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January 11, 1994

HAND-DELIVERED

10903

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

JAN 11 1994

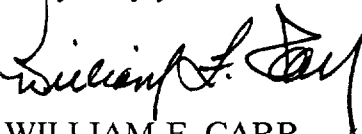
Re: Application of Marbob Energy Corporation for Abolishment of the Grayburg-Paddock Pool and Extension of the Vertical Limits of a Portion of the Grayburg-Jackson Pool, Eddy County, New Mexico

Application of Marbob Energy Corporation to Authorize Unorthodox Well Locations Within the Burch Keely Unit, Eddy County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate are the Applications of Marbob Energy Corporation in the above-referenced cases as well as a copy of both legal advertisements. Marbob Energy Corporation respectfully requests that this matter be placed on the docket for the February 3, 1994 Examiner hearings.

Very truly yours,



WILLIAM F. CARR
WFC:mlh

Enclosures

cc: Mr. Raye Miller (w/enclosures)
Marbob Energy Corporation
Post Office Drawer 217
Artesia, New Mexico 88211-0217

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

IN THE MATTER OF THE APPLICATION
OF MARBOB ENERGY CORPORATION FOR
ABOLISHMENT OF THE GRAYBURG-PADDOCK
POOL AND EXTENSION OF THE VERTICAL
LIMITS OF A PORTION OF THE
GRAYBURG-JACKSON POOL,
EDDY COUNTY, NEW MEXICO.

JAN 11 1994

CASE NO. 10903

APPLICATION

MARBOB ENERGY CORPORATION ("Marbob"), through its undersigned attorneys, makes application to the New Mexico Oil Conservation Division for an order abolishing the Grayburg-Paddock Pool and extending the vertical limits of the Grayburg-Jackson (Seven Rivers-Queen-Grayburg-San Andres) Pool underlying its Burch-Keely Unit and in support of its application states:

1. Marbob is the operator of the Burch-Keely Unit which is comprised of 5149.44 acres, more or less, of federal lands which was statutorily unitized pursuant to Order No. R-7900-A entered on October 28, 1993, more particularly described as follows:

Township 17 South, Range 29 East, N.M.P.M.

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

Township 17 South, Range 30 East, N.M.P.M.

Sections 18 and 19:	All
Section 30:	All

2. The "Unitized Formation" in the Burch Keely Unit comprises the interval in the Grayburg-Jackson Pool 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 beneath the surface, whichever is lesser.

3. The Grayburg-Paddock Pool (Glorieta Yeso formation) was created by Order No. R-1042, dated August 29, 1957. The pool boundaries include the following acreage in the Paddock formation.

Township 17 South, Range 30 East, N.M.P.M.

Section 18:

SE/4

4. The Burch A No. 17 Well (now the Burch Keely Unit No. 27 Well) located in the SE/4 SE/4 of Section 18 and the Burch A No. 14 Well (now the Burch Keely Unit No. 28 Well) located in the SW/4 SE/4 of Section 18 were the only wells to produce from the Grayburg-Paddock Pool and both have now been abandoned in this pool.

5. Data on old well completions demonstrates that the Glorieta Yeso (Paddock) formation and the Seven Rivers, Queen, Grayburg and San Andres formations, may be in communication at various locations throughout the Grayburg-Jackson Pool.

6. Although there is no current production from the Glorieta Yeso (Paddock) formation in this area, recent tests on this formation demonstrate that it contains producible reserves but that these reserves are uneconomical to separately produce.

7. Under current federal regulation, the Glorieta Yeso production may only be commingled with production from the Seven Rivers, Queen, Grayburg and San Andres formations if the vertical limits of the Grayburg-Jackson Pool are extended to include the

Glorieta Yeso (Paddock) formation.

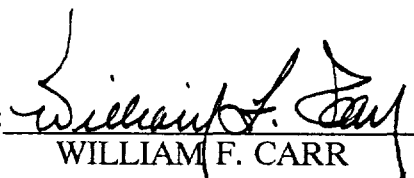
8. Abolishment of the Grayburg-Paddock Pool and extension of the vertical limits of the Grayburg-Jackson Pool to include the Glorieta Yeso (Paddock) formation under the Burch Keely Unit will enable Marbob to produce reserves from the Glorieta Yeso (Paddock) formation that otherwise would not be recovered thereby preventing waste.

9. Approval of this application will otherwise be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Marbob Energy Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on February 3, 1994 and, that after notice and hearing as required by law, the Division enter its order abolishing the Glorieta-Paddock Pool and extending the vertical limits of the Glorieta-Jackson Pool to include the Glorieta Yeso (Paddock) formation under the horizontal boundaries of the Burch-Keely Unit Area.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

By: 
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ATTORNEYS FOR MARBOB ENERGY
CORPORATION

10903

CASE _____: Application of Marbob Energy Corporation for abolishment of the Grayburg-Paddock Pool and extension of the vertical limits of a portion of the Grayburg-Jackson Pool, Eddy County, New Mexico. Applicant seeks an order abolishing the Grayburg-Paddock Pool located in portions of Section 18, Township 17 South, Range 30 East, and extending the vertical limits of the Grayburg-Jackson Pool to include the Glorieta Yeso (Paddock) formation under the Unit Area which is located in portions of Township 17 South, Ranges 29 and 30 East, N.M.P.M. The Burch Keely Unit Area is located two miles west of Loco Hills, New Mexico.

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