



June 4, 2007

HAND DELIVERED

Mark E. Fesmire, P. E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 13949

2007 JUN 4 PM 3 49

Re: Application of Marbob Energy Corporation for a Non-standard Spacing Unit and Computed Pooling, Eddy County, New Mexico.

Dear Mr. Fesmire:

Enclosed is the Application of Marbob Energy Corporation in the above-referenced case as well as a copy of the legal advertisement. Marbob Energy Corporation requests that this matter be placed on the docket for the July 12, 2007 Examiner hearings.

Very truly yours,

William F. Carr

Enclosures

cc: Mr. Raye Miller
Marbob Energy Corporation
Post Office Box 227
Artesia, New Mexico 88211-02270

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

**IN THE MATTER OF THE APPLICATION OF
MARBOB ENERGY CORPORATION FOR
A NONSTANDARD OIL SPACING UNIT AND
COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO.**

CASE NO. 13949

APPLICATION

MARBOB ENERGY CORPORATION, ("Marbob") through its undersigned attorneys, hereby makes application to the Oil Conservation Division pursuant to the provisions of N.M.Stat. Ann. § 70-2-17, (1978), for an order (1) creating a non-standard oil spacing unit comprised of the E/2 NE/4 of Section 12, Township 19 South, Range 31 East, N.M.P.M., Eddy County, New Mexico, which is the horizontal well project area for its proposed Malibu Federal Well No. 2, and (2) pooling all mineral interests in this non-standard oil spacing unit from the surface to the base of the Bone Spring formation, Lusk-Bone Spring Pool, interests in this non-standard unit under a non-standard oil spacing unit; and in support of its application states:

1. Marbob Energy Corporation is a working interest owner in the E/2 NE/4 of said Section 12 and has the right to drill thereon.
2. Marbob proposes to dedicate the above-referenced non-standard spacing or proration unit to its Malibu Federal Well No. 2 (**API No. 30-015-35563**) to be drilled from a surface location 330 feet from the North line and 660 feet from the East line and then, at a depth of 9450 feet, drilled in a southerly direction to encounter the Bone-Spring formation at an approximate depth of 9850 feet. The well then will be drilled horizontally in the Bone Spring formation to a terminus at a location 2310 feet from the North line and 660 feet from the East Line of said Section 12. The well will test any and all formations from the surface to the base of the Bone Spring formation.

3. Marbob has sought and been unable to obtain a voluntary agreement for the development of these lands from Apache Corporation, Two Warren Place, Suite 1500, Tulsa, Oklahoma 74136 (Attn: Michelle Hanson).

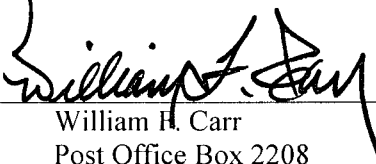
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the Marbob to obtain its just and fair share of the oil and gas underlying the subject lands, the proposed non-standard oil spacing unit should be approved, all mineral interests therein should be pooled, and Marbob Energy Corporation should be designated the operator of the well to be drilled.

WHEREFORE, Marbob Energy Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on July 12, 2007 and, after notice and hearing as required by law, the Division enter its order:

- A. creating an non-standard oil spacing and proration unit comprised of the E/2 NE/4 of Section 12, Township 19 South, Range 31 East,
- A. pooling all mineral interests in the subject non-standard oil spacing and proration units,
- B. designating Marbob Energy Corporation operator of this unit and the well to be drilled thereon,
- C. authorizing Marbob Energy Corporation to recover its costs of drilling, equipping and completing the well,
- D. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures, and
- E. imposing a penalty for the risk assumed by Marbob Energy Corporation in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,
HOLLAND & HART LLP

By: 
William H. Carr
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR MARBOB ENERGY CORPORATION

CASE 13949: **Application of Marbob Energy Corporation for a nonstandard oil spacing unit and compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order an order (1) creating a non-standard oil spacing unit comprised of the E/2 NE/4 of Section 12, Township 19 South, Range 31 East, N.M.P.M., Eddy County, New Mexico, which is the project area for a proposed horizontal oil well, and (2) pooling all mineral interests in this non-standard oil spacing unit from the surface to the base of the Bone Spring formation, Lusk-Bone Spring Pool. Marbob proposes to dedicate the above-referenced non-standard spacing or proration unit to its Malibu Federal Well No. 2 (**API No. 30-015-35563**) to be drilled from a surface location 330 feet from the North line and 660 feet from the East line and then, at a depth of 9450 feet, drilled in a southerly direction to encounter the Bone-Spring formation at an approximate depth of 9850 feet. The well then will be drilled horizontally in the Bone Spring formation to a terminus at a location 2310 feet from the North line and 660 feet from the East Line of said Section 12. All formations from the surface to the base of the Bone Spring formation will be tested. 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 Marbob Energy Corporation as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 15 miles southeast of the Loco Hills, New Mexico.



June 4, 2007

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Apache Corporation
Two Warren Place, Suite 1500
6120 South Yale
Tulsa, Oklahoma 74136

Attn: Michelle Hanson

Re: Application of Marbob Energy Corporation for a nonstandard oil spacing unit and compulsory pooling, Eddy County, New Mexico.

Dear Ms. Hanson;

This letter is to advise you that Marbob Energy Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking the creation of a non-standard spacing unit and the compulsory pooling of certain interests therein. Said unit is comprised of the E/2 NE/4 of Section 12, Township 19 South, Range 31 East, NMPM, Eddy County, New Mexico. Said units will be dedicated to Marbob Energy Corporation's proposed Malibu Federal Well No. 1 which it proposes to drill to a depth to test all formations from the surface to the base of the Bone Spring formation, Lusk-Bone Spring Pool. This well will be drilled at a standard surface location 330 feet from the North Line and 660 feet from the East line to a bottom hole location 2310 feet from the North line and 660 feet from the East Line of said section.

This application has been set for hearing before a Division Examiner at 8:15 AM on July 12, 2007. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-Hearing Statement with the Oil Conservation Division's Santa Fe office, four days in advance of a scheduled hearing, but at least on the Thursday preceding the hearing. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

HOLLAND & HART^{LLP}



Very truly yours,

William F. Carr

cc: Mr. Raye Miller
Marbob Energy Corporation