

their interests. This application has been instituted solely to pool the interests of working interest owners who do not oppose the application.

6. Marbob has sought voluntary agreement from the New Mexico Taxation and Revenue Department. Attachment C is a copy of the well proposal letter that was sent to the Department. Marbob has made the following additional efforts to obtain the Department's voluntary participation:

- a. Telephone calls dated 2/27/07, week of 3/5/07, 4/12/07, 4/16/07, 4/18/07, 4/19/07, and 5/7/07.
- b. Faxed attached Tax Deed to the Taxation and Revenue Department as proof that the State of New Mexico did own a mineral interest.
- d. The Department has stated that it is unable to lease or otherwise join. The Department plans to auction its mineral interest, but Darrell Lujan with the Taxation and Revenue Department stated the process could take up to four (4) years.

7. Marbob requests that these interests be pooled and Marbob be designated operator of the well and the project area.

8. Marbob proposes overhead charges (combined fixed rates) of \$5050.00 per month while drilling and \$505.00 per month while producing.

9. Attachment D is a copy of the authorization for expenditure (AFE) for this well.

10. Attachment E is a copy of the notice sent to the Department, return receipt, an affidavit of publication, and an affidavit from Marbob's attorney showing notice of this hearing was given pursuant to Division rules.

11. Approval of this application will avoid the drilling of unnecessary wells, will prevent waste, will protect correlative rights, and allow Marbob and the other interest owners in the W/2 of Section 14 an opportunity to obtain their just and fair share of the oil and gas under the subject lands.

FURTHER AFFIANT SAYETH NOT.

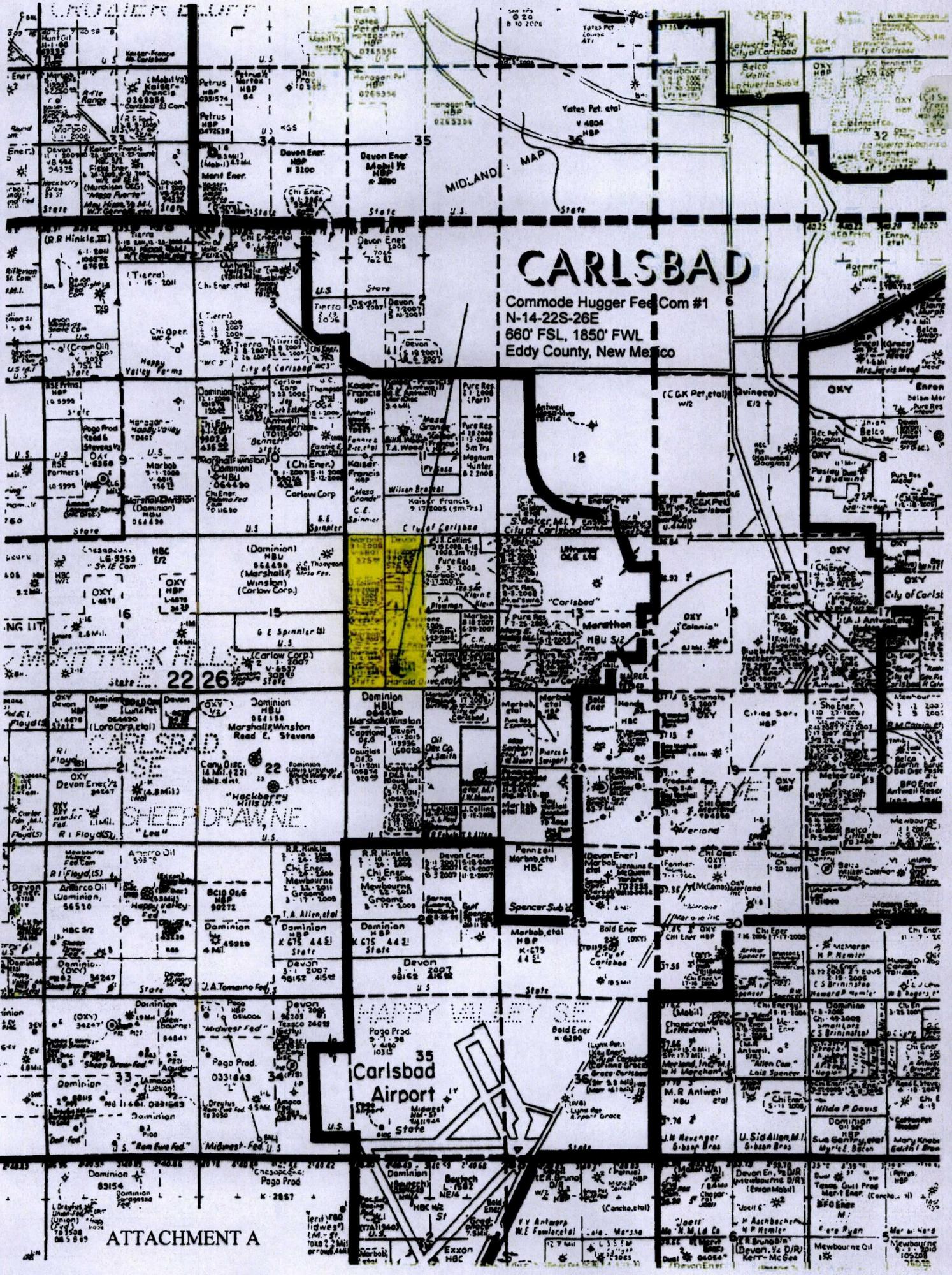
SUBSCRIBED AND SWORN before me on this 22nd day of May 2007.



