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Form 3160-3  
(April 2004)

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

Lease Serial No.  
NMSF-078621

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		6. If Indian, Allottee or Tribe Name 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		7. If Unit or CA Agreement, Name and No.	
2. Name of Operator MARALEX RESOURCES, INC.		8. Lease Name and Well No. TRADING POST 29 #3	
3a. Address P. O. BOX 338 IGNACIO, CO 81337		9. API Well No. 30-045-34931	
3b. Phone No. (include area code) (970) 563-4000		10. Field and Pool, or Exploratory BASIN FRUITLAND COAL GAS	
4. Location of Well (Report location clearly and in accordance with any State requirements *) At surface 1470' FSL & 1615' FWL At proposed prod. zone SAME		11. Sec., T. R. M. or Blk. and Survey or Area 15 29-25N-10W NMPM	
14. Distance in miles and direction from nearest town or post office* 24 AIR MILES SOUTH 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) 1,470'	16. No. of acres in lease 560	17. Spacing Unit dedicated to this well S2 (= 320 acres)	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 2,126' (Brook. A 2)	19. Proposed Depth 1,650'	20. BLM/BIA Bond No. on file BLM STATE WIDE NM2880	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6,726' GL	22. Approximate date work will start* 08/01/2009	23. Estimated duration 2 WEEKS	

24. Attachments

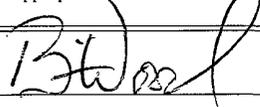
RCVD AUG 24 '10

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

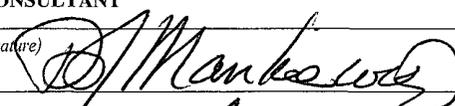
OIL CONS. DIV.

- 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.

DIST. 3

25. Signature 	Name (Printed/Typed) BRIAN WOOD	Date 03/28/2009
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Title CONSULTANT PHONE: (505) 466-8120 FAX: (505) 466-9682

Approved by (Signature) 	Name (Printed/Typed)	Date 8/18/2010
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Title AEM	Office FFO
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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 OCD 24 HRS.  
PRIOR TO CASING & CEMENT

AUG 27 2010

NMOCD 

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District I  
1623 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1109 E. Brown Blvd., Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87501

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

Bureau of Land Management  
Farmington Field Office

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number <b>30-045-34931</b>	Pool Code <b>71629</b>	Pool Name <b>BASIN FRUITLAND COAL GAS</b>
Property Code <b>3718</b>	Property Name <b>TRADING POST 29</b>	Well Number <b>3</b>
OGP# No. <b>013998</b>	Operator Name <b>MARALEX RESOURCES, INC.</b>	Elevation <b>6726</b>

10 Surface Location

UL of Lot No	Section	Township	Range	Lot Idn	Feet from the	North-South Line	Feet from the	East-West Line	County
K	29	25 N	10 W		1470	South	1615	West	San Juan

11 Bottom Hole Location if Different From Surface

UL of Lot No	Section	Township	Range	Lot Idn	Feet from the	North-South Line	Feet from the	East-West Line	County
12 Wellhead Address <b>320</b>	13 Joint or Initial	14 Crossed Out 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.

79.55 Ch.	S 89° 47' W	79.91 Ch.	79.70 Ch.	<p>9 OPERATOR CERTIFICATION</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 covers working interests or unleased mineral interests in the land including the proposed bottom hole location or has a right to drill into well at this location pursuant to a contract with an owner of such mineral or working interest, or is a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p style="text-align: right;"><b>3-28-09</b></p> <p>Signature: <i>Brian Wood</i> Date:</p> <p>Printed Name: <b>BRIAN WOOD</b></p>	
	Sec.				29
North	1615'	Lat. 36.36689°W Long. 107.92331°W	1470'	79.97 Ch.	
	S 89° 56' W				

Maralex Resources, Inc.  
Trading Post 29 #3  
1470' FSL & 1615' FWL  
Sec. 29, T. 25 N., R. 10 W.  
San Juan County, New Mexico

PAGE 1

## Drilling Program

### 1 ESTIMATED FORMATION TOPS

<u>Formation</u>	<u>GL Depth</u>	<u>KB Depth</u>	<u>Elevation</u>
Nacimiento	0'	5'	+6,726'
Ojo Alamo sandstone	721'	726'	+6,005'
Kirtland shale	801'	806'	+5,925'
Fruitland coal	1,341'	1,346'	+5,385'
Pictured Cliffs sandstone	1,591'	1,596'	+5,135'
Total Depth (TD)	1,650'	1,655'	+5,076'

### 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.

Maralex Resources, Inc.  
 Trading Post 29 #3  
 1470' FSL & 1615' FWL  
 Sec. 29, T. 25 N., R. 10 W.  
 San Juan County, New Mexico

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% CaCl<sub>2</sub>. Yield = 1.18 cubic feet per sack. Weight = 15.6 pounds per gallon. Volume = 25% annular excess. Three centralizers will be installed.

