



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

September 29, 2005

Marbob Energy Corporation

P.O. Box 227

Artesia, NM 88211-0227

Attn: Raye Miller

Re: Marbob Energy Corporation's application to drill the:

- Preparation 'H' Fee #1, to be located in Unit I of Section 1, Township 19 South, Range 26 East 1980' FSL & 990' FEL, Eddy County, New Mexico, NMPM
- Preparation 'H' Fee #2, to be located in Unit A of Section 1, Township 19 South, Range 26 East 990' FNL & 330' FEL (surface location), Eddy County, New Mexico, NMPM

Dear Mr. Miller,

In regards to the above captioned wells, the New Mexico Oil Conservation Division (NMOCD) amends the "Conditions of Approval" for each application to drill (APD). Please note that the original condition of approval dated 9/27/2005 for each well is hereby "null and void".

The following conditions of approval are to apply:

If earthen pits are used in association with the drilling of this well, the requirements of NMOCD Rule 50 must be met.

As agreed with Marbob Energy Corporation, a mud-logging unit (in full operations) is to be on location and logging well. Logging operations are to commence at a depth of @ 700' or before. Mud-log (starting from commencement of logging operations to the setting of the water protection string of casing) is to be submitted to the NMOCD District II office prior to the completion of drilling operations.

Marbob Energy Corporation is to submit by certified mail upon receiving this letter the application to drill of each well to the Bureau of Reclamation and the Carlsbad Irrigation District.

Please notify the NMOCD in Artesia the time of spudding of each well and time to witness the cementing of the surface casing.

Please feel free to call if you have any questions or concerns regarding this matter,

Respectfully yours,

Bryan G. Arrant

PES

cc: Tim Gum-District Supervisor-Artesia
well file