



January 29, 2008

HAND-DELIVERED

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

2008 JAN 29 PM 4 14
RECEIVED

Re: Amended Application of Marbob Energy Corporation for an order authorizing the drilling of a well in the Potash Area, Lea County, New Mexico

Dear Mr. Fesmire:

Enclosed is the amended application of Marbob Energy Corporation in the above-referenced case as well as a copy of a legal advertisement. Marbob. requests that this matter be placed on the docket for the February 21, 2008 Examiner hearings.

Sincerely,

Ocean Munds-Dry
Ocean Munds-Dry

Enclosures

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

**APPLICATION OF MARBOB ENERGY CORPORATION FOR AN ORDER
AUTHORIZING THE DRILLING OF A WELL IN THE POTASH AREA, LEA
COUNTY, NEW MEXICO.**

CASE NO. 14026

AMENDED APPLICATION

MARBOB ENERGY CORPORATION (“Marbob”), pursuant to the provisions of Oil Conservation Division Order No. R-111-P (“The Rules and Regulations Governing the Exploration and Development of Oil and Gas in Certain Areas Herein Defined, Which Are Known to Contain Potash Reserves”), applies to the New Mexico Oil Conservation Division for an order approving the drilling of its Magnum Pronto State Com Well No. 2 to test the Morrow formation, Lusk-Morrow Gas Pool, within the Potash Area at a location 1980 feet from the South and West lines (Unit K) of Section 32, Township 19 South, Range 32 East, NMPM, Lea County, New Mexico, and in support of this application, states:

1. Marbob Energy Corporation is the lessee of certain oil and gas rights under Section 32, Township 19 South, Range 32 East, NMPM, Lea County, New Mexico. Marbob has the right to develop the oil and gas reserves underlying this property.
2. Marbob proposes to drill its Magnum Pronto State Com Well No. 2 to a total depth of approximately 12,700 feet to test the Morrow formation on a standard 640-acre spacing unit comprised of said Section 32.
3. Section 32, the tract upon which Morrow proposes to drill, is state land that is located within the Potash Area.

4. Order R-111-P states that “no mining operations shall be conducted in the Potash Area that would, in the opinion of the Division or its duly authorized representative, constitute a hazard to oil or gas production, or that would unreasonably interfere with the orderly development and production from any oil or gas pool.” C(2).

5. Marbob proposes to drill in an area where oil and gas are currently being produced and therefore mining operations would unreasonably interfere with oil and gas development and production.

6. Marbob’s application was improperly rejected because it was not afforded the opportunity to show that potash would not be unduly effected.

7. Marbob should be afforded the opportunity to show that this proposed well location would not unduly waste commercial potash. See R-111-P, ¶ 20.

8. Further, by rejecting this APD, the Division has denied Marbob and its lessors, the owners of the underlying oil and gas rights in this property, the opportunity to produce the recoverable oil and gas under their property and unless reversed, will cause the waste of hydrocarbons. Marbob therefore requests that this matter be set for hearing before an examiner of the Oil Conservation Division.

9. Since Section 32 is unsuitable for potash mining future oil and gas drilling in the section should be approved without the necessity of coming to hearing. Marbob therefore also requests that applications for permit to drill in Section 32 should not be denied simply because the area is within the buffer zone of the LMR.

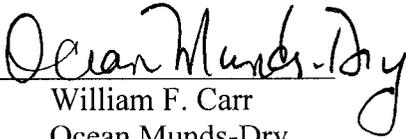
9. Marbob has sent notice of this application to interested parties listed on **Exhibit A** to this application.

10. Approval of this application will protect correlative rights for it will afford Marboband the other owners of the oil and gas rights the opportunity to produce their just and equitable share of the reserves under their property for it will honor the mutual agreement between the owners of both the potash and oil and gas interests for the development of these fee lands. Approval of this application will otherwise be in the best interest of conservation and the prevention of waste.

WHEREFORE, Marbob Energy Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on February 21, 2007, and that, after notice and hearing, the Division enter its order authorizing Marbob Energy Corporation to drill its proposed Magnum Pronto State Com Well No. 2 to test the Morrow formation, Lusk-Morrow Gas pool, at the proposed standard well location in Unit K of Section 32, Township 19 South, Range 32 East, NMPM, Lea County, New Mexico.

Respectfully submitted,

HOLLAND & HART, LLP

By: 
William F. Carr
Ocean Munds-Dry
P.O. Box 2208
Santa Fe, New Mexico 87504-2208
Telephone: (505) 988-4421

ATTORNEYS FOR MARBOB ENERGY CORP.

Exhibit A

**APPLICATION OF MARBOB ENERGY CORPORATION FOR AN ORDER
AUTHORIZING THE DRILLING OF A WELL IN THE POTASH AREA,
LEA COUNTY, NEW MEXICO.**

The Intrepid Companies
Attention: Land Department
700 17th Street Suite 1700
Denver, Colorado 80202

CASE NO. 14026 **(Re-advertised) Amended Application of Marbob Energy Corporation for an order authorizing the drilling of a well in the Potash Area, Lea County, New Mexico.** Applicant seeks an order approving the drilling of its proposed Magnum Pronto State Com Well No. 2 to test the Morrow Formation, Lusk-Morrow Gas Pool within the Potash Area at a location 1980 feet from the South and West lines (Unit K) of Section 32, Township 19 South, Range 32 East, NMPM, Lea County, New Mexico. Applicant also seeks approval of future oil and gas drilling in this section without necessity of going to hearing. This well will be drilled to an approximate depth of 12,700 to test the Morrow formation. Said location is within the Potash Area and approximately 19 miles south southwest of Maljamar, New Mexico.