

INFILL DRILLING FINDINGS AND WELL-SPACING WAIVER
MADE PURSUANT TO SECTION 271.305(b) OF THE
FEDERAL ENERGY REGULATORY COMMISSION REGULATIONS,
NATURAL GAS POLICY ACT OF 1978 AND OIL CONSERVATION DIVISION
ORDER NO. R-6013

I.
Operator MARBOB ENERGY COPP. Well Name and No. NG Phillips State Well #34
Location: Unit H Sec. 27 Twp. 17S Rng. 28E Cty. Eddy

II.
THE DIVISION FINDS:

(1) That Section 271.305(b) of the Federal Energy Regulatory Commission Interim Regulations promulgated pursuant to the Natural Gas Policy Act of 1978 provides that, in order for an infill well to qualify as a new onshore production well under Section 103 of said Act, the Division must find, prior to the commencement of drilling, that the well is necessary to effectively and efficiently drain a portion of the reservoir covered by the proration unit which cannot be so drained by any existing well within that unit, and must grant a waiver of existing well-spacing requirements.

(2) That by Order No. R-6013, dated June 7, 1979, the Division established an administrative procedure whereby the Division Director and the Division Examiners are empowered to act for the Division and find that an infill well is necessary.

(3) That the well for which a finding is sought is to be completed in the Artesia Queen Grayburg San Andres Pool, and the standard spacing unit in said pool is 40 acres.

(4) That a 40 -acre proration unit comprising the SE/4 NE/4 of Sec. 27, Twp. 17S, Rng. 28E, is currently dedicated to the NG Phillips State Well No. 2 located in Unit H of said section.

(5) That this proration unit is (X) standard () nonstandard; if nonstandard, said unit was previously approved by Order No. NA.

(6) That said proration unit is not being effectively and efficiently drained by the existing well(s) on the unit.

(7) That the drilling and completion of the well for which a finding is sought should result in the production of an additional 12,640 MCF of gas from the proration unit which would not otherwise be recovered.

(8) That all the requirements of Order No. R-6013 have been complied with, and that the well for which a finding is sought is necessary to effectively and efficiently drain a portion of the reservoir covered by said proration unit which cannot be so drained by any existing well within the unit.

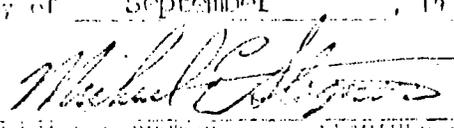
(9) That in order to permit effective and efficient drainage of said proration unit, the subject application should be approved as an exception to the standard well spacing requirements for the pool.

IT IS THEREFORE ORDERED:

(1) That the applicant is hereby authorized to drill the well described in Section I above as an infill well on the existing proration unit described in Section II(4) above. The authorization for infill drilling granted by this order is an exception to applicable well spacing requirements and is necessary to permit the drainage of a portion of the reservoir covered by said proration unit which cannot be effectively and efficiently drained by any existing well thereon.

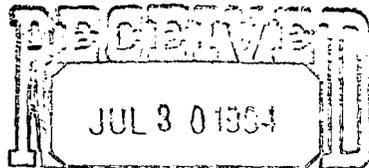
(2) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on this 13 day of September, 19 84.


DIVISION DIRECTOR

EXAMINER

Request for Infill Finding on
NG Phillips St. #34
in accordance with Administrative
Procedures amended February 8, 1980



OIL CONSERVATION DIVISION
SANTA FE

STATE OF NEW MEXICO
OIL AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

Form C-101
Revised 10-1-78

NO. OF COPIES RECEIVED	
DISTRIBUTION	
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LAND OFFICE	
OPERATOR	

5A. Indicate Type of Lease
STATE FEDERAL

5. State Oil & Gas Lease No.
B-2071

AUG 10 1983

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

Type of Work
Type of Well DRILL DEEPEN PLUG BACK

OIL WELL GAS WELL OTHER
SINGLE ZONE MULTIPLE ZONE

Name of Operator
Marbob Energy Corporation

Address of Operator
P.O. Drawer 217, Artesia, N.M. 88210

Location of Well
UNIT LETTER **H** LOCATED **1725** FEET FROM THE **North** LINE
330 FEET FROM THE **East** LINE OF SEC. **27** TWP. **17S** RGE. **28E** NE1/4

