

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 10716
ORDER NO. R-9892

**APPLICATION OF MARBOB ENERGY CORPORATION FOR AN UNORTHODOX
OIL WELL LOCATION, CHAVES COUNTY, NEW MEXICO**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on April 22, 1993, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 6th day of May, 1993 the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Marbob Energy Corporation, seeks approval to utilize the existing Mark D. Clarke Morgan Elizabeth State Well No. 1 which was drilled at an unauthorized non-standard oil well location 920 feet from the South line and 1310 feet from the East line of Section 13, Township 11 South, Range 27 East, NMPM, Chaves County, New Mexico, as a producing well in the Chisum-Devonian Pool. The SE/4 SE/4 (Unit P) of said Section 13 is dedicated to said well forming a standard 40-acre oil spacing and proration unit for said pool.

(3) Mark Clarke, doing business as Desert States Energy, Inc., filed with the Division an application for an unorthodox oil well location for the subject well. This matter came before hearing on January 23, 1992 as Case No. 10437 but was dismissed at the request of the applicant. A dismissal order was issued on January 27, 1992 as Division Order No. R-9633.

(4) Division records indicate that Mark D. Clarke, oil producer, drilled the subject well in January 1992 to a total depth of 6568 feet to test the Devonian formation for oil. The completion report for this well, Form C-105 dated April 20, 1992, indicated the well to be dry. This well has not produced since that time.

(5) The subject proration unit is within the applicant's State "CF" Lease which comprises the NE/4 and S/2 of said Section 13; therefore the proposed location of the subject infill well is not encroaching upon any other operator.

(6) The Chisum-Devonian Pool is a small, water drive, nearly depleted reservoir with limited extent and is currently producing from two wells, the No. 7 and the No. 4 both in Unit J of said Section 13.

(7) The applicant believes a small quantity of oil may be obtained in the Devonian formation from this well before "watering out."

(8) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the affected pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

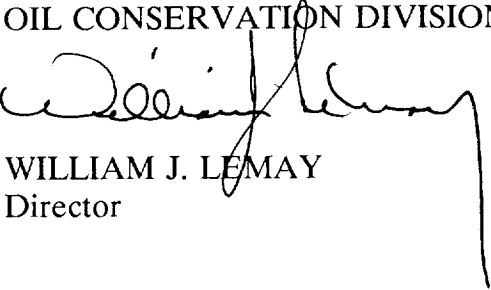
(1) The application of Marbob Energy Corporation for an unorthodox oil well location for the Chisum-Devonian Pool is hereby approved for the Mark D. Clarke Morgan Elizabeth State Well No. 1 located at an unorthodox oil well location 920 feet from the South line and 1310 feet from the East line of Section 13, Township 11 South, Range 27 East, NMPM, Chaves County, New Mexico.

(2) The SE/4 SE/4 (Unit P) of said Section 13 is to be dedicated to said well forming a standard 40-acre oil spacing and proration unit for said pool.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

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