



September 14, 2010

HAND-DELIVERED

Case 14558

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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

**Re: Application of Marbob Energy Corporation for vertical
expansion of the Burch Keely Unit, 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 October 14, 2010 Examiner hearings.

Sincerely,

Ocean Munds-Dry

Ocean Munds-Dry

Enclosures

cc: Dean Chumbley

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

**IN THE MATTER OF THE APPLICATION
OF MARBOB ENERGY CORPORATION TO VERTICALLY
EXPAND THE BURCH KEELY UNIT,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 14558

APPLICATION

MARBOB ENERGY CORPORATION, ("Marbob") as successor to be of COG Operating, LLC through its undersigned attorneys, hereby makes application to the Oil Conservation Division for an order amending Order No. R-7900-A to vertically expand the the unitized formation in the Burch Keely Unit. In support of its application, Marbob states:

1. Marbob is the operator of the Burch-Keely Unit, Eddy County, New Mexico which is comprised of 5149.44 acres, more or less, of federal lands which was statutorily unitized pursuant to Oil Conservation Division Order No. R-7900-A dated October 28, 1993. The Unit boundaries include the following acreage:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM

Section 12: SE/4 SE/4
Section 13: All
Section 23 through 26: All

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM

Sections 18 and 19: All
Section 30: All

2. The "Unitized Formation" in the Burch Keely Unit comprises the interval from the top of the Seven Rivers formation to the base of the San Andres formation or to a true vertical depth of 5000 feet, whichever is lesser.

3. In Order No. R-10067 dated February 22, 1994, the Division granted Marbob's application to abolish the Grayburg-Paddock Pool and to extend the vertical limits of the Grayburg-Jackson Pool to include the Glorieta Yeso (Paddock) formation under the Unit Area. The vertical limits of the Grayburg-Jackson-Paddock Pool was amended to include that interval from the top of the Seven Rivers formation to 500 feet below the top of the Paddock formation.

4. Marbob seeks to extend the vertical limits of the Unitized Formation to 5000 feet.

5. A vertical expansion to the proposed depth of 5000 feet will allow the efficient recovery of all movable hydrocarbons within the full oil column present in the Paddock and the upper Blinberry formations.

6. **Exhibit A** is a list of parties that were notified of this hearing in accordance with Division rules.

7. Approval of this application will afford Marbob the opportunity to produce its just and equitable share of the remaining reserves in the Burch Keely Unit Area and will otherwise be in the best interest of conservation, the protection of correlative rights and the prevention of waste.

WHEREFORE, Marbob Energy Corporation, as successor to be of COG Operating LLC requests that this application be set for hearing before an Examiner of

the Oil Conservation Division on October 14, 2010 and, after notice and hearing as required by law, the Division enter its order granting this application.

Respectfully submitted,
HOLLAND & HART LLP

By: Ocean Munds-Dry
William F. Carr
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.
TO EXPAND THE VERTICAL LIMITS OF THE BURCH KEELY UNIT
EDDY COUNTY, NEW MEXICO.

Unit Interest Owners:

Pansam Trust Raymon Newton
Childress
PO Box 66
Joplin, MO 64802

Robert F. Dexter Trust UDT Date
8/27/92, Louise H. Dexter
20940 Pacific Coast Hwy
Malibu, CA 90265

William D. Inglehart
701 E. Pennsylvania
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Sharon A. Hansen
5822 Jones Ave
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616 El Cajon Blvd Ste B
PMB 253
San Diego, CA 92115

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Ventura, CA 93003

Hugh Ross Burch Trustee
Hugh R. Burch Rev Living Trust
4601 Memory Lane
Oklahoma City, OK 73112

Russell Resources Ltd.
Michael Russell Lilly VP
PO Box 373
Longview, TX 75606

Barbara Kruse Frankenfield
73333 Wooded Acres Trail
Mansfield, TX 76063

Marbob Energy Corp
PO Box 227
Artesia, NM 88211-0227

Jack W. McCaw
PO Box 127
Artesia, NM 88211-0127

Leo Vernon Mock Family Trust
Debbie Bowers &
286 StageCoach Rd.
Arroyo Grande, CA 94320

Chester J. Acree and Jean C.
Acree – Trustees of the Acree Family
Trust Dated 9-30-88
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Palos Verdes Estates, CA 90274

Higgins Trust Inc.
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Thomasville, GA 31758-6905

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Virginia Weber
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Artesia, NM 88210

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Midland, TX 79710-0880

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Costaplenty Energy Corp.
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UnKnown

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Welter 1981 Trust Wells Fargo
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Offsets:

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Pioneer Natural Resources USA Inc.
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Midland, Texas 79702

CBS Operating Corporation
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Midland, Texas 79702

Burnett Oil Co. Inc.
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Southern Bay Energy LLC
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Houston, Texas 77090

Southwest Royalties, Inc.
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ConocoPhillips Co.
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Midland, Texas 79710

Anadarko Production Corp.
PO Box 2497
Midland, Texas 79702

EOG Resources, Inc.
PO Box 2267
Midland, Texas 79702

Hunt Oil Co.
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Surface Owners:

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Carlsbad, NM 88220

John. R. Gray, LLC
PO Box 1182
Artesia, NM 88211-1182

CASE 14558:

Application of Marbob Energy Corporation for vertical expansion of the Burch Keely Unit, Eddy County, New Mexico.

Applicant in the above-styled cause seeks an order amending Order No. R-7900-A to extend the vertical limits in the Burch Keely Unit to expand the Unitized Formation to 5000 feet. The Unit Area consists of lands in Sections 12, 13, 23 through 26 in Twonship 17 South, Range 29 East and Sections 18, 19 and 30 in Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico. Said area is located approximately 2 miles west of Loco Hills, New Mexico.