



9/27/07	SUSPENSE	ENGINEER D. BROOKS	LOGGED IN 9/27/07	TYPE NSL	APP NO. 7 TD 50727033984
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NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505

Maralex Resources
Dome Fed FC-17#1-T
5754

ABOVE THIS LINE FOR DIVISION USE ONLY

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
NSL NSP SD

Maralex's
Dome Federal FC 17 #1-T

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
DHC CTB PLC PC OLS OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
WFX PMX SWD IPI EOR PPR

[D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or _ Does Not Apply

[A] Working, Royalty or Overriding Royalty Interest Owners

[B] Offset Operators, Leaseholders or Surface Owner

[C] Application is One Which Requires Published Legal Notice

[D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name

Signature

Title

Date

BRIAN WOOD
(505) 466-8120
FAX 466-9682

Brian Wood

CONSULTANT

9-21-07

e-mail Address

brian@permitswest.com

**REQUEST FOR ADMINISTRATIVE APPROVAL
FOR NONSTANDARD LOCATION
FOR MARALEX RESOURCES, INC.
DOME FEDERAL FC 17 #1-T
806' FSL & 2270' FWL SEC. 17, T. 27 N., R. 13 W.
SAN JUAN COUNTY, NM**

I. The well is on Navajo Tribal surface and on BLM oil and gas lease NMNM-009787. The proposed location is nonstandard for the Basin Fruitland Coal Gas (Pool Code 71629) due to surface use.

The well was originally planned to be staked at 700' FSL & 1700' FEL, which would have overlapped Maralex's Dome Federal 17-27-13 #3 pad, a WAW Fruitland Sand PC well. However, Navajo Agricultural Products Industry (NAPI) irrigated crop circle Field 8-9A covers that well pad and the entire drilling window in the southeast quarter of Section 17. NAPI did not want a second well in the field.

Moving the location elsewhere in the southeast quarter would have placed the well less than 660' from Fruitland coal rights which were not controlled by Maralex. Thus, the well was staked at 806' FSL and 2270' FWL which places it outside of irrigated fields and at least 660' from any non-Maralex lease.

A standard location must be at least 660' from the acreage dedication (west half Section 17) line. This well is staked 290' further east than is standard. (Closest standard location would be 806' FSL and 1980' FWL, but that would also be in a crop circle Field 8-9B which covers the entire drilling window in the southwest quarter of Section 17.) The APD cover sheet is attached as EXHIBIT A.

II. A C-102 showing the well location and pro ration unit (W2 Section 17) is attached (EXHIBIT B). The relevant portion of the BLM oil and gas lease (800 acres) boundary is marked as a solid line on the attached (EXHIBIT C) copy of the USGS topographic map. BLM is the lessor for a >1 mile radius.

The well encroaches on the SE4 of Section 17. There is no existing or planned Fruitland coal gas well in that quarter section. The only well (1,450' away) in that quarter section is Maralex's Dome Federal 17-27-13 #3, a

WAW Fruitland Sand PC well. The proposed Basin Fruitland coal gas dedication (320 acres) is shown on EXHIBIT B.

III. Closest (2,729' away) planned Fruitland coal gas well is Maralex's Dome Federal FC 17 #1 which is staked at 2125' FNL & 879' FWL 17-27n-13w). Closest (2,955' away) existing Fruitland coal gas well is Maralex's Dome Federal 17-27-13 #4 which is at 1830' FNL & 1690' FEL 17-27n-13w. EXHIBIT D shows the proposed NSL well, all existing or planned Basin Fruitland coal gas wells (circled), and all existing Basin Fruitland coal gas dedicated spacing units (320 acres each).

Registered letters were sent on September 21, 2007 to all of the offset interest owners. (Maralex is the operator of the 4 existing offsetting 320 acre pro ration units. The remaining 4 pro ration units have not yet been dedicated.) Copies of the postal receipts and letters are attached.

IV. A copy of the USGS map is attached (EXHIBIT C). The proposed well site is marked. Pro ration unit (solid line) for the Gallo Canyon; Gallup/Dakota is the 320 acre west half of Section 17, Township 27 North, Range 13 West, San Juan County, NM.

V. The nonstandard location is due to surface use. NAPI center pivot irrigated fields (EXHIBIT E) cover the entire drilling windows in the south half of Section 17. EXHIBIT E actually understates NAPI's impact on the drilling windows. NAPI needs an additional 65' beyond the perimeter of each field to drive their tractors and equipment. A close up (EXHIBIT F) of the well pad shows how the pad is squeezed between irrigated fields to the northeast and northwest and irrigation water lines to the southeast and southwest.

VI. Archaeology is not an issue.

VII. See item V. above and attached EXHIBITS D and E for a description and depiction of the surface conditions.

VIII. Directional drilling is not feasible because it is not cost effective.

IX. I hereby certify notice (EXHIBIT G) has been sent to the following lessees, lessors (only BLM), operators of existing spacing units (only Maralex), or owners of undrilled leases which adjoin the applicant's spacing unit on one or more of the two sides or the single closest corner to the proposed well and that the information is current and correct.

BIA
BLM
Black Stone Minerals
Dugan Production
Patrick Hegarty
Merrion Oil & Gas Corp.
Prize Energy
XTO Energy



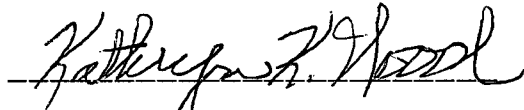
Brian Wood, Consultant

9-21-07

Date

STATE OF NEW MEXICO)
) SS:
COUNTY OF SANTA FE)

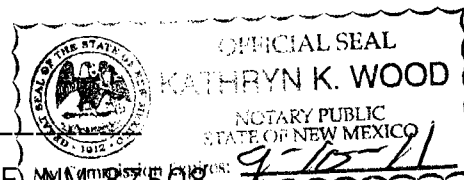
The foregoing instrument was acknowledged before me this 21st day of September, 2007 by Brian Wood. Witness my hand and official seal.



