

Oil Conservation Division

1220 S. St Francis Dr.

Santa Fe, NM 87505

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address MARBOB ENERGY CORP PO Box 227 Artesia, NM 88211-0227		2. OGRID Number 14049
		3. API Number 30-015-34410
4. Property Code 35197	5. Property Name CANDY GRAM STATE COM	6. Well No. 001

7. Surface Location

UL - Lot M	Section 1	Township 19S	Range 27E	Lot Idn M	Feet From 660	N/S Line S	Feet From 1980	E/W Line W	County EDDY
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8. Pool Information

ANGEL RANCH,ATOKA-MORROW (GAS)	70310
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Additional Well Information

9. Work Type New Well	10. Well Type GAS	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3517
14. Multiple N	15. Proposed Depth 11100	16. Formation Morrow	17. Contractor	18. Spud Date 12/1/2005
Depth to Ground water 150		Distance from nearest fresh water well > 1000		Distance to nearest surface water > 1000
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 miles thick Clay <input type="checkbox"/> Pit Volume: 3000 bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input checked="" type="checkbox"/>				

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	300	300	0
Int1	12.25	9.625	36	2100	500	0
Prod	8.75	5.5	17	11100	600	

Casing/Cement Program: Additional Comments

We propose to drill 17 1/2 inch hole to 300 ft with fresh water, run 13 3/8 inch 48 lb H-40 csg and set at 300 ft with 300 sx cmt, circ to surface; drl 12 1/4 inch hole to 2100 ft with brine water, run 9 5/8 inch 36 lb J-55 csg and set at 2100 ft with 500 sx cmt, circ to surface; drl 8 3/4 inch hole to 11100 ft with cut brine water, run 5 1/2 inch 17 lb S-95/P110 csg and set at 11100 ft with 600 sx cmt, TOC to be 500 ft above all oil and gas bearing zones.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	5000	5000	Cameron

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NM OCD guidelines <input type="checkbox"/> a general permit <input checked="" type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> .	OIL CONSERVATION DIVISION	
	Approved By: Bryan Arrant	
	Title: Geologist	
	Approved Date: 11/3/2005	Expiration Date: 11/3/2006
	Conditions of Approval Attached	

Printed Name: Electronically filed by Diana Briggs	
Title: Production Analyst	
Email Address: production@marbob.com	
Date: 11/1/2005	Phone: 505-748-3303

**District I**  
 1625 N. French Dr., Hobbs, NM 88240  
 Phone:(505) 393-6161 Fax:(505) 393-0720

**District II**  
 1301 W. Grand Ave., Artesia, NM 88210  
 Phone:(505) 748-1283 Fax:(505) 748-9720

**District III**  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 Phone:(505) 334-6178 Fax:(505) 334-6170

**District IV**  
 1220 S. St Francis Dr., Santa Fe, NM 87505  
 Phone:(505) 476-3470 Fax:(505) 476-3462

**State of New Mexico**  
**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

Form C-102  
 Permit 17689

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-015-34410	2. Pool Code 70310	3. Pool Name ANGEL RANCH, ATOKA-MORROW (GAS)
4. Property Code 35197	5. Property Name CANDY GRAM STATE COM	6. Well No. 001
7. OGRID No. 14049	8. Operator Name MARBOB ENERGY CORP	9. Elevation 3517

**10. Surface Location**

UL - Lot M	Section 1	Township 19S	Range 27E	Lot Idn	Feet From 660	N/S Line S	Feet From 1980	E/W Line W	County EDDY
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**11. Bottom Hole Location If Different From Surface**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 318.80	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**

	<p align="center"><b>OPERATOR CERTIFICATION</b></p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p>E-Signed By: Diana Briggs          Title: Production Analyst          Date: 11/1/2005</p>	
	<p align="center"><b>SURVEYOR CERTIFICATION</b></p> <p><i>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.</i></p> <p>Surveyed By: Ronald Eidson          Date of Survey: 10/18/2005          Certificate Number: 3239</p>	

# Permit Conditions of Approval

Operator: MARBOB ENERGY CORP , 14049

Well: CANDY GRAM STATE COM #001

API: 30-015-34410

OCD Reviewer	Condition
BArrant	Pit construction and closure must satisfy all requirements of your approved plan, O.C.D. Rule 19.15.2.50, and the Pit and Below-Grade Tank Guidelines
BArrant	As described in descriptive report in the casing and cement program, cement is to cover all oil, gas and water bearing zones. Please note of an injection well@ 8800'-9500'.
BArrant	Opearator to submit to the District II office a h2s contingency plan providing that the area of review falls under the rules and regulations of NMOCd 118. If,not please submit a letter of explanation before drilling of well.