



marbob
energy corporation

FAX TRANSMITTAL SHEET

DATE: 7-12-99

TO: Mr. Mike Stagner

FAX #: 827-1389

FROM: Raye Miller

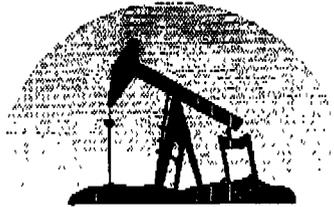
COMMENTS:

TOTAL # OF PAGES (including cover sheet): 5

If you have any trouble receiving this fax, please contact me.

Phone # 505/748-3303

Fax # 505/746-2523



marbob
energy corporation

July 12, 1999

New Mexico Energy, Minerals &
Natural Resources Department
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Attn: Mr. Mike Stogner

RE: Application for Administrative Approval of Unorthodox
Location with a Directional Wellbore
Primero White 14 Federal #1
Surface Location 1717' FSL and 1754' FWL
Section 14-26S-24E, Eddy County, New Mexico

Dear Mr. Stogner:

Marbob Energy Corporation would request permission to directional drill the above described well to a bottom hole location of 1410' FSL and 700' FWL of Section 14, Township 26 South, Range 24 East.

This well was drilled to total depth vertically of 7820 feet. After logging, we believe that the best possibility of making a successful well in this proration unit could be done by kicking this well to a bottom hole location 1410' FSL and 700' FWL of Section 14.

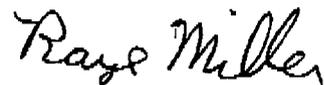
Based on existing wellbore control, the current vertical penetration has narrowly missed a N/NE trending morrow sand channel. Allowing us to deviate the well to the W/SW should result in our hitting a pay sand. The economics behind this allowance will

essentially save our company approximately \$250,000 - the cost of drilling a new well.

This unorthodox location would be crowding the west offset lease. That lease is operated by Yates Petroleum Corporation. A copy of their waiver to this application is attached as Exhibit A. We have notified the Bureau of Land Management regarding this proposal. David Glass gave us verbal approval for this procedure subject to OCD approval. A copy of the original From C-102 is attached as Exhibit B. We are proposing to set plugs back up to a depth of 4500 feet subsurface and that would be our kick off point. We would then deviate the hole to a bottom hole location 1410' FSL and 700' FWL of Section 14. As soon as we receive information on the angle, penetration point, and lateral length, we will fax that information to you.

We currently have a rig on location circulating and would request your approval as soon as possible. If you need any additional information, please contact me.

Sincerely,



Raye Miller
Land Department

RM/mm
Enclosures

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 746-1471

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

July 12, 1999

Mr. Raye Miller
Marbob Energy Corp.
P. O. Box 227
Artesia, New Mexico 88210

Re: Marbob Energy Corp.
Section 14, T26S-R24E
Eddy County, New Mexico

Dear Raye:

Yates Petroleum Corporation, Myco Industries, Inc., Abo Petroleum Corporation, and Yates Drilling Company do hereby waive any objection as to your sidetracking your Section 14 well to within 660' FWL and between 1500' and 1650' FSL provided for the following:

1. You agree to give us all geological information, including drilling reports on your Section 14 well.
2. You agree to grant Yates Petroleum Corporation a like unorthodox location for a well in the SE/4 of Section 15.

Please indicate your acceptance of the above by signing and returning a copy of this letter to the undersigned.

Very truly yours,

YATES PETROLEUM CORPORATION
YATES DRILLING COMPANY
MYCO INDUSTRIES, INC.
ABO PETROLEUM CORPORATION

Douglas W. Hurlbut
Landman

DWH/mw

AGREED TO AND ACCEPTED
this 12 day of July, 1999

Marbob Energy Corp.

By Raye Miller

Title Attorney-in-fact

EXHIBIT "A"

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 88, Artesia, NM 88211-0719

EXHIBIT "B"

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

OIL CONSERVATION DIVISION
P.O. Box 2088

Santa Fe, New Mexico 87504-2088

AMENDED REPORT

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name WILDCAT
Property Code	Property Name PRIMERO WHITE 14 FEDERAL	Well Number 1
GRID No. 14049	Operator Name MARBOB ENERGY CORPORATION	Elevation 3872

Surface Location

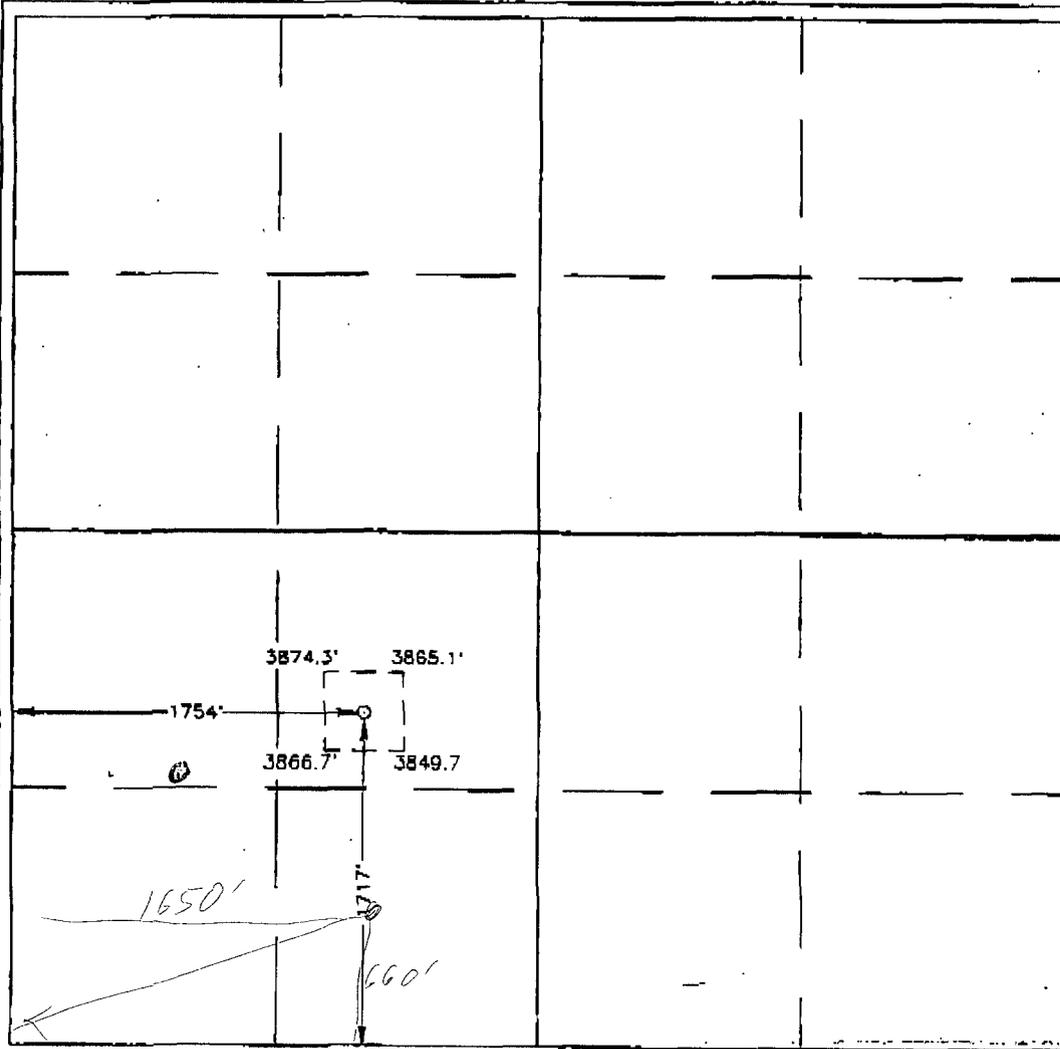
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	14	26 S	24 E		1717	SOUTH	1754	WEST	EDDY

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 320	Joint or Infill	Consolidation Code	Order No.
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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.

