



marbob
energy corporation

March 6, 2000

Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Attention: Mr. Mike Stogner

**RE: Application for Administrative Approval of Unorthodox Location
Primero Federal #2 - 2116' FSL and 542' FWL
Section 23, T-26S, R-24E, Eddy County, New Mexico**

Dear Mike:

Marbob Energy Corporation (Marbob) hereby makes application pursuant to Oil Conservation Division Rule 104.F.(2) for administrative approval to drill the above referenced Primero Federal to the Morrow formation based on geologic/surface considerations.

Marbob proposes to drill the Primero Federal #2 well at an unorthodox location 542 feet from the west line and 2116 feet from the south line in Section 23 of Township 26 South, Range 24 East, N.M.P.M., Eddy County, New Mexico. The proposed proration unit is the south half and this would make the location unorthodox to the west setback by 118 feet and to the north setback by 136 feet.

Marbob is the operator for the well with the rights in the lease being owned by Marbob Energy Corporation and Primero Operating, Inc. The spacing unit which this well will encroach upon is the N/2 of Section 23 of Township 26 South, Range 24 East and the E/2 of Section 22 of Township 26 South, Range 24 East. There are currently no producing deep wells in Section 22. However, Marbob Energy has received approval for the Primero Grooms 22 Federal No. 1 which has an E/2 proration unit. We have identified all adjoining proration units on Exhibit "B" with a list of the owners or operators for each tract.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 12370 Exhibit No. 1
Submitted by:
Marbob Energy Corporation
Hearing Date: April 6, 2000

Exhibit "A" is a plat showing the proposed unorthodox well location and the spacing unit for the Primero Federal #2. The spacing unit is outlined in orange. We initially selected an orthodox location to the south and east. Upon inspection of this location by the BLM, we were advised that this location fell in three special management areas - sensitive soils, cave karst, and visual. After a considerable length of time, we realized that our orthodox location would not be approved. We then met with the BLM's cave specialist who suggested a location at 700' FWL and 2100' FSL. Marbob staked this location and then the BLM's cave specialist determined a field check was needed. During this field check, he further moved the location to 542' FWL and 2116' FSL. Marbob personnel continually through out all these moves attempted to have the location moved to an orthodox footage, but were unsuccessful. Marbob's geologist believes that either location (orthodox or unorthodox) is just as likely as the other to make a producing well. Marbob Energy is the operator of all the adjoining proration units. The working interest ownership and burdens are identical among all the adjoining proration units. Additionally, we have staked two locations in Section 26 of Township 26 South, Range 24 East, making east half and west half proration units in this section.

We affirm that notice has been sent to the offset operators or lease owners. We would request that you consider approval of this unorthodox location. Thank you for your help in this matter. If you have any questions, please contact me.

Sincerely,



Dean Chumbley
Land Department

RM/mm

cc: Mr. Tim Gumm
OCD District II
811 South 1st St.
Artesia, NM 88210

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

AMENDED REPORT

DISTRICT III
1000 Rio Brazos Rd., Artec, NM 87410

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|---------------|---------------------|---------------------------------|
| API Number | Pool Code | Pool Name |
| | 96913 | WASHINGTON RANCH; MORROW, SOUTH |
| Property Code | Property Name | Well Number |
| 23885 | PRIMERO FEDERAL | 2 |
| OGRID No. | Operator Name | Elevation |
| 14049 | MARBOB ENERGY CORP. | 3948 |

