

RECEIVED

Form 3160-3
(April 2004)

SEP 26 2007

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
Farmington Field Office

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NO-G-9503-1749 0611-1749
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" 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 NAVAJO ALLOTMENT
2. Name of Operator MARALEX RESOURCES, INC.		7. If Unit or CA Agreement, Name and No.
3a. Address P. O. BOX 338 IGNACIO, CO 81337		8. Lease Name and Well No. TRADING POST 25 2A
3b. Phone No. (include area code) (970) 563-4000		9. API Well No. 30-045-34440
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 1300' FNL & 690' FWL At proposed prod. zone SAME		10. Field and Pool, or Exploratory BASIN FRUITLAND COAL GAS
14. Distance in miles and direction from nearest town or post office* 24 AIR MILES SSW OF BLOOMFIELD, NM		11. Sec., T. R. M. or Blk. and Survey or Area D 25-25N-11W NMPM
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 690'	16. No. of acres in lease 160 (320 in CA)	12. County or Parish SAN JUAN
17. Spacing Unit dedicated to this well W2 (= 320 acres)	13. State NM	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. N/A	19. Proposed Depth 1,600'	20. BLM/BIA Bond No. on file BIA STATE WIDE LPM4138207
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6,548' GL	22. Approximate date work will start* 12/15/2007	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 09/22/2007
-------------------	------------------------------------	--------------------

Title CONSULTANT PHONE: (505) 466-8120 FAX: (505) 466-9682

Approved by (Signature) 	Name (Printed/Typed) AFM	Date 10/28/08
-----------------------------	-----------------------------	------------------

Title AFM	Office FFO
--------------	---------------

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)

NOTIFY AZTEC OGD 24 HRS.
PRIOR TO CASING & CEMENT

DRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS".

This action is subject to technical and
procedural review pursuant to 43 CFR 3165.3
and appeal pursuant to 43 CFR 3165.4

A COMPLETE C-144 MUST BE SUBMITTED TO AND
APPROVED BY THE NMOCD FOR: A PIT, CLOSED
LOOP SYSTEM, BELOW GRADE TANK, OR
PROPOSED ALTERNATIVE METHOD, PURSUANT TO
NMOCD PART 19.15.17, PRIOR TO THE USE OR
CONSTRUCTION OF THE ABOVE APPLICATIONS.

NMOCD

NOV 07 2008

18

Our

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

RECEIVED
SEP 26 2007
Bureau of Land Management
Farmington Field Office

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

* API Number 30-045-34440		* Pool Code 71629	* Pool Name BASIN FRUITLAND COAL GAS
* Property Code 25518	* Property Name TRADING POST 25		* Well Number 2A
* OGRID No. 013998	* Operator Name MARALEX RESOURCES, INC.		* Elevation 6548

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
D	25	25N	11W		1300	North	690	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 C		* 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°51' W 39.74 Ch.</p> <p>1300'</p> <p>80.08 Ch.</p> <p>690'</p> <p>Lat. 36.37572° N Long. 107.96219° W</p> <p>Sec.</p>	<p>N 89°59' W 39.89 Ch.</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, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature <i>Brian Wood</i> Date 9-22-07</p> <p>Printed Name BRIAN WOOD</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>Date of Survey 05 Oct 2006</p> <p>Signature and Seal of Professional Surveyor <i>William E. Mahnke II</i></p> <p>Certificate Number 8466</p>
<p>25</p> <p>N 0°05' E</p> <p>S 89°38' W</p> <p>79.68 Ch.</p>	<p>79.68 Ch.</p> <p>N 0°01' E</p>	

Maralex Resources, Inc.
Trading Post 25 2A
1300' FNL & 690' FWL
Sec. 25, T. 25 N., R. 11 W.
San Juan County, New Mexico

PAGE 1

Drilling Program

1. ESTIMATED FORMATION TOPS

<u>Formation</u>	<u>GL Depth</u>	<u>KB Depth</u>	<u>Elevation</u>
Nacimiento	0'	5'	+6,548'
Fruitland Coal	1,353'	1,358'	+5,195'
Pictured Cliffs	1,373'	1,378'	+5,175'
Lewis Shale	1,588'	1,593'	+4,960'
Total Depth (TD)	1,600'	1,605'	+4,948'

2. NOTABLE ZONES

<u>Oil & Gas Zones</u>	<u>Water Zone</u>	<u>Coal Zone</u>
Fruitland	Nacimiento	Fruitland
Pictured Cliffs		

Water zones will be protected with casing, cement, and fresh water weighted mud. Fresh water encountered during drilling will be recorded by depth, cased, and cemented. Oil and gas shows will be tested for commercial potential based on the well site geologist's recommendations.

