State of New Mexico

Form C-101 Permit 114737

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

| | r Name and Address B ENERGY CORP | 2. OGRID Number 14049 3. API Number 30-015-37879 | |
|--|--------------------------------------|---|--|
| Contract to the contract to th | 0 BOX 227 , NM 882110227 | | |
| 4. Property Code 38166 | 5. Property Name F.U.N. 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 |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| A | 30 | 26S | 28E | A | 800 | N | 330 | E | EDDY |

8. Pool Information

| HAY HOLLOW:BONE SPRING 302 |
|----------------------------|
|----------------------------|

Additional Well Information

| 9. Work Type New Well | 10. Weti OII | | | 11. Cable/Rotary | | 12. Lease Type State | 13. Ground Level Elevation 3008 | | |
|---|-----------------------|------------|------|--|--|-------------------------|------------------------------------|--|--|
| 14. Multiple N | | | | 16. Formation 17. Contractor Bone Spring | | | 18. Spud Date 6/21/2010 | | |
| Depth to Ground | Depth to Ground water | | D | Distance from nearest fresh water well | | | Distance to nearest surface water | | |
| Pit: Liner: Synthetic Closed Loop Syste | | mils thick | Clay | Pit Volume: | | ling 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 | 48 | 400 | 400 | 0 | |
| Int1 | 12.25 | 9.625 | 36 | 2200 | 500 | 0 | |
| Prod | 7.875 | 5.5 | 17 | 13200 | 1400 | 2000 | |

Casing/Cement Program: Additional Comments

We propose to drill 17 1/2" hole with fresh water to 400'. Run 400' of 13 3/8" 48# H-40 casing and cement to surface. Drill 12 1/4" hole with brine water to 2200'. Run 9 5/8" 36# J-55 casing and cement to surface. Drill 7 7/8" hole to new bottom hole location with cut brine, run 5 1/2" 17# N-80 casing and cement to 200' above all oil & gas zones. TVD 6600' Measured depth 13200'.

Proposed Blowout Prevention Program

| Type | 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: Randy Dade | | | | |
| Printed Name: Electronically filed by Diana Briggs | Title: District Supervisor | | | | |
| Title: Production Manager | Approved Date: 6/7/2010 | Expiration Date: 6/7/2012 | | | |
| Email Address: production@marbob.com | [7] | | | | |
| Date: 5/27/2010 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

State of New Mexico

Form C-102 Permit 114737

Energy, Minerals and Natural Resources Oil Conservation Division 1220 S. St Francis Dr.

Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

| *** | LEE LOCATION AND ACK | LAGE DEDICATION I | 371 | |
|------------------|------------------------------|-------------------|-------------------|---------------|
| 1. API Number | 2. Pool Code | | 3. Pool Name | |
| 30-015-37879 | 30215 HAY HOLLOW;BONE SPRING | | 0-015-37879 30215 | W;BONE SPRING |
| 4. Property Code | 5. Property Name | | 6. Well No. | |
| 38166 | F.U.N. STATE COM | | 001H | |
| 7. OGRID No. | 8. Operator | 9. Elevation | | |
| 14049 | MARBOB ENE | 3008 | | |

10. Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| A | 30 | 26S | 28E | 1,1 | 800 | N | 330 | 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 |
|----------|-------------|----------|----------------|---------|-----------------|----------|-----------|---------------|--------|
| H | 31 | 26S | 28E | 5 | 330 | S | 380 | E | EDDY |
| | 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 Manager

Date: 5/27/2010

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: 5/7/2010 Certificate Number: 12641

Permit Comments

Operator: MARBOB ENERGY CORP , 14049 Well: F.U.N. STATE COM #001H

API: 30-015-37879

| Created By | Comment | Comment Date |
|------------|---|--------------|
| pkautz | 895.79 acres project area all section 30 and 31 | 6/3/2010 |