

NSL 7/30/97



marbob
energy corporation

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July 7, 1997

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
#2 Ramos - Fee
2596' FNL & 2027' 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 #2 Ramos-Fee well to the Siluro-Devonian formation at an unorthodox location based on geologic considerations.

Marbob proposes to drill its #2 Ramos-Fee well to a unorthodox bottomhole location of 2596 feet from the North line and 2027 feet from the West line of Section 33, Township 12 South, Range 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 westerly direction but is unorthodox from the north line by a distance of 286 feet. The proposed location does not encroach any lease boundaries.

Marbob proposes to dedicate to the #2 Ramos-Fee well a standard spacing/proration unit comprised of SE/4NW/4 of said Section 33. Should Marbob successfully complete the #2 Ramos as a commercial producer, Marbob will request that the OCD promulgate special pool rules which would provide for 80-160 acre spacing units.

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Marbob is the operator and lessee of record of all of said section 33 which includes the proposed spacing unit and all affected adjoining and diagonal spacing units.

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 mineral owner/lessor of all of the acreage shown is Kaywal, Inc.

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 #2 Ramos-Fee, there would be no encroachment on correlative rights.

Exhibit "B" is a isopach map of the interval from the Glorieta to the top of the Mississippian formation. This map is derived from 3D seismic information in combination with available subsurface data and is our best estimation of the morphology of the Siluro-Devonian formation. A well at the proposed location should adequately evaluate the crestal position of a structural closure having approximately 50 foot of structural relief over an area under closure of around 160 acres. The crestal position on this structure is shown in the orange colored area. The estimated productive area for this feature should be approximately 40 to 60 acres with 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 125,000 barrels of oil and 350,000 barrels of oil with very little to no associated gas. The Marbob #1 Ramos-Fee well, located approximately 1/2 mile to the northeast from the proposed location, is currently producing from the Siluro-Devonian feature. The #1 Ramos well is located on a separate feature than the proposed Ramos #2 well. The Marbob #2 Long Arroyo well has recently been converted to a water disposal well with disposal being into the lower Siluro-Devonian formation. The #2 Long Arroyo, located just over 1/4 mile to the southeast of the proposed well, was originally completed by Hanagan Petroleum Corporation as a Siluro-Devonian producer but quickly depleted in the Siluro-Devonian and was later re-completed by Hanagan as a shut-in Mississippian gas well.

At the nearest orthodox location of 2310 feet from the north line of section 33 there is an increased risk of encountering the Siluro-Devonian formation at a position 5' to 15' 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. Additional

Application For Unorthodox Location

recoverable reserves from gaining just 10' of structural relief over an area of only 20 acres should be around 40,000 to 50,000 barrels of additional oil.

The proposed unorthodox location for the #2 Ramos-Fee well should provide the opportunity for additional recoverable oil reserves.

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.

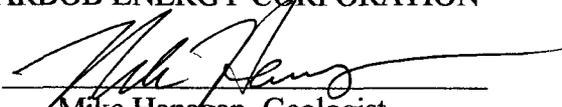
Oil Conservation Division Rule 104.F(4) requires that the applicant submit a statement attesting that the applicant has sent notification to the affected parties as defined in Oil Conservation Division Rule 104.F(3b). As defined in Rule 104.F(3b), there are no affected parties. Please accept this application 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 #2 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

