



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

Joanna Prukop
Cabinet Secretary
Acting Director
Oil Conservation Division

COMMINGLING ORDER CTB-545

Mar Oil & Gas Corporation
P.O. Box 5155
Santa Fe, New Mexico 87508

Attention: Mr. Duane C. Winkler

The above named company is hereby authorized to surface commingle West Sawyer-San Andres Pool (Oil - 55490) oil and gas production from the following wells located in Sections 22 and 27, Township 9 South, Range 37 East, NMPM, Lea County, New Mexico, located on Federal Leases No. NMLC-067775, NM-2390, CA-71222, NMNM-03841777, NM-050475-A, and CASW-587:

USM Well No. 1 (API No. 30-025-24327) Unit B, Section 27
USM Well No. 3 (API No. 30-025-24621) Unit A, Section 27
USM Well No. 4 (API No. 30-025-24834) Unit G, Section 27
T.P. Federal Well No. 1 (API No. 30-025-24278) Unit F, Section 27
T.P. Federal Well No. 2 (API No. 30-025-24835) Unit C, Section 27
Federal "27" Well No. 1 (API No. 30-025-23841) Unit D, Section 27
Federal "27" Well No. 2 (API No. 30-025-25403) Unit E, Section 27
Federal "22" Well No. 2 (API No. 30-025-25602) Unit M, Section 22

Oil and gas production from each well or grouping of wells with identical ownership shall be continuously metered separately from other wells or groups of wells with identical ownership prior to all production being commingled and sold. Well tests may be used for allocating production between wells within each identically owned group of wells.

NOTE: This installation shall be installed and operated in accordance with the applicable Division Rules and Regulations. It is the responsibility of the producer to notify the transporter of this commingling authority.

FURTHER: The operator shall notify the Hobbs district office of the Division prior to implementation of commingling operations.

Commingling Order CTB-545
Mar Oil & Gas Corporation
May 11, 2004
Page 2 of 2

DONE at Santa Fe, New Mexico, on this 11th day of May, 2004.

A handwritten signature in black ink, appearing to read "David Catanach", with a long horizontal flourish extending to the right.

David Catanach
Engineer/Examiner

DRC

cc: Oil Conservation Division – Hobbs
Bureau of Land Management-Carlsbad

RECEIVED

APR 05 2004

OIL CONSERVATION
DIVISION
OIL CONSERVATION
DIVISION

MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87508
(505)989-1977

P DEC0409733700

David Catarach
I told them to
submit on C107B.

Oil Conservation Division
1625 N. French Dr.
Hobbs, New Mexico 88210

March 24, 2004

RE: Federal Minerals Off-Lease Measurement, Storage & Surface Commingling

Mr. Chris Williams:

MAR Oil & Gas Corp is the operator of the following wells in Lea County New Mexico.
The wells are Federal Minerals on Private Surface and all wells produce from the San
Andres formation.

- ✓ USM No 1, Unit B, Section 27, T9S, R37E, Lease # NMLC-067775
- ✓ USM No 3, Unit A, Section 27, T9S, R37E, Lease # NMLC-067775
- ✓ USM No 4, Unit G, Section 27, T9S, R37E, Lease # NMLC-067775
- ✓ TP Federal No 1, Unit F, Section 27, T9S, R37E, Lease # NM-2390
- ✓ TP Federal No 2, Unit C, Section 27, T9S, R37E, Lease # NM-2390
- ✓ Federal 27 No 1, Unit D, Section 27, T9S, R37E, Lease # NM-2390 CA 71222
- ✓ Federal 27 No 2, Unit E, Section 27, T9S, R37E, Lease # NMNM-03841777, CA 71222
- ✓ Federal 22 No 2, Unit M, Section 22, T9S, R37E, Lease # NM050475-A, CA SW-587

MAR has applied to Bureau Of Land Management to surface commingling the wells.
The following information is to support the Surface Commingling and for your approval.

Sincerely:



Duane C. Winkler
VP Operation

Oil Conservation Division



Approval: _____ Date: _____

MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87508
(505)989-1977

Bureau Of Land Management
Carlsbad Field Office
620 E. Greene
Carlsbad, NM 88220
(505)234-5972

March 24, 2004

RE: Off-Lease Measurement, Storage, and Surface Commingling

Mr. Joe Lara:

The following information is to support the Surface Commingling Application.
The Sundry Notice Form 3160-5 was submitted for Off-Lease Measurement, Storage and Surface Commingling for the following wells.

USM No 1, Unit B, Section 27, T9S, R37E, Lease # NMLC-067775
USM No 3, Unit A, Section 27, T9S, R37E, Lease # NMLC-067775
USM No 4, Unit G, Section 27, T9S, R37E, Lease # NMLC-067775
TP Federal No 1, Unit F, Section 27, T9S, R37E, Lease # NM-2390
TP Federal No 2, Unit C, Section 27, T9S, R37E, Lease # NM-2390
Federal 27 No 1, Unit D, Section 27, T9S, R37E, Lease # NM-2390 CA 71222
Federal 27 No 2, Unit E, Section 27, T9S, R37E, Lease # NMNM-03841777, CA 71222
Federal 22 No 2, Unit M, Section 22, T9S, R37E, Lease # NM050475-A, CA SW-587

The wells are in the West Sawyer Field. All the wells produce from the San Andres formation. Estimated monthly production from each contributing well listed below.

Well Name	Present Production			Estimated Production		
	BOM	BWM	McfM	BOM	BWM	McfM
USM No 1	0	0	0	100	300	0
USM No 3	0	0	0	300	400	0
USM No 4	0	0	0	45	50	0
TP Federal No 1	0	90	0	50	100	300
TP Federal No 2	60	400	0	120	500	300
Federal 27 No 1	80	300	140	80	300	240
Federal 27 No 2	70	150	100	70	150	100
Federal 22 No 2	0	0	0	150	150	100

The Central Battery will be located at the TP Federal No 1 location. The attached schematic diagram is to identify all equipment that will be utilized.
Each well will be tested four days every month. The test facility will measure oil and water production in separated storage tanks and measure gas at the treator.

Example of production allocation & calculations:

Calculation:

$(bo) / (4) * \text{days in month} = \text{BOPM}$

$(bw) / (4) * \text{days in month} = \text{BWPM}$

$(mcf) / (4) * \text{days in month} = \text{McfM}$

Production Test for the month of April

In four days the well produces 8 bo, 12 bw, 10 mcf

Calculation	Allocated Production
$(8) / (4) * (30) =$	60 bopm
$(12) / (4) * (30) =$	90 bwpm
$(10) / (4) * (30) =$	75 mcfm

The Federal royalties will not be reduced. All interest owners have been notified.

The surface is private. Mr. Bilbrey has been notified and gave verbal permission.

Mr. BR Smillie has been notifying by mail.

The existing production surface equipment on the USM No 1, Federal 27 No 1 and Federal 22 No 2 batteries have corrosion holes in the storage tanks the equipment is unsafe for usage. The production equipment will be cleaned and clean out plates left off. Barriga Tank Service will haul the equipment to his yard for salvage with in six months of the tank cleaning. The existing production pipe lines are two inch steel bare pipe and were laid on the surface with no corrosion protection. The pipe has numerous patches the pipe line is not safe to produce through. MAR will flush the existing pipe lines with fresh water to a water tank and the oil will be stored for sales and the water will be disposed to water injection well.

Mr. Bilbrey has agreed to remove the old production pipe for welding material on his ranch. After all the production equipment has been removed from the old battery sites MAR will remediate the sites under BLM rules and regulations.

Sincerely:



Duane C. Winkler
VP Operations

Bureau Of Land Management

Approval: _____ Date: _____

MAR OIL & Gas Corp
Off Lease Measurement & Surface Correlating

Federal 22 No 2

Federal 22 No 1

Federal 27-1

TP #2

USM #1

USM #3

Federal 27-2

TP #1

USM #4

USM #2

Federal Lease #'s

NM - 0337995

NM - 2390

NM - 050475

NM - 050475-A

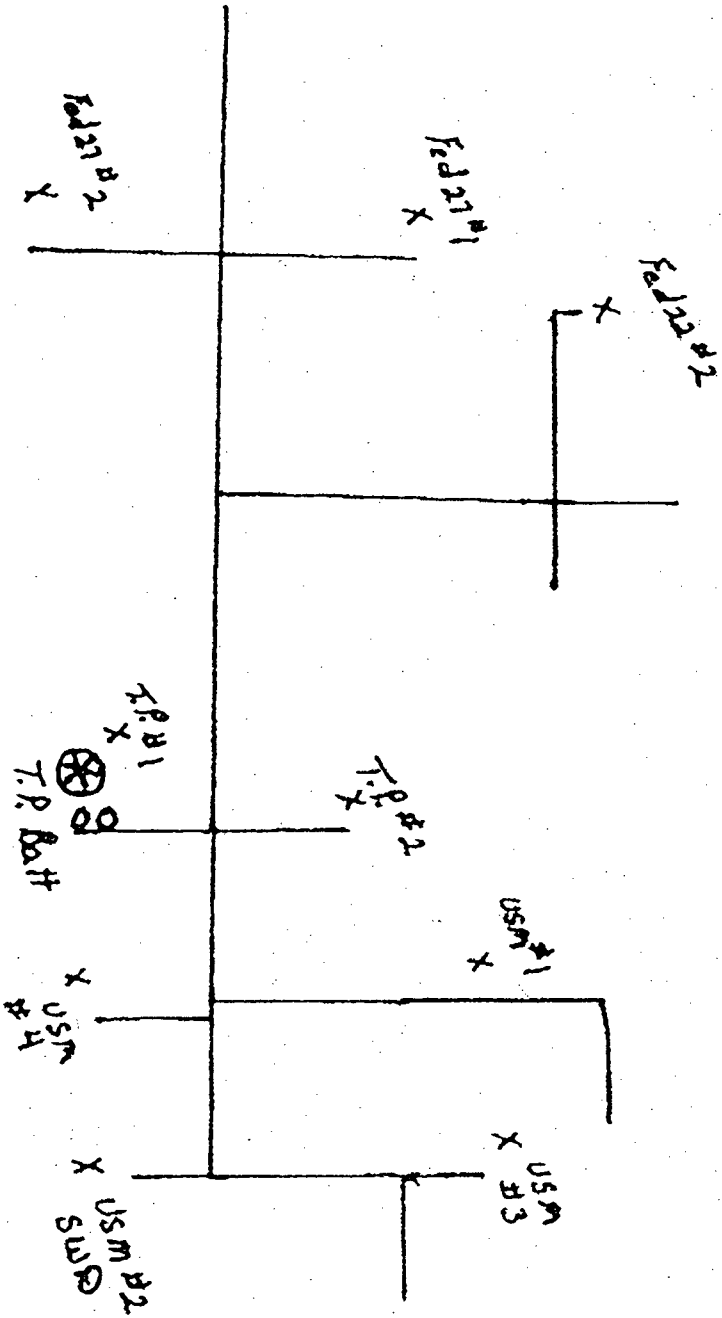
NM - 0384177

LC - 067775

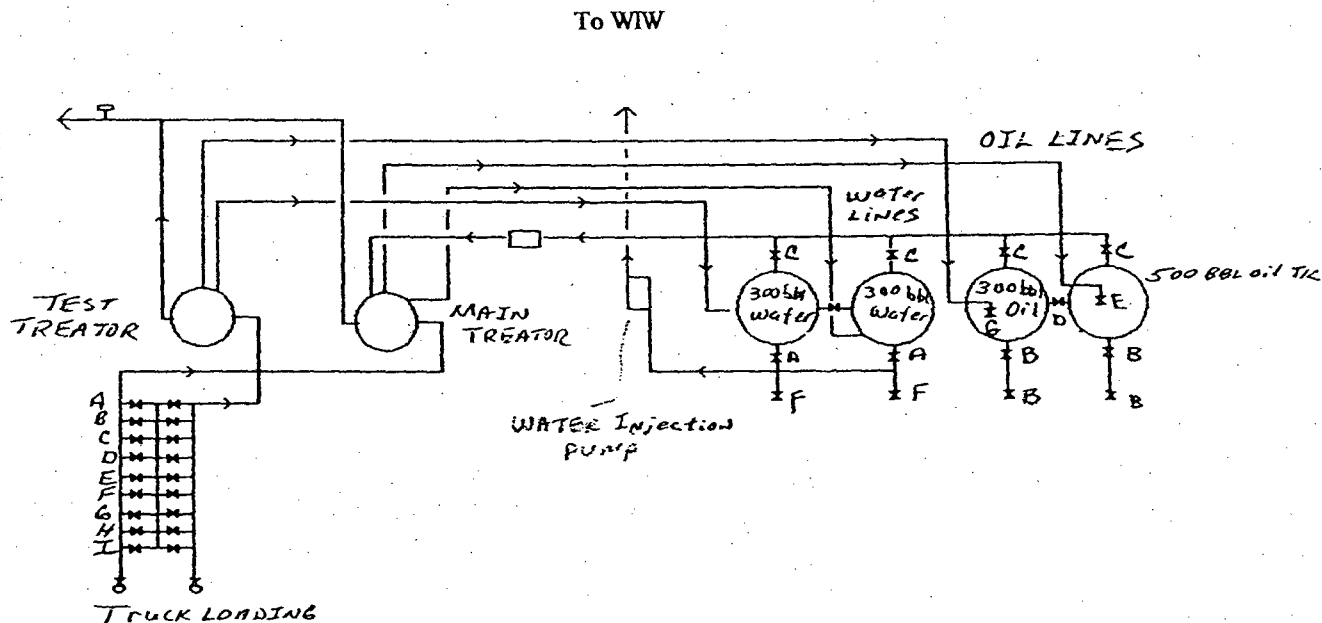
T 9 5

T 10 5

(M)



MAR OIL & GAS COMPANY
 TP. FEDERAL CENTRAL BATTERY
 SITE FACILITY DIAGRAM
 SE NW, S27, T9S, R37E
 Lease # NMNM2390



SITE SECURITY

Production Phase

Valve A Water Disposal Open Not Sealed
 Valve B Closed And Sealed
 Valve C Closed Not Sealed
 Valve D Open Not Sealed
 Valve E Open Not Sealed
 Valve F Truck Load Valve Close Not Sealed
 Valve G Open Not Sealed

SALES PHASE 300 BBL OIL TEST TANK

Valve A Open Not Sealed
 Valve B Closed Sealed Until Trucked
 Valve C Closed and Sealed
 Valve D Closed and Sealed
 Valve E Open To Produce Into
 Valve F Closed Not Sealed
 Valve G Closed and Sealed

SALES PHASE

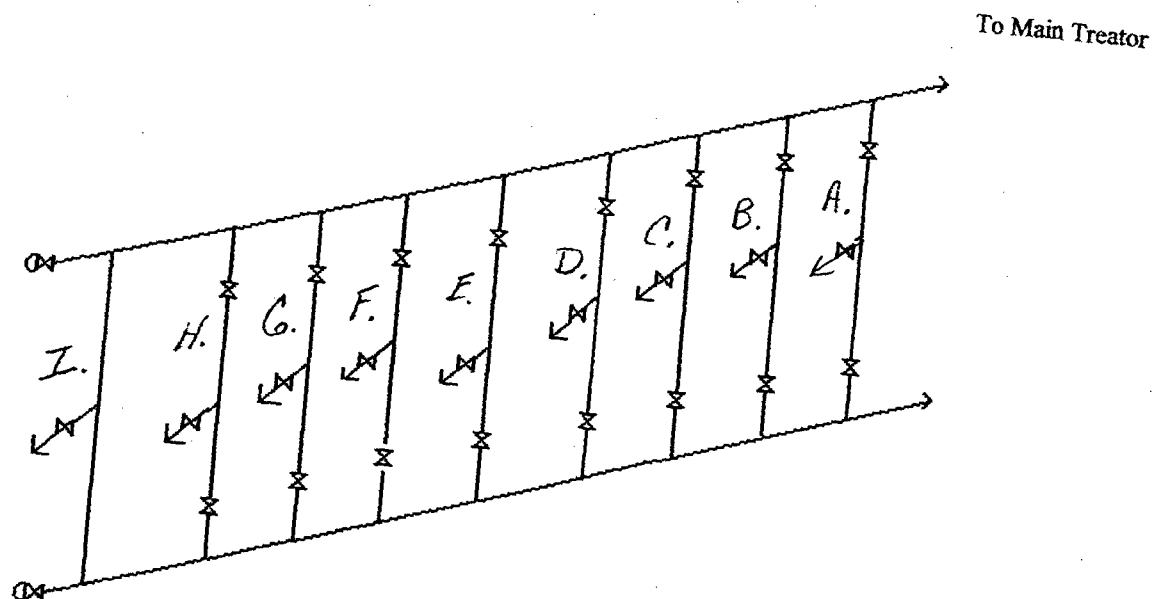
500 BBL Oil Tank

Valve A Open Not Sealed
 Valve B Closed & Sealed Till
 Valve C Closed and Sealed
 Valve D Closed and Sealed
 Valve E Closed and Sealed
 Valve F Closed Not Sealed
 Valve G Open to Produce Into

WELLS TO MANIFOLD

A. Federal 22-2
 B. Federal 27-1
 C. Federal 27-2
 D. T.P. Federal No. 1
 E. T.P. Federal NO. 2
 F. USM No. 1
 G. USM No. 3
 H. USM No. 4
 I. SPARE

MAR OIL AND GAS CORP
T.P. FEDERAL CENTRAL BATTERY MANIFOLD



- A. Federal 22 No 2 Production Inlet to Manifold
- B. Federal 27 No 1 Production Inlet to Manifold
- C. Federal 27 No 2 Production Inlet to Manifold
- D. T.P. Federal No 1 Production Inlet to Manifold
- E. T.P. Federal No 2 Production Inlet to Manifold
- F. USM No 1 Production Inlet to Manifold
- G. USM No 3 Production Inlet to Manifold
- H. USM No 4 Production Inlet to Manifold
- I. SPARE

MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87508
(505)989-1977

B.R. Smillie
P.O. Box 927
Beaver Oklahoma, 73932

March 24, 2004

RE: Surface Pipe Line

Mrs. B.R. Smillie:

MAR Oil & Gas Corp is the operator of the following wells on your private surface in Lea County New Mexico.

Federal 27 No 1, Unit D, Section 27, T9S, R37E, Lease # NM-2390 CA 71222

Federal 22 No 2, Unit M, Section 22, T9S, R37E, Lease # NM050475-A, CA SW-587

The present production equipment and production pipe lines are unsafe for usage.

MAR will be installing new poly pipe along the lease road and in the road right-of-way.

The pipe will be buried at any road crossing. There will be no other surface disturbance.

The new pipe line is necessary for MAR to operate in a safe manner and be in compliance with the BLM rules and regulations.

Sincerely:

A handwritten signature in dark ink, appearing to read 'Duane C. Winkler', followed by a horizontal line extending to the right.

Duane C. Winkler
VP Operations

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires: January 31, 2004

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No.
NM050475-A

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.
CA-SW-587

8. Well Name and No.
Federal No 22 No 2

9. API Well No.
30-025-25602

10. Field and Pool, or Exploratory Area
West Sawyer, San Andres

11. County or Parish, State
Lea, NM

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator
MAR Oil and Gas Corp

3a. Address
PO Box 5155, Santa Fe NM, 87502

3b. Phone No. (include area code)
505-989-1977

4. Location of Well (Footage, Sec., T, R, M., or Survey Description)
Unit M, 660' FSL, 660' FWL, S22 T9S, R37E

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>Surface Commingle</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>Right-Of-Way</u>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

3. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

MAR Oil & Gas Corp has shut in the well the production equipment is unsafe for usage

MAR proposes to surface commingle as follows: Lay on the surface new 2" SDR 11 Poly Pipe along the lease road in the road right-of-way to the TP Federal No 1, SE NW S27, T9S, R37E, Lea County NM, Poly pipe will be buried at all road crossings, no additional surface disturbance, maximum pressure of the 2" SDR 11 poly pipe is 150 psig, MAR maximum operating pressure will be 30 psig, Well testing will be four consecutive days, the average will be used for production allocation, the well will be tested every month, The surface is fee the land owner is Mr. BR Smillie

MAR has mailed a letter of notification t Mr. BR Smillie.

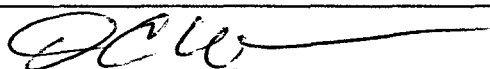
The existing production lines will be disconnected from the Central battery, the equipment will be cleaned and clean out plates will be left off the tanks, the equipment will be removed by Barriga Tank Service with in six months of the completion of the commingling, at that time MAR will remediate the old battery location to BLM rules and regulations, Attachment Abattery diagram, Attachment B Map

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Duane C Winkler

Title VP Operations

Signature



Date March 24, 2004

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by (Signature)

Name
(Printed/Typed)

Title

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Date

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on next page)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires: January 31, 2004

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No.

NMNM03841777

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

CA NMNM 71222

8. Well Name and No.

Federal 27 No 2

9. API Well No.

30-025-25403

10. Field and Pool, or Exploratory Area

West Sawyer, San Andres

11. County or Parish, State

Lea, NM

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

MAR Oil and Gas Corp

3a. Address

PO Box 5155, Santa Fe NM, 87502

3b. Phone No. (include area code)

505-989-1977

4. Location of Well (Footage, Sec., T, R., M., or Survey Description)

Unit E, 1980' FNL, 660' FWL, S27 T9S, R37E

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Surface Commingle
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Right-Of-Way
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

3. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

MAR Oil & Gas Corp has shut in the well the production equipment is unsafe for usage

MAR proposes to surface commingle as follows: Lay on the surface new 2" SDR 11 Poly Pipe along the lease road in the road right-of-way to the TP Federal No 1, SE NW S27, T9S, R37E, Lea County NM, Poly pipe will be buried at all road crossings, no additional surface disturbance, maximum pressure of the 2" SDR 11 poly pipe is 150 psig, MAR maximum operating pressure will be 30 psig, Well testing will be four consecutive days, the average will be used for production allocation, the well will be tested every month, The surface is fee the land owner is Mr. Bilbrey, Duane C Winkler with MAR has contacted Mr. Bilbrey and Mr. Bilbrey has granted MAR verbal permission to lay the pipe lines, The existing production lines will be disconnected from the Central battery, the equipment will be cleaned and clean out plates will be left off the tanks, the equipment will be removed by Barriga Tank Service with in six months of the completion of the commingling, at that time MAR will remediate the old battery location to BLM rules and regulations, Attachment A battery diagram, Attachment B Map

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Duane C Winkler

Title VP Operations

Signature



Date March 24, 2004

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by (Signature)

Name

(Printed/Typed)

Title

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Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on next page)

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SUNDRY NOTICES AND REPORTS ON WELLS
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5. Lease Serial No.

NMLC-067775

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

U.S. M. No 1

9. API Well No.

30-025-24327

10. Field and Pool, or Exploratory Area

West Sawyer, San Andres

11. County or Parish, State

Lea, NM

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

MAR Oil and Gas Corp

3a. Address

PO Box 5155, Santa Fe NM, 87502

3b. Phone No. (include area code)

505-989-1977

4. Location of Well (Footage, Sec., T, R., M., or Survey Description)

Unit B, 660' FNL, 1980' FEL, S27 T9S, R37E

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

☐ Notice of Intent

☒ Subsequent Report

☐ Final Abandonment Notice

☐ Acidize

☐ Alter Casing

☐ Casing Repair

☐ Change Plans

☐ Convert to Injection

☐ Deepen

☐ Fracture Treat

☐ New Construction

☐ Plug and Abandon

☐ Plug Back

☐ Production (Start/Resume)

☐ Reclamation

☐ Recomplete

☐ Temporarily Abandon

☐ Water Disposal

☐ Water Shut-Off

☐ Well Integrity

☒ Other Surface Commingle
Right-Of-Way

3. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

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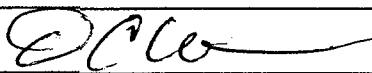
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14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Duane C Winkler

Title VP Operations

Signature



Date March 24, 2004

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by (Signature)

Name
(Printed/Typed)

Title

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

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Date

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BUREAU OF LAND MANAGEMENT

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5. Lease Serial No.

