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**PERMITS,
RENEWALS,
& MODS**



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

January 14, 2008

Mr. Rand French
Marbob Energy Corporation
PO Box 227
Artesia, New Mexico 88211-0227

**RE: Marbob Energy Corporation Surface Waste Management Permit Application
Section 19 and 30, Township 17 South, Range 30 East**

Dear Mr. French:

The New Mexico Oil Conservation Division (OCD) is addressing the issue regarding the status of the surface waste management facility permit application dated February 14, 2006, submitted by Mr. Randal T. Hicks of R. T. Hicks Consultants, LTD on the behalf of Marbob Energy Corporation's (Marbob). An OCD file review has demonstrated that the application was never officially accepted by the OCD at the time of submittal. Subparagraph (d) of Paragraph (2) of Subsection B of 19.15.9.711 NMAC requires the division to "distribute notice of the filing of an application for a new facility or major modification with the next OCD or OCC hearing docket following receipt of the application." This provision was not pursued by OCD due to the applicant not possessing ownership of the property in which the facility was proposed or approval of the current owner to use the property for a landfill, at the time of submittal. Therefore, the OCD was unable to accept the submittal as an official application for consideration. If Marbob chooses to proceed to permit the proposed facility, OCD will require the submittal of an application in accordance with 19.15.36 NMAC.

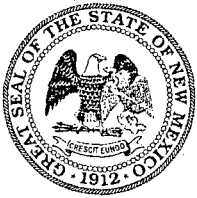
If you have any questions regarding this matter, please contact Brad Jones at (505) 476-3487 or brad.a.jones@state.nm.us.

Sincerely,

Wayne Price
Environmental Bureau Chief

LWP/baj

cc: OCD District II Office, Artesia
Mr. Randall T. Hicks, R.T. Hicks Consultants, Ltd., Albuquerque, NM



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

May 7, 2007

Mr. Rand French
Marbob Energy Corporation
PO Box 227
Artesia, New Mexico 88211-0227

New Mexico

**RE: Marbob Energy Corporation Surface Waste Management Permit Application
Section 19 and 30, Township 17 South, Range 30 East**

Dear Mr. French:

The New Mexico Oil Conservation Division (OCD) has received a letter, dated April 12, 2007, submitted by Mr. Randal T. Hicks of R. T. Hicks Consultants, LTD on the behalf of Marbob Energy Corporation's (Marbob) requesting OCD to allow the operation of a surface waste management facility without a permit. An OCD file review has demonstrated that a permit was never issued for this proposed facility. Any proposed conditional approvals requested in the original application were never approved in a permit, therefore they remain proposed conditional approvals. The request is hereby denied. If Marbob chooses to proceed to permit the proposed facility, OCD will require the submittal of an application in accordance with 19.15.36 NMAC.

The letter also indicates that Mr. Hicks has been contacting an OCD employee (Mr. Ed Martin) that is no longer involved in the permitting of surface waste management facilities. Mr Brad A. Jones is the proper contact regarding surface waste management and has been since August of 2006. If you have any questions regarding this matter, please contact Mr. Jones at (505) 476-3487 or brad.a.jones@state.nm.us.

Sincerely,

Wayne Price

Environmental Bureau Chief

LWP/baj

cc: OCD District II Office, Artesia
Mr. Randall T. Hicks, R.T. Hicks Consultants, Ltd., Albuquerque, NM

R. T. HICKS CONSULTANTS, LTD.

901 Rio Grande Blvd NW ▲ Suite F-142 ▲ Albuquerque, NM 87104 ▲ 505.266.5004 ▲ Fax: 505.266-0745

April 12, 2007

Mr. Ed Martin
New Mexico Oil Conservation Division
1220 South St Francis
Santa Fe, New Mexico 87505
Via email: emartin@state.nm.us

RE: Marbob Energy Corporation Rule 711 Permit Application
Section 19 &30, T17S, R30E

Dear Mr. Martin:

As we discussed on April 3, 2007, Marbob Energy Corporation is completing their acquisition of the property associated with the above-referenced permit application (submitted to NMOCD in February 2006). We issued public notice in accordance with the rules existing at the time and NMOCD received no comments or requests for a public hearing. We now ask that NMOCD complete the review of the permit application under Rule 711.

