



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

COMMINGLING ORDER PLC-207-B

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

Attention: Mr. Dean Chumbley:

Marbob Energy Corporation is hereby authorized to surface commingle production from the following leases and pools - all located within Eddy County, New Mexico:

POOLS:

Red Lake Queen-Grayburg-San Andres (Oil - 51300), and
Northeast Red Lake Glorieta-Yeso (Oil - 96836)

LEASES:

SB State Lease (Lease No. B-7244)
SW/4 NW/4, Section 2, Township 18 South, Range 27 East, NMPM

TDF State Lease (Lease No. B-7244)
SE/4 NW/4, Section 2, Township 18 South, Range 27 East, NMPM

NMBP State Lease (Lease No. B-7244)
NW/4 SW/4, Section 2, Township 18 South, Range 27 East, NMPM

WELLS:

SB State Well No. 1 (API No. 30-015-32218) Unit E
TDF State No. 1 (API No. 30-015-32231) Unit F
TDF State No. 2 (API No. 30-015-32900) Unit F
NMPB State No. 1 (API No. 30-015-33158) Unit L

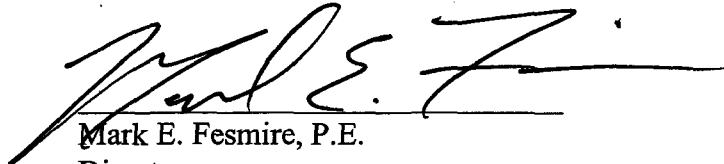
Due to diverse ownership between the above-described leases, each of these leases shall have separate measurement of water and separate, continuous measurement of oil prior to commingling. Allocation meters shall be regularly calibrated for accuracy. All liquids production shall be commingled into the SB State Tank Battery located in the SW/4 NW/4, Section 2, Township 18 South, Range 27 East, NMPM. Gas shall not be commingled.

NOTE: This installation shall be installed and operated in accordance with the applicable provisions of Rule 309-B of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities." It is the responsibility of the producer to notify the transporter of this commingling authority.

FURTHER: The operator shall notify the supervisor of the Artesia District office prior to implementation of the commingling process.

Remarks: This amended surface commingling order deletes previous authority to surface commingle production from the MJ State Lease comprising the NW/4 NW/4 of Section 2, and from the BM State Lease comprising the NE/4 SW/4 of Section 2, both in Township 18 South, Range 27 East, NMPM. This order now authorizes the surface commingling of Northeast Red Lake Glorieta-Yeso and Red Lake Queen-Grayburg-San Andres Pool production from the SB State Lease, TDF State Lease, and the NMBP State Lease, all as fully described by this order.

DONE at Santa Fe, New Mexico, on this 20th day of July, 2004.


Mark E. Fesmire, P.E.
Director

MEF/DRC

cc: Oil Conservation Division - Artesia
State Land Office - Santa Fe