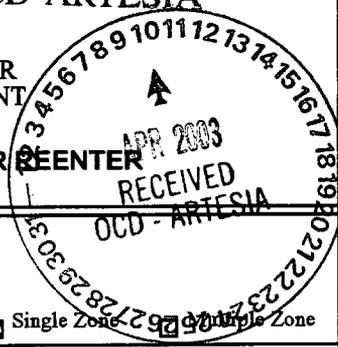


EC

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER



1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMLC029395B
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator MARBOB ENERGY CORPORATION		7. If Unit or CA Agreement, Name and No. 23300
Contact: DIANA CANNON E-Mail: production@marbob.com		8. Lease Name and Well No. LEE FEDERAL 36
3a. Address P O BOX 227 ARTESIA, NM 88211-0227 14049	3b. Phone No. (include area code) Ph: 505.748.3303 Fx: 505.746.2523	9. API Well No. 30-015-32739
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface SWSE Lot O 430FSL 1650FEL <i>unorthodox</i> At proposed prod. zone SWSE Lot O 430FSL 1650FEL <i>location</i>		10. Field and Pool, or Exploratory LOCO HILLS-PADDOCK
14. Distance in miles and direction from nearest town or post office* SEE SURFACE USE PLAN		11. Sec., T., R., M., or Bk. and Survey or Area Sec 17 T17S R31E Mer NMP
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 430'		12. County or Parish EDDY
16. No. of Acres in Lease 1786.15		13. State NM
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.		17. Spacing Unit dedicated to this well 40.00
19. Proposed Depth 6000 MD		20. BLM/BIA Bond No. on file
21. Elevations (Show whether DF, KB, RT, GL, etc.) 3686 GL		22. Approximate date work will start 03/31/2003
23. Estimated duration		

24. Attachments *Reswell Controlled Water Basin*

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 (Electronic Submission)	Name (Printed/Typed) DIANA CANNON	Date 02/21/2003
Title AUTHORIZED REPRESENTATIVE		
Approved by (Signature) /s/ LESLIE A. THEISS	Name (Printed/Typed) /s/ LESLIE A. THEISS	Date APR 08 2003
Title <i>Field Manager</i>	Office <i>Carlsbad Field Office</i>	

Application approval does not warrant or certify 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. *Approval for 1 year*

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.

Additional Operator Remarks (see next page)

Approval Subject to General Requirements and Special Stipulations Attached

Electronic Submission #18786 verified by the BLM Well Information System For MARBOB ENERGY CORPORATION, sent to the Carlsbad Committed to AFMSS for processing by Armando Lopez on 02/21/2003 (03AL0151AE)

witness surface casing

Additional Operator Remarks:

17 1/2" HOLE, 13 3/8" 48# H40 CSG SET @ 350', CMT W/ 350 SX
12 1/4" HOLE, 8 5/8" 24# J55 CSG SET @ 1300', CMT W/ 550 SX
7 7/8" HOLE, 5 1/2" 17# J55 CSG SET @ 6000', CMT SUFFICIENT TO COVER 200' ABOVE ALL KNOWN OIL & GAS HORIZONS.

PRESSURE CONTROL EQUIPMENT: WE WILL BE USING A 2M SYSTEM. SEE EXHIBIT #1 (4 PGS)

PAY ZONE WILL BE SELECTIVELY PERFORATED AND STIMULATED AS NEEDED FOR OPTIMUM PRODUCTION.

ATTACHMENT INCLUDES:

1. WELL LOCATION AND ACREAGE DEDICATION PLAT
2. DRILLING PROGRAM
3. SURFACE USE AND OPERATING PLAN
4. HYDROGEN SULFIDE DRILLING OPERATIONS PLAN
5. ADDITIONAL REQUIRED INFORMATION (EXHIBITS #1 (4 PGS), #2, #3 & #4)

DISTRICT I
P.O. Box 1880, Hobbs, NM 88241-1800

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0710

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

JAN 16 2003

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-015-		Pool Code 96718	Pool Name LOCO HILLS PADDOCK
Property Code 23300	Property Name LEE FEDERAL		Well Number 36
OGRID No. 14049	Operator Name MARBOB ENERGY CORPORATION		Elevation 3686'

