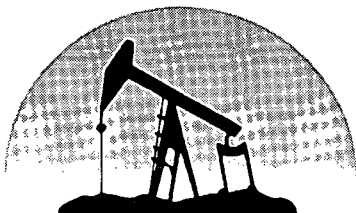


214830501

CTB
PLC

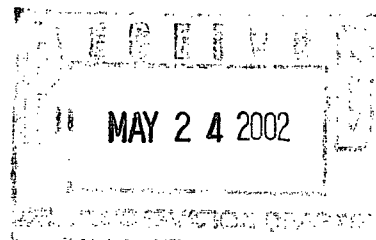
6/13/02


marbob
energy corporation

NE RED LAKE - FLORIDA YESD

May 22, 2002

New Mexico Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87504

**RE: Application for Surface Commingling**

Gentlemen:

28986

29518

~~29515~~

29515

Marbob Energy Corporation respectfully requests approval to surface commingling production from our SB State Lease (B-7244) and our TDF State Lease (B-7244) with production from our MJ State Lease (E-5461). The production would be commingled at the MJ State Tank Battery. Each lease would have separate production equipment equipped with meter to measure production prior to combining crude in a common storage tank. Gas production would not be commingled, because we propose to set separate sales meters for each lease. We also propose to construct a test facility so that the wells could be tested individually. A diagram of the proposed tank battery is enclosed for your review.

continuous?

As you may have noticed, the SB State and the TDF State have the same lease number. A difference in overriding royalty ownership exists between the two leases. All interest owners have been notified of this Application via certified mail.

(Enquiries @ MARBOB.COM)

Notes?
wells completed?

Marbob Energy requests approval due to the marginal production from these wells, as well as attempting to minimize further surface disturbance. No loss value will occur if production is commingled. Please do not hesitate to contact us should you need further information or have any questions regarding this Application. Thank you for reviewing this Application.

Sincerely,

A handwritten signature in black ink, appearing to read "Dean Chumbley", written in a cursive style.

