

Month - Year
APR 26 2007
OCD - ARTESIA, NM

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

APPLICATION FOR PERMIT TO DRILL OR REENTER

ATS-07-345
FORM APPROVED
OMB No. 1004-0136
Expires January 31, 2004

1a. Type of Work: ☒ DRILL ☐ REENTER

1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

2. Name of Operator

Marbob Energy Corporation

14049

3a. Address

P.O. Box 227, Artesia, NM 88211-0227

3b. Phone No. (include area code)

505-748-2523

4. Location of Well (Report location clearly and in accordance with any State requirements. *)

At surface 330 FNL & 660 FEL

At proposed prod. zone 2310 FNL & 660 FEL

14. Distance in miles and direction from nearest town or post office*

5. Lease Serial No.

NM 23002

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.

Malibu Federal Com #2

34495

9. API Well No.

30-015-35863

10. Field and Pool, or Exploratory

Lusk Bone Springs

11. Sec., T., R., M., or Blk. and Survey or Area

Sec. 12, T19S, R31E

12. County or Parish

Eddy

13. State

NM

15. Distance from proposed*
location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any)

16. No. of Acres in lease

17. Spacing Unit dedicated to this well

80

18. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft.

19. Proposed Depth

20. BLM/BIA Bond No. on file

NM 2056

21. Elevations (Show whether DF, KDB, RT, GL, etc.)

GL 3,628

22. Approximate date work will start*

June 15, 2007

23. Estimated duration

21 Days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).

4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification.
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature

William Miller

Name (Printed Typed)

William Miller

Date

3-15-07

Title

Land Department

Approved by (Signature)

/s/ James Stovall

Name (Printed Typed)

/s/ James Stovall

Date

APR 24 2007

Title

ACTING

FIELD MANAGER

Office

CARLSBAD FIELD OFFICE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

APPROVAL FOR 1 YEAR

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on reverse)

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

CAPITAN CONTROLLED WATER

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.

Subject to
Like Approval
By State

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

DISTRICT I
1825 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

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

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code 41440	Pool Name Lusk; Bone Spring
Property Code	Property Name MALIBU FEDERAL	Well Number 2
OGRID No.	Operator Name MARBOB ENERGY CORPORATION	Elevation 3629'

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	12	19-S	31-E		330	NORTH	660	EAST	EDDY

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
H	12	19-S	31-E		2310	NORTH	660	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
80			

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

SEE DETAIL 3631.2' 3632.0' 3625.7' 3627.4' 600' 600' GEODETIC COORDINATES NAD 27 NME Y=611944.1 N X=659190.7 E LAT.=32.681267° N LONG.=103.815947° W BOTTOM HOLE LOCATION Y=609964.7 N X=659204.7 E	330' 660' S.L. SEE DETAIL 2310' GRID AZ = 159°35'35" HORIZ. DIST = 1980.0' 660' B.H.	OPERATOR CERTIFICATION I hereby certify that the information 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 or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. <i>William Miller</i> 4/11/07 Signature Date William Miller Printed Name 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. JANUARY 25, 2007 Date Surveyed REV.: APRIL 2, 2007 Signature & Seal of DSR Professional Surveyor <i>Gary Eidson</i> 4/4/07 07.11.0104 Certificate No. GARY EIDSON 12641 RONALD J. EIDSON 3239
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MARBOB ENERGY CORPORATION
DRILLING AND OPERATIONS PROGRAM

Malibu Federal #2
SHL: 330' FNL & 660' FEL,
BHL: 2310' FNL & 660' FEL
Section 12, T19S, R31E
Eddy County, New Mexico

In conjunction with Form 3160-3, Application for Permit to Drill subject well, Marbob Energy Corporation submits the following ten items of pertinent information in accordance with BLM requirements.

1. The geological surface formation is Permian.
2. The estimated tops of geologic markers are as follows:

Rustler	750'
Top Salt	900'
Bottom Salt	2450'
Delaware	4870'
Bone Springs	6890'

3. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered:

Delaware	4870'	Oil
Bone Springs	6890'	Oil

No other formations are expected to give up oil, gas, or fresh water in measurable quantities. The surface fresh water sands will be protected by setting 13 3/8" casing at 600' and circulating cement back to surface. Any shallower zones above TD which contain commercial quantities of oil and/or gas will have cement circulated across them by inserting a float shoe joint into the 5 1/2" production casing which will be run at TD to sufficiently cover all known oil and gas horizons 200' above.

4. Proposed Casing Program:

Hole Size	Interval	OD Casing	Wt	Grade
17 1/2"	0-775"	13 3/8	54#	H-40
12 1/4"	775-4500"	9 5/8	36# & 40#	J-55
7 7/8"	4500-12000	5 1/2"	17#	N-80

See COA

Proposed Cement Program:

13 3/8" Surface Casing: Cement w/775 sx. Circulate to surface.

9 5/8" Intermediate Casing: Cement w/ 1500 sx. Circulate to surface.

5 1/2" Production Casing: Cement w/ 600 sx. 200' above all oil and gas zones.

See COA

5. Pressure Control Equipment:

See Exhibit #1. Marbob proposes to nipple up on the 9 5/8" casing with a 3M system, testing it to 1000# with rig pumps.

6. Mud Program: The applicable depths and properties of this system are as follows:

Depth	Type	Weight (ppg)	Viscosity (sec)	Waterloss (cc)
0 - 775'	Fresh Water	8.5	28	N.C.
775 - 4500'	Brine	9.8-10.2	40-45	N.C.
4500 -- 12000'	Cut Brine	9.0-9.2	30-32	L10CC

7. Auxiliary Equipment: Kelly Cock; Sub with full opening valve on floor; and drill pipe connections.

8. Testing, Logging and Coring Program:

No drillstem tests are anticipated.

The electric logging program will consist of Dual Laterolog Micro SFL, Spectral Density Dual Spaced Neutron Csg Log, and Depth Control Log.

No conventional coring is anticipated.

9. No abnormal pressures or temperatures are anticipated.

10. Anticipated starting date: As soon as possible after approval.

MARBOB ENERGY CORPORATION
MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Malibu Federal #2
SHL: 330' FNL & 660' FEL
BHL: 2310' FNL & 660' FEL
Section 12, T19S, R31E
Eddy County, New Mexico

This plan is submitted with Form 3160-3, Application for Permit to Drill, covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of the surface disturbance involved and the procedures to be followed in rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effect associated with the operations.

1. EXISTING ROADS:

Exhibit 2 is a portion of a topo map showing the well and roads in the vicinity of the proposed location. The proposed wellsite and the access route to the location are indicated in red on Exhibit 2.

DIRECTIONS:

From Co. Rd. H-126 (Maljamar Rd.) and Co. Rd. #248 (Lusk Plant), Go north approx. 2.9 miles. Turn left and go southwest approx. 2.0 miles on caliche lease road. Turn left and go east approx. 0.3 miles on existing reclaimed road. This location is north approx. 350 feet on the left.

2. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

A. Marbob Energy Corporation proposes a collection facility, if well is productive, to be located on Malibu Federal #1 well pad.

3. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drill cuttings will be disposed of in the lined pit.
- B. Drilling fluids will be allowed to evaporate in the lined pit until the pit is dry.
- C. Water produced during completion may be disposed into the lined reserve pit.
- D. All trash and debris will be removed from the wellsite within 30 days after finishing drilling and/or completion operations. All waste material will be contained to prevent scattering by the wind.

4. WELLSITE LAYOUT:

- A. Exhibit 3 shows the relative location and dimensions of the well pad, the pit.
- B. The reserve pit will be lined with high quality plastic sheeting.

5. PLANS FOR RESTORATION:

- A. After finishing drilling and/or completion operations, all equipment and other material not needed for further operations will be removed. The location will be cleaned of all trash and junk to leave the wellsite in as aesthetically pleasing a condition as possible.
- B. Reserve pit will be fenced until they have dried and been leveled.
- C. All rehabilitation and/or vegetation requirements of the BLM will be complied with and will be accomplished as expeditiously as possible. All pits will be filled level within 90 days after abandonment.

6. SURFACE OWNERSHIP:

The well site and lease are located on Federal surface

- A. The area around the well site is grassland and the top soil is sandy. The vegetation is native scrub grasses with abundant oakbrush, sagebrush, yucca, and prickly pear.
- B. A Cultural Resources Examination has been requested and will be forwarded to your office in the near future.

7. OTHER INFORMATION:

- A. Topography: Refer to the existing archaeological report for a description of the topography, flora, fauna, soil characteristics, dwellings, historical and cultural sites.

8. OPERATOR'S REPRESENTATIVE:

A. Through A.P.D. Approval:

Dean Chumbley, Landman
Marbob Energy Corporation
P. O. Box 227
Artesia, NM 88211-0227
Phone (505)748-3303
Cell (505)748-5988

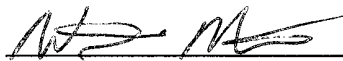
B. Through Drilling Operations

Sheryl Baker, Drilling Supervisor
Marbob Energy Corporation
P. O. Box 227
Artesia, NM 88211-0227
Phone (505)748-3303
Cell (505)748-5489

CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Marbob Energy Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

3/14/07
Date


William Miller
Land Department

MARBOB ENERGY CORPORATION

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

I. HYDROGEN SULFIDE TRAINING

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:

- A. The hazards and characteristics of hydrogen sulfide (H₂S).
- B. The proper use and maintenance of personal protective equipment and life support systems.
- C. The proper use of H₂S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.
- D. The proper techniques for first aid and rescue procedures.

In addition, supervisory personnel will be trained in the following areas:

- A. The effects of H₂S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
- B. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
- C. The contents and requirements of the H₂S Drilling Operations Plan and the Public Protection Plan.

There will be an initial training session just prior to encountering a known or probable H₂S zone (within 3 days or 500 feet) and weekly H₂S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H₂S Drilling Operations Plan and the Public Protection Plan. This plan shall be available at the well site. All personnel will be required to carry documentation that they have received the proper training.

II. H₂S SAFETY EQUIPMENT AND SYSTEMS

Note: All H₂S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonably expected to contain H₂S.

A. Well Control Equipment:

Flare line.

Choke manifold.

Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.

Auxiliary equipment to include: annular preventer, mud-gas separator, rotating head.

B. Protective equipment for essential personnel:

Mark II Surviveair 30-minute units located in the dog house and at briefing areas.

C. H₂S detection and monitoring equipment:

2 - portable H₂S monitor positioned on location for best coverage and response. These units have warning lights and audible sirens when H₂S levels of 20 ppm are reached.

D. Visual warning systems:

Caution/Danger signs shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used, when appropriate. See example attached.

E. Mud Program:

The mud program has been designed to minimize the volume of H₂S circulated to the surface.

F. Metallurgy:

All drill strings, casings, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H₂S service.

G. Communication:

Company vehicles equipped with cellular telephone and 2-way radio.

W A R N I N G

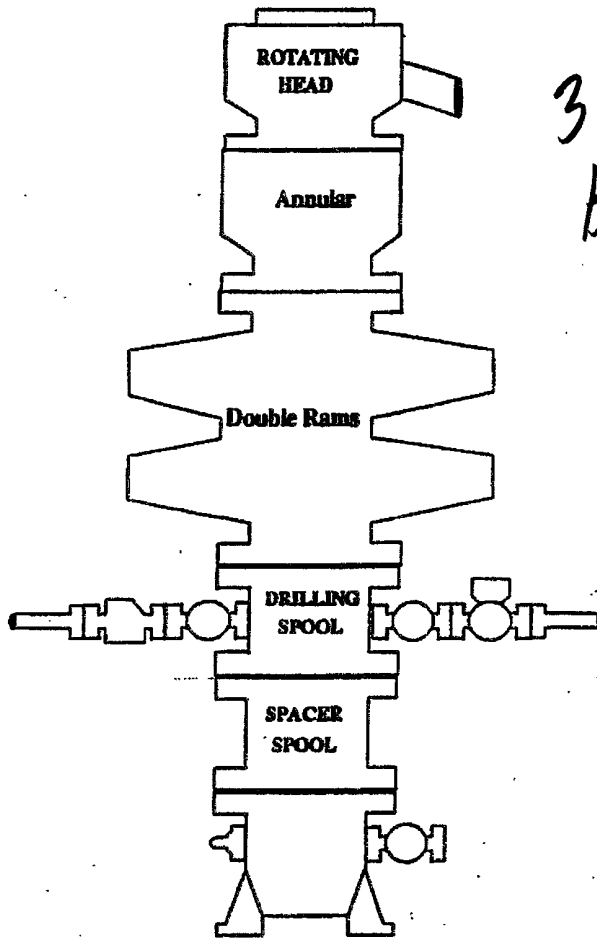
**YOU ARE ENTERING AN H₂S AREA
AUTHORIZED PERSONNEL ONLY**

- 1. BEARDS OR CONTACT LENSES NOT ALLOWED**
- 2. HARD HATS REQUIRED**
- 3. SMOKING IN DESIGNATED AREAS ONLY**
- 4. BE WIND CONSCIOUS AT ALL TIMES**
- 5. CK WITH MARBOB FOREMAN AT MAIN OFFICE**

