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LTB

10/23/00

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marbob
energy corporation

OCT 2 2000

September 29, 2000

New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

RE: Application to Surface Commingle Production

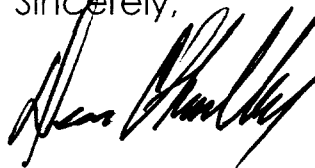
Gentlemen:

Marbob Energy Corporation proposes to commingle Loco Hills Paddock production from our Coffee Federal lease (LC-029548A) with the Loco Hills Paddock production from our Tony Federal lease (LC-029395A). The Coffee Federal lease is identified as Lots 1, 2, E/2NW/4, W/2NE/4 of Section 18 in Township 17 South, Range 31 East. A list of the proposed locations is attached. The Coffee Federal wells will pump the production to the Tony Federal Tank Battery located in Unit K of Section 18 in Township 17 South, Range 31 East. The Tony Federal Tank Battery will be modified in such a manner as to test all the commingled wells separately. A schematic diagram of the modified Tony Federal Battery is attached. The battery consists of a free water knock-out, heater treater, tanks and gas meter for combined production as well as a test free water knock-out, test treater heater, and test gas meter for the individual well tests. Each of the Tony Federal and Coffee Federal wells will be tested on a monthly basis. Production will then be allocated between the two leases according to the results of the well tests.

Both leases are federal with the same royalty rate. Working Interest ownership is identical. There is only a small difference in the overriding ownership between the leases. All affected parties have been notified of this application. The commingled properties are expected to have the same gravity and quality of product due to the closeness of the two leases to each other.

Marbob Energy Corporation would respectfully request approval to surface commingling these leases. Thank you for reviewing this application and attachments. Please do not hesitate to contact me should you require any further information.

Sincerely,

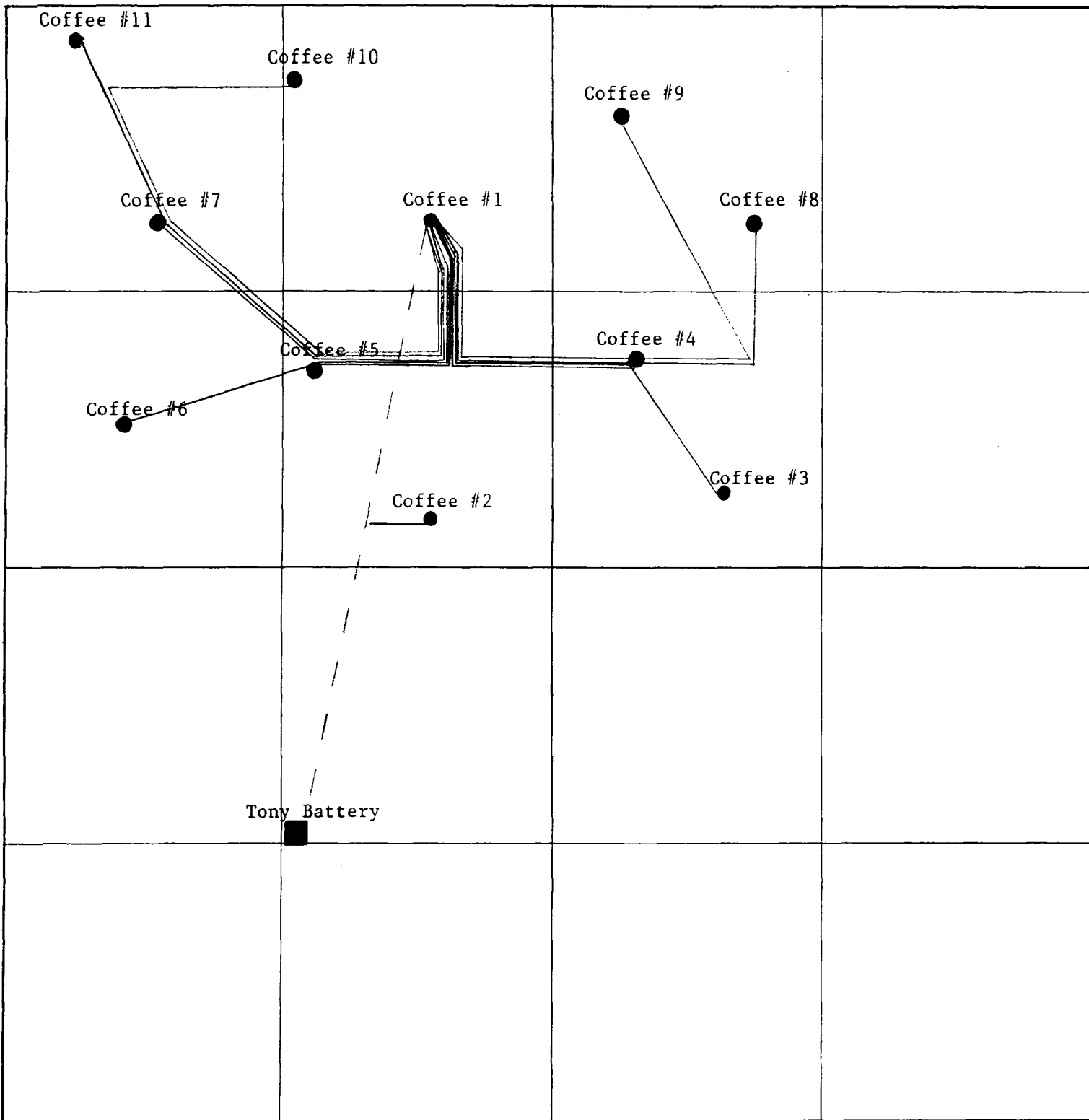
A handwritten signature in black ink, appearing to read "Dean Chumbley", written over a horizontal line.

Dean Chumbley
Land Department

DC/mm

Plat Showing Flowlines and Coffee Wells

SECTION 18 * TOWNSHIP 17S RANGE 31E COUNTY Eddy STATE New Mexico



Flowline Routes

Federal Right-of-Way

*Irregular Section

List of Coffee Federal Locations

COFFEE FEDERAL No. 1
990' FNL & 2047' FWL
Section 18; T17S - R31E
Eddy County, New Mexico

COFFEE FEDERAL No. 2
2410' FNL & 2046' FWL
Section 18; T17S - R31E
Eddy County, New Mexico
(30-015-31058)

COFFEE FEDERAL No. 3
2285' FNL & 1800' FEL
Section 18; T17S - R31E
Eddy County, New Mexico
(30-015-31252)

COFFEE FEDERAL No. 4
1650' FNL & 2235' FEL
Section 18; T17S - R31E
Eddy County, New Mexico

COFFEE FEDERAL No. 5
1700' FNL & 1484' FWL
Section 18; T17S - R31E
Eddy County, New Mexico

COFFEE FEDERAL No. 6
1950' FNL & 560' FWL
Section 18; T17S - R31E
Eddy County, New Mexico

COFFEE FEDERAL No. 7
990' FNL & 727' FWL
Section 18; T17S - R31E
Eddy County, New Mexico
(30-015-31158)

COFFEE FEDERAL No. 8
990' FNL & 1650' FEL
Section 18; T17S - R31E
Eddy County, New Mexico
(30-015-31129)

