District I
PO Box 1980, Hobbs, NM 38241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV

PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DEVISION PO Box 2088
Santa Fe, NM 87504-2088

Form C-101
Revised February 10, 1994
Instructions on back
Appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

	TO STADE, THE BITTER, DELLECT, PHOSPERCK,	OK ADD A ZONE
1	Operator Name and Address.	¹ OGRID Number
MARALEX RESOURCES, INC.		013998
P.O. BOX 338 IGNACIO, CO 81137		'APT Number 30 - 0 4 (3 / / /)
' Property Code	Property Name TRADING POST 36	' Well No. # 1

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot ida	Feet from the	North/South line	Feet from the	East/West fine	County
· A	36	25N	11W		790	NORTH	990	EAST	SAN JUAN
	-	⁸ Pr	oposed	Bottom	Hole Locat	ion If Differen	nt 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
SAME	AS ABO	VE							,
'Proposed Pool 1							¹¹ Propo	ed Pool 2	

" Work Type Code N	" Well Type Code G	" Cable/Rotary Rotary	¹⁴ Lease Type Code S	¹⁴ Ground Level Elevation 6727 [†]	
14 Multiple	17 Proposed Depth	11 Formation	" Contractor	N Sped Date	
No	1550'	Basin Frtld Coal	To be Determined	07/15/02	

²¹ 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"	23#	170'	150 sx	Surface
7-7/8"	5-1/2"	15.5#	1550'	260 sx	Surface
	Description of the second second				

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.

See Attachment

¹⁵ I hereby co of my knowl Signature;	ertify that the information givedge and belief.	en above is true and complete to the best	GIL CONSERVATION DIVISION					
Printed nam	A.M. O'Hare	Offere	Title: SEPORY IN & SAS INSPECTOR, SHET.					
Title:	President		Approval Dad N 1 1 2002 Expiration Date UN 1 1 2003					
Date:	05/29/02	Phone: 970/563-4000	Conditions of Approval: Attached					

District I PO Box 1980, Hobbs, NM 88241-1980 District II PO Drawer DD, Artesia, NM 88211-0719 District III 1000 Rio Brazos Rd., Aztec, NM 87410 District IV

PO Box 2088, Santa Fe, NM 87504-2088

API Number

N 89°56'E

State of New Mexico Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION PO Box 2088 Santa Fe, NM 87504-2088

Form C-102 Revised February 21, 1994 Instructions on back Submit to Appropriate District Office

³ Pool Name

it to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

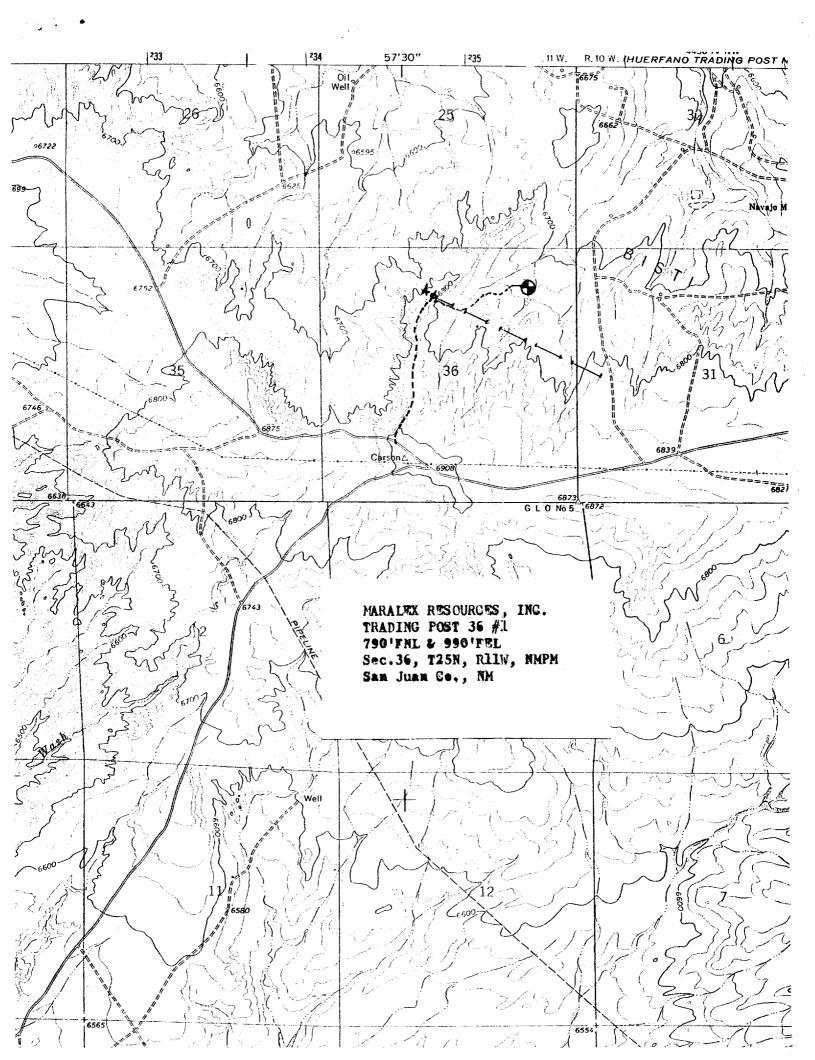
WELL LOCATION AND ACREAGE DEDICATION PLAT

