

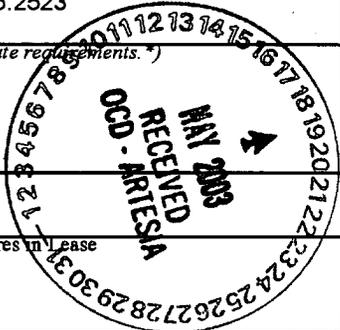
OCD-ARTESIA

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

E-58

APPLICATION FOR PERMIT TO DRILL OR REENTER

| | | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-----------------------------------------------------------------------------|--|
| 1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER | | 5. Lease Serial No. NMLC029395A | |
| 1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone | | 6. If Indian, Allottee or Tribe Name | |
| 2. Name of Operator MARBOB ENERGY CORPORATION Contact: DIANA CANNON E-Mail: production@marbob.com | | 7. If Unit or CA Agreement, Name and No. | |
| 3a. Address P O BOX 227 ARTESIA, NM 88211-0227 14049 | | 8. Lease Name and Well No. TONY FEDERAL 19 13629 | |
| 3b. Phone No. (include area code) Ph: 505.748.3303 Fx: 505.746.2523 | | 9. API Well No. 30-015-32802 | |
| 4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface NWSW Lot L 1650FSL 638FWL At proposed prod. zone NWSW Lot L 1650FSL 638FWL | | 10. Field and Pool, or Exploratory CEDAR LAKE YESO | |
| 14. Distance in miles and direction from nearest town or post office* SEE SURFACE USE PLAN | | 11. Sec., T., R., M., or Bk. and Survey or Area Sec 18 T17S R31E Mer NMP | |
| 15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 638' | | 12. County or Parish EDDY | |
| 16. No. of Acres in Lease 609.43 | | 13. State NM | |
| 18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft. | | 17. Spacing Unit dedicated to this well 40.00 | |
| 19. Proposed Depth 6000 MD | | 20. BLM/BIA Bond No. on file | |
| 21. Elevations (Show whether DF, KB, RT, GL, etc.) 3755 GL | | 22. Approximate date work will start 04/01/2003 | |
| 23. Estimated duration | | 24. Attachments Newell Controlled Water Basin | |



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

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the authorized officer.

| | | |
|-------------------------------------------------|----------------------------------------------|---------------------|
| 25. Signature (Electronic Submission) | Name (Printed/Typed) DIANA CANNON | Date 02/27/2003 |
| Title AUTHORIZED REPRESENTATIVE | | |
| Approved by (Signature) /s/ LESLIE A. THEISS | Name (Printed/Typed) /s/ LESLIE A. THEISS | Date MAY 16 2003 |
| Title FIELD MANAGER CARLSBAD FIELD OFFICE | | |

Application approval does not warrant or certify 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.

Additional Operator Remarks (see next page)

APPROVAL SUBJECT TO Electronic Submission #18992 verified by the BLM Well Information System
GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED
For MARBOB ENERGY CORPORATION, sent to the Carlsbad
committed to AFMSS for processing by Linda Askwig on 02/27/2003 (03LA0341AE)

Additional Operator Remarks:

17 1/2" HOLE, 13 3/8" J55 48# CSG SET @ 350', CMT W/ 350 SX TO SURF.

12 1/4" HOLE, 8 5/8" J55 24# CSG SET @ 1300', CMT W/ 550 SX TO SURF.

7 7/8" HOLE, 5 1/2" J55 17# CSG SET @ 6000', CMT SUFFICIENT TO COVER 200' ABOVE ALL KNOWN OIL & GAS HORIZONS.

PRESSURE CONTROL EQUIPMENT: WE WILL BE USING A 2M SYSTEM - SEE EXHIBIT #1 (4 PGS).

PAY ZONE WILL BE SELECTIVELY STIMULATED AND PERFORATED AS NEEDED FOR OPTIMUM PRODUCTION.

