

marbob
energy corporation

OIL CONSERVATION DIVISION
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NSL-OIL, NB₄

June 12, 1996

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

Attention: Mr. Mike Stogner

RE: APPLICATION FOR ADMINISTRATIVE APPROVAL
OF UNORTHODOX LOCATION

Marbob Energy Corporation
#1 Ramos - Fee *E*
330' FNL & 2486' *FWL*
Section 33 - T12S - R28E
Chaves County, New Mexico

Dear Mr. Stogner:

Marbob Energy Corporation (Marbob) hereby makes application pursuant to Oil Conservation Division Rule 104.F(2) for administrative approval to drill the above referenced #1 Ramos-Fee well to the Siluro-Devonian formation at an unorthodox location based on geologic considerations.

Marbob proposes to drill its #1 Ramos-Fee well to a unorthodox bottomhole location of 330 feet from the North line and 2486 feet from the East line of Section 33, Township 12 South, Range ~~29~~²⁸ East, N.M.P.M., Chaves County, New Mexico with the intent of testing the Siluro-Devonian formation. The proposed bottomhole location is orthodox in the northerly direction but is unorthodox from the east line by a distance of 176 feet.

Marbob proposes to dedicate to the #1 Ramos-Fee well a standard spacing/proration unit comprised of NW/4NE/4 of said Section 33.

Marbob is the operator and lessee of record of the NW/4NE/4 of said section 33, and is also the operator and lessee of record of the affected adjoining and diagonal spacing units.

Application For Unorthodox Location

Exhibit "A" is a plat showing the proposed unorthodox well location, the spacing unit for the #1 Ramos-Fee well, the diagonal and adjoining spacing units, and lease ownership in the affected area. The spacing unit for the proposed well is outlined in red and the affected adjoining spacing units are outlined in blue.

Marbob is operator and lessee of record of the lands shown in yellow on Exhibit "A". All of the lands shown in yellow are fee minerals having common ownership which are currently leased by Marbob. The only ownership difference within the area shown is that the royalty rate to the lessor differs in the NW/4 of section 33 (1/8th royalty) than in the NE/4 of section 33 and the S/2 of section 28 (3/16th royalty). The lessor of all of the acreage shown is Kaywal, Inc. The drillsite is actually located on the higher royalty lease so this location does not adversely affect the royalty owner.

As there is common ownership, both from the working interest ownership and royalty interest ownership standpoints, across all lands affected by the proposed unorthodox location of the #1 Ramos-Fee, there would be no encroachment on correlative rights.

Exhibit "B" is a geologic map derived from 3D seismic information showing the two-way travel time from the surface to the top of the Siluro-Devonian formation (Siluro-Devonian Time Map). This map indicates the presence of a structural closure having approximately 75 foot of structural relief over an area under closure of around 200-220 acres. The crestal position on this structure is shown in the yellow colored area. The proposed unorthodox location for the #1 Ramos-Fee is located within the red shaded area. The estimated productive area for this feature should be approximately 40 to 60 acres (red & yellow areas) having an oil column thickness of 20'-30'. Recoverable reserves from one well drilled in an optimum location on this feature are estimated to be between 160,000 barrels of oil and 360,000 barrels of oil with very little to no associated gas. There are no producing wells from the Siluro-Devonian formation within one mile of the proposed location. There is one shut-in gas well in the SW/4 of section 33 (approx 1/2 mile sw) , operated by Marbob, which produces from the Mississippian formation and has a spacing unit consisting of the W/2 of section 33.

At the nearest orthodox location of 2310 feet from the east line of section 33 there is an increased risk of encountering the Siluro-Devonian formation at a position 15' to 20' structurally lower than at the proposed unorthodox location.

Structural position is the single-most important aspect of productive Siluro-Devonian reservoirs found in this area. Oil columns are usually only 20' to 30' thick although some productive features have had up to 50' oil columns. Additional recoverable reserves from gaining just 10' of structural relief over an area of only 20 acres can be around 40,000 to 50,000 barrels of additional oil.

The proposed unorthodox location for the #1 Ramos-Fee well should provide the opportunity for additional recoverable oil reserves.

