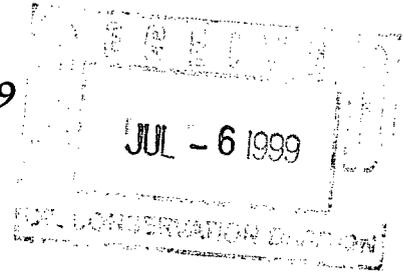


NSL 7/26/99



marbob
energy corporation

July 2, 1999



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

Attn: Mike Stogner

RE: Application for Administrative Approval
of Unorthodox Location / Red Federal #4
2310' FSL and 1575' FEL Section 17-17S-30E
Eddy County, New Mexico

BD-015-30143

Dear Mr. Stogner:

Marbob Energy Corporation hereby makes Application pursuant to Oil Conservation Division Rule 104.F for Administrative approval to drill the above referenced Red Federal No. 4. Marbob Energy proposes to drill the Red Federal No. 4 to an approximate depth of 4800'. If successful, the proposed well would be completed in the Loco Hills Paddock Pool.

The orthodox location of 2310' FSL and 1650' FEL placed the well pad directly over a PNM Gas Services pipeline. A move to the west would have placed the well pad between the before mentioned PNM pipeline and a GPM natural gas pipeline. Marbob Energy preferred to move, to the east, the minimum distance needed to safely construct and drill the Red Federal No. 4. This move resulted in the unorthodox location of 2310' FSL and 1575' FEL. Therefore, requiring this Application

for Administrative Approval of Unorthodox Location.

Attached to this application, please find a Form C-102 showing the footage and the proration unit of the proposed well. Also, attached are plats showing the offset interest owners of the producing interval (Exhibit A) and the layout of the proposed location (Exhibit B).

We affirm that notice has been sent to the offset operators or lease owners. A list of which is enclosed for your review. Marbob Energy Corporation respectfully requests you consider approval of this unorthodox location. Please do not hesitate to contact us should you have any questions or require additional information.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Chumbley". The signature is fluid and cursive, with a long horizontal stroke at the end.

Dean Chumbley
Land Department

DC/mm
Enclosures

List of Offset Operators and Interest Owners

Mack Energy Corporation
Post Office Box 276
Artesia, New Mexico 88211

Arco Permian
Post Office Box 1610
Midland, Texas 79702

Southwest Royalties, Inc.
407 North Big Springs, Suite 300
Midland, Texas 79701

GPII Energy, Inc.
Post Office Box 50682
Midland, Texas 79710

Texaco Exploration & Production, Inc.
Post Office Box 3109
Midland, Texas 79702-3109

Phillips Petroleum Co.
4001 Penbrook
Odessa, Texas 79762

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

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

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

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

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

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
	96718	LOCO HILLS PADDOCK
Property Code	Property Name	Well Number
23064	RED FEDERAL	4
OGKD No.	Operator Name	Elevation
14049	MARBOB ENERGY CORPORATION	3672