Surface Location

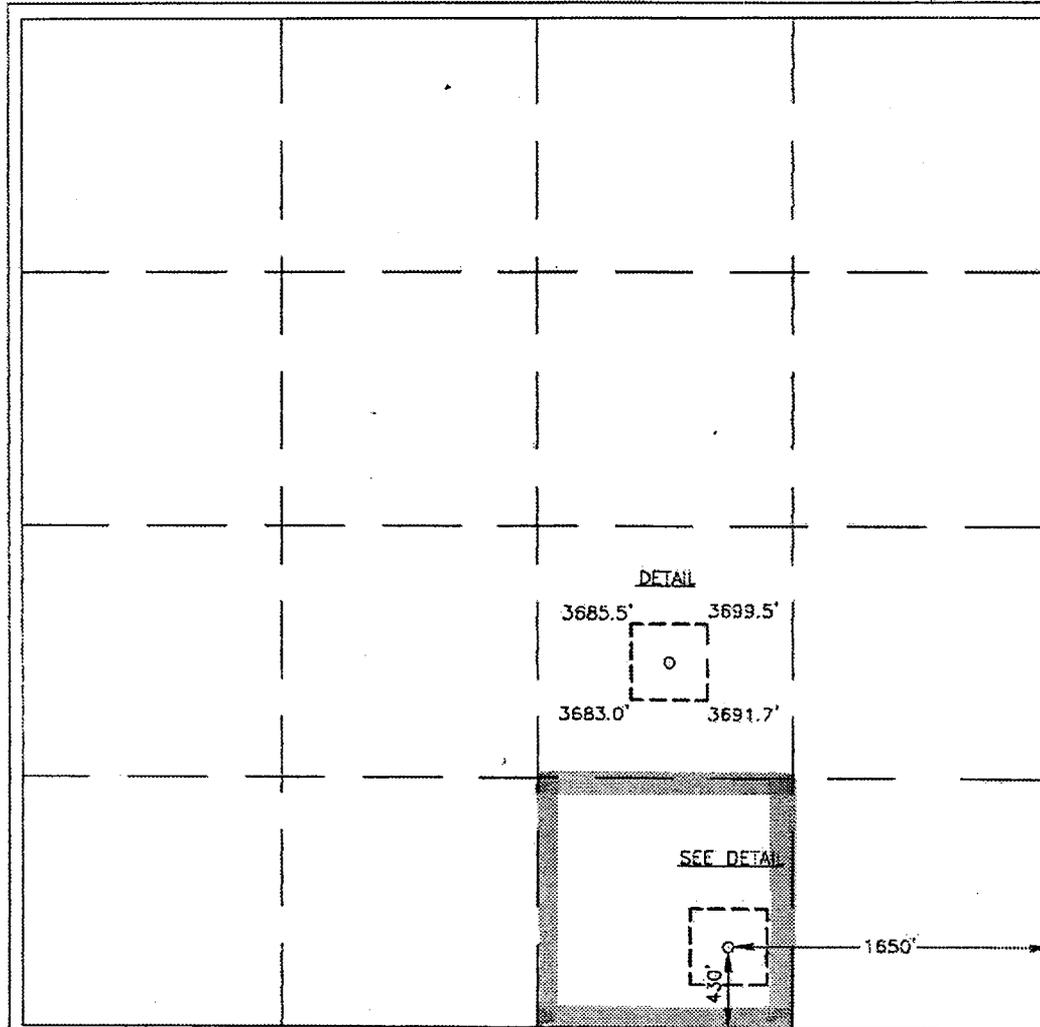
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	17	17-S	31-E		430	SOUTH	1650	EAST	EDDY

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 40	Joint or Infill	Consolidation Code	Order No.
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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



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Diana J. Cannon
Signature

DIANA J. CANNON
Printed Name

PRODUCTION ANALYST
Title

FEBRUARY 21, 2003
Date

SURVEYOR CERTIFICATION

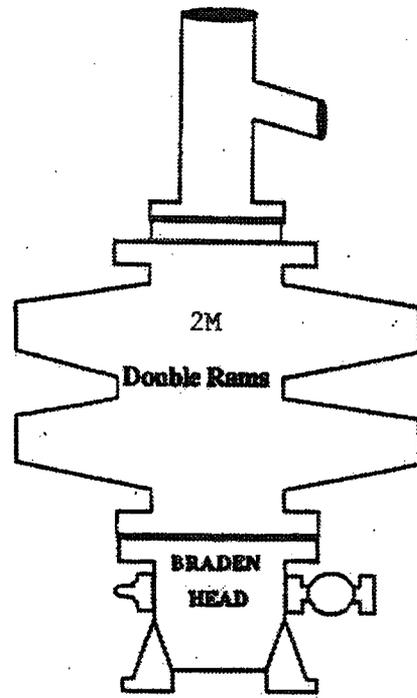
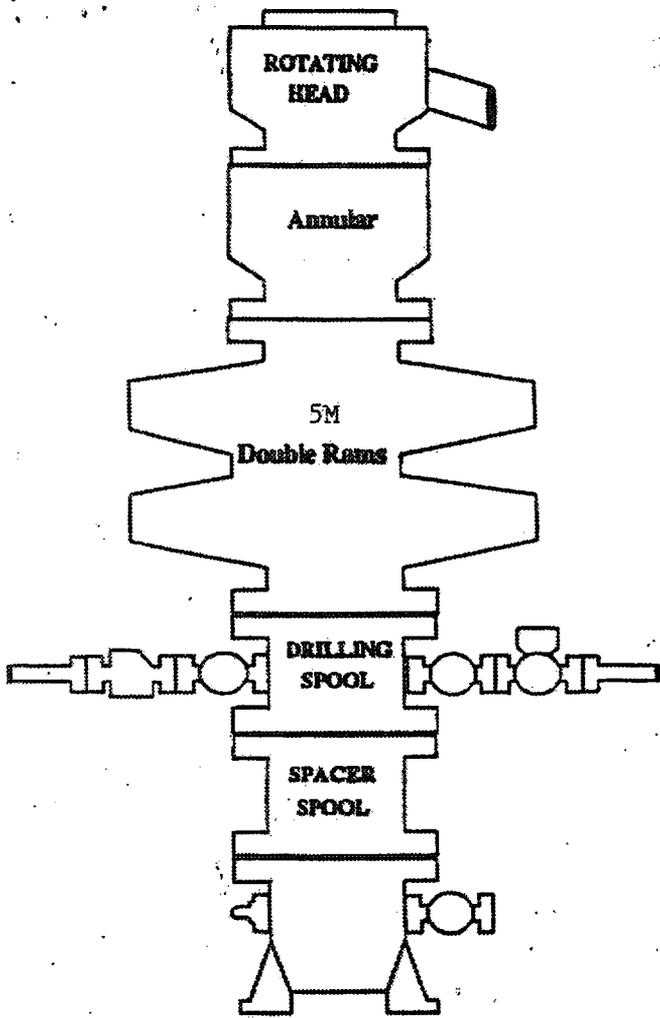
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.