NMLC-067775

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

U.S. M. No 3

9. API Well No.

30-025-24621

10. Field and Pool, or Exploratory Area

West Sawyer, San Andres

11. County or Parish, State

Lea, NM

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

MAR Oil and Gas Corp

3a. Address

PO Box 5155, Santa Fe NM, 87502

3b. Phone No. (include area code)

505-989-1977

4. Location of Well (Footage, Sec., T, R., M., or Survey Description)

Unit A, 519' FNL, 801' FEL, S27 T9S, R37E

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Surface Commingle
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Right-Of-Way
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

3. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

MAR Oil & Gas Corp has shut in the well the production equipment is unsafe for usage

MAR proposes to surface commingle as follows: Lay on the surface new 2" SDR 11 Poly Pipe along the lease road in the road right-of-way to the TP Federal No 1, SE NW S27, T9S, R37E, Lea County NM, Poly pipe will be buried at all road crossings, no additional surface disturbance, maximum pressure of the 2" SDR 11 poly pipe is 150 psig, MAR maximum operating pressure will be 30 psig, Well testing will be four consecutive days, the average will be used for production allocation, the well will be tested every month, The surface is fee the land owner is Mr. Bilbrey, Duane C Winkler with MAR has contacted Mr. Bilbrey and Mr. Bilbrey has granted MAR verbal permission to lay the pipe lines, The existing production lines will be disconnected from the USM Central battery, the USM equipment will be cleaned and clean out plates will be left off the tanks, the equipment will be removed by Barriga Tank Service with in six months of the completion of the commingling, at that time MAR will remediate the old battery location to BLM rules and regulations, Attachment Abattery diagram, Attachment B Map

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Duane C Winkler

Title VP Operations

Signature

Date March 24, 2004

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by (Signature)

Name

(Printed/Typed)

Title

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Office

Date

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(Continued on next page)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No. 1004-0135
Expires: January 31, 2004**SUNDRY NOTICES AND REPORTS ON WELLS**
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No.

NMLC-067775

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

U.S. M. No 4

9. API Well No.

30-025-24834

10. Field and Pool, or Exploratory Area

West Sawyer, San Andres

11. County or Parish, State

Lea, NM

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

MAR Oil and Gas Corp

3a. Address

PO Box 5155, Santa Fe NM, 87502

3b. Phone No. (include area code)

505-989-1977

4. Location of Well (Footage, Sec., T, R., M., or Survey Description)

Unit G, 1980' FNL, 2180' FEL, S27 T9S, R37E

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

☐ Notice of Intent☒ Subsequent Report☐ Final Abandonment Notice☐ Acidize☐ Alter Casing☐ Casing Repair☐ Change Plans☐ Convert to Injection☐ Deepen☐ Fracture Treat☐ New Construction☐ Plug and Abandon☐ Plug Back☐ Production (Start/Resume)☐ Reclamation☐ Recomplete☐ Temporarily Abandon☐ Water Disposal☐ Water Shut-Off☐ Well Integrity☒ Other Surface CommingleRight-Of-Way

3. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

MAR Oil & Gas Corp has shut in the well the production equipment is unsafe for usage

MAR proposes to surface commingle as follows: Lay on the surface new 2" SDR 11 Poly Pipe along the lease road in the road right-of-way to the TP Federal No 1, SE NW S27, T9S, R37E, Lea County NM, Poly pipe will be buried at all road crossings, no additional surface disturbance, maximum pressure of the 2" SDR 11 poly pipe is 150 psig, MAR maximum operating pressure will be 30 psig, Well testing will be four consecutive days, the average will be used for production allocation, the well will be tested every month, The surface is fee the land owner is Mr. Bilbrey, Duane C Winkler with MAR has contacted Mr. Bilbrey and Mr. Bilbrey has granted MAR verbal permission to lay the pipe lines, The existing production lines will be disconnected from the USM Central battery, the USM equipment will be cleaned and clean out plates will be left off the tanks, the equipment will be removed by Barriga Tank Service with in six months of the completion of the commingling, at that time MAR will remediate the old battery location to BLM rules and regulations, Attachment Abattery diagram, Attachment B Map

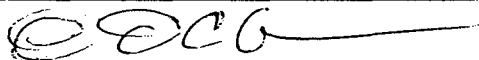
14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Duane C Winkler

Title VP Operations

Signature



Date March 24, 2004

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by (Signature)

Name
(Printed/Typed)

Title

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Office

Date

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(Continued on next page)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires: January 31, 2004

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No.
NM-2390
6. If Indian, Allottee or Tribe Name
7. If Unit or CA/Agreement, Name and/or No.
8. Well Name and No.
TP Federal No 1
9. API Well No.
30-025-24278
10. Field and Pool, or Exploratory Area
West Sawyer, San Andres
11. County or Parish, State
Lea, NM

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other	
2. Name of Operator MAR Oil and Gas Corp	
3a. Address PO Box 5155, Santa Fe NM, 87502	3b. Phone No. (include area code) 505-989-1977
4. Location of Well (Footage, Sec., T, R., M., or Survey Description) Unit F, 1980' FNL, 1980' FWL, S27 T9S, R37E	

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>Surface Commingle</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>Right-Of-Way</u>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

3. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

MAR Oil & Gas Corp has shut in the well the production equipment is unsafe for usage
MAR proposes to surface commingle, Well testing will be four consecutive days, the average will be used for production allocation, the well will be tested every month, The surface is fee the land owner is Mr. Bilbrey, Duane C Winkler with MAR has contacted Mr. Bilbrey and Mr. Bilbrey has granted MAR verbal permission to lay the pipe lines
The Central Battery will be on the TP Federal No 1 Location, Attachment A is proposed site facility diagram and test system
Test System is designed that Oil and Water will be measured in separated storage tanks and gas will be meter at the treator

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Duane C Winkler

Title VP Operations

Signature



Date March 24, 2004

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by (Signature)

Name
(Printed/Typed)

Title

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Office

Date

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(Continued on next page)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires: January 31, 2004

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

MAR Oil and Gas Corp

3a. Address

PO Box 5155, Santa Fe NM, 87502

3b. Phone No. (include area code)

505-989-1977

4. Location of Well (Footage, Sec., T, R., M., or Survey Description)

Unit D, 660' FNL, 660' FWL, S27 T9S, R37E

5. Lease Serial No.

NM-2390

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

CA NMNM 71222

8. Well Name and No.

Federal 27 No 1

9. API Well No.

30-025-23841

10. Field and Pool, or Exploratory Area

West Sawyer, San Andres

11. County or Parish, State

Lea, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>Surface Commingle</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>Right-Of-Way</u>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

3. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

MAR Oil & Gas Corp has shut in the well the production equipment is unsafe for usage

MAR proposes to surface commingle as follows: Lay on the surface new 2" SDR 11 Poly Pipe along the lease road in the road right-of-way to the TP Federal No 1, SE NW S27, T9S, R37E, Lea County NM, Poly pipe will be buried at all road crossings, no additional surface disturbance, maximum pressure of the 2" SDR 11 poly pipe is 150 psig, MAR maximum operating pressure will be 30 psig, Well testing will be four consecutive days, the average will be used for production allocation, the well will be tested every month, The surface is fee the land owner is Mr. BR Smillie,

MAR has mailed a letter of notification to Mr. BR Smillie.

The existing production lines will be disconnected from the Central battery, the equipment will be cleaned and clean out plates will be left off the tanks, the equipment will be removed by Barriga Tank Service with in six months of the completion of the commingling, at that time MAR will remediate the old battery location to BLM rules and regulations, Attachment Abattery diagram, Attachment B Map

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Duane C Winkler

Title VP Operations

Signature

Date March 24, 2004

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by (Signature)

Name

(Printed/Typed)

Title

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Office

Date

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(Continued on next page)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires: January 31, 2004

SUNDRY NOTICES AND REPORTS ON WELLS
**Do not use this form for proposals to drill or to re-enter an
abandoned well. Use Form 3160-3 (APD) for such proposals.**

5. Lease Serial No.
NM-2390

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
TP Federal No 2

9. API Well No.
30-025-24835

10. Field and Pool, or Exploratory Area
West Sawyer, San Andres

11. County or Parish, State
Lea, NM

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator
MAR Oil and Gas Corp

3a. Address
PO Box 5155, Santa Fe NM, 87502

3b. Phone No. (include area code)
505-989-1977

4. Location of Well (Footage, Sec., T, R., M., or Survey Description)
Unit C, 860' FNL, 1980' FWL, S27 T9S, R37E

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>Surface Commingle</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>Right-Of-Way</u>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

3. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

MAR Oil & Gas Corp has shut in the well the production equipment is unsafe for usage
MAR proposes to surface commingle as follows: Lay on the surface new 2" SDR 11 Poly Pipe along the lease road in the road right-of-way to the TP Federal No 1, SE NW S27, T9S, R37E, Lea County NM, Poly pipe will be buried at all road crossings, no additional surface disturbance, maximum pressure of the 2" SDR 11 poly pipe is 150 psig, MAR maximum operating pressure will be 30 psig, Well testing will be four consecutive days, the average will be used for production allocation, the well will be tested every month, The surface is fee the land owner is Mr. Bilbrey, Duane C Winkler with MAR has contacted Mr. Bilbrey and Mr. Bilbrey has granted MAR verbal permission to lay the pipe lines, The existing production lines will be disconnected from the Central battery, the equipment will be cleaned and clean out plates will be left off the tanks, the equipment will be removed by Barriga Tank Service with in six months of the completion of the commingling, at that time MAR will remediate the old battery location to BLM rules and regulations, Attachment A battery diagram, Attachment B Map

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Duane C Winkler

Title VP Operations

Signature

Date March 24, 2004

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by (Signature)

Name
(Printed/Typed)

Title

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Office

Date

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(Continued on next page)

District I
1625 N. French Drive, Hobbs, NM 88240
District II
1301 W. Grand Ave, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr, Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B
Revised June 10, 2003

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original
application to the Santa Fe
office with one copy to the
appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: MAR OIL & GAS CORP

OPERATOR ADDRESS: PO Box 5155, Santa Fe, NM 87502

APPLICATION TYPE:

☐ Pool Commingling ☒ Lease Commingling ☐ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: ☐ Fee ☐ State ☒ Federal

Is this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No. _____
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
X Yes ☐ No

(A) POOL COMMINGLING
Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes

- (2) Are any wells producing at top allowables? ☐ Yes ☒ No
(3) Has all interest owners been notified by certified mail of the proposed commingling? Yes ☐ No
(4) Measurement type: Metering ☒ Other (Specify)
(5) Will commingling decrease the value of production? ☐ Yes ☒ No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING
Please attach sheets with the following information

- (1) Pool Name and Code. Sawyer San Andres West 55490
(2) Is all production from same source of supply? ☒ Yes ☐ No
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No
(4) Measurement type: ☒ Metering ☒ Other (Specify) Oil and Water production measured in separate test tanks, gas measured by meter

(C) POOL and LEASE COMMINGLING
Please attach sheets with the following information

- (1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT
Please attached sheets with the following information

- (1) Is all production from same source of supply? ☐ Yes ☒ No
(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)
Please attach sheets with the following information

- (1) A schematic diagram of facility, including legal location.
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: 

TITLE: VP Operations

DATE: April 6, 2004

TYPE OR PRINT NAME: Duane C Winkler

TELEPHONE NO.: 505-989-1977

E-MAIL ADDRESS: duanecwinkler@earthlink.net

MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87508
(505)989-1977

Bureau Of Land Management
Carlsbad Field Office
620 E. Greene
Carlsbad, NM 88220
(505)234-5972

March 24, 2004

RE: Off-Lease Measurement, Storage, and Surface Commingling

Mr. Joe Lara:

The following information is to support the Surface Commingling Application.
The Sundry Notice Form 3160-5 was submitted for Off-Lease Measurement, Storage and Surface Commingling for the following wells.

USM No 1, Unit B, Section 27, T9S, R37E, Lease # NMLC-067775
USM No 3, Unit A, Section 27, T9S, R37E, Lease # NMLC-067775
USM No 4, Unit G, Section 27, T9S, R37E, Lease # NMLC-067775
TP Federal No 1, Unit F, Section 27, T9S, R37E, Lease # NM-2390
TP Federal No 2, Unit C, Section 27, T9S, R37E, Lease # NM-2390
Federal 27 No 1, Unit D, Section 27, T9S, R37E, Lease # NM-2390 CA 71222
Federal 27 No 2, Unit E, Section 27, T9S, R37E, Lease # NMNM-03841777, CA 71222
Federal 22 No 2, Unit M, Section 22, T9S, R37E, Lease # NM050475-A, CA SW-587

The wells are in the West Sawyer Field. All the wells produce from the San Andres formation. Estimated monthly production from each contributing well listed below.

Well Name	Present Production			Estimated Production		
	BOM	BWM	McfM	BOM	BWM	McfM
USM No 1	0	0	0	100	300	0
USM No 3	0	0	0	300	400	0
USM No 4	0	0	0	45	50	0
TP Federal No 1	0	90	0	50	100	300
TP Federal No 2	60	400	0	120	500	300
Federal 27 No 1	80	300	140	80	300	240
Federal 27 No 2	70	150	100	70	150	100
Federal 22 No 2	0	0	0	150	150	100

The Central Battery will be located at the TP Federal No 1 location. The attached schematic diagram is to identify all equipment that will be utilized.
Each well will be tested four days every month. The test facility will measure oil and water production in separated storage tanks and measure gas at the treator.

Example of production allocation & calculations:

Calculation:

(bo) / (4) * days in month = BOPM

(bw) / (4) * days in month = BWPM

(mcf) / (4) * days in month = McfM

Production Test for the month of April

In four days the well produces 8 bo, 12 bw, 10 mcf

Calculation	Allocated Production
(8) / (4) * (30) =	60 bopm
(12) / (4) * (30) =	90 bwpm
(10) / (4) * (30) =	75 mcfm

The Federal royalties will not be reduced. All interest owners have been notified.

The surface is private. Mr. Bilbrey has been notified and gave verbal permission.

Mr. BR Smillie has been notifying by mail.

The existing production surface equipment on the USM No 1, Federal 27 No 1 and Federal 22 No 2 batteries have corrosion holes in the storage tanks the equipment is unsafe for usage. The production equipment will be cleaned and clean out plates left off. Barriga Tank Service will haul the equipment to his yard for salvage with in six months of the tank cleaning. The existing production pipe lines are two inch steel bare pipe and were laid on the surface with no corrosion protection. The pipe has numerous patches the pipe line is not safe to produce through. MAR will flush the existing pipe lines with fresh water to a water tank and the oil will be stored for sales and the water will be disposed to water injection well.

Mr. Bilbrey has agreed to remove the old production pipe for welding material on his ranch. After all the production equipment has been removed from the old battery sites MAR will remediate the sites under BLM rules and regulations.

Sincerely:



Duane C. Winkler
VP Operations

Bureau Of Land Management

Approval: _____ Date: _____

MAR OIL & Gas Corp Off Lease Measurement & Surface Commingling

Federal 22 No 2

Federal 22 No 1

Federal 27-1

TP #2

USM #1

USM #3

Federal 27-2

TP #1

USM #4

USM #2

LEASE #1'S

NM-0337995

NM-0390

NM-050475

NM-050475-A

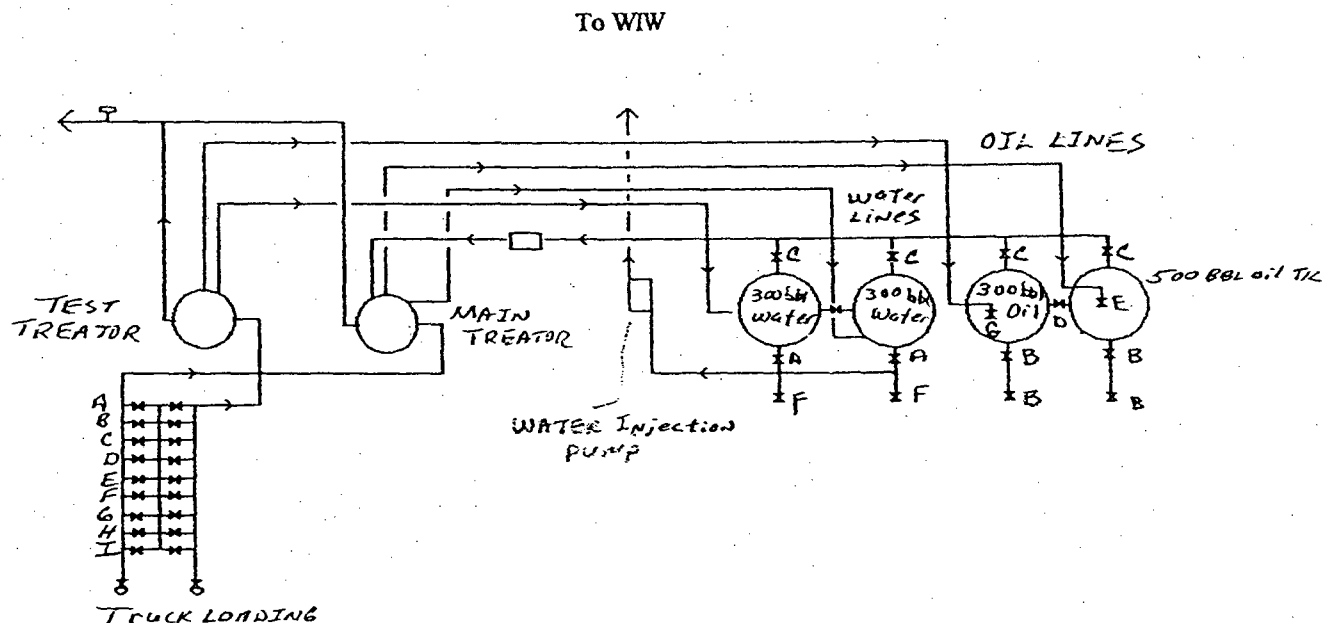
NM-0384177

227067775

T 9 S

T 10 S

MAR OIL & GAS COMPANY
 TP. FEDERAL CENTRAL BATTERY
 SITE FACILITY DIAGRAM
 SE NW, S27, T9S, R37E
 LEASE # NMNM2390



SITE SECURITY

Production Phase

Valve A Water Disposal Open Not Sealed
 Valve B Closed And Sealed
 Valve C Closed Not Sealed
 Valve D Open Not Sealed
 Valve E Open Not Sealed
 Valve F Truck Load Valve Close Not Sealed
 Valve G Open Not Sealed

SALES PHASE 300 BBL OIL TEST TANK

Valve A Open Not Sealed
 Valve B Closed Sealed Until Trucked
 Valve C Closed and Sealed
 Valve D Closed and Sealed
 Valve E Open To Produce Into
 Valve F Closed Not Sealed
 Valve G Closed and Sealed

SALES PHASE

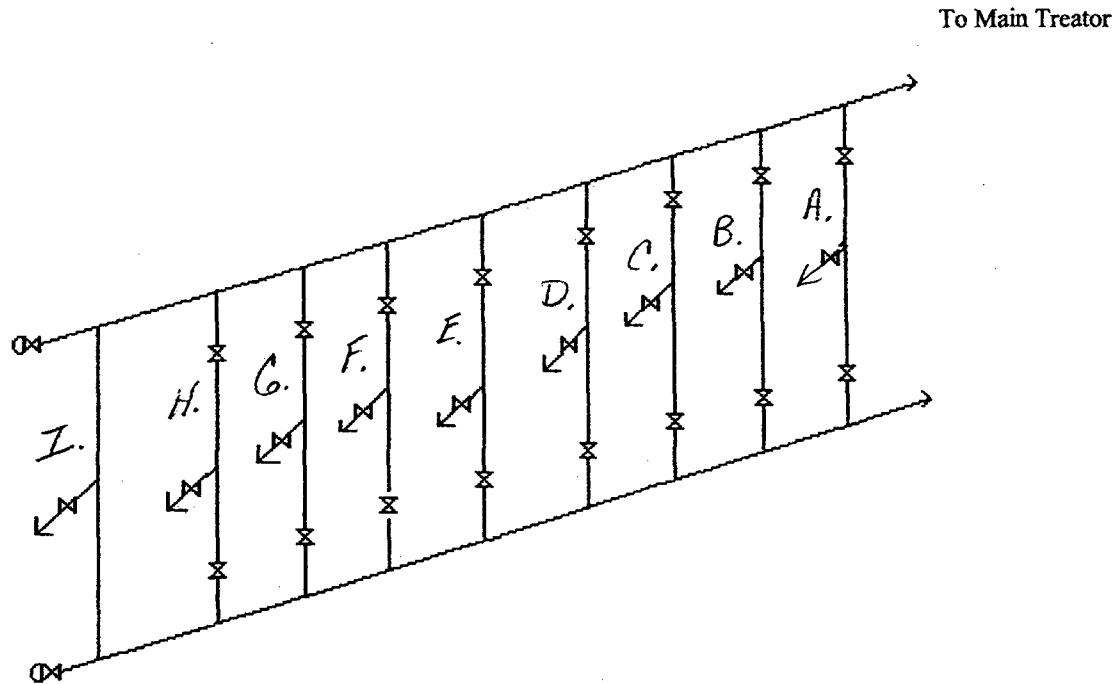
500 BBL Oil Tank

Valve A Open Not Sealed
 Valve B Closed & Sealed Till
 Valve C Closed and Sealed
 Valve D Closed and Sealed
 Valve E Closed and Sealed
 Valve F Closed Not Sealed
 Valve G Open to Produce Into

WELLS TO MANIFOLD

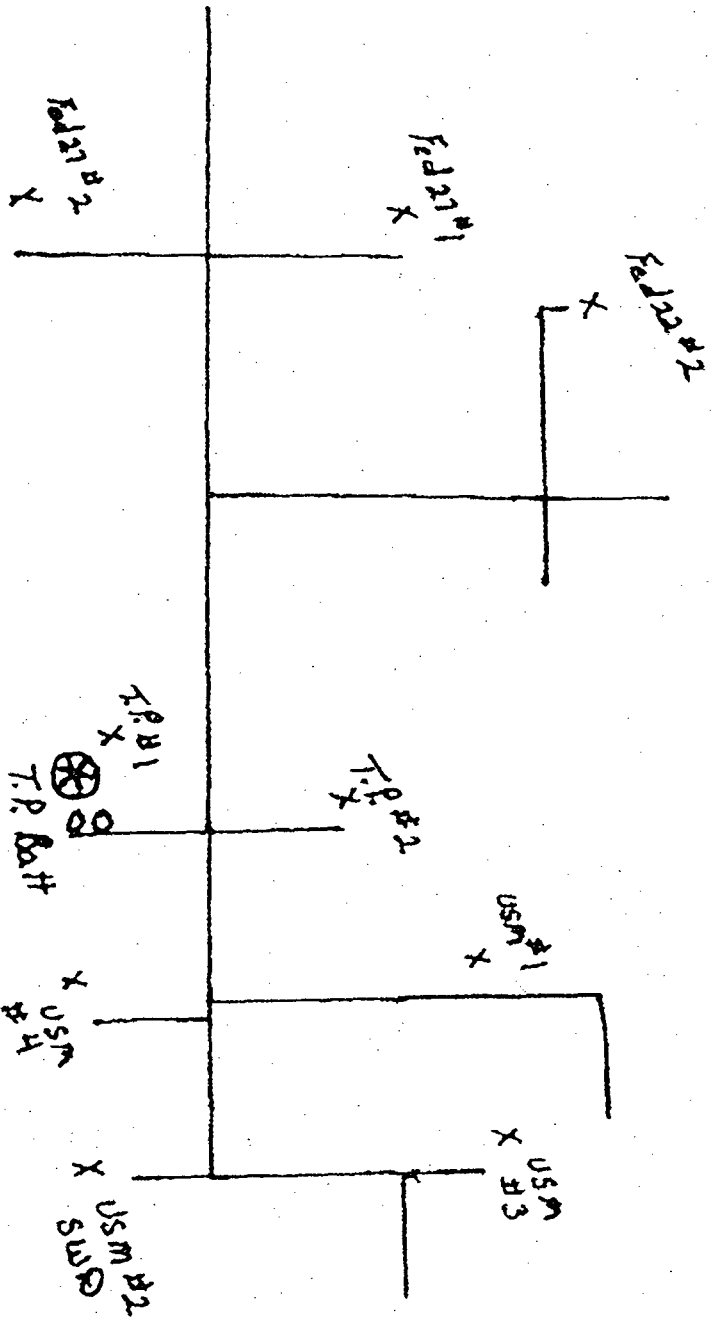
A. Federal 22-2
 B. Federal 27-1
 C. Federal 27-2
 D. T.P. Federal No. 1
 E. T.P. Federal NO. 2
 F. USM No. 1
 G. USM No. 3
 H. USM No. 4
 I. SPARE

MAR OIL AND GAS CORP
T.P. FEDERAL CENTRAL BATTERY MANIFOLD



- A. Federal 22 No 2 Production Inlet to Manifold
- B. Federal 27 No 1 Production Inlet to Manifold
- C. Federal 27 No 2 Production Inlet to Manifold
- D. T.P. Federal No 1 Production Inlet to Manifold
- E. T.P. Federal No 2 Production Inlet to Manifold
- F. USM No 1 Production Inlet to Manifold
- G. USM No 3 Production Inlet to Manifold
- H. USM No 4 Production Inlet to Manifold
- I. SPARE

(H)



MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87508
(505)989-1977

B.R. Smillie
P.O. Box 927
Beaver Oklahoma, 73932

March 24, 2004

RE: Surface Pipe Line

Mrs. B.R. Smillie:

MAR Oil & Gas Corp is the operator of the following wells on your private surface in Lea County New Mexico.

