Form 3160-3 (July 1992)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE* (Other instructions on reverse side)

FORM APPROVED OMB NO. 1004-0136 Expires: February 28, 1995

5. LEASE DESIGNATION AND SERIAL NO LC-029395B

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

APPLICATION FOR PERMINATO DRILL OR DEEPEN

1a. TYPE OF WORK b. TYPE OF WELL

2. NAME OF OPERATOR

3. ADDRESS AND TELEPHONE NO

At proposed prod. zone

OIL WELL X

MARBOB ENERGY CORPORATION

PO BOX 227, ARTESIA, NM 88210

At surface 330 FNL 330 FWL, UNIT D

DRILL X

OTHER

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE

どうこなり

DEEPÉN

SINGLE 20NF

MULTIPLE ZONE

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO. LEE FEDERAL #18

9. API WELL NO

50 015-

LOCO HILLS PADDOCK

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA

SEC. 20-T17S-R31E

12. COUNTY OR PARISH

EDDY CO.

NM

SEE SURFACE USE PLAN

SAME

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST

PROPERTY OR LEASE LINE, FT (Also to nearest drig, unit line, if any)

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED. OR APPLIED FOR, ON THIS LEASE, FT 21. ELEVATIONS (Show whether DF, RT, GR, etc.) 330'

16. NO. OF ACRES IN LEASE

1800

19. PROPOSED DEPTH

6000

20. ROTARY OR CABLE TOOLS

17. NO. OF ACRES ASSIGNED

TO THIS WELL

ROTARY

22. APPROX. DATE WORK WILL START*

40

07/28/01

3666' GR

23.

		PROPOSED CASING AND	CEMENTING PROGRAM
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH
17 1/2"	13 3/8" H40	48#	450'
12 1/4"	8 5/8" J55	24#	1320'
7 7/8"	5 1/2" J55	17#	6000'

Roswell Controlled Water Basin

QUANTITY OF CEMENT

WITNESS CIRCULATE 300 SX. CIRC 1100 SX, CIRC

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

ATTACHED ARE

1. ACREAGE LOCATION & DEDICATION PLAT

2. SUPPLEMENTAL DRILLING DATA

3. SURFACE USE PLAN

COROVAL BUBLECT TO General requirements and SPECIAL STIPULATIONS ATTACHED

IN ABOVE SPACE DESCRIBE PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24

SIGNED

PRODUCTION ANALYST

DATE 06/29/01

(This space for Federal or State office use)

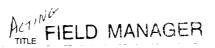
PERMIT NO

APPROVAL DATE

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

APPROVED BY

/S/ JOE G. LARA



AUG 1 0 2001

*See Instructions On Reverse Side Title 18 U.S.C. Section 1001, makes 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.

BUREAU OF LAND MOMT. ROSWELL OFFICE

45:01 MA S- JUL 1005

SELECTION OF THE SECTION OF THE SECT

State of New Mexico

DISTRICT I P.O. Box 1960, Hobbs, NM 88241-1960

Energy, Minerals and Natural Resources Department

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

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

Joint or Infill

Dedicated Acres

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT III

Consolidation Code

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Bottom Hole Location If Different From Surface									
D	20	17-S	31-E		330	NORTH	330	WEST	EDDY
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Surface Location									
	OGRID No. Operator Name Elevation 14049 MARBOB ENERGY CORPORATION 366				3666				
					LEE FED	V		18	
Property Code			Property Name			Well Number			
		•				LOCO HILL	S PADDOCK _		
API	Number			Pool Code			Pool Name	-	
DISTRICT IV	'A FK, N.M. 87	504-2088	WELL LO	CATION	AND ACREA	GE DEDICATI	ON PLAT	□ AMENDI	ED REPORT
1000 Rio Brazos F	id., Aztec, N	M 87410							

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

Order No.

330, o	3665.3'3663.0'	OPERATOR CERTIFICATION [hereby certify the the information contained herein is true and complete to the
SEE DETAIL	3667.5' 3665.1' DETAIL	est of my knowledge and belief. Signature
		DIANA I. CANNON Printed Name PRODUCTION ANALYST Title
		JUNE 29, 2001 SURVEYOR CERTIFICATION
		I hereby certify that the well location shown on this plat was plotted from field nates of actual surveys made by me or under my supervison, and that the same is true and correct to the best of my belief.
		MAY 30, 2001 Date Surveyed AWB Signature & Saal of C Professional Surveyor Married Action 6/19/0/
		Certificate No. RONATO J. EIDSON 3239 CARY EIDSON 12841