We understand that NMOCD may provide conditional approval of this facility pending NMOCD review of proposed submittals outlined in our application. For example Section 7B of the application states:

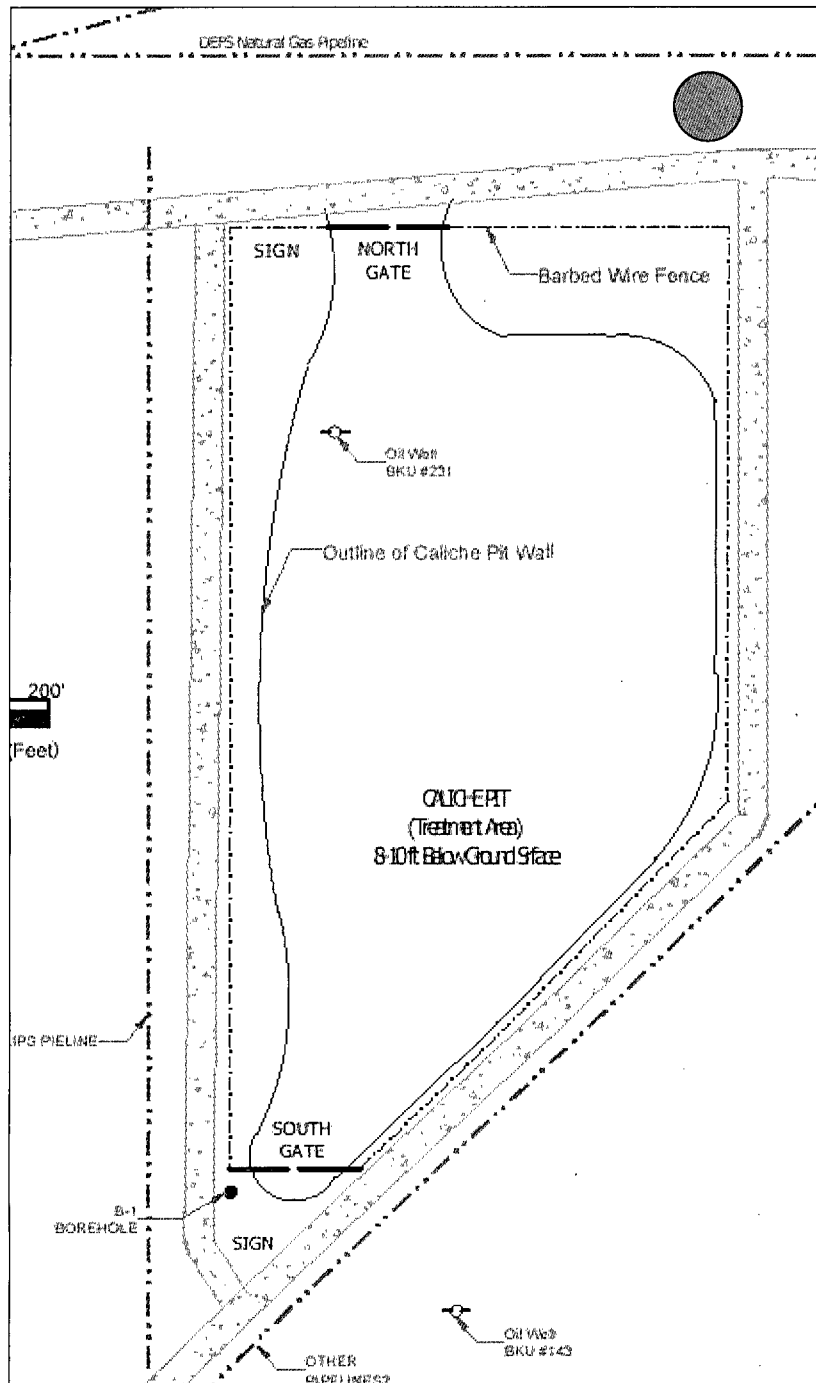
Landfill Operation

The operation of the landfill portion of the facility is outlined in general terms below. We intend to perform several tests of this landfill protocol with reserve pit material that is currently at a drilling site waiting excavation and disposal. This protocol will be observed and evaluated by a Professional Engineer who will then develop site-specific engineering drawings and specifications that provide more detail of not only the day-to-day protocol, but the proposed final grade of the fully-restored landfill facility.

Therefore, we respectfully request permission to move forward with these pilot tests as soon as possible. We understand that one of the conditions of NMOCD approval will be a satisfactory review of the plans and specifications generated after the pilot testing program.