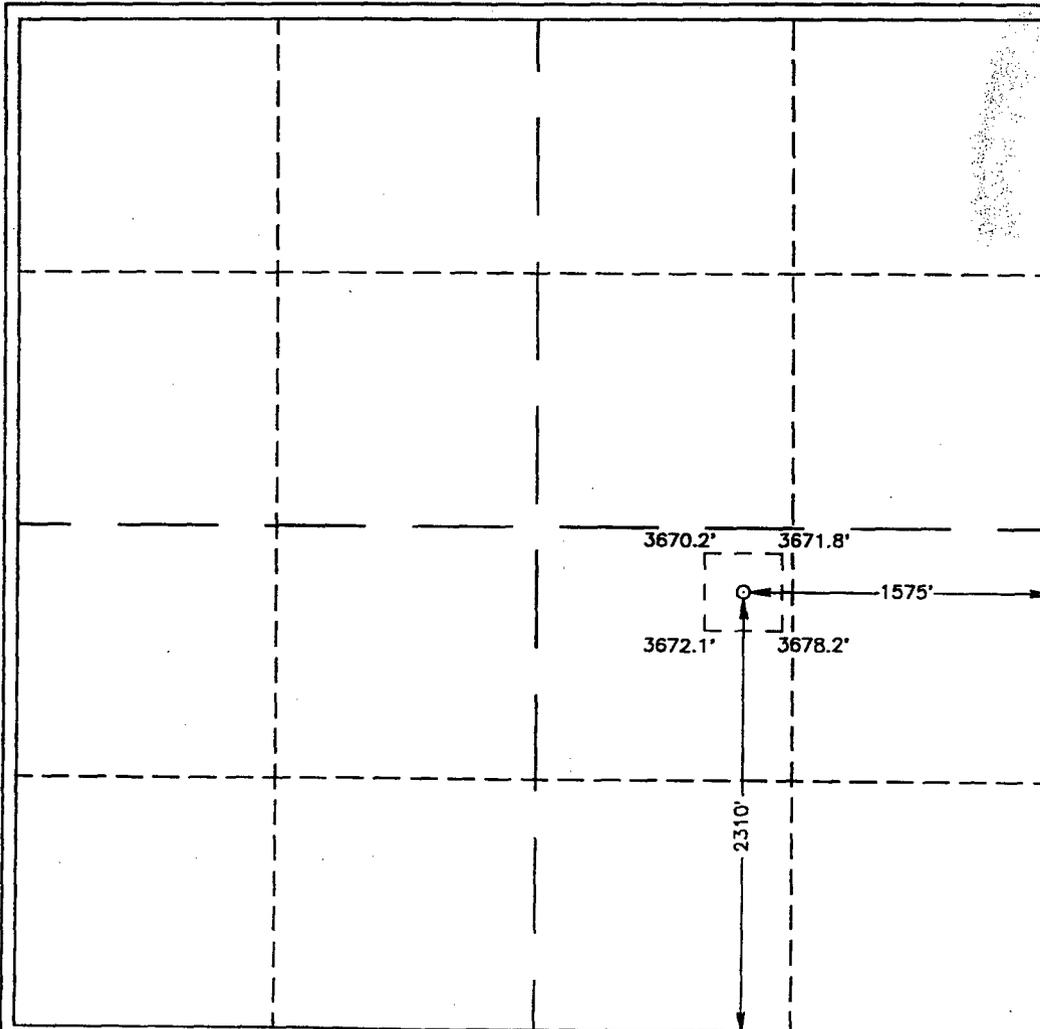
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	17	17 S	30 E		2310	SOUTH	1575	EAST	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.						
40									

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 that 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

4/30/99
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.

