

4/29/08 DATE IN	BUSINESS	Brooks ENGINEER	4/29/08 LOGGED IN	NSL TYPE	PKVR081146628 APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



Marbob Energy Corp
 Wildcat State #3H
 5841

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Protraction Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

- [D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
 [B] ☒ Offset Operators, Leaseholders or Surface Owner
 [C] ☐ Application is One Which Requires Published Legal Notice
 [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

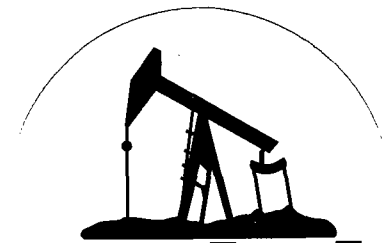
Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

William Miller William Miller Landman 4/29/2008
 Print or Type Name Signature Title Date
 wMiller@marbob.com
 e-mail Address

2008 APR 29 PM 3:18

RECEIVED

No motion
 4/29



marbob
energy corporation

RECEIVED
2008 APR 28 PM 1 48

Certified Receipt Return

April 23, 2008

Oil Conservation Division
1220 St. Francis Drive
Santa Fe, New Mexico 87504

Attention: Mr. Richard Ezeanyim

RE: Unorthodox Location
Administrative Approval Request
Wildcap State #3-H
2300' FSL 1650' FEL
Section 36, T-19S R-31E
Eddy County, New Mexico

Dear Mr. Ezeanyim:

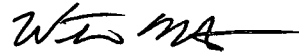
Marbob Energy Corporation respectfully requests your consideration of an unorthodox location approval for the above described location. Marbob drilled a Bone Spring well with a pilot hole to determine and evaluate different Bone Spring sands to determine if we would horizontal it. After evaluating the different sands, we decided to horizontal in the 2nd sand. While plugging back and starting the bend on the horizontal leg, our drilling department failed to recognize we had drifted to the east 166.41 ft on the vertical leg. We should have drilled back to the west on the bend before we started the horizontal leg to be at a legal location. During drilling, the directional drilling company were instructed not to cross the hard line but failed to realize we were on the wrong side of the line. Marbob did not recognize the error until we received the final charts showing the wellbore diagram. This puts the well 166.41 feet unorthodox to the East offset proration unit and the bottom hole location being 1483.59 FEL. Marbob will not complete or produce this well until we are granted OCD approval.

Enclosed as Exhibit A is the plat showing the surface location. Exhibit B is the deviation survey showing the exact bottom hole location. Exhibit C is a map showing the proration unit, all offset proration units, and the affected offset proration unit. Exhibit D is a list of all the active wells in the offset proration units and the operator of each well. No offset operator or owner notice is required as Marbob Energy is the operator of record for all the producing wells and

proration units in section 36. Marbob Energy Corporation as shown on Exhibit E is the owner of record for section 1 of T20S R31E. The affected proration unit is on the same State Lease VO-6322002 , which covers the entire E/2 a copy of which is enclosed as Exhibit F.

We would request approval of the unorthodox location so that we can complete and produce this well. We apologized for the mistake and if you need anything else for this application, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'W. Miller', with a long horizontal stroke extending to the right.

William Miller
Land Department

/wm
Attachments

DISTRICT I

1625 N. FRENCH DR., HOBBS, NM 88240

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.

Santa Fe, New Mexico 87505

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-015-36032		Pool Code	Pool Name
Property Code	Property Name WILDCAP STATE		Well Number 3H
OGRID No.	Operator Name MARBOB ENERGY CORPORATION		Elevation 3492'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	36	19-S	31-E		2300	SOUTH	1650	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	36	19-S	31-E		330	SOUTH	1650	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
80			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=588162.8 N X=658365.3 E</p> <p>LAT.=32.615910° N LONG.=103.819004° W</p> <p>S.L.</p> <p>1650'</p> <p>GRID AZ.=179°36'34" HORIZ. DIST.=1970.0'</p> <p>2300'</p> <p>B.H.</p> <p>330'</p> <p>1650'</p> <p>BOTTOM HOLE LOCATION Y=586193.3 N X=658378.7 E</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p>
	<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>DATE SURVEYED: DECEMBER 29, 2007</p> <p>Signature & Seal of Professional Surveyor</p> <p>CERTIFICATE NO. 670459827</p>
	<p>Certificate No. GARY EIDSON 12641 RONALD J. EIDSON 3230</p>

PathFinder Energy Services, Inc.

Survey Report

MARBOB ENERGY
WILDCAP STATE #3H ST01
EDDY COUNTY, NM
Rig: PATRIOT 6
PathFinder Office Supervisor: FRANCISCO SINISTERA
PathFinder Field Engineers: S.ROBERTSON

Page 01/05
Tie-in Date: 03/30/2008
Date Completed: 04/05/2008

Survey Horiz. Reference: WELLHEAD
Ref Coordinates: LAT: 32.36.57.2760 N LON: 103.49.8.4144 W
Reference: NAD27 new mexico east Transverse Mercator
Ref GRID Coord: X: 658365.3031 Y: 588162.6507
North Aligned To: GRID NORTH
Total Magnetic Correction: 7.82° EAST TO GRID
Vertical Section Plane: 179.61
Survey Vert. Reference: 17.00' Rotary Bushing To Ground
Altitude: 3492.00' Ground To MSL

Survey Calculations by RX4 using Minimum Curvature

Measured Depth (ft)	Incl (deg)	Drift Dir. (deg)	TVD (ft)	Course Length (ft)	Vertical Section (ft)	TOTAL Rectangular Offsets (ft)	Closure Dist Dir (ft) (deg)	DLS (dg/100ft)
ORIGIN OF WELL AT SURFACE.								
0.00	0.00	0.00	-0.02	0.00	1.28	1.28 S	0.07 E	0.00
THE FOLLOWING ARE SCIENTIFIC SURVEYS.								
100.00	0.27	235.48	99.98	100.00	1.42	1.42 S	0.12 W	0.27
200.00	0.51	237.59	199.98	100.00	1.78	1.79 S	0.69 W	0.24
300.00	0.50	236.57	299.98	100.00	2.26	2.27 S	1.43 W	0.01
400.00	0.49	235.68	399.97	100.00	2.60	2.61 S	2.21 W	0.16
500.00	0.18	239.69	499.97	100.00	2.78	2.80 S	2.76 W	0.32
600.00	0.36	268.56	599.97	100.00	2.86	2.89 S	3.21 W	0.22
700.00	0.42	334.32	699.97	100.00	2.54	2.56 S	3.68 W	0.43
800.00	0.47	39.20	799.97	100.00	1.89	1.92 S	3.58 W	0.48
900.00	0.31	279.20	899.96	100.00	1.53	1.55 S	3.59 W	0.68
1000.00	0.57	64.77	999.96	100.00	1.28	1.30 S	3.41 W	0.84
1100.00	0.40	161.73	1099.96	100.00	1.40	1.42 S	2.85 W	0.74
1200.00	0.46	55.03	1199.96	100.00	1.50	1.52 S	2.41 W	0.69
1300.00	0.21	127.77	1299.96	100.00	1.39	1.40 S	1.93 W	0.45
1400.00	0.57	75.25	1399.96	100.00	1.38	1.39 S	1.31 W	0.47
1500.00	0.98	46.03	1499.95	100.00	0.67	0.67 S	0.21 W	0.56
1600.00	0.29	127.97	1599.94	100.00	0.23	0.23 S	0.60 E	0.98
1700.00	1.21	41.87	1699.93	100.00	-0.39	0.40 N	1.51 E	1.22
1800.00	1.74	72.25	1799.90	100.00	-1.62	1.65 N	3.66 E	0.93
1900.00	2.09	60.29	1899.85	100.00	-2.97	3.02 N	6.69 E	0.53
2000.00	3.07	76.98	1999.74	100.00	-4.45	4.52 N	10.88 E	1.22
2100.00	2.84	64.45	2099.61	100.00	-6.09	6.20 N	15.73 E	0.68
2200.00	3.50	68.02	2199.46	100.00	-8.26	8.41 N	20.79 E	0.69
2300.00	3.12	72.30	2299.29	100.00	-10.20	10.38 N	26.21 E	0.45
2400.00	4.00	59.78	2399.10	100.00	-12.74	12.96 N	31.82 E	1.17