7. Unit Agreement Name
O.C.D. ARTESIA OFFICE

8. Farm or Lease Name
NG Phillips St.

9. Well No.
34

10. Field and Pool, or Wildcat
Artesia On Grbg SA

12. County
Eddy

19. Proposed Depth **3000'** 19A. Formation **San Andres** 20. Rotary or C.T. **Rotary**

Elevations (Show whether DT, NT, etc.) **3595' GR** 21A. Kind & Status Plug. Bond **Statewide active** 21B. Drilling Contractor **Artesia Fishing Tool** 22. Approx. Date Work will start **8/11/83**

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12 1/4"	8 5/8"	24#	500'	300	Circulate
7 7/8"	5 1/2"	15.50#	3000'	600	Attempt to circ

We propose to drill to 500', run 8 5/8" new casing and cement, drill on to 3000' to test the San Andres formation, run 5 1/2" casing and cement.

RECEIVED
JUL 30 1984
OIL CONSERVATION DIVISION
SANTA FE

APPROVAL VALID FOR 180 DAYS
PERMIT EXPIRES 2/17/84
UNLESS DRILLING UNDERWAY

BELOW SPACE DESCRIBE PROPOSED PROGRAM; IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTION. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.
Carolyn Davis Title **Production Clerk** Date **8/9/83**

(This space for State Use)

Original Signed By
Leslie A. Clements
Supervisor District II

APPROVED BY _____ TITLE _____ DATE **AUG 11 1983**

CONDITIONS OF APPROVAL, IF ANY:

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

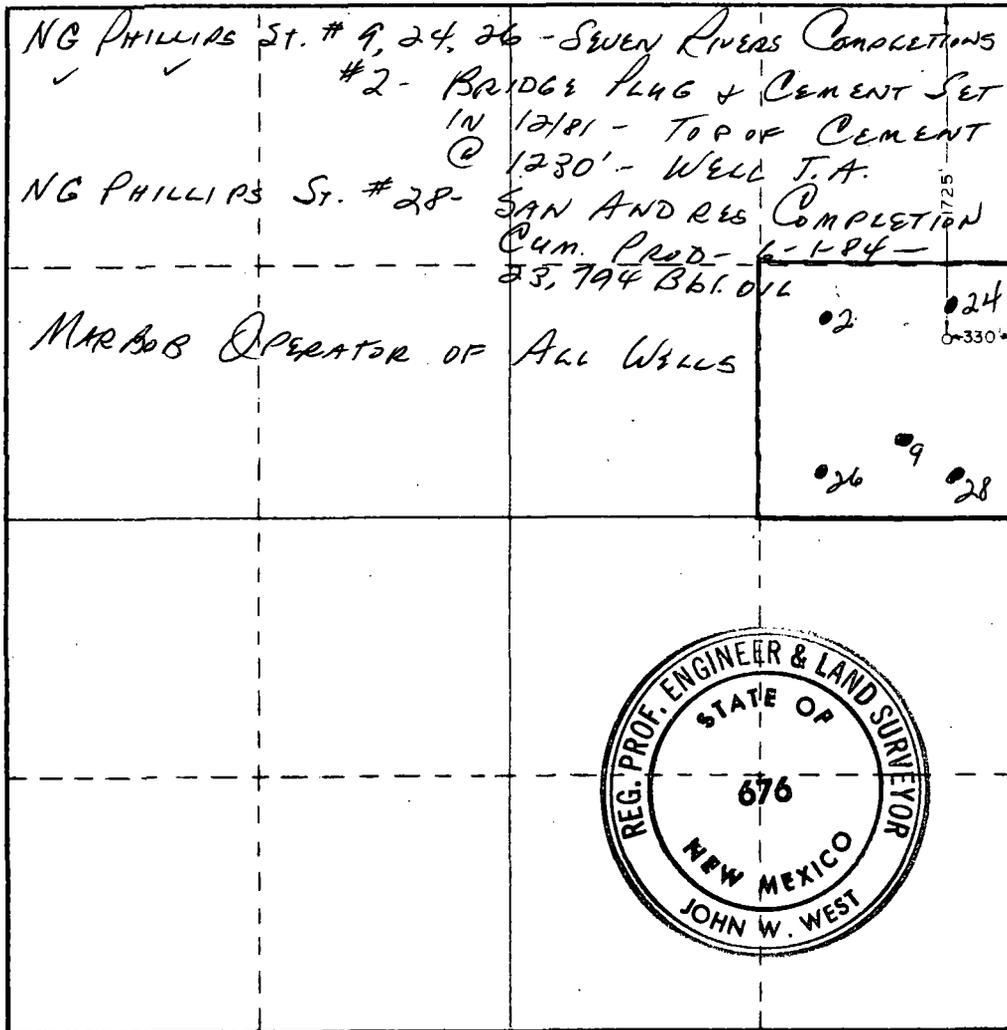
Operator MARBOB ENERGY CORP.		Lease N.G. PHILLIPS ST.			Well No. 34
Unit Letter H	Section 27	Township 17 SOUTH	Range 28 EAST	County EDDY	
Actual Footage Location of Well: 1725 feet from the NORTH line and 330 feet from the EAST line					
Ground Level Elev. 3595.0	Producing Formation San Andres		Pool Artesia On Grbg SA	Dedicated Acreage: 40 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Carolyn Orris
Name
Carolyn Orris
Position
Production Clerk
Company
Marbob Energy Corporation
Date
8/9/83

