



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

December 13, 2000

Lori Wrotenbery
Director
Oil Conservation Division

Marbob Energy Corporation
c/o Campbell, Carr, Berge & Sheridan, P.A.
P. O. Box 2208
Santa Fe, New Mexico 87504-2208
Attention: William F. Carr

Telefax No. (505) 983-6043

Administrative Order NSP-1837

Dear Mr. Carr:

Reference is made to the following: (i) your application on behalf of the operator, Marbob Energy, Inc. ("Marbob") dated November 8, 2000; (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe; and (iii) Mr. Raye Miller's telephone conversation with Mr. Michael E. Stogner, Engineer/Chief Hearing Officer on Monday, December 11, 2000: all concerning Marbob's request for an exception to **Rule 2** of the "*Special Rules and Regulations for the Lusk-Morrow Gas Pool*," as promulgated by Division Order No. R-2373, as amended by Division Orders No. R-2373-A, R-2373-B, R-6197, R-2373-C, R-2373-C (1), and R-2373-D. This application is essentially a request to reinstate a previously approved non-standard 320-acre lay-down gas spacing and proration unit in the Lusk-Morrow Gas Pool underlying the following described acreage in Eddy County, New Mexico:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
Section 13: N/2.

By Order No. R-6196, issued in Case No. 6731 and dated November 21, 1979, the Division initially established this 320-acre unit for Petroleum Development Corporation. By Order No. R-6196-A, issued in Case No. 6849 and dated April 15, 1980, the Division authorized this 320-acre unit to be dedicated to Petroleum Development Corporation's Llano-McKay Federal Com. Well No. 2 (30-025-23159), to be drilled at an unorthodox gas well location 750 feet from the North line and 660 feet from the West line (Unit D) of Section 13. In September 1981, after producing a total of 69,512 MCF of gas and 1,540 barrels of condensate, this well was plugged and abandoned.

Further, the S/2 of Section 13 is currently dedicated Lynx Petroleum Consultants, Inc. HJ "13" Federal Com. Well No. 1 (30-025-23781), located 1980 feet from the South line and 2310 feet from the West line (Unit K) of Section 13. There is no record of Division approval of this 320-acre non-standard gas spacing and proration unit within the Lusk-Morrow Gas Pool, which appears to have been in affect since Tenneco Oil Company drilled this well in mid-1981 and established gas production in April, 1982.

It is our understanding at this time that Marbob intends to re-establish Morrow gas production from the N/2 of Section 13 with its proposed Trapper "13" State Com. Well No. 1 (API No. 30-015-31362), to be drilled at a standard gas well location 1980 feet from the North and East lines (Unit G) of Section 13.

This application has been duly filed under the provisions of Division Rule 104.D (2), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

By the authority granted me under the provisions of **Rule 4** of the "*Special Rules and Regulations for the Lusk-Morrow Gas Pool*" and Division Rule 104.D (2) the above-described non-standard 320-acre non-standard gas spacing and proration unit is hereby restored and that portion of Division Order No. R-6198-A authorizing it shall be reinstated to its initial extent.

Further, the aforementioned Trapper "13" State Com. Well No. 1 and 320-acre spacing unit will be subject to all existing rules, regulations, policies, and procedures applicable to this pool.

Jurisdiction of this matter shall be further retained for the entry of any such subsequent orders as the Division may deem necessary.

Sincerely,



Lori Wrottenbery
Director

cc: New Mexico Oil Conservation Division - Artesia
New Mexico State Land Office - Santa Fe
U. S. Bureau of Land Management - Carlsbad