MARBOB ENERGY CORPORATION

1-505-748-3303

BOPE SCHEMATIC



Choke Manifold

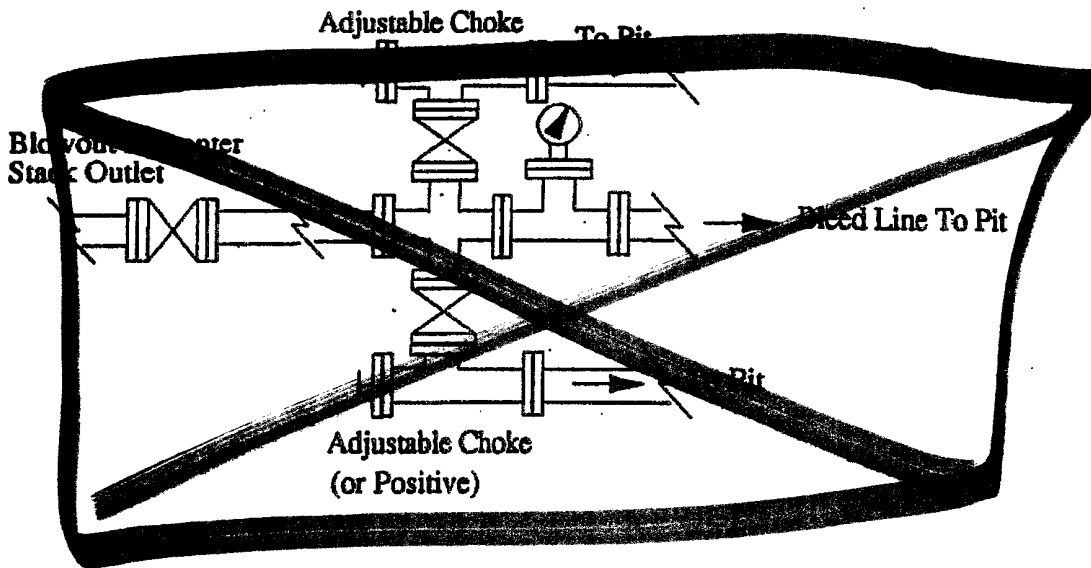
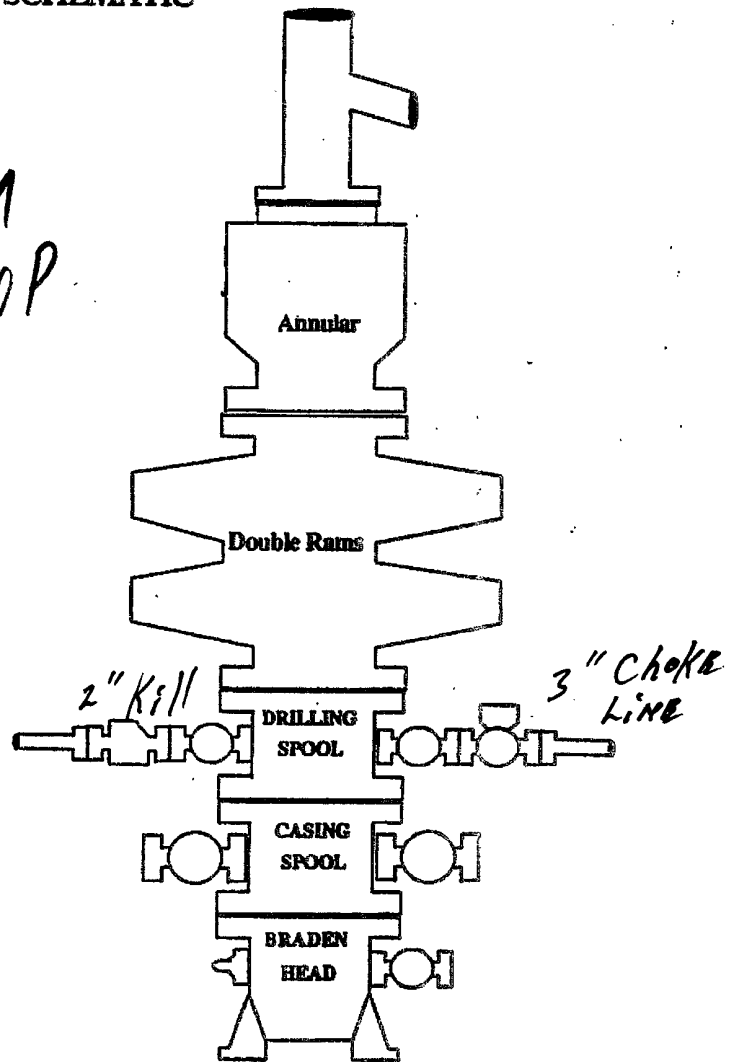
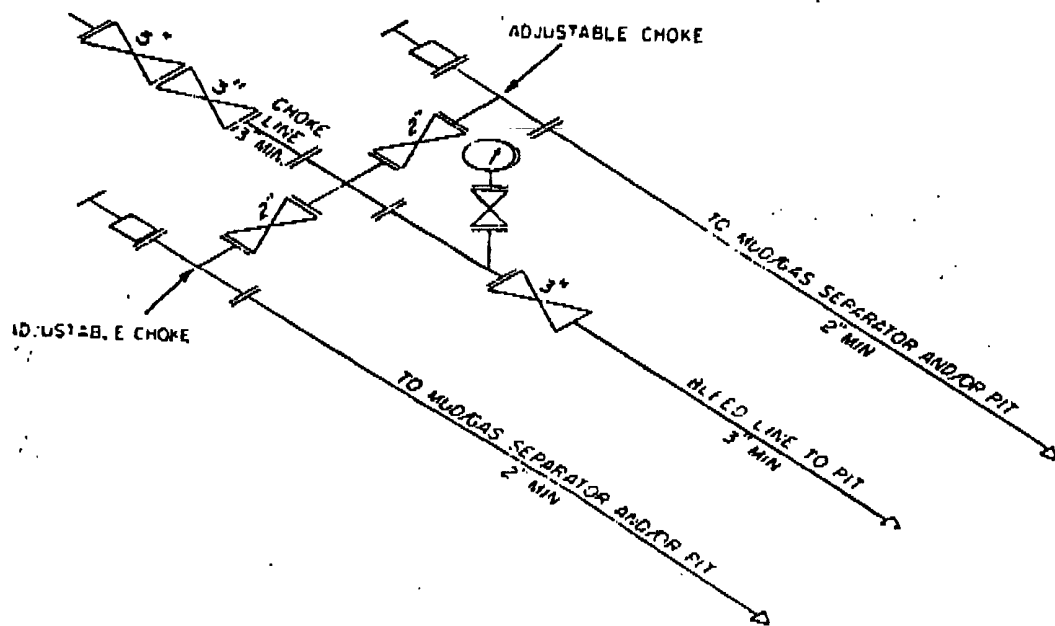
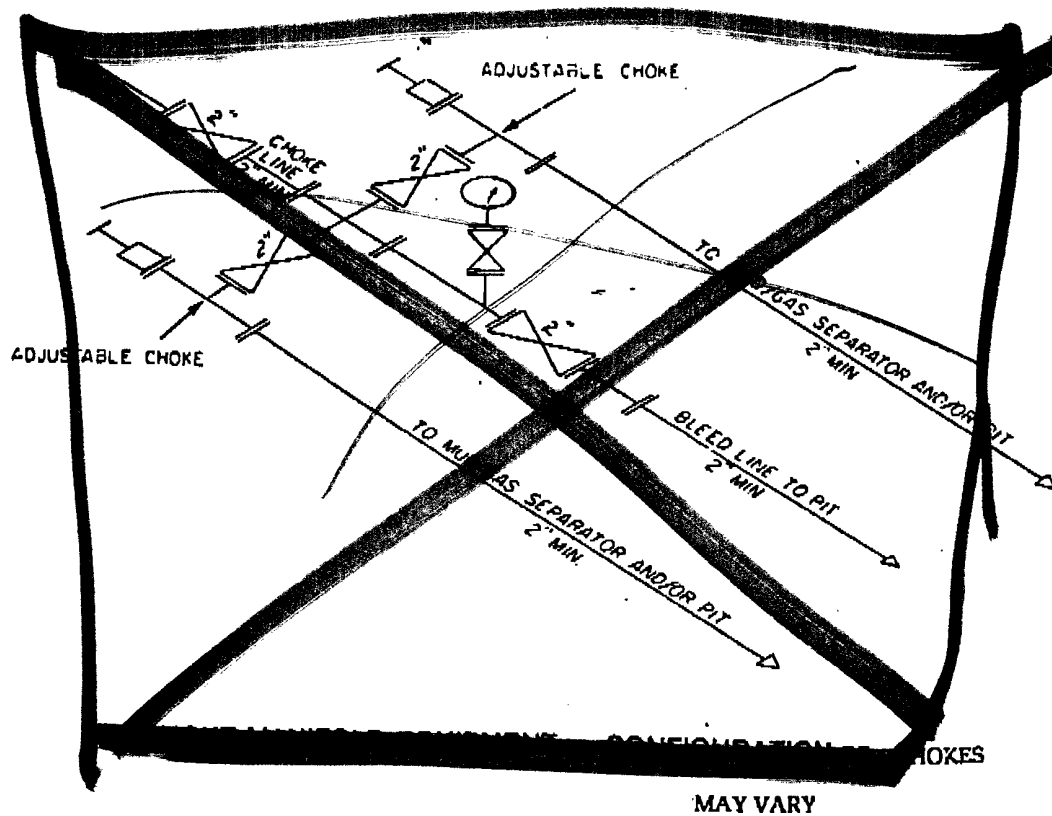


