| District I<br>PO Box 1980, Hobos, NM 86241-1980       | State of New Mexico                               | Form C-101<br>Revised October 18, 1994                        |
|---|---|---|
| District II<br>811 South First, Adesia, NM 88210      | Lifelgy, Willerais & Natural Resources Department | Instructions on back<br>Submit to Appropriate District Office |
| District III<br>1000 Rio Brazos Rd., Aztec, NM 87410  | OIL CONSERVATION DIVISION                         | State Lease - 6 Copies<br>Fee Lease - 5 Copies                |
| District IV<br>2040 South Pache∋o, Santa Fe, NM 87505 | 2040 South Pacheco<br>Santa Fe, NM 87505          |   |
| APPLICATION FOR PER                                   | MIT TO DRILL, RE-ENTER, DEEPEN, F                 | LUGBACK, OR ADD A ZONE  |

| MARBOB ENERGY CORP<br>P.O. BOX 227 |           | ame and Address |            | 4        |    |        | ₂OGRID Number<br>14049 |
|------------------------------------|-----------|-----------------|------------|----------|----|--------|------------------------|
| ARTESIA, NM 88210                  |           |                 |            | CLIVED   |    | 30 - 0 | 3APi Number            |
| ₄Property Code                     |           | ۶Pro            | perty Name | TARIÉSIA | 12 |        | eWell No.              |
| 25375                              | "D" STATE |                 |            |          |    |        | 26                     |

# Surface Location

|               |         |          |       |         |               | and the second sec |               |                |        |  |
|---------------|---------|----------|-------|---------|---------------|--|---------------|----------------|--------|--|
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line   | Feet from the | East/West Line | County |  |
| J             | 25      | 17S      | 28E   |         | 1695          | SOUTH  | 2265          | EAST           | EDDY   |  |

## "Proposed Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township  | Range    | Lot Idn | Feet from the | North/South line | Feet from the | East/West Line | County |
|---------------|---------|-----------|----------|---------|---------------|------------------|---------------|----------------|--------|
| ARTESIA GL    |         | 9Proposed | I Pool 1 |         |               |                  | ₀Propose      | ed Pool 2      |        |

| nWork Type Code | ₁₂Well Type Code | ₁₃Cable/Rotary | ₁₄Lease Type Code | ₁₅Ground Level Elevation |
|-----------------|------------------|----------------|-------------------|--------------------------|
| N               | O                | R              | S                 | 3672                     |
| ₁₀M∪ltiple      | 17Proposed Depth | ₁₀Formation    | ₁₀Contractor      | ∞Spud Date               |
| No              | 4700             | YESO           | L&R               | 02-28-01                 |

### <sup>2</sup>Proposed Casing and Cement Program

| Hole Size | Casing Size | Casing weight/foot | Setting Depth | Sacks of Cement | Estimated TOC        |
|-----------|-------------|--------------------|---------------|-----------------|----------------------|
| 12 1/4"   | 8 5/8"      | 24#                | @ 4cc' 5\$0'  | 300 SX          | CIRC                 |
| 7 7/8"    | 5 1/2"      | 17#                | AKA 4700'     | 600 SX          | SUFFICIENT TO COVER  |
|           |             |                    | may           |                 | 200' ABOVE ALL KNOWN |
|           |             |                    |               |                 | OIL AND GAS HORIZON  |

<sup>22</sup>Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

DRILL TO 500', RUN & CMT 8 5/8" CSG, REDUCE HOLE & DRILL TO 4700', RUN & CMT 5 1/2" CSG, PUT WELL ON PRODUCTION

| <sup>23</sup> L hereby certify that the informat | ion given above is true and complete to the |                                   |             |                  |        |     |      |
|--|---|-----------------------------------|-------------|------------------|--------|-----|------|
| best of my knowledge and belief.                 |   | OIL                               | CONSERV     | ATION DIV        | 15101  | N   |      |
| Signature: Robin (                               | actin                                       | Approved By:                      | ORIGINAL SH | GNED BY TH       | M W. ( | BUN | B    |
| Printed name: ROBIN COCH                         | RUM   | Title:                            |             | SUPERVISON       |        |     |      |
| Title: PRODUCTION ANA                            | _YST  | Approval Date:                    | AN 3 0 2001 | Expiration Date: | JAN    | 30  | 2002 |
| Date: 01-29-01                                   | Phone: 748-3303                             | Conditions of Approv<br>Attached: | val:        |                  |        |     |      |

DISTRICT I P.O. Box 1980, Hobbs, NH 88241-1980

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State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT II P.O. Drawer DD, Artesia, NM 88311-0719

Form C-102 Revised February 10, 1994 Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