PathFinder Energy Services, Inc. Survey Report

MARBOB ENERGY
WILDCAP STATE #3H ST01
EDDY COUNTY, NM
RIG: PATRIOT 6

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Measured Depth (ft)	Incl (deg)	Drift Dir. (deg)	TVD (ft)	Course Length (ft)	Vertical Section (ft)	TOTAL Rectangular Offsets (ft)	Closure Dist Dir (ft) (deg)	DLS (dg/100ft)
2500.00	3.85	69.88	2498.87	100.00	-15.61	15.87 N 37.99 E	41.17@ 67.33	0.71
2600.00	2.82	76.55	2598.70	100.00	-17.30	17.60 N 43.53 E	46.95@ 67.99	1.10
2700.00	3.48	80.68	2698.54	100.00	-18.33	18.66 N 48.92 E	52.36@ 69.12	0.70
2800.00	3.62	86.56	2798.35	100.00	-18.97	19.34 N 55.07 E	58.36@ 70.65	0.39
2900.00	3.48	80.68	2898.16	100.00	-19.60	20.02 N 61.21 E	64.40@ 71.89	0.39
3000.00	3.65	97.25	2997.97	100.00	-19.65	20.11 N 67.36 E	70.30@ 73.38	1.04
3100.00	1.97	111.02	3097.85	100.00	-18.60	19.09 N 72.13 E	74.61@ 75.17	1.80
3200.00	2.12	106.15	3197.78	100.00	-17.45	17.96 N 75.51 E	77.62@ 76.62	0.23
3300.00	2.23	104.68	3297.71	100.00	-16.42	16.96 N 79.17 E	80.96@ 77.91	0.12
3400.00	2.11	95.10	3397.64	100.00	-15.73	16.30 N 82.88 E	84.47@ 78.88	0.38
3500.00	1.75	82.21	3497.58	100.00	-15.75	16.34 N 86.23 E	87.76@ 79.27	0.56
3600.00	2.90	77.38	3597.50	100.00	-16.49	17.10 N 90.21 E	91.82@ 79.27	1.16
3700.00	4.00	77.32	3697.32	100.00	-17.77	18.42 N 96.08 E	97.83@ 79.15	1.10
3800.00	5.00	73.79	3797.01	100.00	-19.70	20.40 N 103.67 E	105.66@ 78.87	1.04
3900.00	5.45	72.15	3896.59	100.00	-22.31	23.07 N 112.37 E	114.72@ 78.40	0.47
4000.00	5.52	72.72	3996.13	100.00	-25.13	25.96 N 121.49 E	124.23@ 77.94	0.09
4100.00	5.04	72.23	4095.71	100.00	-27.84	28.73 N 130.26 E	133.39@ 77.56	0.48
4200.00	4.25	72.77	4195.38	100.00	-30.23	31.17 N 137.98 E	141.46@ 77.27	0.79
4300.00	3.72	70.77	4295.14	100.00	-32.35	33.33 N 144.59 E	148.38@ 77.02	0.55
4400.00	3.36	72.65	4394.95	100.00	-34.25	35.27 N 150.45 E	154.53@ 76.80	0.38
4500.00	3.03	66.78	4494.79	100.00	-36.13	37.19 N 155.67 E	160.05@ 76.56	0.46
4600.00	2.64	61.42	4594.67	100.00	-38.24	39.33 N 160.12 E	164.88@ 76.20	0.47
4700.00	2.39	53.93	4694.57	100.00	-40.55	41.66 N 163.83 E	169.05@ 75.73	0.41
4800.00	1.98	56.93	4794.50	100.00	-42.70	43.83 N 166.97 E	172.62@ 75.29	0.43
4900.00	1.69	49.16	4894.45	100.00	-44.59	45.74 N 169.53 E	175.59@ 74.90	0.38
5000.00	1.58	40.72	4994.41	100.00	-46.58	47.75 N 171.54 E	178.07@ 74.45	0.26
5100.00	1.50	36.53	5094.37	100.00	-48.67	49.85 N 173.22 E	180.25@ 73.95	0.14
5200.00	1.26	36.02	5194.34	100.00	-50.60	51.79 N 174.65 E	182.16@ 73.48	0.24
5300.00	1.32	30.56	5294.32	100.00	-52.47	53.67 N 175.88 E	183.89@ 73.03	0.14

PathFinder Energy Services, Inc. Survey Report

MARBOB ENERGY
WILDCAP STATE #3H ST01
EDDY COUNTY, NM
RIG: PATRIOT 6

Measured Depth (ft)	Incl (deg)	Drift Dir. (deg)	TVD (ft)	Course Length (ft)	Vertical Section (ft)	TOTAL Rectangular Offsets (ft)	Closure Dist Dir (ft) (deg)	DLS (dg/100ft)
5400.00	1.05	33.87	5394.30	100.00	-54.21	55.42 N	176.98 E 185.45@ 72.61	0.28
5500.00	0.60	41.35	5494.29	100.00	-55.36	56.57 N	177.83 E 186.61@ 72.35	0.46
5600.00	0.35	351.10	5594.28	100.00	-56.06	57.27 N	178.13 E 187.11@ 72.18	0.46
5700.00	0.45	10.94	5694.28	100.00	-56.74	57.96 N	178.16 E 187.35@ 71.98	0.17
5800.00	0.52	2.69	5794.28	100.00	-57.58	58.80 N	178.25 E 187.70@ 71.75	0.10
5900.00	0.62	1.58	5894.27	100.00	-58.57	59.79 N	178.29 E 188.05@ 71.46	0.10
6000.00	0.63	4.81	5994.27	100.00	-59.66	60.88 N	178.35 E 188.46@ 71.15	0.04
6100.00	0.56	5.64	6094.26	100.00	-60.70	61.91 N	178.45 E 188.88@ 70.87	0.07
6200.00	0.50	1.49	6194.26	100.00	-61.62	62.84 N	178.50 E 189.24@ 70.61	0.07
6300.00	0.75	346.31	6294.25	100.00	-62.69	63.91 N	178.36 E 189.46@ 70.29	0.30
6400.00	0.61	342.12	6394.24	100.00	-63.84	65.05 N	178.04 E 189.55@ 69.93	0.15
6500.00	0.78	308.19	6494.24	100.00	-64.77	65.98 N	177.34 E 189.22@ 69.59	0.44
6600.00	0.68	302.15	6594.23	100.00	-65.51	66.71 N	176.31 E 188.51@ 69.27	0.13
6700.00	0.70	301.04	6694.22	100.00	-66.15	67.34 N	175.28 E 187.77@ 68.98	0.02
6800.00	0.62	291.23	6794.21	100.00	-66.67	67.86 N	174.25 E 187.00@ 68.72	0.14
6900.00	0.72	285.50	6894.21	100.00	-67.04	68.22 N	173.14 E 186.10@ 68.50	0.12
7000.00	0.85	278.75	6994.20	100.00	-67.33	68.50 N	171.81 E 184.96@ 68.26	0.16
7100.00	0.82	278.06	7094.19	100.00	-67.55	68.71 N	170.36 E 183.70@ 68.03	0.03
7200.00	1.15	275.92	7194.17	100.00	-67.77	68.92 N	168.66 E 182.19@ 67.77	0.33
7300.00	1.28	270.68	7294.15	100.00	-67.90	69.03 N	166.54 E 180.28@ 67.49	0.17
7400.00	1.66	251.80	7394.12	100.00	-67.48	68.59 N	164.05 E 177.81@ 67.31	0.61
7500.00	2.03	259.27	7494.07	100.00	-66.72	67.81 N	160.93 E 174.64@ 67.15	0.44
7600.00	1.80	266.60	7594.01	100.00	-66.32	67.39 N	157.63 E 171.43@ 66.85	0.34
7700.00	2.19	270.00	7693.95	100.00	-66.25	67.30 N	154.15 E 168.20@ 66.42	0.41
7800.00	2.56	270.77	7793.86	100.00	-66.30	67.33 N	150.00 E 164.42@ 65.83	0.37
7900.00	2.74	255.83	7893.76	100.00	-65.78	66.77 N	145.45 E 160.05@ 65.34	0.71
8000.00	2.56	250.69	7993.65	100.00	-64.49	65.45 N	141.03 E 155.47@ 65.11	0.30
8100.00	1.07	237.00	8093.60	100.00	-63.26	64.20 N	138.14 E 152.33@ 65.07	1.54
8200.00	1.03	239.29	8193.58	100.00	-62.30	63.23 N	136.58 E 150.51@ 65.16	0.06