Notary Public

My Commission Expires: 9-10-11

Business Address: 37 VERANO LOOP, SANTA FE, NM 87508



cc: Aztec OCD, Maralex

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

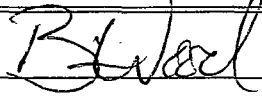
FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

5. Lease Serial No. NMNM-009787	
6. If Indian, Allottee or Tribe Name N/A	
7. If Unit or CA Agreement, Name and No. N/A	
8. Lease Name and Well No. DOMESTIC FEDERAL FC 17 #1-T	
9. API Well No. 30-045-	
10. Field and Pool, or Exploratory BASIN FRUITLAND COAL GAS	
11. Sec., T. R. M. or Blk. and Survey or Area 17-27N-13W NMPM	
12. County or Parish SAN JUAN	
13. State NM	
14. Distance in miles and direction from nearest town or post office* 10 AIR MILES SSW OF FARMINGTON, NM	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 370'	
16. No. of acres in lease 800	
17. Spacing Unit dedicated to this well W2 (= 320 acres)	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1,440'	
19. Proposed Depth 1,600'	
20. BLM/BIA Bond No. on file BLM STATE WIDE NM2726 B188110	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6,046' GL	
22. Approximate date work will start* 03/01/2007	
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:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 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). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed/Typed) BRIAN WOOD	Date 11/18/2006
Title CONSULTANT		
PHONE: (505) 466-8120 FAX: (505) 466-9682		
Approved by (Signature)	Name (Printed/Typed)	Date
Title	Office	

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)

EXHIBIT A

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, 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 & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-045-34080	Pool Code 71629	Pool Name BASIN FRUITLAND COAL GAS
Property Code 1-T	Property Name DOME FEDERAL FC 17	
OGRID No. 013998	Operator Name MARALEX RESOURCES, INC.	
		Elevation 6046

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	17	27N	13W		806	South	2270	West	San Juan

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
Dedicated Acres 320	Joint or Infill	Consolidation Code	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>16</p> <p>S 89°58'W</p> <p>80.04 ch.</p> <p>SEC. 17</p> <p>2270'</p> <p>908'</p> <p>WEST 80.04 ch.</p> <p>LAT. 36.56997°N LONG. 108.24361°W</p>	<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>[Signature]</i></p> <p>Signature BRIAN WOOD</p> <p>Printed Name CONSULTANT</p> <p>Title and E-mail Address brian@permitswest.com</p> <p>Date NOV. 18, 2006</p> <p>18 SURVEYOR CERTIFICATION</p> <p>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.</p> <p><i>[Signature]</i></p> <p>Date of Survey NOV 14 2006</p> <p>Signature and Seal of Professional Surveyor William E. Mahnke II</p> <p>Certificate Number 8466</p>
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EXHIBIT B

LEASE & ACREAGE DEDICATION

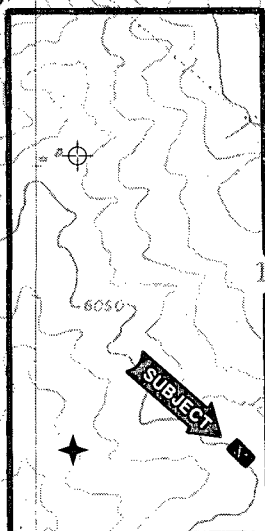
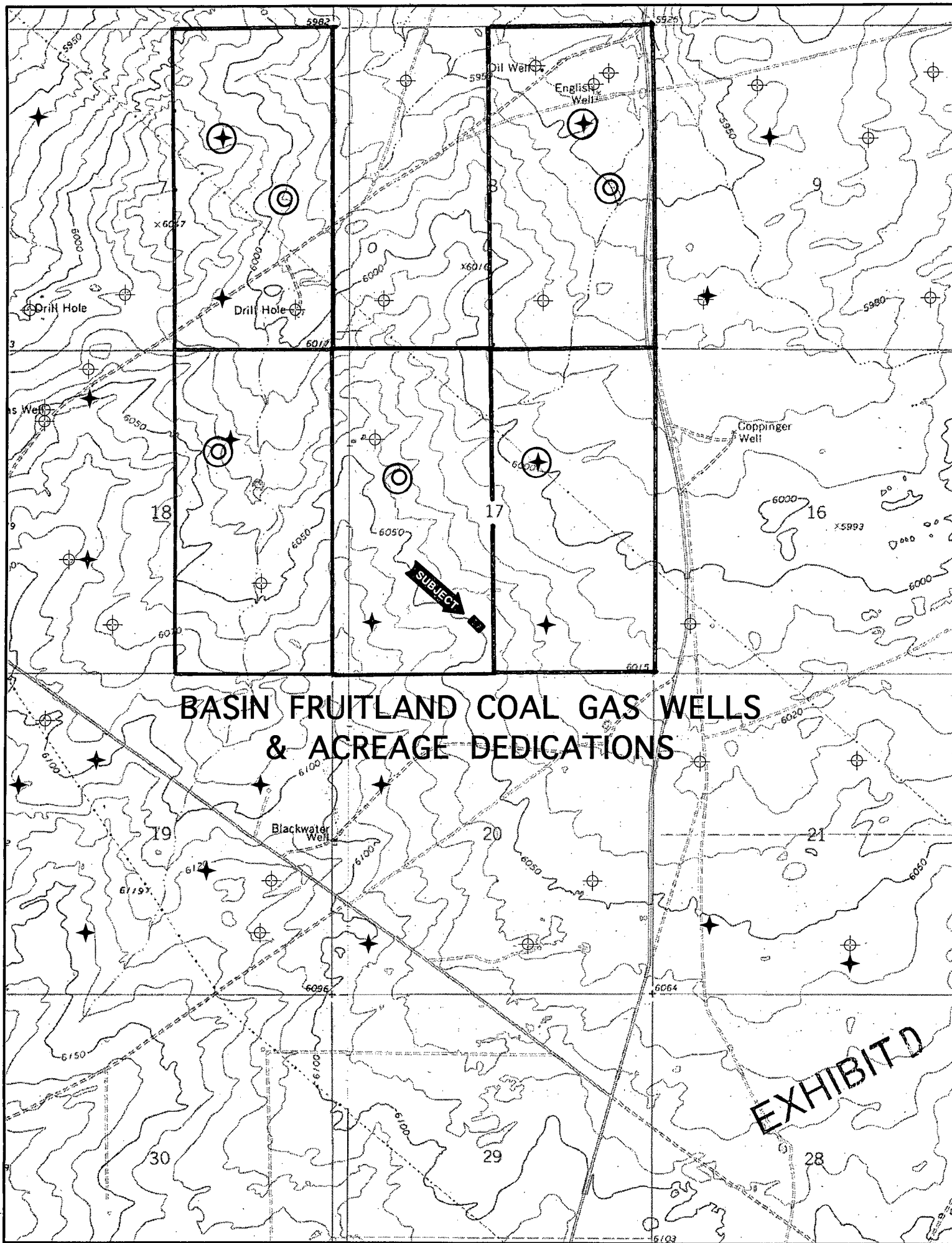


