

**COMMISSIONER'S OFFICE**

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**New Mexico State Land Office  
Commissioner of Public Lands  
Ray Powell, M.S., D.V.M.**

**COMMERCIAL RESOURCES**

Phone (505) 827-5724

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**MINERAL RESOURCES**

Phone (505) 827-5744

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**ROYALTY MANAGEMENT**

Phone (505) 827-5772

Fax (505) 827-4739

**SURFACE RESOURCES**

Phone (505) 827-5793

Fax (505) 827-5711

May 15, 2002

Marbob Energy Corporation

P.O. Box 227

Artesia, New Mexico 88211-0227

Attn: Mr. Brian Collins

Re: Downhole Commingling Application  
New Mexico DC State Well No. 1  
Unit Letter H, Section 18-19S-29E  
Palmillo, Wolfcamp and Palmillo, Upper Penn Pools  
Eddy County, New Mexico

This office is in receipt of your application of May 9, 2002, requesting our approval to downhole commingle the production from the above subject well from the Palmillo, Wolfcamp and Palmillo, Upper Penn Pools in Eddy County, New Mexico.

It is our understanding that production from the subject well will be allocated as follows:

<u>POOL</u>	<u>ALLOCATION</u>	
	<u>Oil %</u>	<u>Gas %</u>
Palmillo, Wolfcamp	22 %	59 %
Palmillo, Upper Penn	78 %	41 %
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	100	100

Since it appears that there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request for downhole commingling the production from the above-mentioned well is hereby approved. Any deviation from the substance of your request will be sufficient grounds for rescinding our approval. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Your filing fee in the amount of \$30.00 has been received.

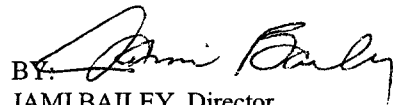
Also, please submit a copy of the Oil Conservation Division's approval order.

Marbob Energy Corporation  
May 15, 2002  
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If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.  
COMMISSIONER OF PUBLIC LANDS

BY: 

JAMI BAILEY, Director  
Oil, Gas and Minerals Division  
(505) 827-5744

RP/JB/cpm

Enclosure

xc: Reader File

OCD--Santa Fe--Attention: David Catanach