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
4-26-83
Registered Professional Engineer and/or Land Surveyor

John W. West
Certificate No.
JOHN W. WEST NO. 676

Rule 6:

NG Phillips St. #34

Artesia Queen Grayburg San Andres

Standard spacing unit: 40 acres

Rule 7:

NA

Rule 8:

- a. NG Phillips St. #34 - 1725 FNL 330 FEL Sec. 27-T17S-R28E
NG Phillips St. #28 - 2260.5 FNL 330 FEL Sec. 27-T17S-R28E
NG Phillips St. #2 - 1650 FNL 990 FEL Sec. 27-T17S-R28E
- b. #34 - 8/11/83
#28 - 4/12/81
#2 - 7/3/59
- c. #34 - 10/1/83
#28 - 5/19/81
#2 - 8/8/59
- d. None
- e. #34 - 12 bbl oil, 6 mcf gas/day
#28 - 19 bbl oil, 95 mcf gas/day
#2 - TA
- f. #2 well temporarily abandoned in December 1981 after plugging off the Premier formation, bridge plug set w/cement top @ 1230'.
- g. The NG Phillips St. #2 is TD'd above the highest perforation in the #34 well and could not be commercially drilled to a deeper depth to drain the reservoir. The NG Phillips St. #34 was drilled because the low permeability and low quality solution gas recovery mechanism require reduced spacing to efficiently drain the reservoir. Since both the #28 and #34 experienced new reservoir type conditions we feel the additional drilling was justified.

Paul G. White Engineering

OIL AND NATURAL GAS

July 13, 1984

Marbob Energy Corporation
P.O. Drawer 217
Artesia, New Mexico 88210

Re: Pertinent Engineering Data
NG Phillips State No. 34
Artesia Queen Grayburg - San Andres
Eddy County, New Mexico

Gentlemen:

The subject well, located 1725' FNL and 330' FEL, Section 27-T17S-R28E, Eddy County, New Mexico was completed October 1, 1983.

I have estimated the oil and gas reserves for the subject well based on a 20 acre well density. From the electrical log and analagous well studies I have estimated that the well will recover 19,133 barrels of oil and 12,640 MCF of gas.