Dean Chumbley
Land Department

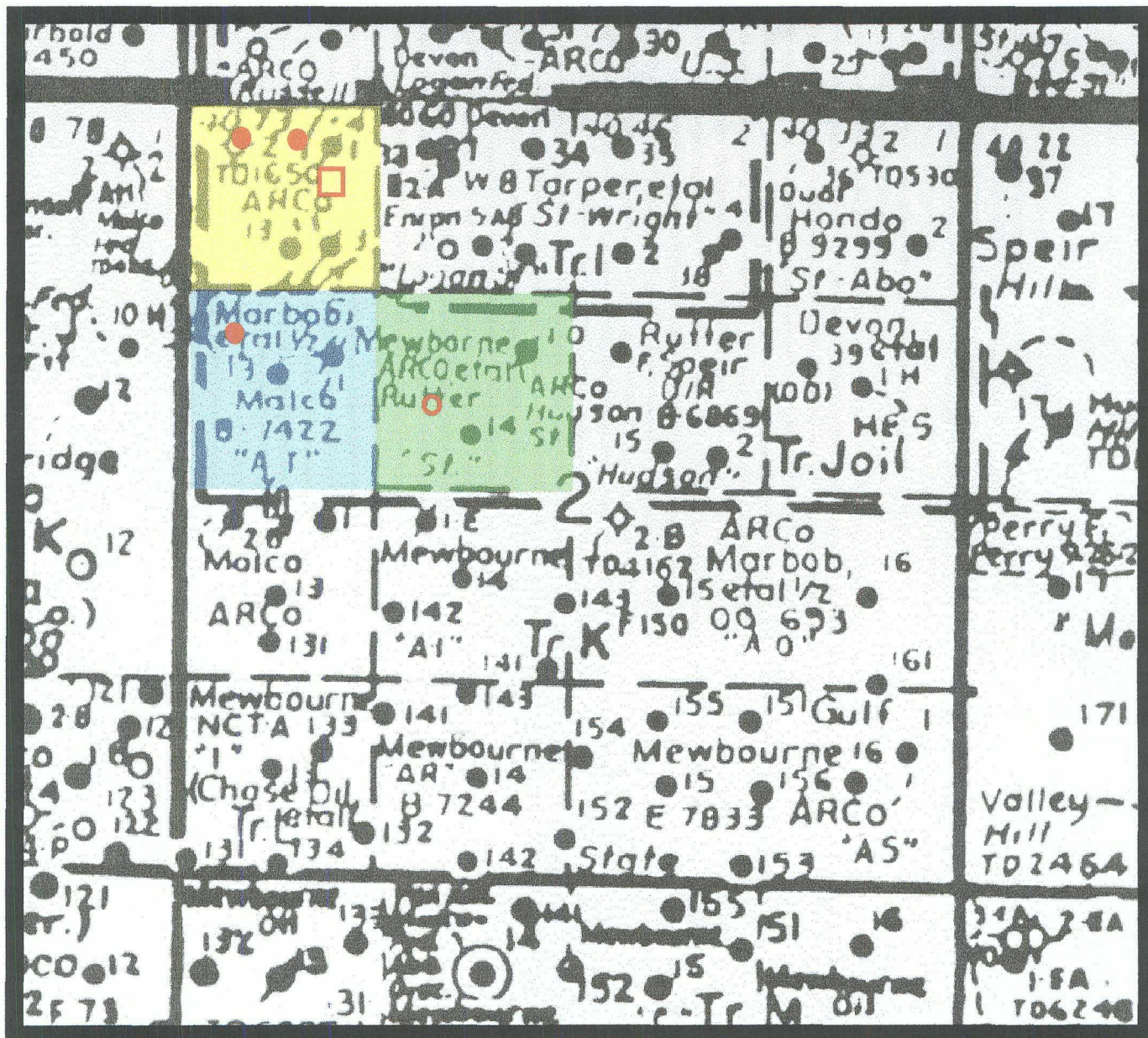
DC/mm
Enclosures

API	WELL NAME	Port/Opnd	NS	EW	U/L	Sec	Tsp	Rge	TVD	Orig FORM (or NOTES)	STATUS	Latest Pool	GAS/2002	OIL/2002	WAT/2002	GAS/2001	OIL/2001	WAT/2001	Pool/Prod	PROP
30-015-321967	BPO SI COM #001	Marbob	990N	990W	4	2	188	27E	10172	SCOGGIN DRAV/MORROW	ACTIVE	SCOGGIN DRAV/MORROW (GAS)	31276	141	176	28420	138	283	65003 S/G	28536
30-015-32070	BPO SI COM #002	Marbob	1650S	990W	L	2	188	27E	0	SCOGGIN DRAV/MORROW	NO COMPL	SCOGGIN DRAV/MORROW (GAS)	0	0	0	0	0	0	0 S/G	28636
30-015-32071	MJ SI #001	Marbob	330N	330W	4	2	188	27E	3875	NE RED LAKE/GLO/YESO	ACTIVE	RED LAKE/GLO/YESO IN EAST	7564	4090	9353	235	188	0	96346 S/G	28968
30-015-32179	MJ SI #002	Marbob	330N	915W	D	2	188	27E	0	NE RED LAKE/GLO/YESO	NO COMPL	NE RED LAKE/GLO/YESO	0	0	0	0	0	0	0 S/G	28968
30-015-32218	SB SI #001	Marbob	1650N	330W	E	2	188	27E	0	NE RED LAKE/GLO/YESO	NO COMPL	NE RED LAKE/GLO/YESO	0	0	0	0	0	0	0 S/G	28918
30-015-32234	TDF SI #001	Marbob	1960N	1650W	F	2	188	27E	0	NE RED LAKE/GLO/YESO	NO COMPL	NE RED LAKE/GLO/YESO	0	0	0	0	0	0	0 S/G	29595

#2 well be Red Lake (SH)

use comply at

Other Zone = V
Red Lake - Green - Gray/Sandstone



M J State (E-5461)