3. PRESSURE CONTROL

The drilling contract has not yet been awarded, thus the exact BOP model to be used is not yet known. (A typical 2,000 psi model is on PAGE 3.)

Once out from under the surface casing, a minimum 2,000 psi BOP and choke manifold system will be used. BOP controls will be installed before drilling the surface casing plug and used until the well is completed or abandoned.

Maralex Resources, Inc.
Trading Post 25 2A
1300' FNL & 690' FWL
Sec. 25, T. 25 N., R. 11 W.
San Juan County, New Mexico

PAGE 2

Pressure tests to $\approx 1,000$ psi will be conducted with a rig pump. All BOP, mechanical, and pressure tests will be recorded on the driller's log. BOP will be inspected and operated at least daily to assure good mechanical working order. The inspection will be recorded on the daily drilling report.

4. CASING & CEMENT

<u>Hole Size</u>	<u>O. D.</u>	<u>Weight</u>	<u>Grade</u>	<u>Type</u>	<u>Age</u>	<u>Depth Set</u>
12-1/4"	8-5/8"	24#	J-55	S T & C	New	160'
7-7/8"	5-1/2"	15.5#	J-55	L T & C	New	1,600'

Surface casing will be cemented to the surface with ≈ 135 cubic feet (≈ 115 sacks) standard cement with 1/4 pound per sack cellophane + 2% CaCl_2 . Yield = 1.18 cubic feet per sack. Weight = 15.6 pounds per gallon. Volume = 25% annular excess. Three centralizers will be installed.

Production casing will be cemented to the surface with $\approx 25\%$ annular excess. Cement with ≈ 145 sacks (≈ 272 cubic feet) Class B with 6% gel + 5 pounds per sack gilsonite + 1/4 pound per sack cellophane + 2% CaCl_2 . Follow with ≈ 75 sacks (≈ 95 cubic feet) Class B with 0.4% Halad 344 + 5 pounds per sack gilsonite + 1/4 pound per sack cellophane + ≈ 35 sacks scavenger slurry. Lead cement will have a yield of 1.88 cubic feet per sack and weight of 12.4 pounds per gallon. Tail slurry will have a yield of 1.26 cubic feet per sack and weight of 15.2 pounds per gallon. Approximately 17 centralizers will be used.

5. MUD PROGRAM

<u>Range</u>	<u>Type</u>	<u>Pounds per Gallon</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0' - 1,200'	Fresh Water	8.4	Polymer Sweeps	-
1,200' - TD	LSND	8.4 - 9.1	30 - 60	<10 cc

Maralex Resources, Inc.
Trading Post 25 2A
1300' FNL & 690' FWL
Sec. 25, T. 25 N., R. 11 W.
San Juan County, New Mexico

PAGE 4

6. CORES, TESTS, & LOGS

No cores or drill stem tests are planned. Dual induction, lateral, formation density, compensated neutron, high resolution density, and caliper logs are likely to be run.

7. DOWN HOLE CONDITIONS

No abnormal pressures, temperatures, nor hydrogen sulfide are expected. Maximum expected bottom hole pressure will be ≤ 640 psi.

