



marbob
energy corporation

January 24, 2000

Exxon Mobil Production Company
396 West Greens Road
Houston, Texas 77067-4530

Attn: Mr. Paul Keffer

RE: Scoggin Draw State "C" Com No. 2
E/2 of Section 16-18S-27E, N.M.P.M.
Eddy County, New Mexico

Dear Mr. Keffer:

Marbob Energy Corporation would be willing to pay \$275.00 per acre for a term assignment covering the W/2NE/4 of Section 16 as to depths below 3000 feet except for the Abo formation which is committed to the Empire Abo Unit and is productive. We request that it be for 18 months and at a 75% net revenue interest. This term assignment would pertain to new drilling and would not cover the existing #1 well which is still producing under the force pooling.

Our records indicate you own an 82.5% net revenue interest in this tract. I have reviewed the term assignment which Exxon did with Arco on this acreage in March 1, 1997. That form is fine except for the call on oil should be a competitive call, and we need to know if the GPM contract SWR3069 dated September 4, 1994 is still applicable and what its terms are. Likewise, is the J.O.A. with Amoco applicable?

If you have any questions regarding this, please contact me.

Sincerely,

Raye Miller

Raye Miller
Land Department

RM/mm

P.O. Box 227 Artesia, New Mexico 88211-0227 (505) 748-3303 Fax (505) 746-2523



marbob
energy corporation

January 7, 2000

Exxon Company, USA
Post Office Box 4697
Houston, Texas 77210-4697

Attn: Bob Matthew
Sr. Land Representative

RE: Scoggins Draw State "C" Com No. 2
E/2 of Section 16, T-18S, R-27E
Eddy County, New Mexico

Dear Mr. Matthew:

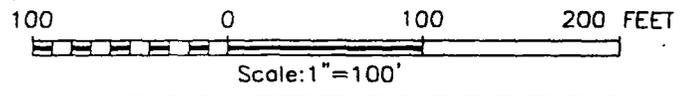
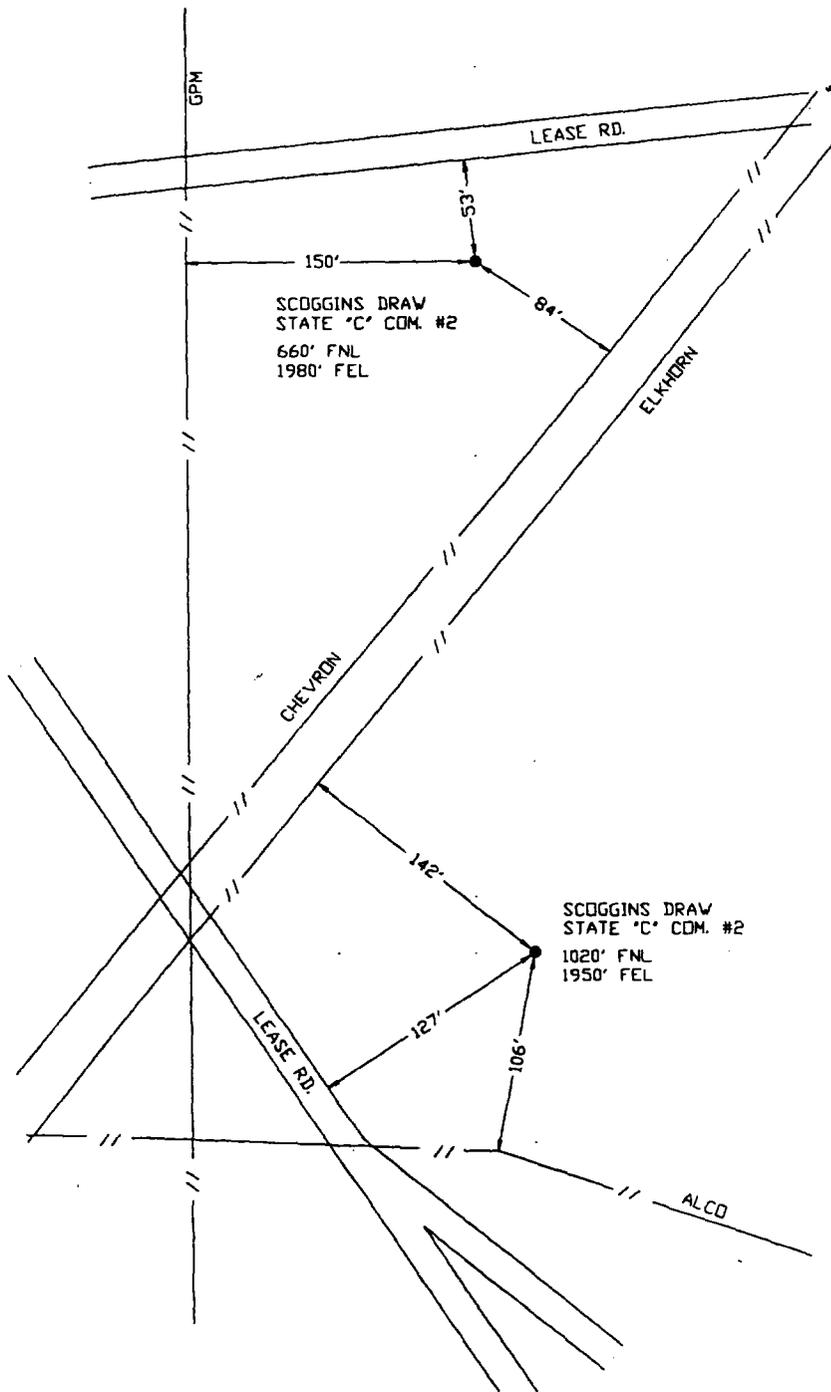
Please be advised that due to topography, as well as numerous high pressure pipelines, Marbob Energy has been forced to move our location. The Scoggins Draw State "C" Com No. 2 has been staked at 1020' FNL and 1950' FEL in Section 16 of Township 18 South and Range 27 East.

