

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 30-015-35660
4. Property Code 36537	5. Property Name JALAPENO STATE COM	6. Well No. 001H

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
K	32	18S	30E	K	2310	S	2310	W	EDDY

8. Pool Information

SANTO NINO BONE SPRING	54600
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Additional Well Information

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3394
14. Multiple N	15. Proposed Depth 9100	16. Formation Bone Spring	17. Contractor	18. Spud Date 7/11/2007
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 miles thick Clay <input type="checkbox"/> Pit Volume: 3000 bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input checked="" 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	48	400	400	0
Int1	12.25	9.625	36	1500	350	0
Prod	7.875	5.5	17	9100	850	1500

Casing/Cement Program: Additional Comments

We propose to drill 17 1/2 inch hole to 400 ft with fresh water, run 48 lb H-40 13 3/8 inch csg and set at 400 ft with 400 sx cmt, circ to surface; drl 12 1/4 inch hole to 1500 ft with brine water, run 36 lb J-55 9 5/8 inch csg and set at 1500 ft with 350 sx cmt, circ to surface; drl 7 7/8 inch hole to 9100 ft with cut brine water, run 5 1/2 inch 17 lb J-55/N80 csg and set at 9100 ft with 850 sx cmt, 200' above all oil & gas zones.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	2000	2000	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 <input type="checkbox"/> a general permit <input checked="" type="checkbox"/> or an (attached) alternative OCD-approved plan <input type="checkbox"/> .	OIL CONSERVATION DIVISION	
	Approved By: Bryan Arrant	
	Title: Geologist	
	Approved Date: 6/12/2007	Expiration Date: 6/12/2008
	Email Address: production@marbob.com	
Date: 6/11/2007	Phone: 505-748-3303	Conditions of Approval Attached

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

District II
 1301 W. Grand Ave., Artesia, NM 88210
 Phone:(505) 748-1283 Fax:(505) 748-9720

District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

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Energy, Minerals and Natural Resources
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1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102
 Permit 55029

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-35660	2. Pool Code 54600	3. Pool Name SANTO NINO,BONE SPRING
4. Property Code 36537	5. Property Name JALAPENO STATE COM	6. Well No. 001H
7. OGRID No. 14049	8. Operator Name MARBOB ENERGY CORP	9. Elevation 3394

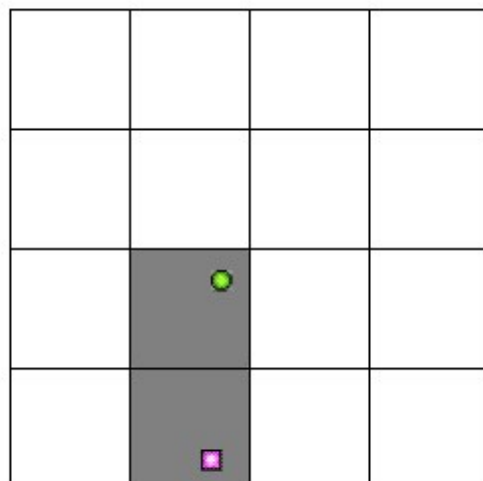
10. Surface Location

UL - Lot K	Section 32	Township 18S	Range 30E	Lot Idn K	Feet From 2310	N/S Line S	Feet From 2310	E/W Line W	County EDDY
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11. Bottom Hole Location If Different From Surface

UL - Lot N	Section 32	Township 18S	Range 30E	Lot Idn N	Feet From 330	N/S Line S	Feet From 2210	E/W Line W	County EDDY
12. Dedicated Acres 80.00		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



OPERATOR CERTIFICATION

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(s) 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.

E-Signed By: Diana Briggs

Title: Production Analyst

Date: 6/11/2007

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.

Surveyed By: Gary Eidson

Date of Survey: 5/24/2007

Certificate Number: 12641

Permit Comments

Operator: MARBOB ENERGY CORP , 14049

Well: JALAPENO STATE COM #001H

API: 30-015-35660

Created By	Comment	Comment Date
MARBOB4	Marbob Energy has conducted a review to determine if an H2S contingency plan is required for the above referenced well. We were able to conclude that any potential hazardous volume would be minimal. H2S concentrations of wells in this area from surface to TD are low enough; therefore we do not believe that an H2S Contingency Plan would be necessary.	6/8/2007

Permit Conditions of Approval

Operator: MARBOB ENERGY CORP , 14049

Well: JALAPENO STATE COM #001H

API: 30-015-35660

OCD Reviewer	Condition
BArrant	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
BArrant	As noted, operator to drill surface hole with fresh water mud.