A study of nearby producing well rates and initial potentials reveals that wells will have to be drilled on a 20 acre spacing to properly and adequately recover the oil and gas reserves in this field.

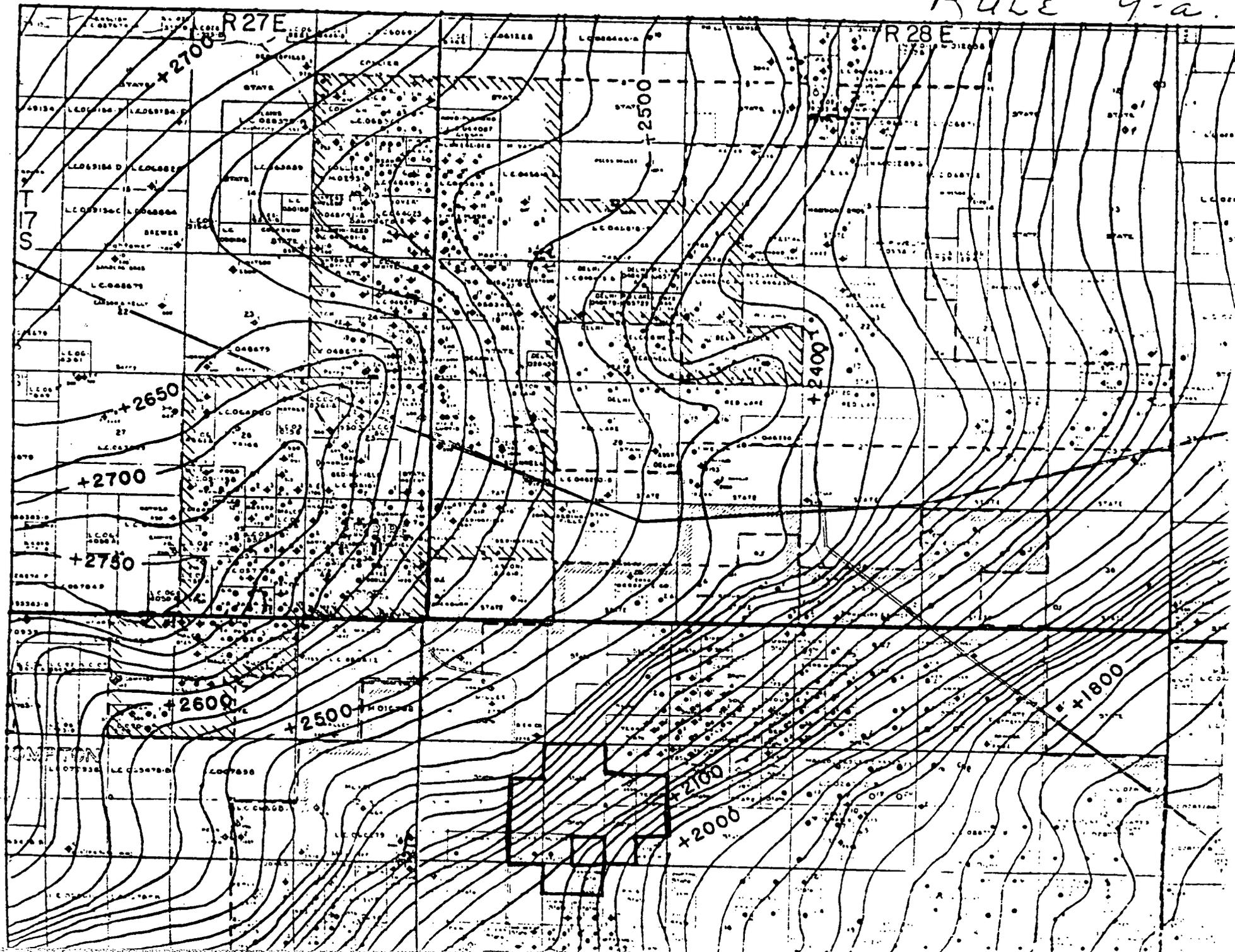
Therefore, it is my recommendation that in-fill wells be drilled and the well density be increased to at least 20 acre spacing.