PathFinder Energy Services, Inc. Survey Report

MARBOB ENERGY
WILDCAP STATE #3H ST01
EDDY COUNTY, NM
RIG: PATRIOT 6

Measured Depth (ft)	Incl (deg)	Drift Dir. (deg)	TVD (ft)	Course Length (ft)	Vertical Section (ft)	TOTAL Rectangular (ft)	TOTAL Offsets (ft)	Closure Dist Dir (ft) (deg)	DLS (dg/100ft)
8300.00	0.83	223.44	8293.57	100.00	-61.33	62.25 N	135.31 E	148.94@ 65.30	0.32
8400.00	0.65	228.91	8393.56	100.00	-60.43	61.35 N	134.38 E	147.73@ 65.46	0.19
8500.00	0.35	224.52	8493.56	100.00	-59.85	60.76 N	133.74 E	146.90@ 65.57	0.30
8600.00	0.43	199.46	8593.55	100.00	-59.28	60.19 N	133.40 E	146.35@ 65.72	0.19
8700.00	0.90	246.53	8693.55	100.00	-58.62	59.52 N	132.56 E	145.31@ 65.82	0.68
** TIED INTO SCIENTIFIC GYRO SURVEY.									
8800.00	0.53	205.34	8793.54	100.00	-57.89	58.79 N	131.64 E	144.17@ 65.93	0.61
THE FOLLOWING ARE PATHFINDER MWD SURVEYS.									
8811.00	1.76	198.39	8804.54	11.00	-57.69	58.58 N	131.56 E	144.02@ 66.00	11.23
8843.00	5.19	182.86	8836.47	32.00	-55.78	56.67 N	131.34 E	143.04@ 66.66	11.02
8874.00	9.15	178.79	8867.23	31.00	-51.91	52.81 N	131.32 E	141.54@ 68.09	12.87
8905.00	12.93	178.28	8897.65	31.00	-45.98	46.87 N	131.48 E	139.58@ 70.38	12.20
8936.00	16.44	179.47	8927.63	31.00	-38.12	39.02 N	131.62 E	137.28@ 73.49	11.36
8967.00	20.75	181.24	8957.00	31.00	-28.24	29.13 N	131.54 E	134.73@ 77.51	14.02
8998.00	25.06	181.96	8985.55	31.00	-16.18	17.08 N	131.20 E	132.31@ 82.58	13.93
9030.00	27.44	182.26	9014.25	32.00	-2.05	2.93 N	130.68 E	130.71@ 88.71	7.45
9062.00	28.23	181.71	9042.55	32.00	12.88	12.00 S	130.16 E	130.71@ 95.27	2.60
9093.00	29.99	180.62	9069.63	31.00	27.96	27.07 S	129.86 E	132.65@ 101.78	5.93
9125.00	33.24	181.07	9096.88	32.00	44.73	43.85 S	129.61 E	136.82@ 108.69	10.18
9157.00	37.90	182.55	9122.90	32.00	63.32	62.44 S	129.01 E	143.32@ 115.83	14.81
9188.00	42.38	183.46	9146.59	31.00	83.26	82.39 S	127.95 E	152.18@ 122.78	14.58
9220.00	46.69	184.20	9169.40	32.00	105.64	104.78 S	126.45 E	164.22@ 129.65	13.57
9251.00	50.21	184.97	9189.96	31.00	128.75	127.90 S	124.59 E	178.55@ 135.75	11.51
9282.00	53.55	184.56	9209.09	31.00	153.03	152.20 S	122.56 E	195.42@ 141.16	10.82
9314.00	57.16	183.71	9227.28	32.00	179.27	178.46 S	120.67 E	215.43@ 145.93	11.49
9346.00	61.38	183.54	9243.63	32.00	206.71	205.90 S	118.93 E	237.78@ 149.99	13.20
9377.00	66.21	184.62	9257.31	31.00	234.43	233.64 S	116.95 E	261.27@ 153.41	15.89
9409.00	71.58	185.81	9268.83	32.00	264.13	263.35 S	114.23 E	287.06@ 156.55	17.14
9441.00	75.53	185.84	9277.89	32.00	294.63	293.88 S	111.12 E	314.18@ 159.29	12.35
9472.00	77.21	185.35	9285.20	31.00	324.59	323.86 S	108.18 E	341.45@ 161.53	5.63

MARBOB ENERGY
WILDCAP STATE #3H ST01
EDDY COUNTY, NM
RIG: PATRIOT 6

Page 05/05

Measured Depth (ft)	Incl (deg)	Drift Dir. (deg)	TVD (ft)	Course Length (ft)	Vertical Section (ft)	TOTAL Rectangular Offsets (ft)	Closure Dist Dir (ft) (deg)	DLS (dg/100ft)
9503.00	80.99	184.90	9291.06	31.00	354.89	354.18 S	105.46 E 369.54@ 163.42	12.28
9535.00	83.98	184.53	9295.24	32.00	386.48	385.79 S	102.85 E 399.27@ 165.07	9.41
9566.00	85.21	183.75	9298.16	31.00	417.25	416.57 S	100.63 E 428.55@ 166.42	4.69
9597.00	88.11	183.86	9299.97	31.00	448.11	447.45 S	98.57 E 458.18@ 167.58	9.36
9629.00	89.08	183.82	9300.75	32.00	480.01	479.36 S	96.43 E 488.97@ 168.63	3.03
9660.00	90.92	183.46	9300.75	31.00	510.93	510.30 S	94.46 E 518.97@ 169.51	6.05
9691.00	91.28	183.13	9300.16	31.00	541.86	541.24 S	92.68 E 549.12@ 170.28	1.58
9785.00	89.25	181.22	9299.72	94.00	635.76	635.17 S	89.11 E 641.39@ 172.01	2.97
9878.00	87.76	180.67	9302.15	93.00	728.70	728.12 S	87.58 E 733.37@ 173.14	1.71
9973.00	87.32	179.96	9306.23	95.00	823.60	823.03 S	87.06 E 827.62@ 173.96	0.88
10068.00	87.93	178.76	9310.16	95.00	918.52	917.94 S	88.12 E 922.16@ 174.52	1.42
10150.00	87.67	178.38	9313.31	82.00	1000.44	999.85 S	90.16 E 1003.91@ 174.85	0.56
10245.00	87.41	176.68	9317.39	95.00	1095.29	1094.67 S	94.25 E 1098.72@ 175.08	1.81
10340.00	87.32	174.90	9321.76	95.00	1189.97	1189.31 S	101.22 E 1193.61@ 175.14	1.87
10434.00	87.85	174.90	9325.72	94.00	1283.57	1282.86 S	109.57 E 1287.53@ 175.12	0.56
10528.00	88.11	174.62	9329.03	94.00	1377.18	1376.41 S	118.15 E 1381.47@ 175.09	0.41
10623.00	87.49	175.68	9332.68	95.00	1471.82	1470.99 S	126.18 E 1476.40@ 175.10	1.29
10719.00	87.85	176.13	9336.58	96.00	1567.54	1566.67 S	133.02 E 1572.31@ 175.15	0.60
10815.00	87.49	176.35	9340.48	96.00	1663.29	1662.38 S	139.32 E 1668.21@ 175.21	0.44
10909.00	88.11	175.86	9344.09	94.00	1757.05	1756.10 S	145.70 E 1762.13@ 175.26	0.84
11004.00	87.58	175.22	9347.66	95.00	1851.74	1850.74 S	153.08 E 1857.06@ 175.27	0.87
11101.00	87.49	174.69	9351.84	97.00	1948.33	1947.28 S	161.60 E 1953.97@ 175.26	0.55
STRAIGHT LINE PROJECTION TO BIT DEPTH @ 11153'MD.								
11153.00	87.49	174.69	9354.11	52.00	2000.09	1999.00 S	166.41 E 2005.92@ 175.24	0.00