Application For Unorthodox Location

In addition, it is Marbob's opinion that by drilling only one well at an optimum location on this feature we will effectively and efficiently drain this reservoir, will optimize recoverable reserves and will prevent waste that would be incurred by drilling unnecessary development wells.

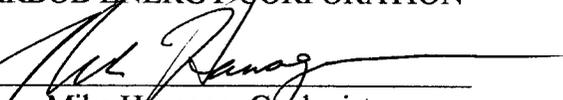
Oil Conservation Division Rule 104.F(4) requires that the applicant submit a statement attesting that the applicant has sent notification to the affected parties as defined in Oil Conservation Division Rule 104.F(3b). As defined in Rule 104.F(3b), there are no affected parties. Please accept this application as the written statement from Marbob attesting that there are no affected parties to this proposed unorthodox location.

Based on the information contained herein, Marbob requests that the Division Director grant exception to Oil Conservation Division Rules 104.B(1b) and 104.C(1), without notice and hearing, so that Marbob may drill its #1 Ramos-Fee well at the proposed unorthodox location.

Thank you for your time and for your consideration of this application. Should you have any questions, please feel free to give me a call at 623-5053 or 622-6182.

Respectfully Submitted,

MARBOB ENERGY CORPORATION

By: 
Mike Hanagan, Geologist

CC: Mr. Tim Gumm, OCD District II, Artesia

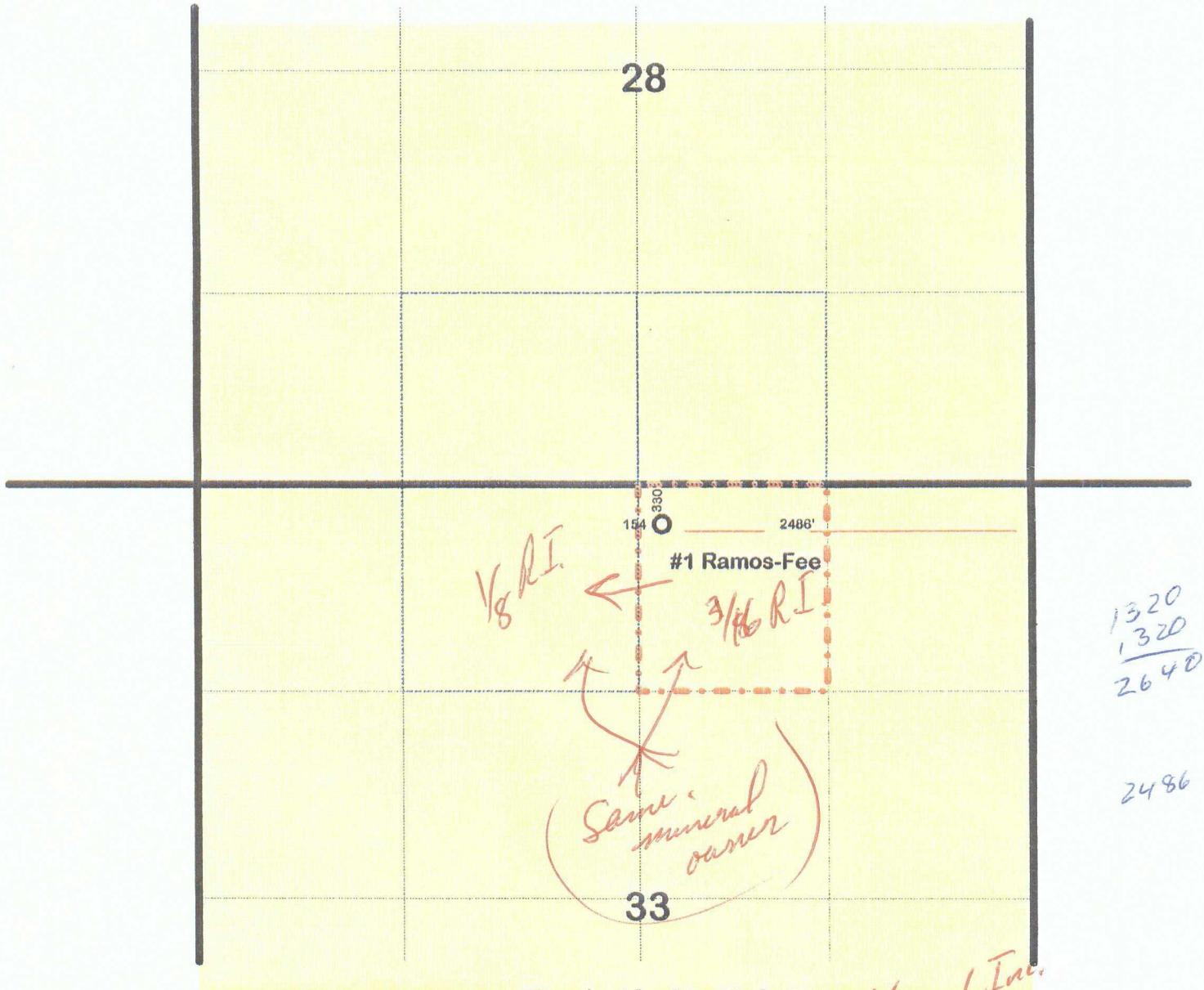


Exhibit "A"

Kawal Inc.