Federal 27 No 1, Unit D, Section 27, T9S, R37E, Lease # NM-2390 CA 71222

Federal 22 No 2, Unit M, Section 22, T9S, R37E, Lease # NM050475-A, CA SW-587

The present production equipment and production pipe lines are unsafe for usage.

MAR will be installing new poly pipe along the lease road and in the road right-of-way.

The pipe will be buried at any road crossing. There will be no other surface disturbance.

The new pipe line is necessary for MAR to operate in a safe manner and be in compliance with the BLM rules and regulations.

Sincerely:



Duane C. Winkler
VP Operations

**MAR OIL & GAS CORP
SAWYER SAN ANDRES WEST**

**FEDERAL 27 # 1
FEDERAL 27 # 2**

Richard Altman
Colorado State Bank
PO Box 5945 T.A./Comm. Loans
Denver, CO 80217-5945

F.J. Trust Bradshaw
Wells Fargo Bank, N.A.
OGM MAC 4931-211
PO Box 5383
Denver, CO 80217-5825

Robert Burkett
PO Box 5532
Midland, TX 79704-5532

James Kelly Cox
PO Box 2217
Midland, TX 79702

F&F Oil & Gas
1749 CR 103
Runge, TX 78151

GEMAC Resources
PO Box 600671
Dallas, TX 75360-0671

Headington Royalty
7557 Rambler Road, Suite 1100
Dallas, TX 75231

Mar Oil & Gas Corp
PO Box 5155
Santa Fe, NM 87502

Minerals Management
PO Box 5810
Denver, CO 80217

C.M. Monroe, Estate
Robin Marie Watkins, Executrix
104 Westwood Drive, Apt 480
Lafayette, LA 70506

Red Resources
234 Handicap Avenue
Pagosa Springs, CO 81147

Roec, Inc.
528 S. Corona Street
Denver, CO 80209

Doris Royal, Trust
Frances D. Freese, Trustee
3462 Castleford Place
Rowland Heights, CA 91748-5110

Doris Royal Trust-Charles D. Lamb, Suc.
c/o Gene W. Beckman, Attorney
374 East Advocado Crest RD
La Habra Heights, CA 90631

Mark Shidler, I
1010 Lamar, Suite 500
Houston, TX 77002

Southwest Petro
PO Box 702377
Dallas, TX 75370-2377

Stelaron, Inc.
PO Box 7787
Amarillo, TX 79114-7787

James Kelly Cox
PO Box 2217
Midland, TX 79702

Mar Oil & Gas Corp
PO Box 5155
Santa Fe, NM 87502

Red Resources
234 Handicap Avenue
Pagosa Springs, CO 81147

Stelaron, Inc.
PO Box 7787
Amarillo, TX 79114-7787

Deleted Interest

**MAR OIL & GAS CORP
SAWYER SAN ANDRES WEST**

USM # 1

USM # 3

USM # 4

Helen Adcock
1605 Stanolind
Midland, TX 79705

AETN01 Petroleum
AETNA Petroleum
PO Box 17006-GMF
Denver, CO 80217

Maureen Ashley
7434 S. Gary Place
Tulsa, OK 74136

Earl R. Bruno Family LTD
PO Box 33416
Kerrville, TX 78029-3416

Penny P. Bruno
8515 Northview Pass
Fair Oaks Ranch TX 78015

Amon G. Carter
PO Box 1036
Fort Worth, TX 76101-1036

Floyd H. Davis
22301 Hamilton Pool Road
Dripping Springs, TX 78620

Sidney R. Davis
5316 Valburn Circle
Austin, TX 78731

Georgi D. Duwe
6802 Rockledge Cove
Austin, TX 78731

James D. Dye Estate
c/o Joseph Strange, I.E.
PO Box 542886
Dallas, TX 75354-2886

Priscilla Gravely
3510 St. Johns
Dallas, TX 75205

Kimball Art Foundation
301 Commerce Street
Suite 2240
Fort Worth, TX 76102

King Foundation
PO Drawer 840738
Dallas, TX 75284-0738

Hulen Lemon
c/o Mar Oil & Gas
PO Box 5155
Santa Fe, NM 87502

Mabee Foundation
401 S. Boston, 30th Floor
Tulsa, OK 74103-4017

Mar Oil & Gas Corp
PO Box 5155
Santa Fe, NM 87502

Margo McCormick
1521 Park Avenue S.W.
Albuquerque, NM 87104-1023

Michael McCormick
128 W. Sunflower
McAllen, TX 78501

Minerals Management
PO Box 5810
Denver, CO 80217

Mel B. O'Reilly
3808 La Hacienda Drive, NE
Albuquerque, NM 87110

Monica O'Reilly
3808 La Hacienda Drive, NE
Albuquerque, NM 87110-6116

Red Resources
234 Handicap Avenue
Pagosa Springs, CO 81147

Mary L. Skavaril
222 East Torrence Road
Columbus, OH 43214-3834

Solimar Inv. Inc.
PO Box 5052
Midland, TX 79704

Sundance Minerals
306 W. 7th Street, Ste. 302
Fort Worth, TX 76102

Warren, J.E.

Wilco Western
6688 N. Central Expressway
Suite 1150
Dallas, TX 75116

Helen Adcock
1605 Stanolind
Midland, TX 79705

AETN01 Petroleum
AETNA Petroleum
PO Box 17006-GMF
Denver, CO 80217

Earl R. Bruno Family LTD
PO Box 33416
Kerrville, TX 78029-3416

Hulen Lemon
c/o Mar Oil & Gas
PO Box 5155
Santa Fe, NM 87502

Mar Oil & Gas Corp
PO Box 5155
Santa Fe, NM 87502

Red Resources
234 Handicap Avenue
Pagosa Springs, CO 81147

Deleted Interest

**MAR OIL & GAS CORP
SAWYER SAN ANDRES WEST**

**T.P. FEDERAL # 1
T.P. FEDERAL # 2**

Helen Adcock
1605 Stanolind
Midland, TX 79705

Earl R. Bruno Family LTD
PO Box 33416
Kerrville, TX 78029-3416

Penny P. Bruno
8515 Northview Pass
Fair Oaks Ranch TX 78015

Amon G. Carter
PO Box 1036
Fort Worth, TX 76101-1036

F&F Oil & Gas
1749 CR 103
Runge, TX 78151

GEMAC Resources
PO Box 600671
Dallas, TX 75360-0671

Kimball Art Foundation
301 Commerce Street
Suite 2240
Fort Worth, TX 76102

Hulen Lemon
c/o Mar Oil & Gas
PO Box 5155
Santa Fe, NM 87502

Mar Oil & Gas Corp
PO Box 5155
Santa Fe, NM 87502

Minerals Management
PO Box 5810
Denver, CO 80217

C.M. Monroe, Estate
Robin Marie Watkins, Executrix
104 Westwood Drive, Apt 480
Lafayette, LA 70506

Red Resources
234 Handicap Avenue
Pagosa Springs, CO 81147

Doris Royal Trust-Charles D. Lamb, Suc.
c/o Gene W. Beckman, Attorney
374 East Advocado Crest RD
La Habra Heights, CA 90631

Solimar Inv. Inc.
PO Box 5052
Midland, TX 79704

Southwest Petro
PO Box 702377
Dallas, TX 75370-2377

Sundance Minerals
306 W. 7th Street, Ste. 302
Fort Worth, TX 76102

Helen Adcock
1605 Stanolind
Midland, TX 79705

Hulen Lemon
c/o Mar Oil & Gas
PO Box 5155
Santa Fe, NM 87502

Mar Oil & Gas Corp
PO Box 5155
Santa Fe, NM 87502

Red Resources
234 Handicap Avenue
Pagosa Springs, CO 81147

Deleted Interest

**MAR OIL & GAS CORP
SAWYER SAN ANDRES WEST**

**FEDERAL 22 # 1
FEDERAL 22 # 2**

Mar Oil & Gas Corp
PO Box 5155
Santa Fe, NM 87502

Red Resources
234 Handicap Avenue
Pagosa Springs, CO 81147

MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87502
(505)989-1977

CERTIFIED MAIL: 7003-1680-0001-4581-1014

April 5, 2004

Red Resources Inc
234 Handicap Avenue
Pagosa Springs, CO 81147

RE: Federal Minerals Off-Lease Measurement, Storage & Surface Commingling

Red Resources Inc:

MAR Oil & Gas Corp is the operator of the following wells in Lea County New Mexico. The wells are Federal Minerals on Private Surface and all wells produce from the San Andres formation.

USM No 1, Unit B, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 3, Unit A, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 4, Unit G, Section 27, T9S, R37E, Lease # NMLC-067775

TP Federal No 1, Unit F, Section 27, T9S, R37E, Lease # NM-2390

TP Federal No 2, Unit C, Section 27, T9S, R37E, Lease # NM-2390

Federal 27 No 1, Unit D, Section 27, T9S, R37E, Lease # NM-2390 CA 71222

Federal 27 No 2, Unit E, Section 27, T9S, R37E, Lease # NMNM-03841777, CA 71222

Federal 22 No 2, Unit M, Section 22, T9S, R37E, Lease # NM050475-A, CA SW-587

The present production equipment and production pipe lines are unsafe for usage. MAR has applied to Bureau Of Land Management and the Oil Conservation Division to surface commingling the wells. The commingling will lower operating costs and provide long term production.

Sincerely:



Duane C. Winkler
Vice President Of Operation

MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87502
(505)989-1977

CERTIFIED MAIL: 7003-1680-0001-4581-1007

April 5, 2004

Minerals Management
PO Box 5810
Denver, CO 80217

RE: Federal Minerals Off-Lease Measurement, Storage & Surface Commingling

Minerals Management:

MAR Oil & Gas Corp is the operator of the following wells in Lea County New Mexico. The wells are Federal Minerals on Private Surface and all wells produce from the San Andres formation.

USM No 1, Unit B, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 3, Unit A, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 4, Unit G, Section 27, T9S, R37E, Lease # NMLC-067775

TP Federal No 1, Unit F, Section 27, T9S, R37E, Lease # NM-2390

TP Federal No 2, Unit C, Section 27, T9S, R37E, Lease # NM-2390

Federal 27 No 1, Unit D, Section 27, T9S, R37E, Lease # NM-2390 CA 71222

Federal 27 No 2, Unit E, Section 27, T9S, R37E, Lease # NMNM-03841777, CA 71222

Federal 22 No 2, Unit M, Section 22, T9S, R37E, Lease # NM050475-A, CA SW-587

The present production equipment and production pipe lines are unsafe for usage. MAR has applied to Bureau Of Land Management and the Oil Conservation Division to surface commingling the wells. The commingling will lower operating costs and provide long term production.

Sincerely:



Duane C. Winkler
Vice President Of Operation

MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87502
(505)989-1977

CERTIFIED MAIL: 7003-1680-0001-4581-0994

April 5, 2004

F & F Oil & Gas
1749 CR 103
Runge, TX 78151

RE: Federal Minerals Off-Lease Measurement, Storage & Surface Commingling

F & F Oil & Gas:

MAR Oil & Gas Corp is the operator of the following wells in Lea County New Mexico. The wells are Federal Minerals on Private Surface and all wells produce from the San Andres formation.

USM No 1, Unit B, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 3, Unit A, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 4, Unit G, Section 27, T9S, R37E, Lease # NMLC-067775

TP Federal No 1, Unit F, Section 27, T9S, R37E, Lease # NM-2390

TP Federal No 2, Unit C, Section 27, T9S, R37E, Lease # NM-2390

Federal 27 No 1, Unit D, Section 27, T9S, R37E, Lease # NM-2390 CA 71222

Federal 27 No 2, Unit E, Section 27, T9S, R37E, Lease # NMNM-03841777, CA 71222

Federal 22 No 2, Unit M, Section 22, T9S, R37E, Lease # NM050475-A, CA SW-587

The present production equipment and production pipe lines are unsafe for usage.

MAR has applied to Bureau Of Land Management and the Oil Conservation Division to surface commingling the wells. The commingling will lower operating costs and provide long term production.

Sincerely:



Duane C. Winkler
Vice President Of Operation

MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87502
(505)989-1977

CERTIFIED MAIL: 7003-1680-0001-4581-0987

April 5, 2004

James Kelly Cox
PO Box 2217
Midland, TX 79702

RE: Federal Minerals Off-Lease Measurement, Storage & Surface Commingling

James Kelly Cox:

MAR Oil & Gas Corp is the operator of the following wells in Lea County New Mexico. The wells are Federal Minerals on Private Surface and all wells produce from the San Andres formation.

USM No 1, Unit B, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 3, Unit A, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 4, Unit G, Section 27, T9S, R37E, Lease # NMLC-067775

TP Federal No 1, Unit F, Section 27, T9S, R37E, Lease # NM-2390

TP Federal No 2, Unit C, Section 27, T9S, R37E, Lease # NM-2390

Federal 27 No 1, Unit D, Section 27, T9S, R37E, Lease # NM-2390 CA 71222

Federal 27 No 2, Unit E, Section 27, T9S, R37E, Lease # NMNM-03841777, CA 71222

Federal 22 No 2, Unit M, Section 22, T9S, R37E, Lease # NM050475-A, CA SW-587

The present production equipment and production pipe lines are unsafe for usage. MAR has applied to Bureau Of Land Management and the Oil Conservation Division to surface commingling the wells. The commingling will lower operating costs and provide long term production.

Sincerely:



Duane C. Winkler
Vice President Of Operation

MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87502
(505)989-1977

CERTIFIED MAIL: 7003-1680-0001-4581-0970

April 5, 2004

Stelaron Inc
PO Box 7787
Amarillo, TX 79114-7787

RE: Federal Minerals Off-Lease Measurement, Storage & Surface Commingling

Stelaron Inc:

MAR Oil & Gas Corp is the operator of the following wells in Lea County New Mexico. The wells are Federal Minerals on Private Surface and all wells produce from the San Andres formation.

USM No 1, Unit B, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 3, Unit A, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 4, Unit G, Section 27, T9S, R37E, Lease # NMLC-067775

TP Federal No 1, Unit F, Section 27, T9S, R37E, Lease # NM-2390

TP Federal No 2, Unit C, Section 27, T9S, R37E, Lease # NM-2390

Federal 27 No 1, Unit D, Section 27, T9S, R37E, Lease # NM-2390 CA 71222

Federal 27 No 2, Unit E, Section 27, T9S, R37E, Lease # NMNM-03841777, CA 71222

Federal 22 No 2, Unit M, Section 22, T9S, R37E, Lease # NM050475-A, CA SW-587

The present production equipment and production pipe lines are unsafe for usage.

MAR has applied to Bureau Of Land Management and the Oil Conservation Division to surface commingling the wells. The commingling will lower operating costs and provide long term production.

Sincerely:



Duane C. Winkler
Vice President Of Operation

MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87502
(505)989-1977

CERTIFIED MAIL: 7003-1680-0001-4581-0963

April 5, 2004

F.J. Bradshaw Trust
Wells Fargo Bank, NA
OGM MAC 4931-211
PO Box 5383
Denver, CO 80217-5825

RE: Federal Minerals Off-Lease Measurement, Storage & Surface Commingling

F.J. Bradshaw Trust:

MAR Oil & Gas Corp is the operator of the following wells in Lea County New Mexico. The wells are Federal Minerals on Private Surface and all wells produce from the San Andres formation.

USM No 1, Unit B, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 3, Unit A, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 4, Unit G, Section 27, T9S, R37E, Lease # NMLC-067775

TP Federal No 1, Unit F, Section 27, T9S, R37E, Lease # NM-2390

TP Federal No 2, Unit C, Section 27, T9S, R37E, Lease # NM-2390

Federal 27 No 1, Unit D, Section 27, T9S, R37E, Lease # NM-2390 CA 71222

Federal 27 No 2, Unit E, Section 27, T9S, R37E, Lease # NMNM-03841777, CA 71222

Federal 22 No 2, Unit M, Section 22, T9S, R37E, Lease # NM050475-A, CA SW-587

The present production equipment and production pipe lines are unsafe for usage. MAR has applied to Bureau Of Land Management and the Oil Conservation Division to surface commingling the wells. The commingling will lower operating costs and provide long term production.

Sincerely:



Duane C. Winkler
Vice President Of Operation

MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87502
(505)989-1977

CERTIFIED MAIL: 7003-1680-0001-4581-0956

April 5, 2004

Roec, Inc.
528 S. Corona Street
Denver, CO 80209

RE: Federal Minerals Off-Lease Measurement, Storage & Surface Commingling

Roec Inc.:

MAR Oil & Gas Corp is the operator of the following wells in Lea County New Mexico. The wells are Federal Minerals on Private Surface and all wells produce from the San Andres formation.

USM No 1, Unit B, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 3, Unit A, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 4, Unit G, Section 27, T9S, R37E, Lease # NMLC-067775

TP Federal No 1, Unit F, Section 27, T9S, R37E, Lease # NM-2390

TP Federal No 2, Unit C, Section 27, T9S, R37E, Lease # NM-2390

Federal 27 No 1, Unit D, Section 27, T9S, R37E, Lease # NM-2390 CA 71222

Federal 27 No 2, Unit E, Section 27, T9S, R37E, Lease # NMNM-03841777, CA 71222

Federal 22 No 2, Unit M, Section 22, T9S, R37E, Lease # NM050475-A, CA SW-587

The present production equipment and production pipe lines are unsafe for usage. MAR has applied to Bureau Of Land Management and the Oil Conservation Division to surface commingling the wells. The commingling will lower operating costs and provide long term production.

Sincerely:



Duane C. Winkler
Vice President Of Operation

MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87502
(505)989-1977

CERTIFIED MAIL: 7003-1680-0001-4581-0949

April 5, 2004

Mark Shidler
1010 Lamar
Suite 500
Houston, TX 77002

RE: Federal Minerals Off-Lease Measurement, Storage & Surface Commingling

Mark Shidler:

MAR Oil & Gas Corp is the operator of the following wells in Lea County New Mexico. The wells are Federal Minerals on Private Surface and all wells produce from the San Andres formation.

USM No 1, Unit B, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 3, Unit A, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 4, Unit G, Section 27, T9S, R37E, Lease # NMLC-067775

TP Federal No 1, Unit F, Section 27, T9S, R37E, Lease # NM-2390

TP Federal No 2, Unit C, Section 27, T9S, R37E, Lease # NM-2390


Federal 27 No 1, Unit D, Section 27, T9S, R37E, Lease # NM-2390 CA 71222

Federal 27 No 2, Unit E, Section 27, T9S, R37E, Lease # NMNM-03841777, CA 71222

Federal 22 No 2, Unit M, Section 22, T9S, R37E, Lease # NM050475-A, CA SW-587

The present production equipment and production pipe lines are unsafe for usage. MAR has applied to Bureau Of Land Management and the Oil Conservation Division to surface commingling the wells. The commingling will lower operating costs and provide long term production.

Sincerely:



Duane C. Winkler
Vice President Of Operation

MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87502
(505)989-1977

CERTIFIED MAIL: 7003-1680-0001-4581-0932

April 5, 2004

Robert Burkett
PO Box 5532
Midland, TX 79704-5532

RE: Federal Minerals Off-Lease Measurement, Storage & Surface Commingling

Robert Burkett:

MAR Oil & Gas Corp is the operator of the following wells in Lea County New Mexico. The wells are Federal Minerals on Private Surface and all wells produce from the San Andres formation.

USM No 1, Unit B, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 3, Unit A, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 4, Unit G, Section 27, T9S, R37E, Lease # NMLC-067775

TP Federal No 1, Unit F, Section 27, T9S, R37E, Lease # NM-2390

TP Federal No 2, Unit C, Section 27, T9S, R37E, Lease # NM-2390

Federal 27 No 1, Unit D, Section 27, T9S, R37E, Lease # NM-2390 CA 71222

Federal 27 No 2, Unit E, Section 27, T9S, R37E, Lease # NMNM-03841777, CA 71222

Federal 22 No 2, Unit M, Section 22, T9S, R37E, Lease # NM050475-A, CA SW-587

The present production equipment and production pipe lines are unsafe for usage. MAR has applied to Bureau Of Land Management and the Oil Conservation Division to surface commingling the wells. The commingling will lower operating costs and provide long term production.

Sincerely:



Duane C. Winkler
Vice President Of Operation

MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87502
(505)989-1977

CERTIFIED MAIL: 7003-1680-0001-4581-0925

April 5, 2004

GEMAC Resources
PO Box 600671
Dallas, TX 75360-0671

RE: Federal Minerals Off-Lease Measurement, Storage & Surface Commingling

GEMAC Resources:

MAR Oil & Gas Corp is the operator of the following wells in Lea County New Mexico. The wells are Federal Minerals on Private Surface and all wells produce from the San Andres formation.

USM No 1, Unit B, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 3, Unit A, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 4, Unit G, Section 27, T9S, R37E, Lease # NMLC-067775

TP Federal No 1, Unit F, Section 27, T9S, R37E, Lease # NM-2390

TP Federal No 2, Unit C, Section 27, T9S, R37E, Lease # NM-2390

Federal 27 No 1, Unit D, Section 27, T9S, R37E, Lease # NM-2390 CA 71222

Federal 27 No 2, Unit E, Section 27, T9S, R37E, Lease # NMNM-03841777, CA 71222

Federal 22 No 2, Unit M, Section 22, T9S, R37E, Lease # NM050475-A, CA SW-587

The present production equipment and production pipe lines are unsafe for usage. MAR has applied to Bureau Of Land Management and the Oil Conservation Division to surface commingling the wells. The commingling will lower operating costs and provide long term production.

Sincerely:



Duane C. Winkler
Vice President Of Operation

MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87502
(505)989-1977

CERTIFIED MAIL: 7003-1680-0001-4581-0918

April 5, 2004

Doris Royal Trust
Frances D. Freese, Trustee
3462 Castleford Place
Rowland Heights, CA 91748-5110

RE: Federal Minerals Off-Lease Measurement, Storage & Surface Commingling

Frances D. Freese Trustee:

MAR Oil & Gas Corp is the operator of the following wells in Lea County New Mexico. The wells are Federal Minerals on Private Surface and all wells produce from the San Andres formation.