EXHIBIT C



**BASIN FRUITLAND COAL GAS WELLS
& ACREAGE DEDICATIONS**

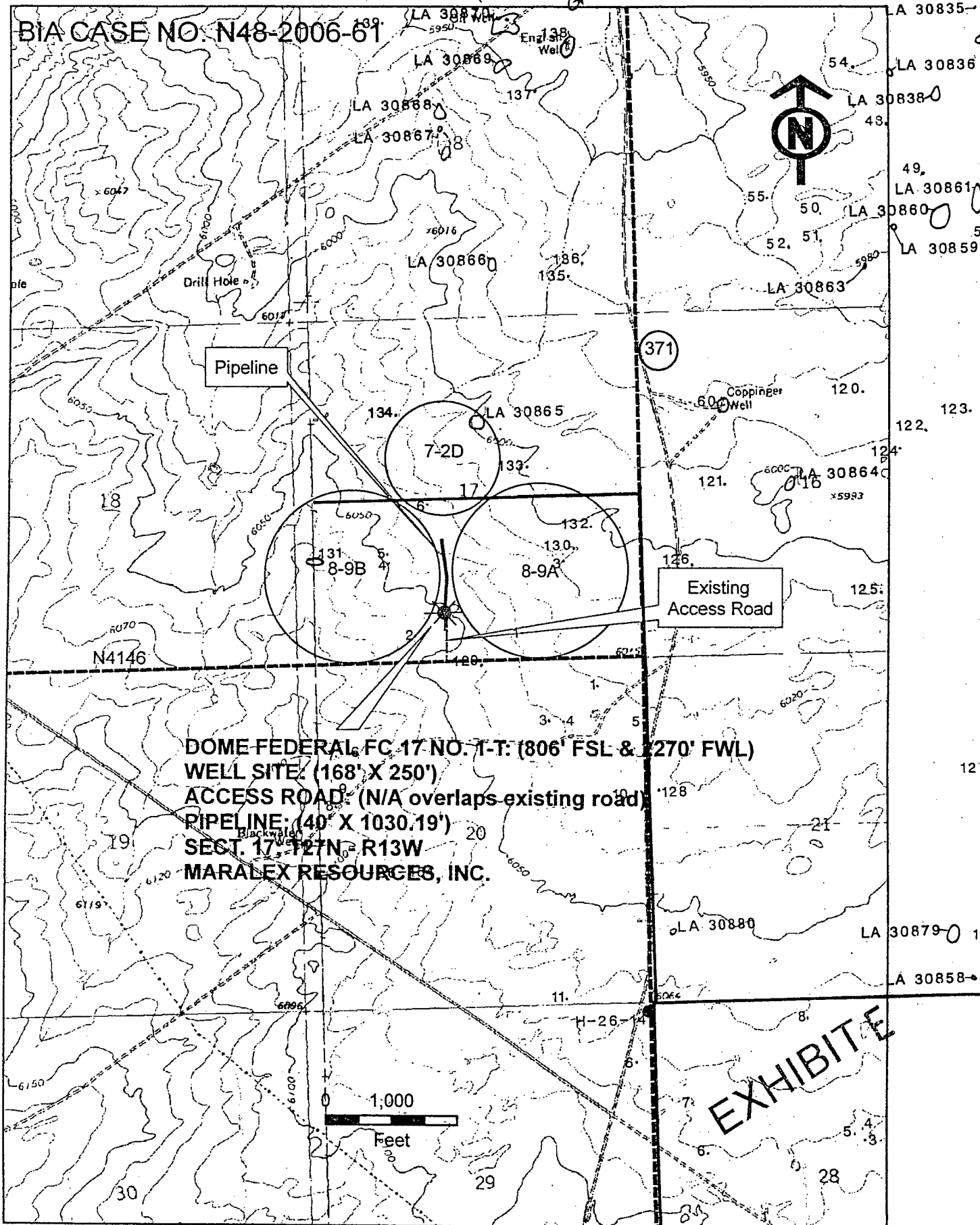
EXHIBIT D

H-26-66
(LA 30871)

LA 30832

47.