APRIL 19, 1999
Date Surveyed

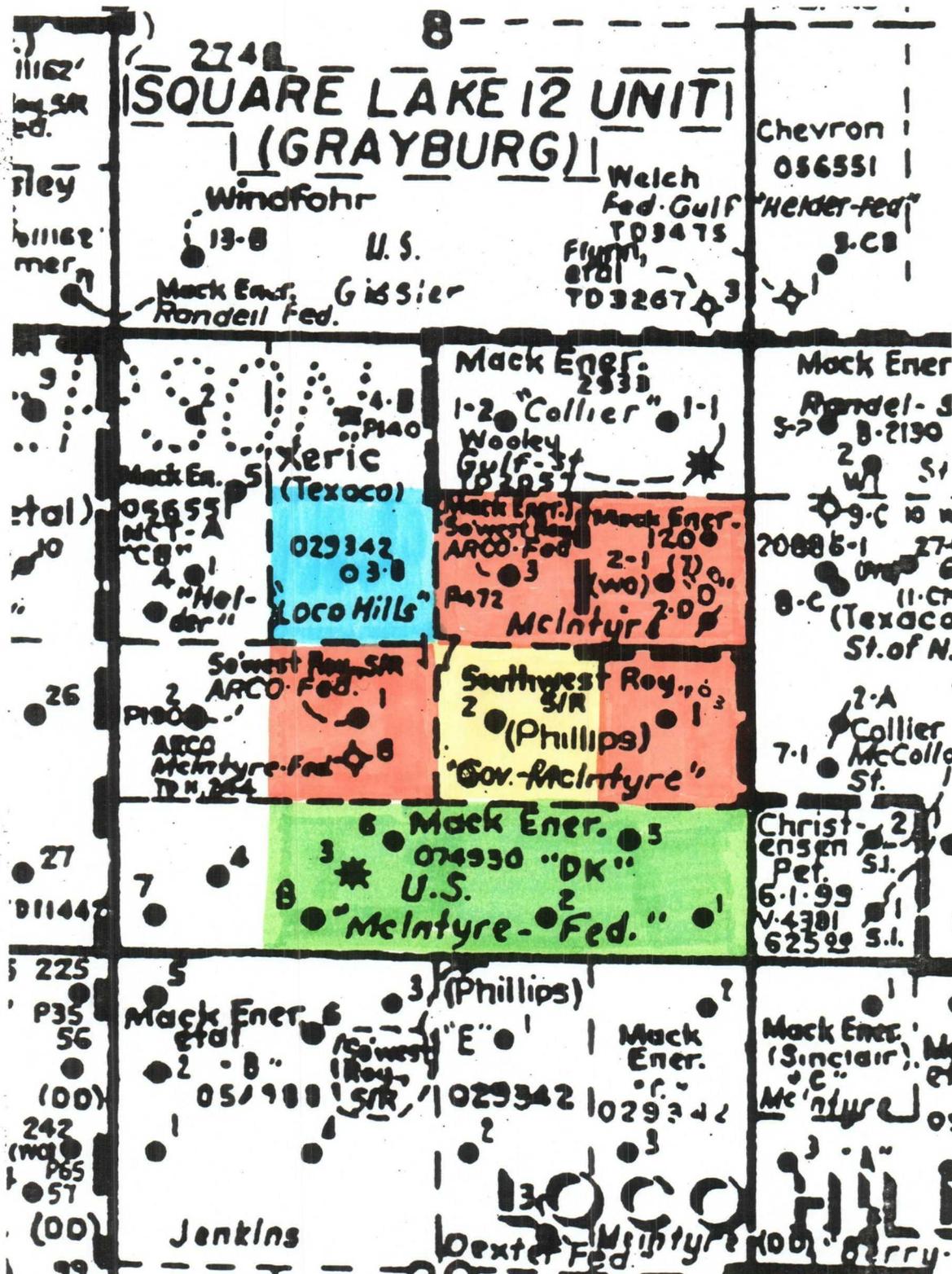
JLP
Signature

Professional Surveyor
RONALD C. EDSON

NEW MEXICO
Professional Surveyor

3229
P.O. Num. 89-120321

Certificates No. RONALD C. EDSON, 3239
CAROL EDSON, 12641
RONALD C. EDSON, 12185



Loco Hills Paddock Pool Offset Interest Owners

- Marbob Energy Corporation
- Mack Energy Corporation
- Mack Energy Corporation / Texaco Exploration & Production
- Acreage Dedicated to Red Federal No. 4

North

Gasline

PMM Gasline (4" steel)

Red Federal No. 4

272' Access Road

210' Access Road

482' Total Access Road

Existing Location

Existing Lease Road

RED FEDERAL No. 4
2310' FSL & 1575' FEL
Section 17; T17S - R30E
Eddy County, New Mexico

