

HOLLAND & HART ^{LLP}



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December 28, 2009

HAND-DELIVERY

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

Case 14420

RECEIVED OOD
2009 DEC 28 P 3:45

Re: Application of Marbob Energy Corporation for approval of special pool rules, Eddy County, New Mexico.

Dear Mr. Fesmire:

Enclosed in triplicate 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 February 4, 2010 Examiner Hearing docket.

Sincerely,

Ocean Munds-Dry
Ocean Munds-Dry

Enclosures
cc: Dean Chumbley

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

APPLICATION OF MARBOB ENERGY CORPORATION FOR SPECIAL RULES AND REGULATIONS FOR THE EAST PIERCE CROSSING-BONE SPRING POOL, EDDY COUNTY, NEW MEXICO.

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CASE NO. 11447

APPLICATION

Marbob Energy Corporation ("Marbob"), through its undersigned attorneys, hereby makes application for an order establishing special rules and regulations for the East Pierce Crossing-Bone Spring Pool and in support thereof, states as follows:

1. Marbob is an operator in the Undesignated East Pierce Crossing-Bone Spring Pool (96473).
2. The East Pierce Crossing-Bone Spring Pool ("Pool") was created by Division Order No. R-10234, dated November 1, 1994 and currently covers the following lands:

Township 24 South, Range 29 East, NMPM

Section 9: SE/4
Section 10: S/2
Section 11: NW/4
Section 12: SW/4
Section 13: W/2
Section 14: All
Section 15: NW/4
Section 22: S/2, NE/4
Section 23: E/2, NW/4
Section 25: W/2
Section 26: NE/4
Section 27: N/2
Section 36: W/2

T 25 S R 29 E

Sec. 1 2

Township 25 South, Range 29 East NMPM

Section 1: N/2

Township 25 South, Range 30 East NMPM

Section 6: NW/4

3. The development and spacing of this Pool is governed by the Division's statewide rules. Division Rule 19.15.15.9 NMAC provides that a well within a defined oil pool shall be located on a spacing unit consisting of 40 acres and located no closer than 330 feet to a boundary of the unit.

4. Division Rules 19.15.20.12 NMAC and 19.15.20.13 NMAC provide that the Pool has a depth bracket allowable of 187 barrels of oil day with a limiting gas-oil ratio of 2000:1.

5. Marbob requests that:

(a) the Division enact special rules and regulations for the Pool to provide for a limiting gas-oil ratio of 5000 cubic feet of gas for each barrel of oil produced; and

(b) All other rules shall be in conformance with statewide rules.

6. The granting of this application is in the interests of conservation, the prevention of waste and the protection of correlative rights.

7. Notice of this application has been given to all division-designated operators in the pool and division-designated operators of wells within the same formation as the pool within one mile of the pool's outer boundary as shown on Exhibit A.

WHEREFORE, Marbob Energy Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on February 4, 2010, that notice be given as required by law and the rules of the Division, and that the application be approved.

Respectfully submitted,

HOLLAND & HART, LLP

By: Ocean Munds-Dry
OCEAN MUNDS-DRY
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR MARBOB ENERGY CORP.

Marbob Energy Corporation
Application for Special Pool Rules
East Pierce Crossing Bone Spring Pool
Exhibit A

BOPCo., L.P.
6 Desta Drive, Suite 3700
Midland, Texas 79702

COG Operating LLC
550 W. Texas Suite 1300
Midland, Texas 79701

Chesapeake Operating, Inc.
PO Box 18496
Oklahoma City, Oklahoma 73154-0496

Devon Energy Production Co., LP
PO Box 1678
Oklahoma City, Oklahoma 73101-1678

Kaiser-Francis Oil Co.
6733 S. Yale
Tulsa, Oklahoma 74136

OGX Resources
PO Box 2064
Midland, Texas 79702

OXY USA Inc.
PO Box 27570
Houston, Texas 77227-7570

OXY USA WTP Limited Partnership
PO Box 50250
Midland, Texas 797110-0250

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

CASE NO. 14420

Application of Marbob Energy Corporation for special rules, Eddy County, New Mexico. Applicant seeks an order establishing special rules and regulations for the East Pierce Crossing Bone Spring Pool, including a limiting gas-oil ratio of 5000 cubic feet of gas for each barrel of oil produced. The pool covers parts of Sections 9, 10, 11, 12, 13, 14, 15, 22, 23, 25, 26, 27 and 36 in Township 24 South, Range 29 East NMPM, Section 1 in Township 25 South, Range 29 East NMPM and Section 6 in Township 25 South, Range 30 East NMPM. The pool is located approximately 8 miles southeast of Malaga, New Mexico.