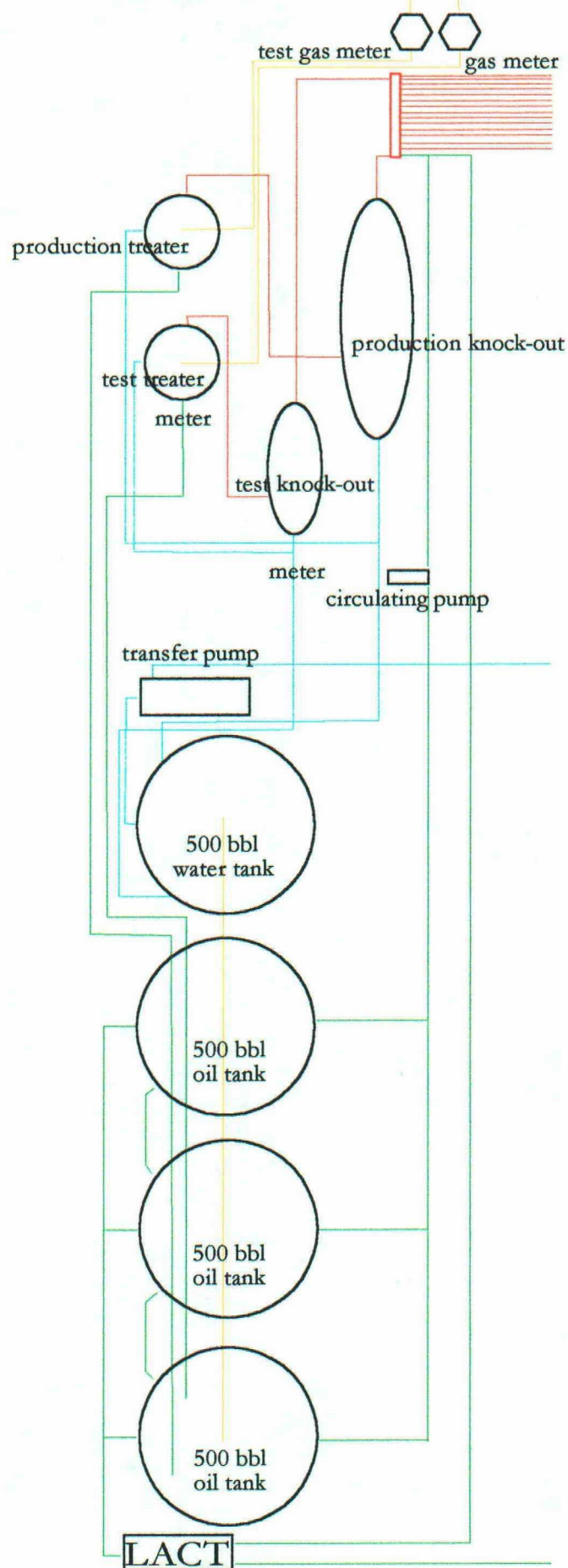
COFFEE FEDERAL No. 9
480' FNL & 2310' FEL
Section 18; T17S - R31E
Eddy County, New Mexico

COFFEE FEDERAL No. 10
330' FNL & 1387' FWL
Section 18; T17S - R31E
Eddy County, New Mexico