USM No 1, Unit B, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 3, Unit A, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 4, Unit G, Section 27, T9S, R37E, Lease # NMLC-067775

TP Federal No 1, Unit F, Section 27, T9S, R37E, Lease # NM-2390

TP Federal No 2, Unit C, Section 27, T9S, R37E, Lease # NM-2390

Federal 27 No 1, Unit D, Section 27, T9S, R37E, Lease # NM-2390 CA 71222

Federal 27 No 2, Unit E, Section 27, T9S, R37E, Lease # NMNM-03841777, CA 71222

Federal 22 No 2, Unit M, Section 22, T9S, R37E, Lease # NM050475-A, CA SW-587

The present production equipment and production pipe lines are unsafe for usage. MAR has applied to Bureau Of Land Management and the Oil Conservation Division to surface commingling the wells. The commingling will lower operating costs and provide long term production.

Sincerely:



Duane C. Winkler
Vice President Of Operation

MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87502
(505)989-1977

CERTIFIED MAIL: 7003-1680-0001-4581-0901

April 5, 2004

Richard Altman
Colorado State Bank
PO Box 5945 T.A./Comm.Loans
Denver, CO 80217-5945

RE: Federal Minerals Off-Lease Measurement, Storage & Surface Commingling

Richard Altman:

MAR Oil & Gas Corp is the operator of the following wells in Lea County New Mexico. The wells are Federal Minerals on Private Surface and all wells produce from the San Andres formation.

USM No 1, Unit B, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 3, Unit A, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 4, Unit G, Section 27, T9S, R37E, Lease # NMLC-067775

TP Federal No 1, Unit F, Section 27, T9S, R37E, Lease # NM-2390

TP Federal No 2, Unit C, Section 27, T9S, R37E, Lease # NM-2390

Federal 27 No 1, Unit D, Section 27, T9S, R37E, Lease # NM-2390 CA 71222

Federal 27 No 2, Unit E, Section 27, T9S, R37E, Lease # NMNM-03841777, CA 71222

Federal 22 No 2, Unit M, Section 22, T9S, R37E, Lease # NM050475-A, CA SW-587

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Sincerely:



Duane C. Winkler
Vice President Of Operation

MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87502
(505)989-1977

CERTIFIED MAIL: 7003-1680-0001-4581-0895

April 5, 2004

Headington Royalty
7557 Rambler Road
Suite 1100
Dallas, TX 75231

RE: Federal Minerals Off-Lease Measurement, Storage & Surface Commingling

Headington Royalty:

MAR Oil & Gas Corp is the operator of the following wells in Lea County New Mexico. The wells are Federal Minerals on Private Surface and all wells produce from the San Andres formation.

USM No 1, Unit B, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 3, Unit A, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 4, Unit G, Section 27, T9S, R37E, Lease # NMLC-067775

TP Federal No 1, Unit F, Section 27, T9S, R37E, Lease # NM-2390

TP Federal No 2, Unit C, Section 27, T9S, R37E, Lease # NM-2390

Federal 27 No 1, Unit D, Section 27, T9S, R37E, Lease # NM-2390 CA 71222

Federal 27 No 2, Unit E, Section 27, T9S, R37E, Lease # NMNM-03841777, CA 71222

Federal 22 No 2, Unit M, Section 22, T9S, R37E, Lease # NM050475-A, CA SW-587

The present production equipment and production pipe lines are unsafe for usage. MAR has applied to Bureau Of Land Management and the Oil Conservation Division to surface commingling the wells. The commingling will lower operating costs and provide long term production.

Sincerely:



Duane C. Winkler
Vice President Of Operation

MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87502
(505)989-1977

CERTIFIED MAIL: 7003-1680-0001-4581-0888

April 5, 2004

C.M. Monroe Estate
Robin Marie Watkins, Executrix
Lafayette, LA 70506

RE: Federal Minerals Off-Lease Measurement, Storage & Surface Commingling

Robin Marie Watkins Executrix:

MAR Oil & Gas Corp is the operator of the following wells in Lea County New Mexico. The wells are Federal Minerals on Private Surface and all wells produce from the San Andres formation.

USM No 1, Unit B, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 3, Unit A, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 4, Unit G, Section 27, T9S, R37E, Lease # NMLC-067775

TP Federal No 1, Unit F, Section 27, T9S, R37E, Lease # NM-2390

TP Federal No 2, Unit C, Section 27, T9S, R37E, Lease # NM-2390

Federal 27 No 1, Unit D, Section 27, T9S, R37E, Lease # NM-2390 CA 71222

Federal 27 No 2, Unit E, Section 27, T9S, R37E, Lease # NMNM-03841777, CA 71222

Federal 22 No 2, Unit M, Section 22, T9S, R37E, Lease # NM050475-A, CA SW-587

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Sincerely:



Duane C. Winkler
Vice President Of Operation

MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87502
(505)989-1977

CERTIFIED MAIL: 7003-1680-0001-4581-0871

April 5, 2004

Southwest Petro
PO Box 702377
Dallas, TX 75370-2377

RE: Federal Minerals Off-Lease Measurement, Storage & Surface Commingling

Southwest Petro:

MAR Oil & Gas Corp is the operator of the following wells in Lea County New Mexico. The wells are Federal Minerals on Private Surface and all wells produce from the San Andres formation.

USM No 1, Unit B, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 3, Unit A, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 4, Unit G, Section 27, T9S, R37E, Lease # NMLC-067775

TP Federal No 1, Unit F, Section 27, T9S, R37E, Lease # NM-2390

TP Federal No 2, Unit C, Section 27, T9S, R37E, Lease # NM-2390

Federal 27 No 1, Unit D, Section 27, T9S, R37E, Lease # NM-2390 CA 71222

Federal 27 No 2, Unit E, Section 27, T9S, R37E, Lease # NMNM-03841777, CA 71222

Federal 22 No 2, Unit M, Section 22, T9S, R37E, Lease # NM050475-A, CA SW-587

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Sincerely:



Duane C. Winkler
Vice President Of Operation

MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87502
(505)989-1977

CERTIFIED MAIL: 7003-1680-0001-4581-0864

April 5, 2004

Helen Adcock
1605 Sanolind
Midland, TX 79705

RE: Federal Minerals Off-Lease Measurement, Storage & Surface Commingling

Helen Adcock:

MAR Oil & Gas Corp is the operator of the following wells in Lea County New Mexico. The wells are Federal Minerals on Private Surface and all wells produce from the San Andres formation.

USM No 1, Unit B, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 3, Unit A, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 4, Unit G, Section 27, T9S, R37E, Lease # NMLC-067775

TP Federal No 1, Unit F, Section 27, T9S, R37E, Lease # NM-2390

TP Federal No 2, Unit C, Section 27, T9S, R37E, Lease # NM-2390

Federal 27 No 1, Unit D, Section 27, T9S, R37E, Lease # NM-2390 CA 71222

Federal 27 No 2, Unit E, Section 27, T9S, R37E, Lease # NMNM-03841777, CA 71222

Federal 22 No 2, Unit M, Section 22, T9S, R37E, Lease # NM050475-A, CA SW-587

The present production equipment and production pipe lines are unsafe for usage. MAR has applied to Bureau Of Land Management and the Oil Conservation Division to surface commingling the wells. The commingling will lower operating costs and provide long term production.

Sincerely:



Duane C. Winkler
Vice President Of Operation

MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87502
(505)989-1977

CERTIFIED MAIL: 7003-1680-0001-4581-0857

April 5, 2004

Earl R. Bruno Family LTD
PO Box 33416
Kerrville, TX 78029-3416

RE: Federal Minerals Off-Lease Measurement, Storage & Surface Commingling

Earl R. Bruno Family LTD:

MAR Oil & Gas Corp is the operator of the following wells in Lea County New Mexico. The wells are Federal Minerals on Private Surface and all wells produce from the San Andres formation.

USM No 1, Unit B, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 3, Unit A, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 4, Unit G, Section 27, T9S, R37E, Lease # NMLC-067775

TP Federal No 1, Unit F, Section 27, T9S, R37E, Lease # NM-2390

TP Federal No 2, Unit C, Section 27, T9S, R37E, Lease # NM-2390

Federal 27 No 1, Unit D, Section 27, T9S, R37E, Lease # NM-2390 CA 71222

Federal 27 No 2, Unit E, Section 27, T9S, R37E, Lease # NMNM-03841777, CA 71222

Federal 22 No 2, Unit M, Section 22, T9S, R37E, Lease # NM050475-A, CA SW-587

The present production equipment and production pipe lines are unsafe for usage. MAR has applied to Bureau Of Land Management and the Oil Conservation Division to surface commingling the wells. The commingling will lower operating costs and provide long term production.

Sincerely:



Duane C. Winkler
Vice President Of Operation

MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87502
(505)989-1977

CERTIFIED MAIL: 7003-1680-0001-4581-0840

April 5, 2004

Floyd H. Davis
22301 Hamilton Pool Road
Dripping Springs, TX 78620

RE: Federal Minerals Off-Lease Measurement, Storage & Surface Commingling

Floyd H. Davis:

MAR Oil & Gas Corp is the operator of the following wells in Lea County New Mexico. The wells are Federal Minerals on Private Surface and all wells produce from the San Andres formation.

USM No 1, Unit B, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 3, Unit A, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 4, Unit G, Section 27, T9S, R37E, Lease # NMLC-067775

TP Federal No 1, Unit F, Section 27, T9S, R37E, Lease # NM-2390

TP Federal No 2, Unit C, Section 27, T9S, R37E, Lease # NM-2390

Federal 27 No 1, Unit D, Section 27, T9S, R37E, Lease # NM-2390 CA 71222

Federal 27 No 2, Unit E, Section 27, T9S, R37E, Lease # NMNM-03841777, CA 71222

Federal 22 No 2, Unit M, Section 22, T9S, R37E, Lease # NM050475-A, CA SW-587

The present production equipment and production pipe lines are unsafe for usage.

MAR has applied to Bureau Of Land Management and the Oil Conservation Division to surface commingling the wells. The commingling will lower operating costs and provide long term production.

Sincerely:



Duane C. Winkler
Vice President Of Operation

MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87502
(505)989-1977

CERTIFIED MAIL: 7003-1680-0001-4581-0833

April 5, 2004

James D. Dye Estate
c/o Joseph Strange, IE
Dallas, TX 75354-2886

RE: Federal Minerals Off-Lease Measurement, Storage & Surface Commingling

Joseph Strange:

MAR Oil & Gas Corp is the operator of the following wells in Lea County New Mexico. The wells are Federal Minerals on Private Surface and all wells produce from the San Andres formation.

USM No 1, Unit B, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 3, Unit A, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 4, Unit G, Section 27, T9S, R37E, Lease # NMLC-067775

TP Federal No 1, Unit F, Section 27, T9S, R37E, Lease # NM-2390

TP Federal No 2, Unit C, Section 27, T9S, R37E, Lease # NM-2390

Federal 27 No 1, Unit D, Section 27, T9S, R37E, Lease # NM-2390 CA 71222

Federal 27 No 2, Unit E, Section 27, T9S, R37E, Lease # NMNM-03841777, CA 71222

Federal 22 No 2, Unit M, Section 22, T9S, R37E, Lease # NM050475-A, CA SW-587

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Sincerely:



Duane C. Winkler
Vice President Of Operation

MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87502
(505)989-1977

CERTIFIED MAIL: 7003-1680-0001-4581-0826

April 5, 2004

King Foundation
PO Drawer 840738
Dallas, TX 75284-0738

RE: Federal Minerals Off-Lease Measurement, Storage & Surface Commingling

King Foundation:

MAR Oil & Gas Corp is the operator of the following wells in Lea County New Mexico. The wells are Federal Minerals on Private Surface and all wells produce from the San Andres formation.

USM No 1, Unit B, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 3, Unit A, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 4, Unit G, Section 27, T9S, R37E, Lease # NMLC-067775

TP Federal No 1, Unit F, Section 27, T9S, R37E, Lease # NM-2390

TP Federal No 2, Unit C, Section 27, T9S, R37E, Lease # NM-2390

Federal 27 No 1, Unit D, Section 27, T9S, R37E, Lease # NM-2390 CA 71222

Federal 27 No 2, Unit E, Section 27, T9S, R37E, Lease # NMNM-03841777, CA 71222

Federal 22 No 2, Unit M, Section 22, T9S, R37E, Lease # NM050475-A, CA SW-587

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Sincerely:



Duane C. Winkler
Vice President Of Operation

MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87502
(505)989-1977

CERTIFIED MAIL: 7003-1680-0001-4581-0819

April 5, 2004

Sundance Minerals
306 W. 7th Street
Suite 302
Fort Worth, TX 76102

RE: Federal Minerals Off-Lease Measurement, Storage & Surface Commingling

Sundance Minerals:

MAR Oil & Gas Corp is the operator of the following wells in Lea County New Mexico. The wells are Federal Minerals on Private Surface and all wells produce from the San Andres formation.

USM No 1, Unit B, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 3, Unit A, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 4, Unit G, Section 27, T9S, R37E, Lease # NMLC-067775

TP Federal No 1, Unit F, Section 27, T9S, R37E, Lease # NM-2390

TP Federal No 2, Unit C, Section 27, T9S, R37E, Lease # NM-2390

Federal 27 No 1, Unit D, Section 27, T9S, R37E, Lease # NM-2390 CA 71222

Federal 27 No 2, Unit E, Section 27, T9S, R37E, Lease # NMNM-03841777, CA 71222

Federal 22 No 2, Unit M, Section 22, T9S, R37E, Lease # NM050475-A, CA SW-587

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Sincerely:



Duane C. Winkler
Vice President Of Operation

MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87502
(505)989-1977

CERTIFIED MAIL: 7003-1680-0001-4581-0802

April 5, 2004

Aetna Petroleum
PO Box 17006-GMF
Denver, CO 80217

RE: Federal Minerals Off-Lease Measurement, Storage & Surface Commingling

Aetna Petroleum:

MAR Oil & Gas Corp is the operator of the following wells in Lea County New Mexico. The wells are Federal Minerals on Private Surface and all wells produce from the San Andres formation.

USM No 1, Unit B, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 3, Unit A, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 4, Unit G, Section 27, T9S, R37E, Lease # NMLC-067775

TP Federal No 1, Unit F, Section 27, T9S, R37E, Lease # NM-2390

TP Federal No 2, Unit C, Section 27, T9S, R37E, Lease # NM-2390

Federal 27 No 1, Unit D, Section 27, T9S, R37E, Lease # NM-2390 CA 71222

Federal 27 No 2, Unit E, Section 27, T9S, R37E, Lease # NMNM-03841777, CA 71222

Federal 22 No 2, Unit M, Section 22, T9S, R37E, Lease # NM050475-A, CA SW-587

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Sincerely:



Duane C. Winkler
Vice President Of Operation

MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87502
(505)989-1977

CERTIFIED MAIL: 7003-1680-0001-4581-0796

April 5, 2004

Penny P. Bruno
8515 Northview Pass
Fair Oaks Ranch, TX 78015

RE: Federal Minerals Off-Lease Measurement, Storage & Surface Commingling

Penny P. Bruno:

MAR Oil & Gas Corp is the operator of the following wells in Lea County New Mexico. The wells are Federal Minerals on Private Surface and all wells produce from the San Andres formation.

USM No 1, Unit B, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 3, Unit A, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 4, Unit G, Section 27, T9S, R37E, Lease # NMLC-067775

TP Federal No 1, Unit F, Section 27, T9S, R37E, Lease # NM-2390

TP Federal No 2, Unit C, Section 27, T9S, R37E, Lease # NM-2390

Federal 27 No 1, Unit D, Section 27, T9S, R37E, Lease # NM-2390 CA 71222

Federal 27 No 2, Unit E, Section 27, T9S, R37E, Lease # NMNM-03841777, CA 71222

Federal 22 No 2, Unit M, Section 22, T9S, R37E, Lease # NM050475-A, CA SW-587

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Sincerely:



Duane C. Winkler
Vice President Of Operation

MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87502
(505)989-1977

CERTIFIED MAIL: 7003-1680-0001-4581-0789

April 5, 2004

Sidney R. Davis
5316 Valburn Circle
Austin, TX 78731

RE: Federal Minerals Off-Lease Measurement, Storage & Surface Commingling

Sidney R. Davis:

MAR Oil & Gas Corp is the operator of the following wells in Lea County New Mexico. The wells are Federal Minerals on Private Surface and all wells produce from the San Andres formation.

USM No 1, Unit B, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 3, Unit A, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 4, Unit G, Section 27, T9S, R37E, Lease # NMLC-067775

TP Federal No 1, Unit F, Section 27, T9S, R37E, Lease # NM-2390

TP Federal No 2, Unit C, Section 27, T9S, R37E, Lease # NM-2390

Federal 27 No 1, Unit D, Section 27, T9S, R37E, Lease # NM-2390 CA 71222

Federal 27 No 2, Unit E, Section 27, T9S, R37E, Lease # NMNM-03841777, CA 71222

Federal 22 No 2, Unit M, Section 22, T9S, R37E, Lease # NM050475-A, CA SW-587

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Sincerely:



Duane C. Winkler
Vice President Of Operation

MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87502
(505)989-1977

CERTIFIED MAIL: 7003-1680-0001-4581-0772

April 5, 2004

Priscilla Gravely
3510 St. Johns
Dallas, TX 75205

RE: Federal Minerals Off-Lease Measurement, Storage & Surface Commingling

Priscilla Gravely:

MAR Oil & Gas Corp is the operator of the following wells in Lea County New Mexico. The wells are Federal Minerals on Private Surface and all wells produce from the San Andres formation.

USM No 1, Unit B, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 3, Unit A, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 4, Unit G, Section 27, T9S, R37E, Lease # NMLC-067775

TP Federal No 1, Unit F, Section 27, T9S, R37E, Lease # NM-2390

TP Federal No 2, Unit C, Section 27, T9S, R37E, Lease # NM-2390

Federal 27 No 1, Unit D, Section 27, T9S, R37E, Lease # NM-2390 CA 71222

Federal 27 No 2, Unit E, Section 27, T9S, R37E, Lease # NMNM-03841777, CA 71222

Federal 22 No 2, Unit M, Section 22, T9S, R37E, Lease # NM050475-A, CA SW-587

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Sincerely:



Duane C. Winkler
Vice President Of Operation

MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87502
(505)989-1977

CERTIFIED MAIL: 7003-1680-0001-4581-0765

April 5, 2004

Margo McCormick
1512 Park Avenue S.W.
Albuquerque, NM 87104-1023

RE: Federal Minerals Off-Lease Measurement, Storage & Surface Commingling

Margo McCormick:

MAR Oil & Gas Corp is the operator of the following wells in Lea County New Mexico. The wells are Federal Minerals on Private Surface and all wells produce from the San Andres formation.

USM No 1, Unit B, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 3, Unit A, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 4, Unit G, Section 27, T9S, R37E, Lease # NMLC-067775

TP Federal No 1, Unit F, Section 27, T9S, R37E, Lease # NM-2390

TP Federal No 2, Unit C, Section 27, T9S, R37E, Lease # NM-2390

Federal 27 No 1, Unit D, Section 27, T9S, R37E, Lease # NM-2390 CA 71222

Federal 27 No 2, Unit E, Section 27, T9S, R37E, Lease # NMNM-03841777, CA 71222

Federal 22 No 2, Unit M, Section 22, T9S, R37E, Lease # NM050475-A, CA SW-587

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Sincerely:



Duane C. Winkler
Vice President Of Operation

MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87502
(505)989-1977

CERTIFIED MAIL: 7003-1680-0001-4581-0758

April 5, 2004

Mel B. O'Reilly
3808 La Hacienda Drive, NE
Albuquerque, NM 87110

RE: Federal Minerals Off-Lease Measurement, Storage & Surface Commingling

Mel B. O'Reilly:

MAR Oil & Gas Corp is the operator of the following wells in Lea County New Mexico. The wells are Federal Minerals on Private Surface and all wells produce from the San Andres formation.

USM No 1, Unit B, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 3, Unit A, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 4, Unit G, Section 27, T9S, R37E, Lease # NMLC-067775

TP Federal No 1, Unit F, Section 27, T9S, R37E, Lease # NM-2390

TP Federal No 2, Unit C, Section 27, T9S, R37E, Lease # NM-2390

Federal 27 No 1, Unit D, Section 27, T9S, R37E, Lease # NM-2390 CA 71222

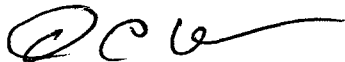
Federal 27 No 2, Unit E, Section 27, T9S, R37E, Lease # NMNM-03841777, CA 71222

Federal 22 No 2, Unit M, Section 22, T9S, R37E, Lease # NM050475-A, CA SW-587

The present production equipment and production pipe lines are unsafe for usage.

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Sincerely:



Duane C. Winkler
Vice President Of Operation

MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87502
(505)989-1977

CERTIFIED MAIL: 7003-1680-0001-4581-0741

April 5, 2004

Mary L. Skavarill
222 East Torrence Road
Columbus, OH 43214-3834

RE: Federal Minerals Off-Lease Measurement, Storage & Surface Commingling

Mary L. Skavarill:

MAR Oil & Gas Corp is the operator of the following wells in Lea County New Mexico. The wells are Federal Minerals on Private Surface and all wells produce from the San Andres formation.

USM No 1, Unit B, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 3, Unit A, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 4, Unit G, Section 27, T9S, R37E, Lease # NMLC-067775

TP Federal No 1, Unit F, Section 27, T9S, R37E, Lease # NM-2390

TP Federal No 2, Unit C, Section 27, T9S, R37E, Lease # NM-2390

Federal 27 No 1, Unit D, Section 27, T9S, R37E, Lease # NM-2390 CA 71222

Federal 27 No 2, Unit E, Section 27, T9S, R37E, Lease # NMNM-03841777, CA 71222

Federal 22 No 2, Unit M, Section 22, T9S, R37E, Lease # NM050475-A, CA SW-587

The present production equipment and production pipe lines are unsafe for usage. MAR has applied to Bureau Of Land Management and the Oil Conservation Division to surface commingling the wells. The commingling will lower operating costs and provide long term production.

Sincerely:



Duane C. Winkler
Vice President Of Operation

MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87502
(505)989-1977

CERTIFIED MAIL: 7003-1680-0001-4581-0734

April 5, 2004

Maureen Ashley
7435 S. Gary Place
Tulsa, OK 74136

RE: Federal Minerals Off-Lease Measurement, Storage & Surface Commingling

Maureen Ashley:

MAR Oil & Gas Corp is the operator of the following wells in Lea County New Mexico. The wells are Federal Minerals on Private Surface and all wells produce from the San Andres formation.

USM No 1, Unit B, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 3, Unit A, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 4, Unit G, Section 27, T9S, R37E, Lease # NMLC-067775

TP Federal No 1, Unit F, Section 27, T9S, R37E, Lease # NM-2390

TP Federal No 2, Unit C, Section 27, T9S, R37E, Lease # NM-2390

Federal 27 No 1, Unit D, Section 27, T9S, R37E, Lease # NM-2390 CA 71222

Federal 27 No 2, Unit E, Section 27, T9S, R37E, Lease # NMNM-03841777, CA 71222

Federal 22 No 2, Unit M, Section 22, T9S, R37E, Lease # NM050475-A, CA SW-587

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Sincerely:



Duane C. Winkler
Vice President Of Operation

MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87502
(505)989-1977

CERTIFIED MAIL: 7003-1680-0001-4581-0710

April 5, 2004

Georgi D. Duwe
6802 Rockledge Cove
Austin, TX 78731

RE: Federal Minerals Off-Lease Measurement, Storage & Surface Commingling

Georgi D. Duwe:

MAR Oil & Gas Corp is the operator of the following wells in Lea County New Mexico. The wells are Federal Minerals on Private Surface and all wells produce from the San Andres formation.

