State of New Mexico

Form C-101 Permit 97226

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

| MARBO | or Name and Address B ENERGY CORP | 2. OGRID Number 14049 | |
|------------------------|--------------------------------------|--------------------------|--|
| PO BOX 227 | | 3. API Number | |
| ARTESIA , NM 882110227 | | 30-015-37145 | |
| 4. Property Code | 5. Property Name | 6. Wett No. | |
| 37737 | NERVOUS HORZ COM | 003H | |

7. Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| E | 36 | 188 | 31E | E | 330 | N | 1980 | E | EDDY |

8. Pool Information

| WATKINS:BONE SPRING | 63345 |
|---------------------|-------|
| | |

Additional Well Information

| 9. Work Type New Well | | | 11. Cable/Rotary | 11. Cable/Rotary 12. Lease Type State | |
|------------------------------------|-------|--------------|------------------------------------|---------------------------------------|-----------------------------------|
| I Allen Marie Tolk | | | 16. Formation 1st Bone Spring S | 18. Spud Date 7/12/2009 | |
| Depth to Ground | water | | Distance from nearest fr | esh water well | Distance to nearest surface water |
| Liner: Synthetic Closed Loop Syste | | mils thick C | Clay Pit Volume: | bbls Drilling Method: | Diesel/Oil-based Gas/Air |

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 | 54.5 | 925 | 650 | 0 |
| Int1 | 12.25 | 9.625 | 36 | 3000 | 600 | 700 |
| Prod | 7.875 | 5.5 | 17 | 13000 | 900 | 4500 |

Casing/Cement Program: Additional Comments

We propose to drill 17 1/2 inch hole to 925 ft with fresh water, run 54.5 lb 13 3/8 inch csg and set at 925 ft with 650 sx cmt, TOC 0; drl 12 1/4 inch hole to 3000 ft with brine water, run 36 lb J-55 9 5/8 inch csg and set at 3000 ft with 600 sx cmt, TOC 700; drl 7 7/8inch hole to 13000 ft with cut brine water, run 5 1/2 inch 17 lb N80-P110 csg and set at 13000 ft with 900 sx cmt, TOC 4500.

Proposed Blowout Prevention Program

| Туре | Working Pressure | Test Pressure | Manufacturer |
|-----------|------------------|---------------|--------------|
| DoubleRam | 3000 | 3000 | 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 | OIL CONSERVATION DIVISION | | | | |
|--|---|--|--|--|--|
| NMOCD guidelines , a general permit , or an (attached) alternative OCD-approved plan . | Approved By: Jacqueta Reeves | | | | |
| Printed Name: Electronically filed by Diana Briggs | Title: District Geologist | | | | |
| Title: Production Manager | Approved Date: 6/30/2009 Expiration Date: 6/30/2011 | | | | |
| Email Address: production@marbob.com | (177) | | | | |
| Date: 6/23/2009 Phone: 575-748-3303 | | | | | |

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
Oil Conservation Division

1220 S. St Francis Dr. Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

| 1. API Number 30-015-37145 | | | 3. Pool Name WATKINS:BONE SPRING | | |
|-------------------------------|---------------|------|-------------------------------------|--|--|
| 4. Property Code | 5. Property 1 | lame | 6. Well No. | | |
| 37737 | NERVOUS HO | | 003H | | |
| 7. OGRID No. | 8. Operator 1 | | 9. Elevation | | |
| 14049 | MARBOB ENER | | 3500 | | |

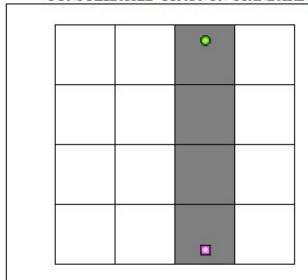
10. Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
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| E | 36 | 188 | 31E | | 330 | N | 1980 | 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 |
|----------|-------------|----------|----------------|---------|-----------------|----------|-----------|---------------|--------|
| | 36 | 18S | 31E | O | 330 | S | 1980 | E | EDDY |
| 2.5.20 | 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

Form C-102

Permit 97226

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 Manager

Date: 6/23/2009

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: 6/4/2009 Certificate Number: 3239

Permit Comments

Operator: MARBOB ENERGY CORP , 14049 Well: NERVOUS HORZ COM #003H

API: 30-015-37145

| 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. | 6/12/2009 |