

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL [X] DEEPEN []

b. TYPE OF WELL

OIL WELL [X] GAS WELL [] OTHER [] SINGLE ZONE [X] MULTIPLE ZONE []

2. NAME OF OPERATOR

MARALO INC. (PHILLIP SMITH) 915-684-7441

3. ADDRESS AND TELEPHONE NO.

P.O. BOX 832 MIDLAND, TEXAS 79702

4. LOCATION OF WELL (Report location clearly and in accordance with any State regulations)

At surface 2600' FEL & 2310' FSL SEC. 30 T23S-R30E At proposed prod. zone SAME

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE

Approximately 12 miles East of Carlsbad New Mexico

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)

40'

16. NO. OF ACRES IN LEASE 320

17. NO. OF ACRES ASSIGNED TO THIS WELL 40

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.

1000'

19. PROPOSED DEPTH 7400'

20. ROTARY OR CABLE TOOLS ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

3083' GR.

22. APPROX. DATE WORK WILL START*

When approved

23. SECRETARY'S POTASH PROPOSED CASING AND CEMENT

CARLSBAD CONTROLLED WATER BASIN

Table with 5 columns: SIZE OF HOLE, GRADE SIZE OF CASING, WEIGHT PER FOOT, SETTING DEPTH, QUANTITY OF CEMENT. Rows include 25" hole to 40', 17 1/2" hole to 650', 12 1/4" hole to 3100', and 7 7/8" hole to 7400'.

- 1. Drill 25" hole to 40'. Set 40' of 20" conductor & cement to surface with Redi-mix.
2. Drill 17 1/2" hole to 650'. Run and set 650' of 13 3/8" 54.5# K-55 ST&C casing. Cement with 400 Sx. of Halco Light + additives, tail in with 200 Sx. of Class "C" + 2% CaCl, circulate cement to surface.
3. Drill 12 1/4" hole to 3100'. Run and set 3100' of 8 5/8" 32# K-55 ST&C casing. Cement with 800 Sx. of Halco Light + additives, tail in with 250 Sx. of Class "C" + 2% CaCl, circulate cement to surface.
4. Drill 7 7/8" hole to 7400'. Run and set 7400' of 5 1/2" casing as follows: 800' of 17# K-55 LT&C, 6600' of 15.5# K-55 LT&C casing. Cement with 300 Sx. of Halco Light follow with 300 Sx. of Class "C" + 2% CaCl., tail in with 250 Sx. of Class "C" + 2% CaCl. Estimate top of cement at 2850'.

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

24. SIGNED [Signature] TITLE Agent

DATE 10/30/97

(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 land which would entitle the applicant to conduct operations thereon. CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY [Signature] TITLE Acting State Director DATE NOV 21 1997

*See Instructions On Reverse Side



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
New Mexico State Office
1474 Rodeo Rd.
P.O. Box 27115
Santa Fe, New Mexico 87502-0115



IN REPLY REFER TO:
3160 (06200)
NMNM-81622

NOV 21 1997

CERTIFIED--RETURN RECEIPT REQUESTED
P 382 821 526

Maralo, Inc.
Attn: Phillip Smith
P. O. Box 832
Midland, TX 79702

RE: Gold Rush "30" Federal #8
NMNM81622
2310'/S & 2600'/E, Sec 30, T23S., R30E
Eddy County, New Mexico

Dear Mr. Smith:

I have approved your application at the well location requested. A copy of the approved application with stipulations is enclosed. Please contact our Roswell District Office at (505) 627-0272, should you have any questions or if we can be of any additional help.

Sincerely,

fw
M. J. Chávez
State Director

1 Enclosure