USM No 1, Unit B, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 3, Unit A, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 4, Unit G, Section 27, T9S, R37E, Lease # NMLC-067775

TP Federal No 1, Unit F, Section 27, T9S, R37E, Lease # NM-2390

TP Federal No 2, Unit C, Section 27, T9S, R37E, Lease # NM-2390

Federal 27 No 1, Unit D, Section 27, T9S, R37E, Lease # NM-2390 CA 71222

Federal 27 No 2, Unit E, Section 27, T9S, R37E, Lease # NMNM-03841777, CA 71222

Federal 22 No 2, Unit M, Section 22, T9S, R37E, Lease # NM050475-A, CA SW-587

The present production equipment and production pipe lines are unsafe for usage. MAR has applied to Bureau Of Land Management and the Oil Conservation Division to surface commingling the wells. The commingling will lower operating costs and provide long term production.

Sincerely:



Duane C. Winkler
Vice President Of Operation

MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87502
(505)989-1977

CERTIFIED MAIL: 7003-1680-0001-4581-0727

April 5, 2004

Amon G. Carter
PO Box 1036
Fort Worth, TX 76101-1036

RE: Federal Minerals Off-Lease Measurement, Storage & Surface Commingling

Amon G. Carter:

MAR Oil & Gas Corp is the operator of the following wells in Lea County New Mexico. The wells are Federal Minerals on Private Surface and all wells produce from the San Andres formation.

USM No 1, Unit B, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 3, Unit A, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 4, Unit G, Section 27, T9S, R37E, Lease # NMLC-067775

TP Federal No 1, Unit F, Section 27, T9S, R37E, Lease # NM-2390

TP Federal No 2, Unit C, Section 27, T9S, R37E, Lease # NM-2390

Federal 27 No 1, Unit D, Section 27, T9S, R37E, Lease # NM-2390 CA 71222

Federal 27 No 2, Unit E, Section 27, T9S, R37E, Lease # NMNM-03841777, CA 71222

Federal 22 No 2, Unit M, Section 22, T9S, R37E, Lease # NM050475-A, CA SW-587

The present production equipment and production pipe lines are unsafe for usage. MAR has applied to Bureau Of Land Management and the Oil Conservation Division to surface commingling the wells. The commingling will lower operating costs and provide long term production.

Sincerely:



Duane C. Winkler
Vice President Of Operation

MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87502
(505)989-1977

CERTIFIED MAIL: 7003-1680-0001-4581-0703

April 5, 2004

Kimball Art Foundation
301 Commerce Street
Suite 2240
Fort Worth, TX 76102

RE: Federal Minerals Off-Lease Measurement, Storage & Surface Commingling

Kimball Art Foundation:

MAR Oil & Gas Corp is the operator of the following wells in Lea County New Mexico. The wells are Federal Minerals on Private Surface and all wells produce from the San Andres formation.

USM No 1, Unit B, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 3, Unit A, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 4, Unit G, Section 27, T9S, R37E, Lease # NMLC-067775

TP Federal No 1, Unit F, Section 27, T9S, R37E, Lease # NM-2390

TP Federal No 2, Unit C, Section 27, T9S, R37E, Lease # NM-2390

Federal 27 No 1, Unit D, Section 27, T9S, R37E, Lease # NM-2390 CA 71222

Federal 27 No 2, Unit E, Section 27, T9S, R37E, Lease # NMNM-03841777, CA 71222

Federal 22 No 2, Unit M, Section 22, T9S, R37E, Lease # NM050475-A, CA SW-587

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Sincerely:



Duane C. Winkler
Vice President Of Operation

MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87502
(505)989-1977

CERTIFIED MAIL: 7003-1680-0001-4581-0680

April 5, 2004

Michael McCormick
128 W. Sunflower
McAllen, TX 78501

RE: Federal Minerals Off-Lease Measurement, Storage & Surface Commingling

Michael McCormick:

MAR Oil & Gas Corp is the operator of the following wells in Lea County New Mexico. The wells are Federal Minerals on Private Surface and all wells produce from the San Andres formation.

USM No 1, Unit B, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 3, Unit A, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 4, Unit G, Section 27, T9S, R37E, Lease # NMLC-067775

TP Federal No 1, Unit F, Section 27, T9S, R37E, Lease # NM-2390

TP Federal No 2, Unit C, Section 27, T9S, R37E, Lease # NM-2390

Federal 27 No 1, Unit D, Section 27, T9S, R37E, Lease # NM-2390 CA 71222

Federal 27 No 2, Unit E, Section 27, T9S, R37E, Lease # NMNM-03841777, CA 71222

Federal 22 No 2, Unit M, Section 22, T9S, R37E, Lease # NM050475-A, CA SW-587

The present production equipment and production pipe lines are unsafe for usage. MAR has applied to Bureau Of Land Management and the Oil Conservation Division to surface commingling the wells. The commingling will lower operating costs and provide long term production.

Sincerely:



Duane C. Winkler
Vice President Of Operation

MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87502
(505)989-1977

CERTIFIED MAIL: 7003-1680-0001-4581-0697

April 5, 2004

Mabee Foundation
410 S. Boston, 30th Floor
Tulsa, OK 74103-4017

RE: Federal Minerals Off-Lease Measurement, Storage & Surface Commingling

Mabee Foundation

MAR Oil & Gas Corp is the operator of the following wells in Lea County New Mexico. The wells are Federal Minerals on Private Surface and all wells produce from the San Andres formation.

USM No 1, Unit B, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 3, Unit A, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 4, Unit G, Section 27, T9S, R37E, Lease # NMLC-067775

TP Federal No 1, Unit F, Section 27, T9S, R37E, Lease # NM-2390

TP Federal No 2, Unit C, Section 27, T9S, R37E, Lease # NM-2390

Federal 27 No 1, Unit D, Section 27, T9S, R37E, Lease # NM-2390 CA 71222

Federal 27 No 2, Unit E, Section 27, T9S, R37E, Lease # NMNM-03841777, CA 71222

Federal 22 No 2, Unit M, Section 22, T9S, R37E, Lease # NM050475-A, CA SW-587

The present production equipment and production pipe lines are unsafe for usage. MAR has applied to Bureau Of Land Management and the Oil Conservation Division to surface commingling the wells. The commingling will lower operating costs and provide long term production.

Sincerely:



Duane C. Winkler
Vice President Of Operation

MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87502
(505)989-1977

CERTIFIED MAIL: 7003-1680-0001-4581-0673

April 5, 2004

Monica O'Reilly
3808 La Hacienda Drive, NE
Albuquerque, NM 87110-6116

RE: Federal Minerals Off-Lease Measurement, Storage & Surface Commingling

Monica O'Reilly:

MAR Oil & Gas Corp is the operator of the following wells in Lea County New Mexico. The wells are Federal Minerals on Private Surface and all wells produce from the San Andres formation.

USM No 1, Unit B, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 3, Unit A, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 4, Unit G, Section 27, T9S, R37E, Lease # NMLC-067775

TP Federal No 1, Unit F, Section 27, T9S, R37E, Lease # NM-2390

TP Federal No 2, Unit C, Section 27, T9S, R37E, Lease # NM-2390

Federal 27 No 1, Unit D, Section 27, T9S, R37E, Lease # NM-2390 CA 71222

Federal 27 No 2, Unit E, Section 27, T9S, R37E, Lease # NMNM-03841777, CA 71222

Federal 22 No 2, Unit M, Section 22, T9S, R37E, Lease # NM050475-A, CA SW-587

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Sincerely:



Duane C. Winkler
Vice President Of Operation

MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87502
(505)989-1977

CERTIFIED MAIL: 7003-1680-0001-4581-0666

April 5, 2004

Solimar Inv. Inc
PO Box 5052
Midland, TX 79704

RE: Federal Minerals Off-Lease Measurement, Storage & Surface Commingling

Solimar Inv. Inc:

MAR Oil & Gas Corp is the operator of the following wells in Lea County New Mexico. The wells are Federal Minerals on Private Surface and all wells produce from the San Andres formation.

USM No 1, Unit B, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 3, Unit A, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 4, Unit G, Section 27, T9S, R37E, Lease # NMLC-067775

TP Federal No 1, Unit F, Section 27, T9S, R37E, Lease # NM-2390

TP Federal No 2, Unit C, Section 27, T9S, R37E, Lease # NM-2390

Federal 27 No 1, Unit D, Section 27, T9S, R37E, Lease # NM-2390 CA 71222

Federal 27 No 2, Unit E, Section 27, T9S, R37E, Lease # NMNM-03841777, CA 71222

Federal 22 No 2, Unit M, Section 22, T9S, R37E, Lease # NM050475-A, CA SW-587

The present production equipment and production pipe lines are unsafe for usage. MAR has applied to Bureau Of Land Management and the Oil Conservation Division to surface commingling the wells. The commingling will lower operating costs and provide long term production.

Sincerely:



Duane C. Winkler
Vice President Of Operation

MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87508
(505)989-1977

CERTIFIED MAIL: 7003-1680-0001-4581-0659

April 5, 2004

Wilco Western
6688 N. Central Expressway
Suite 1150
Dallas, TX 75116

RE: Federal Minerals Off-Lease Measurement, Storage & Surface Commingling

Wilco Western:

MAR Oil & Gas Corp is the operator of the following wells in Lea County New Mexico. The wells are Federal Minerals on Private Surface and all wells produce from the San Andres formation.

USM No 1, Unit B, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 3, Unit A, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 4, Unit G, Section 27, T9S, R37E, Lease # NMLC-067775

TP Federal No 1, Unit F, Section 27, T9S, R37E, Lease # NM-2390

TP Federal No 2, Unit C, Section 27, T9S, R37E, Lease # NM-2390

Federal 27 No 1, Unit D, Section 27, T9S, R37E, Lease # NM-2390 CA 71222

Federal 27 No 2, Unit E, Section 27, T9S, R37E, Lease # NMNM-03841777, CA 71222

Federal 22 No 2, Unit M, Section 22, T9S, R37E, Lease # NM050475-A, CA SW-587

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Sincerely:



Duane C. Winkler
Vice President Of Operation

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OPERATOR'S COPY

FORM APPROVED
OMB No. 1004-0135
Expires: January 31, 2004

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

Type of Well
☒ Oil Well ☐ Gas Well ☐ Other

Name of Operator

MAR Oil and Gas Corp

Address

O Box 5155, Santa Fe NM, 87502

3b. Phone No. (include area code)

505-989-1977

Location of Well (Footage, Sec., T. R., M., or Survey Description)
Unit C, 860' FNL, 1980' FWL, S27 T9S, R37E

5. Lease Serial No.

NM-2390

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

TP Federal No 2

9. API Well No.

30-025-24835

10. Field and Pool, or Exploratory Area

West Sawyer, San Andres

11. County or Parish, State

Lea, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input checked="" type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>Surface Commingle</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>Right Of Way</u>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

MAR Oil & Gas Corp has shut in the well the production equipment is unsafe for usage

MAR proposes to surface commingle as follows: Lay on the surface new 2" SDR 11 Poly Pipe along the lease road in the road right-of-way to the TP Federal No 1, SE NW S27, T9S, R37E, Lea County NM, Poly pipe will be buried at all road crossings, no additional surface disturbance, maximum pressure of the 2" SDR 11 poly pipe is 150 psig, MAR maximum operating pressure will be 30 psig, Well testing will be four consecutive days, the average pressure used for production allocation, the well will be tested every month, The surface is fee the land owner is Mr. Bilbrey, Duane C Winkler with MAR has contacted Mr. Bilbrey and Mr. Bilbrey has granted MAR verbal permission to lay the pipe lines, The existing production lines will be disconnected from the Central battery, the equipment will be cleaned and clean out plates will be left off the tanks, the equipment will be removed by gas Tank Service with in six months of the completion of the commingling, at that time MAR will remediate the old battery location to BLM rules and regulations, Attachment A battery diagram, Attachment B Map

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

I hereby certify that the foregoing is true and correct
(Printed/Typed)

C Winkler

Title VP Operations

Signature

Date March 24, 2004

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by (Signature)

Name
(Printed/Typed)

Title

Consent of approval, if any, are attached. Approval of this notice does not warrant or guarantee that the applicant holds legal or equitable title to those rights in the subject lease could entitle the applicant to conduct operations thereon.

Office

Date

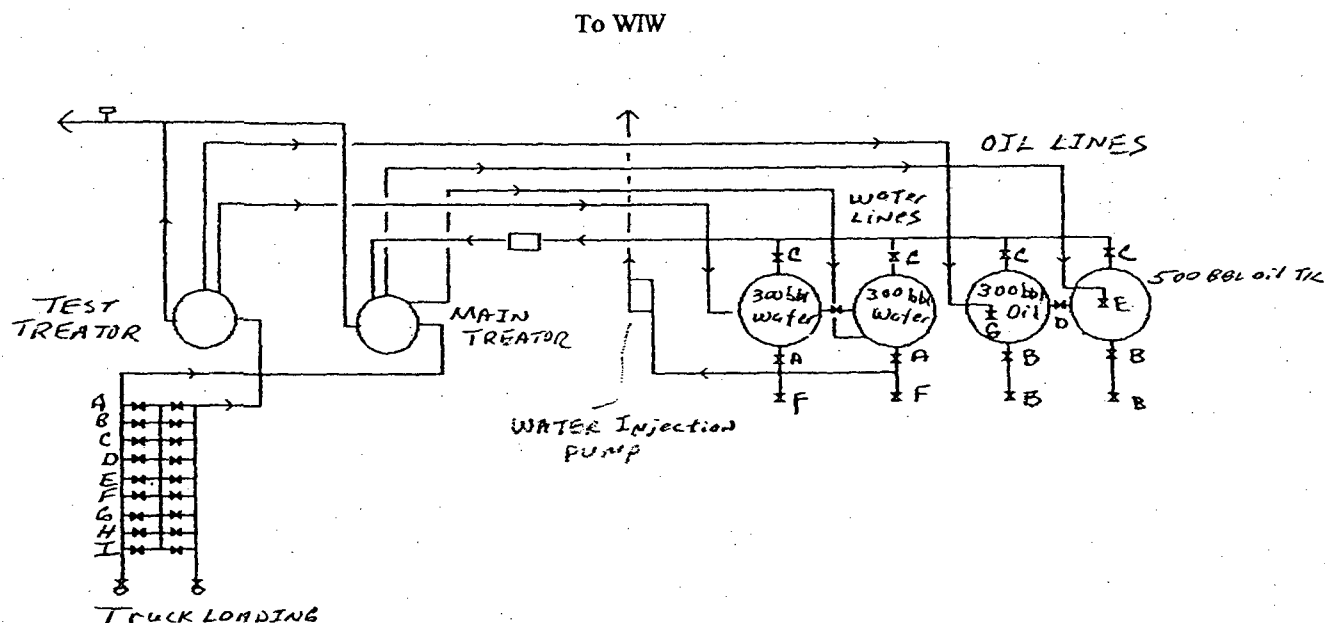
U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(continued on next page)

TP Federal No 2
NE NW, S27, T9S, R37E

Attachment A

MAR OIL & GAS COMPANY
TP. FEDERAL CENTRAL BATTERY
SITE FACILITY DIAGRAM
SE NW, S27, T9S, R37E
LEASE # NMNM 2390.



SITE SECURITY

Production Phase

Valve A Water Disposal Open Not Sealed
Valve B Closed And Sealed
Valve C Closed Not Sealed
Valve D Open Not Sealed
Valve E Open Not Sealed
Valve F Truck Load Valve Close Not Sealed
Valve G Open Not Sealed

SALES PHASE 300 BBL OIL TEST TANK

Valve A Open Not Sealed
Valve B Closed Sealed Until Trucked
Valve C Closed and Sealed
Valve D Closed and Sealed
Valve E Open To Produce Into
Valve F Closed Not Sealed
Valve G Closed and Sealed

SALES PHASE

500 BBL Oil Tank

Valve A Open Not Sealed
Valve B Closed & Sealed Till
Valve C Closed and Sealed
Valve D Closed and Sealed
Valve E Closed and Sealed
Valve F Closed Not Sealed
Valve G Open to Produce Into

WELLS TO MANIFOLD

A. Federal 22-2
B. Federal 27-1
C. Federal 27-2
D. T.P. Federal No. 1
E. T.P. Federal NO. 2
F. USM No. 1
G. USM No. 3
H. USM No. 4
I. SPARE

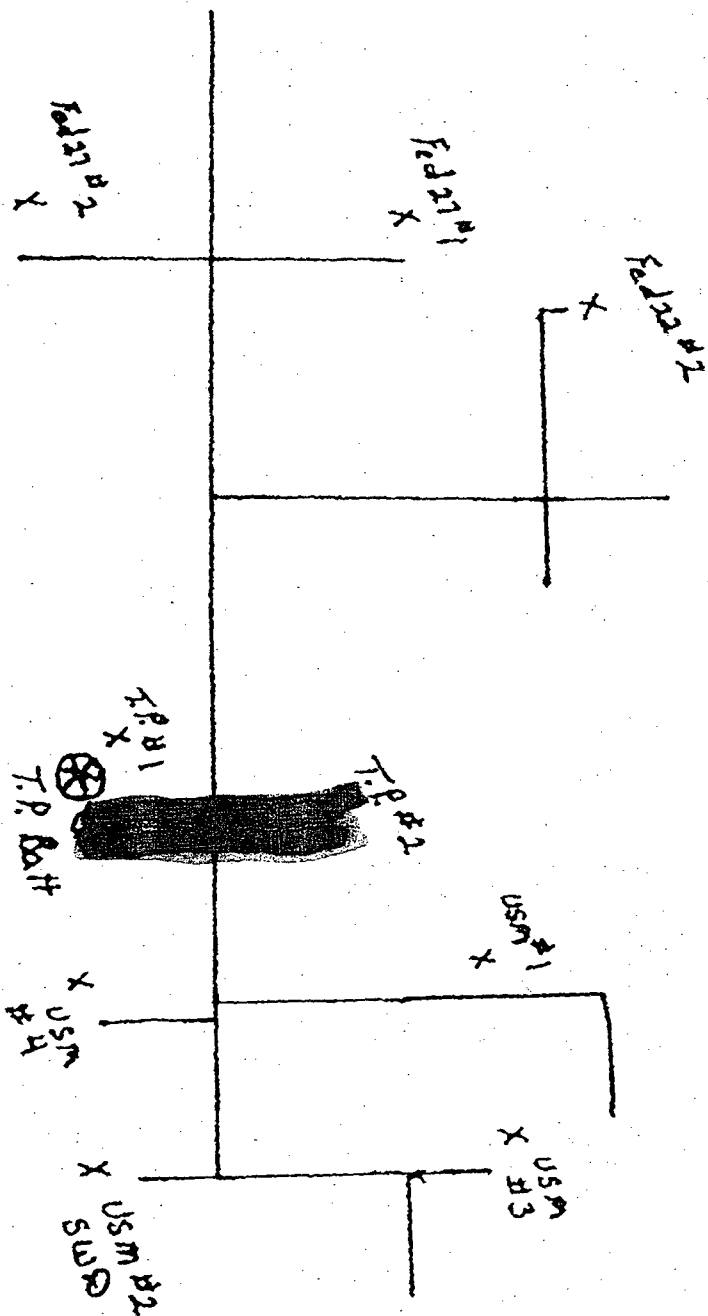
(H)

T.R. Federal No 2
NE NW, S27, T3S, R39E
LEW COUNTY, NM
Proposed Pipe Line Right-Of-Way

Attachment B

Existing Loose Ka

New Poly Pipe Li



Bureau of Land Management
Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201
(505) 627-0272

**Off-Lease Measurement, Storage, and Surface Commingling
Conditions Of Approval**

1. This agency be notified of any change in your sales method or location of the sales meter.
2. This agency shall be notified of any spill or discharge as required by NTL-3A.
3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
4. This approval is subject to like approval by the New Mexico Oil Conservation Division.
5. Additional wells and/or leases require additional commingling approvals.
6. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days an application for right-of-way approval must be submitted to the Realty Section to this office for wells in Chaves or Roosevelt County or the BLM Carlsbad Field office at 620 East Greene Street, Carlsbad, New Mexico 88220-6292 for wells in Eddy or Lea County if you have not already done so.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OPERATOR'S COPY

FORM APPROVED
OMB No. 1004-0135
Expires: January 31, 2004

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

Type of Well
☒ Oil Well ☐ Gas Well ☐ Other

Name of Operator
IAR Oil and Gas Corp

Address

Box 5155, Santa Fe NM, 87502

Location of Well (Footage, Sec., T. R., M., or Survey Description)
Unit F, 1980' FNL, 1980' FWL, S27 T9S, R37E

3b. Phone No. (include area code)

505-989-1977

5. Lease Serial No.

NM-2390

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

TP Federal No 1

9. API Well No.

30-025-24278

10. Field and Pool, or Exploratory Area

West Sawyer, San Andres

11. County or Parish, State

Lea, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input checked="" type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>Surface Commingle</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>Right Of Way</u>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

R Oil & Gas Corp has shut in the well the production equipment is unsafe for usage

R proposes to surface commingle, Well testing will be four consecutive days, the average will be used for prodution allocation, the well will be tested y month, The surface is fee the land owner is Mr. Bilbrey, Duane C Winkler with MAR has contacted Mr. Bilbrey and Mr. Bilbrey has granted MAR ial permission to lay the pipe lines

Central Battery will be on the TP Federal No 1 Location, Attachment A is proposed site facility diagram and test system
System is designed that Oil and Water will be measured in seperated storage tanks and gas will be meter at the treator

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

DC Winkler

Title VP Operations

Signature

Date March 24, 2004

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by (Signature)

Name
(Printed/Typed)

Title

Conditions of approval, if any, are attached. Approval of this notice does not warrant or that the applicant holds legal or equitable title to those rights in the subject lease would entitle the applicant to conduct operations thereon.

