

BEFORE THE OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
Case No. 13909...Exhibit No. 1
Submitted by:
MARBOB ENERGY CORPORATION
Hearing Date: May 24, 2007

their interests. This application has been instituted solely to pool the interests of working interest owners who do not oppose the application.

6. Marbob has sought voluntary agreement from the New Mexico Taxation and Revenue Department. Attachment C is a copy of the well proposal letter that was sent to the Department. Marbob has made the following additional efforts to obtain the Department's voluntary participation:

- a. Telephone calls dated 2/27/07, week of 3/5/07, 4/12/07, 4/16/07, 4/18/07, 4/19/07, and 5/7/07.
- b. Faxed attached Tax Deed to the Taxation and Revenue Department as proof that the State of New Mexico did own a mineral interest.
- d. The Department has stated that it is unable to lease or otherwise join. The Department plans to auction its mineral interest, but Darrell Lujan with the Taxation and Revenue Department stated the process could take up to four (4) years.

7. Marbob requests that these interests be pooled and Marbob be designated operator of the well and the project area.

8. Marbob proposes overhead charges (combined fixed rates) of \$5050.00 per month while drilling and \$505.00 per month while producing.

9. Attachment D is a copy of the authorization for expenditure (AFE) for this well.

10. Attachment E is a copy of the notice sent to the Department, return receipt, an affidavit of publication, and an affidavit from Marbob's attorney showing notice of this hearing was given pursuant to Division rules.

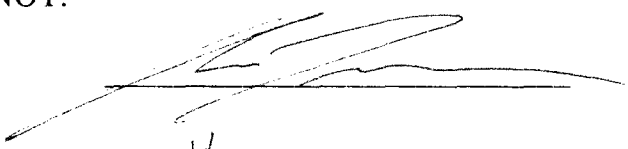
11. Approval of this application will avoid the drilling of unnecessary wells, will prevent waste, will protect correlative rights, and allow Marbob and the other interest owners in the W/2 of Section 14 an opportunity to obtain their just and fair share of the oil and gas under the subject lands.

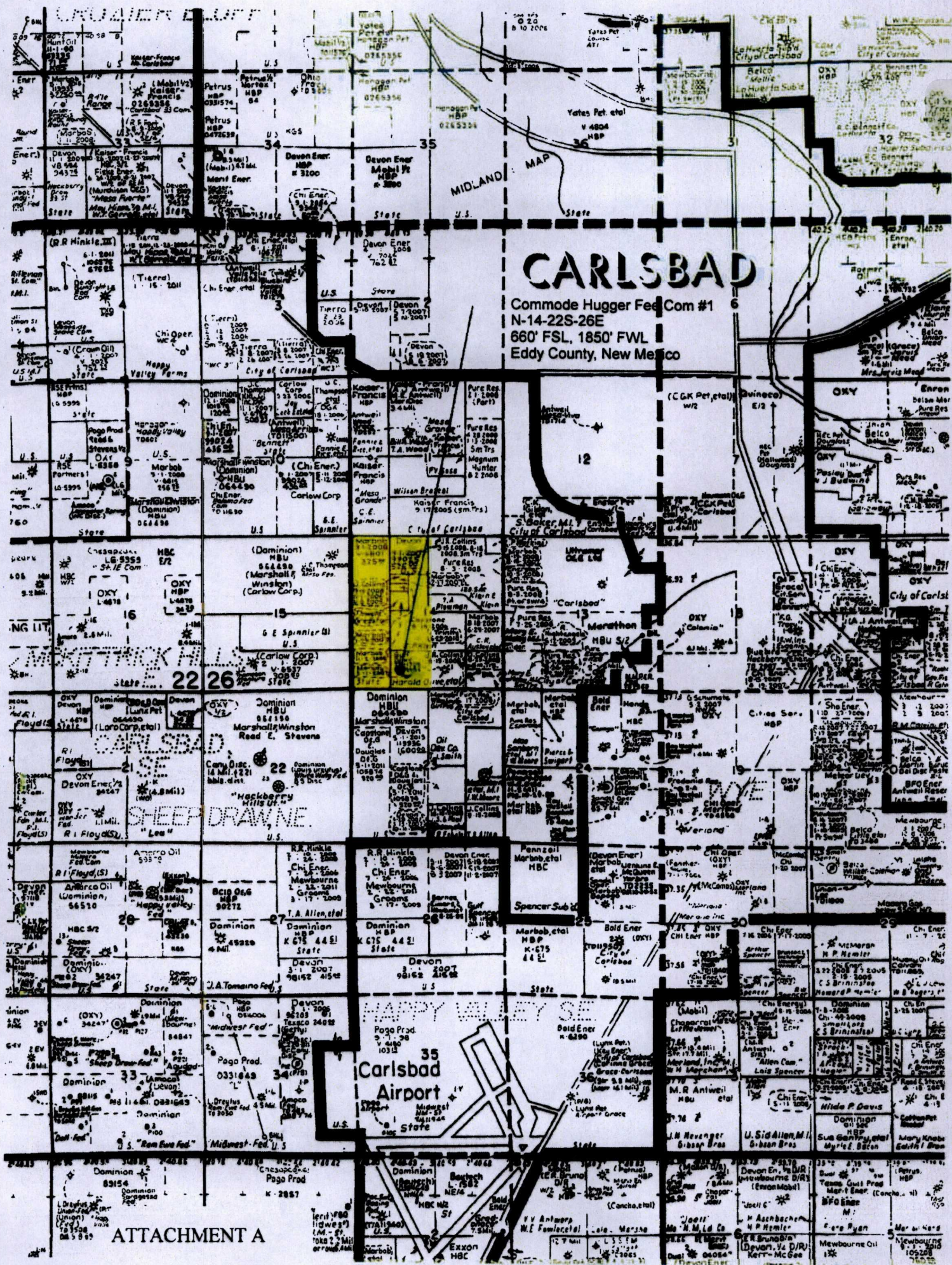
FURTHER AFFIANT SAYETH NOT.