Application For Unorthodox Location

Marbob Energy Corporation

#1 Ramos-Fee

330' FNL & 2486' FWL

Section 33-T12S-R28E

Chaves County, New Mexico



Marbob Leasehold



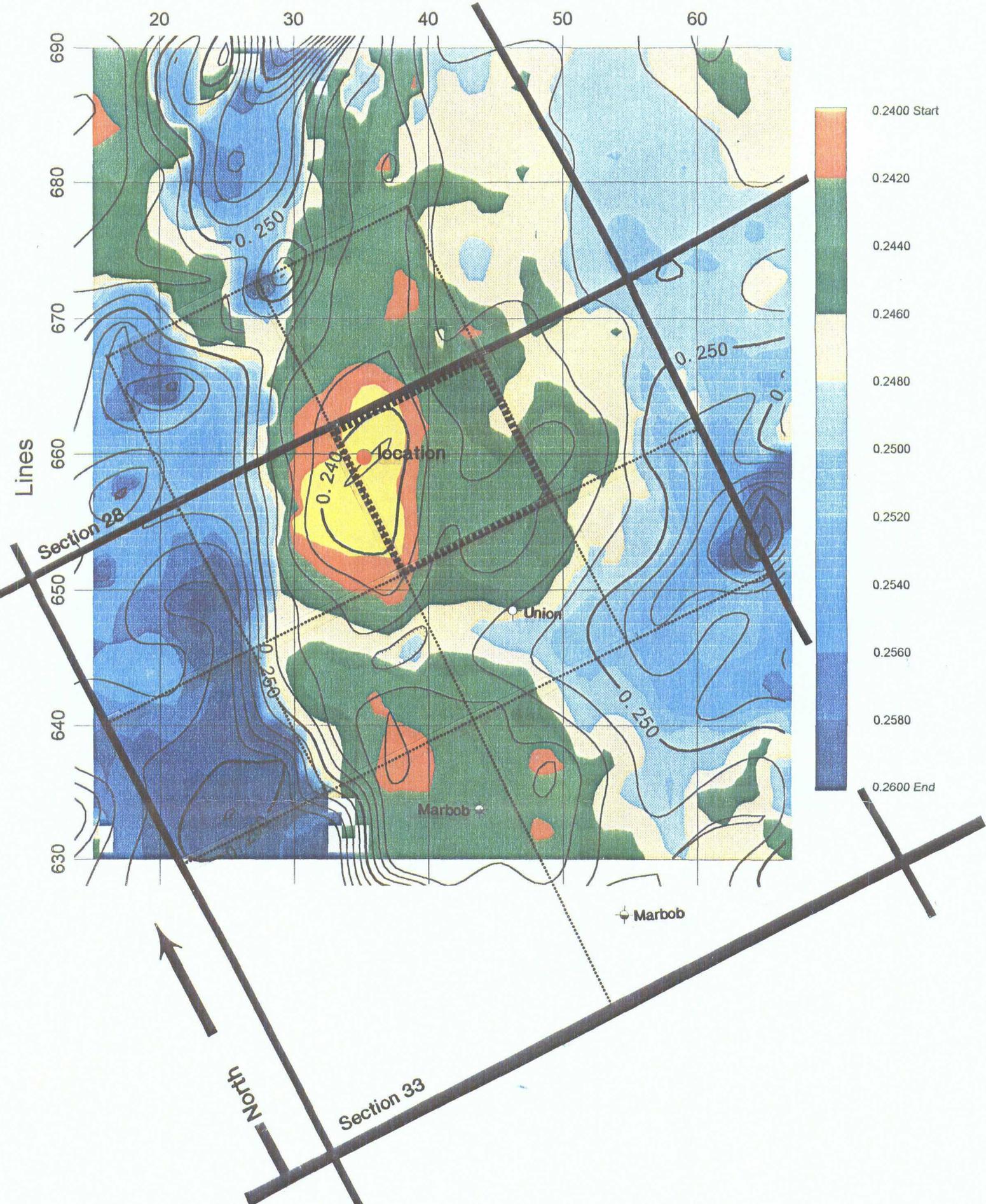
Spacing Unit



Adjacent Units

Exhibit "B" - Marbob Energy Corp. #1 Ramos-Fee
Siluro-Devonian Time Map - Scale: 1"=1,000' - Cont. Int. = 20'

Traces





STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

June 3, 1996

Marbob Energy Corporation
P.O. Box 227
Artesia, New Mexico 88211-0217
Attention: Mike Hanagan

Administrative Order NSL-3675

Dear Mr. Hanagan:

Reference is made to your application dated May 22, 1996 for a non-standard oil well location for your proposed True Grit-Fee Well No. 1 to be drilled 1824 feet from the South line and 1215 feet from the West line (Unit L) of Section 3, Township 11 South, Range 28 East, NMPM, Chaves County, New Mexico.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox oil well location will be at a more favorable geologic position within the Siluro-Devonian formation than a well drilled at a location considered to be standard within the proposed standard 40-acre oil spacing and proration unit comprising the NW/4 SW/4 of said Section 3.

The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the Oil Conservation Commission in Case 11,351 on January 18, 1996.

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

