

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

Form C-101  
Permit 59872

**State of New Mexico**  
**Energy, Minerals and Natural Resources**  
**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		2. OGRID Number 14049
		3. API Number
4. Property Code 31985	5. Property Name MAGNUM PRONTO STATE COM	6. Well No. 002

**7. Surface Location**

UL - Lot K	Section 32	Township 19S	Range 32E	Lot Idn K	Feet From 1980	N/S Line S	Feet From 1980	E/W Line W	County LEA
---------------	---------------	-----------------	--------------	--------------	-------------------	---------------	-------------------	---------------	---------------

**8. Pool Information**

LUSK;MORROW (GAS)	80759
-------------------	-------

**Additional Well Information**

9. Work Type New Well	10. Well Type GAS	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3533
14. Multiple N	15. Proposed Depth 12700	16. Formation Morrow	17. Contractor	18. Spud Date 8/28/2007
Depth to Ground water 250		Distance from nearest fresh water well > 1000		Distance to nearest surface water > 1000
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 _____ mils thick Clay <input type="checkbox"/> Pit Volume: 3000 _____ bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input 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	54	850	850	0
Int1	12.25	9.625	36	4000	950	800
Prod	7.875	5.5	17	12700	650	3500

**Casing/Cement Program: Additional Comments**

We propose to drill 17 1/2 inch hole to 850 ft with fresh water, run 54 lb J-55 13 3/8 inch csg and set at 850 ft with 850 sx cmt, circ to surface; drl 12 1/4 inch hole to 4000 ft with brine water, run 36 lb J-55/N-80 9 5/8 inch csg and set at 4000 ft with 950 sx cmt, TOC 800'; drl 7 7/8" inch hole to 12700 ft with cut brine water, run 5 1/2 inch 17 lb S95-P110 csg and set at 12700 ft with 650 sx cmt, TOC 200' above all O & G 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 NMOC guidelines , a general permit , or an (attached) alternative OCD-approved plan .

Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Title: \_\_\_\_\_  
Approved Date: \_\_\_\_\_ | Expiration Date: \_\_\_\_\_  
Email Address: \_\_\_\_\_  
Date: \_\_\_\_\_ | Phone: \_\_\_\_\_

**OIL CONSERVATION DIVISION**

Approved By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Approved Date: \_\_\_\_\_ | Expiration Date: \_\_\_\_\_

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Case No. 14026..... Exhibit No. 3  
Submitted by:  
**MARBOB ENERGY CORPORATION**  
Hearing Date: January 24, 2008

Attached



District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Ave., 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 and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

Form C-102  
Permit 59872

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number	2. Pool Code 80759	3. Pool Name LUSK;MORROW (GAS)
4. Property Code 31985	5. Property Name MAGNUM PRONTO STATE COM	
6. Well No. 002	7. OGRID No. 14049	
8. Operator Name MARBOB ENERGY CORP	9. Elevation 3533	

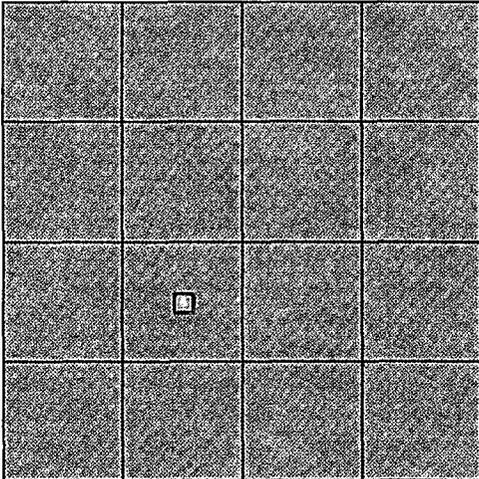
**10. Surface Location**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
K	32	19S	32E	K	1980	S	1980	W	LEA

**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 642.28		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 style="text-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: Title: Date:</p> <hr/> <p style="text-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: 8/9/2007 Certificate Number: 3239</p>
---	--

## Permit Conditions of Approval

**Operator:** MARBOB ENERGY CORP , 14049

**Well:** MAGNUM PRONTO STATE COM #002

**API:**

<b>OCD Reviewer</b>	<b>Condition</b>
DMULL	Well location is within the Potash area outlined on map. Will require Potash Lessees plat and waivers from the Potash Lessees.
DMULL	Well location is within the Potash area outlined on map. Will require resposnes from the Bureau of Land Management and State Land Office.
pkautz	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
pkautz	Due to existing Yates, Delaware and Bone Spring wells adjacent to your well, you must cement on production must tie back into the intermediate casing
DMULL	Bureau of Land Management and State Land Office have responded and state that this well location is in the LMR and within the buffer zone. At this time the Oil Conservation is Rejecting this intent to drill.

## Permit Comments

**Operator:** MARBOB ENERGY CORP , 14049  
**Well:** MAGNUM PRONTO STATE COM #002  
**API:**

<b>Created By</b>	<b>Comment</b>	<b>Comment Date</b>
MARBOB4	We plan to complete this well in the Morrow and do not anticipate cutting any formations during drilling that contain H2S gas. Therefore we do not believe an H2S contingency plan is necessary.	8/27/2007