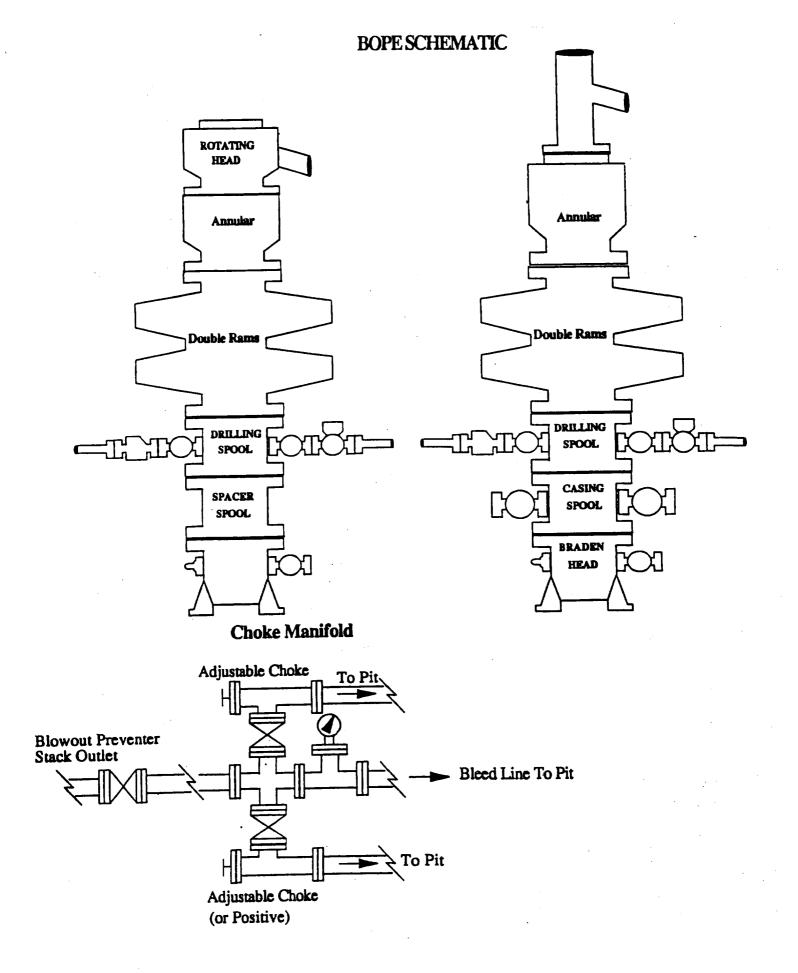
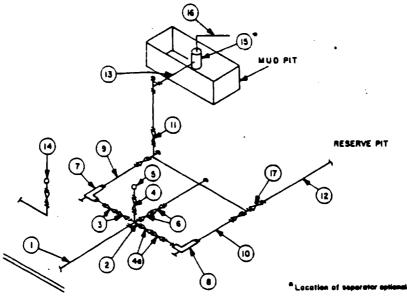


Exhibit One

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

3 MWP - 5 MWP - 10 MWP



BEYOND SUBSTRUCTURE

			MINII	MUM REQU	IREMENTS	3		<u>-</u>			
	T	3,000 MWP				5,000 MWP			10,000 MWP		
		1.D.	NOMINAL	RATING	1.D.	NOMINAL	RATING	I.D.	NOMINAL	RATING	
No.	Line from drilling spool		3*	3,000		3*	5,000		3"	10,000	
1				3,000		1	5,000				
2	Cross 3"x3"x3"x2"	 	 	0,100						10,000	
<u>.</u>	Cross 3"x3"x3"x3"		 			 			1		
3	Valves(1) Gate □ Plug □(2)	3-1/8"	ļ	3,000	3-1/8"	ļ	5,000	3-1/6"		10,000	
4	Valve Gate □ 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	2-1/1 6°		5,000	3-1/8"		10,000	
5	Pressure Gauge	7		3,000			5,000			10,000	
6	Valves Gate □ Plug □(2)	3-1/6"		3,000	3-1/8"		5,000	3-1/8*		10,000	
_	Adjustable Choke(3)	2*		3,000	2.		5,000	2"		10,000	
7		1.		3.000	1"		5,000	2"		10,000	
	Adjustable Choke		3"	3.000	 	3"	5.00C		3"	10,000	
9	Line	+	2"	3.000	 	2.	5.000	†	3"	10,000	
10	Line		 	0,500	 	 		 	 		
11	Valves Gate □ Plug □(2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000	
12	Lines	T	3"	1,000		3.	1,000	<u> </u>	3.	2,000	
13	Lines		3*	1,000		3.	1,000	<u> </u>	3*	2,000	
14	Remote reading compound standpipe pressure gauge			3,000			5,000			10,000	
15	+		2'x5'		<u> </u>	2'x5'	<u> </u>		2'x5'		
16	Line	T	4"	1,000		4*	1,000		4"	2.000	
17	Gate 🗆	3-1/8"		3,000	3-1/8*		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 hydrautic 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 68 or 68X and ring gaskets shall be API RX or 8X. Use only 8X 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 available.
- 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.
- 6. 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° bends using buil plugged tees.