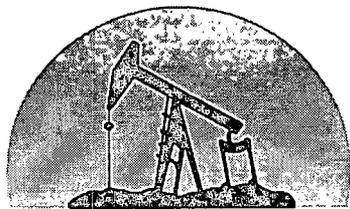


NSL

10/15/96



marbob
energy corporation

RECEIVED IN DIVISION

SEP 17 1996

10 19 96

September 17, 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
#13 Foster Eddy-Federal
1295' FNL & 1650' FWL
Section 17 - T17S - R31E
Eddy 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 #13 Foster Eddy Federal well to the San Andres Formation at an unorthodox location based on geologic/reservoir considerations.

Marbob proposes to drill its #13 Foster Eddy Federal well to a unorthodox bottomhole location of 1295 feet from the North line and 1650 feet from the West line of Section 17, Township 17 South, Range 31 East, N.M.P.M., Eddy County, New Mexico with the intent of testing the San Andres Formation. The proposed bottomhole location is orthodox from the western line but is unorthodox from the north line by a distance of 305 feet.

Marbob proposes to dedicate to the #13 Foster Eddy Federal well a standard spacing/proration unit comprised of NE/4NW/4 of said Section 17.

Marbob is the operator and lessee of record of the NE/4NW/4 of said section 17. The spacing unit which will be encroached upon by this well is the SE/4NW/4 of section 17.

Application For Unorthodox Location

As Marbob is also the operator and lessee of record of the SE/4NW/4, the proposed unorthodox location only encroaches on Marbob's own leasehold interests.

Devon Energy Corporation is operator of the E/2NW/4 and is being supplied with a copy of this Application. However, this unorthodox location does not encroach upon the Devon lease.

Exhibit "A" is a plat showing the proposed unorthodox well location, the spacing unit for the #13 Foster Eddy Federal 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 unit is 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 Federal minerals having common ownership which are currently leased by Marbob. Devon Energy is the operator of record of the lands shown in blue on Exhibit "A".

As there is common ownership, both from the working interest ownership and royalty interest ownership standpoints, across the lands affected by the proposed unorthodox location of the #13 Foster Eddy Federal, there would be no encroachment on correlative rights.

Exhibit "B" is a cumulative oil production map from the Grayburg and San Andres Formations (only Grayburg-San Andres producers are shown). Oil production from wells drilled prior to 1970 is shown in green while oil production from wells drilled after 1990 is shown in red. Pre-1970 wells were normally drilled at a well density of 1 well per 40 acre proration unit. Cumulative oil production from pre-1970 wells in the immediate area ranges from 50,000 barrel of oil to almost 400,000 barrels of oil (Avg.=136,000 BOPW). Since late 1989 several infill wells have been drilled in this immediate area by both Marbob and Avon (predecessor to Devon). Significant additional oil reserves have been obtained as a result of this infill drilling. In the E/2NW/4 of section 17 over 250,000 barrels of oil have been recovered from the infill drilling program, which is 11,000 barrels more than was recovered by the original 2 wells drilled on the 80 acre tract. No infill wells have been drilled in the SW/4NE/4NW/4 and the N/2NE/4NW/4 of section 17. The proposed location for the #13 Foster Eddy Federal is situated to efficiently drain the remaining reserves in the SW/4NE/4NW/4 by moving away from the #4 and the #6 wells and will also evaluate the potential of the N/2NE/4NW/4.

The proposed unorthodox location for the #13 Foster Eddy Federal well should provide the best opportunity for additional recoverable reserves of 50,000 - 75,000 barrels of oil.

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), it appears that Devon Energy Corporation would be the only affected party. Please accept this

Application For Unorthodox Location

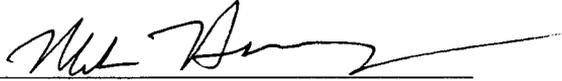
application as the written statement from Marbob attesting that we have submitted this Application to Devon for their review.

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 #13 Foster Eddy Federal 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
Devon Energy Corporation