Office

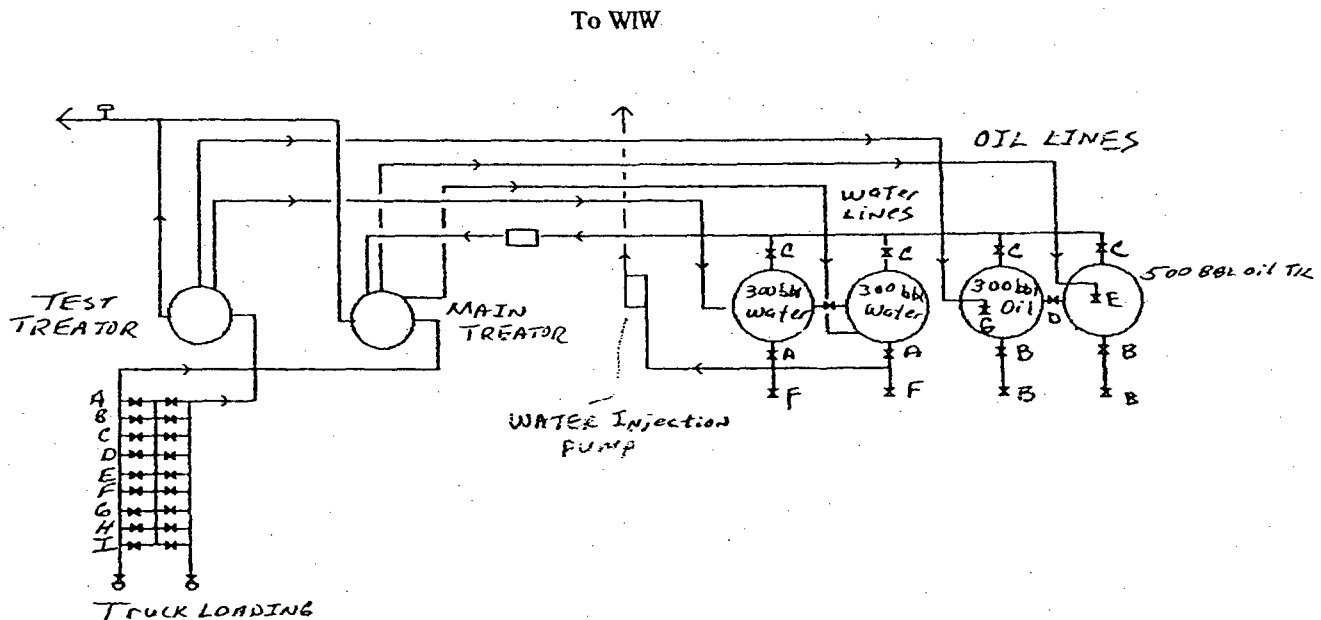
Date

8 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Continued on next page)

Attachment A

MAR OIL & GAS COMPANY
 TP. FEDERAL CENTRAL BATTERY
 SITE FACILITY DIAGRAM
 S ENW, S27, T9S, R37E
 Lease # NMNM2390



SITE SECURITY

Production Phase

Valve A Water Disposal Open Not Sealed
 Valve B Closed And Sealed
 Valve C Closed Not Sealed
 Valve D Open Not Sealed
 Valve E Open Not Sealed
 Valve F Truck Load Valve Close Not Sealed
 Valve G Open Not Sealed

SALES PHASE 300 BBL OIL TEST TANK

Valve A Open Not Sealed
 Valve B Closed Sealed Until Trucked
 Valve C Closed and Sealed
 Valve D Closed and Sealed
 Valve E Open To Produce Into
 Valve F Closed Not Sealed
 Valve G Closed and Sealed

SALES PHASE

500 BBL Oil Tank

Valve A Open Not Sealed
 Valve B Closed & Sealed Till
 Valve C Closed and Sealed
 Valve D Closed and Sealed
 Valve E Closed and Sealed
 Valve F Closed Not Sealed
 Valve G Open to Produce Into

WELLS TO MANIFOLD

A. Federal 22-2
 B. Federal 27-1
 C. Federal 27-2
 D. T.P. Federal No. 1
 E. T.P. Federal NO. 2
 F. USM No. 1
 G. USM No. 3
 H. USM No. 4
 I. SPARE

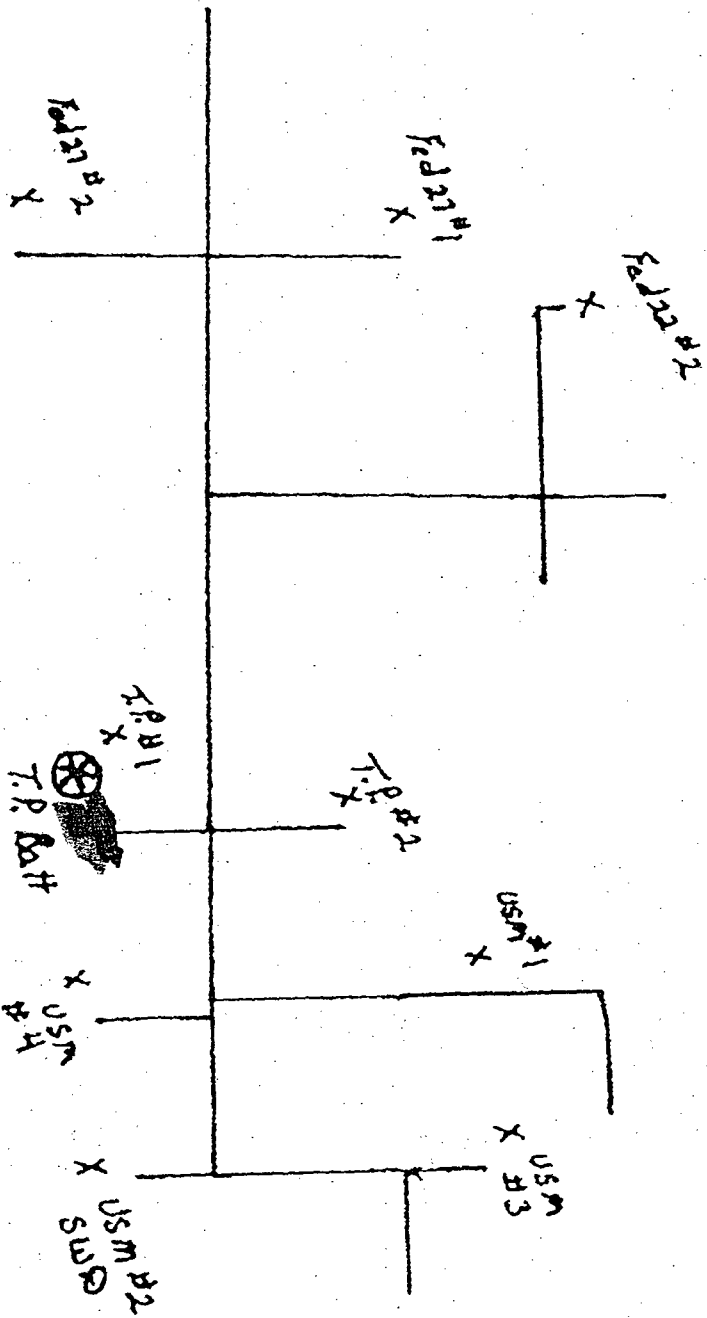
(M)

TP Federal No 1
SE NW, S27, T9S, R37E
LEW COUNTY NM
Proposed Pipeline Right-of-Way

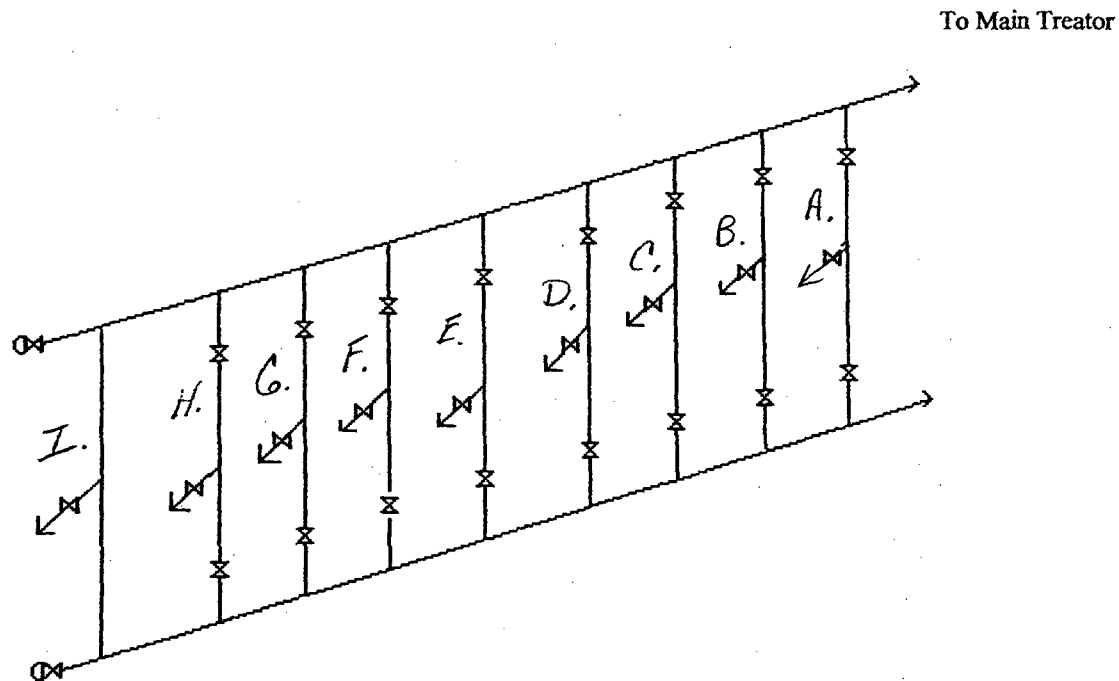
Attachment B

Existing Lease Roads

New Roly Pipe Line



MAR OIL AND GAS CORP
T.P. FEDERAL CENTRAL BATTERY MANIFOLD



- A. Federal 22 No 2 Production Inlet to Manifold
- B. Federal 27 No 1 Production Inlet to Manifold
- C. Federal 27 No 2 Production Inlet to Manifold
- D. T.P. Federal No 1 Production Inlet to Manifold
- E. T.P. Federal No 2 Production Inlet to Manifold
- F. USM No 1 Production Inlet to Manifold
- G. USM No 3 Production Inlet to Manifold
- H. USM No 4 Production Inlet to Manifold
- I. SPARE

Bureau of Land Management
Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201
(505) 627-0272

**Off-Lease Measurement, Storage, and Surface Commingling
Conditions Of Approval**

1. This agency be notified of any change in your sales method or location of the sales meter.
2. This agency shall be notified of any spill or discharge as required by NTL-3A.
3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
4. This approval is subject to like approval by the New Mexico Oil Conservation Division.
5. Additional wells and/or leases require additional commingling approvals.
6. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days an application for right-of-way approval must be submitted to the Realty Section to this office for wells in Chaves or Roosevelt County or the BLM Carlsbad Field office at 620 East Greene Street, Carlsbad, New Mexico 88220-6292 for wells in Eddy or Lea County if you have not already done so.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OPERATOR'S COPY

FORM APPROVED
OMB No. 1004-0135
Expires: January 31, 2004

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMLC-067775
2. Name of Operator MAR Oil and Gas Corp		6. If Indian, Allottee or Tribe Name
3a. Address PO Box 5155, Santa Fe NM, 87502	3b. Phone No. (include area code) 505-989-1977	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T, R., M., or Survey Description) Unit B, 660' FNL, 1980' FEL, S27 T9S, R37E		8. Well Name and No. U.S. M. No 1
		9. API Well No. 30-025-24327
		10. Field and Pool, or Exploratory Area West Sawyer, San Andres
		11. County or Parish, State Lea, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>Surface Commingle</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>Right Of Way</u>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

3. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

MAR Oil & Gas Corp has shut in the well the production equipment is unsafe for usage
MAR proposes to surface commingle as follows: Lay on the surface new 2" SDR 11 Poly Pipe along the lease road in the road right-of-way to the TP Federal No 1, SE NW S27, T9S, R37E, Lea County NM, Poly pipe will be buried at all road crossings, no additional surface disturbance, maximum pressure of the 2" SDR 11 poly pipe is 150 psig, MAR maximum operating pressure will be 30 psig, Well testing will be four consecutive days, the average will be used for production allocation, the well will be tested every month, The surface is fee the land owner is Mr. Bilbrey, Duane C Winkler with MAR has contacted Mr. Bilbrey and Mr. Bilbrey has granted MAR verbal permission to lay the pipe lines, The existing production lines will be disconnected from the USM Central battery, the USM equipment will be cleaned and clean out plates will be left off the tanks, the equipment will be removed by Barriga Tank Service with in six months of the completion of the commingling, at that time MAR will remediate the old battery location to BLM rules and regulations, Attachment Abattery diagram, Attachment B Map

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

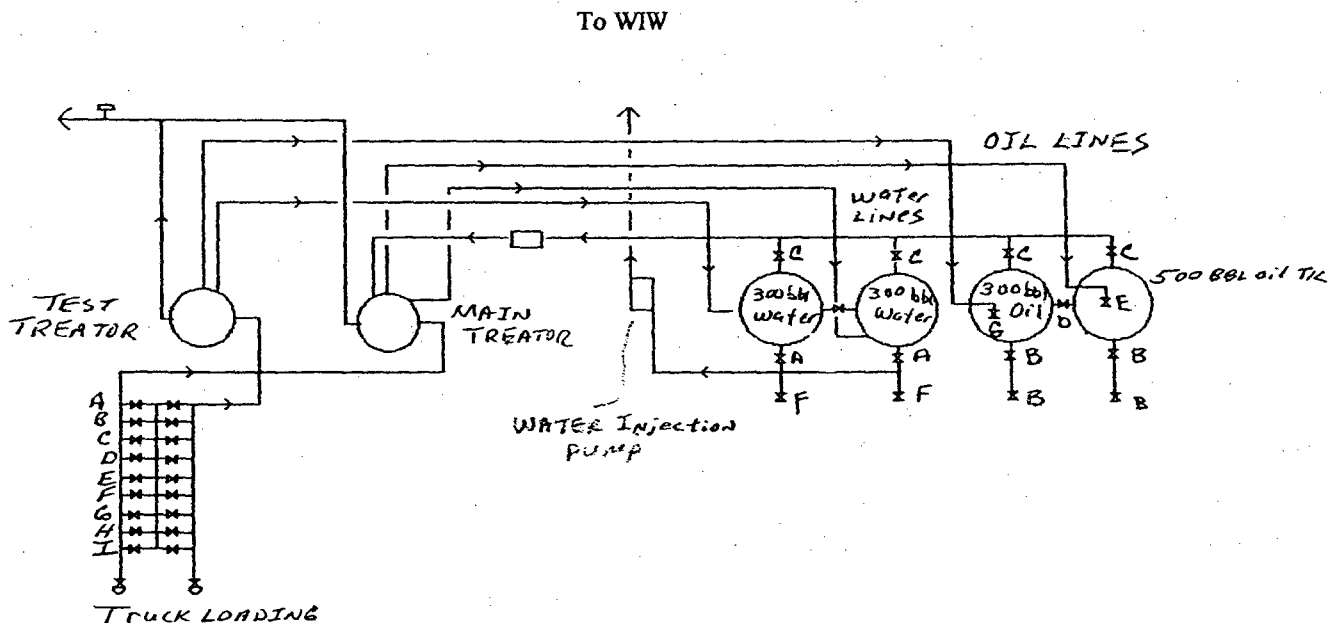
14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Duane C Winkler		Title VP Operations
Signature 		Date March 24, 2004
APPROVED THIS SPACE FOR FEDERAL OR STATE OFFICE USE		
Approved by (Signature) 		Name (Printed/Typed) Daniel R. Glass
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.		Title Office
		Date

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

USM NO 1

ATTACHMENT A

MAR OIL & GAS COMPANY
TP. FEDERAL CENTRAL BATTERY
SITE FACILITY DIAGRAM
SE NW, S27, T9S, R37E
Lease # NMNM2390



SITE SECURITY

Production Phase

Valve A Water Disposal Open Not Sealed
Valve B Closed And Sealed
Valve C Closed Not Sealed
Valve D Open Not Sealed
Valve E Open Not Sealed
Valve F Truck Load Valve Close Not Sealed
Valve G Open Not Sealed

SALES PHASE 300 BBL OIL TEST TANK

Valve A Open Not Sealed
Valve B Closed Sealed Until Trucked
Valve C Closed and Sealed
Valve D Closed and Sealed
Valve E Open To Produce Into
Valve F Closed Not Sealed
Valve G Closed and Sealed

SALES PHASE

500 BBL Oil Tank

Valve A Open Not Sealed
Valve B Closed & Sealed Till
Valve C Closed and Sealed
Valve D Closed and Sealed
Valve E Closed and Sealed
Valve F Closed Not Sealed
Valve G Open to Produce Into

WELLS TO MANIFOLD

A. Federal 22-2
B. Federal 27-1
C. Federal 27-2
D. T.P. Federal No. 1
E. T.P. Federal NO. 2
F. USM No. 1
G. USM No. 3
H. USM No. 4
I. SPARE

W

USM No 1

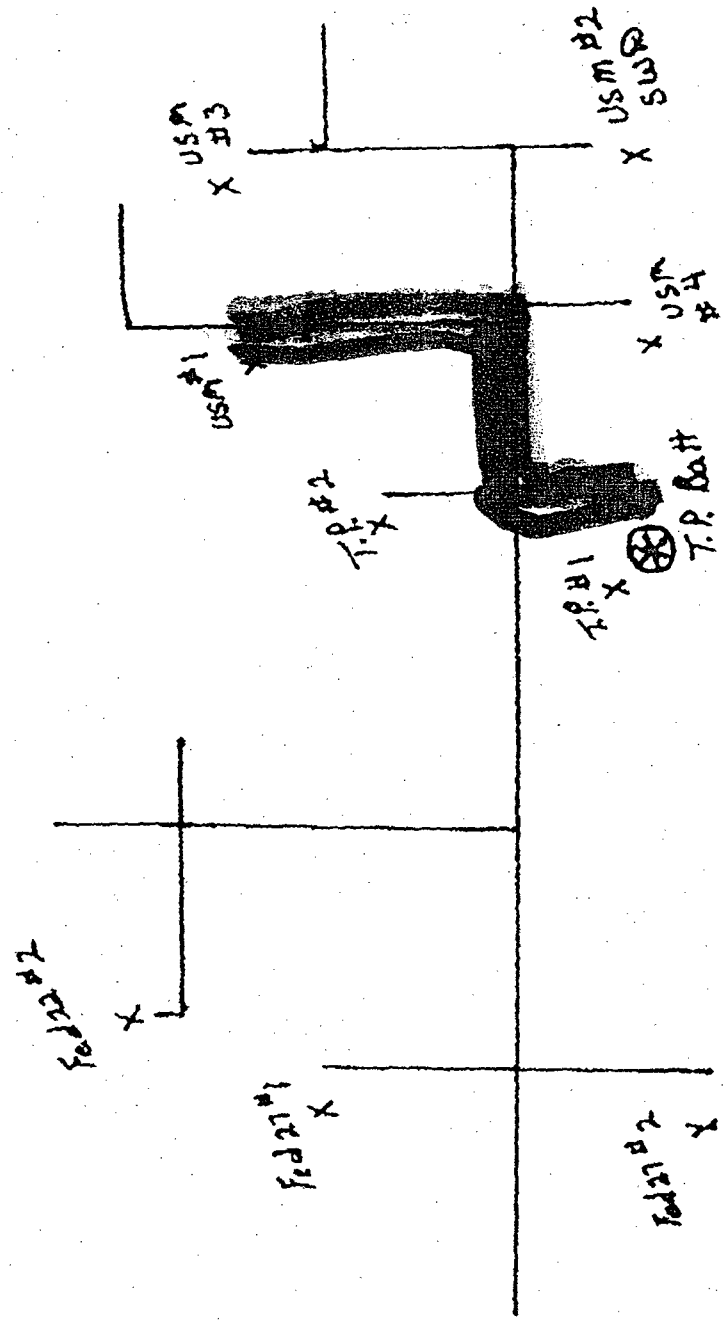
NWNE 507, T8S, R37E
Lee County NM

Proposed Pipe line Right-of-Way

Attachment B



Existing Lease Road
New Poly Pipe line



Bureau of Land Management
Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201
(505) 627-0272

**Off-Lease Measurement, Storage, and Surface Commingling
Conditions Of Approval**

1. This agency be notified of any change in your sales method or location of the sales meter.
2. This agency shall be notified of any spill or discharge as required by NTL-3A.
3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
4. This approval is subject to like approval by the New Mexico Oil Conservation Division.
5. Additional wells and/or leases require additional commingling approvals.
6. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days an application for right-of-way approval must be submitted to the Realty Section to this office for wells in Chaves or Roosevelt County or the BLM Carlsbad Field office at 620 East Greene Street, Carlsbad, New Mexico 88220-6292 for wells in Eddy or Lea County if you have not already done so.

OPERATOR'S COPY

Form 3160-5
September 2001)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

FORM APPROVED
OMB No. 1004-0135
Expires: January 31, 2004

5. Lease Serial No.

NMLC-067775

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

U.S. M. No 3

9. API Well No.

30-025-24621

10. Field and Pool, or Exploratory Area

West Sawyer, San Andres

11. County or Parish, State

Lea, NM

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

MAR Oil and Gas Corp

3a. Address

PO Box 5155, Santa Fe NM, 87502

3b. Phone No. (include area code)

505-989-1977

4. Location of Well (Footage, Sec., T, R., M., or Survey Description)

Unit A, 519' FNL, 801' FEL, S27 T9S, R37E

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☐ Notice of Intent
☒ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- | | | | |
|---|---|--|--|
| <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other <u>Surface Commingle</u> |
| <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | <u>Right-Of-Way</u> |
| <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

3. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

MAR Oil & Gas Corp has shut in the well the production equipment is unsafe for usage
MAR proposes to surface commingle as follows: Lay on the surface new 2" SDR 11 Poly Pipe along the lease road in the road right-of-way to the TP Federal No 1, SE NW S27, T9S, R37E, Lea County NM, Poly pipe will be buried at all road crossings, no additional surface disturbance, maximum pressure of the 2" SDR 11 poly pipe is 150 psig, MAR maximum operating pressure will be 30 psig, Well testing will be four consecutive days, the average will be used for production allocation, the well will be tested every month, The surface is fee the land owner is Mr. Bilbrey, Duane C Winkler with MAR has contacted Mr. Bilbrey and Mr. Bilbrey has granted MAR verbal permission to lay the pipe lines, The existing production lines will be disconnected from the USM Central battery, the USM equipment will be cleaned and clean out plates will be left off the tanks, the equipment will be removed by Barriga Tank Service with in six months of the completion of the commingling, at that time MAR will remediate the old battery location to BLM rules and regulations, Attachment Abattery diagram, Attachment B Map

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

4. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Duane C Winkler

Title VP Operations

Signature

Date March 24, 2004

APPROVED IN THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by (Signature)

Name
(Printed/Typed)

Title

Conditions of approval, if any are attached, approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Date

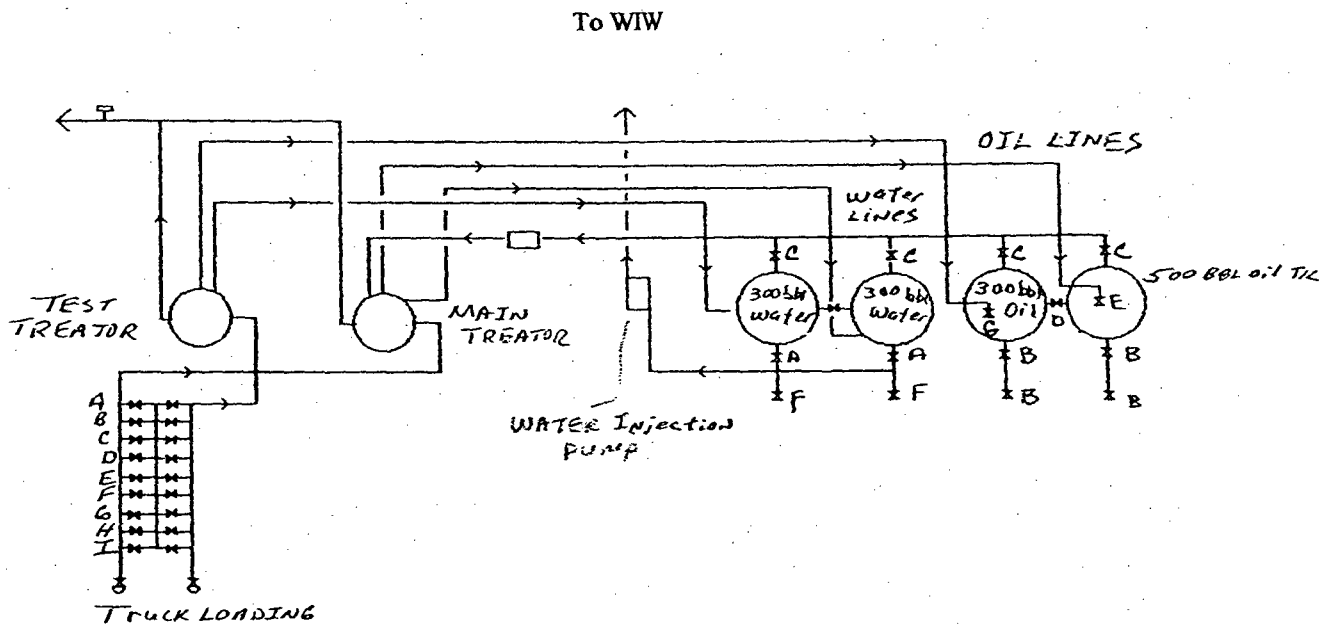
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Continued on next page)