### OIL CONSERVATION DIVISION P.O. Box 2088 Santa Fe, New Mexico 87504-2088

DISTRICT III 1000 Rio Brazos Rd., Artec, NM 87410

| DISTRICT IV<br>P.O. BOX 2088, SANT    | (A FR. N.M. 6) | 7504-2088   | WELL LC      | CATION    | AND ACRE                 | AGE DEDICATI     | ON PLAT  |   | ED REPORT  |
|---------------------------------------|----------------|-------------|--------------|-----------|--------------------------|------------------|--|---|------------|
| · ·                                   | Number         |             | 968          | Pool Code |                          |                  | Pool Name  |   |            |
| Property                              | Code           | 1           | 908          | 30        | Descente No.             |                  | LORIETTA YE  |   |            |
| 25375                                 | COUR           |             |              |           | Property Nat<br>"D" STAT |                  |  | Well Num                                      | aber       |
| OGRID N                               | <u>.</u>       | +           |              |           | Operator Na              |                  | ·  | 26<br>Elevatio                                |            |
| 14049                                 |                |             | N            | (ARBOB    |                          | ORPORATION       |  | 3672  |            |
|                                       |                |             |              |           | Surface Loc              | ation            |  |   |            |
| UL or lot No.                         | Section        | Township    | Range        | Lot Idn   | Feet from the            | North/South line | Feet from the  | East/West line                                | County     |
| J                                     | 25             | 17–S        | 28-E         |           | 1695                     | SOUTH            | 2265   | EAST  | EDDY       |
|                                       |                |             | Bottom       | Hole Lo   | cation If Diff           | erent From Sur   | face   |   |            |
| UL or lot No.                         | Section        | Township    | Range        | Lot Idn   | Feet from the            | North/South line | Feet from the  | East/West line                                | County     |
| Dedicated Acre                        | s Joint o      | or Infill C | onsolidation | Code On   | der No.                  |                  |  |   |            |
| 40                                    |                |             |              |           |                          |                  |  |   |            |
| · · · · · · · · · · · · · · · · · · · | WABLE V        | TILL BE A   | SSIGNED      | TO THIS   | COMPLETION               | UNTIL ALL INTER  | ESTS HAVE B  | FEN CONSOLIDA                                 |            |
|                                       |                | OR A        | NON-STAN     | IDARD UI  | NIT HAS BEEN             | APPROVED BY      | THE DIVISION   |   | ALED.      |
|                                       | <u> </u>       |             |              | 1         |                          |                  |  |   | 1          |
|                                       |                |             |              |           |                          |                  | 11   | OR CERTIFICAT                                 |            |
|                                       |                |             |              |           |                          |                  | 11   | y certify the the inj<br>n is true and comple |            |
|                                       | ľ              |             |              |           |                          |                  | 11   | wledge and belief.                            | are to the |
|                                       |                |             |              |           |                          |                  |  |   |            |
|                                       |                |             |              |           |                          |                  |  | $\Lambda_{aa}$                                |            |
|                                       |                |             |              |           |                          |                  | KODI   | n Locke                                       | un         |
|                                       |                |             |              | <b></b>   |                          |                  | - Signature<br>ROBIN   | COCKRUM                                       |            |
|                                       | 1              |             |              |           |                          |                  | Printed Nam  |   |            |
|                                       |                |             |              |           |                          |                  |  | TION ANALYS                                   | r 🗍        |
|                                       |                |             |              |           |                          |                  | Title  |   |            |
|                                       |                |             |              |           |                          |                  | 1/29/0   | 1   |            |
|                                       |                |             |              |           |                          |                  | Date   |   |            |
|                                       |                |             |              |           |                          |                  | SURVEYO  | OR CERTIFICAT                                 | ION        |
|                                       |                |             |              |           |                          |                  |  | y that the well locati                        |            |
|                                       |                |             |              |           |                          |                  |  | as plotted from field                         |            |
|                                       |                |             |              |           |                          |                  |  | made by me or<br>a that the same is           |            |
|                                       |                |             |              |           |                          |                  | correct to th  | e best of my beliej                           | r.         |
|                                       |                |             |              | <b>P</b>  | 22                       | 65'              | JANL   | JARY 15, 2001                                 |            |
|                                       |                |             |              | ļ         |                          |                  | Date Surveye   | JARY 15, 2001                                 | AWB        |
|                                       |                |             |              |           |                          |                  | Professional   |   |            |
|                                       |                |             |              |           |                          |                  | N. A   | MET   |            |
|                                       |                |             |              | 695       |                          |                  | Kmall  | 18 million                                    | uluale.    |
|                                       |                |             |              |           |                          |                  |  |   | 114/01     |
|                                       |                |             |              |           |                          |                  |  |   |            |
|                                       |                |             |              |           |                          |                  | Certificate N  | o. RONALD                                     | ON 3239    |
| L                                     |                |             |              | L ¥       |                          |                  | A State of the sta | FESS  |            |
|                                       |                |             |              |           |                          |                  | •  |   |            |