OFFICIAL SEAL
Misti McLurg
NOTARY PUBLIC-STATE OF NEW MEXICO

My commission expires 3-19-11


Misti McLurg
Notary Public



CARLSBAD

Commode Hugger Fee Com #1
 N-14-22S-26E
 660' FSL, 1850' FWL
 Eddy County, New Mexico

ATTACHMENT "B"

Marbob Energy Corporation P.O. Box 227 Artesia, NM 88211-0227	82.547222%
Capstone Oil and Gas Company P.O. Box 10187 Midland, TX 79702	6.388889%
Forest Oil Permian Corp. 1600 Broadway, Ste. 2200 Denver, CO 80202	3.993056%
Slash Exploration Limited Partnership P.O. Box 1973 Roswell, NM 88202-1973	2.044444%
Marshall and Winston, Inc. P.O. Box 50880 Midland, TX 79710	3.833333%
Lonesome Oil, LLC P.O. Box 50880 Midland, TX 79710	0.255556%
Steven G. Browning 307 Vineyard Ln Carlsbad, NM 88220	.520833%
Carla Sue Farris 6414 Larkmount Drive Spring, TX 77389	.260417%
State of New Mexico	.156250%
TOTAL	100%

COMMODOE HUGGER FEE COM #1

Sec. 14, T-22-S, R-26-E
Eddy County, New Mexico

Owner	NET ACRES	WI	Percentages
Marbob Energy Corp	264.1511111	0.82547222	82.547222%
Capstone Oil and Gas Company P.O. Box 10187 Midland, TX 79702	20.4444444	0.06388889	6.388889%
Forest Oil Permian Corp. 1600 Broadway, Ste. 2200 Denver, CO 80202	12.7777778	0.03993056	3.993056%
Slash Exploration P.O. Box 1973 Roswell, NM 88202-1973	6.5422222	0.02044444	2.044444%
Marshall and Winston, Inc. P.O. Box 50880 Midland, TX 79710	12.2666667	0.03833333	3.833333%
Lonesome Oil, LLC P.O. Box 50880 Midland, TX 79710	0.8177778	0.00255556	0.255556%
Steven G. Browning 307 Vineyard Ln Carlsbad, NM 88220	1.6666667	0.00520833	0.520833%
Carla Sue Farris 6414 Larkmount Drive Spring, TX 77389	0.8333333	0.00260417	0.260417%
TOTAL LEASED:	319.5000000		
% of Unit	0.9984375		
State of New Mexico	0.5000000	0.0156250	0.156250%
TOTAL UNLEASED	0.5000000	1.0000000	100.000000%
% of Unit	0.0015625		
TOTAL ACRES IN UNIT	320.0000000		



marbob
energy corporation

April 27, 2007

Certified Receipt Return

State of New Mexico
Taxation and Revenue Department
P.O. Box 25126
Santa Fe, NM 87504

Attention: Mr. Darrell Lujan

RE: State of New Mexico Mineral
Ownership Tax Lien
Approximately 1/2 acre
In the SW/4SE/4NW/4
Section 14 T-22S R-26E
Eddy County, New Mexico

Dear Mr. Lujan:

As you are aware the State owns the small interest described above. Previously we discussed the State's options in regard to this interest. I have left several messages for you but I felt we should go ahead and put in writing our best lease proposal for this interest since the State will not participate and we have requested compulsory pooling on this interest. We would ask that you lease on a standard form for a 6 month period with you retaining a 1/5 royalty and receiving \$500.00 price per acre as a lease bonus for this interest. These are the highest terms and/or better terms than were paid to any other fee mineral owner in the W/2 of Section 14.