USM No 3
NENE S27, T9S, R37E

Attachment A

MAR OIL & GAS COMPANY
TP. FEDERAL CENTRAL BATTERY
SITE FACILITY DIAGRAM
SE NW, S27, T9S, R37E
Lease # NMNM 2390



SITE SECURITY

Production Phase

Valve A Water Disposal Open Not Sealed
Valve B Closed And Sealed
Valve C Closed Not Sealed
Valve D Open Not Sealed
Valve E Open Not Sealed
Valve F Truck Load Valve Close Not Sealed
Valve G Open Not Sealed

SALES PHASE 300 BBL OIL TEST TANK

Valve A Open Not Sealed
Valve B Closed Sealed Until Trucked
Valve C Closed and Sealed
Valve D Closed and Sealed
Valve E Open To Produce Into
Valve F Closed Not Sealed
Valve G Closed and Sealed

SALES PHASE

500 BBL Oil Tank

Valve A Open Not Sealed
Valve B Closed & Sealed Till
Valve C Closed and Sealed
Valve D Closed and Sealed
Valve E Closed and Sealed
Valve F Closed Not Sealed
Valve G Open to Produce Into

WELLS TO MANIFOLD

A. Federal 22-2
B. Federal 27-1
C. Federal 27-2
D. T.P. Federal No. 1
E. T.P. Federal NO. 2
F. USM No. 1
G. USM No. 3
H. USM No. 4
I. SPARE

U

USM No 3

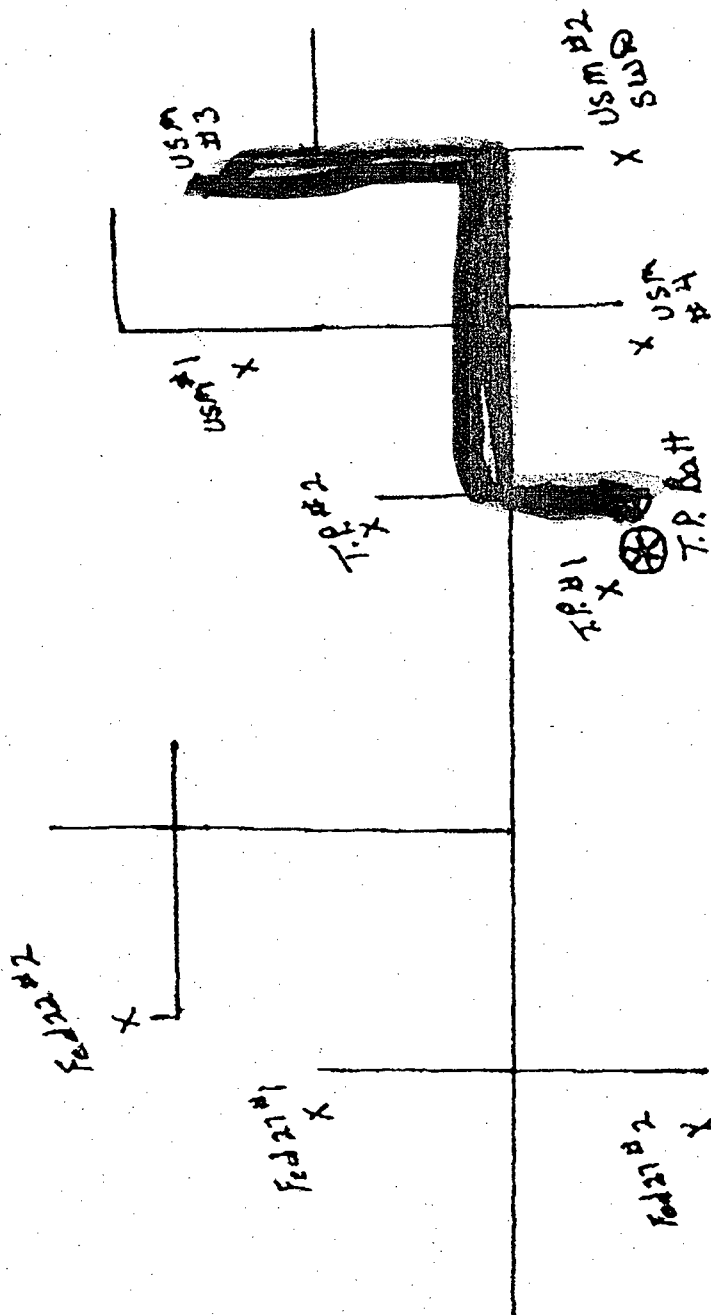
NE NE, S27, T9S, R37E

Lea County, NM

Proposed Pipeline Right-of-Way

New Poly Pipe Line

Existing Roads



Bureau of Land Management
Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201
(505) 627-0272

**Off-Lease Measurement, Storage, and Surface Commingling
Conditions Of Approval**

1. This agency be notified of any change in your sales method or location of the sales meter.
2. This agency shall be notified of any spill or discharge as required by NTL-3A.
3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
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UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OPERATOR'S COPY

FORM APPROVED
OMB No. 1004-0135
Expires: January 31, 2004

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No.

NMLC-067775

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

U.S. M. No 4

9. API Well No.

30-025-24834

10. Field and Pool, or Exploratory Area

West Sawyer, San Andres

11. County or Parish, State

Lea, NM

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

MAR Oil and Gas Corp

3a. Address

PO Box 5155, Santa Fe NM, 87502

3b. Phone No. (include area code)

505-989-1977

4. Location of Well (Footage, Sec., T, R., M., or Survey Description)

Unit G, 1980' FNL, 2180' FEL, S27 T9S, R37E

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☐ Notice of Intent
☒ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- | | | | |
|---|---|--|--|
| <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other <u>Surface Commingle</u> |
| <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | <u>Right-Of-Way</u> |
| <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

3. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

MAR Oil & Gas Corp has shut in the well the production equipment is unsafe for usage
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**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Duane C Winkler

Title VP Operations

Signature

Date March 24, 2004

APPROVED

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by (Signature)

Name

(Printed/Typed)

Title

Office

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Title 18 U.S.C. Section 1001 and Title 18 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

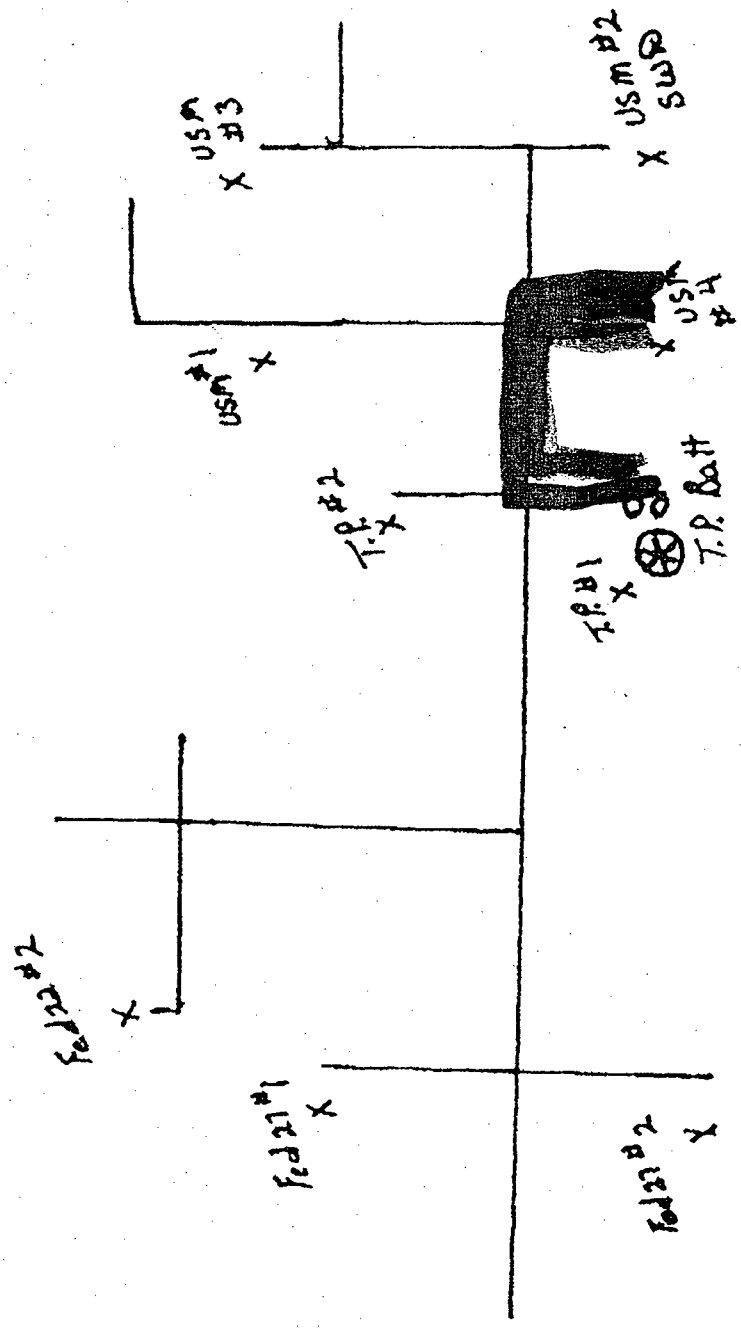
Continued on next page)

W

USM No 4
SWNE, S27, T9S, R37E
Lea County, NM

Proposed Pipeline Right-of-way

Existing Lease Area
New Poly Pipe Line



Bureau of Land Management
Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201
(505) 627-0272

**Off-Lease Measurement, Storage, and Surface Commingling
Conditions Of Approval**

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OPERATOR'S COPY

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires: January 31, 2004

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMNM03841777
2. Name of Operator MAR Oil and Gas Corp		6. If Indian, Allottee or Tribe Name
3a. Address PO Box 5155, Santa Fe NM, 87502	3b. Phone No. (include area code) 505-989-1977	7. If Unit or CA/Agreement, Name and/or No. CA NMNM 71222
4. Location of Well (Footage, Sec., T, R, M., or Survey Description) Unit E, 1980' FNL, 660' FWL, S27 T9S, R37E		8. Well Name and No. Federal 27 No 2
		9. API Well No. 30-025-25403
		10. Field and Pool, or Exploratory Area West Sawyer, San Andres
		11. County or Parish, State Lea, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>Surface Commingle</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>Right-Of-Way</u>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

3. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

MAR Oil & Gas Corp has shut in the well the production equipment is unsafe for usage
MAR proposes to surface commingle as follows: Lay on the surface new 2" SDR 11 Poly Pipe along the lease road in the road right-of-way to the TP Federal No 1, SE NW S27, T9S, R37E, Lea County NM, Poly pipe will be buried at all road crossings, no additional surface disturbance, maximum pressure of the 2" SDR 11 poly pipe is 150 psig, MAR maximum operating pressure will be 30 psig, Well testing will be four consecutive days, the average will be used for production allocation, the well will be tested every month, The surface is fee the land owner is Mr. Bilbrey, Duane C Winkler with MAR has contacted Mr. Bilbrey and Mr. Bilbrey has granted MAR verbal permission to lay the pipe lines, The existing production lines will be disconnected from the Central battery, the equipment will be cleaned and clean out plates will be left off the tanks, the equipment will be removed by Barriga Tank Service with in six months of the completion of the commingling, at that time MAR will remediate the old battery location to BLM rules and regulations, Attachment A battery diagram, Attachment B Map

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Duane C Winkler		Title VP Operations	
Signature		Date March 24, 2004	
APPROVED THIS SPACE FOR FEDERAL OR STATE OFFICE USE			
Approved by (Signature)		Name (Printed/Typed) David H. Glass	Title
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.		Office	Date

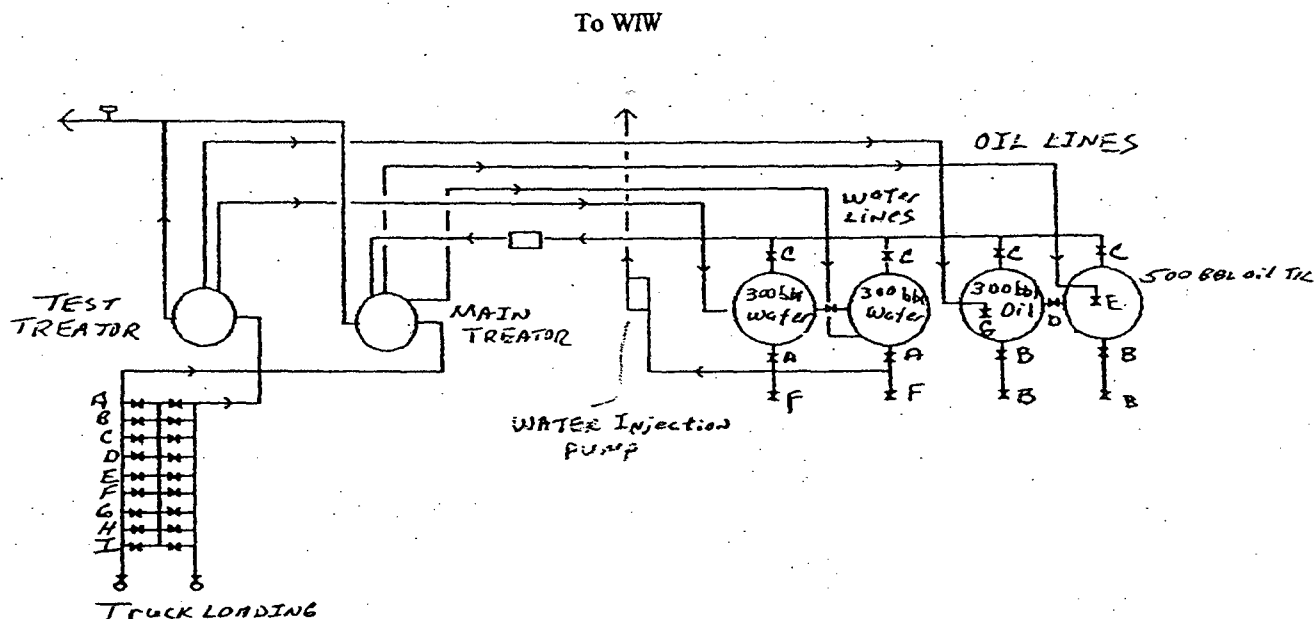
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Continued on next page)

Federal 27 No 2
SW NW, S27, T9S, R37E

Attachment A

MAR OIL & GAS COMPANY
TP. FEDERAL CENTRAL BATTERY
SITE FACILITY DIAGRAM
SE NW, S27, T9S, R37E
Lease # NMNM 2390



SITE SECURITY

Production Phase

Valve A Water Disposal Open Not Sealed
Valve B Closed And Sealed
Valve C Closed Not Sealed
Valve D Open Not Sealed
Valve E Open Not Sealed
Valve F Truck Load Valve Close Not Sealed
Valve G Open Not Sealed

SALES PHASE 300 BBL OIL TEST TANK

Valve A Open Not Sealed
Valve B Closed Sealed Until Trucked
Valve C Closed and Sealed
Valve D Closed and Sealed
Valve E Open To Produce Into
Valve F Closed Not Sealed
Valve G Closed and Sealed

SALES PHASE

500 BBL Oil Tank

Valve A Open Not Sealed
Valve B Closed & Sealed Till
Valve C Closed and Sealed
Valve D Closed and Sealed
Valve E Closed and Sealed
Valve F Closed Not Sealed
Valve G Open to Produce Into

WELLS TO MANIFOLD

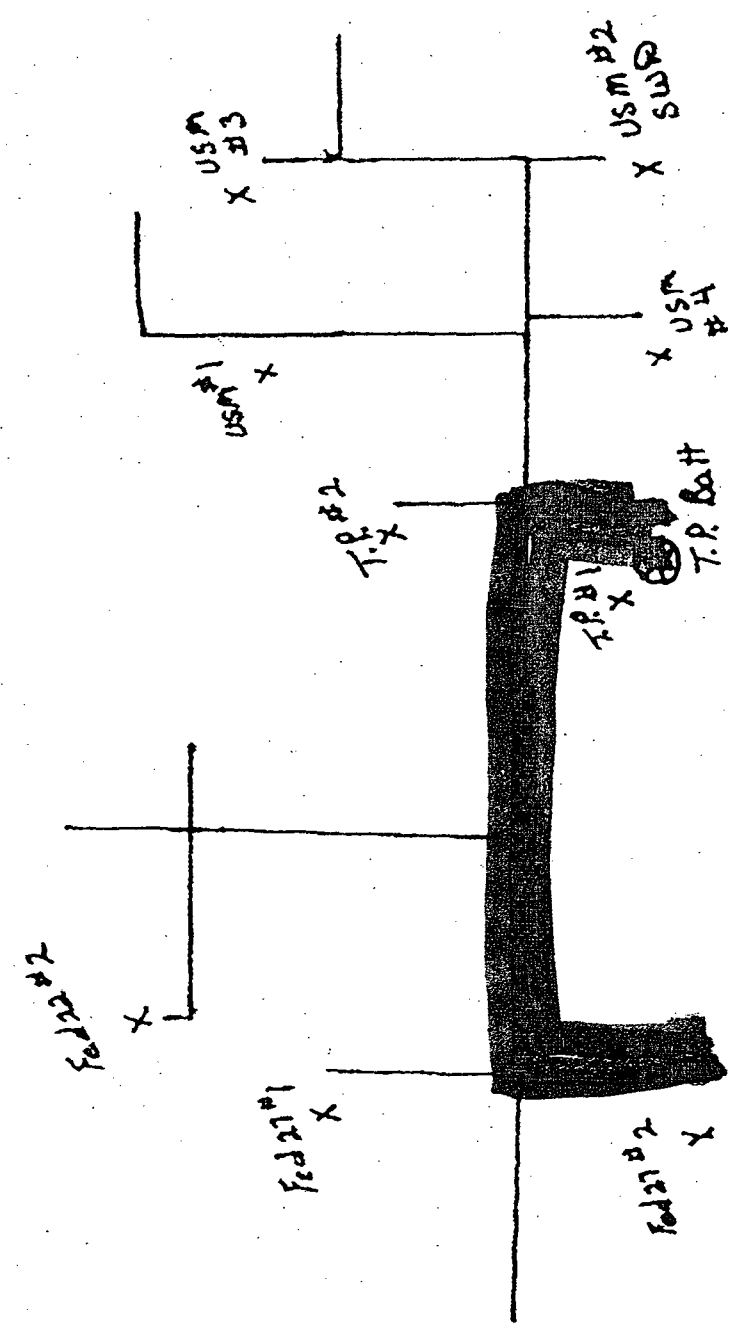
A. Federal 22-2
B. Federal 27-1
C. Federal 27-2
D. T.P. Federal No. 1
E. T.P. Federal NO. 2
F. USM No. 1
G. USM No. 3
H. USM No. 4
I. SPARE

(N)

11/11/2011

Federal J7 No 2
SW NW S27, T9S, R32E
LER COUNTY NM
Proposed Pipeline Right-Of-Way

Existing Lease Roads
New Poly Pipe Line



Bureau of Land Management
Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201
(505) 627-0272

**Off-Lease Measurement, Storage, and Surface Commingling
Conditions Of Approval**

1. This agency be notified of any change in your sales method or location of the sales meter.
2. This agency shall be notified of any spill or discharge as required by NTL-3A.
3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
4. This approval is subject to like approval by the New Mexico Oil Conservation Division.
5. Additional wells and/or leases require additional commingling approvals.
6. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days an application for right-of-way approval must be submitted to the Realty Section to this office for wells in Chaves or Roosevelt County or the BLM Carlsbad Field office at 620 East Greene Street, Carlsbad, New Mexico 88220-6292 for wells in Eddy or Lea County if you have not already done so.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OPERATOR'S COPY

FORM APPROVED
OMB No. 1004-0135
Expires: January 31, 2004

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

MAR Oil and Gas Corp

3a. Address

PO Box 5155, Santa Fe NM, 87502

3b. Phone No. (include area code)

505-989-1977

4. Location of Well (Footage, Sec., T, R., M., or Survey Description)

Unit D, 660' FNL, 660' FWL, S27 T9S, R37E

5. Lease Serial No.

NM-2390

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

CA NMNM 71222

8. Well Name and No.

Federal 27 No 1

9. API Well No.

30-025-23841

10. Field and Pool, or Exploratory Area

West Sawyer, San Andres

11. County or Parish, State

Lea, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>Surface Commingle</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>Right-Of-Way</u>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

3. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomple horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recomple in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

MAR Oil & Gas Corp has shut in the well the production equipment is unsafe for usage

MAR proposes to surface commingle as follows: Lay on the surface new 2" SDR 11 Poly Pipe along the lease road in the road right-of-way to the TP Federal No 1, SE NW S27, T9S, R37E, Lea County NM, Poly pipe will be buried at all road crossings, no additional surface disturbance, maximum pressure of the 2" SDR 11 poly pipe is 150 psig, MAR maximum operating pressure will be 30 psig, Well testing will be four consecutive days, the average will be used for production allocation, the well will be tested every month, The surface is fee the land owner is Mr. BR Smillie, MAR has mailed a letter of notification to Mr. BR Smillie.