BIA CASE NO. N48-2006-61



DOME FEDERAL FC 17 NO. T-T: (806' FSL & 270' FWL)
 WELL SITE: (168' X 250')
 ACCESS ROAD: (N/A overlaps existing road)
 PIPELINE: (40' X 1030.19')
 SECT. 17, 127N, R13W
 MARALEX RESOURCES, INC.

EXHIBITE

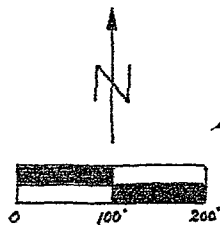
H-26-30

Proposed Pipeline for

Dome Federal FC 17 1-T

806'FSL & 2270'FWL
Sec.17, T27N, R13W, NMPM
San Juan Co., NM

TOTAL LENGTH : 1030.19 L.F.



SCALE: 1" = 200'

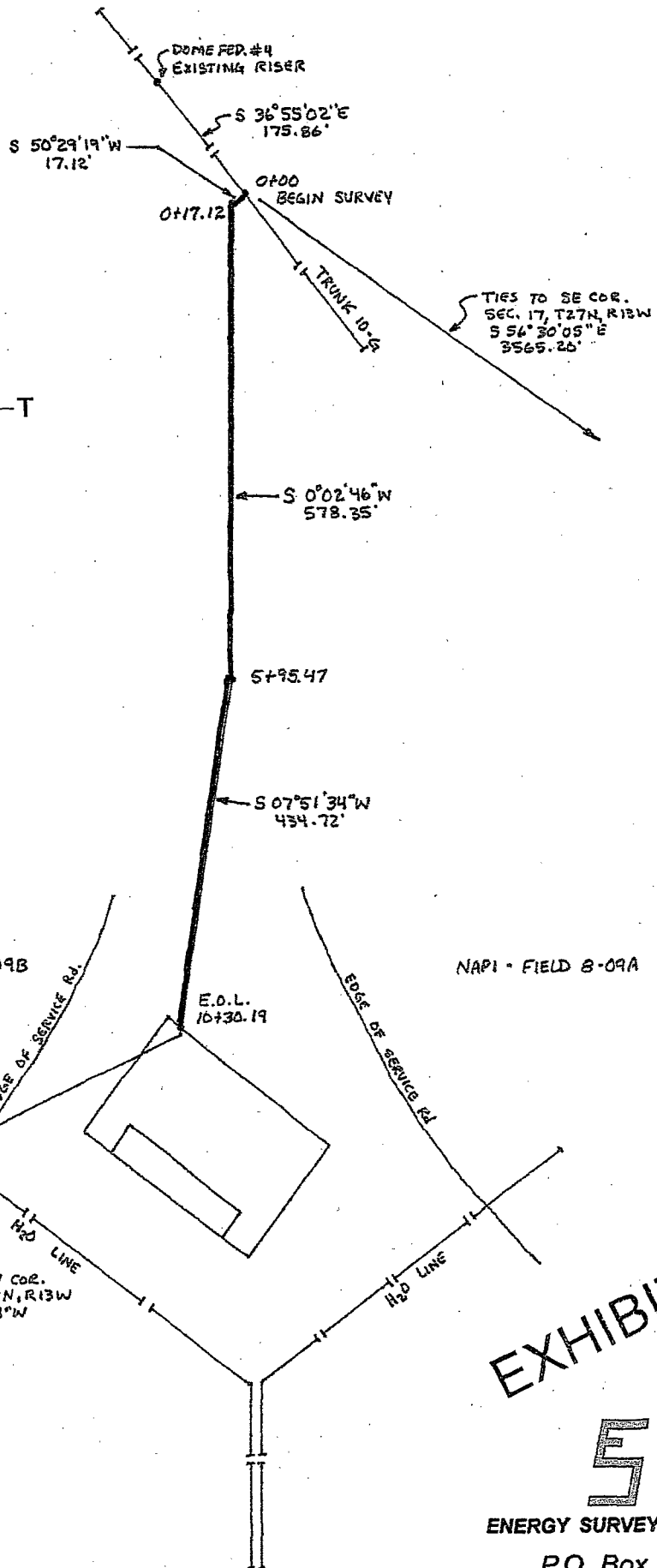
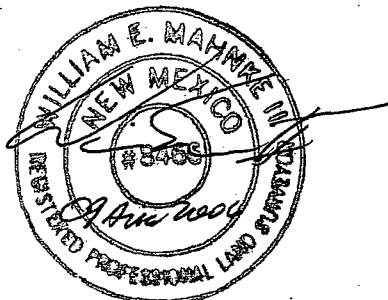


EXHIBIT F



ENERGY SURVEYORS, INC.

P.O. Box 991
Farmington, NM 87499
505-360-8142

PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

September 21, 2007

BIA Real Estate Services
P. O. Box 1060
Gallup, NM 87305

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Maralex Resources, Inc. is applying to drill its Dome Federal FC 17 #1-T well. The minimum state distance for this well is 660' from the acreage dedication line. The proposed well is 290' further east than is standard. Thus, it is a nonstandard location. The NSL is due to land use (irrigated fields).

