



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joann Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

February 8, 2007

Marbob Energy Corporation
P.O. Box 227
Artesia, NM 88211-0227
Attn: Mr. Raye Miller

Administrative Order NSL-5564

**Re: Burch Keely Unit Well No. 977
B-23-17S-29E
Eddy County**

Dear Mr. Miller:

Reference is made to the following:

(a) your application (**administrative application reference No. pTDS07-02648765**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on January 26, 2007, and

(b) the Division's records pertinent to this request.

Marbob Energy Corporation (Marbob) has requested to drill its Burch Keely Unit Well No. 977 at an unorthodox well location, 865 feet from the North line and 2595 feet from the East line (Unit B) of Section 23, Township 17 South, Range 29 East, N.M.P.M., in Eddy County, New Mexico. The NW/4 NE/4 of Section 23 will be dedicated to this well in order to form a standard 40-acre spacing unit in the Grayburg Jackson-Seven Rivers/Queen Grayburg/San Andres Pool (28509). This pool is governed by statewide Rule 104.B, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is approximately 45 feet from the western unit boundary.

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

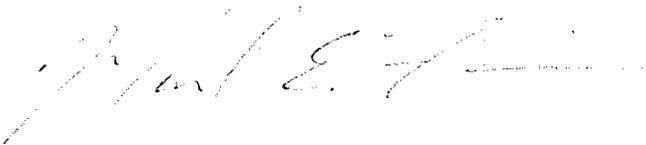
It is our understanding that Marbob is seeking this location to conform to the waterflood design for this approved secondary recovery unit.

It is also understood that both the subject spacing unit and the offsetting unit to the west are included in the Burch Keely Unit of which Marbob is the designated operator, and that the unit agreement provides for allocation of production from both tracts to the same persons in identical proportions. Accordingly, there are no affected persons to whom notice of this application is required.

Pursuant to the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

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

Sincerely,

A handwritten signature in cursive script, appearing to read "Mark E. Fesmire".

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Artesia