

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



June 4, 2008

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

Administrative Order NSL-5841

Re: Wildcap State Well No. 3-H
API No. 30-015-36032
Unit J, Section 36-19S-31E
County

Dear Mr. Miller:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-12146628**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on April 29, 2008, and

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

Marbob Energy Corporation (Marbob) has requested to drill the above-referenced well as a horizontal well in the Bone Spring formation, at a location that will be unorthodox under Division Rule 111. The proposed surface location, point of penetration and terminus of the well are as follows:

Surface Location: 2300 feet from the South line and 1650 feet from the East line
(Unit J) of Section 36, Township 19S, Range 31E, NMPM
Eddy County, New Mexico

Point of Penetration: 2370 feet from the South line and 1482 feet from the East line
(Unit J) of said Section.

Terminus 341 feet from the South line and 1484 feet from the East line
(Unit O) of said Section.



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The W/2 SE/4 of Section 36 will be dedicated to the proposed well to form a project area comprising two adjacent standard 40-acre wildcat Bone Spring spacing units. This location is governed by statewide Rule 104.B(1), which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is unorthodox because portions of the producing interval will be less than 330 feet from the eastern and southern boundaries of the project area, and therefore outside the producing area.

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

It is our understanding that you are seeking this location because the well was inadvertently deviated to the east from its intended course.


It is also understood no notice of this application to offsetting operators or owners is required because of common ownership.

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