Exhibit One

ONSHORE OIL AND GAS ORDER NO. 2



3M CHOKE MANIFOLD EQUIPMENT — CONFIGURATION OF CHOKES
MAY VARY

Company: Marbob Energy

Fluid: Malibu Fed #2

Site: Malibu Fed #2

Well: Malibu Fed #2

Wellpath: OH

Date: 3/14/2007

Co-ordinate(NE) Reference Site: Malibu Fed #2, Grid North

Vertical (TVD) Reference SITE 0.0

Section (VS) Reference: Well (0.00N,0.00E,180.00Az)

Plan:

Time: 08:39:59

Page: 2

Plan #13-14-07

Survey

MD ft	Incl deg	Azi deg	TVD ft	N-S ft	E-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	Tool/Comment
800.00	0.00	0.00	800.00	0.00	0.00	0.00	0.00	0.00	0.00	
850.00	0.00	0.00	850.00	0.00	0.00	0.00	0.00	0.00	0.00	
900.00	0.00	0.00	900.00	0.00	0.00	0.00	0.00	0.00	0.00	
950.00	0.00	0.00	950.00	0.00	0.00	0.00	0.00	0.00	0.00	
1000.00	0.00	0.00	1000.00	0.00	0.00	0.00	0.00	0.00	0.00	
1050.00	0.00	0.00	1050.00	0.00	0.00	0.00	0.00	0.00	0.00	
1100.00	0.00	0.00	1100.00	0.00	0.00	0.00	0.00	0.00	0.00	
1150.00	0.00	0.00	1150.00	0.00	0.00	0.00	0.00	0.00	0.00	
1200.00	0.00	0.00	1200.00	0.00	0.00	0.00	0.00	0.00	0.00	
1250.00	0.00	0.00	1250.00	0.00	0.00	0.00	0.00	0.00	0.00	
1300.00	0.00	0.00	1300.00	0.00	0.00	0.00	0.00	0.00	0.00	
1350.00	0.00	0.00	1350.00	0.00	0.00	0.00	0.00	0.00	0.00	
1400.00	0.00	0.00	1400.00	0.00	0.00	0.00	0.00	0.00	0.00	
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1750.00	0.00	0.00	1750.00	0.00	0.00	0.00	0.00	0.00	0.00	
1800.00	0.00	0.00	1800.00	0.00	0.00	0.00	0.00	0.00	0.00	
1850.00	0.00	0.00	1850.00	0.00	0.00	0.00	0.00	0.00	0.00	
1900.00	0.00	0.00	1900.00	0.00	0.00	0.00	0.00	0.00	0.00	
1950.00	0.00	0.00	1950.00	0.00	0.00	0.00	0.00	0.00	0.00	
2000.00	0.00	0.00	2000.00	0.00	0.00	0.00	0.00	0.00	0.00	
2050.00	0.00	0.00	2050.00	0.00	0.00	0.00	0.00	0.00	0.00	
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2200.00	0.00	0.00	2200.00	0.00	0.00	0.00	0.00	0.00	0.00	
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2300.00	0.00	0.00	2300.00	0.00	0.00	0.00	0.00	0.00	0.00	
2350.00	0.00	0.00	2350.00	0.00	0.00	0.00	0.00	0.00	0.00	
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2550.00	0.00	0.00	2550.00	0.00	0.00	0.00	0.00	0.00	0.00	
2600.00	0.00	0.00	2600.00	0.00	0.00	0.00	0.00	0.00	0.00	
2650.00	0.00	0.00	2650.00	0.00	0.00	0.00	0.00	0.00	0.00	
2700.00	0.00	0.00	2700.00	0.00	0.00	0.00	0.00	0.00	0.00	
2750.00	0.00	0.00	2750.00	0.00	0.00	0.00	0.00	0.00	0.00	
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2900.00	0.00	0.00	2900.00	0.00	0.00	0.00	0.00	0.00	0.00	
2950.00	0.00	0.00	2950.00	0.00	0.00	0.00	0.00	0.00	0.00	
3000.00	0.00	0.00	3000.00	0.00	0.00	0.00	0.00	0.00	0.00	
3050.00	0.00	0.00	3050.00	0.00	0.00	0.00	0.00	0.00	0.00	
3100.00	0.00	0.00	3100.00	0.00	0.00	0.00	0.00	0.00	0.00	
3150.00	0.00	0.00	3150.00	0.00	0.00	0.00	0.00	0.00	0.00	
3200.00	0.00	0.00	3200.00	0.00	0.00	0.00	0.00	0.00	0.00	
3250.00	0.00	0.00	3250.00	0.00	0.00	0.00	0.00	0.00	0.00	
3300.00	0.00	0.00	3300.00	0.00	0.00	0.00	0.00	0.00	0.00	
3350.00	0.00	0.00	3350.00	0.00	0.00	0.00	0.00	0.00	0.00	
3400.00	0.00	0.00	3400.00	0.00	0.00	0.00	0.00	0.00	0.00	
3450.00	0.00	0.00	3450.00	0.00	0.00	0.00	0.00	0.00	0.00	

[illegible]