ATTACHMENT INCLUDES:

1. WELL LOCATION AND ACREAGE DEDICATION PLAT
2. DRILLING PROGRAM
3. SURFACE USE AND OPERATING PLAN
4. HYDROGEN SULFIDE DRILLING OPERATIONS PLAN
5. ADDITIONAL REQUIRED INFORMATION (EXHIBITS #1 (4 PGS) - #4)

JAN 20 2003

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

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised February 10, 1984

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

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

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

| | | |
|------------------------|--------------------------------------------|-------------------------------|
| API Number 30-015- | Pool Code 96831 | Pool Name CEDAR LAKE; YESO |
| Property Code 23629 | Property Name TONY FEDERAL | Well Number 19 |
| OGRID No. 14049 | Operator Name MARBOB ENERGY CORPORATION | Elevation 3755' |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| L | 18 | 17-S | 31-E | | 1650 | SOUTH | 638 | WEST | EDDY |

Bottom Hole Location If Different From Surface

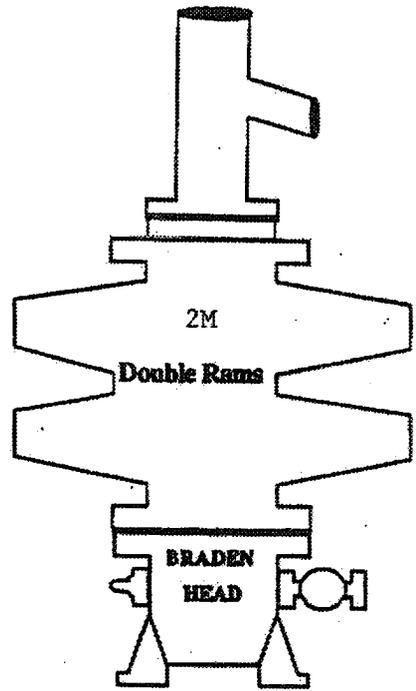
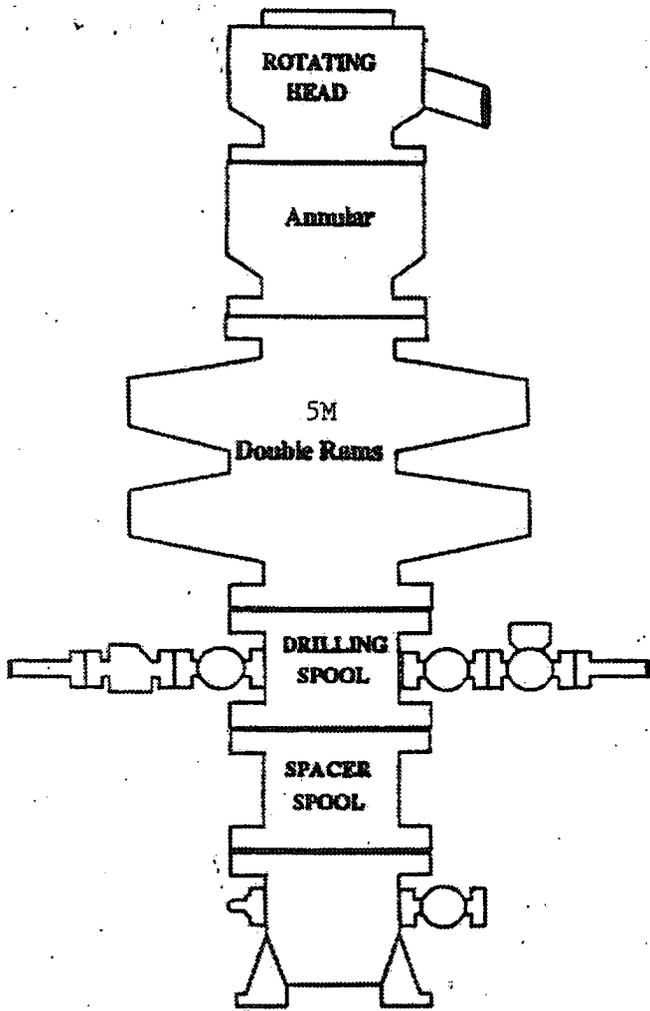
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| | | | |
|-----------------------|-----------------|--------------------|-----------|
| Dedicated Acres 40 | Joint or Infill | Consolidation Code | 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