** The survey data at tie-in point was furnished by a recognized survey company and entered as submitted. Survey stations above the tie-in point represent recalculated data by PathFinder Energy Services, Inc. and may reflect minor changes due to rounding differences between survey programs. Only survey stations taken by qualified PathFinder personnel are subject to certification.

Marbob

Wildcap State #3H

Wildcap State #3H

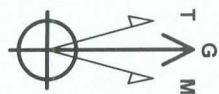
Wildcap State #3H

Original Hole

Survey: MWD2

Pathfinder Standard X & Y Report

24 April, 2008



Azimuths to Grid North
 True North: -0.28°
 Magnetic North: 7.83°
 Magnetic Field
 Strength: 49171.0 nT
 Dip Angle: 60.60°
 Date: 3/24/2008
 Model: IGRF200510

PATHFINDER

ENERGY SERVICES

EOW

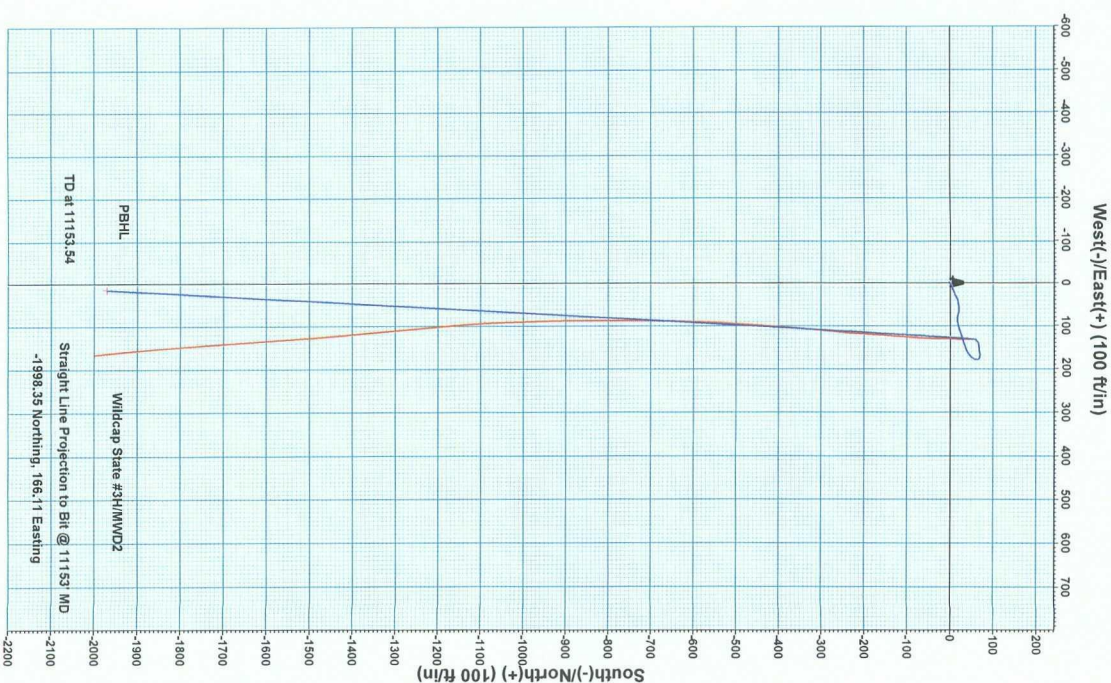
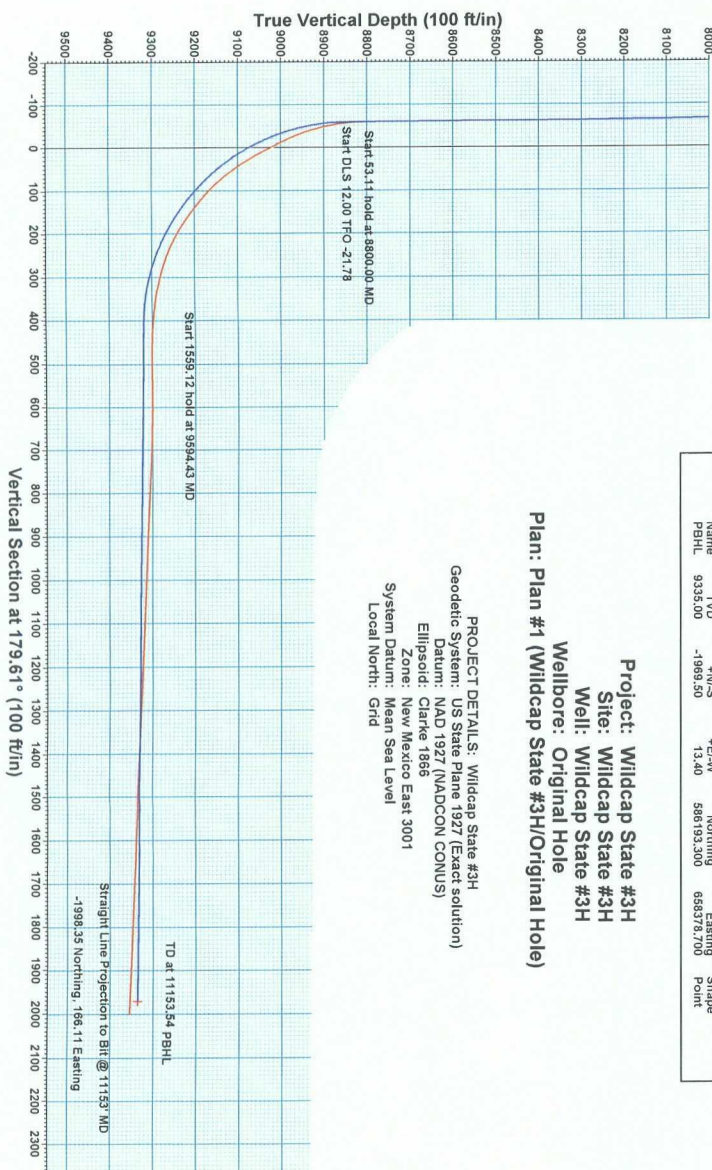
WELL DETAILS: Wildcap State #3H					
Ground Elevation:: 3492.00		RKB Elevation: EST RKB @ 3492.00ft			
Rig Name:					
+N/S	+E/W	Northing	Easting	Latitude	Longitude
0.00	0.00	568162.800	658355.300	32° 36' 57.277 N	103° 49' 5.414 W
		Slot			