Pathfinder Energy Planning Report

Company: Marbob Energy			Date: 3/14/2007			Time: 08:39:59			Page: 4		
Field: Malibu Fed #2			Co-ordinate(N/E) Reference: Malibu Fed #2, Grid North								
Site: Malibu Fed #2			Vertical (TVD) Reference: SITE 0.0								
Well: Malibu Fed #2			Section: (VS) Reference: Well (0.00N,0.00E,180.00Azi)								
Wellpath: Ori			Plan:						Plan #1 3-14-07		
Survey											
MD ft	Incl deg	Azim deg	TVD ft	+N-S ft	+E-W ft	VS ft	DLS deg/100ft	Balld deg/100ft	Turn deg/100ft	Tool/Comment	
6150.00	0.00	0.00	6150.00	0.00	0.00	0.00	0.00	0.00	0.00		
6200.00	0.00	0.00	6200.00	0.00	0.00	0.00	0.00	0.00	0.00		
6250.00	0.00	0.00	6250.00	0.00	0.00	0.00	0.00	0.00	0.00		
6300.00	0.00	0.00	6300.00	0.00	0.00	0.00	0.00	0.00	0.00		
6350.00	0.00	0.00	6350.00	0.00	0.00	0.00	0.00	0.00	0.00		
6400.00	0.00	0.00	6400.00	0.00	0.00	0.00	0.00	0.00	0.00		
6450.00	0.00	0.00	6450.00	0.00	0.00	0.00	0.00	0.00	0.00		
6500.00	0.00	0.00	6500.00	0.00	0.00	0.00	0.00	0.00	0.00		
6550.00	0.00	0.00	6550.00	0.00	0.00	0.00	0.00	0.00	0.00		
6600.00	0.00	0.00	6600.00	0.00	0.00	0.00	0.00	0.00	0.00		
6650.00	0.00	0.00	6650.00	0.00	0.00	0.00	0.00	0.00	0.00		
6700.00	0.00	0.00	6700.00	0.00	0.00	0.00	0.00	0.00	0.00		
6750.00	0.00	0.00	6750.00	0.00	0.00	0.00	0.00	0.00	0.00		
6800.00	0.00	0.00	6800.00	0.00	0.00	0.00	0.00	0.00	0.00		
6850.00	0.00	0.00	6850.00	0.00	0.00	0.00	0.00	0.00	0.00		
6900.00	0.00	0.00	6900.00	0.00	0.00	0.00	0.00	0.00	0.00		
6950.00	0.00	0.00	6950.00	0.00	0.00	0.00	0.00	0.00	0.00		
7000.00	0.00	0.00	7000.00	0.00	0.00	0.00	0.00	0.00	0.00		
7050.00	0.00	0.00	7050.00	0.00	0.00	0.00	0.00	0.00	0.00		
7100.00	0.00	0.00	7100.00	0.00	0.00	0.00	0.00	0.00	0.00		
7150.00	0.00	0.00	7150.00	0.00	0.00	0.00	0.00	0.00	0.00		
7200.00	0.00	0.00	7200.00	0.00	0.00	0.00	0.00	0.00	0.00		
7250.00	0.00	0.00	7250.00	0.00	0.00	0.00	0.00	0.00	0.00		
7300.00	0.00	0.00	7300.00	0.00	0.00	0.00	0.00	0.00	0.00		
7350.00	0.00	0.00	7350.00	0.00	0.00	0.00	0.00	0.00	0.00		
7400.00	0.00	0.00	7400.00	0.00	0.00	0.00	0.00	0.00	0.00		
7450.00	0.00	0.00	7450.00	0.00	0.00	0.00	0.00	0.00	0.00		
7500.00	0.00	0.00	7500.00	0.00	0.00	0.00	0.00	0.00	0.00		
7550.00	0.00	0.00	7550.00	0.00	0.00	0.00	0.00	0.00	0.00		
7600.00	0.00	0.00	7600.00	0.00	0.00	0.00	0.00	0.00	0.00		
7650.00	0.00	0.00	7650.00	0.00	0.00	0.00	0.00	0.00	0.00		
7700.00	0.00	0.00	7700.00	0.00	0.00	0.00	0.00	0.00	0.00		
7750.00	0.00	0.00	7750.00	0.00	0.00	0.00	0.00	0.00	0.00		
7800.00	0.00	0.00	7800.00	0.00	0.00	0.00	0.00	0.00	0.00		
7850.00	0.00	0.00	7850.00	0.00	0.00	0.00	0.00	0.00	0.00		
7900.00	0.00	0.00	7900.00	0.00	0.00	0.00	0.00	0.00	0.00		
7950.00	0.00	0.00	7950.00	0.00	0.00	0.00	0.00	0.00	0.00		
8000.00	0.00	0.00	8000.00	0.00	0.00	0.00	0.00	0.00	0.00		
8050.00	0.00	0.00	8050.00	0.00	0.00	0.00	0.00	0.00	0.00		
8100.00	0.00	0.00	8100.00	0.00	0.00	0.00	0.00	0.00	0.00		
8150.00	0.00	0.00	8150.00	0.00	0.00	0.00	0.00	0.00	0.00		
8200.00	0.00	0.00	8200.00	0.00	0.00	0.00	0.00	0.00	0.00		
8250.00	0.00	0.00	8250.00	0.00	0.00	0.00	0.00	0.00	0.00		
8300.00	0.00	0.00	8300.00	0.00	0.00	0.00	0.00	0.00	0.00		
8350.00	0.00	0.00	8350.00	0.00	0.00	0.00	0.00	0.00	0.00		
8400.00	0.00	0.00	8400.00	0.00	0.00	0.00	0.00	0.00	0.00		
8450.00	0.00	0.00	8450.00	0.00	0.00	0.00	0.00	0.00	0.00		
8500.00	0.00	0.00	8500.00	0.00	0.00	0.00	0.00	0.00	0.00		
8550.00	0.00	0.00	8550.00	0.00	0.00	0.00	0.00	0.00	0.00		
8600.00	0.00	0.00	8600.00	0.00	0.00	0.00	0.00	0.00	0.00		
8650.00	0.00	0.00	8650.00	0.00	0.00	0.00	0.00	0.00	0.00		
8700.00	0.00	0.00	8700.00	0.00	0.00	0.00	0.00	0.00	0.00		
8750.00	0.00	0.00	8750.00	0.00	0.00	0.00	0.00	0.00	0.00		

Pathfinder Energy Planning Report

Company: Marbob Energy	Date: 3/14/2007	Time: 08:39:59	Page: 5
Field: Malibu Fed #2	Co-ordinates (NE) Reference: Malibu Fed #2, Grid North		
Site: Malibu Fed #2	Vertical (TYD) Reference: SITE 0.0		
Well: Malibu Fed #2	Section (VS) Reference: Well (0.00N, 0.00E, 180.00Azi)		
Wellpath: OH	Plan: Plan #1 3-14-07		