Well Name: Dome Federal FC 17 #1-T Total Depth: 1,500'

Proposed NSL Zone: Basin Fruitland coal gas

NSL Acreage Dedication: 320 acres (W2 Section 17)

Location: 806' FSL & 2270' FWL Sec. 17, T. 27 N., R. 13 W.,
San Juan County, NM on BLM lease NM-009787

Approximate Location: ~10 air miles SSW of Farmington, NM

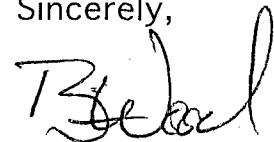
Applicant Name: Maralex Resources, Inc. (970) 563-4000

Applicant's Address: P. O. Box 338, Ignacio, CO 81337

Submittal Information: Application for a nonstandard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the applicable regulations, then it will be approved. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

uestions.

Sincerely,

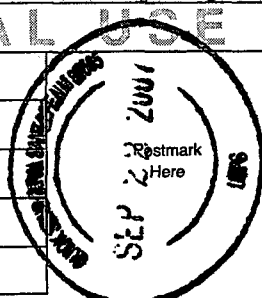


Brian Wood

EXHIBIT G

7004 2510 0004 1418 5882

U.S. Postal Service™	
CERTIFIED MAIL™ RECEIPT	
(Domestic Mail Only, No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
OFFICIAL USE	
Postage	\$.41
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$5.21
Sent To BIA	
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	
PS Form 3800, June 2002 See Reverse for Instructions	



PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

September 21, 2007

BLM
1235 LaPlata Highway
Farmington, NM 87401

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Maralex Resources, Inc. is applying to drill its Dome Federal FC 17 #1-T well. The minimum state distance for this well is 660' from the acreage dedication line. The proposed well is 290' further east than is standard. Thus, it is a nonstandard location. The NSL is due to land use (irrigated fields).

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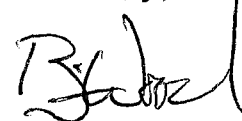
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questions.

Sincerely,



Brian Wood

U.S. Postal Service [™]	
CERTIFIED MAIL [™] RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
OFFICIAL USE	
Postage	\$.41
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.21
Sent To BLM	
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	
PS Form 3800, June 2002 See Reverse for Instructions	

EXHIBIT G

PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

September 21, 2007

Black Stone Minerals Co. LP
1001 Fannin St., Suite 4750
Houston, TX 77002

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Maralex Resources, Inc. is applying to drill its Dome Federal FC 17 #1-T well. The minimum state distance for this well is 660' from the acreage dedication line. The proposed well is 290' further east than is standard. Thus, it is a nonstandard location. The NSL is due to land use (irrigated fields).

Well Name: Dome Federal FC 17 #1-T Total Depth: 1,500'

Proposed NSL Zone: Basin Fruitland coal gas

NSL Acreage Dedication: 320 acres (W2 Section 17)

Location: 806' FSL & 2270' FWL Sec. 17, T. 27 N., R. 13 W.,
San Juan County, NM on BLM lease NM-009787

Approximate Location: ≈10 air miles SSW of Farmington, NM

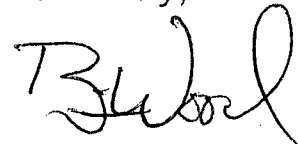
Applicant Name: Maralex Resources, Inc. (970) 563-4000

Applicant's Address: P. O. Box 338, Ignacio, CO 81337

Submittal Information: Application for a nonstandard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the applicable regulations, then it will be approved. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

questions.

Sincerely,



Brian Wood

EXHIBIT G

U.S. Postal Service[™]
CERTIFIED MAIL[™] RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)
For delivery information visit our website at www.usps.com

OFFICIAL USE	
Postage	\$.41
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.21

Sent To: Black Stone
Street, Apt. No.,
or PO Box No.
City, State, ZIP+4

PS Form 3800, June 2002 See Reverse for Instructions

PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

September 21, 2007

John Alexander
Dugan Production Corp.
P. O. Box 420
Farmington, NM 87499

Dear John,

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Maralex Resources, Inc. is applying to drill its Dome Federal FC 17 #1-T well. The minimum state distance for this well is 660' from the acreage dedication line. The proposed well is 290' further east than is standard. Thus, it is a nonstandard location. The NSL is due to land use (irrigated fields).

Well Name: Dome Federal FC 17 #1-T Total Depth: 1,500'

Proposed NSL Zone: Basin Fruitland coal gas

NSL Acreage Dedication: 320 acres (W2 Section 17)

Location: 806' FSL & 2270' FWL Sec. 17, T. 27 N., R. 13 W.,
San Juan County, NM on BLM lease NM-009787

Approximate Location: ~10 air miles SSW of Farmington, NM

Applicant Name: Maralex Resources, Inc. (970) 563-4000

Applicant's Address: P. O. Box 338, Ignacio, CO 81337

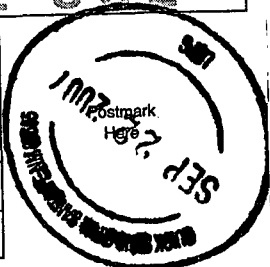
Submittal Information: Application for a nonstandard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the applicable regulations, then it will be approved. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87502. The phone number is (505) 476-3440.

U.S. Postal ServiceTM
CERTIFIED MAILTM RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$.41
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.21



Sent To Dugan

Street, Apt. No.,
or PO Box No.

City, State, ZIP+4

PS Form 3800, June 2002 See Reverse for Instructions

Questions.

Sincerely,

Brian Wood

EXHIBIT G

PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

September 21, 2007

Patrick Hegarty
P. O. Box 1317
Farmington, NM 87499

Dear Patrick,

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Maralex Resources, Inc. is applying to drill its Dome Federal FC 17 #1-T well. The minimum state distance for this well is 660' from the acreage dedication line. The proposed well is 290' further east than is standard. Thus, it is a nonstandard location. The NSL is due to land use (irrigated fields).

