

(July 1992)

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

(Other instructions on reverse side)

OMB NO. 1004-0136
Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. NO-G-9504-1288	
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME Navajo	
2. NAME OF OPERATOR Maralex Resources, Inc.		7. UNIT AGREEMENT NAME JCA Pending 25497	
3. ADDRESS AND TELEPHONE NO. P.O. Box 338, Ignacio, CO 81137 970/563-4000		8. FARM OR LEASE NAME, WELL NO. Trading Post 23 # 2	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 900' FSL; 1800' FWL At proposed prod. zone Same		9. API WELL NO. 30-045-30125	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* Approximately 25 miles southwest of Bloomfield		10. FIELD AND POOL, OR WILDCAT Basin Fruitland Coal	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 900'		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Section 23-T25N-R11W	
16. NO. OF ACRES IN LEASE 160		12. COUNTY OR PARISH San Juan	
17. NO. OF ACRES ASSIGNED TO THIS WELL 320		13. STATE NM	
18. DISTANCE FROM PROPOSED* LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 1450'		19. PROPOSED DEPTH 1450'	
20. ROTARY OR CABLE TOOLS Rotary		21. ELEVATIONS (Show whether DF, RT, GR, etc.) 6487' GL	
22. APPROX. DATE WORK WILL START* Immediately			

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	8-5/8"	24#	140'	140sx(165cf) Class B cmt w/2% cac
7-7/8"	5-1/2"	15.5#	1450'	100sx(118cf) Class B Cement
				followed with 215 sx(271cf) Class B Neat Cement: 50/50 Pozmix with FLA



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

PERMITTING OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLIANCE WITH ATTACHED "GENERAL REQUIREMENTS"

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

SIGNED [Signature] TITLE Engineering Manager DATE 01/24/2000

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

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:

APPROVED BY /s/ Charlie Beecham TITLE Team Lead, Petroleum Management DATE MAR 14 2000

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes 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.

NMOCD

District I
PO Box 1980, 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
AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-30125	² Pool Code 71629	³ Pool Name Basin Fruitland Coal
⁴ Property Code 25497	⁵ Property Name TRADING POST 23	⁶ Well Number 2
⁷ OGRID No. 013998	⁸ Operator Name MARALEX RESOURCES, INC.	⁹ Elevation 6487

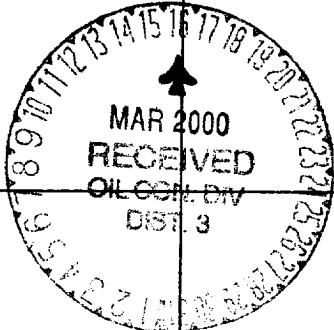
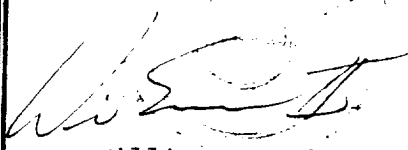
¹⁰ Surface Location

UL or lot no. N	Section 23	Township 25 N	Range 11 W	Lot Idn	Feet from the 900	North/South line South	Feet from the 1800	East/West line West	County San Juan
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¹¹ Bottom Hole Location If Different From Surface

