

**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<br><b>MARBOB ENERGY CORP</b><br>PO Box 227<br>Artesia, NM 88211 |                                     | 2. OGRID Number<br>14049      |
|                                                                                              |                                     | 3. API Number<br>30-015-35706 |
| 4. Property Code<br>36608                                                                    | 5. Property Name<br>ALMOSTGON STATE | 6. Well No.<br>002            |

**7. Surface Location**

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| H        | 6       | 24S      | 27E   | H       | 1980      | N        | 660       | E        | EDDY   |

**8. Pool Information**

|                                  |       |
|----------------------------------|-------|
| CARLSBAD,MORROW, SOUTH (PRO GAS) | 73960 |
|----------------------------------|-------|

**Additional Well Information**

|                                                                                                                                                                                                                                                                                                                                                                    |                             |                                                  |                         |                                             |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|--------------------------------------------------|-------------------------|---------------------------------------------|
| 9. Work Type<br>New Well                                                                                                                                                                                                                                                                                                                                           | 10. Well Type<br>GAS        | 11. Cable/Rotary                                 | 12. Lease Type<br>State | 13. Ground Level Elevation<br>3244          |
| 14. Multiple<br>N                                                                                                                                                                                                                                                                                                                                                  | 15. Proposed Depth<br>12500 | 16. Formation<br>Morrow                          | 17. Contractor          | 18. Spud Date<br>8/12/2007                  |
| Depth to Ground water<br>250                                                                                                                                                                                                                                                                                                                                       |                             | Distance from nearest fresh water well<br>> 1000 |                         | Distance to nearest surface water<br>> 1000 |
| Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 _____ miles thick Clay <input type="checkbox"/> Pit Volume: 3000 _____ bbls Drilling Method:<br>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      | 13.75       | 48               | 400           | 400             | 0             |
| Int1 | 12.25     | 9.625       | 36               | 1900          | 400             | 0             |
| Int2 | 8.75      | 7           | 23               | 9100          | 850             | 1700          |
| Prod | 6.125     | 4.5         | 11.6             | 12500         | 200             | 8900          |

**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 1900 ft with brine water, run 36 lb J-55 9 5/8 inch csg and set at 1900 ft with 400 sx cmt, circ to surface; drl 8 3/4 inch hole to 9100 ft with cut brine water, run 7 inch 23 lb N80-P110 csg and set at 9100 ft with 850 sx cmt, TOC 1700'; drl 6 1/8 inch hole to 12500 ft with cut brine water, run 4 1/2 inch 11.6 lb P110 csg and set at 12500 ft with 200 sx cmt, TOC 8900'.

**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.<br><b>I further certify that the drilling pit will be constructed according to NMOCB guidelines</b> <input type="checkbox"/> <b>a general permit</b> <input checked="" type="checkbox"/> <b>or an (attached) alternative OCB-approved plan</b> <input type="checkbox"/> . | <b>OIL CONSERVATION DIVISION</b>                      |
| Printed Name: Electronically filed by Diana Briggs                                                                                                                                                                                                                                                                                                                                       | Approved By: Bryan Arant                              |
| Title: Production Analyst                                                                                                                                                                                                                                                                                                                                                                | Title: Geologist                                      |
| Email Address: production@marbob.com                                                                                                                                                                                                                                                                                                                                                     | Approved Date: 7/16/2007   Expiration Date: 7/16/2008 |
| Date: 7/13/2007   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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Form C-102  
 Permit 57270

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

|                               |                                        |                                                  |
|-------------------------------|----------------------------------------|--------------------------------------------------|
| 1. API Number<br>30-015-35706 | 2. Pool Code<br>73960                  | 3. Pool Name<br>CARLSBAD,MORROW, SOUTH (PRO GAS) |
| 4. Property Code<br>36608     | 5. Property Name<br>ALMOSTGON STATE    | 6. Well No.<br>002                               |
| 7. OGRID No.<br>14049         | 8. Operator Name<br>MARBOB ENERGY CORP | 9. Elevation<br>3244                             |

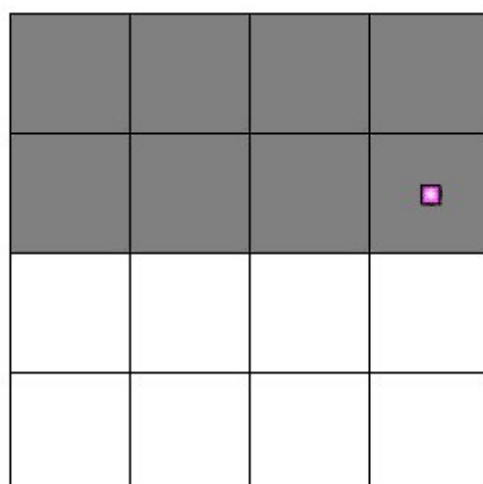
**10. Surface Location**

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| H        | 6       | 24S      | 27E   | H       | 1980      | N        | 660       | E        | EDDY   |

**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<br>315.17 | 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: 7/13/2007

**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: Ronald Eidson  
 Date of Survey: 6/2/2007  
 Certificate Number: 3239

## Permit Comments

Operator: MARBOB ENERGY CORP , 14049

Well: ALMOSTGON STATE #002

API: 30-015-35706

| Created By | Comment                                                                                                                                                                                                                                                  | Comment Date |
|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| MARBOB4    | We plan to complete this well in the Morrow which is sweet and we don't anticipate cutting any formations that contain H2S gas during the drilling of the above referenced well. Therefore, we do not believe that an H2S contingency plan is necessary. | 7/13/2007    |

# Permit Conditions of Approval

Operator: MARBOB ENERGY CORP , 14049

Well: ALMOSTGON STATE #002

API: 30-015-35706

| OCD<br>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.                                                                                        |
| BArrant         | Operator to set surface casing above the Salado. Please refer to offset geology for more information.                                                 |