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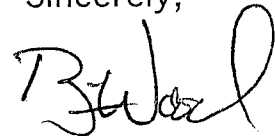
Applicant Name: Maralex Resources, Inc. (970) 563-4000

Applicant's Address: P. O. Box 338, Ignacio, CO 81337

Submittal Information: Application for a nonstandard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the applicable regulations, then it will be approved. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe is (505) 476-3440.

Questions.

Sincerely,



Brian Wood

EXHIBIT G

2004 2510 0554 1418 5851

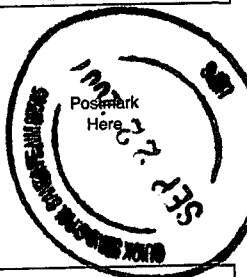
U.S. Postal Service SM	
CERTIFIED MAIL SM RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
OFFICIAL USE	
Postage	\$.41
Certified Fee	2.05
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.21

Sent To: Hegarty

Street, Apt. No.,
or PO Box No.

City, State, ZIP+4

PS Form 3800, June 2002 See Reverse for Instructions



PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

September 21, 2007

Denise Merilatt
Merrion Oil & Gas Corp.
610 Reilly Ave.
Farmington, NM 87499

Dear Denise,

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Maralex Resources, Inc. is applying to drill its Dome Federal FC 17 #1-T well. The minimum state distance for this well is 660' from the acreage dedication line. The proposed well is 290' further east than is standard. Thus, it is a nonstandard location. The NSL is due to land use (irrigated fields).

Well Name: Dome Federal FC 17 #1-T Total Depth: 1,500'

Proposed NSL Zone: Basin Fruitland coal gas

NSL Acreage Dedication: 320 acres (W2 Section 17)

Location: 806' FSL & 2270' FWL Sec. 17, T. 27 N., R. 13 W.,
San Juan County, NM on BLM lease NM-009787

Approximate Location: ~10 air miles SSW of Farmington, NM

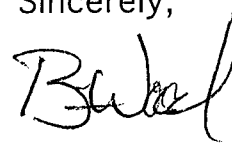
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Questions.

Sincerely,



Brian Wood

EXHIBIT G

7004 2510 0000

PS Form 3800, June 2002 (Rev. 02/02)

Return to: (Endorsement Required)

Restricted Delivery Fee (Endorsement Required)

Total Postage & Fees \$ 5.21

RECEIPT (Insurance Coverage Provided)

our website at www.usps.com

SPECIAL USE

Postmark

Sent To: Merrion

Street, Apt. No., or PO Box No.

City, State, ZIP+4

PS Form 3800, June 2002 See Reverse for Instructions

PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

September 21, 2007

Prize Energy Resources
20 E. 5th St., Suite 1400
Tulsa, OK 74103

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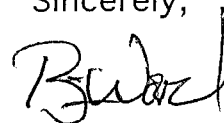
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estions.

Sincerely,



Brian Wood

EXHIBIT G

7004 2510 0004 3418 5837

U.S. Postal Service™	
CERTIFIED MAIL™ RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
OFFICIAL USE	
Postage	\$.41
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.21

Postmark
Here

Sent To: Prize

Street, Apt. No.,
or PO Box No.

City, State, ZIP+4: Tulsa

PS Form 3800, June 2002 See Reverse for Instructions

PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

September 21, 2007

XTO Energy Inc.
810 Houston St., Suite 2000
Ft. Worth, TX 76102-6298

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Location: 806' FSL & 2270' FWL Sec. 17, T. 27 N., R. 13 W.,
San Juan County, NM on BLM lease NM-009787

Approximate Location: ~10 air miles SSW of Farmington, NM

Applicant Name: Maralex Resources, Inc. (970) 563-4000

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Please call me if you have any questions.

Sincerely,



Brian Wood

7004 2510 0004 1418 5820

U.S. Postal Service [™]	
CERTIFIED MAIL [™] RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
OFFICIAL USE	
Postage	\$.41
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.21

Sent To: XTO

Street, Apt. No.,
or PO Box No.

City, State, ZIP+4 Ft. Worth

See Reverse for Instructions

EXHIBIT G



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

October 24, 2007

Mr. Bill Wood
Permits West, Inc.
37 Verano Loop
Santa Fe, NM 87508

**Re: Maralex Resources, Inc.
Dome Federal FC 17 #1T
N-17-27N-13W
San Juan County**

Dear Mr. Wood:

This Non-Standard Location application does not conform to Division rules.

The notice to offsetting owners attached does not state that "if they have an objection it must be filed in writing within 20 days from the date the division receives the application" and does not contain any language advising the noticed parties of that requirement. This is required by Rule 104.F(4).

Accordingly, I am coding this application "Returned to Operator." I will retain physical possession of the application, however, and will re-activate it upon receipt of proof that new notices have been sent. Please note that notice to offsetting owners is only required as to working interest owners in the E/2 of Section 17 and the NW/4 of Section 21. See Rule 1210.A(3).

Should you have questions, please feel free to call the undersigned at (505)-476-3450.

Very truly yours,

David K. Brooks,
Legal Examiner

Brooks, David K., EMNRD

From: brianwood [brian@permitswest.com]
Sent: Sunday, October 28, 2007 5:58 PM
To: Brooks, David K., EMNRD
Subject: Maralex Dome Federal FC 17 1-T NSL

Received your Oct. 24 letter
Will re-notice as requested

Brian Wood
Permits West, Inc.
37 Verano Loop, Santa Fe, NM 87508
Phone: 505 466-8120
FAX: 505 466-9682

This inbound email has been scanned by the MessageLabs Email Security System.