Exhibit One

#### MINIMUM CHOKE MANIFOLD 3,000, 5,000 and 10,000 PSI Working Pressure

3 MWP - 5 MWP - 10 MWP



BEYOND SUBSTRUCTURE

|     | • • • • • • • • • • • • • • • • • • •            |          | MINI      | NUM REQL | IREMENT         | S         |        |          |            |                |
|-----|--|----------|-----------|----------|-----------------|-----------|--------|----------|------------|----------------|
|     |  |          | 3,000 MWP |          |                 | 5,000 MWP |        |          | 10,000 MWF | )              |
| No. |  | 1.D.     | NOMINAL   | RATING   | 1.D.            | NOMINAL   | RATING | 1.D.     | NOMINAL    | RATING         |
| 1   | Line from drilling spool                         |          | 3"        | 3,000    |                 | 3″        | 5.000  |          | 3*         | 10,000         |
| 2   | Cross 3"x3"x3"x2"                                |          |           | 3,000    |                 |           | 5,000  |          |            |                |
| Ξ.  | Cross 3"x3"x3"x3"                                |          |           |          |                 |           |        |          |            | 10,000         |
| 3   | Valves(1) Gate<br>Plug C(2)                      | 3-1/8-   |           | 3,000    | 3-1/ <b>8</b> " |           | 5,000  | 3-1/8"   |            | 10,000         |
| 4   | Valve Gate ⊡<br>Plug ⊡(2)                        | 1-13/16" |           | 3,000    | 1-13/16"        |           | 5,000  | 1-13/16* |            | 10,000         |
| 48  | Valves(1)  | 2-1/16"  |           | 3,000    | 2-1/16"         |           | 5,000  | 3-1/8"   |            | 10,000         |
| 5   | Pressure Gauge                                   |          |           | 3,000    |                 |           | 5.000  |          | ·          | 10,000         |
| 6   | Valves Gate C<br>Plug I(2)                       | 3-1/8*   |           | 3,000    | 3-1/8"          |           | 5,000  | 3-1/8*   |            | 10, <b>000</b> |
| 7   | Adjustable Choke(3)                              | 2*       |           | 3,000    | 2*              |           | 5.000  | 2"       |            | 10,000         |
| 8   | Adjustable Choke                                 | 1.       |           | 3,000    | 1*              |           | 5,000  | 2"       |            | 10,000         |
| 9   | Line   |          | 3"        | 3,000    |                 | 3*        | 5,000  |          | 3*         | 10,000         |
| 10  | Line   |          | 2"        | 3,000    |                 | 2*        | 5.000  |          | 3*         | 10,000         |
| 11  | Valves Gate C<br>Plug C(2)                       | 3-1/8"   |           | 3,000    | 3-1/8"          |           | 5,000  | 3-1/8"   |            | 10,000         |
| 12  | Lines  |          | 3"        | 1,000    |                 | 3*        | 1.000  |          | 3"         | 2,000          |
| 13  | Lines  |          | 3"        | 1,000    |                 | 3*        | 1,000  | •        | 3"         | 2,000          |
| 14  | Remote reading compound standpipe pressure gauge |          |           | 3.000    |                 |           | 5,000  |          |            | 10,000         |
| 15  | Gas Separator                                    |          | 2'x5'     |          |                 | 2'x5'     |        |          | 2'x5'      |                |
| 16  | Line   |          | 4*        | 1,000    |                 | 4*        | 1,000  |          | 4"         | 2,000          |
| 17  | Valves Gate C<br>Plug C(2)                       | 3-1/8*   |           | 3,000    | 3-1 <b>/8*</b>  |           | 5,000  | 3-1/8*   |            | 10,000         |

(1) Only one required in Class 3M.

(2) Gate valves only shall be used for Class 10M.

(3) Remote operated hydraulic choke required on 5,000 psi and 10,000 psi for drilling.

#### EQUIPMENT SPECIFICATIONS AND INSTALLATION INSTRUCTIONS

- 1. All connections in choke manifold shall be welded, studded, flanged or Cameron clamp of comparable rating.
- 2. All flanges shall be API 6B or 6BX and ring paskets shall be API RX or BX. Use only BX for 10 MWP.
- 3. All lines shall be securely anchored.
- 4. Chokes shall be equipped with tungsten carbide seats and needles, and replacements shall be evailable.
- 5. Choke manifold pressure and standpipe pressure gauges shall be available at the choke manifold to assist in regulating chokes. As an alternate with automatic chokes, a choke manifold pressure gauge shall be located on the rig floor in conjunction with the standpipe pressure gauge.
- Line from drilling spool to choke manifold should be as straight as possible. Lines downstream from chokes shall make turns by large bends or 90<sup>a</sup> bends using bull plugged tees.