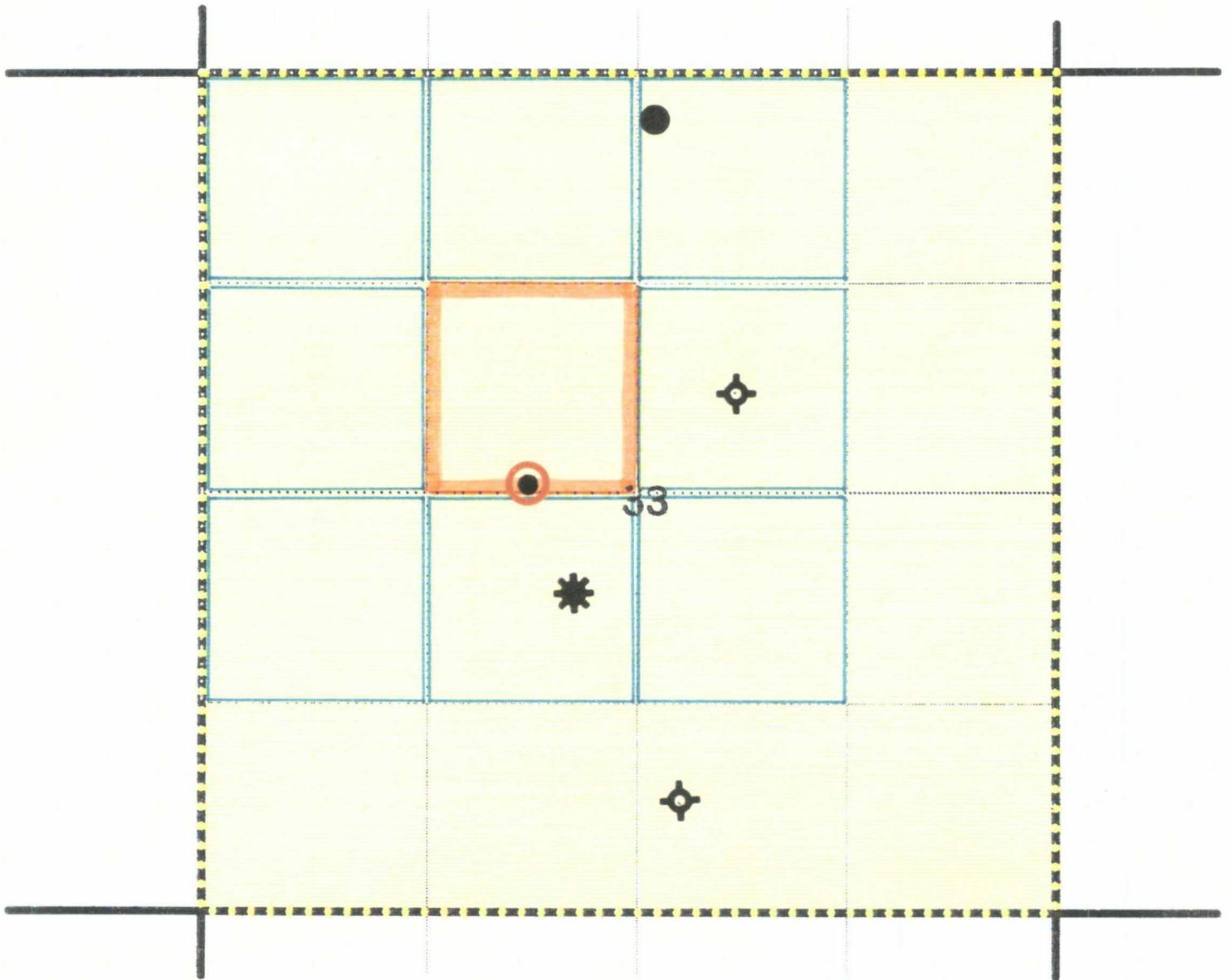


Exhibit "A"

