



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joania Prukop
Cabinet Secretary

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

April 20, 2007

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

Administrative Order NSL-5604

**Re: High Net Federal Well No. 1
B-2-25S-28E
Eddy County**

Dear Mr. Miller:

Reference is made to the following:

(a) your application (**administrative application reference No. pCLP07-08627237**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on March 23, 2007, and

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

Marbob Energy Corporation (Marbob) has requested to drill its High Net Federal Well No. 1 as a directional well from an unorthodox surface location 100 feet from the North line and 2140 feet from the East line (Unit B) of Section 2, Township 25 South, Range 28 East, N.M.P.M., in Eddy County, New Mexico, to a projected unorthodox bottom-hole location in the Delaware formation 2500 feet from the North line and 2140 feet from the East line (Unit G) of Section 2. Lot 2 and the SW/4 NE/4 of Section 2 will be dedicated to this well in order to form a project area, pursuant to Division Rule 111, consisting of two adjacent, standard approximate 40-acre oil spacing units in the undesignated Willow Lake-Delaware Pool (64453). This pool is governed by statewide Rule 104.B, which provides for 40-acres units, with wells located at least 330 feet from a unit outer boundary.

The proposed surface location is less than 330 feet from the northern boundary of the project area. The wellbore is projected to intersect the top of the Delaware formation an unorthodox location, less than 330 feet from the northern boundary of the project area, and the terminus, or bottom-hole location, is less than 330 feet from the southern boundary. However, we understand that all perforations will be at orthodox locations within the producing area, as defined in Rule 111.A(7).

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 approval of this surface location in order to maximize the portion of the objective formation that the wellbore can penetrate within the project area.

We also understand that the operator of the spacing unit to the south of the project area, and the owner of 100% of the working interest in the spacing unit to the north, were duly notified of this application.

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

This approval is **CONDITIONED, HOWEVER**, upon the well being drilled and completed substantially as proposed. The well shall be cased to total or plug back depth, and all perforations shall be at orthodox locations within the Delaware formation.

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

Sincerely,



Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Artesia
United States Bureau of Land Management - Farmington