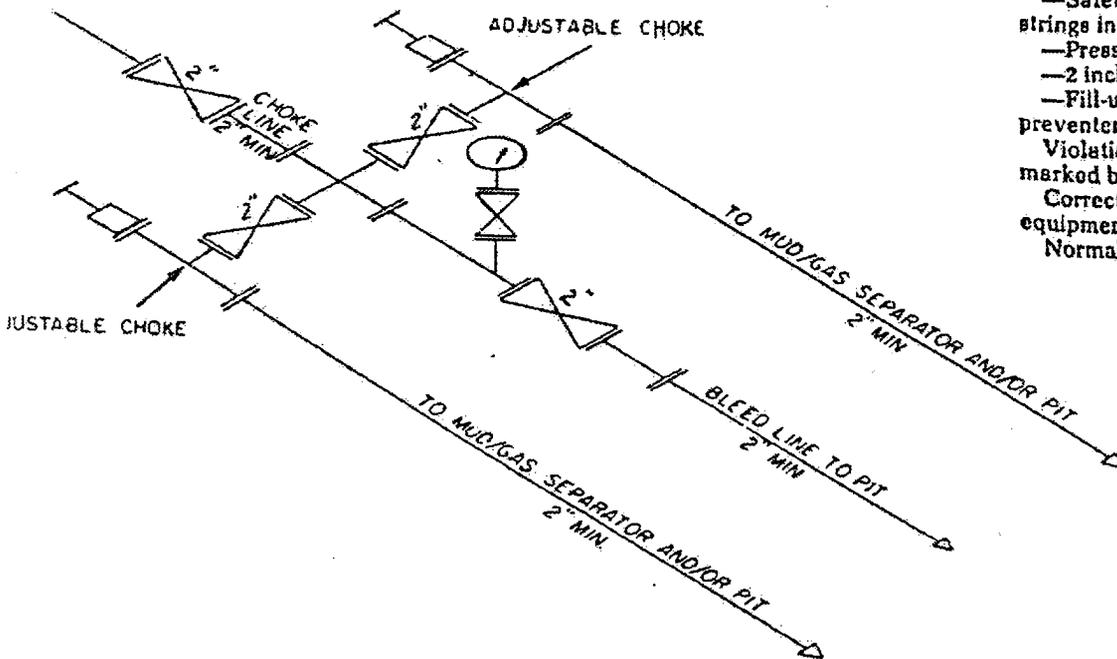
| | |
|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Diana J. Cannon</i> Signature</p> <p>DIANA J. CANNON Printed Name</p> <p>PRODUCTION ANALYST Title</p> <p>FEBRUARY 27, 2003 Date</p> |
| | <p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>JANUARY 15, 2003 Date Surveyed</p> <p>Signature & Seal of Professional Surveyor <i>Ronald J. Edson</i> 02.11.1045</p> |
| | <p>Certificate No. RONALD J. EDSON 3239 GARY EDSON 12641</p> |
| | <p>L.A.</p> |

BOPE SCHEMATIC



ONSHORE OIL AND GAS ORDER NO. 2

- 2M system:
- Annular preventer, or, double ram, or two rams with one being blind and one being a pipe ram *
 - Kill line (2 inch minimum)
 - 1 kill line valve (2 inch minimum)
 - 1 choke line valve
 - 2 chokes (refer to diagram in Attachment 1)
 - Upper kelly cock valve with handle available
 - Safety valve and subs to fit all drill strings in use
 - Pressure gauge on choke manifold
 - 2 inch minimum choke line
 - Fill-up line above the uppermost preventer.
- Violation: Minor (all items unless marked by asterisk).
 Corrective Action: Install the equipment as specified.
 Normal Abatement Period: 24 hours.



2M CHOKE MANIFOLD EQUIPMENT — CONFIGURATION OF CHOKES

MAY VARY

Exhibit One