Survey

MD ft	Incl deg	Azimuth deg	TYD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Bulld deg/100ft	Turn deg/100ft	Tool/Comment
8800.00	0.00	0.00	8800.00	0.00	0.00	0.00	0.00	0.00	0.00	
8850.00	0.00	0.00	8850.00	0.00	0.00	0.00	0.00	0.00	0.00	
8900.00	0.00	0.00	8900.00	0.00	0.00	0.00	0.00	0.00	0.00	
8950.00	0.00	0.00	8950.00	0.00	0.00	0.00	0.00	0.00	0.00	
9000.00	0.00	0.00	9000.00	0.00	0.00	0.00	0.00	0.00	0.00	
9050.00	0.00	0.00	9050.00	0.00	0.00	0.00	0.00	0.00	0.00	
9100.00	0.00	0.00	9100.00	0.00	0.00	0.00	0.00	0.00	0.00	
9150.00	0.00	0.00	9150.00	0.00	0.00	0.00	0.00	0.00	0.00	
9200.00	0.00	0.00	9200.00	0.00	0.00	0.00	0.00	0.00	0.00	
9250.00	0.00	0.00	9250.00	0.00	0.00	0.00	0.00	0.00	0.00	
9300.00	0.00	0.00	9300.00	0.00	0.00	0.00	0.00	0.00	0.00	
9350.00	0.00	0.00	9350.00	0.00	0.00	0.00	0.00	0.00	0.00	
9359.04	0.00	0.00	9359.04	0.00	0.00	0.00	0.00	0.00	0.00	KOP @ 9359' MD
9400.00	4.92	180.00	9399.95	-1.76	0.00	1.76	12.00	12.00	0.00	
9450.00	10.92	180.00	9449.45	-8.64	0.00	8.64	12.00	12.00	0.00	
9500.00	16.92	180.00	9497.96	-20.66	0.00	20.66	12.00	12.00	0.00	
9550.00	22.92	180.00	9544.95	-37.68	0.00	37.68	12.00	12.00	0.00	
9600.00	28.92	180.00	9589.90	-59.52	0.00	59.52	12.00	12.00	0.00	
9650.00	34.92	180.00	9632.32	-85.94	0.00	85.94	12.00	12.00	0.00	
9700.00	40.92	180.00	9671.75	-116.65	0.00	116.65	12.00	12.00	0.00	
9750.00	46.92	180.00	9707.75	-151.32	0.00	151.32	12.00	12.00	0.00	
9800.00	52.91	180.00	9739.94	-189.55	0.00	189.55	12.00	12.00	0.00	
9850.00	58.91	180.00	9767.94	-230.95	0.00	230.95	12.00	12.00	0.00	
9900.00	64.91	180.00	9791.47	-275.04	0.00	275.04	12.00	12.00	0.00	
9950.00	70.91	180.00	9810.26	-321.35	0.00	321.35	12.00	12.00	0.00	
10000.00	76.91	180.00	9824.11	-369.37	0.00	369.37	12.00	12.00	0.00	
10050.00	82.91	180.00	9832.86	-418.57	0.00	418.57	12.00	12.00	0.00	
10087.04	87.36	180.00	9836.00	-455.47	0.00	455.47	12.00	12.00	0.00	EOC @ 10087' MD, 87.37°
10100.00	87.37	180.00	9836.59	-468.42	0.00	468.42	0.09	0.09	0.00	
10150.00	87.37	180.00	9838.89	-518.37	0.00	518.37	0.00	0.00	0.00	
10200.00	87.37	180.00	9841.18	-568.31	0.00	568.31	0.00	0.00	0.00	
10250.00	87.37	180.00	9843.47	-618.26	0.00	618.26	0.00	0.00	0.00	
10300.00	87.37	180.00	9845.77	-668.21	0.00	668.21	0.00	0.00	0.00	
10350.00	87.37	180.00	9848.06	-718.15	0.00	718.15	0.00	0.00	0.00	
10400.00	87.37	180.00	9850.35	-768.10	0.00	768.10	0.00	0.00	0.00	
10450.00	87.37	180.00	9852.65	-818.05	0.00	818.05	0.00	0.00	0.00	
10500.00	87.37	180.00	9854.94	-868.00	0.00	868.00	0.00	0.00	0.00	
10550.00	87.37	180.00	9857.23	-917.94	0.00	917.94	0.00	0.00	0.00	
10600.00	87.37	180.00	9859.53	-967.89	0.00	967.89	0.00	0.00	0.00	
10650.00	87.37	180.00	9861.82	-1017.84	0.00	1017.84	0.00	0.00	0.00	
10700.00	87.37	180.00	9864.11	-1067.79	0.00	1067.79	0.00	0.00	0.00	
10750.00	87.37	180.00	9866.41	-1117.73	0.00	1117.73	0.00	0.00	0.00	
10800.00	87.37	180.00	9868.70	-1167.68	0.00	1167.68	0.00	0.00	0.00	
10850.00	87.37	180.00	9871.00	-1217.63	0.00	1217.63	0.00	0.00	0.00	
10900.00	87.37	180.00	9873.29	-1267.58	0.00	1267.58	0.00	0.00	0.00	
10950.00	87.37	180.00	9875.58	-1317.52	0.00	1317.52	0.00	0.00	0.00	
11000.00	87.37	180.00	9877.88	-1367.47	0.00	1367.47	0.00	0.00	0.00	
11050.00	87.37	180.00	9880.17	-1417.42	0.00	1417.42	0.00	0.00	0.00	
11100.00	87.37	180.00	9882.46	-1467.37	0.00	1467.37	0.00	0.00	0.00	
11150.00	87.37	180.00	9884.76	-1517.31	0.00	1517.31	0.00	0.00	0.00	
11200.00	87.37	180.00	9887.05	-1567.26	0.00	1567.26	0.00	0.00	0.00	
11250.00	87.37	180.00	9889.34	-1617.21	0.00	1617.21	0.00	0.00	0.00	
11300.00	87.37	180.00	9891.64	-1667.15	0.00	1667.15	0.00	0.00	0.00	
11350.00	87.37	180.00	9893.93	-1717.10	0.00	1717.10	0.00	0.00	0.00	

Pathfinder Energy Planning Report

Company: Marbob Energy Field: Malibu Fed #2 Site: Malibu Fed #2 Well: Malibu Fed #2 Wellpath: OH				Date: 3/14/2007 Co-ordinate(N/E) Reference: Malibu Fed #2, Grid North Vertical (TVD) Reference: SITE 0.0 Section (VS) Reference: Well (0.00N,0.00E,180.00Azi) Plan: Plan #1 3-14-07				Time: 08:39:59 Page: 6	
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Survey										
MD ft	Incl deg	Azim deg	TVD ft	+N-S ft	+E-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	Tool/Comment
11400.00	87.37	180.00	9896.22	-1767.05	0.00	1767.05	0.00	0.00	0.00	
11450.00	87.37	180.00	9898.52	-1817.00	0.00	1817.00	0.00	0.00	0.00	
11500.00	87.37	180.00	9900.81	-1866.94	0.00	1866.94	0.00	0.00	0.00	
11550.00	87.37	180.00	9903.10	-1916.89	0.00	1916.89	0.00	0.00	0.00	
11600.00	87.37	180.00	9905.40	-1966.84	0.00	1966.84	0.00	0.00	0.00	
11613.17	87.37	180.00	9906.00	-1980.00	0.00	1980.00	0.00	0.00	0.00	PBHL

Targets										
Name	Description Dir.	TVD ft	+N-S ft	+E-W ft	Map Northing ft	Map Easting ft	Latitude Deg Min Sec	Longitude Deg Min Sec		
PBHL		9906.00	-1980.00	0.00	609964.00	659190.70	32 40 32.967 N	103 48 57.523 W		