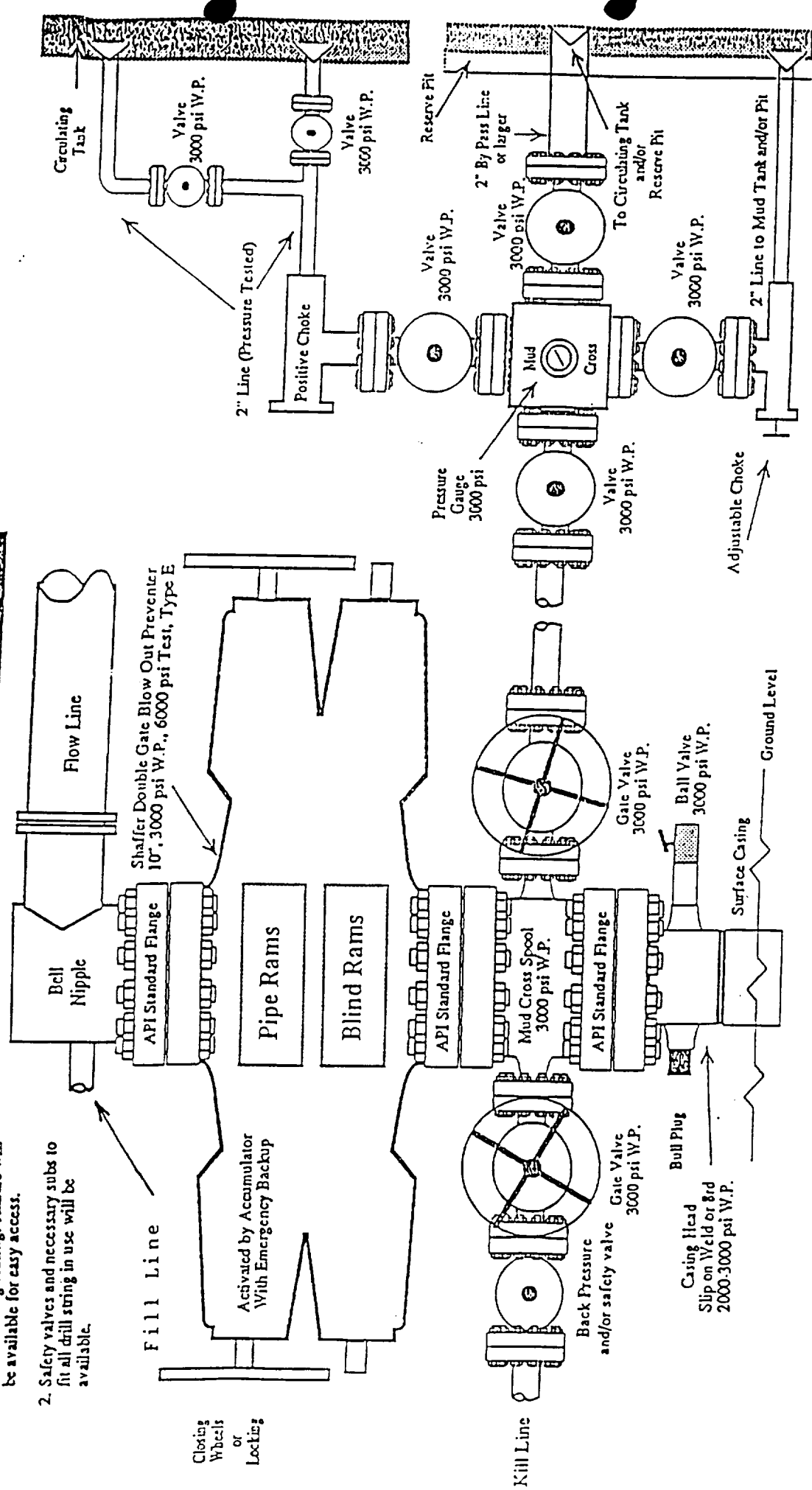
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres ¹³ Joint or Infill ¹⁴ Consolidation Code ¹⁵ Order No.									

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° 53' W 39.94 ch. 40.08 ch. N 0° 03' E 39.83 ch. N 0° 03' W 1800' N 89° 55' W 39.88 ch. FA	SEC. 23 NO-G-9504-1288 900' WEST	S 89° 58' W 39.78 ch. 39.98 ch. N 0° 08' W 40.05 ch. N 0° 07' W 39.94 ch. FD.	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	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. 20 Dec. 1999 Date of Survey Signature and Seal of Professional Surveyer:  William E. Mahnke II Certificate Number 8466
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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.

TRADING POST 23 # 2

Surface Use Plan

1. Directions and Existing Roads

From Bloomfield, travel 12.7 miles to Hilltop Liquor Store (Mustang Gas Station) on highway 44. Turn right, just before the Store, onto County Road 7150 and travel approximately 4 miles. Just past the Carson Trading Post, bear left at the Y in the road and continue on County Road 7150 for another 5 miles. At the top of the hill, bear left at the Y and continue on County Road 7150 for approximately 1.1 miles. Turn left and travel 0.8 miles down the hill. Turn left, proceed 0.9 mile. Turn left approximately ½ mile to location.

2. Road to be Built

The proposed location is adjacent to an existing road. No new road will need to be constructed. The pipeline will run 780' northwest of the wellhead to EPNG's line. This pipeline will consist of 3" SDR11 poly pipe. This line will be buried at a depth of 4' and pressure tested to 150 psig, and will transport gas from the Trading Post 23 # 2 well to EPNG's sales meter. Anticipated line pressure is 50 psig.

3. Existing Wells

According to a file search on NMOCD records, there are 9 plugged Gallup wells within a one mile radius. There are 4 gas and/or oil wells within a one mile radius.

4. Proposed Production Facilities

The exact type and layout of the production facilities are not now known. It is expected that they will include a separator, tank, and meter run. All equipment will be painted according to BLM specifications.

MARATEX RESOURCES, INC.
TRADING POST 23 #2
900'FSL & 1800'FWL
Sec.23, T25N, R11W, NMPM
San Juan Co., NM

