



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

October 9, 2007

Marbob Energy Corporation
Attn: Mr. William Miller
P.O. Box 227
Artesia, NM 88211-0227

Administrative Order NSL-5698

**Re: Red Ryder State Well No. 1
API No. 30-015-35150
Unit A, Section 25-25S-27E
Eddy County**

Dear Mr. Miller:

Reference is made to the following:

(a) your application (**administrative application reference No. pTDS07-25449373**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on September 11, 2007, and

(b) the Division's records pertinent to this request.

Marbob Energy Corporation (Marbob) has requested to complete the above-referenced well in the Delaware and Bone Spring formations at an unorthodox oil well location, 1320 feet from the North line and 660 feet from the East line (Unit A) of Section 25, Township 25 South, Range 27 East, N.M.P.M., in Eddy County, New Mexico. The NE/4 NE/4 of Section 25 will be dedicated to this well in order to form a standard approximately 40-acre wildcat Delaware oil spacing unit and a standard approximately 40-acre oil spacing unit in the undesignated North Hay Hollow Bone Spring Pool (30216). These pools are governed by statewide Rule 104.B(1), which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is less than 330 feet from the southern unit boundary.

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

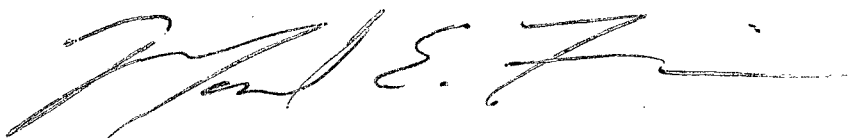
It is our understanding that you are seeking this location in order to utilize an existing wellbore that was drilled to test a deeper formation.

It is also understood that notice of this application to offsetting operators or owners is unnecessary because working interest ownership of the offsetting units towards which this unit encroaches is identical with that of the subject unit, and Marbob also operates such offsetting units.

Pursuant to the authority conferred by Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Mark E. Fesmire', with a long horizontal flourish extending to the right.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Artesia
New Mexico State Land Office - Santa Fe