Annotation			
MD ft	TVD ft		
9359.04	9359.04	KOP @ 9359' MD	
10087.04	9836.00	EOC @ 10087' MD, 87.37° INC	

MARBOB

Field: Malibu Fed #2
 Site: Malibu Fed #2
 Well: Malibu Fed #2
 Wellpath: OH
 Plan: Plan #1 3-14-07

PATHFINDER

SITE DETAILS

Malibu Fed #2

Site Centre Northing: 611944.00
 Easting: 659190.70

Ground Level: 2429.00
 Positional Uncertainty: 0.00
 Convergence: 0.28

ANNOTATIONS

No.	TVD	MD	Annotation
1	9359.04	9359.04	KOP @ 9359' MD
2	9836.00	10087.04	EOC @ 10087' MD, 87.37" INC

TARGET DETAILS

Name	TVD	+N-S	+E-W	Sluice
PBHL	9906.00	-1910.00	0.00	Point

SECTION DETAILS

Sec	MD	Eaz	Azi	TVD	+N-S	+E-W	DLeg	TFace	VSec	Target
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2	9319.04	0.00	0.00	9359.04	0.00	0.00	0.00	0.00	0.00	
3	10017.04	87.36	180.00	9836.00	-455.47	0.00	12.00	180.00	455.47	
4	10017.41	87.37	180.00	9836.02	-455.84	0.00	3.00	0.01	455.84	
5	11613.17	87.37	180.00	9906.00	-1980.00	0.00	0.00	0.00	1980.00	PBHL

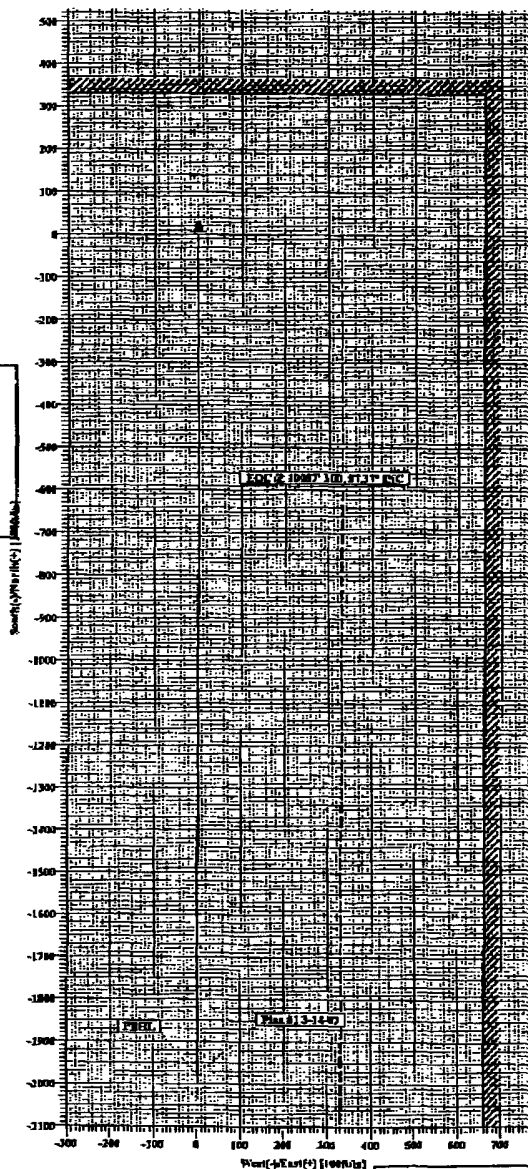
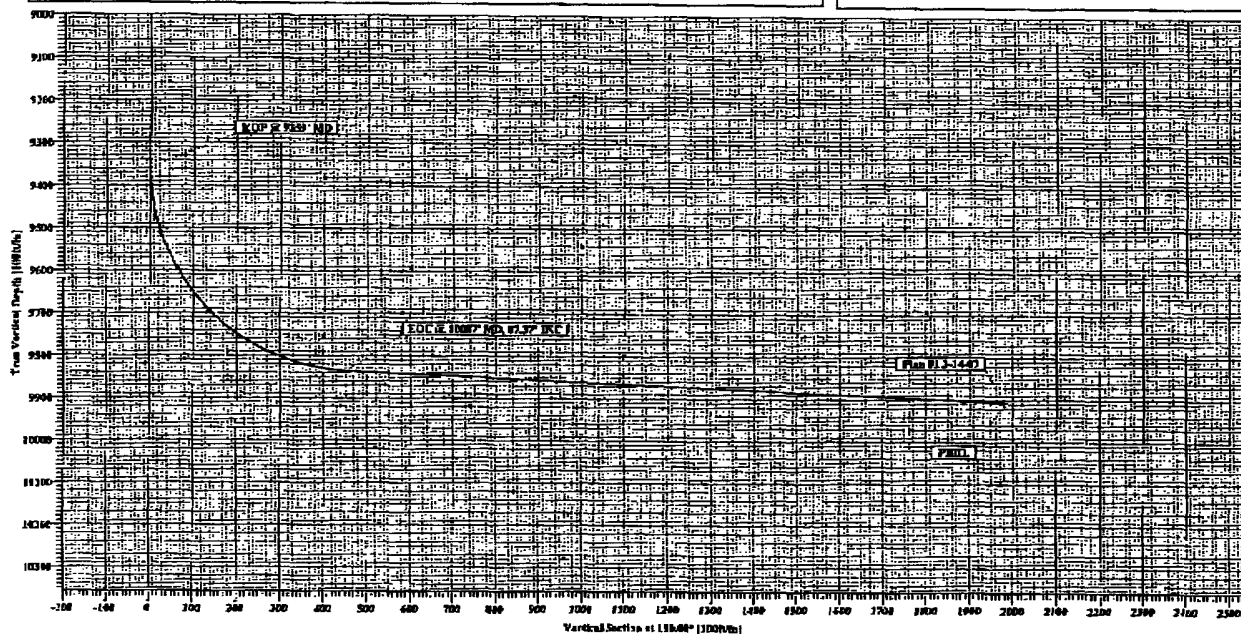
WELLPATH DETAILS