Please advise me if the State would be agreeable to these terms and I will email a lease to execute. Thank you for your help in this matter.

Sincerely,

Ross Duncan
Landman

ATTACHMENT C

AUTHORITY FOR EXPENDITURE

AFE NO.	2007-012	LEASE	Commode Hugger Fee Com	WELL NO.	1
DESCRIPTION	660' FSL & 1850' FWL, Section 14 T-22S R-26E		COUNTY	Eddy	
STATE	NM	OPERATOR	Marbob Energy Corporation		
FORMATION	Morrow	PREPARED BY	Sheryl Baker		
TOTAL DEPTH	11,800'	DATE	March 1, 2007		

DRILLING INTANGIBLES

	SUB	DRY HOLE W/O PIPE	COMPLETED WELL	ACTUAL COST	OVER UNDER
STAKING PERMITS LEGAL FEES ROW	100	10,000			
SITE PREPARATION ROADS & LOC	110	60,000	4,500		
DRILLING FOOTAGE CONTRACT	200				
DRILLING DAYWORK/MOBILIZATION	210	770,000			
EQUIP RNTL MACHINERY/MAN HIRE	220	70,000			
DRILLING WATER, HAULING FUEL	250	140,000			
DRILING MUD & CHEMICALS	260	48,000			
CEMENT SURFACE CASING	280	105,000			
FISHING TOOL SERVICES	295				
OTHER DRILLING COSTS/MATERIALS	299	210,000			
CORING & FORMATION TESTING	300	9,500			
MUD LOGGING & GEOLOGICAL SVCS	310	27,250			
ELEC LOGGING, WIRELINE, PERF	350	36,000	28,000		
DRILLING OVERHEAD CHARGE	950	5,000			
DRILLING WELLSITE SUPERVISION	955	28,000			
RECLAMATION	920	35,000			
CONTINGENCY 5%		77,688	1,625		
TOTAL DRILLING		1,631,438	34,125		

COMPLETION INTANGIBLES

CEMENT PRODUCTION CASING	400		40,000		
FORMATION FRACTURING	410		150,000		
FORMATION ACIDIZING	420		22,000		
COMPLETION UNIT	450		32,000		
CONTRACT LABOR/PROFESSIONAL SVCS	500		28,000		
COMPLETION WATER, POWER, FUEL	905		7,500		
BATTERY CONST/SER/MATERIALS	910		52,500		
COMPLETION EQUIP RNTS/SERVICES	915		52,500		
COMPLETION OVERHEAD CHARGE	960		5,000		
COMPLETION SUPERVISION CHARGE	965		7,700		
MISCELLANEOUS IDC EXPENSES	900		7,500		
CONTINGENCY 5%		0	20,235		
TOTAL COMPLETION		0	424,935		
TOTAL INTANGIBLES		1,631,438	459,060		

DRILLING AND COMPLETION TANGIBLES

SURFACE & INTERMEDIATE CASING	200	280,000	155,000		
PRODUCTION CASING	250		64,500		
TUBING & ATTACHMENTS	300				
PUMPING WELL HOOK UP	350	18,000	18,000		
WELLHEAD EQUIPMENT	400				
PUMP JACKS & PUMPS	500		52,500		
TREATER, SEPAR, EQ, METER/ELEC	600		52,500		
TANKS & STORAGE FACILITIES	700		7,500		
MISCELLANEOUS L&W EQUIPMENT	900				
CONTINGENCY 5%		14,900	17,500		
TOTAL EQUIPMENT COST		312,900	367,500		
TOTAL WELL COST		1,944,338	826,560		
LEASE ACRES @ PER ACRE					
TOTAL WELL COST			2,770,898		

APPROVALS:

This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.

OPERATOR	Marbob Energy Corporation	BY	<i>[Signature]</i>	WI	DATE	03/01/07
COMPANY		BY		WI	DATE	
PRINT NAME		TITLE				



March 29, 2007

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO AFFECTED INTEREST OWNERS:

Re: Application of Marbob Energy Corporation for compulsory pooling, Eddy County, New Mexico.

