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May 15, 2002

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

MAY 17 2002

Attn: Mr. Brian Collins

Re: Downhole Commingling Application
New Mexico DC State Well No. 1
Unit Letter H, Section 18-19S-29E
Palmillo, Wolfcamp and Palmillo, Upper Penn Pools
Eddy County, New Mexico

This office is in receipt of your application of May 9, 2002, requesting our approval to downhole commingle the production from the above subject well from the Palmillo, Wolfcamp and Palmillo, Upper Penn 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>
Palmillo, Wolfcamp WEST (49575)	22 %	59 %
Palmillo, Upper Penn (49565)	78 %	41 %
	<u>100</u>	<u>100</u>

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.