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

April 10, 2002

APR 12 2002

Marbob Energy Corporation
P.O. Box 227
Artesia, New Mexico 88211-0227

Attn: Mr. Brian Collins

Re: Downhole Commingling Application
Airport Grace Well No. 1
Unit Letter K, Section 36-22S-26E
Undesignated Wolfcamp, Undesignated Canyon and Carlsbad Strawn South Pools
Eddy County, New Mexico

This office is in receipt of your application of April 4, 2002, requesting our approval to downhole commingle the production from the above subject well from the Undesignated Wolfcamp, Undesignated Canyon and Carlsbad Strawn South 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>
Undesignated Wolfcamp	47.5 %	47.5 %
Undesignated Canyon	5 %	5 %
Carlsbad Strawn South	47.5 %	47.5 %
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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.