

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jon Goldstein
Cabinet Secretary

Jim Noel
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



June 17, 2010

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

Administrative Order NSL-6216

**Re: Rocket Federal Well No. 5H
API No. 30-015-37778
180 feet FSL & 1980 feet FEL
Unit O, Section 3-26S-29E
Eddy County, New Mexico**

Dear Mr. Miller:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW10-14654380**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on May 26, 2010, and

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

Marbob Energy Corporation [OGRID 14049] (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 16.14.B(2). The proposed surface location, point of penetration and terminus of the well are as follows:

Surface Location: 180 feet from the South line and 1980 feet from the East line
(Unit O) of Section 3, Township 26S, Range 29E, NMPM,
Eddy County, New Mexico

Point of Penetration: same as surface location

Terminus 330 feet from the North line and 1980 feet from the East line
(Unit B) of said section



The W/2 E/2 of Section 3 will be dedicated to the proposed well to form a project area comprising four standard, 40-acre wildcat Bone Spring oil spacing units. Spacing is governed by statewide Rule 15.9, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is unorthodox because a portion of the producing interval will be less than 330 feet from the southern boundary of the project area, and therefore outside the producing area.

Your application has been duly filed under the provisions of Division Rules 15.13 and 4.12.A(2).

It is our understanding that you are seeking this location in order to conform to United States Bureau of Land Management surface location requirements.

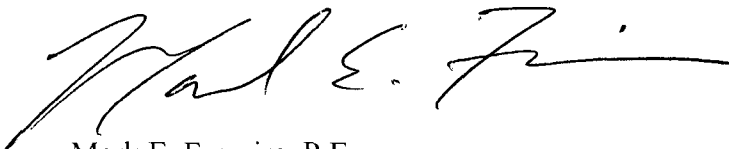
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 15.13.B, 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 5.9.

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 stylized flourish at the end.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Artesia
United States Bureau of Land Management