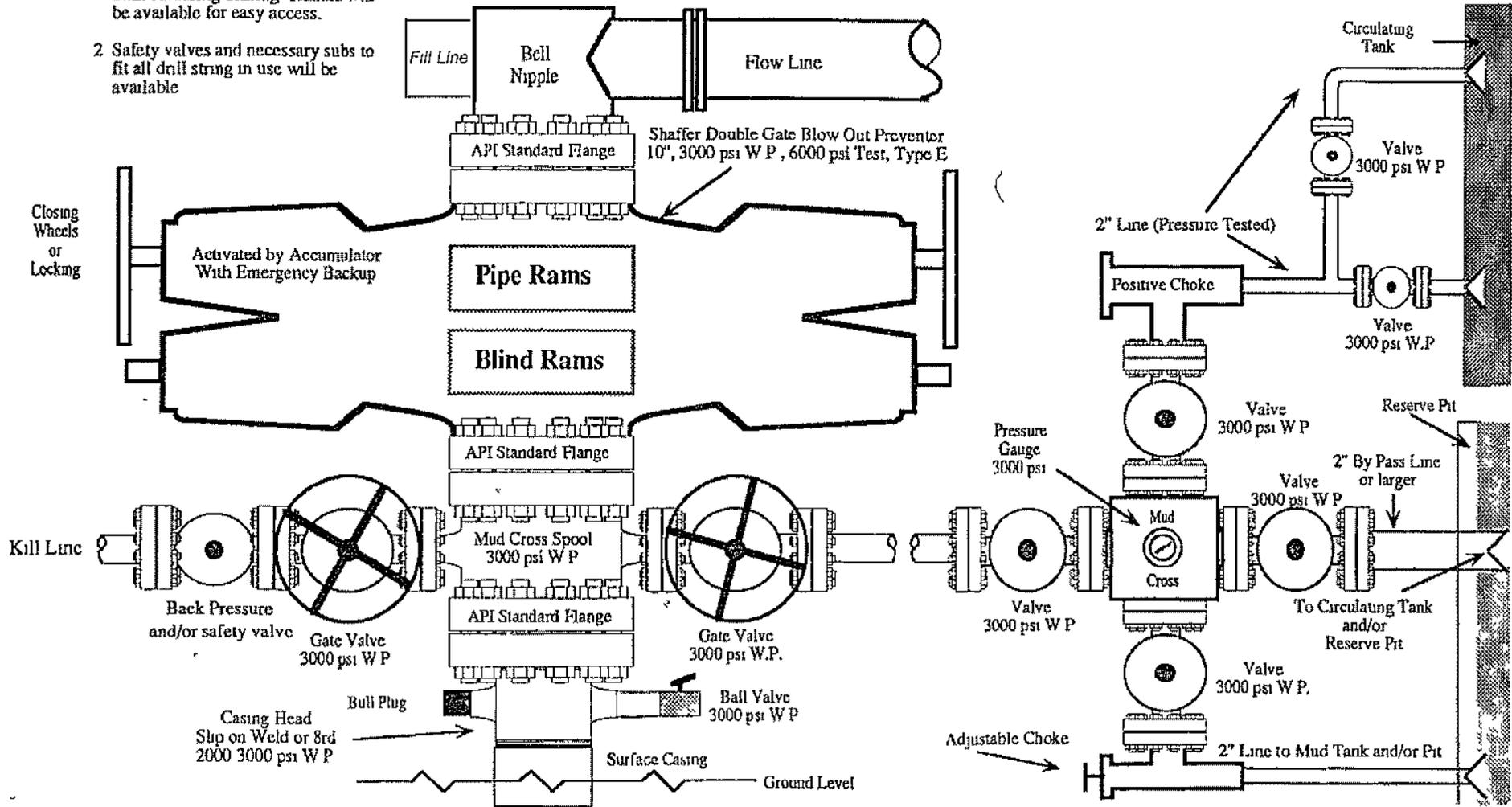
Production casing will be cemented to the surface with  $\approx 25\%$  annular excess. Cement with  $\approx 150$  sacks ( $\approx 282$  cubic feet) Class B with 6% gel + 5 pounds per sack gilsonite + 1/4 pound per sack cellophane + 2% CaCl<sub>2</sub>. Follow with  $\approx 80$  sacks ( $\approx 101$  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

# 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.