SECTION DETAILS									
Sec	MD	Inc	Azi	TVD	+N/S	+E/W	DLsq	TFace	VSec Target
1	8800.00	0.53	205.06	8793.55	59.43	131.35	0.00	0.00	-58.55
2	8853.11	0.53	205.06	8846.66	58.99	131.14	0.00	0.00	-58.10
3	9994.43	89.45	183.28	9320.00	-413.01	102.48	12.00	-21.78	413.69
4	11153.54	89.45	183.28	9334.97	-1969.50	13.28	0.00	0.00	1969.55
		PBHL							

WELLBORE TARGET DETAILS (MAP CO-ORDINATES)					
Name	TVD	+N/S	+E/W	Northing	Easting
PBHL	9335.00	-1969.50	13.40	568193.300	658378.700
		Shape Point			

Project: Wildcap State #3H
Site: Wildcap State #3H
Well: Wildcap State #3H
Wellbore: Original Hole
Plan: Plan #1 (Wildcap State #3H/Original Hole)

PROJECT DETAILS: Wildcap State #3H
 Geodetic System: US State Plane 1927 (Exact solution)
 Datum: NAD 1927 (NADCON CONUS)
 Ellipsoid: Clarke 1866
 Zone: New Mexico East 3001
 System Datum: Mean Sea Level
 Local North: Grid



Plan: Plan #1 (Wildcap State #3H/Original Hole)
 Created By: Mark Freeman Date: 9:56 April 24 2008
 Checked: _____ Date: _____

WHS

Pathfinder Standard X & Y Report

Company: Marbob
Project: Wildcap State #3H
Site: Wildcap State #3H
Well: Wildcap State #3H
Wellbore: Original Hole
Design: Original Hole

Local Co-ordinate Reference: Well Wildcap State #3H
TVD Reference: EST RKB @ 3492.00ft
MD Reference: EST RKB @ 3492.00ft
North Reference: Grid
Survey Calculation Method: Minimum Curvature
Database: EDM 2003.16 Single User Db

Project: Wildcap State #3H
Map System: US State Plane 1927 (Exact solution)
Geo Datum: NAD 1927 (NADCON CONUS)
Map Zone: New Mexico East 3001

System Datum: Mean Sea Level

Site: Wildcap State #3H
Site Position: Northing: 588,162,800 ft
From: Map Easting: 658,365,300 ft
Position Uncertainty: 0.00 ft Slot Radius: " Grid Convergence: 32° 36' 57.277 N
 103° 49' 8.414 W
 0.28 °

Well: Wildcap State #3H
Well Position: +N-S 0.00 ft
Position Uncertainty: +E-W 0.00 ft
 0.00 ft

Northing: 588,162,800 ft
 Easting: 658,365,300 ft
 Wellhead Elevation: ft
 Latitude: 32° 36' 57.277 N
 Longitude: 103° 49' 8.414 W
 Ground Level: 3,492.00 ft

Wellbore: Original Hole
Magnetics: Model Name Sample Date Declination (°) Dip Angle (°) Field Strength (nT)
 IGRF200510 3/24/2008 8.10 60.60 49.171

Design: Original Hole
Audit Notes: Version: 1.0 Phase: ACTUAL Tie On Depth: 0.00
Vertical Section: Depth From (TVD) (ft) +N-S (ft) +E-W (ft) Direction (°)
 0.00 0.00 0.00 179.61

WHS

Pathfinder Standard X & Y Report

Company: Marbob
Project: Wildcap State #3H
Site: Wildcap State #3H
Well: Wildcap State #3H
Wellbore: Original Hole
Design: Original Hole

Local Co-ordinate Reference: Well Wildcap State #3H
TVD Reference: EST RKB @ 3492.00ft
MD Reference: EST RKB @ 3492.00ft
North Reference: Grid
Survey Calculation Method: Minimum Curvature
Database: EDM 2003.16 Single User Db

Survey Program		Date	4/24/2008
From	To	Survey (Wellbore)	
(ft)	(ft)		
100.00	8,800.00	Gyro Survey (Original Hole)	
8,809.00	9,714.00	MWD (Original Hole)	
		Tool Name	Description
		CB-GYRO-MS	Camera based gyro multishot
		MWD	MWD - Standard

MD	Inc	Azi	TVD	TVDSS	N/S	EW	V. Sec	D Leg	T Face
(ft)	(°)	(°)	(ft)	(ft)	(ft)	(ft)	(ft)	(°/100ft)	(°)
8,800.00	0.53	205.06	8,793.55	5,301.55	59.43	131.35	-58.54	0.00	0.00
8,811.00	1.76	198.39	8,804.55	5,312.55	59.23	131.27	-58.33	11.23	-9.53
8,843.00	5.19	182.86	8,836.49	5,344.49	57.31	131.05	-56.42	11.02	-23.19
8,874.00	9.15	178.79	8,867.24	5,375.24	53.45	131.03	-52.55	12.87	-9.33
8,905.00	12.93	178.28	8,897.66	5,405.66	47.51	131.19	-46.62	12.20	-1.73
8,936.00	16.44	179.47	8,927.64	5,435.64	39.66	131.33	-38.76	11.36	5.49
8,967.00	20.75	181.24	8,957.02	5,465.02	29.78	131.25	-28.88	14.02	8.30
8,998.00	26.06	181.96	8,985.57	5,493.57	17.72	130.91	-16.83	13.93	4.05
9,030.00	27.44	182.26	9,014.27	5,522.27	3.58	130.39	-2.69	7.45	3.33
9,062.00	28.23	181.71	9,042.56	5,550.56	-11.36	129.87	12.24	2.60	-18.25
9,093.00	29.99	180.62	9,069.65	5,577.65	-26.43	129.57	27.31	5.93	-17.24
9,125.00	33.24	181.07	9,096.89	5,604.89	-43.20	129.32	44.08	10.18	4.34
9,157.00	37.90	182.55	9,122.92	5,630.92	-61.80	128.72	62.68	14.81	11.07
9,188.00	42.38	183.46	9,146.61	5,654.61	-81.75	127.66	82.62	14.57	7.81
9,220.00	46.69	184.20	9,169.41	5,677.41	-104.14	126.16	105.00	13.57	7.13
9,251.00	50.21	184.97	9,189.97	5,697.97	-127.26	124.30	128.10	11.51	9.55
9,282.00	53.55	184.56	9,209.11	5,717.11	-151.56	122.27	152.39	10.82	-5.64
9,314.00	57.16	183.71	9,227.30	5,735.30	-177.81	120.38	178.63	11.49	-11.21
9,346.00	61.38	183.54	9,243.64	5,751.64	-205.26	118.64	206.06	13.20	-2.03
9,377.00	66.21	184.62	9,257.33	5,765.33	-232.99	116.66	233.78	15.89	11.59
9,409.00	71.58	185.81	9,268.85	5,776.85	-262.71	113.94	263.48	17.14	11.90

WHS

Pathfinder Standard X & Y Report

Company: Marbob
Project: Wildcap State #3H
Site: Wildcap State #3H
Well: Wildcap State #3H
Wellbore: Original Hole
Design: Original Hole

Local Co-ordinate Reference:
TVD Reference: EST RKB @ 3492.00ft
MD Reference: EST RKB @ 3492.00ft
North Reference: Grid
Survey Calculation Method: Minimum Curvature
Database: EDM 2003.16 Single User Db

