DODD FEDERAL UNIT EDDY COUNTY, NEW MEXICO

CERTIFICATE OF EFFECTIVENESS

The Oil Conservation Division of the Energy, Minerals and Natural Resources Department, State of New Mexico, hereby certifies as follows:

- 1. In accordance with the provisions of the New Mexico Statutory Unitization Act [NMSA 1978, §§ 70-7-1 through 70-7-21 (1978)], the Oil Conservation Division entered Order No. R-12228, dated November 1, 2004, which granted the application of Marbob Energy Corporation for statutory unitization of the Dodd Federal Unit Area comprised of 2,400 acres, more or less, of Federal lands in the Grayburg-Jackson (Seven Rivers-Queen-Grayburg-San Andres) Pool, and the Glorieta and Yeso/Paddock formations, East Empire Yeso Pool, Eddy County, New Mexico.
- 2. Pursuant to the Statutory Unitization Act, the Dodd Federal Unit becomes effective when the plan of operations approved by the Division has been approved in writing by those persons who will be required initially to pay at least seventy-five percent (75%) of the costs of unit operations and also by the owners of at least seventy-five percent (75%) of the production proceeds therefrom that will be credited to interests free of costs. [NMSA 1978, § 70-7-8.A (1978)]
- 3. Order No. R-12228 provides that since the required statutory minimum percentage of interest in the Unit Area have approved in writing or ratified the Unit Agreement and the Unit Operating Agreement, the interests of all persons within the Unit Area are hereby unitized whether or not such persons have approved the Unit Agreement or the Unit Operating Agreement. [Order Paragraph (7)]
- 4. Accordingly, Division Order No. R-12228 is in full force and effect and the unit agreement and unit operating agreement for the Dodd Federal Unit became effective as of November 1, 2004 at 7:00 a.m. Mountain Standard Time for the area known as the Dodd Federal Unit Area.

5. The horizontal limits of this unit area shall be comprised of the following described Federal land in Eddy County, New Mexico:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM

Section 10: E/2, E/2 W/2

Section 11: All Section 14: All Section 15: E/2

Section 22: SE/4, SE/4 SW/4, E/2 NE/4,

SW/4 NE/4

6. The vertical limits of the Unit Area shall comprise the interval that extends from the top of the Seven Rivers Formation to the base of the Yeso/Paddock Formation as reflected on the Spectral Density Dual Spaced Neutron Log for the Marbob Energy Corporation's Mary Dodd "B" Deep No. 2 Well located 1980 feet from the South line and 1295 feet from the East line of Section 14, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico.

IN WITNESS WHEREOF, THIS CERTIFICATE IS EXECUTED THIS $\frac{\partial^{1/4}}{\partial A}$ DAY OF AUGUST, 2005.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

MARK E. FESMIRE, P.E.

DIRECTOR

STATE OF NEW MEXICO)

(COUNTY OF SANTA FE)

The foregoing instrument was acknowledged before me this <u>30</u>⁴ day of August, 2005, by Mark E. Fesmire, P.E., Director of the New Mexico Oil Conservation Division, on behalf of said Division.

Notary Public

My Commission Expires: