



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

November 16, 2006

Marbob Energy Corporation
P.O. Box 227
Artesia, New Mexico 88211-0227

Attention: Mr. Raye Miller

Re: **Walterscheid "23" Well No. 1**
API No. 30-015-34353
1050' FSL & 660' FWL, Unit M,
Section 23, T-23 South, R-27 East, NMPM,
Eddy County, New Mexico

Administrative Order NSL-5489

Dear Mr. Miller:

Reference is made to the following:

- (a) Marbob Energy Corporation's ("Marbob") application for a non-standard well location (*administrative application reference No. pTDS0630359691*) for the Walterscheid "23" Well No. 1 that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on October 30, 2006; and
- (b) the Division's records pertinent to your request.

Marbob requests authority to recomplete its **existing** Walterscheid "23" Well No. 1 to a shallow formation(s) that are spaced on 40 acres at an unorthodox oil well location 1050 feet from the South line and 660 feet from the West line (Unit M) of Section 23, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico. The SW/4 SW/4 of Section 23 is to be dedicated to the well forming a standard 40-acre oil spacing and proration unit. Division records indicate that the potential shallow producing horizons in this well are the Undesignated Cass Draw-Delaware Pool, the Undesignated Forehand Ranch-Bone Spring Pool and the Undesignated Forehand Ranch-Delaware Pool. These pools are all currently governed by Division Rule 19.15.3.104.B(1).

It is our understanding that the subject well previously produced from the Wolfcamp formation, and that this zone has been depleted in the well. The subject well was drilled at a standard gas well location for the Wolfcamp and deeper gas horizons.

Division records show that the Waltersheid "23" Well No. 1 will be the first well producing from shallow oil horizons within the SW/4 SW/4 of Section 23.

The SW/4 of Section 23 is a single fee lease with common ownership throughout, therefore, there are no adversely affected offsets to the subject 40-acre tract.

Pursuant to the authority granted under the provisions of Division Rule 19.15.3.104.F(2), the above-described unorthodox oil well location in the Undesignated Cass Draw-Delaware Pool, the Undesignated Forehand Ranch-Bone Spring Pool and the Undesignated Forehand Ranch-Delaware Pool is hereby approved.

Sincerely,



Mark E. Fesmire, P.E.
Division Director

MEF/drc

cc: New Mexico Oil Conservation Division - Artesia