From my study the in-fill wells will characteristically exhibit new reservoir conditions.

Signed Paul White
Petroleum Engineer
Date July 13, 1984

PGW/sf

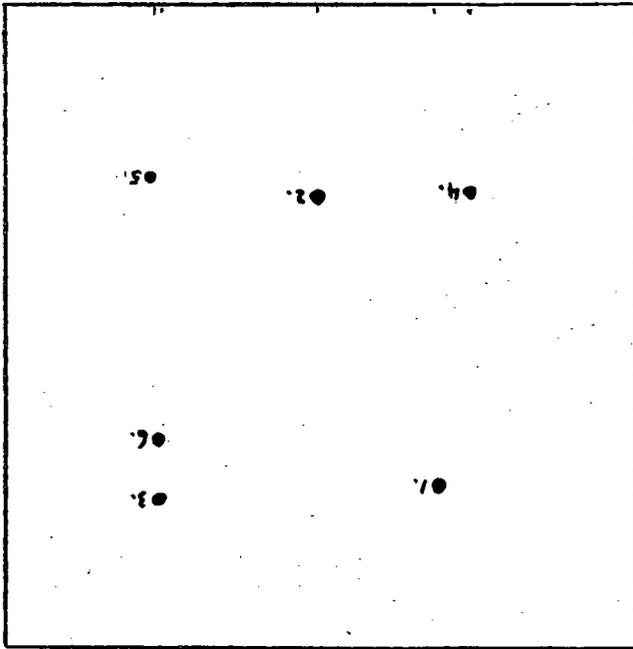
RULE 9-a.



Rule 11:

Notice of this infill request has been sent to Depco, Inc., 1000
Petroleum Bldg., Denver, Colorado 80202; Hondo Oil & Gas Co.,
P.O. Box 1610, Midland, Texas 79702; Yates Petroleum Corp., 207
So. 4th St., Artesia, N.M. 88210.

Unit H, Section 27, Township 17 South,
Range 28 East, Eddy County, NM



All wells are operated by Marathon Energy Corporation
and are located on the McPhillips State Lease

- * 1. Well No. 2
1650' FNL - 990' FEL
Spud: 7/3/59
Artesia Queen Grayburg San Andres completion
Cumulative production
Gas - 39979 MCF
O.I. - 29101 B.O.
This well is temporarily S.I. (since 1/81).

- * 2. Well No. 9
2263' FNL - 660' FEL
Spud: 1/19/63
Artesia Queen Grayburg San Andres completion
Cumulative production
Gas - 33488 MCF
O.I. - 5947 B.O.
Artesia An-Gly-SA zone abandoned May 1979
recompleted in the East Empire Yates Seven Rivers Pool

- 3. Well No. 24

1625' FNL - 330' FEL

Spud: 11/30/80

East Empire Yates Seven Rivers completion

4. Well No. 26
2264.5' FNL - 977.8' FEL
Spud: 4/3/81
East Empire Yates Seven Rivers completion

* 5. Well No. 28
2260.5' FNL - 330' FEL
Spud: 4/12/81
Artesia Queen Grayburg San Andres completion
Cumulative production as of 12/31/83
Gas - 72609 MCF
Oil - 20523 B.O.

* 6. Well No. 34
1725' FNL - 330' FEL
Spud: 8/11/83
Artesia Queen Grayburg San Andres completion
Cumulative production as of 12/31/83
Gas - 486 MCF
Oil - 1514 B.O.