² Pool Code

				71629		Bas	in Fruitla	nd Coal	
⁴ Property	*Property Code							* Well Number 1	
'OGRID	No.				^t Operator	Name	•		' Elevation
013998									6727
	i				10 Surface	Location			
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	36	25 N	11 W		790	North	990	East	San Juan
			11 Bott	tom Hol	e Location I	f Different Fro	m Surface	*	
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	e County
112 85 12 4 2 4	1000	1 1 40	** * * *	6 1 156	<u> </u>	<u> </u>		<u> </u>	
" Dedicated Ac	res ' Joint	or Infill " C	onsolidatio	n Code 13 C	Order No.				
NO ALLO	WABLE					ON UNTIL ALL EEN APPROVED			CONSOLIDATED
16	589	°38'W		7//	79.6	_///	-/r		ERTIFICATION
79,11cu.		PA	N 2002	1 / ₁	1111 NAV 2002	990'	Signature Denn Printed Nat Engi Title 03/1 Date	ify that the information the best of the b	ination contained herein is of my knowledge and belief imers danager
N 0.09'E							I hereby cer was plotted j me or under	tify that the well I from field notes of my supervision, to the best of my text.	1992 10072

79.90cm.

New Mexico Oil Conservation Division



MARALEX RESOURCES, INC. APD ATTACHMENT TRADING POST 36 # 1 790' FNL; 990' FEL SECTION 36-T25N-R11W SAN JUAN COUNTY, NM

Maralex Resources, Inc., proposes to drill a vertical well at the above-designated location to test the Basin Fruitland Coal formation. A native mud will be used to drill the surface hole and produced water from Maralex's existing Fruitland wells will be used to drill the production hole. Both sets of casing will be cemented back to surface.

The drilling contract has not been awarded yet, thus the BOP model to be used is not yet known. A typical model is shown on the attached page. Once out from under the surface casing, a minimum of 1,000 psi BOP and choke manifold system will be used. BOP controls will be installed before drilling the surface casing plug and used until the well is completed or abandoned.

Upon completion of the well, Maralex intends to transport the produced gas from the Trading Post 36 # 1 location to the Trading Post # 1 tie-in point located in the NE/4 SW/4 of Section 30-T25N-R10W. A central delivery point will be located at the Trading Post # 1. Permission is also requested to bury a 2" water line, which will run between both wells. The water will be piped to an unlined evaporation pond located at the Trading Post 36 # 1 location. The proposed pond will be 190' x 190' with a total depth of 8' deep, 2:1 slope. A woven wire fence will be built to a minimum height of 6 feet with two strands of barbed wire on top. Each corner will be H-braced. The pond will be unlined to allow for percolation. The State of New Mexico, FIMO and the BLM all recognize, agree and have the authority to grant permission for use of the proposed unlined pit as there are no surface or subsurface waters to be impacted by percolation of the produced waters in the vicinity of the Trading Post Project.