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay", written over a horizontal line.

William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Artesia

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-101
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

Operator Name and Address: MARBOB ENERGY CORPORATION P. O. BOX 227 ARTESTIA, NM 88210		OGRID Number 14049
		API Number 30 - 0
Property Code	Property Name RAMOS FEE	Well No. 1

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South Line	Feet from the	East/West Line	County
C	33	12S	28E	SWNE	330	N	2486	E	

Proposed 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
Proposed Pool 1 WJJDCA1					Proposed Pool 2				

Work Type Code N	Well Type Code O	Cable/Rotary R	Lease Type Code P	Ground Level Elevation 3607'
Multiple N	Proposed Depth 8200'	Formation SILURO DEVONIAN	Contractor L&M	Spud Date 7/15/96

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17 1/2"	13 3/8"	48#/	325'	350 SX	CIRC
12 1/4"	8 5/8"	24#/	1610'	800 SX	CIRC
7 7/8"	5 1/2"	17#/	8200'	300 SX	7600' MIN

Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

DRILL 17 1/2" HOLE INTO THE RUSTLER ANHYDRITE (325'), SET 13 3/8" CSG & CIRC CMT, DRILL 12 1/4" HOLE TO APPROX 40' INTO SAN ANDRES FORM (1610'), SET 8 5/8" CSG & CIRC CMT, NU BOPE, DRILL 7 7/8" HOLE TO APPROX 8200', SET 5 1/2" CSG TO TD & CMT W/SUFFICIENT CMT TO COVER PRODUCTION ZONE & 500' (MINIMUM).