R31E

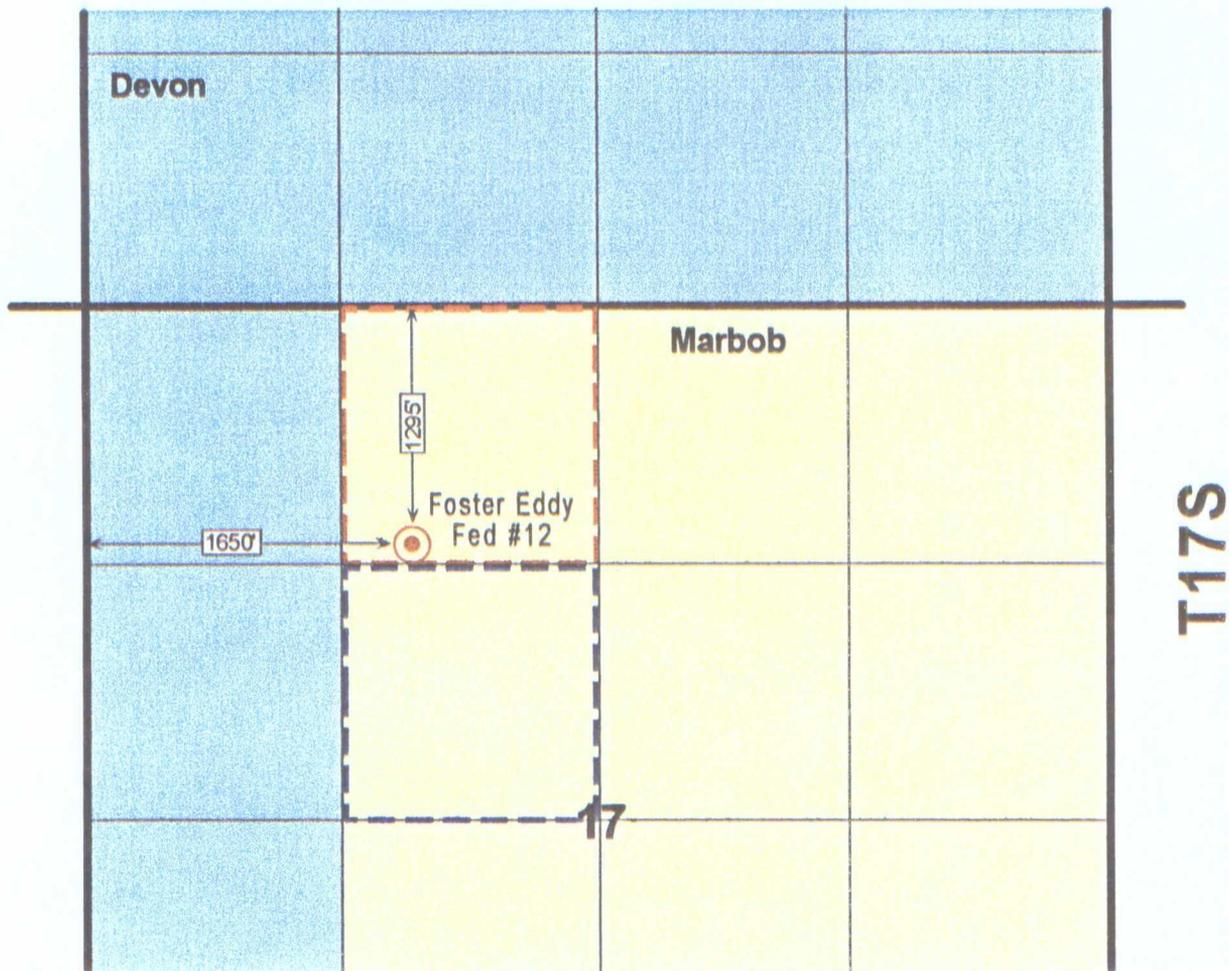


Exhibit "A"

Application For Unorthodox Location

Marbob Energy Corporation
Foster Eddy Federal No. ~~12~~/3
1295'FNL and 1650'FWL
Section 17, T17S, R31E
Eddy County, New Mexico