At the time of this letter, I have yet to hear response from Exxon. I hope that the location move does not stall your decision making process. Feel free to contact me should you have any questions or require any additional information.

Sincerely,

Dean Chumbley
Land Department

DC/mm



MARBOB ENERGY CORPORATION

LOCATION OF PIPELINES AND ROADS NEAR
 SCOGGINS DRAW STATE 'C' COM #2
 SECTION 16,
 TOWNSHIP 18 SOUTH,
 RANGE 27 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO

Survey Date: 1/4/00	Sheet 1 of 1 Sheets		
W.O. Number: 00-11-0004	Drawn By: D.COLLINS		
Date: 1/5/00	MARBOB	MARBO004	Scale: 1"=100'

JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO - HOBBS, NEW MEXICO - 505-393-3117

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 this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
Exxon Company USA
Attn: Bob Matthew
P. O. Box 4697
Houston, TX 77210-4697

Scoggins Draw State C Com #2

2. Article Number (Copy from service label)

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature

GEE

Agent
 Addressee

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

DEC 31 1999

JAN 06 2000



marbob
energy corporation

December 28, 1999

Exxon Company, USA
Post Office Box 4697
Houston, Texas 77210-4697

Attn: Bob Matthew
Sr. Land Representative

RE: Scoggins Draw State C Com
E/2 - Section 16
T-18S, R-27E, N.M.P.M.
Eddy County, New Mexico

Dear Mr. Matthew:

Marbob Energy Corporation proposes to drill the Scoggins Draw State C Com No. 2 at a location of 1980' FEL and 660' FNL, Section 16-18S-27E. Exxon is being advised of our actions due to the fact that in December, 1989, Oryx Energy Company was successful in their application for compulsory pooling all minerals from the top of the Wolfcamp to the base of the Morrow in the above referenced land. A copy of NMOCD Order No. R-9071 and a copy of the completion report are enclosed for your review. Also enclosed, for your review, is documentation showing a change in operator resulting in Marbob Energy being the operator of the Scoggins Draw State "C" Com No. 1. A question arose as to the status of R-9071 during preparations for this project. Legal council for NMOCD advised Marbob that R-9071 was still binding. However, due to NMOCD, new set back rules allowing one infill well on existing 320 acre spacing units. He suggested that the compulsory pooled interest be given opportunity to participate in the second well.

Therefore, please review the enclosed A.F.E. for the proposed Scoggins Draw State C Com. If Exxon wishes to participate with their 25% interest, please execute and return the A.F.E. to our office.

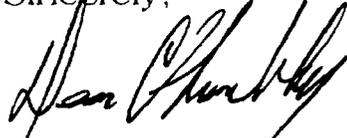
Additionally, although not directly related to the proposed well, when researching this project, a Conveyance of Operating Rights was found.

This instrument was an 18 month Term Assignment from Exxon to Arco. The lands assigned were the W/2NE/4 of Section 16, Township 18 South, Range 27 East as to all depths below the base of the San Andres. It appears that this Assignment has expired, but I would appreciate you advising as to its status.

Should Exxon decide not to participate, this letter will serve as a thirty (30) day notice. Failure to respond will be deemed as an election not to participate. Please do not hesitate to contact Raye Miller or myself should you have any questions concerning this matter.

Thank you for your assistance with this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Dean Chumbley". The signature is written in a cursive style with a large initial "D".