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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

WATER CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

Form C-101
Revised 10-1-78

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APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

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Type of Well DRILL DEEPEN PLUG BACK

OIL WELL GAS WELL OTHER

SINGLE ZONE MULTIPLE ZONE

7. Unit Agreement Name
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Artesia On Grbg SA
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Name of Operator
Marbob Energy Corporation
Address of Operator
P.O. Drawer 217, Artesia, N.M. 88210
Location of Well
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330 FEET FROM THE East LINE OF SEC. 27 TWP. 17S REC. 28E NMPM

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APPROVED BY _____ TITLE _____ DATE AUG 11 1983

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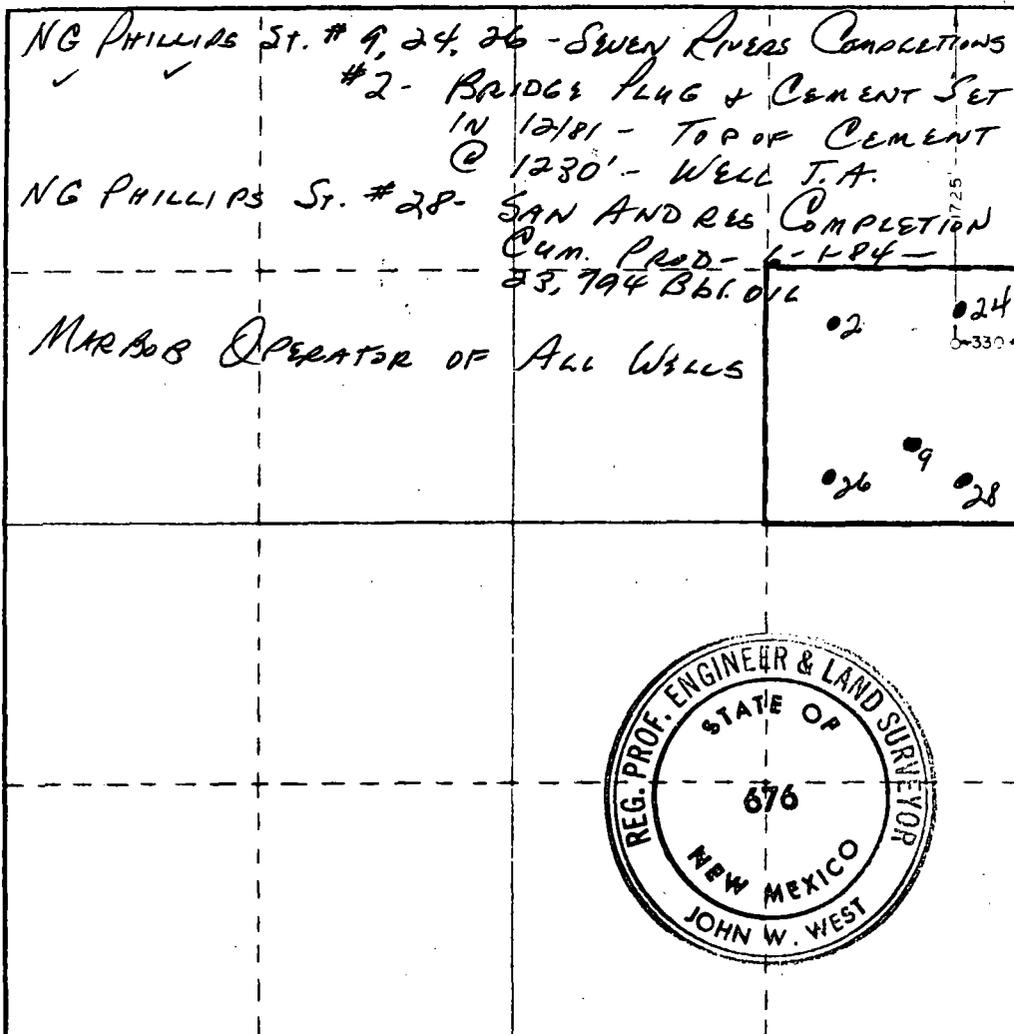
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Position Production Clerk
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Date 8/9/83

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Registered Professional Engineer and/or Land Surveyor