Application For Unorthodox Location

Marbob Energy Corporation

#2 Ramos-Fee

2596' FNL & 2027' FWL

Section 33-T12S-R28E

Chaves County, New Mexico



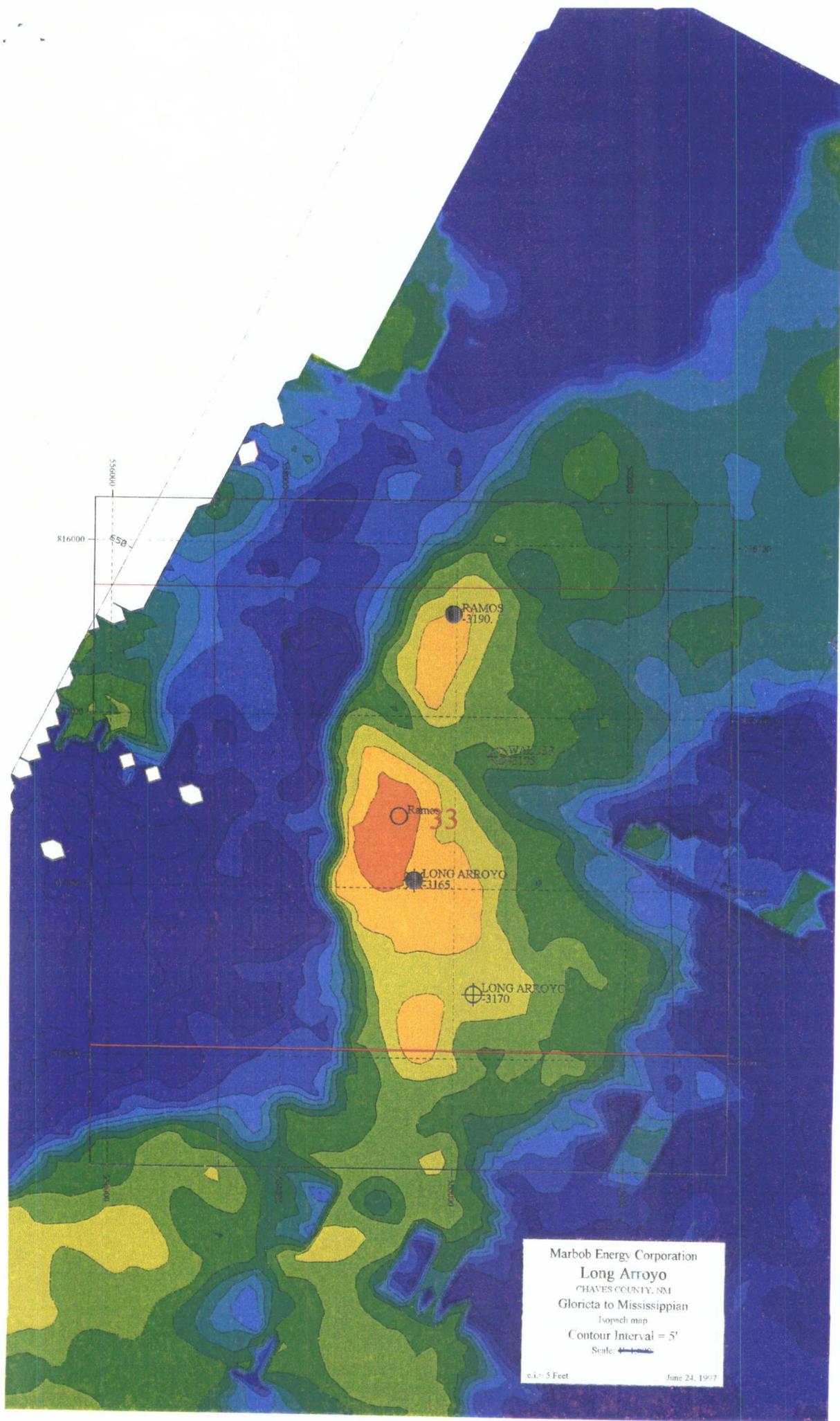
Marbob Leasehold



Spacing Unit



Adjacent Units



Marbob Energy Corporation
Long Arroyo
CHAVES COUNTY, NM
Glorieta to Mississippian
Isopach map
Contour Interval = 5'
Scale: 
e.i. = 5 Feet June 24, 1997

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

07/16/97 17:23:10
OGOMES -EMD6
PAGE NO: 1

Sec : 33 Twp : 12S Rng : 28E Section Type : NORMAL

D 40.00 Fee owned	C 40.00 Fee owned	B 40.00 Fee owned A	A 40.00 Fee owned
E 40.00 Fee owned	F 40.00 Fee owned	G 40.00 Fee owned	H 40.00 Fee owned

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

Sec : 33 Twp : 12S Rng : 28E Section Type : NORMAL

L	K	J	I
40.00	40.00	40.00	40.00
Fee owned	Fee owned	Fee owned	Fee owned
	A		
M	N	O	P
40.00	40.00	40.00	40.00
Fee owned	Fee owned	Fee owned	Fee owned

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
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