Survey	MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	NIS (ft)	EW (ft)	V. Sec (ft)	Dleg (°/100ft)	TFace (°)
	9,441.00	75.53	185.84	9,277.90	5,785.90	-293.24	110.83	293.99	12.34	0.42
	9,472.00	77.21	185.35	9,285.21	5,793.21	-323.22	107.89	323.95	5.63	-15.88
	9,504.00	80.99	184.90	9,291.26	5,799.26	-354.51	105.08	355.22	11.89	-6.71
	9,535.00	83.98	184.53	9,295.31	5,803.31	-385.14	102.56	385.83	9.72	-7.02
	9,566.00	85.21	183.75	9,298.23	5,806.23	-415.92	100.33	416.59	4.69	-32.30
	9,597.00	88.11	183.86	9,300.04	5,808.04	-446.79	98.28	447.45	9.36	2.17
	9,629.00	89.08	183.82	9,300.82	5,808.82	-478.71	96.13	479.36	3.03	-2.36
	9,660.00	90.92	183.46	9,300.82	5,808.82	-509.65	94.17	510.28	6.05	-11.07
	9,691.00	91.28	183.13	9,300.23	5,808.23	-540.59	92.39	541.21	1.58	-42.50
	9,785.00	89.25	181.22	9,299.79	5,807.79	-634.51	88.82	635.10	2.97	-136.74
	9,878.00	87.76	180.67	9,302.22	5,810.22	-727.47	87.29	728.04	1.71	-159.75
	9,973.00	87.32	179.96	9,306.30	5,814.30	-822.38	86.76	822.95	0.88	-121.83
	10,068.00	87.93	178.76	9,310.24	5,818.24	-917.29	87.82	917.86	1.42	-63.06
	10,150.00	87.67	178.38	9,313.38	5,821.38	-999.20	89.87	999.79	0.56	-124.41
	10,245.00	87.41	176.68	9,317.46	5,825.46	-1,094.02	93.96	1,094.64	1.81	-98.74
	10,340.00	87.32	174.90	9,321.83	5,829.83	-1,188.66	100.92	1,189.32	1.87	-92.94
	10,434.00	87.85	174.90	9,325.79	5,833.79	-1,282.21	109.27	1,282.92	0.56	0.00
	10,528.00	88.11	174.62	9,329.10	5,837.10	-1,375.75	117.85	1,376.52	0.41	-47.11
	10,623.00	87.49	175.68	9,332.75	5,840.75	-1,470.34	125.88	1,471.16	1.29	120.36
	10,719.00	87.85	176.13	9,336.65	5,844.65	-1,566.02	132.73	1,566.88	0.60	51.33
	10,815.00	87.49	176.35	9,340.56	5,848.56	-1,661.73	139.02	1,662.64	0.44	148.60
	10,909.00	88.11	175.86	9,344.16	5,852.16	-1,755.44	145.40	1,756.39	0.84	-38.31
	11,004.00	87.58	175.22	9,347.74	5,855.74	-1,850.09	152.78	1,851.09	0.87	-129.66
	11,101.00	87.49	174.69	9,351.91	5,859.91	-1,946.62	161.30	1,947.68	0.55	-99.66
	11,153.00	87.49	174.69	9,354.19	5,862.19	-1,998.35	166.11	1,999.43	0.00	0.00

WHS Pathfinder Standard X & Y Report

Company: Marbob
Project: Wildcap State #3H
Site: Wildcap State #3H
Well: Wildcap State #3H
Wellbore: Original Hole
Design: Original Hole

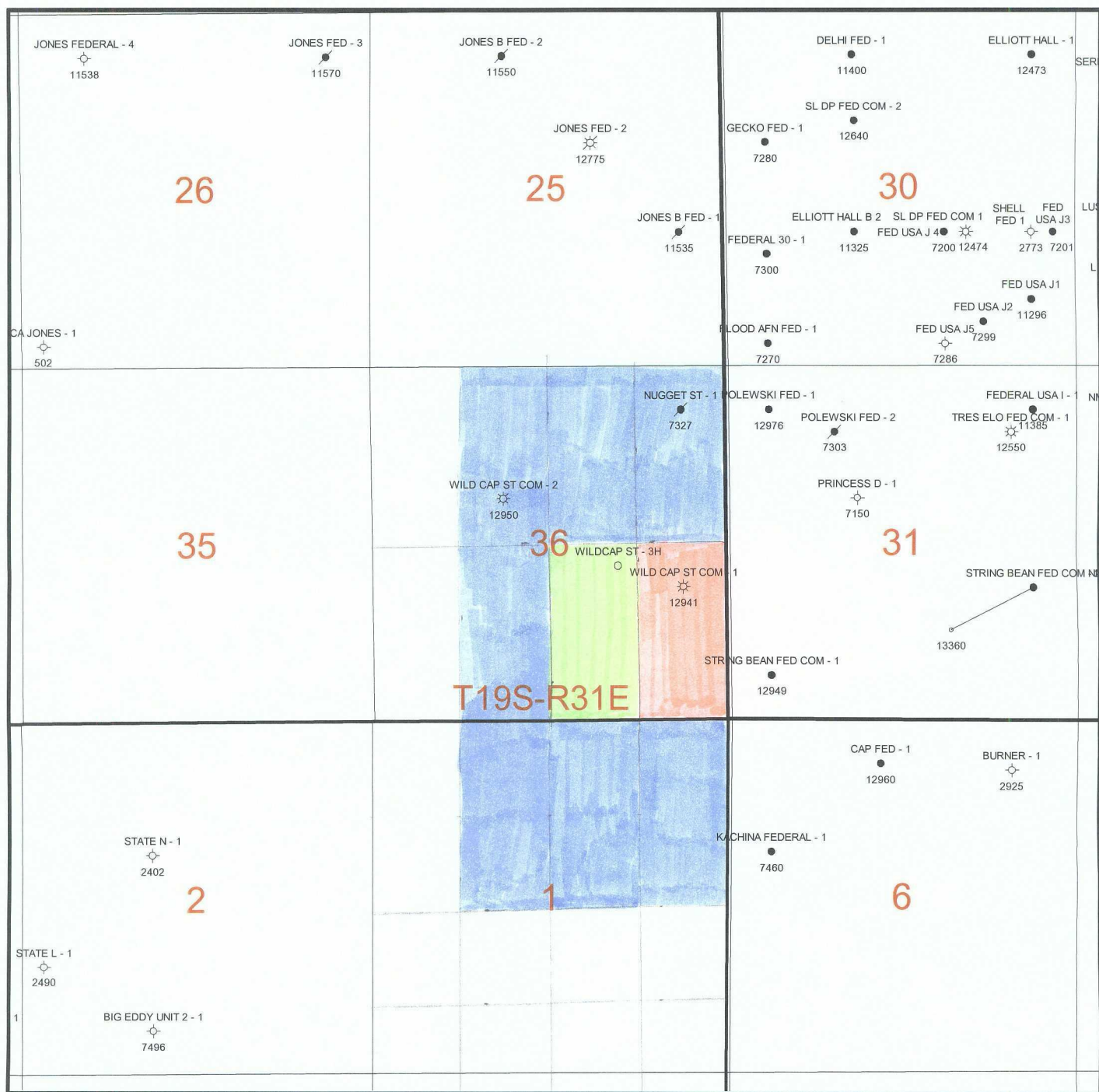
Local Co-ordinate Reference:
 TVD Reference: Well Wildcap State #3H
 MD Reference: EST RKB @ 3492.00ft
 North Reference: EST RKB @ 3492.00ft
 Survey Calculation Method: Grid
 Database: Minimum Curvature
 EDM 2003.16 Single User Db

Targets							
Target Name	Dip Angle	Dip Dir.	TVD	+N/S	+E/W	Northing	Easting
- hit/miss target	(°)	(°)	(ft)	(ft)	(ft)	(ft)	(ft)
- Shape							
PBHL	0.00	0.00	9,335.00	-1,969.50	13.40	586,193.300	658,378.700
- survey misses by 150.61ft at 11101.00ft MD (9351.91 TVD, -1946.62 N, 161.30 E)							
- Point							

Survey Annotations					
Measured Depth	Vertical Depth	Local Coordinates			
(ft)	(ft)	+N/S (ft)	+E/W (ft)	Comment	
11,153.00	9,354.19	-1,998.35	166.11	Straight Line Projection to Bit @ 11153 MD	
11,153.00	9,354.19	-1,998.35	166.11	-1998.35 Northing, 166.11 Easting	

Checked By: _____ Approved By: _____ Date: _____

EXHIBIT 'C'



- AFFECTED PRORATION UNIT
- WELL PRORATION UNIT
- OFFSET PRORATION UNITS

EXHIBIT 'D'

Well Name

Wildcap State Com #1
Wildcap State Com #2

No Wells In Section 1 T20S R31E

Location

1980 FSL 660 FEL, Sec. 36 T19S R31E
1980 FNL 1980 FWL, Sec. 36 T19S R31E

Operator

Marbob Energy Corp.
Marbob Energy Corp.