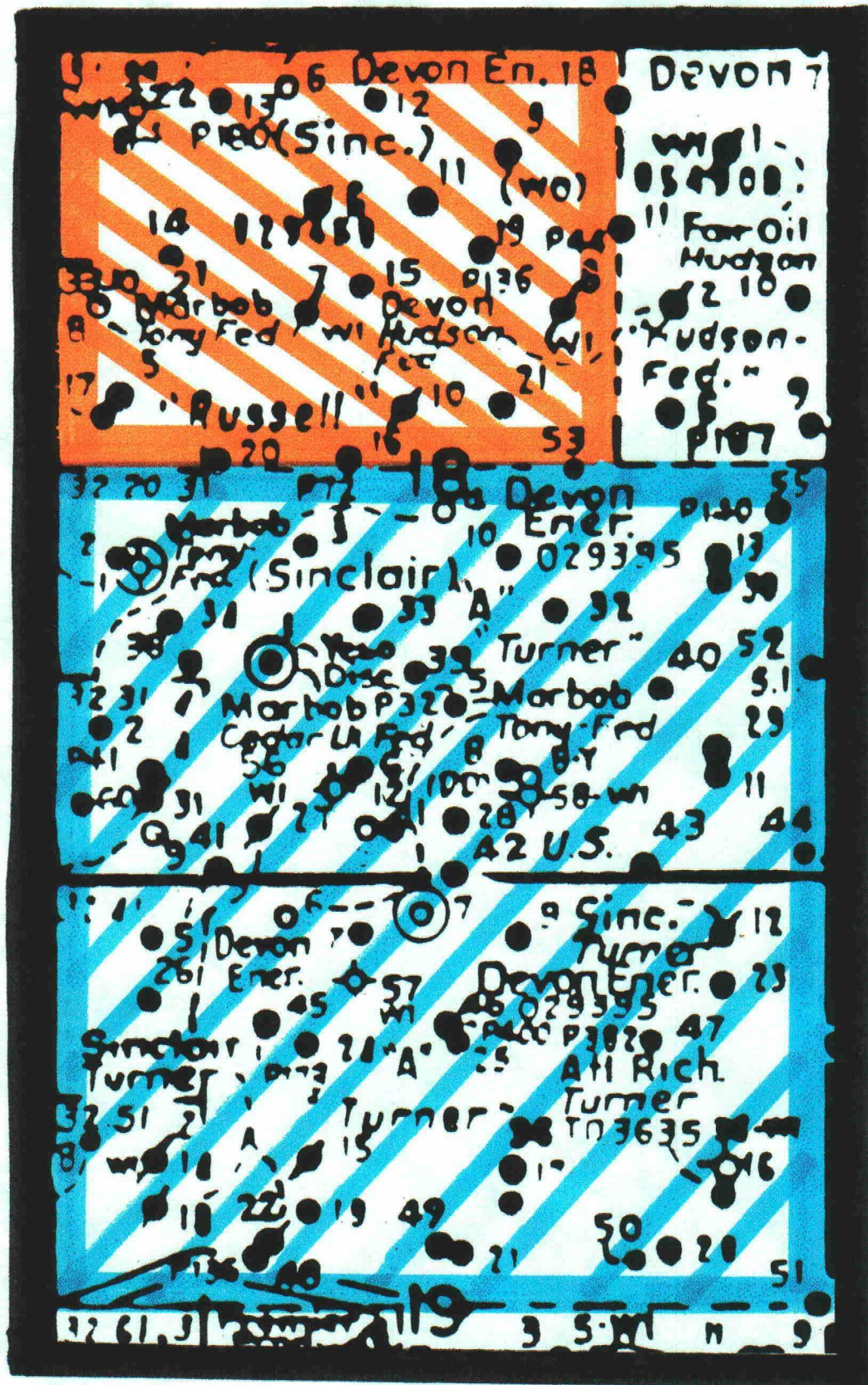
COFFEE FEDERAL No. 11
155' FNL & 330' FWL
Section 18; T17S - R31E
Eddy County, New Mexico



- crude oil
- produced water
- natural gas
- combined fluids
- x valve



Tony Federal Tank Battery
 Unit K Sec. 18: T17s - R31e
 Eddy County, New Mexico
 LC-029395A



LEASE IDENTIFICATION PLAT

● Coffee Federal Lease
● Tony Federal Lease

LC-029548A
 LC-029395A

List of Notices

Marshall & Winston, Inc.
P. O. Box 50880
Midland, Texas 79710-0880

Devon Energy Corporation (Nevada)
20 N. Broadway, Suite 1500
Oklahoma City, OK 73102

Donald Winston, Trustee
u/w/o Francisca S. Winston
c/o Marshall & Winston, Inc.
P. O. Box 50880
Midland, Texas 79710-0880

Atlantic Richfield Company
P. O. Box 1610
Midland, TX 79702

Norma Hancox Buchanan
1608 Winton Circle
Las Cruces, NM 88005

Marbob Energy Corporation
P O Box 227
Artesia, NM 88211-0227

Mrs. C. A. Russell
3753 Chevy Chase
Houston, TX 77019

Pitch Energy Corporation
P O Box 304
Artesia, NM 88211-0304

Higgins Trust, Inc.
P O Box 2421
Gainsville, Kansas 67583

Donald Frederick Moldenhauer, Joanna L. Modenhauer
and Katherine G. Moldenhauer, Joint Tenants w/ Right of Survivorship
General Delivery
Preston, Kansas 67583

Braille Institute of America, Inc.
Nationsbank Agency #631-00
Trust Oil and Gas
P. O. Box 840738
Dallas, TX 75284-0738

Republic National Bank of Dallas, etal, Personal
Representative of the Estate of Selma E. Andrews, deceased
c/o Trust Oil & Gas #5188-01
P. O. Box 840738
Dallas, TX 75284-0738