Surface Location

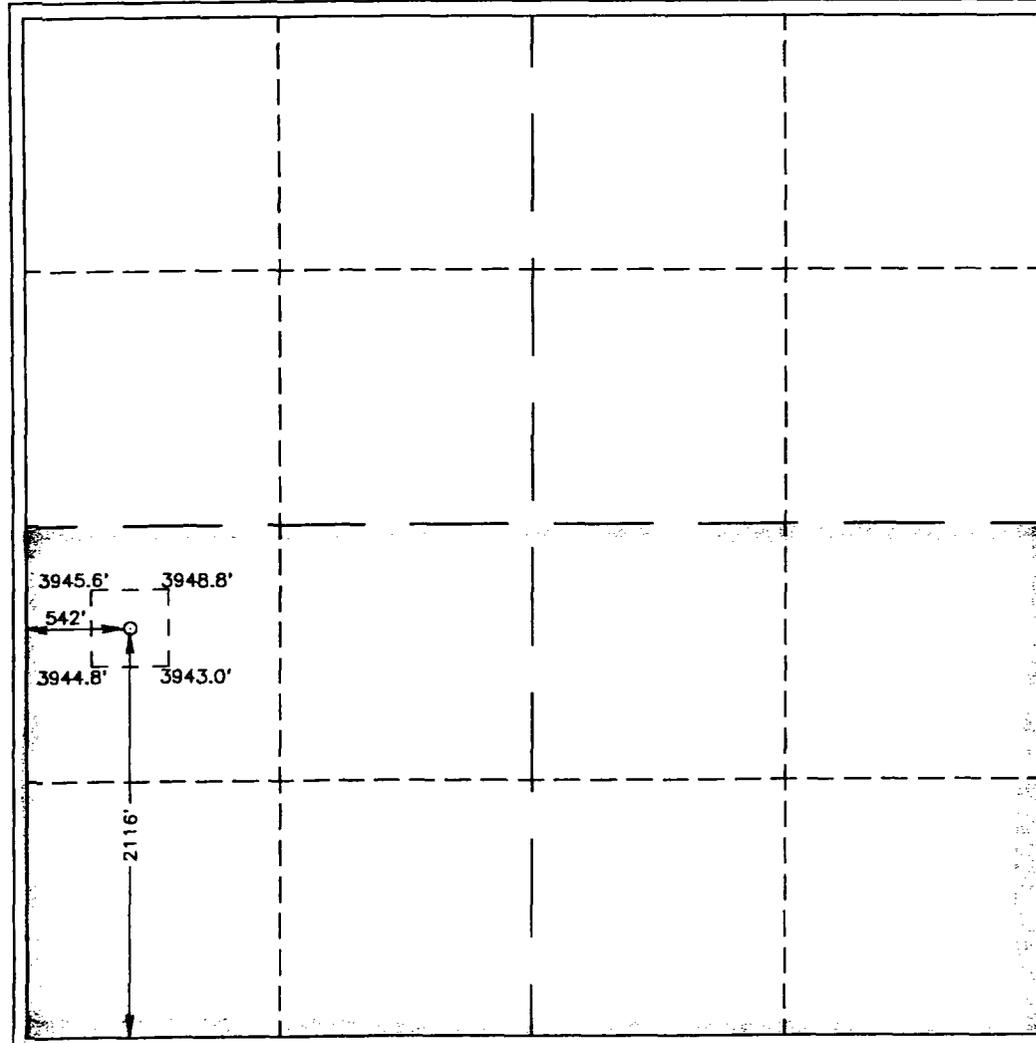
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| L | 23 | 26 S | 24 E | | 2116 | SOUTH | 542 | WEST | EDDY |

Bottom Hole Location If Different From Surface

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| | | | |
|-----------------|-----------------|--------------------|-----------|
| Dedicated Acres | Joint or Infill | Consolidation Code | Order No. |
| 320 | | | |