EXHIBIT 'E'

FORM 3000-3 (10/00)
(February 2002)
SANTA FE
RECEIVED

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0034
Expires: October 31, 2004

AUG 14 2007

**ASSIGNMENT OF RECORD TITLE INTEREST IN A
LEASE FOR OIL AND GAS OR GEOTHERMAL RESOURCES**

Mineral Leasing Act of 1920 (30 U.S.C. 181 et seq.)
Act for Acquired Lands of 1947 (30 U.S.C. 351-359)
Geothermal Steam Act of 1970 (30 U.S.C. 1001-1025)
Department of the Interior Appropriations Act, Fiscal Year 1981 (42 U.S.C. 6508)

Lease Serial No.
NMNM 057239

Lease Effective Date
(Anniversary Date)
February 1, 1966

New Serial No.

PAID
RECEIPT#

Type or print plainly in ink and sign in ink.

PART A: ASSIGNMENT

Assignee* Marbob Energy Corporation
Street P. O. Box 227
City, State, ZIP Code Artesia, NM 88211-0227

AUG 08 2007

*If more than one assignee, check here ☐ and list the name(s) and address(es) of all additional assignees on the reverse of this form or on a separate attached sheet of paper.

This record title assignment is for: (Check one) ☒ Oil and Gas Lease, or ☐ Geothermal Lease

Interest conveyed: (Check one or both, as appropriate) ☒ Record Title, ☐ Overriding Royalty, payment out of production or other similar interests or payments

2. This assignment conveys the following interest:

Land Description Additional space on reverse, if needed. Do not submit documents or agreements other than this form; such documents or agreements shall only be referenced herein.	Percent of Interest			Percent of Overriding Royalty Similar Interests	
	Owned	Conveyed	Retained	Reserved	Previously reserved or conveyed
a	b	c	d	e	f
Lots 1,2,3 & 4, S/2 N/2; S/2 Section 1, Township 20 South, Range 31 East, N.M.P.M., Eddy County, New Mexico Containing 637.48 acres more or less	100.00%	100.00%	-0-	-0-	5.00%

FOR BLM USE ONLY - DO NOT WRITE BELOW THIS LINE

UNITED STATES OF AMERICA

This assignment is approved solely for administrative purposes. Approval does not warrant that either party to this assignment holds legal or equitable title to this lease.

☒ Assignment approved for above described lands;

☐ Assignment approved for attached land description

Assignment approved effective

SEP 01 2007

☐ Assignment approved for land description indicated on reverse of this form

By

Maria Cargay
(Authorized Officer)

BLM FIELD ASSISTANT

FLUOR'S ADAPTATION TEAM

SEP 11 2007

(Title)

(Date)

(Continued on reverse)

EXHIBIT 'F'

From Lease Number

V-6322-1

To Lease Number

V-6322-2

NEW MEXICO STATE LAND OFFICE
ASSIGNMENT OF OIL AND GAS LEASE

FOR VALUE RECEIVED, Capstone Oil & Gas Company, L.P., OGRID No. 184911
Name (include name of spouse, if any, or type of business entity)

("Assignor" whether one or more), assigns and conveys to Marbob Energy Corporation, OGRID No. 14049 87045

("Assignee" whether one or more), whose mailing address is P. O. Box 227

Artesia, New Mexico 88211

the entire interest and title in and to Oil and Gas Lease No. V0 6322 ("the Lease") initially made by the New Mexico State Land Office to:

J Bar Cane, Inc., dated 8-1-2001, insofar as the Lease covers the following land in Eddy

County, New Mexico: Township 19 South, Range 31 East, NMPM

Section 36: E/2

together with the rights incident thereto, and improvements thereon, if any.

Assignee assumes and agrees to perform all duties and obligations to the Commissioner of Public Lands including payment of rentals and royalties, and to do such other acts as are required by the Lease, to the same extent and in the same manner as if the provisions of the Lease were fully set out herein.

Assignor warrants the leasehold estate herein assigned, except as to any valid overriding royalty, pr oduction payment, operating agreement or sub-lease, if any, now of legal record, and covenants to the Assignee and the Commissioner of Public Lands that the leasehold estate assigned is valid, and that all rentals and royalties due under the Lease have been paid in full, and that all other Lease obligations presently due have been fully performed.

EXECUTED this 26th day of June, 2003.

By:

Assignor

Capstone Oil & Gas Company, L.P.

By: Capstone Investments, Inc.,
its general partner

Spouse, if any, or title, if signing in representative capacity

Dale Douglas, President

ACKNOWLEDGMENT

STATE OF TEXAS

), ss

COUNTY OF MIDLAND

The foregoing Assignment was acknowledged before me this 26th day of June, 2003.

by Dale Douglas, President of Capstone Investments, Inc., general partner
of Capstone Oil & Gas Company, L.P. Title, if signing in representative capacity

My commission expires



PATRICIA B. KERNAGHAN
NOTARY PUBLIC
STATE OF TEXAS
My Comm. Expires 6-23-2007

Notary Public

ASSIGNEE'S ACCEPTANCE

The undersigned Assignee named above hereby agrees to be bound by all of the terms, covenants, and conditions of the Lease and this Assignment and shall succeed to the rights and benefits under the Lease.

EXECUTED this 21st day of November, 2003.

By:

Assignee

Marbob Energy Corporation

Name of spouse, if any, or title, if signing in representative capacity

Johnny C. Gray, President

ACKNOWLEDGMENT

STATE OF **NEW MEXICO**

COUNTY OF **EDDY**

} ss

The foregoing Assignee's Acceptance was acknowledged before me this 21st day of November 20 03.

by Johnny C. Gray, President of Marbob Energy Corporation, a New Mexico corporation
on behalf of said corporation.