10/29/2007

Brooks, David K., EMNRD

From: brianwood [brian@permitswest.com]

Sent: Sunday, October 28, 2007 6:16 PM

To: Brooks, David K., EMNRD

Subject: Maralex NSL language

Since NSL application has already been filed, is this the appropriate language to use in the 2nd notice?

Application for a nonstandard location has been filed with the NM Oil Conservation Division (NMOCD). If you have an objection, then it must be filed with the NMOCD within 20 days of receipt of this letter. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Thanks

This inbound email has been scanned by the MessageLabs Email Security System.

10/29/2007

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Monday, October 29, 2007 10:05 AM
To: 'brianwood'
Subject: RE: Maralex NSL language

I agree that the proposed language is appropriate in this case.

David Brooks
Legal Examiner

From: brianwood [mailto:brian@permitswest.com]
Sent: Sunday, October 28, 2007 6:16 PM
To: Brooks, David K., EMNRD
Subject: Maralex NSL language

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Thanks

This inbound email has been scanned by the MessageLabs Email Security System.

10/29/2007

PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

November 12, 2007

David Brooks
NM Oil Conservation Division
1220 S. St. Francis Dr.
Santa Fe, NM 87505

Dear David,

Attached are the notices and receipts for Maralex Resources' non-standard location application for its Dome Federal FC 17 1-T (N-17-27n-13w, San Juan County) as requested in your October 24 letter. The last green card was signed November 5 (by Black Stone Minerals).

The northwest quarter of Section 21 is not currently leased. The mineral owner (BLM) of the northwest quarter has been notified.

Please call me if you have any questions.

Sincerely,



Brian Wood

cc (w/ attachments): Golob

PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

October 29, 2007

BIA Real Estate Services
P. O. Box 1060
Gallup, NM 87305

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Maralex Resources, Inc. is applying to drill its Dome Federal FC 17 #1-T well. The minimum state distance for this well is 660' from the acreage dedication line. The proposed well is 290' further east than is standard. Thus, it is a nonstandard location. The NSL is due to land use (irrigated fields).

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Location: 806' FSL & 2270' FWL Sec. 17, T. 27 N., R. 13 W.,
San Juan County, NM on BLM lease NM-009787

Approximate Location: ~10 air miles SSW of Farmington, NM

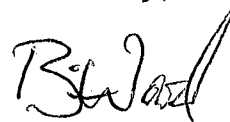
Applicant Name: Maralex Resources, Inc. (970) 563-4000

Applicant's Address: P. O. Box 338, Ignacio, CO 81337

Submittal Information: Application for a nonstandard location has been filed with the NM Oil Conservation Division (NMOCD). If you have an objection, then it must be filed with the NMOCD within 20 days of receipt of this letter. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

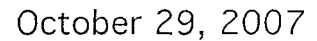
Please call me if you have any questions.

Sincerely,



Brian Wood

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<input checked="" type="checkbox"/> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. <input checked="" type="checkbox"/> Print your name and address on the reverse so that we can return the card to you. <input checked="" type="checkbox"/> Attach this card to the back of the mailpiece, or on the front if space permits. <i>Maralex</i>		A. Signature <i>[Signature]</i> <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee	
1. Article Addressed to: <i>BIA</i> <i>PO Box 1060</i> <i>Gallup, NM 87305</i>		B. Received by (Printed Name) <i>King Betsy</i> C. Date of Delivery <i>11-2-07</i>	
		D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
		3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
2. Article Number (Transfer from service lab)		7007 1490 0003 6185 5206	



SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<p>1. Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>2. Print your name and address on the reverse so that we can return the card to you.</p> <p>3. Attach this card to the back of the mailpiece, or on the front if space permits: <i>Marabaz</i></p>	<p>A. Signature <div style="border: 1px solid black; padding: 2px; display: inline-block;"><i>x P. Kimchuk</i></div> <div style="float: right;"> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee </div> </p>
<p>1. Article Addressed to: <i>Black Stone</i> <i>1001 Fannin, #4790</i> <i>Houston, TX</i> <div style="text-align: right; font-size: 1.5em; margin-top: 20px;"><i>77002</i></div> </p>	<p>B. Received by (Printed Name) <i>P. Kimchuk</i></p> <p>C. Date of Delivery <i>11/5/07</i></p>
<p>2. Article Number: <i>(Transfer from service label)</i> </p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If YES, enter delivery address below:</p>
<p>2. Article Number: <i>(Transfer from service label)</i> </p>	<p>3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D. </p>
<p>2. Article Number: <i>(Transfer from service label)</i> </p>	<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<div style="border: 1px solid black; padding: 5px; display: inline-block;"> 7007 1490 0003 6189 5176 </div>	

37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<p>1. Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>2. Print your name and address on the reverse so that we can return the card to you.</p> <p>3. Attach this card to the back of the mailpiece, or on the front if space permits.</p>	<p>A. Signature <div style="border: 1px solid black; padding: 2px; display: inline-block;"> X <i>Vera Bee</i> </div> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee </p>
<p>1. Article Addressed to:</p>	<p>B. Received by (Printed Name) <div style="border: 1px solid black; padding: 2px; display: inline-block;"> VERA BEE </div> </p> <p>C. Date of Delivery</p>
<p>BLM 1235 LaPlata Hwy Farmington, NM 87401</p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>
	<p>3. Service Type</p> <div style="display: flex; justify-content: space-between;"> <div> <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Registered <input type="checkbox"/> Insured Mail </div> <div> <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> C.O.D. </div> </div>
<p>2. Article Number (Transfer from service label)</p>	<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<div style="border: 1px solid black; padding: 5px; display: inline-block; font-family: monospace; font-size: 1.2em;"> 7007 1490 0003 6189 5183 </div>	

PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

October 29, 2007

John Alexander
Dugan Production Corp.
P. O. Box 420
Farmington, NM 87499

Dear John,

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Maralex Resources, Inc. is applying to drill its Dome Federal FC 17 #1-T well. The minimum state distance for this well is 660' from the acreage dedication line. The proposed well is 290' further east than is standard. Thus, it is a nonstandard location. The NSL is due to land use (irrigated fields).

