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

COMMERCIAL RESOURCES

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SURFACE RESOURCES

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July 16, 2002

JUL 19 2002

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

Attn: Mr. Brian Collins

Re: Downhole Commingling Application
SB State Well No. 1
Unit Letter E, Section 2-18S-27E
Red Lake Q-GB-SA and Red Lake Glorieta Yeso NE Pools
Eddy County, New Mexico

This office is in receipt of your application of June 25, 2002, requesting our approval to downhole commingle the production from the above subject well from the Red Lake Q-GB-SA and Red Lake Glorieta Yeso NE Pools in Eddy County, New Mexico.

It is our understanding that production from the subject well will be allocated as follows:

<u>POOL</u>	<u>ALLOCATION</u>	
	<u>Oil %</u>	<u>Gas %</u>
Red Lake Q-GB-SA	71 %	68 %
Red Lake Glorieta Yeso NE	29 %	32 %
	<hr/> 100 %	<hr/> 100 %

Since it appears that there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request for downhole commingling the production from the above-mentioned well is hereby approved. Any deviation from the substance of your request will be sufficient grounds for rescinding our approval. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Your filing fee in the amount of \$30.00 has been received.

Also, please submit a copy of the Oil Conservation Division's approval order.

"WE WORK FOR EDUCATION"

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