

March 19, 2002

Marbob Energy Corporation
P. O. Box 227
Artesia, New Mexico 88211-0227

Telefax No. (505) 746-2523

Attention: Dean Chumbley

Administrative Order NSL-599-A

Dear Mr. Chumbley:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on February 26, 2002 (*application reference No. pKRV0-206051136*); and (ii) the Division's records, including the file on Administrative Order NSL-599: all concerning Marbob Energy Corporation's ("Marbob") request to amend a previously approved order by the Division of an unorthodox gas well location by expanding the vertical limits of the provisions in this order to include the Undesignated South Carlsbad-Strawn Gas Pool (**74120**).

Division Administrative Order NSL-599, dated March 15, 1973, authorized Michael P. Grace II to drill its Airport Grace Well No. 1 (**API No. 30-015-20829**) at an unorthodox gas well location within the South Carlsbad-Morrow Gas Pool 1980 feet from the South line and 2164 feet from the West line (Unit K) of Section 36, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico, within a standard 320-acre stand-up gas spacing and proration unit comprising the W/2 of Section 36.

It is the Division's understanding that the deeper Morrow interval was recently plugged-back and the wellbore was recompleted uphole into the shallower Strawn interval. Pursuant to Division Rule 104.C (2) (a), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, this location is unorthodox for the Undesignated South Carlsbad-Strawn Pool. Further, the W/2 of Section 36, being a standard 320-acre gas spacing and proration unit for this pool, is also to be dedicated to this well.

The subject request has been duly filed under the provisions of Division Rule 104.F, as revised.

By the authority granted me under the provisions of Division Rule 104.F (2), as revised, the above-described unorthodox gas well location for Marbob's Airport Grace Well No. 1 is hereby approved for the Undesignated South Carlsbad-Strawn Gas Pool.

Further, Division Administrative Order NSL-599 dated March 15, 1973 is hereby placed in abeyance until further notice.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.