Marbob Energy
Operator/Lessor



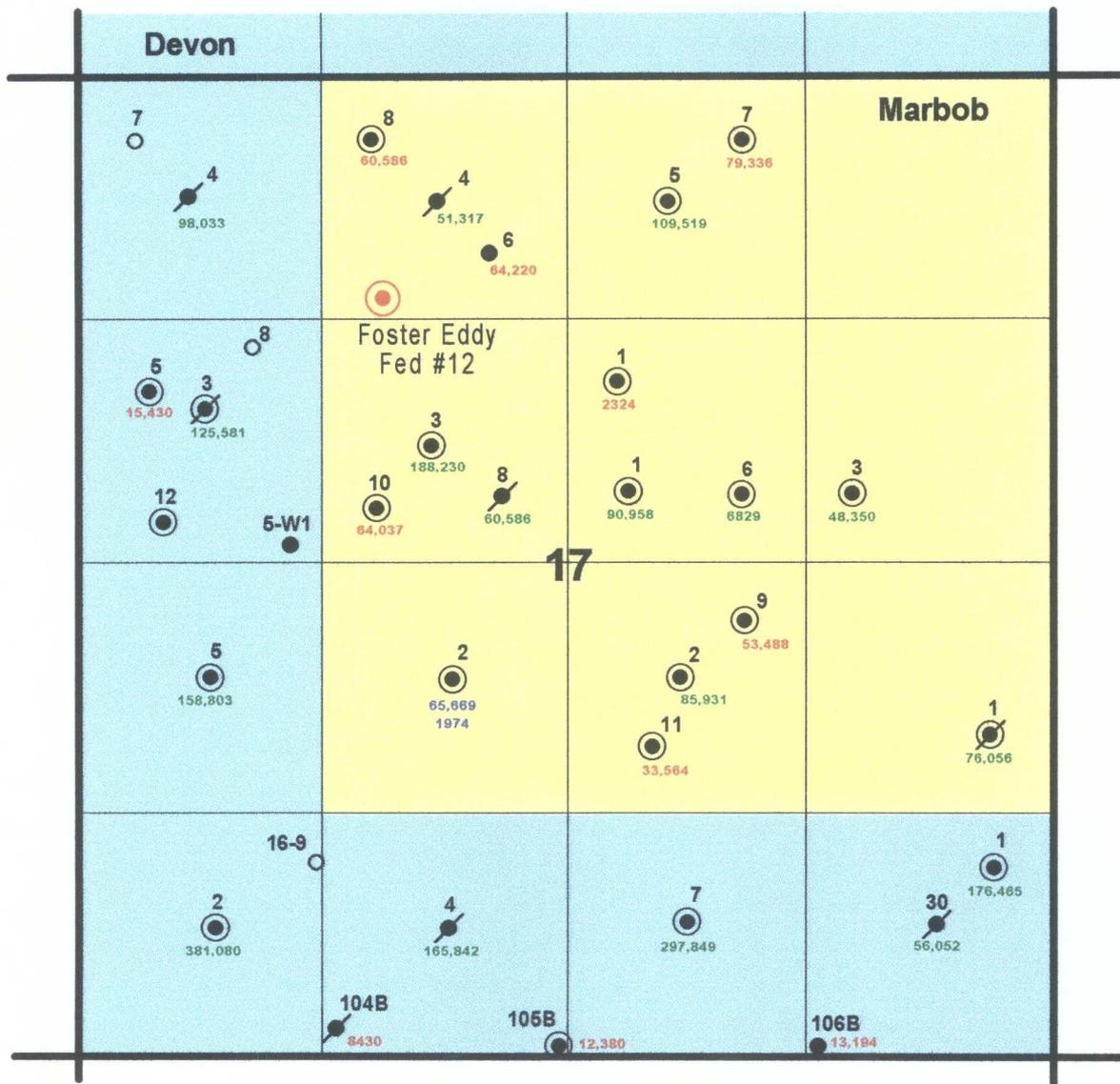
Adjacent Affected
Spacing Unit



Proposed
Spacing Unit

Scale: 1"=1000'

R31E



T17S

Exhibit "B"

Cumulative Production Map for Grayburg-San Andres Producers Only

Application For Unorthodox Location

Marbob Energy Corporation
 Foster Eddy Federal No. 12 13
 1295'FNL and 1650'FWL
 Section 17, T17S, R31E
 Eddy County, New Mexico



Marbob Energy
 Operator/Lessor

Pre-1970 Completion
 Cumulative Oil Production

Post-1990 Completion
 Cumulative Oil Production

Scale: 1"=1000'

● - Active

CMD :
OG6C101

ONGARD
C101-APPLICATION FOR PERMIT TO DRILL

10/02/96 09:38:42
OGOMES -EMGK

OGRID Idn : 14049 API Well No: 30 15 29058 APD Status(A/C/P): A
Opr Name, Addr: MARBOB ENERGY CORP Aprvl/Cncl Date : 07-16-1996
PO BOX 227
ARTESIA,NM 88211-0227

Prop Idn: 6514 FOSTER EDDY Well No: 13

	U/L	Sec	Township	Range	Lot Idn	North/South	East/West
Surface Locn	: C	17	17S	31E		FTG 1295 F N	FTG 1650 F W
OCD U/L	: C		API County	: 15			

Work typ(N/E/D/P/A) : N Well typ(O/G/M/I/S/W/C): O Cable/Rotary (C/R) : R
Lease typ(F/S/P/N/J/U/I): F Ground Level Elevation : 3705

State Lease No: Multiple Comp (Y/N) : N
Prpsd Depth : 6000 Prpsd Frmtn : SAN ANDRES

E0009: Enter data to modify record

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07	PF08	PF09 PRINT	PF10 C102	PF11 HISTORY	PF12

OGRID Identifier : 14049 MARBOB ENERGY CORP
Prop Identifier : 6514 FOSTER EDDY
API Well Identifier : 30 15 29058 Well No : 13
Surface Locn - UL : C Sec : 17 Twp : 17S Range : 31E Lot Idn :
Multiple comp (S/M/C) : N TVD Depth (Feet) : MVD Depth (Feet):
Spud Date : P/A Date :
Casing/Linear Record:

S Size Grade Weight Depth(ft) Depth(ft) Hole Size Cement ---- TOC ----
(inches) (lb/ft) Top-Liner Bot-Liner (inches) (Sacks) (feet) Code

E0004: No matching record found. Enter data to create.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
PF07 PF08 PF09 COMMENT PF10 TLOG PF11 PF12