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

State of New Mexico

Form C-101 Permit 63722

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

| ALI DICHTION TON | AT THE ATTOM TOK TERMIT TO BRIBE, RE-ENTER, BELTEN, TEOGRACK, OR ADD A ZONE | | | | | | | |
|------------------|---|-----------------|--|--|--|--|--|--|
| 1 | Operator Name and Address | 2. OGRID Number | | | | | | |
| M | 14049 | | | | | | | |
| | PO Box 227 Artesia , NM 88211 | 3. API Number | | | | | | |
| | Altesia, 14141 00211 | 30-015-35916 | | | | | | |
| 4. Property Code | 5. Property Name | 6. Well No. | | | | | | |
| 36827 | N B TWEEN STATE | 003 | | | | | | |

7. Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| G | 25 | 17S | 28E | G | 2160 | N | 2240 | E | EDDY |

8. Pool Information

| ARTESIA; GLORIETA- | YESO (O) | 96830 |
|---------------------|----------|-------|
| microsin, opoidern- | 1230 (0) | 70000 |

Additional Well Information

| 9. Work Type New Well | 2000 | 0. Well Type 11. Cable/Rotary OIL | | 12. Lease Type State | 13. Ground Level Elevation 3682 | |
|---|----------|-----------------------------------|-----------------------|-------------------------|------------------------------------|-----------------------------------|
| 14. Mühtiple N | 15. Prop | osed Depth | 16. Formation Tubb | | 17. Contractor | 18. Spud Date 12/2/2007 |
| Depth to Ground 250 | water | | Distance from nearest | t fresh water well | | Distance to nearest surface water |
| it: Liner: Synthetic [Closed Loop Syste | m. X | mils thick | Clay Pit Volume: | | lling Method: sh Water Brine | Diesel/Oil-based Gas/Air |

19. Proposed Casing and Cement Program

| Туре | Hole Size | Casing Type | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Surf | 12.25 | 8.625 | 24 | 350 | 300 | 0 |
| Prod | 7.875 | 5.5 | 17 | 5600 | 650 | 0 |

Casing/Cement Program: Additional Comments

We propose to drill 12 1/4 inch hole to 350 ft with fresh water, run 24 lb J-55 8 5/8 inch csg and set at 350 ft with 300 sx cmt, TOC 0; drl 7 7/8 inch hole to 5600 ft with brine water, run 17 lb J-55 5 1/2 inch csg and set at 5600 ft with 650 sx cmt, TOC 0

Proposed Blowout Prevention Program

| 3 | Туре | Working Pressure | Test Pressure | Manufacturer |
|---|-----------|------------------|---------------|--------------|
| 3 | DoubleRam | 3000 | 3000 | Cameron |

| I hereby certify that the information given above is true of my knowledge and belief. I further certify that the drilling pit will be constru | | OIL CONSERVATION DIVISION | | | | |
|---|-----------------------|-----------------------------|----------------------------|--|--|--|
| NMOCD guidelines , a general permit , or an (OCD-approved plan . | attached) alternative | Approved By: Bryan Arrant | | | | |
| Printed Name: Electronically filed by Diana B | riggs | Title: Geologist | | | | |
| Title: Production Analyst | | Approved Date: 11/9/2007 | Expiration Date: 11/9/2008 | | | |
| Email Address: production@marbob.com | | 0.65.000 W | 5.3 - 2.1 | | | |
| Date: 11/2/2007 Phone: 505- | 748-3303 | Conditions of Approval Atta | ched | | | |

District I

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

<u>District II</u>

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

<u>District III</u>

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

State of New Mexico

Form C-102 Permit 63722

Energy, Minerals and Natural Resources

Oil Conservation Division 1220 S. St Francis Dr. Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

| 10.0 | | | | | |
|------------------|----------------------------------|------------------|-------------|--|--|
| 1. API Number | 2. Pool Code | ol Name | | | |
| 30-015-35916 | 96830 ARTESIA; GLORIETA-YESO (O) | | | | |
| 4. Property Code | 5. Property Name | | 6. Well No. | | |
| 36827 | N B TWEEN | ISTATE | 003 | | |
| 7. OGRID No. | 8. Operator | 8. Operator Name | | | |
| 14049 | MARBOB ENE | RGY CORP | 3682 | | |

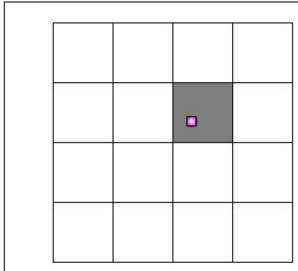
10. Surface Location

| | | | | | | | | | | _ |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|---|
| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |] |
| G | 25 | 17S | 28E | G | 2160 | И | 2240 | E | EDDY | l |

11. Bottom Hole Location If Different From Surface

| | and the state of t | | | | | | | | | | | |
|---|--|----|--------|----------------|-----|-----|-------------------|-------|-----|-----------|---------------|--------|
| UL - Lot | Section | To | wnship | Range | Lot | Idn | Feet From | N/S L | ine | Feet From | E/W Line | County |
| 307000000000000000000000000000000000000 | cated Acres | | 13. J | oint 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: 11/2/2007

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: 10/23/2007 Certificate Number: 3239

Permit Comments

Operator: MARBOB ENERGY CORP , 14049 Well: N B TWEEN STATE #003

API: 30-015-35916

| Created By | Comment | Comment Date |
|---------------|---|-----------------|
| MARROR4 | 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. | 11/2/2007 |
| MARBOB4 | This is a closed mud loop system with fresh water pits. | 11/2/2007 |

Permit Conditions of Approval

Operator: MARBOB ENERGY CORP , 14049 Well: N B TWEEN STATE #003

API: 30-015-35916

| 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 w/fresh water mud. |
| BArrant | Operator to set surface casing above the Salado. Please refet to offset geology for more information. |