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December 21, 2007

VIA HAND DELIVERY

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

Case 14071

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2007 DEC 21 PM 3:35

Re: Application of Marbob Energy Corporation for compulsory 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 a legal advertisement. Marbob requests that this matter be placed on the docket for the January 24, 2008 Examiner hearings.

Sincerely yours,

Ocean Munds-Dry

Ocean Munds-Dry
**ATTORNEY FOR
MARBOB PETROLEUM CORPORATION**

cc: Mr. William Miller

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**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 COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

CASE NO.: 14071

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 (2007), for an order pooling all mineral interests from 1500 feet to the top of the Abo formation in the following described spacing and proration units located in the SE/4 SW/4 of Section 25, Township 17 South, Range 28 East, N.M.P.M., Eddy County, New Mexico: the SE/4 SW/4 for all formations and/or pools developed on 40-acre spacing within this vertical extent including the Artesia-Glorieta-Yeso Pool and the Artesia-Queen-Grayburg-San Andres Pool and in support of its application states:

1. Marbob Energy Corporation is a working interest owner in said Section 25 and has the right to drill thereon.
2. Marbob proposes to dedicate the above-referenced spacing or proration unit to its N B Tween State Well No. 2 to be drilled from a surface location 990 feet from the South line and 2640 feet from the West line (Unit N) and a bottomhole location 990 feet from the South line and 2310 feet from the West line of Section 25, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico to test any and all formations from the surface to the top of the Abo formation.

3. Marbob has sought and been unable to gain the voluntary participation of certain interest owners in the subject spacing unit who is identified on Exhibit A to this application.

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 Marbob to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests 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 January 24, 2008 and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing and proration units,
- B. designating Marbob Energy Corporation operator of these units 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: Ocean Munds-Dry

WILLIAM F. CARR

OCEAN MUNDS-DRY

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**ATTORNEYS FOR MARBOB ENERGY
CORPORATION**

EXHIBIT A

**APPLICATION OF MARBOB ENERGY CORPORATION
FOR COMPULSORY POOLING
SE/4 SW/4 OF SECTION 25, TOWNSHIP 17 SOUTH,
RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, NEW MEXICO.**

Marathon Oil Company
200 N. Loraine, Suite 1310
Midland, Texas 79702

Lobos Energy Partners, LLC
3817 NW Expressway, Suite 950
Oklahoma City, OK 73112

CASE 1407: **Application of Marbob Energy Corporation for compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all mineral interests from 1500 feet to the top of the Abo formation in the following described spacing and proration units located in the SE/4 SW/4 of Section 25, Township 17 South, Range 28 East, N.M.P.M., Eddy County, New Mexico: the SE/4 SW/4 for all formations and/or pools developed on 40-acre spacing within this vertical extent including the Artesia-Glorieta-Yeso Pool and the Artesia-Queen-Grayburg-San Andres Pool. Said unit is to be dedicated to its N B Tween State Well No. 2 to be drilled at a surface location 990 feet from the South line and 2460 feet from the West line and a bottomhole location 990 feet from the South line and 2310 feet from the West line of Section 25, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico to test any and all formations from the surface to the top of the Abo formation. 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 9 miles west of Loco Hills, New Mexico.