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Cairene D. Smith
Signature

CAIRENE D. SMITH
Printed Name

PRODUCTION ANALYST
Title

02/18/2000
Date

SURVEYOR CERTIFICATION

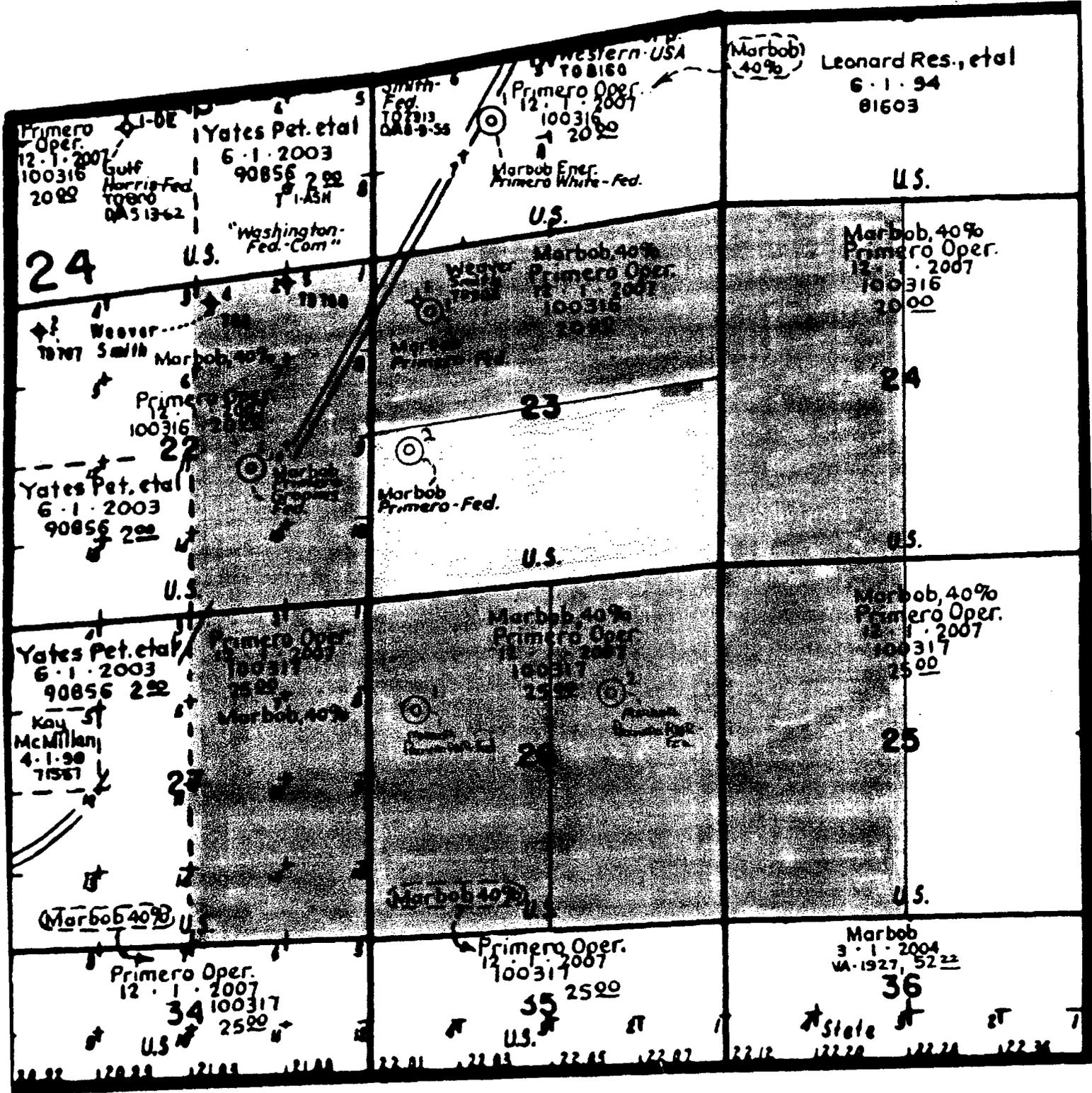
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

FEBRUARY 16, 2000
Date Surveyed

Ronald J. Eidson
Signature & Seal of Professional Surveyor

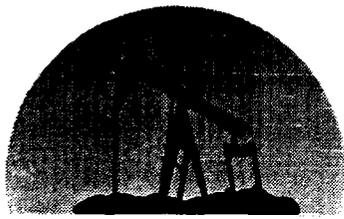
W.O. Num 00-19-0224

Certificate No. RONALD J. EIDSON, 3239
GARY G. EIDSON, 12641
MAGON McDONALD, 12165



Acreeage dedicated to Primero Federal #2

Marbob Energy Corporation & Primero Operating, Inc.



marbob
energy corporation

March 6, 2000

MAR 10 2000

Primero Operating, Inc.
Post Office Box 1433
Roswell, New Mexico 88202

**RE: Application for Administrative Approval of Unorthodox Location
Primero Federal #2 - 2116' FSL and 542' FWL
Section 23, T-26S, R-24E, Eddy County, New Mexico**

Gentlemen:

Marbob Energy Corporation has submitted an Application to the Oil Conservation Division for the unorthodox location unit for the above described well. A copy of the Application is enclosed for your review.

Please accept this letter as the required notification. If you object, please notify the following:

Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505
Attention: Mr. Mike Stogner

If you have any questions regarding the Application, please contact me. If you do not object to the location as proposed, please sign the waiver below.

Sincerely,

Dean Chumbley
Dean Chumbley
Land Department

We do not object to location
as proposed

By: _____
Name: Phelps White
Title: President
Date: 3/8/99