Another condition of approval that we discussed in the field is the installation of a second monitoring well at the site. Figure 1 shows the location of this proposed well within the area of the green circle. Site conditions dictate that we use mud rotary at the site, therefore detecting where (or if) we encounter ground water (as defined by the statute and Rules) may be very difficult. We propose to employ the same design for this second well as we used for MW-1 (shown as B-1 in the lower

left side of Figure 1). We attach the construction diagram of MW-1 for your reference.



Finally, we also understand that we must eventually comply with the new Surface Waste Management Rules. Section 14 of the permit application outlines a series of permit conditions and submissions that applied to the DRAFT Rule (November

April 12, 2007

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2005) circulating at the time of our application. After completion of the pilot testing program, we will submit the plans and specifications discussed above and a revision to Section 14 that ties the commitments and submissions to Part 36 of the NMOCD Rules.

We look forward to a rapid response to our request to conduct the pilot-scale testing program.

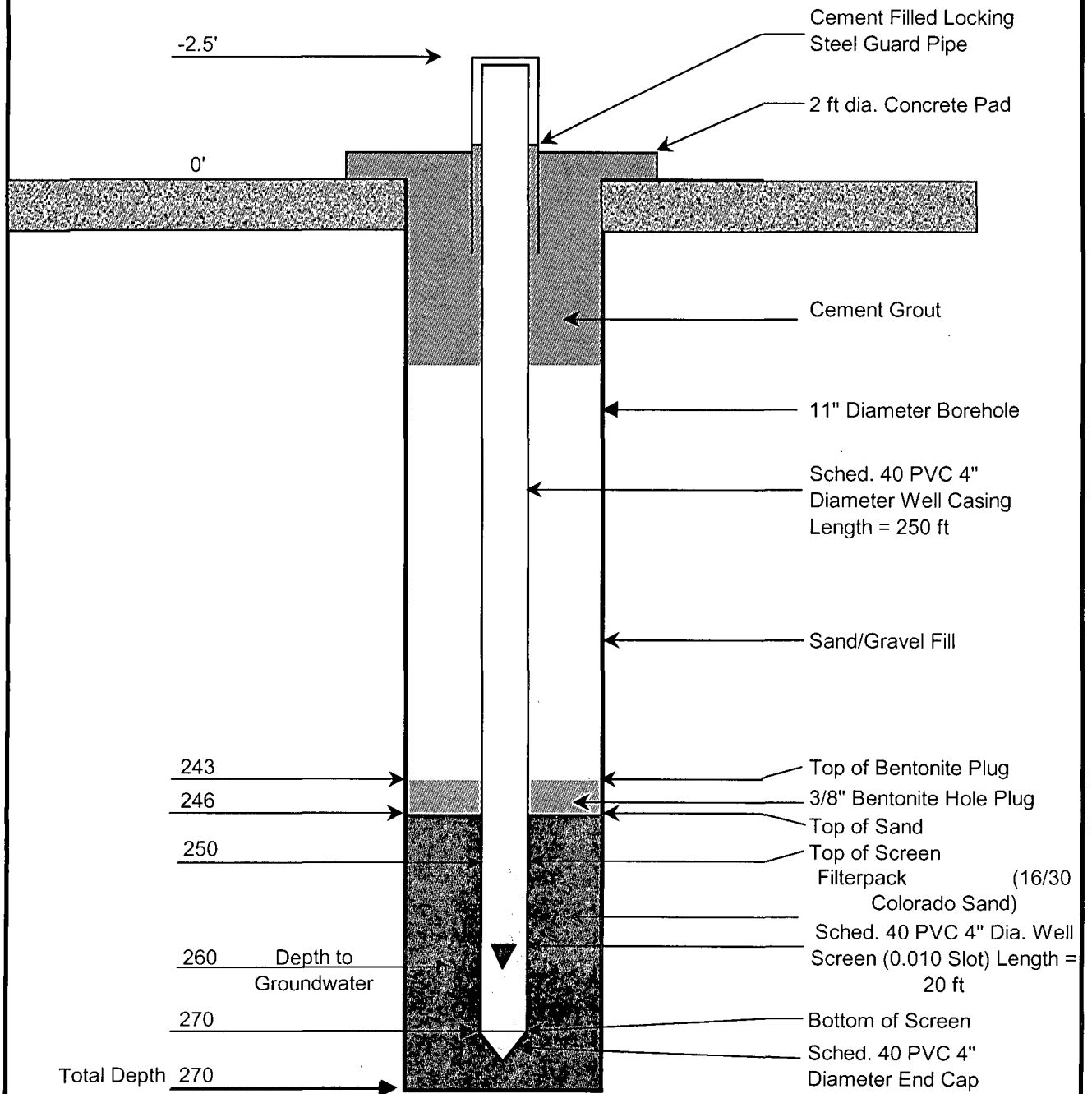
Sincerely,
R.T. Hicks Consultants, Ltd.

