

**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. 13348

**APPLICATION OF MARBOB ENERGY CORPORATION
FOR COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO.**

PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted by Holland & Hart LLP, as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Mr. Raye Miller
Marbob Energy Corporation
Post Office Box 227
Artesia, New Mexico 88211-0227
(505) 748-3303

ATTORNEY

William F. Carr, Esq.
Holland & Hart LLP
Post Office Box 2208
Santa Fe, New Mexico 87504
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STATEMENT OF CASE

APPLICANT

Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Morrow formation in the following described spacing and

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proration units located in the S/2 of Section 12, Township 17 South, Range 31 East, N.M.P.M., Eddy County, New Mexico: the S/2 for all formations and/or pools developed on 320-acre spacing which includes but is not limited to the Undesignated Fren-Morrow Gas Pool,; the SW/4 for all formations and/or pools developed on 160-acre spacing; and the NE/4 SW/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Undesignated Grayburg-Jackson (Seven Rivers-Queen-Grayburg-San Andres) Pool and the Undesignated East Fren-Paddock Pool. Said units are to be dedicated to its Knockabout Federal Well No. 1 to be drilled at a standard gas well location 1830 feet from the South line and 1980 feet from the West line (Unit K) of said Section 12. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Hudson Oil Company of Texas as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 3 miles East of Maljamar, New Mexico.

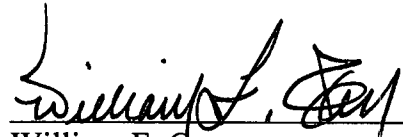
PROPOSED EVIDENCE

APPLICANT

WITNESSES (Name and Expertise)	ESTIMATED TIME	EXHIBITS
Raye Miller (Practical Oil Man)	Approx. 20 Minutes	Approx. 5

PROCEDURAL MATTERS

Marbob Energy Corporation has none at this time.



William F. Carr
Attorney for Marbob Energy Corporation

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:

APPLICATION OF MARBOB ENERGY
CORPORATION FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

Case No. 13348

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Mary T. Ard et al., as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Marbob Energy Corporation

APPLICANT'S ATTORNEY

William F. Carr

OPPONENT

Mary T. Ard
W.W.I. 1990 Trust
S.J.I. Jr. 1990 Trust
The P.I.P. 1990 Trust
Iverson III, Inc.
S.J. Iverson Trust
Edward R. Hudson Trust 4
[Delmar's Living Trust]
[Lindy's Living Trust]

OPPONENT'S ATTORNEY

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Have come to terms

STATEMENT OF THE CASE

APPLICANT

Marbob Energy Corporation seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 12, Township 17 South, Range 31 East, NMPM: The S $\frac{1}{4}$ to form a standard 320-acre gas spacing and proration unit; the SW $\frac{1}{4}$ to form a standard 160-acre gas spacing and proration unit; and the NE $\frac{1}{4}$ SW $\frac{1}{4}$ to form a standard 40-acre oil spacing and proration unit. The proposed well is the Knockabout Fed. Well No. 1.

OPPONENT

Opponents desire to see the proposed well drilled. However, there are several issues to address:

1. Has applicant made a good faith effort to obtain the voluntary joinder of opponents in the proposed well? The matters which need to be addressed include unreasonable terms in the proposed operating agreement, such as contract area, penalty, loss of non-consent interests, and overhead rates on shallow and deep wells;
2. Applicant may not own an interest in certain shallow zones, and cannot pool those depths.
3. Should there be a lower risk penalty on shallow oil zones than on deep gas zones?
4. There is different working interest ownership among the 40, 160, and 320 acre zones. Under Rule 35, there must be an allocation of costs among the different zones. Such allocation should be equitable because some interest owners have no interest in certain zones.
5. Opponents request that the pooling order provide that consenting working interest owners under the order be provided well data, such as electric and mud logs, daily drilling reports, drill stems tests, production data, pressure data, production data, etc.
6. Opponents request that the pooling order contain a procedure on elections for completion, re-completion, etc., as well as COPAS auditing provisions, such as are found in a standard-form operating agreement.
7. The propriety of appointing Hudson Oil Company of Texas as operator.

PROPOSED EVIDENCE

APPLICANT

WITNESSES

EST. TIME

EXHIBITS

OPPONENT

WITNESSES

R.E. Grappe

EST. TIME

30 min.

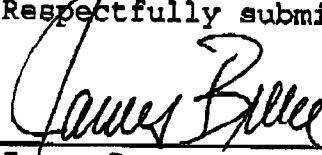
EXHIBITS

- (a) correspondence
- (b) JOA
- (c) data requirements

PROCEDURAL MATTERS

-None-

Respectfully submitted,



James Bruce
Post Office Box 1056
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(505) 982-2043

Attorney for Opponents

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record via facsimile transmission this 15th day of October, 2004:

William F. Carr
Holland & Hart LLP
Post Office Box 2208
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(505) 983-6043



James Bruce