Title, if signing in representative capacity

My commission expires: 3/19/07

Notary Public

Misti McLurg

APPROVAL OF THE COMMISSIONER

Office of the Commissioner of Public Lands
Santa Fe, New Mexico

REC 05 2003

I hereby certify that this Assignment was filed in my office on _____, and was approved by me

and shall be effective as to the State of New Mexico on Dec 11, 2003

Patrick H. Lyman
COMMISSIONER OF PUBLIC LANDS

INSTRUCTIONS AND INFORMATION

1. ANNUAL RENTAL: The annual rental for the land in this Assignment is 1.00 per acre. The rental is due in advance and shall be paid to the Commissioner of Public Lands on the anniversary date of the original Lease agreement. The date of this Assignment does not change the annual rental due date. For any Assignment of any Lease initially issued prior to June 15, 1985, the annual rental shall not be less than six dollars (\$6.00). For any Assignment of any Lease initially issued after June 14, 1985, or of any Lease which has been stipulated to the new ten year Lease, the minimum rental is forty dollars (\$40.00).
2. FIXED TEN-YEAR LEASE: This Lease provides for a fixed ten-year term, and for so long as oil or gas is produced in paying quantities. The ten-year period is divided into a primary term of five years, followed by a secondary term of five years. If no production is had during the primary term, the rental for the secondary term is double the rental of the primary term, or equal to the highest prevailing rental rate in the district, whichever is higher. Rentals continue even though production is had.
3. FIXED FIVE-YEAR LEASE: This Lease provides for a fixed five-year term, and for so long as oil and gas is produced in paying quantities. The fixed five-year Lease has no secondary term. Rentals continue even though production is had.
4. FILING: All Assignments must be filed in the State Land Office in triplicate, with original signatures on all three copies, within one hundred days from the date of signing, and must be accompanied by the recording fee.
5. RECORDING FEE: The recording fee for each Assignment is thirty dollars (\$30.00). If, however, the Assignment is filed more than one hundred days from the date of signing, an additional fee of seventy-five dollars (\$75.00) is charged.
6. PERSONAL CHECKS: When an Assignment is accompanied by a personal check, the Commissioner of Public Lands reserves the right to withhold approval of the Assignment until the check is paid.
7. ASSIGNMENT DISAPPROVAL: An Assignment will not be approved when it is made:
 - A. to more than two persons;
 - B. for less than a regular subdivision. "Regular subdivision" means forty acres or a tract described by lot number, which tract may be more or less than forty acres;
 - C. for an undivided interest;
 - D. in the name of a trusteeship, unless the trust document is attached or on file, and not more than two persons are named as trustee;
 - E. after a lis pendens is filed;
 - F. including any change or addition to the language contained in the Assignment form;
 - G. where surety requirements have not been met; or
 - H. where the lease is not in good standing; provided, however, that approval by the Commissioner does not waive any rights or claims the Commissioner may have to rentals, royalties, or other obligations due to the Commissioner. Approval of the assignment by the Commissioner does not constitute a finding by the Commissioner that the lease is in good standing. Assignees must perform their own due diligence.
8. COMPLETE ADDRESS: An Assignment must show the complete post office address of the Assignee.
9. ACKNOWLEDGMENT: An Assignment must be executed before an officer authorized to take acknowledgments of deeds. Persons executing on behalf of a corporation or other business entity must indicate title or authority to execute.
10. MARITAL STATUS: An Assignment must show whether the Assignors are married or single; if married, both husband and wife must sign the Assignment. The Certificates of Acknowledgment must show the marital status of the Assignors.
11. BLANKET ASSIGNMENTS: Must have an Exhibit A attached that includes lease number, original lessee of record, lease issue date, county, and land description. Provide a copy of the original assignment form and the exhibit for every lease.
12. BLANKET ASSIGNMENTS: Will only be approved for record title. All other types of assignments (operating rights, depth limitations, undivided interests, etc.) will be filed as miscellaneous instrument documents for record purposes only.
13. COMMUNICATIONS: All official business, letters and communications must be addressed directly to the Commissioner of Public Lands, Oil, Gas, & Minerals Division.
14. PAYMENT: Make all payments for annual rental, recording, and approval of fees to:

COMMISSIONER OF PUBLIC LANDS
P.O. Box 1148
Santa Fe, NM 87504-1148



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



June 1, 2008

Mr. William Miller
Marbob Energy Corporation
FAX No. 575-746-2523

**Re: Wildcap State Well No. 3H
Unit J, Section 36-19S-31E
Eddy County**

Dear Mr. Miller:

I have examined the non-standard location application for the referenced well, and I need two things:

1. I need to know the footages for the actual point of penetration of the Bone Spring formation and the actual bottom-hole location.
2. I need for you to specifically confirm, if that is the fact, that Marbob owns 100% of the working interest in E/2 SE/4 of Section 36. The fact that it is the lessee of record does not necessarily establish that.

If you have questions or other concerns, please feel free to contact the undersigned.

Very truly yours,

David K. Brooks
505-476-3450
david.brooks@state.nm.us





June 4, 2008

Oil Conservation Division
1220 St. Francis Drive
Santa Fe, New Mexico 87504

Attention: Mr. David Brooks

RE: Unorthodox Location
Wildcap State #3-H
Section 36, T-19S R-31E
Eddy County, New Mexico

Dear Mr. Brooks:

Enclosed is the information you have requested in your letter dated June 1, 2008 on the Wildcap State #3-H. The penetration point of the Bone Spring formation was 2370 FSL & 1482 FEL. The actual bottom hole was 302 FSL & 1482 FEL. We ran 5 ½ casing to 11,153 feet in the well and plugged back to 11,109 feet. The plugged back location is 341 FSL & 1484 FEL. Also, Marbob Energy Corp. does not own 100% working interest in the E/2 SE/4 of Section 36. There is a Joint Operating Agreement covering the entire Section 36 and the owners are uniform throughout. All the working interest owners in the Section have signed the Joint Operating Agreement and a copy of the Joint Operating Agreement showing the lands and interests of parties is attached.

If you need any additional information, feel free to contact us.

Sincerely,

William Miller
Land Department

/wm
Attachments

A.A.P.L. FORM 610-1982

MODEL FORM OPERATING AGREEMENT

Wild Cap State Com

OPERATING AGREEMENT

DATED

June 25 , 2003 ,
year

OPERATOR Marbob Energy Corporation

CONTRACT AREA Section 36: All

Township 19 South, Range 31 East

COUNTY OR PARISH OF Eddy STATE OF New Mexico

COPYRIGHT 1982 - ALL RIGHTS RESERVED
AMERICAN ASSOCIATION OF PETROLEUM
LANDMEN, 4100 FOSSIL CREEK BLVD., FORT
WORTH, TEXAS, 76137-2791, APPROVED
FORM. A.A.P.L. NO. 610 - 1982 REVISED

**Revised
Exhibit "A"**

Attached to Operating Agreement dated June 25, 2003 between Marbob Energy Corporation, as Operator, and Capstone Oil & Gas Company, LP, et al as Non-Operators.

1. Contract Area:

Township 19 South, Range 31 East
Eddy County, New Mexico

Section 36: All

2. Restrictions, if any, as to Depths, Formations, or Substances:

None

3. Interests of the Parties:

Party	Before Payout**	After Payout**
Ray Westall	12.679799	12.679799
Marbob Energy Corporation	63.048354	63.048354
Slash Exploration Limited Partnership	4.442719	4.442719
Scolado, LLC	0.302913	0.302913
Guy's Oil & Gas Co., Ltd.	0.302913	0.302913
Douglas Oil & Gas, LP	0.822277	0.822277
Corkran Energy, LP	8.893173	8.893173
Elysium Enterprises, LP	1.443386	1.443386
Zorro Partners	4.032233	3.225786
Javelina Partners	4.032233	3.225786
Capstone Oil & Gas Company, LP	0.000000	1.612894
William Moss Corporation	0.000000	0.000000
Total	100.000000	100.000000

***If applicable, the definition of before and after payout shall be as defined in that certain Participation Agreement dated effective June 25, 2003 by and between Capstone Oil & Gas Company, L.P. as Seller, and Marbob Energy Corporation et al as Buyer, reference to which is herein made for all purposes.

4. Oil and Gas Leases Subject to this Agreement:

Grantor: State of New Mexico VO 6322
Grantee: J Bar Cane, Inc.
Date: August 1, 2001
Lands: E/2 of Section 36, T19S, R31E, Eddy County, NM
Recording: Volume 493, Page 1034, Official Public Record,
Eddy County, New Mexico

Grantor: State of New Mexico VO 6323
Grantee: J Bar Cane, Inc.
Date: August 1, 2001
Lands: W/2 of Section 36, T19S, R31E, Eddy County, NM
Recording: Volume 493, Page 1038, Official Public Record,
Eddy County, New Mexico