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June 4, 2008

Oil Conservation Division
1220 St. Francis Drive
Santa Fe, New Mexico 87504

Attention: Mr. David Brooks

RE: Unorthodox Location
Wildcap State #3-H
Section 36, T-19S R-31E
Eddy County, New Mexico

Dear Mr. Brooks:

Enclosed is the information you have requested in your letter dated June 1, 2008 on the Wildcap State #3-H. The penetration point of the Bone Spring formation was 2370 FSL & 1482 FEL. The actual bottom hole was 302 FSL & 1482 FEL. We ran 5 ½ casing to 11,153 feet in the well and plugged back to 11,109 feet. The plugged back location is 341 FSL & 1484 FEL. Also, Marbob Energy Corp. does not own 100% working interest in the E/2 SE/4 of Section 36. There is a Joint Operating Agreement covering the entire Section 36 and the owners are uniform throughout. All the working interest owners in the Section have signed the Joint Operating Agreement and a copy of the Joint Operating Agreement showing the lands and interests of parties is attached.

If you need any additional information, feel free to contact us.

Sincerely,

William Miller
Land Department

/wm
Attachments

A.A.P.L. FORM 610-1982

MODEL FORM OPERATING AGREEMENT

Wild Cap State Com

OPERATING AGREEMENT

DATED

June 25 , 2003 ,
year

OPERATOR Marbob Energy Corporation

CONTRACT AREA Section 36: All

Township 19 South, Range 31 East

COUNTY OR PARISH OF Eddy STATE OF New Mexico

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AMERICAN ASSOCIATION OF PETROLEUM
LANDMEN, 4100 FOSSIL CREEK BLVD., FORT
WORTH, TEXAS, 76137-2791, APPROVED
FORM. A.A.P.L. NO. 610 - 1982 REVISED

**Revised
Exhibit "A"**

Attached to Operating Agreement dated June 25, 2003 between Marbob Energy Corporation, as Operator, and Capstone Oil & Gas Company, LP, et al as Non-Operators.

1. Contract Area:

Township 19 South, Range 31 East
Eddy County, New Mexico

Section 36: All

2. Restrictions, if any, as to Depths, Formations, or Substances:

None

3. Interests of the Parties:

Party	Before Payout**	After Payout**
Ray Westall	12.679799	12.679799
Marbob Energy Corporation	63.048354	63.048354
Slash Exploration Limited Partnership	4.442719	4.442719
Scolado, LLC	0.302913	0.302913
Guy's Oil & Gas Co., Ltd.	0.302913	0.302913
Douglas Oil & Gas, LP	0.822277	0.822277
Corkran Energy, LP	8.893173	8.893173
Elysium Enterprises, LP	1.443386	1.443386
Zorro Partners	4.032233	3.225786
Javelina Partners	4.032233	3.225786
Capstone Oil & Gas Company, LP	0.000000	1.612894
William Moss Corporation	0.000000	0.000000
Total	100.000000	100.000000

***If applicable, the definition of before and after payout shall be as defined in that certain Participation Agreement dated effective June 25, 2003 by and between Capstone Oil & Gas Company, L.P. as Seller, and Marbob Energy Corporation et al as Buyer, reference to which is herein made for all purposes.

4. Oil and Gas Leases Subject to this Agreement:

Grantor: State of New Mexico VO 6322
Grantee: J Bar Cane, Inc.
Date: August 1, 2001
Lands: E/2 of Section 36, T19S, R31E, Eddy County, NM
Recording: Volume 493, Page 1034, Official Public Record,
Eddy County, New Mexico

Grantor: State of New Mexico VO 6323
Grantee: J Bar Cane, Inc.
Date: August 1, 2001
Lands: W/2 of Section 36, T19S, R31E, Eddy County, NM
Recording: Volume 493, Page 1038, Official Public Record,
Eddy County, New Mexico