Robin Cockrum
Signature
ROBIN COCKRUM
Printed Name
PRODUCTION ANALYST
Title
2/9/99
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 3, 1999
Date Surveyed DMCC
Signature of State Professional Surveyor
Professional Surveyor
RONALD S. EDSON
02-08-99
00-17-0028
Certificate No. RONALD S. EDSON 3239
GARY GIBSON 12641
HAROLD McDONALD 12185



marbob
energy corporation

NSL(BHL) ~~8/3/99~~

Rec # 7-12-99

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2040 South Pacheco
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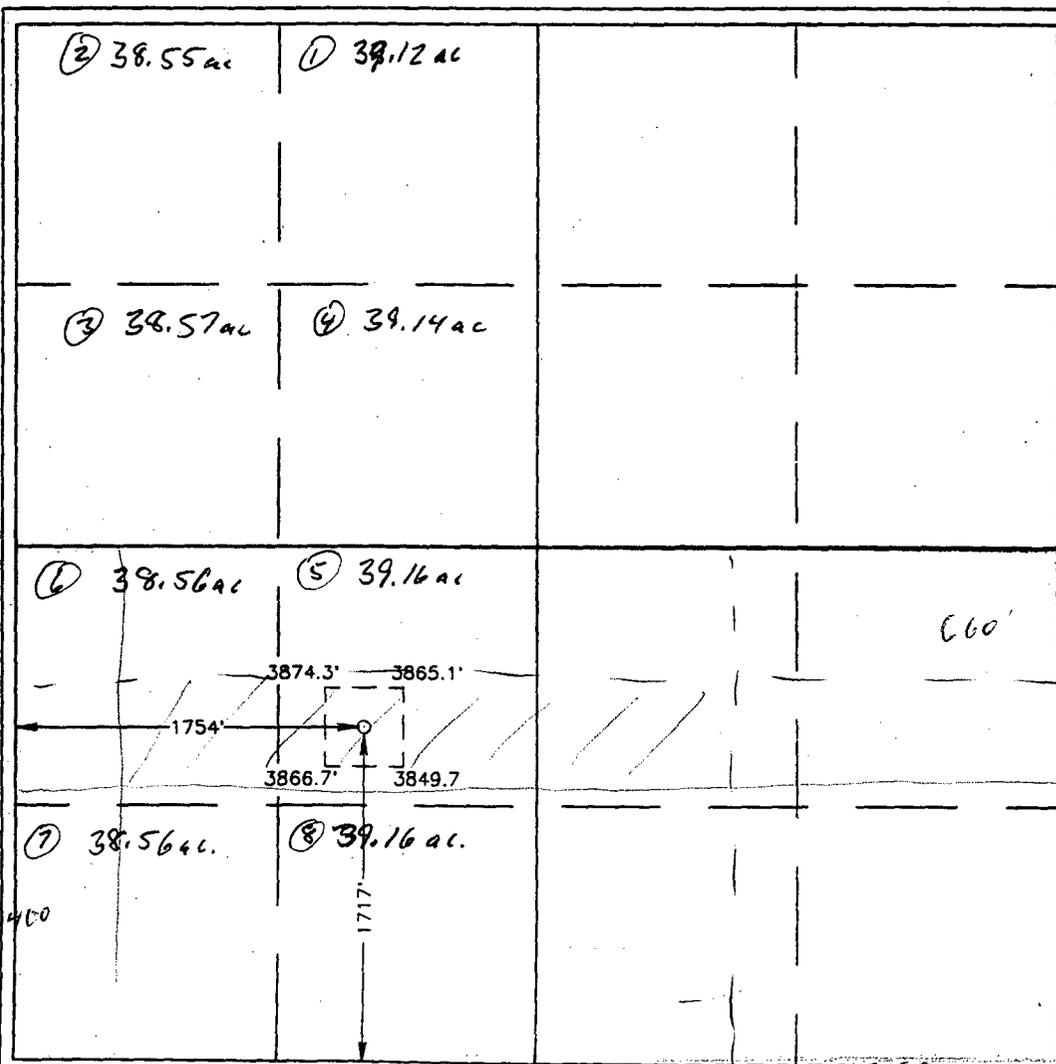
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Robin Cockrum
Signature
ROBIN COCKRUM

Printed Name
PRODUCTION ANALYST

Title
2/9/99

Date

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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 3, 1999

Date Surveyed DMCC

Signature of Sp. of Professional Surveyor
Ronald S. Edson

Professional Seal
NEW MEXICO
REG. PROFESSIONAL SURVEYOR
2230
89-11-0028
02-08-99

Certificate No. RONALD S. EDSON 3239
CARY EDSON 12641
MCDONALD 12185

V.E. LOS

400

Marbob

1650