

COMMISSIONER'S OFFICE  
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Phone (505) 827-5700  
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Phone (505) 827-5713  
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DHC-2944

OL CONSERVATION DIV.  
AUG 21 PM 1:00

COMMERCIAL RESOURCE  
Phone (505) 827-5724  
Fax (505) 827-6157

MINERAL RESOURCES  
Phone (505) 827-5744  
Fax (505) 827-4739

ROYALTY MANAGEMENT  
Phone (505) 827-5772  
Fax (505) 827-4739

SURFACE RESOURCES  
Phone (505) 827-5793  
Fax (505) 827-5711

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

August 17, 2001

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

Attn: Mr. Dean Chumbley

Re: Downhole Commingling Application  
"D" State Well Nos. 1, 7, 8, 9 and 10  
Sections 25, 26, 35 and 36-17S-28E  
Artesia, Queen, Grayburg, San Andres and Artesia, Glorieta, Yeso Pools  
Eddy County, New Mexico

Dear Mr. Chumbley:

Your application to downhole commingle the production from within the wellbore of the above-captioned wells was received on August 9, 2001. Your application requests our approval to downhole commingle the Artesia, Queen, Grayburg, San Andres and Artesia, Glorieta, Yeso production within the wellbore of the "D" State Well Nos. 1, 7, 8, 9 and 10 located in, Sections 25, 26, 35 and 36-17S-28E, Eddy County, New Mexico.

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

<u>POOL</u>	<u>ALLOCATION</u>	
	<u>Oil%</u>	<u>Gas %</u>
Artesia, Queen, Grayburg, San Andres	26%	40%
Artesia, Glorieta, Yeso	74%	60%
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	100%	100%

Since it appears that all the New Mexico Oil Conservation Division's rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request for downhole commingling the production from the above-mentioned wells are hereby approved. Any deviation from the substance of your request will be sufficient grounds for rescinding our approval. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

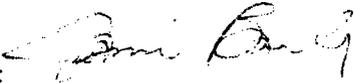
Marbob Energy Corporation  
August 17, 2001  
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Your filing fee in the amount of \$30.00 has been received.

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

Very truly yours,

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

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

RP/JB/cpm

Enclosure

xc: Reader File

OCD--Attention: David Catanach