The existing production lines will be disconnected from the Central battery, the equipment will be cleaned and clean out plates will be left off the tanks, the equipment will be removed by Barriga Tank Service with in six months of the completion of the commingling, at that time MAR will remediate the old battery location to BLM rules and regulations, Attachment Abattery diagram, Attachment B Map

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Duane C Winkler

Title VP Operations

Signature

Date March 24, 2004

APPROVED

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by (Signature)

David R. Glass

Name

(Printed/Typed)

Title

Office

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

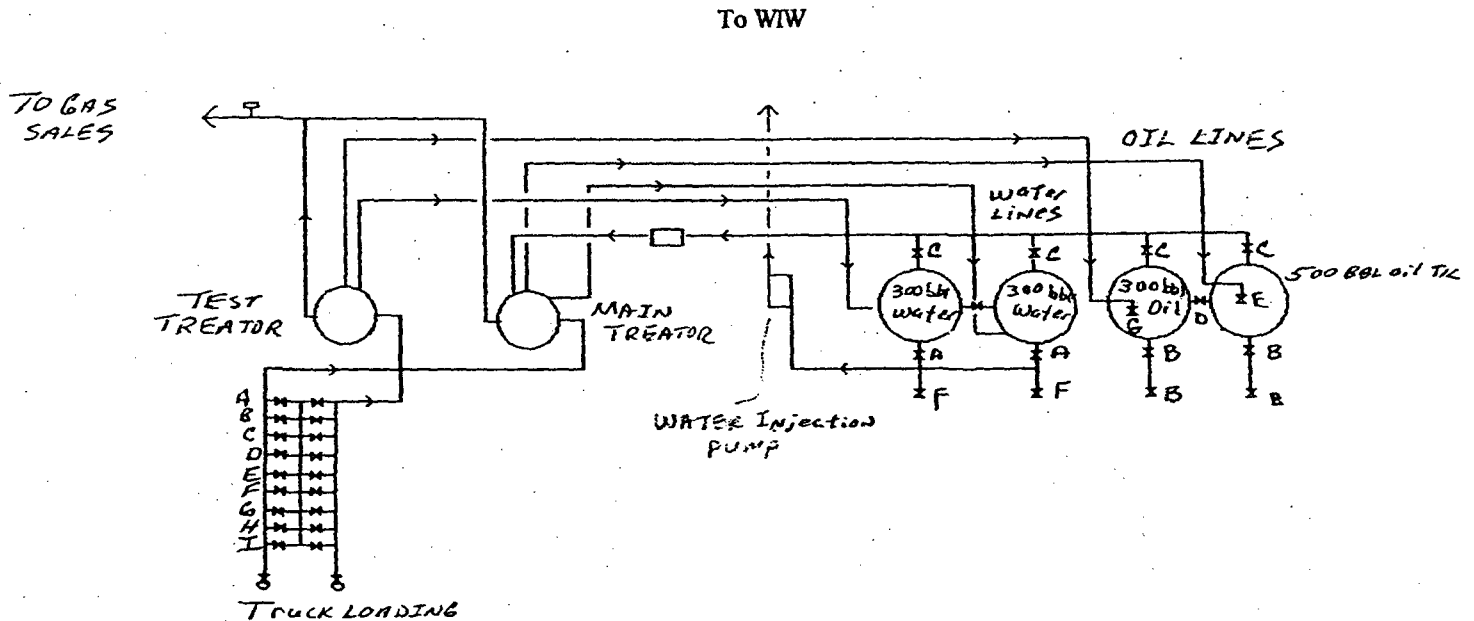
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on next page)

Federal 27 No. 1
 NWNW, S27, T9S, R37E

Attachment A

MAR OIL & GAS COMPANY
 TP. FEDERAL CENTRAL BATTERY
 SITE FACILITY DIAGRAM
 SE NW, S27, T9S, R37E
 LEASE # NMNM 2390



SITE SECURITY

Production Phase

Valve A Water Disposal Open Not Sealed
 Valve B Closed And Sealed
 Valve C Closed Not Sealed
 Valve D Open Not Sealed
 Valve E Open Not Sealed
 Valve F Truck Load Valve Close Not Sealed
 Valve G Open Not Sealed

SALES PHASE 300 BBL OIL TEST TANK

Valve A Open Not Sealed
 Valve B Closed Sealed Until Trucked
 Valve C Closed and Sealed
 Valve D Closed and Sealed
 Valve E Open To Produce Into
 Valve F Closed Not Sealed
 Valve G Closed and Sealed

SALES PHASE

500 BBL Oil Tank

Valve A Open Not Sealed
 Valve B Closed & Sealed Till
 Valve C Closed and Sealed
 Valve D Closed and Sealed
 Valve E Closed and Sealed
 Valve F Closed Not Sealed
 Valve G Open to Produce Into

WELLS TO MANIFOLD

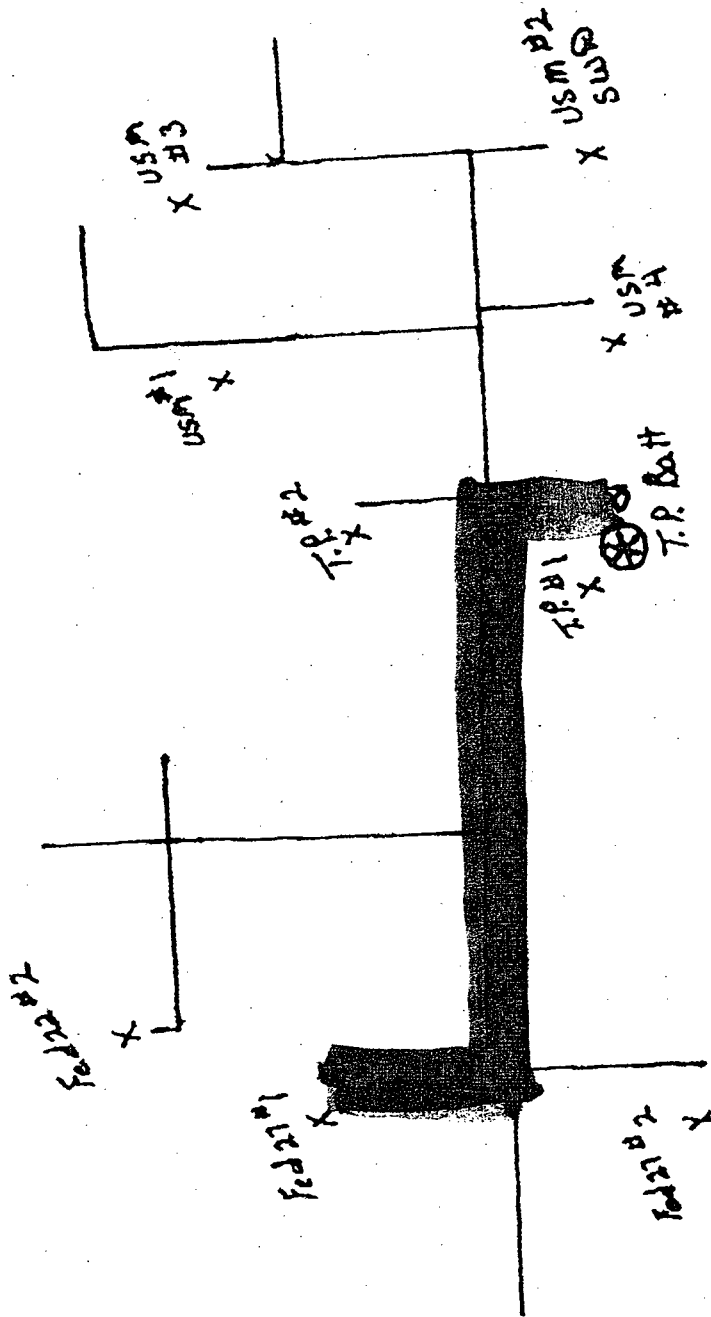
A. Federal 22-2
 B. Federal 27-1
 C. Federal 27-2
 D. T.P. Federal No. 1
 E. T.P. Federal NO. 2
 F. USM No. 1
 G. USM No. 3
 H. USM No. 4
 I. SPARE

(N)

Federal 27 No 1
NW NW 527, T9S, R37E
LEA COUNTY, NM
Proposed Pipeline Right-of-Way

Existing Lease
Road

New Poly Pipe Line



Bureau of Land Management
Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201
(505) 627-0272

**Off-Lease Measurement, Storage, and Surface Commingling
Conditions Of Approval**

1. This agency be notified of any change in your sales method or location of the sales meter.
2. This agency shall be notified of any spill or discharge as required by NTL-3A.
3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
4. This approval is subject to like approval by the New Mexico Oil Conservation Division.
5. Additional wells and/or leases require additional commingling approvals.
6. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days an application for right-of-way approval must be submitted to the Realty Section to this office for wells in Chaves or Roosevelt County or the BLM Carlsbad Field office at 620 East Greene Street, Carlsbad, New Mexico 88220-6292 for wells in Eddy or Lea County if you have not already done so.

OPERATOR'S COPY

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires: January 31, 2004

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

MAR Oil and Gas Corp

3a. Address

PO Box 5155, Santa Fe NM, 87502

3b. Phone No. (include area code)

505-989-1977

4. Location of Well (Footage, Sec., T, R., M., or Survey Description)

Unit M, 660' FSL, 660' FWL, S22 T9S, R37E

5. Lease Serial No.

NM050475-A

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

CA-SW-587

8. Well Name and No.

Federal No 22 No 2

9. API Well No.

30-025-25602

10. Field and Pool, or Exploratory Area

West Sawyer, San Andres

11. County or Parish, State

Lea, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

☐ Notice of Intent

☒ Subsequent Report

☐ Final Abandonment Notice

☐ Acidize

☐ Alter Casing

☐ Casing Repair

☐ Change Plans

☐ Convert to Injection

☐ Deepen

☐ Fracture Treat

☐ New Construction

☐ Plug and Abandon

☐ Plug Back

☐ Production (Start/Resume)

☐ Reclamation

☐ Recomplete

☐ Temporarily Abandon

☐ Water Disposal

☐ Water Shut-Off

☐ Well Integrity

☒ Other Surface Commingle

Right-Of-Way

3. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion of recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

MAR Oil & Gas Corp has shut in the well the production equipment is unsafe for usage

MAR proposes to surface commingle as follows: Lay on the surface new 2" SDR 11 Poly Pipe along the lease road in the road right-of-way to the TP Federal No 1, SE NW S27, T9S, R37E, Lea County NM, Poly pipe will be buried at all road crossings, no additional surface disturbance, maximum pressure of the 2" SDR 11 poly pipe is 150 psig, MAR maximum operating pressure will be 30 psig, Well testing will be four consecutive days, the average will be used for production allocation, the well will be tested every month, The surface is fee the land owner is Mr. BR Smillie

MAR has mailed a letter of notification t Mr. BR Smillie.

The existing production lines will be disconnected from the Central battery, the equipment will be cleaned and clean out plates will be left off the tanks, he equipment will be removed by Barriga Tank Service with in six months of the completion of the commingling, at that time MAR will remediate the old battery location to BLM rules and regulations, Attachment Abattery diagram, Attachment B Map

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Duane C Winkler

Title VP Operations

Signature

Date March 24, 2004

APPROVED THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

David R. Glass

Name
(Printed/Typed)

Title

Office

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

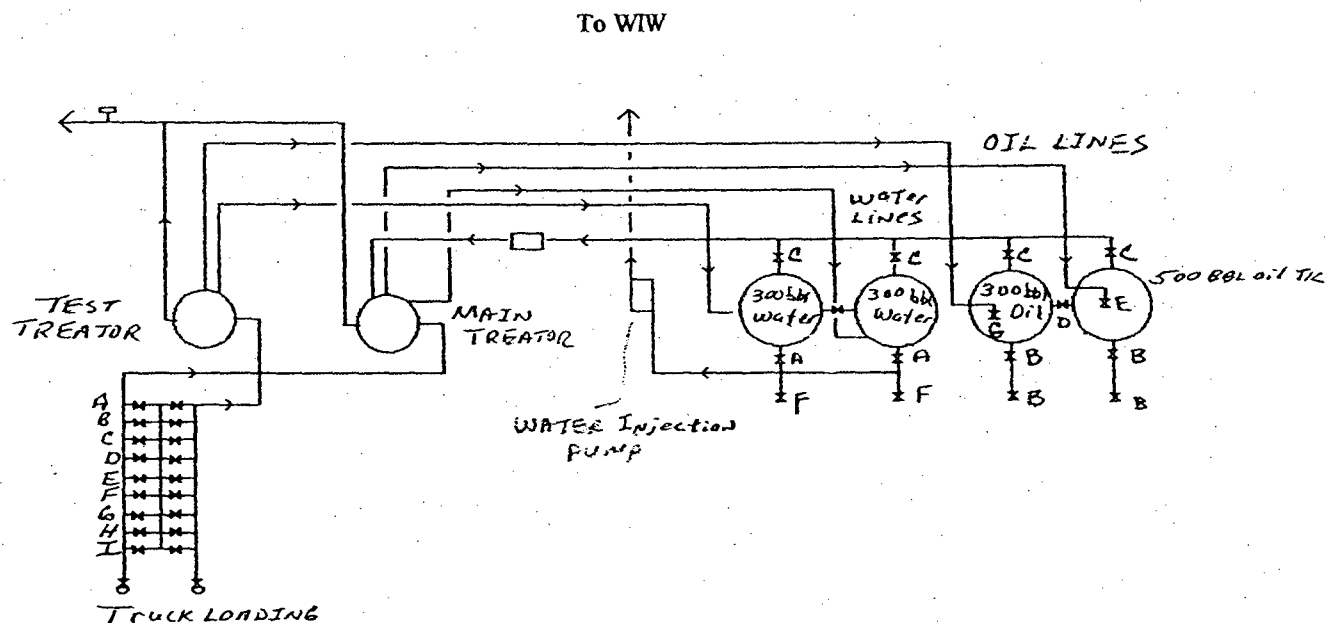
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Continued on next page)

Federal 22 No 2
SWSW, S27, T9S, R37E

ATTACHMENT A

MAR OIL & GAS COMPANY
TP. FEDERAL CENTRAL BATTERY
SITE FACILITY DIAGRAM
SENW, S27, T9S, R37E
Lease # NMNM2390



SITE SECURITY

Production Phase

Valve A Water Disposal Open Not Sealed
Valve B Closed And Sealed
Valve C Closed Not Sealed
Valve D Open Not Sealed
Valve E Open Not Sealed
Valve F Truck Load Valve Close Not Sealed
Valve G Open Not Sealed

SALES PHASE 300 BBL OIL TEST TANK

Valve A Open Not Sealed
Valve B Closed Sealed Until Trucked
Valve C Closed and Sealed
Valve D Closed and Sealed
Valve E Open To Produce Into
Valve F Closed Not Sealed
Valve G Closed and Sealed

SALES PHASE

500 BBL Oil Tank

Valve A Open Not Sealed
Valve B Closed & Sealed Till
Valve C Closed and Sealed
Valve D Closed and Sealed
Valve E Closed and Sealed
Valve F Closed Not Sealed
Valve G Open to Produce Into

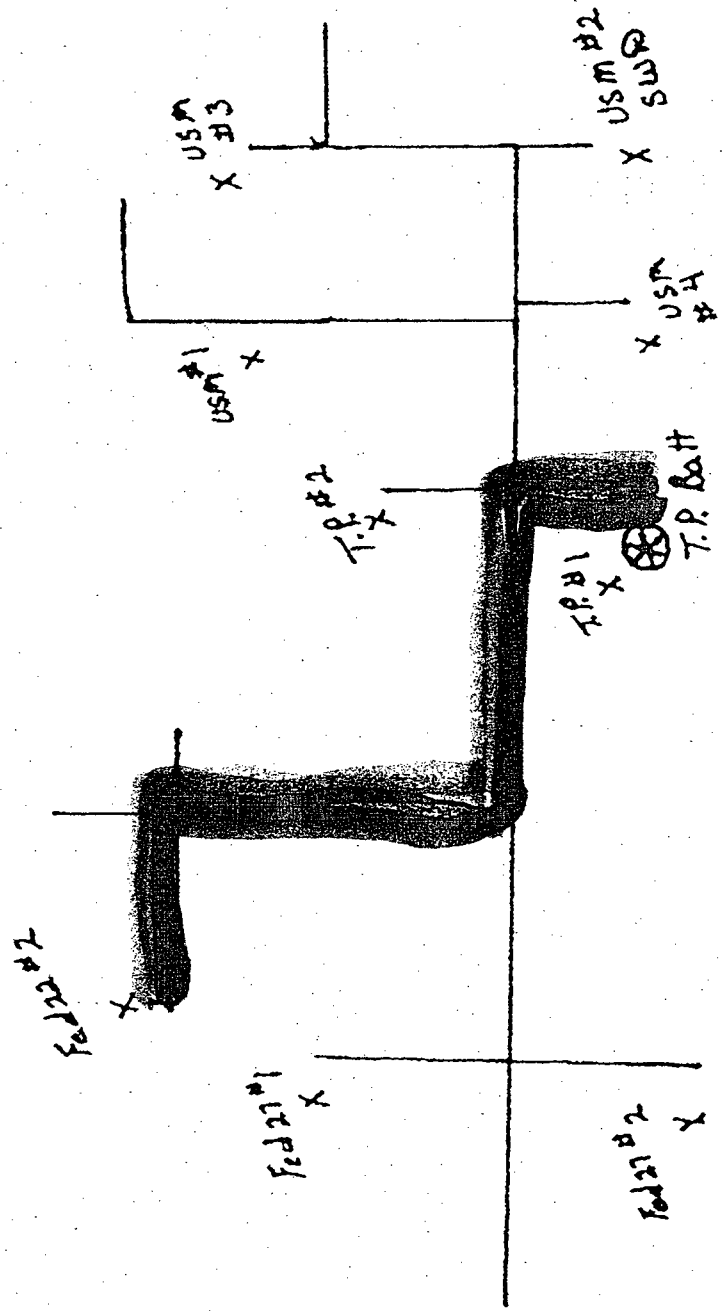
WELLS TO MANIFOLD

A. Federal 22-2
B. Federal 27-1
C. Federal 27-2
D. T.P. Federal No. 1
E. T.P. Federal NO. 2
F. USM No. 1
G. USM No. 3
H. USM No. 4
I. SPARE

D
D
D

,

Federal 24 No 2
SWSW, S22, T2S, R37E
LE19 County NM
Proposed Pipeline Right-of-Way



Bureau of Land Management
Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201
(505) 627-0272

**Off-Lease Measurement, Storage, and Surface Commingling
Conditions Of Approval**

1. This agency be notified of any change in your sales method or location of the sales meter.
2. This agency shall be notified of any spill or discharge as required by NTL-3A.
3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
4. This approval is subject to like approval by the New Mexico Oil Conservation Division.
5. Additional wells and/or leases require additional commingling approvals.
6. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days an application for right-of-way approval must be submitted to the Realty Section to this office for wells in Chaves or Roosevelt County or the BLM Carlsbad Field office at 620 East Greene Street, Carlsbad, New Mexico 88220-6292 for wells in Eddy or Lea County if you have not already done so.

MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87508
(505)989-1977

Oil Conservation Division
1220 S. St Francis Dr
Santa Fe, New Mexico 87505

April 22, 2004

RE: Federal Minerals Off-Lease Measurement, Storage & Surface Commingling

Mr. David Catanach:

MAR Oil & Gas Corp is the operator of the following wells in Lea County New Mexico. The wells are Federal Minerals on Private Surface and all wells produce from the San Andres formation. The attachment A is the Facility Diagram for the Off Lease Measurement, Storage & Surface Commingling

Allocation / Testing / Commingling for the following Lease

USM No 1, Unit B, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 3, Unit A, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 4, Unit G, Section 27, T9S, R37E, Lease # NMLC-067775

Allocation:

The production will be allocated to the wells from the well tests.

Testing Wells:

The wells will be tested individually gas, oil and water volumes measured.

Daily Production Phase:

The wells produce through a common pipe to the designated treator.

The daily gas, oil and water volumes measured by metering.

Surface Commingling:

The oil and water commingled at common storage tanks and gas to a central delivery meter.

Allocation / Testing / Commingling for the following Lease

TP Federal No 1, Unit F, Section 27, T9S, R37E, Lease # NM-2390

TP Federal No 2, Unit C, Section 27, T9S, R37E, Lease # NM-2390

Allocation:

The production will be allocated to the wells from the well tests.

Testing Wells:

The wells will be tested individually gas, oil and water volumes measured.

Daily Production Phase:

The wells produce through a common pipe to the designated treator.

The daily gas, oil and water volumes measured by metering.

Surface Commingling:

The oil and water commingled at common storage tanks and gas to a central delivery meter.

Allocation / Testing / Commingling for the following Lease

Federal 27 No 1, Unit D, Section 27, T9S, R37E, Lease # NM-2390 CA 71222

Federal 27 No 2, Unit E, Section 27, T9S, R37E, Lease # NMNM-03841777, CA 71222

Allocation:

The production will be allocated to the wells from the well tests.

Testing Wells:

The wells will be tested individually gas, oil and water volumes measured.

Daily Production Phase:

The wells produce through a common pipe to the designated treator.

The daily gas, oil and water volumes measured by metering.

Surface Commingling:

The oil and water commingled at common storage tanks and gas to a central delivery meter.

Allocation / Testing / Commingling for the following Lease

Federal 22 No 2, Unit M, Section 22, T9S, R37E, Lease # NM050475-A, CA SW-587

Allocation:

The production will be allocated to the well.

Daily Production Phase:

The well produces through a common pipe to the designated treator.

The daily gas, oil and water volumes measured by metering.

Surface Commingling:

The oil and water commingled at common storage tanks and gas to a central delivery meter.

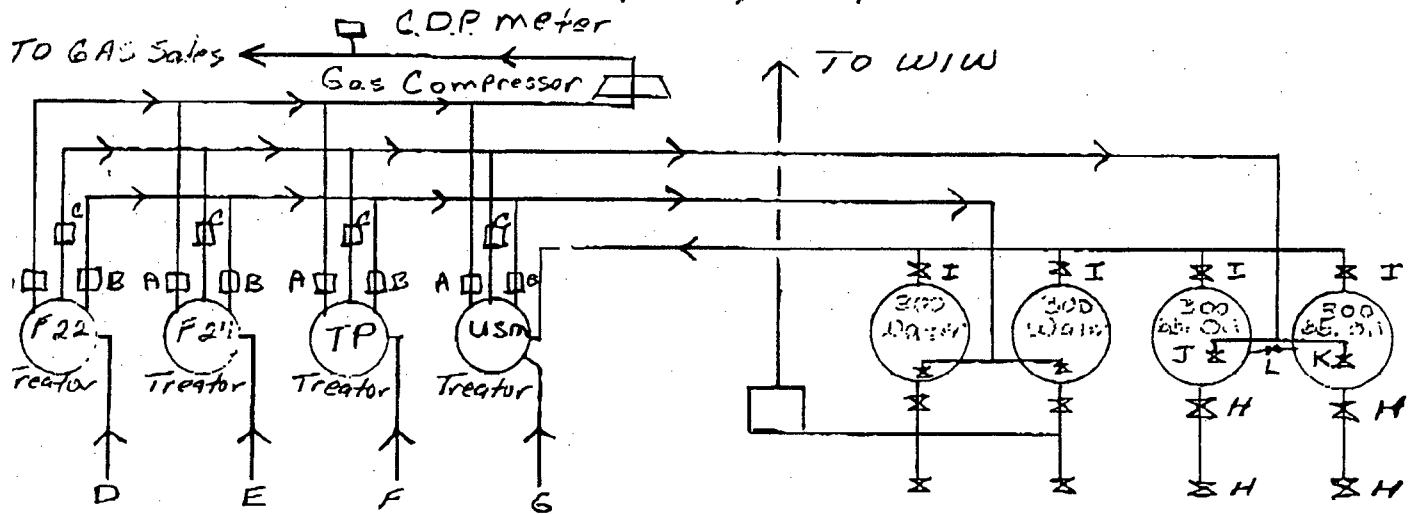
Sincerely:



Duane C. Winkler
VP Operation

MAR OIL & Gas Corp
T.P. Federal Central Battery
Site Facility Diagram
SE NW, S27, T9S, R37E

Attachment A



F22: Federal 22 No 2 L# NM050475-A, CA SW-587

A: Gas Meter, B: Water meter, C: Oil meter

F27: Federal 27 No 1 L# NM-2390, CA 71222

Federal 27 No 2 L# NM-0384/777 CA 71222

A: Gas Meter, B: Water Meter, C: Oil Meter

TP: TP Federal No 1 L# 2390

TP Federal No 2 L# 2390

A: Gas Meter, B: Water Meter, C: Oil Meter

USM: USM No 1 L# NMLC-067775

USM No 3 L# NMLC-067775

USM No 4 L# NMLC-067775

A: Gas Meter, B: Water Meter, C: Oil Meter

SITE SECURITY

Production Phase

Valve H closed & sealed
Valve I closed & not sealed
Valve J open & not sealed
Valve K closed & sealed
Valve L open & not sealed

Sales Phase

Valve H closed & sealed until Trucked
Valve I closed & sealed
Valve J closed & sealed
Valve K Open & not sealed
Valve L closed & sealed

Wells To Manifold

D: Federal 22 No 2
E: Federal 27 No 1, & Federal 27 No 2
F: TP Federal No 1, & TP Federal No 2
G: USM No 1, USM No 3, USM No 4

MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87502
(505)989-1977

CERTIFIED MAIL: 7003-1680-0001-4581-0802

April 5, 2004

Aetna Petroleum
PO Box 17006-GMF
Denver, CO 80217

RE: Federal Minerals Off-Lease Measurement, Storage & Surface Commingling

Aetna Petroleum:

MAR Oil & Gas Corp is the operator of the following wells in Lea County New Mexico. The wells are Federal Minerals on Private Surface and all wells produce from the San Andres formation.

USM No 1, Unit B, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 3, Unit A, Section 27, T9S, R37E, Lease # NMLC-067775

USM No 4, Unit G, Section 27, T9S, R37E, Lease # NMLC-067775

TP Federal No 1, Unit F, Section 27, T9S, R37E, Lease # NM-2390

TP Federal No 2, Unit C, Section 27, T9S, R37E, Lease # NM-2390

Federal 27 No 1, Unit D, Section 27, T9S, R37E, Lease # NM-2390 CA 71222

Federal 27 No 2, Unit E, Section 27, T9S, R37E, Lease # NMNM-03841777, CA 71222

Federal 22 No 2, Unit M, Section 22, T9S, R37E, Lease # NM050475-A, CA SW-587

The present production equipment and production pipe lines are unsafe for usage.

MAR has applied to Bureau Of Land Management and the Oil Conservation Division to surface commingling the wells. The commingling will lower operating costs and provide long term production.

Sincerely:



Duane C. Winkler
Vice President Of Operation

*Sample Letter
Sent.*