SUBSCRIBED AND SWORN before me on this 22nd day of May 2007.



OFFICIAL SEAL
Misti McLurg
NOTARY PUBLIC-STATE OF NEW MEXICO
My commission expires 3-19-11


Misti McLurg
Notary Public



ATTACHMENT "B"

Marbob Energy Corporation P.O. Box 227 Artesia, NM 88211-0227	82.547222%
Capstone Oil and Gas Company P.O. Box 10187 Midland, TX 79702	6.388889%
Forest Oil Permian Corp. 1600 Broadway, Ste. 2200 Denver, CO 80202	3.993056%
Slash Exploration Limited Partnership P.O. Box 1973 Roswell, NM 88202-1973	2.044444%
Marshall and Winston, Inc. P.O. Box 50880 Midland, TX 79710	3.833333%
Lonesome Oil, LLC P.O. Box 50880 Midland, TX 79710	0.255556%
Steven G. Browning 307 Vineyard Ln Carlsbad, NM 88220	.520833%
Carla Sue Farris 6414 Larkmount Drive Spring, TX 77389	.260417%
State of New Mexico	.156250%
TOTAL	100%

COMMODE HUGGER FEE COM #1

Sec. 14, T-22-S, R-26-E
Eddy County, New Mexico

Owner	NET ACRES	WI	Percentages
Marbob Energy Corp	264.1511111	0.82547222	82.547222%
Capstone Oil and Gas Company P.O. Box 10187 Midland, TX 79702	20.4444444	0.06388889	6.388889%
Forest Oil Permian Corp. 1600 Broadway, Ste. 2200 Denver, CO 80202	12.7777778	0.03993056	3.993056%
Slash Exploration P.O. Box 1973 Roswell, NM 88202-1973	6.5422222	0.02044444	2.044444%
Marshall and Winston, Inc. P.O. Box 50880 Midland, TX 79710	12.2666667	0.03833333	3.833333%
Lonesome Oil, LLC P.O. Box 50880 Midland, TX 79710	0.8177778	0.00255556	0.255556%
Steven G. Browning 307 Vineyard Ln Carlsbad, NM 88220	1.6666667	0.00520833	0.520833%
Carla Sue Farris 6414 Larkmount Drive Spring, TX 77389	0.8333333	0.00260417	0.260417%
TOTAL LEASED:	319.5000000		
% of Unit	0.9984375		
State of New Mexico	0.5000000	0.00156250	0.156250%
TOTAL UNLEASED	0.5000000	1.00000000	100.000000%
% of Unit	0.0015625		
TOTAL ACRES IN UNIT	320.0000000		



marbob
energy corporation

April 27, 2007

Certified Receipt Return

State of New Mexico
Taxation and Revenue Department
P.O. Box 25126
Santa Fe, NM 87504

Attention: Mr. Darrell Lujan

RE: State of New Mexico Mineral
Ownership Tax Lien
Approximately ½ acre
In the SW/4SE/4NW/4
Section 14 T-22S R-26E
Eddy County, New Mexico

Dear Mr. Lujan:

As you are aware the State owns the small interest described above. Previously we discussed the State's options in regard to this interest. I have left several messages for you but I felt we should go ahead and put in writing our best lease proposal for this interest since the State will not participate and we have requested compulsory pooling on this interest. We would ask that you lease on a standard form for a 6 month period with you retaining a 1/5 royalty and receiving \$500.00 price per acre as a lease bonus for this interest. These are the highest terms and/or better terms than were paid to any other fee mineral owner in the W/2 of Section 14.

Please advise me if the State would be agreeable to these terms and I will email a lease to execute. Thank you for your help in this matter.