Exhibit **B**

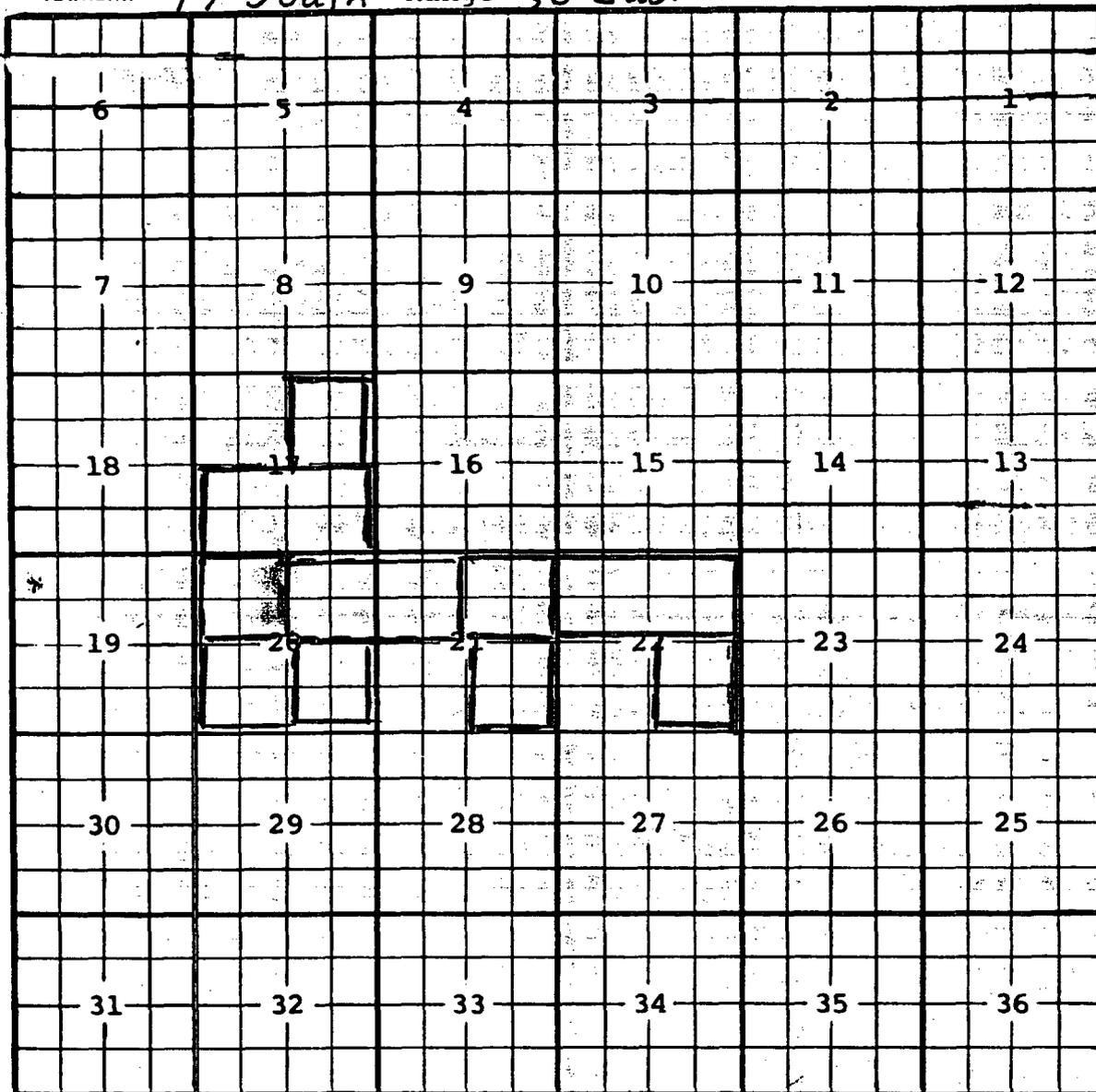
County Eddy

Pool Loco Hills-Paddock

TOWNSHIP

17 South Range 30 East

NMPM



Description: NW 1/4 Sec. 20 (R-10822, 6-17-97)

Ext: NE 1/4 Sec. 20, NW 1/4 Sec. 21 (R-10951, 2-4-98)

Ext: S 1/2 Sec. 17, SE 1/4 Sec. 20, NE 1/4 Sec. 21 (R-11003, 7-24-98)

Ext: SW 1/4 Sec. 20 (R-11067, 10-20-98) Ext: N 1/2 Sec. 22 (R-11097, 12-10-98)

Ext: NE 1/4 Sec. 17, SE 1/4 Sec. 22 (R-11120, 1-21-99) Ext: SE 1/4 Sec. 21 (R-11220, 7-1-

Ext: SE 1/4 Sec. 21 (R-11220, 7-12-99)