A handwritten signature in black ink, appearing to read "Randall T. Hicks". The signature is stylized with a large, looped "R" and a cursive "H".

Randall T. Hicks
Principal

Copy: Rand French, Marbob Energy

MONITORING WELL CONSTRUCTION DIAGRAM



R.T. Hicks Consultants, Ltd

901 Rio Grande Blvd NW, Suite F-142
Albuquerque, New Mexico 87104

Company: Marbob Energy Co.

Site: Caliche Pit

Date: 8/18/2005

Geologist: Gil Van Deventer

MW-1d
Rustler Monitoring Well
Construction Diagram

Jones, Brad A., EMNRD

From: Price, Wayne, EMNRD
Sent: Monday, May 07, 2007 7:47 AM
To: Jones, Brad A., EMNRD
Subject: FW: Marbob- 711
Attachments: Land sale final.pdf

Dear Brad, please handle this application. In my opinion without owning the land this application was incomplete at the time of the submittal. I think this should be handle under the new rules. Please give me your comments today.

From: Martin, Ed, EMNRD
Sent: Monday, May 07, 2007 7:27 AM
To: Price, Wayne, EMNRD
Subject: FW: Marbob- 711

Here's the Randy Hicks application letter we discussed.

Ed Martin

District IV Supervisor
New Mexico Oil Conservation Division
1220 S. St. Francis
Santa Fe, NM 87505
505-476-3470 phone
505-476-3462 fax
505-690-2365 cell

From: Randall Hicks [mailto:R@rthicksconsult.com]
Sent: Thursday, April 12, 2007 9:26 PM
To: Martin, Ed, EMNRD
Cc: wildlife@marbob.com; 'Andrew Parker'
Subject: Marbob- 711

Ed

Here is the letter we discussed.

Randall Hicks
Tel: 505-266-5004
Cell 505-238-9515

This inbound email has been scanned by the MessageLabs Email Security System.

5/7/2007