John W. West

Certificate No. **JOHN W. WEST NO. 676**

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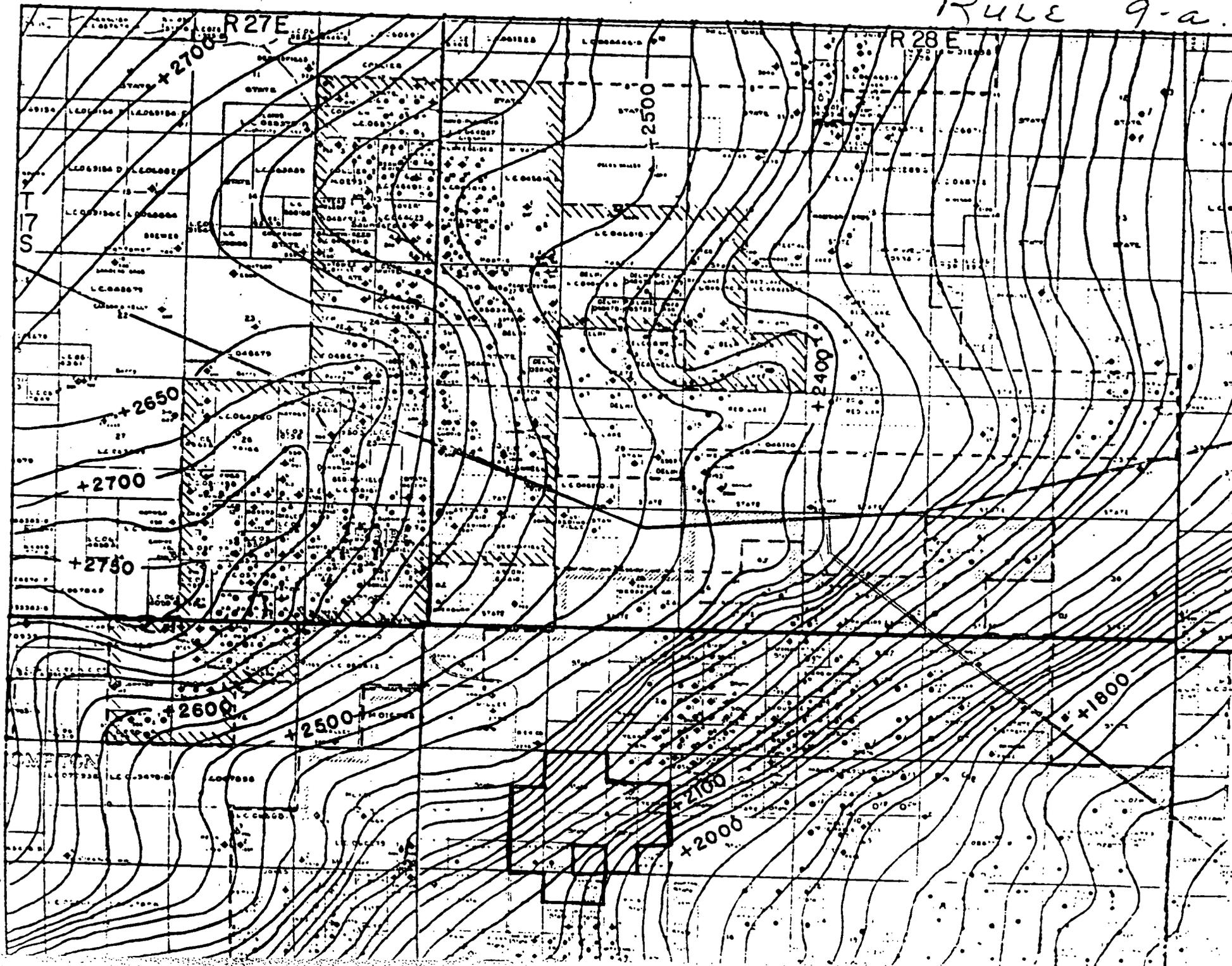
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Petroleum Engineer

Date

July 13, 1984

PGW/sf

RULE 9-a.



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