JANUARY 14, 2003
Date Surveyed

Signature & Seal of Professional Surveyor
Ronald J. Edson 1/15/03
602.111059

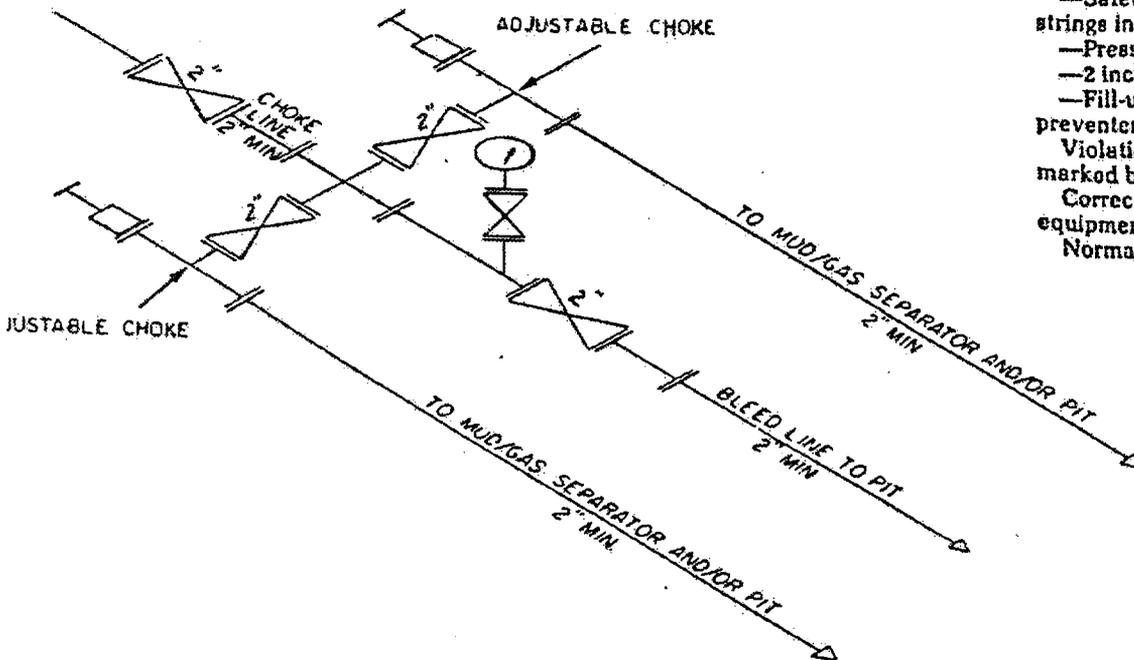
Certificate No. RONALD J. EDSON 3239
GARY EDSON 12641

BOPE SCHEMATIC



ONSHORE OIL AND GAS ORDER NO. 2

- 2M system:
- Annular preventer, or, double ram, or two rams with one being blind and one being a pipe ram *
 - Kill line (2 inch minimum)
 - 1 kill line valve (2 inch minimum)
 - 1 choke line valve
 - 2 chokes (refer to diagram in Attachment 1)
 - Upper kelly cock valve with handle available
 - Safety valve and subs to fit all drill strings in use
 - Pressure gauge on choke manifold
 - 2 inch minimum choke line
 - Fill-up line above the uppermost preventer.
- Violation: Minor (all items unless marked by asterisk).
 Corrective Action: Install the equipment as specified.
 Normal Abatement Period: 24 hours.



2M CHOKE MANIFOLD EQUIPMENT — CONFIGURATION OF CHOKES

MAY VARY

Exhibit One