

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 30-025-38827
4. Property Code 31985	5. Property Name MAGNUM PRONTO STATE COM	6. Well No. 002

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
K	32	19S	32E	K	1980	S	1980	W	LEA

8. Pool Information

LUSK:MORROW (GAS)	80759
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Additional Well Information

9. Work Type New Well	10. Well Type GAS	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3533
14. Multiple N	15. Proposed Depth	16. Formation Morrow	17. Contractor	18. Spud Date 4/17/2008
Depth to Ground water 250		Distance from nearest fresh water well		Distance to nearest surface water
Pit: Liner: Synthetic <input type="checkbox"/> mls thick Clay <input type="checkbox"/> Pit Volume: bbls Drilling Method: Closed Loop System <input checked="" type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input 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	54	850	850	0
Int1	12.25	9.625	36	4000	950	0
Prod	7.875	5.5	17	12700	650	750

Casing/Cement Program: Additional Comments

We propose to drill 17 1/2 inch hole to 850 ft with fresh water, run 54 lb J-55 13 3/8 inch csg and set at 850 ft with 850 sx cmt, circ to surface; drl 12 1/4 inch hole to 4000 ft with brine water, run 36 lb J-55/N-80 9 5/8 inch csg and set at 4000 ft with 950 sx cmt, TOC 800'; drl 7 7/8" inch hole to 12700 ft with cut brine water, run 5 1/2 inch 17 lb S95-P110 csg and set at 12700 ft with 650 sx cmt, TOC 200' above all O & G bearing zones.

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. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input type="checkbox"/> a general permit <input type="checkbox"/> or an (attached) alternative OCD-approved plan <input type="checkbox"/> .		OIL CONSERVATION DIVISION	
Printed Name: Electronically filed by Diana Briggs		Approved By: Paul Kautz	
Title: Production Analyst		Approved Date: 4/11/2008	Expiration Date: 4/11/2010
Email Address: production@marbob.com			
Date: 3/17/2008	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

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102
 Permit 71438

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-025-38827	2. Pool Code 80759	3. Pool Name LUSK;MORROW (GAS)
4. Property Code 31985	5. Property Name MAGNUM PRONTO STATE COM	6. Well No. 002
7. OGRID No. 14049	8. Operator Name MARBOB ENERGY CORP	9. Elevation 3533

10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
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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 642.28		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
	<p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p>E-Signed By: Diana Briggs Title: Production Analyst Date: 3/17/2008</p>
	SURVEYOR CERTIFICATION
	<p><i>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.</i></p> <p>Surveyed By: Ronald Eidson Date of Survey: 8/9/2007 Certificate Number: 3239</p>

Permit Comments

Operator: MARBOB ENERGY CORP , 14049
Well: MAGNUM PRONTO STATE COM #002
API: 30-025-38827

Created By	Comment	Comment Date
MARBOB4	Marbob will be using a closed mud loop system with fresh water pits.	3/17/2008
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.	3/17/2008
DMULL	R-12927, 03/28/08, authorizing the drilling of the well in the Potash Area.	4/11/2008

Permit Conditions of Approval

Operator: MARBOB ENERGY CORP , 14049

Well: MAGNUM PRONTO STATE COM #002

API: 30-025-38827

OCD Reviewer	Condition
DMULL	Well location is in the Potash area, per Rule R-111-P.
DMULL	Well location is in the Potash area, Case # 14026 hearing has been scheduled.