OH

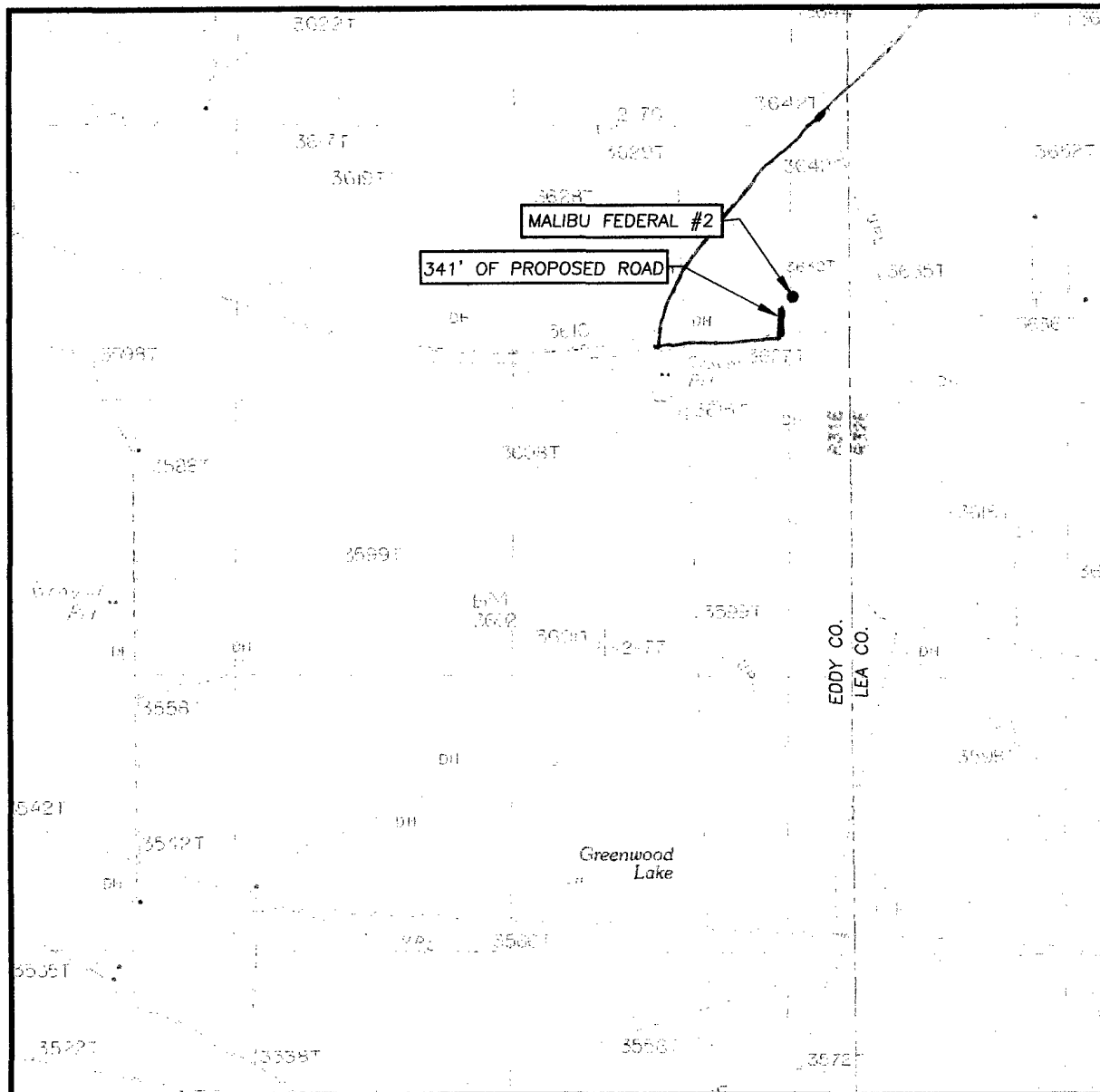
Rig: SITE 0.000

Ref. Datum: SITE 0.000

V. Section Angle	Origin +N-S	Origin +E-W	Sluicing From TVD
180.00°	0.00	0.00	9906.00



LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
GREENWOOD LAKE, N.M. - 10'

SEC. 12 TWP. 19-S RGE. 31-E

SURVEY N.M.P.M.

COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 330' FNL & 660' FEL

ELEVATION 3629'

OPERATOR MARBOB ENERGY CORPORATION

LEASE MALIBU FEDERAL

U.S.G.S. TOPOGRAPHIC MAP
GREENWOOD LAKE, N.M.



PROVIDING SURVEYING SERVICES
SINCE 1946

JOHN WEST SURVEYING COMPANY

412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Marbob Energy Corp.
Well Name & No. Malibu Federal Com # 2
Location: 330'FNL, 660'FEL, SEC12, T19S, R31E, Eddy County, NM
BHL: 2310'FNL, 660'FEL, SEC12, T19S, R31E, Eddy County, NM
Lease: NM-23002

I. DRILLING OPERATIONS REQUIREMENTS:

A. The Bureau of Land Management (BLM) is to be notified a minimum of 4 hours in advance, at the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 - for wells in Eddy County, in sufficient time for a representative to witness:

1. Spudding
2. Cementing casing: 13.375 inch 9.625 inch 5.5 inch
3. BOP tests

B. A Hydrogen Sulfide (H₂S) Drilling Plan is N/A.

C. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

D. Gamma-Ray/Neutron logs shall be run from the base of the Salado Formation to the surface; cable speed not to exceed 30 feet per minute.

E. If floor controls are required, (3M or Greater) controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.

II. CASING:

A. The 13.375 inch surface casing shall be set above the salt at least 25 feet into the Rustler Anhydrite @ approximately 775 feet and cement circulated to the surface.

1. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.
2. Wait on Cement (WOC) time for a primary cement job will be a minimum of 12 hours for a non-water basin, 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compression strength, which ever is greater. (This is to include the lead cement)
3. WOC time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds of compression strength, which ever is greater.
4. If cement falls back, Remedial cementing shall be completed prior to drilling out that string.

B. The minimum required fill of cement behind the 9.625 inch intermediate casing is circulate cement to the surface. If cement does not circulate see A.1 thru 4.

C. The minimum required fill of cement behind the 5.5 inch production casing is cement shall extend upward a minimum of 200 feet above the base of the intermediate casing string.

D. If hard band drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

A. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2.

B. Minimum working pressure of the blowout preventer and related equipment (BOPE) required for drilling the intermediate casing well bore shall be 2000 psi. Minimum working pressure of the blowout preventer and related equipment (BOPE) required for drilling below the 9.625 inch casing shall be 3000 psi.

C. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.

1. The tests shall be done by an independent service company.
2. The results of the test shall be reported to the appropriate BLM office.
3. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of the independent service company test will be submitted to the appropriate BLM office.
4. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi in accordance with API RP 53. The test will be held for a minimum of 10 minutes if the test is done with a test plug and 30 minutes without a test plug.
5. BOP/BOPE must be tested by an independent service within 500 feet of the top of the Wolfcamp Formation. This test does not exclude the test prior to drilling out the casing shoe as per onshore order No. 2.
6. A variance to test the 13.375" casing BOP/BOPE to the reduced pressure of 1000 psi with the rig pumps is approved.

IV. DRILLING MUD:

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the Wolfcamp Formation, and shall be used until production casing is run and cemented. Monitoring equipment shall consist of the following:

1. Recording pit level indicator to indicate volume gains and losses.
2. Mud measuring device for accurately determining the mud volumes necessary to fill the hole during trips.
3. Flow-sensor on the flow line to warn of abnormal mud returns from the well.

V. Hazards:

1. Our geologist has indicated that there is potential for flows in the Artesia and Salado groups.
2. Our geologist has indicated that there is potential for lost circulation in the Artesia group and the Capitan Reef if encountered.
3. Our geologist has indicated that there is potential for abnormal pressure in the Wolfcamp, Strawn, Atoka and Morrow formations.

Engineering may be contacted at 505-706-2779 for variances if necessary.

FWright 3/20/07