Sincerely,

Ross Duncan
Landman

ATTACHMENT C

WELL NO.	2007-012	LEASE	Commode Hugger Fee Com	WELL NO.	1
DESCRIPTION	660' FSL & 1850' FWL, Section 14 T-22S R-26E	COUNTY	Eddy		
STATE	NM	OPERATOR	Marbob Energy Corporation		
FORMATION	Morrow	PREPARED BY	Sheryl Baker		
TOTAL DEPTH	11,800'	DATE	March 1, 2007		

SUB	DRY HOLE W/O PIPE	COMPLETED WELL	ACTUAL COST	OVER UNDER
100	10,000			
110	60,000	4,500		
200				
210	770,000			
220	70,000			
250	140,000			
260	48,000			
280	105,000			
295				
299	210,000			
300	9,500			
310	27,250			
350	36,000	28,000		
950	5,000			
955	28,000			
920	35,000			
	77,688	1,625		
	1,631,438	34,125		

400		40,000	
410		150,000	
420		22,000	
450		32,000	
500		28,000	
905		7,500	
910		52,500	
915		52,500	
960		5,000	
965		7,700	
900		7,500	
	0	20,235	
	0	424,935	
	1,631,438	459,060	

200	280,000	155,000		
250		64,500		
300				
350	18,000	18,000		
400				
500		52,500		
600		52,500		
700		7,500		
900				
	14,900	17,500		
	312,900	367,500		
	1,944,338	826,560		
		2,770,898		

PRINT NAME	TITLE
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ATTACHMENT D

BEFORE THE OIL CONSERVATION DIVISION
NEW MEXICO ENERGY, MINERALS AND
NATURAL RESOURCES DEPARTMENT

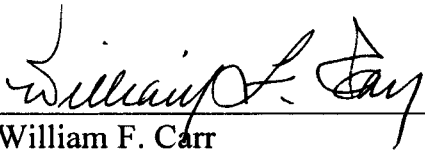
APPLICATION OF MARBOB ENERGY
CORPORATION FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

CASE NO. 13909

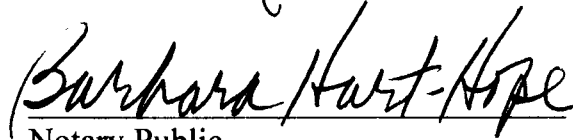
AFFIDAVIT

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

William F. Carr, attorney in fact and authorized representative of Marbob Energy Corporation, the Applicant herein, states that notice of the above-referenced Application was mailed to the interested parties shown on Exhibit "A" attached hereto in accordance with Oil Conservation Division Rules, and that true and correct copies of the notice letter and proof of notice are attached hereto.


William F. Carr

SUBSCRIBED AND SWORN to before me this 30th day of March 2007.


Notary Public

My Commission Expires:

3/28/08



March 29, 2007

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO AFFECTED INTEREST OWNERS:

Re: Application of Marbob Energy Corporation for compulsory pooling, Eddy County, New Mexico.

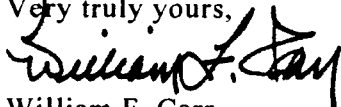
Ladies and Gentlemen:

This letter is to advise you that Marbob Energy Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking the compulsory pooling of certain spacing and proration units in the W/2 of Section 14, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico. Said units will be dedicated to Marbob Energy Corporation's proposed Commode Hugger Fee Com Well No. 1 which it proposes to drill at a standard gas well location in the SE/4 SW/4 of said Section 14 to test all formations from the surface to the base of the Morrow formation.

This application has been set for hearing before a Division Examiner at 8:15 AM on April 26, 2007. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-Hearing Statement with the Oil Conservation Division's Santa Fe office, four days in advance of a scheduled hearing, but at least on the Thursday preceding the hearing. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,



William F. Carr

cc: Ross Duncan
Marbob Energy Corporation

7006 2760 0001 6391 4024

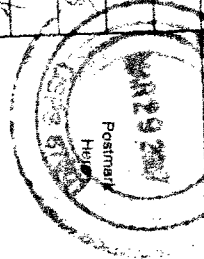
US Postal ServiceSM

CERTIFIED MAILSM RECEIPT

(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

Postage \$ 1.11
 Certified Fee 0.40
 Return Receipt Fee 1.85
 Restricted Delivery Fee 0.75
 Total Postage & Fees \$ 4.11



Sent to
 Sharon Sale
 1303 Kenui Place
 Lahaina
 Maui, Hawaii 96761

7006 2760 0001 6391 4055

US Postal ServiceSM

CERTIFIED MAILSM RECEIPT

(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

Postage \$ 1.11
 Certified Fee 0.40
 Return Receipt Fee 1.85
 Restricted Delivery Fee 0.75
 Total Postage & Fees \$ 4.11



Sent to
 State of New Mexico
 Attn: Darrell Lujan
 Taxation and Revenue Dept.
 1100 St. Francis Drive
 Santa Fe, NM 87505

SENDER COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach the card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

State of New Mexico
 Attn: Darrell Lujan
 Taxation and Revenue Dept.
 1100 St. Francis Drive
 Santa Fe, NM 87505

COMPLETE THIS SECTION ON DELIVERY

A. Signature

[Signature]

☐ Agent
☐ Addressee

B. Received by (Printed Name)

[Signature]

C. Date of Delivery

11-2

D. Is delivery address different from item 1? ☐ Yes
 If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number

(Transfer from service label)

7006 2760 0001 6391 4055

PS Form 3811, February 2004

Domestic Return Receipt

102905-02-04-1540