

HOLLAND & HART<sup>LLP</sup>



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May 11, 2010

**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

*Case 14479*

RECEIVED OCD  
2010 MAY 11 P 2:59

**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 Energy Corporation requests that this matter be placed on the docket for the June 10, 2010 Examiner hearings.

Sincerely,

*Ocean Munds-Dry*

Ocean Munds-Dry

Enclosures

cc: Ross Duncan

Holland & Hart LLP

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

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2010 MAY 11 P 3:01

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

CASE NO. 14479

**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, for an order pooling all mineral interests from the surface to the base of the Morrow formation in the following described spacing unit located in the E/2 of Section 34, Township 24 South, Range 25 East, N.M.P.M., Eddy County, New Mexico: the E/2 for all formations and/or pools developed on 320-acre spacing within this vertical extent including the Undesignated Chosa Draw-Morrow Gas Pool; the SE/4 for all formations and/or pools developed on 160-acre spacing within this vertical extent; and the NE/4 SE/4 for all formations and/or pools developed on 40-acre spacing within this vertical extent. In support of its application, Marbob states:

1. Marbob is a working interest owner in the E/2 of said Section 34 and has the right to drill thereon.
2. Marbob proposes to dedicate the above-referenced spacing or proration units to its Bawh State Com Well No. 1 to be drilled 1930 feet from the South line and 810 feet from the East line of said Section 34.

3. Marbob has been unable to locate and obtain voluntary agreement for the development of these lands from certain working interest owners in the subject spacing unit. These owners are 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 June 10, 2010 and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing unit,
- B. designating Marbob Energy Corporation operator of this spacing 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 200% 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  
Ocean Munds-Dry  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
(505)988-4421

ATTORNEYS FOR MARBOB ENERGY  
CORPORATION

**EXHIBIT A**

**APPLICATION OF  
MARBOB RESOURCES, INC.  
FOR COMPULSORY POOLING  
E/2 SECTION 34, TOWNSHIP 124 SOUTH, RANGE 25 EAST, N.M.P.M.  
EDDY COUNTY, NEW MEXICO.**

John D. Ogle

W.B. Grammer

CASE 14479:

**Application of Marbob Energy Corporation for compulsory pooling, Eddy County, New Mexico.** To: John D. Ogle and W.B. Grammer or their successors, heirs or devisees. 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 unit located in the E/2 of Section 34, Township 24 South, Range 25 East, N.M.P.M., Eddy County, New Mexico the E/2 for all formations and/or pools developed on 320-acre spacing within this vertical extent including the Undesignated Chosa Draw-Morrow Gas Pool; the SE/4 for all formations and/or pools developed on 160-acre spacing within this vertical extent; and the NE/4 SE/4 for all formations and/or pools developed on 40-acre spacing within this vertical extent. Said unit is to be dedicated to its Bawh State Com No. 1 to be drilled 1930 feet from the South line and 810 feet from the East line of said Section 34. 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 200% charge for risk involved in drilling said well. Said area is located approximately .25 miles southwest of Whites City, New Mexico.