

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



May 30, 2008

Marbob Energy Corporation
Attn: Mr. Raye Miller
P.O. Box 227
Artesia, NM 88211-0227

Administrative Order NSL-5830

**Re: NB Tween State Well No. 2
API No. 30-015-35974
990 FSL & 2460 FWL
Unit N, Section 25-17S-28E
Eddy County**

Dear Mr. Miller :

Reference is made to the following:

(a) your application (**administrative application reference No. pTDS08-09955435**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on April 4, 2008, and

(b) the Division's records pertinent to this request.

Marbob Energy Corporation (Marbob) has requested to complete the above-referenced well as a deviated well from the surface location described in the caption of this letter, to an unorthodox bottom hole location in the Yeso formation, 1060 feet from the South line and 2359 feet from the West line (Unit N) of Section 25, Township 17 South, Range 28 East, in Eddy County, New Mexico. The SE/4 SW/4 of Section 25 will be dedicated to this well in order to form a standard 40-acre spacing unit in the Artesia-Glorieta Yeso Pool (96830). This pool is governed by statewide Rule 104.B(1), which provides for 40-acre oil units, with wells located at least 330 feet from a unit outer boundary. This bottom-hole location is less than 330 feet from the northern and western unit boundary.

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

Oil Conservation Division * 1220 South St. Francis Drive

* Santa Fe, New Mexico 87505

* Phone: (505) 476-3440 * Fax (505) 476-3462* <http://www.emnrd.state.nm.us>



It is our understanding that you are seeking this location because the well, which was intended to be drilled as a directional well to an orthodox bottom-hole location, deviated to this location due to an inadvertent drilling error.

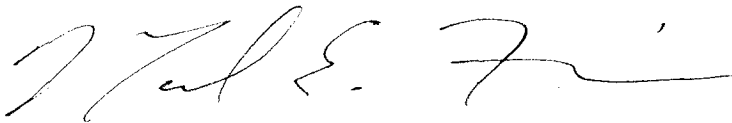
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 1210.A(2), in all adjoining units towards which the proposed bottom-hole location encroaches.

Pursuant to the authority conferred by Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 40.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', with a long horizontal flourish extending to the right.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Artesia
New Mexico State Land Office - Santa Fe