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Approximate Location: ~10 air miles SSW of Farmington, NM

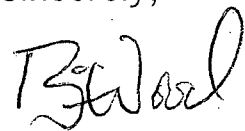
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Applicant's Address: P. O. Box 338, Ignacio, CO 81337

Submittal Information: Application for a nonstandard location has been filed with the NM Oil Conservation Division (NMOCD). If you have an objection, then it must be filed with the NMOCD within 20 days of receipt of this letter. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,



Brian Wood

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<input checked="" type="checkbox"/> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. <input checked="" type="checkbox"/> Print your name and address on the reverse so that we can return the card to you. <input checked="" type="checkbox"/> Attach this card to the back of the mailpiece, or on the front if space permits. <i>Maralex</i>		A. Signature <i>Tom Dugan</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee	
1. Article Addressed to: <i>Dugan Production P.O. Box 420 Farmington, NM 87499</i>		B. Received by (Printed Name) <i>Tom Dugan</i>	C. Date of Delivery <i>11-2</i>
		D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No <i>4/20</i>	
		3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
2. Article Number (Transfer from service label)		7007 1490 0003 6189 5169	

PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

October 29, 2007

Patrick Hegarty
P. O. Box 1317
Aztec, NM 87410

Dear Patrick,

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

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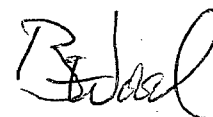
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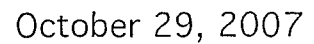
Please call me if you have any questions.

Sincerely,



Brian Wood

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<input checked="" type="checkbox"/> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. <input checked="" type="checkbox"/> Print your name and address on the reverse so that we can return the card to you. <input checked="" type="checkbox"/> Attach this card to the back of the mailpiece, or on the front if space permits: <i>Maralex</i>		A. Signature <input checked="" type="checkbox"/> <i>Kelly Hegarty</i> <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee	
1. Article Addressed to: <i>Patrick Hegarty</i> <i>P.O. Box 1317</i> <i>Aztec, NM 87410</i>		B. Received by (Printed Name) <i>Kelly Hegarty</i> C. Date of Delivery <i>11/1/07</i>	
		D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
		3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
2. Article Number (Transfer from service label)		7007 1490 0003 6189 5152	



Dear Denise,

Maralex Resources, Inc. is applying to drill its Dome Federal FC 17 #1-T well. The minimum state distance for this well is 660' from the acreage dedication line. The proposed well is 290' further east than is standard. Thus, it is a nonstandard location. The NSL is due to land use (irrigated fields).

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Please call me if you have any questions.

Sincerely,

Brian Wood

PS Form 3811, February 2004

PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

October 29, 2007

Prize Energy Resources
20 E. 5th St., Suite 1400
Tulsa, OK 74103

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Maralex Resources, Inc. is applying to drill its Dome Federal FC 17 #1-T well. The minimum state distance for this well is 660' from the acreage dedication line. The proposed well is 290' further east than is standard. Thus, it is a nonstandard location. The NSL is due to land use (irrigated fields).

Well Name: Dome Federal FC 17 #1-T Total Depth: 1,500'
Proposed NSL Zone: Basin Fruitland coal gas
NSL Acreage Dedication: 320 acres (W2 Section 17)
Location: 806' FSL & 2270' FWL Sec. 17, T. 27 N., R. 13 W.,
San Juan County, NM on BLM lease NM-009787
Approximate Location: ~10 air miles SSW of Farmington, NM
Applicant Name: Maralex Resources, Inc. (970) 563-4000
Applicant's Address: P. O. Box 338, Ignacio, CO 81337

Submittal Information: Application for a nonstandard location has been filed with the NM Oil Conservation Division (NMOCD). If you have an objection, then it must be filed with the NMOCD within 20 days of receipt of this letter. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,

Brian Wood
Brian Wood

SENDER - COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<input checked="" type="checkbox"/> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. <input checked="" type="checkbox"/> Print your name and address on the reverse so that we can return the card to you. <input checked="" type="checkbox"/> Attach this card to the back of the mailpiece, or on the front if space permits. <i>Maralex</i>		A. Signature <i>[Signature]</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee	
1. Article Addressed to: <i>Prize Energy</i> <i>20 E. 5th St. #1400</i> <i>Tulsa, OK 74103</i>		B. Received by (Printed Name) <i>[Signature]</i> C. Date of Delivery <i>10-31-2007</i>	
2. Article Number (Transfer from service label) <i>7007 1490 0003 6189 5138</i>		D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
		3. Service Type <input type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	

PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

October 29, 2007

XTO Energy Inc.
810 Houston St., Suite 2000
Ft. Worth, TX 76102-6298

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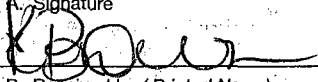
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1. Article Addressed to: <i>XTO</i> <i>810 Houston, # 2000</i> <i>Ft. Worth, TX</i> <i>76102</i>		B. Received by (Printed Name)	C. Date of Delivery <i>11/2/07</i>
2. Article Number (Transfer from service label) <i>7007 1490 0003 6189 5190</i>		D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
		3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	