Dean Chumbley
Land Department

DC/mm

AUTHORITY FOR EXPENDITURE

DATE December 28, 1999

AFE NO. 99-074 LEASE NAME Scoggins Draw State C Com WELL NO. 2

DESCRIPTION 1980' FEL and 660' FNL Section 16-18S-27E COUNTY Eddy

STATE New Mexico AREA Chalk Bluff OPERATOR Marbob Energy Corporation

PROJECT _____ PREPARED BY Raye Miller

EXPLORATION DEVELOPMENT RESULTS: OIL GAS DRY T.D. _____ DATE _____

DRILLING INTANGIBLES:	DRY HOLE WITHOUT PIPE	COMPLETED WELL	ACTUAL COST	OVER (UNDER)
LOCATION, ROADS, PITS, DAMAGES	\$ 22,000	\$		
FOOTAGE <u>9950</u> FT. @ <u>26.00</u> /FT.	258,700			
DAY WORK <u>5</u> DAYS WDP @ \$ <u>6,000</u> /DAY	32,000			
_____ DAYS WODP @ \$ _____ /DAY				
CEMENT AND CEMENTING	25,000			
TESTING AND CORING	6,000			
LOGGING	16,000			
PROFESSIONAL SERVICES (LEGAL, ENGINEERING, GEOLOGICAL, SURVEY)	24,200			
MUD MATERIALS, FUEL, WATER	35,000			
BITS, COREHEADS AND RENTALS				
MISCELLANEOUS SERVICES (INC. MARINE, RIGGING, WELDING ETC.)	19,000			
MISCELLANEOUS (INC. LABOR & TRANSPORTATION & BLOWOUT INS.)	21,900			
CONTINGENCY — % _____				
ADMINISTRATIVE, GENERAL EXPENSE				
TOTAL DRILLING	459,800	459,800		
COMPLETION INTANGIBLES:				
COMPLETION UNIT _____ DAYS/HR. @ \$ _____		\$ 11,700		
CEMENT AND CEMENTING		33,000		
PERFORATING AND LOGGING		10,500		
FRAC AND/OR ACID TREATMENT		43,600		
FUEL, WATER, POWER		3,900		
BATTERY CONSTRUCTION - DIRT WORK, ETC.				
COMPLETION TOOLS AND EQUIPMENT - RENTALS		15,000		
PROFESSIONAL SERVICES (LEGAL, ENGINEER., GEOLOGY, ETC.)		4,000		
MISCELLANEOUS SERVICES (INC. MARINE, WELDING, BACK FILL, ETC.)				
OTHER (INCLUDING LABOR & TRANSPORTATION)		1,000		
CONTINGENCY — % _____				
TOTAL COMPLETION		122,700		
TOTAL INTANGIBLES		\$ 582,500		
DRILLING AND COMPLETION TANGIBLES				
CASING _____ FT. _____ @ \$ _____ /FT.		\$		
<u>1850</u> FT. <u>8 5/8</u> @ \$ _____ /FT.	24,600	24,600		
<u>9950</u> FT. <u>5 1/2</u> @ \$ _____ /FT.		86,500		
_____ FT. _____ @ \$ _____ /FT.				
TUBING <u>9910</u> FT. <u>2 7/8</u> @ \$ _____ /FT.		35,100		
WELLHEAD EQUIPMENT	2,000	30,000		
FLOATING EQUIPMENT, CENTRALIZERS, SCRATCHERS		3,000		
RODS _____ FT. _____ @ \$ _____ /FT.				
SUBSURFACES EQUIPMENT - BH PUMP, ETC.				
LINE PIPE _____ FT. _____ @ \$ _____ /FT.				
_____ FT. _____ @ \$ _____ /FT.				
TANKS, TREATERS, SEPARATORS, LINERS, WALKS, ETC.		30,000		
GAS PROCESSING UNIT		15,000		
MARINE - BARGES, PLATFORMS, ETC.				
PUMPING UNIT AND ENGINE				
OTHER MISCELLANEOUS EQUIPMENT (FENCES, CULVERT, TOOLS, ETC.)		15,000		
CONTINGENCY — % _____				
TOTAL EQUIPMENT COST	26,600	\$ 239,200		
TOTAL WELL COST	\$ 486,400	\$ 821,700		
LEASES _____ ACRES @ _____ PER ACRE				
TOTAL WELL AND LEASE COST				

APPROVALS:

OPERATOR Marbob Energy Corporation BY _____ WI _____ % DATE 12/28/99
 COMPANY _____ BY _____ WI _____ % DATE _____
 COMPANY _____ BY _____ WI _____ % DATE _____