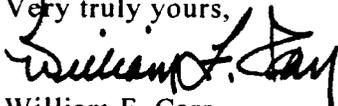
Ladies and Gentlemen:

This letter is to advise you that Marbob Energy Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking the compulsory pooling of certain spacing and proration units in the W/2 of Section 14, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico. Said units will be dedicated to Marbob Energy Corporation's proposed Commode Hugger Fee Com Well No. 1 which it proposes to drill at a standard gas well location in the SE/4 SW/4 of said Section 14 to test all formations from the surface to the base of the Morrow formation.

This application has been set for hearing before a Division Examiner at 8:15 AM on April 26, 2007. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-Hearing Statement with the Oil Conservation Division's Santa Fe office, four days in advance of a scheduled hearing, but at least on the Thursday preceding the hearing. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,



William F. Carr

cc: Ross Duncan
Marbob Energy Corporation

Affidavit of Publication

40.

19874

STATE OF NEW MEXICO

County of Eddy.

Gary D. Scott being duly

sworn, says: That he is the Publisher of The

Artesia Daily Press, a daily newspaper of general circulation, published in English at Artesia, said county and county and state, and that the here to attached

Legal Notice

was published in a regular and entire issue of the said Artesia Daily Press, a daily newspaper duly qualified for that purpose within the meaning of Chapter 167 of the 1937 Session Laws of the state of New Mexico for

1 Consecutive week/days on the same

day as follows:

First Publication April 1 2007

Second Publication _____

Third Publication _____

Fourth Publication _____

Fifth Publication _____

Subscribed and sworn to before me this

17th Day April 2007

Amanda K. Lamb

Notary Public, Eddy County, New Mexico

My Commission expires April 5, 2011

Copy of Publication:

NOTICE OF PUBLICATION STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION SANTA FE, NEW MEXICO

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on April 26, 2007, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appointed for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network 1-800-859-1779 by April 16, 2007. Public documents including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

STATE OF NEW MEXICO TO:

All named parties and persons having any right, title, interest or claim in the following cases and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

CASE 13909:

Application of Marbob Energy Corporation for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from

of the Morrow formation in the following described spacing unit (pool) located in the W/2 of Section 14, Township 12 North, Range 20 East, N.M.P.M., Eddy County, New Mexico; the W/2, for all formations and/or pools developed on 320-acre spacing which includes but is not limited to the Undesignated South Carlsbad-Morrow Gas Pool, Undesignated South Happy Valley-Atoka Gas Pool, Undesignated Happy Valley-Strawn Gas Pool, Undesignated East Hackberry Hills-Canyon Gas Pool, South Carlsbad-Wolfcamp Gas Pool, the SW/4 for all formations and/or pools developed on 160-acre spacing, the SE/4 SW/4 for all formations and/or pools developed on 40-acre spacing which includes but is not limited to the Undesignated East Happy Valley-Bone Spring Pool. Said units are to be dedicated to its Common Mode Hugger Fee Common Well No. 1 (API No. 10-015-34965) to be drilled at a standard location 600 feet from the South line and 1650 feet from the West line (Unit No. of said Section 14) to test any and all formations from the surface to the base of the Morrow formation. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Marbob Energy Corporation as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 2.25 miles north of the Carlsbad Airport, New Mexico.

Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 30th day of March 2007.

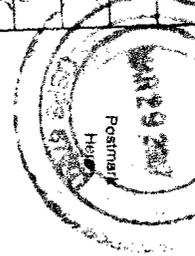
STATE OF NEW MEXICO OIL CONSERVATION DIVISION

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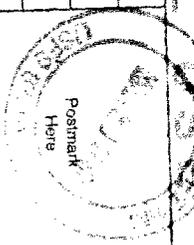
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7006 2760 0001 6391 4055

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Restricted Delivery Fee (endorsement required)	0.76
Total Postage & Fees	4.19



Start To
State of New Mexico
Attn: Darrell Lujan
Taxation and Revenue Dept.
1100 St. Francis Drive
Santa Fe, NM 87505

SENDER COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

State of New Mexico
Attn: Darrell Lujan
Taxation and Revenue Dept.
1100 St. Francis Drive
Santa Fe, NM 87505

COMPLETE THIS SECTION ON DELIVERY

A. Signature
Sharon Sale Agent

B. Received by (Printed Name)
SHARON SALE Addressee

C. Date of Delivery
1-22

D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below:

3. Service Type

Certified Mail Express Mail

Registered Return Receipt for Merchandise

Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number

(Transfer from service label)
7006 2760 0001 6391 4055

PS Form 3811, February 2004

Domestic Return Receipt

102995-02-44-1540