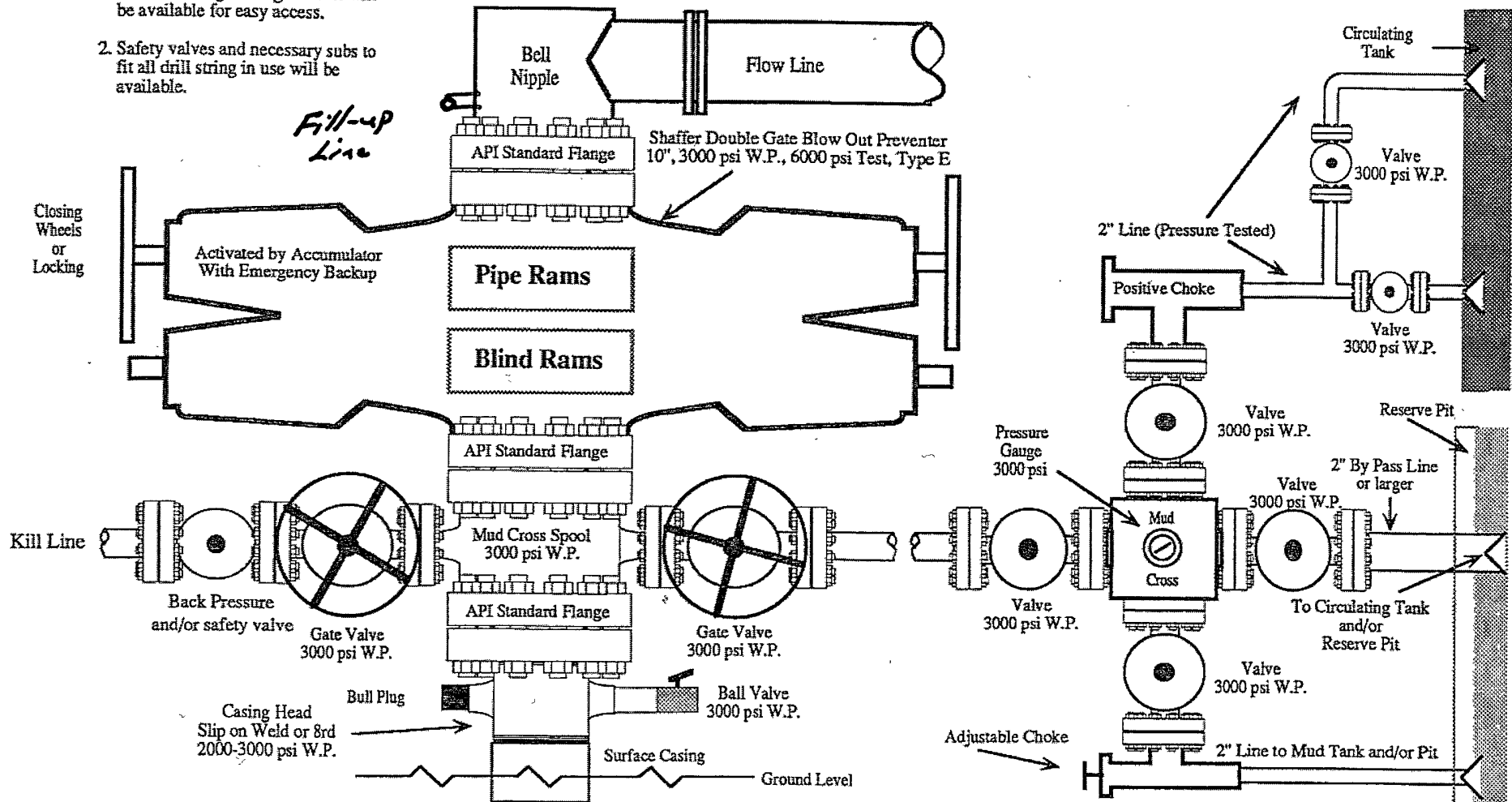
8. OTHER INFORMATION

The anticipated spud date is upon approval. It is expected it will take ≈ 2 weeks to drill and complete the well.

2,000 PSI BOP SYSTEM

Note: 1. An upper Kelly cock valve will be utilized during drilling. Handle will be available for easy access.

2. Safety valves and necessary subs to fit all drill string in use will be available.



Note: This equipment is designed to meet requirements for a 2-M rating standard per 43 CFR part 3160 (amended). Proper operation and testing of equipment will be carried out per standard. 2,000 psi equipment can be substituted in the drawing to meet minimum requirements per standard.