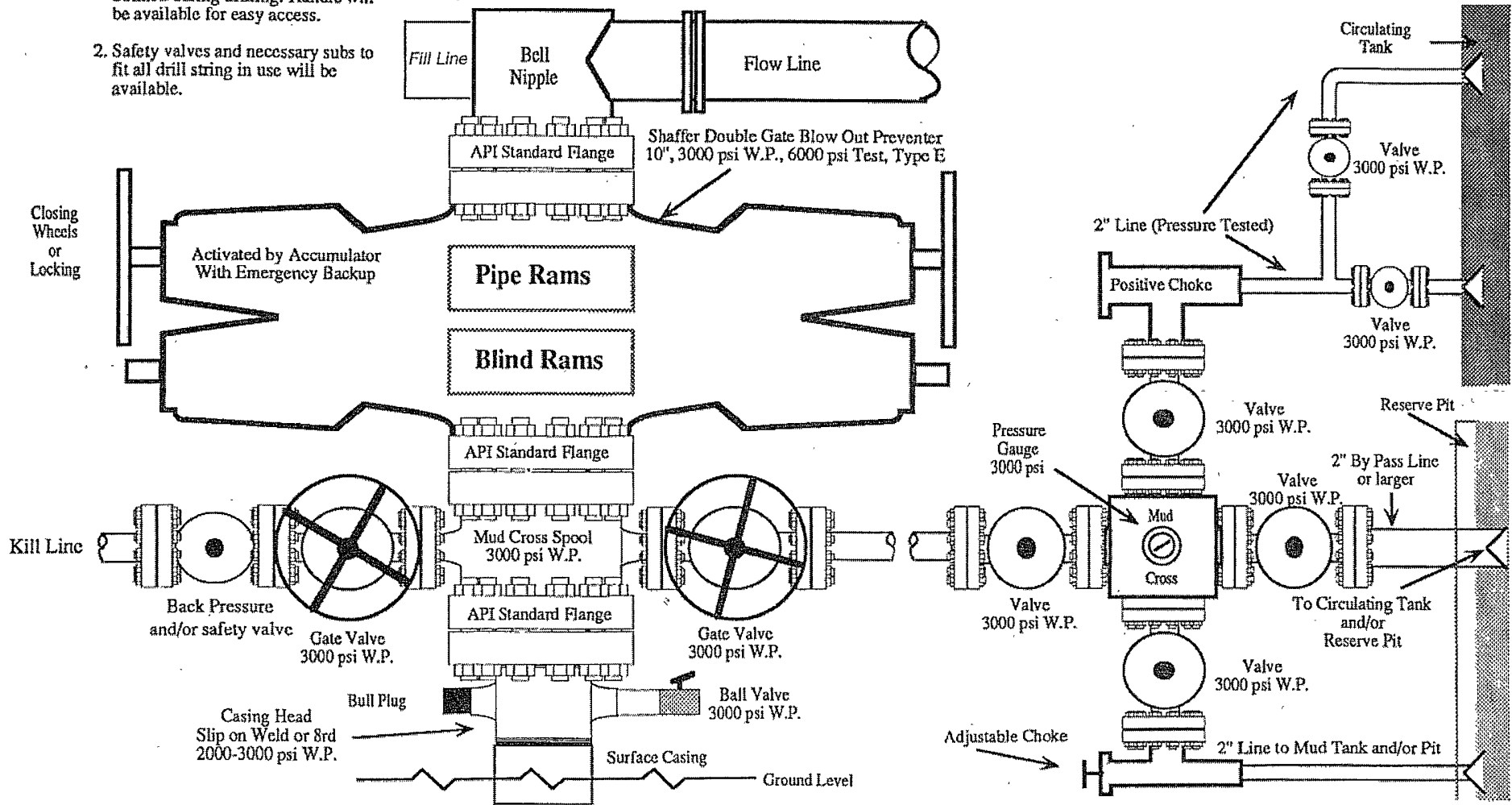
#### 8. OTHER INFORMATION

The anticipated spud date is upon approval. It is expected it will take  $\approx 2$  weeks to drill and complete the well.

# 2,000 PSI BOP SYSTEM

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.