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Rhonda Nelson
Printed name: RHONDA NELSON
Title: PRODUCTION CLERK
Date: 6/4/96
Phone: 748-3303

OIL CONSERVATION DIVISION

Approved by:
Title:
Approval Date: Expiration Date:
Conditions of Approval:
Attached

JUN 03 1996

DISTRICT I
P.O. Box 1000, Hobbs, NM 88041-1000

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 00, Arroyo, NM 88211-0710

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

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

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

LI AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name RAMOS #11	Well Number 1
OCR# No.	Operator Name MARBOB ENERGY CORPORATION	Elevation 3607

Surface Location

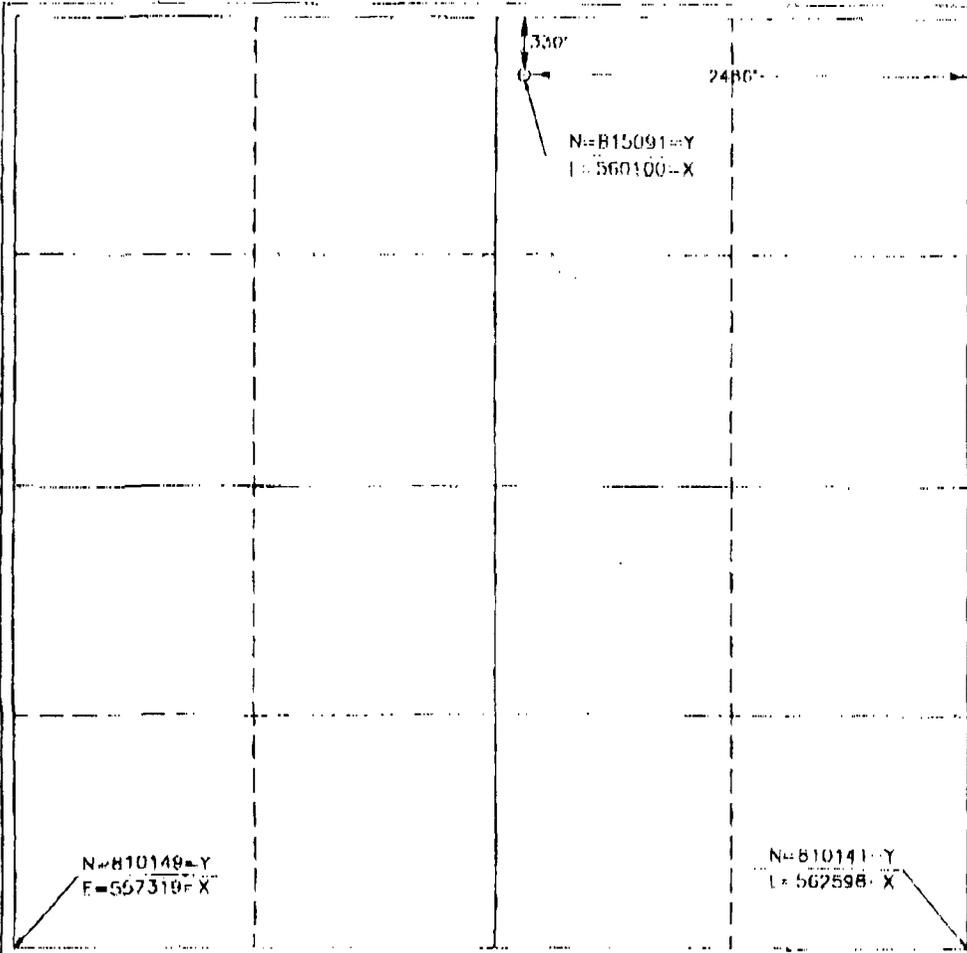
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	33	12 S	28 E		530	NORTH	2486	EAST	CHAVES

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.

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.

Signature _____

Printed Name _____

Title _____

Date _____

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual survey made by me or under my supervision, and that the same is true and correct to the best of my belief.

MAY 26, 1996

Date Surveyed _____ JLP

Signature _____

Printed Name _____

NEW MEXICO

Professional Surveyor No. 239

Exp. Date 5-30-96

Reg. No. 86-10592

Com. No. _____

WLSI 678

EIOSON 3239

FIOSON 12441