S B State (B-7244)



T D F State (B-7244)



existing well

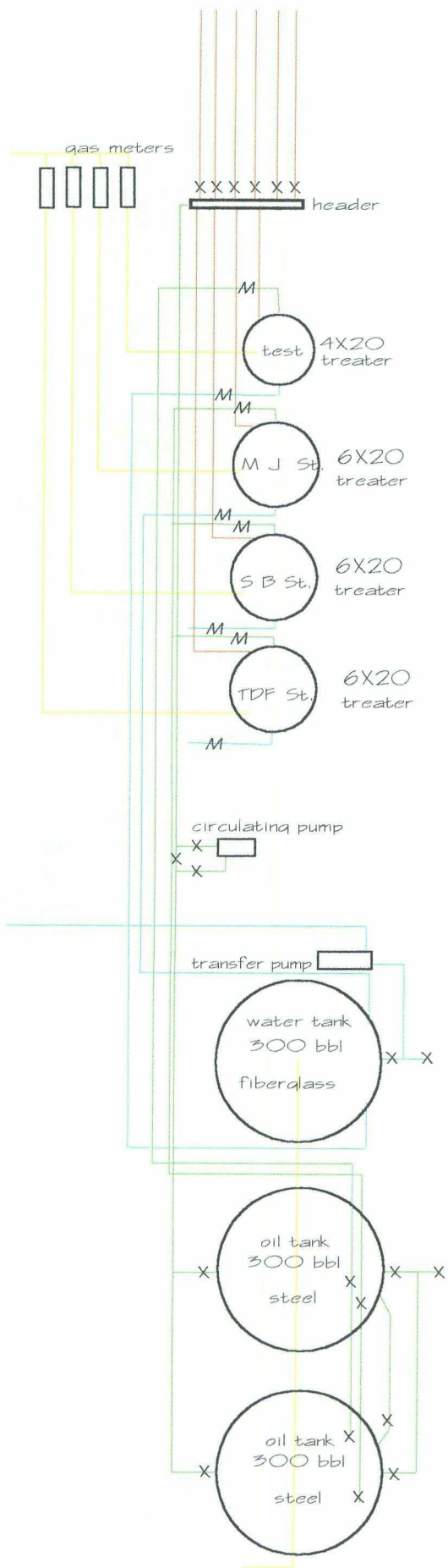


proposed well



M J State Battery

M J State Tank Battery
 Section 2: 118s - R27e
 Eddy County, New Mexico



- crude oil
- produced water
- natural gas
- combined fluids
- X valve
- M meter

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> ■ 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. 	<p>A. Signature <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>X</p>
<p>1. Article Addressed to:</p> <p style="text-align: center;">Commissioner of Public Lands P. O. Box 1148 Santa Fe, NM 87504-1148</p>	<p>B. Received by (<i>Printed Name</i>) C. Date of Delivery</p>
<p>2.</p> <p style="text-align: center;">Surface Commingling MJ,SB,TDF</p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>	
<p>4. Restricted Delivery? (<i>Extra Fee</i>) <input type="checkbox"/> Yes</p>	

PS Form 3811, August 2001 Domestic Return Receipt 102595-01-M-2509

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> ■ 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. 	<p>A. Signature <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>X</p>
<p>1. Article Addressed to:</p> <p style="text-align: center;">Joan Hudson Moore 11 Ocean Ridge Laguna Niguel, CA 92677</p>	<p>B. Received by (<i>Printed Name</i>) C. Date of Delivery</p>
<p>2.</p> <p style="text-align: center;">Surf Commingling MJ,SB,TDF</p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>	
<p>4. Restricted Delivery? (<i>Extra Fee</i>) <input type="checkbox"/> Yes</p>	

PS Form 3811, August 2001 Domestic Return Receipt 102595-01-M-2509

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<p>1. Article Addressed to:</p> <p style="text-align: center;">Jonel Susan Grasso 11 Ocean Ridge Laguna Niguel, CA 92677</p>	<p>B. Received by (<i>Printed Name</i>) C. Date of Delivery</p>
<p>2.</p> <p style="text-align: center;">Surf Commingling MJ,SB,TDF</p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>	
<p>4. Restricted Delivery? (<i>Extra Fee</i>) <input type="checkbox"/> Yes</p>	

PS Form 3811, August 2001 Domestic Return Receipt 102595-01-M-2509

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- 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:

Jane Ann Hudson Davis
6770 Wolf Creek Court
Rio Rancho, NM 87124

Surf Commingling MJ,SB,TDF

2.

7001 1940 0006 6419 2787

PS Form 3811, August 2001

Domestic Return Receipt

102595-01-M-2509

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

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

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes**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:

BP America Production Co.
Atlantic Richfield Co.
P O Box 3092
Houston TX 77253-3092

Surf Commingling MJ,SB,TDF

2.

7001 1940 0006 6419 2794

PS Form 3811, August 2001

Domestic Return Receipt

102595-01-M-2509

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

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

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes**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:

Dawn N. Stead, Trustee of the
N. Stead Survivor's Trust
2613 Lone Jack Rd.
Encinitas, CA 92024

Surf Commingling MJ,SB,TDF

2.

7001 1940 0006 6419 2800

PS Form 3811 August 2001

Domestic Return Receipt

102595-01-M-2509

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

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

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

SENDER COMPLETES 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:

Successor Trustee to Harlan Stead,
Trustee of the Spurck Family Trust
22712 Erwin St.
Woodland Hills, CA 91367

Surf Commingling MJ,SB,TDF

2.

7001 1940 0006 6419 2817

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

- ☐
- Agent
-
- ☐
- Addressee

B. Received by (Printed Name)

C. Date of Delivery

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

3. Service Type

- ☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

PLC-207

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

ADMINISTRATION

Phone (505) 827-5700

Fax (505) 827-5853

GENERAL COUNSEL

Phone (505) 827-5713

Fax (505) 827-4262

PUBLIC AFFAIRS

Phone (505) 827-1245

Fax (505) 827-5766



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

COMMERCIAL RESOURCES

Phone (505) 827-5724

Fax (505) 827-6157

MINERAL RESOURCES

Phone (505) 827-5744

Fax (505) 827-4739

ROYALTY MANAGEMENT

Phone (505) 827-5772

Fax (505) 827-4739

SURFACE RESOURCES

Phone (505) 827-5793

Fax (505) 827-5711

June 11, 2002

Marbob Energy Corporation

P. O. Box 227

Artesia, NM 88211-0227

Attention: Mr. Dean Chumbley

Re: Commingling Application
SB State Lease (B-7244-30) SW/4NW/4 Sec. 2-18S-27E
TDF State Lease (B-7244-30) SE/4NW/4 Sec. 2-18S-27E
MJ State Lease (E-5461-3) NW/4NW/4 Sec. 2-18S-27E
Red Lake; Glorieta Yeso, Northeast Pool
Eddy County, New Mexico

Dear Mr. Chumbley:

We are in receipt of your letter of May 22, 2002 requesting our approval to surface commingle the production from your SB State Lease (B-7244) and your TDF State lease (B-7244) with production at the MJ State Tank Battery (E-5461).

It is our understanding that each lease will have separate production equipment to meter and measure production prior to commingling crude in a common storage tank.

Since it appears that all the New Mexico Oil Conservation Division's rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request is hereby approved. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Your \$30.00 filing fee has been received..

Please contact Ms. Debbie Padilla at 505/827-5729 regarding a possible right-of-way through the NW/4NW/4 of Section 2-18S-27E.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY:

JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/JB/pm

pc: Reader File,
OCD-Attention: David Catanach,
Debbie Padilla

"WE WORK FOR EDUCATION"

310 Old Santa Fe Trail, P. O. Box 1148 Santa Fe, New Mexico 87504-1148