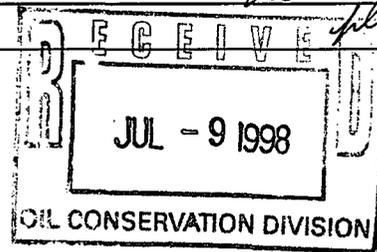


marbob
energy corporation

X

*Yeso Formation includes
the Padlock interval
in Part II most Yeso
oil wells are*



*filed in
Padlock
Pool*

July 7, 1998

**Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505**

Attention: Mr. Michael Stogner

**RE: Application for Administrative
Approval of Unorthodox Location
Cedar Lake Federal No. 1
1385' FSL and 1410' FWL
Section ~~28~~-17S-31E
Eddy County, New Mexico**

Dear Mike:

Marbob Energy Corporation hereby makes application pursuant to Oil Conservation Division rule 104.F.(2) for administrative approval based on the recompletion of the well previously drilled to a deeper horizon which such unorthodox location was approved for the original horizon.

Marbob proposes to complete the Cedar Lake Federal #1 well at an unorthodox location 1385 feet from the south line and 1410 feet from the west line of Section 18, Township 17 South, Range 31 East, N.M.P.M., Eddy County, New Mexico. The well was originally drilled as an unorthodox gas well to test the Morrow formation under Administrative Order NSL-4034 dated May 18, 1998. The new proposed proration unit is the NE/4SW/4. This location would be unorthodox to the south line by 265 feet. The offset affected proration unit is contained in the same federal lease with identical ownership prior to drilling the Cedar Lake Federal #1. The location is not unorthodox to the west line because Lot 3 (NW/4SW/4) is only 1,061.14 feet across.

Marbob is the operator of the well with the rights and lease being owned by Marbob and Atlantic Richfield Company.

Exhibit "A" is a plat showing the proposed unorthodox well location, the proposed spacing unit, and all offset proration units. The proposed spacing unit is outlined in red with the offset proration units being outlined in green. As stated before, Atlantic Richfield Company and Marbob are the owners of all the operating rights in the Yeso formation in all of the offset proration unit. Atlantic Richfield Company has been notified and supplied with a copy of this Application.

Since this unorthodox location would allow us to use the existing well bore to capture potential reserves from the Yeso formation and does not adversely impact any other lease or owner, we would request approval of this unorthodox location. If you have any questions concerning this matter, please contact me.

Sincerely,



*Dean Chumbley
Land Department*

DC/mm

*cc: Mr. Tim Gum
OCD, District II
811 S. 1st Street
Artesia, NM 88210*

DISTRICT I
P.O. Box 1993, Hobbs, NM 88241-1993

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

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

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

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

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name CEDAR LAKE; MORROW
Property Code	Property Name CEDAR LAKE FEDERAL	Well Number 1
OGRID No. 14049	Operator Name MARBOB ENERGY CORPORATION	Elevation 3755'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	18	17 S	31 E		1385	SOUTH	1410	WEST	EDDY

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.
40			

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

LOT 1 31.99 ACRES	Ownership - BLM Leasee - Atlantic Richfield Company			<p>OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><i>Rhonda Nelson</i> Signature RHONDA NELSON Printed Name PRODUCTION CLERK Title APRIL 9, 1998 Date</p> <p>SURVEYOR CERTIFICATION</p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p>APRIL 1, 1998 Date Surveyed CDG Signature & Seal Professional Surveyor <i>Ronald J. Edson</i> 98-11-0529 Certificate No. RONALD J. EDSON 3239 GARY EDSON 12641</p>
LOT 2 32.10 ACRES				
LOT 3 32.20 ACRES		Y=666255 X=629510 NAD 1927 NEW MEXICO EAST		
LOT 4 32.31 ACRES				

Dimensions for Lot 3 and 4:
 3751.6' (top-left to top-right)
 3747.9' (top-right to bottom-right)
 1410' (left side)
 3748.5' (bottom-left to bottom-right)
 3742.5' (bottom-right to top-right)
 1385' (left side)



ARCO Permian
600 N Marienfeld
Midland TX 79701
Post Office Box 1610
Midland TX 79702
Telephone 915 688 5200



July 15, 1998

Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Fax No. (505) 827-1389

Attention: Mr. Michael Stogner

Re: Application for Administrative
Approval of Unorthodox Location
Cedar Lake Federal #1 Well
Township 17 South, Range 31 East
Section 28: 1,385' FSL, 1,410' FWL
Eddy County, New Mexico

Dear Sir:

ARCO Permian, a unit of Atlantic Richfield Company, has no objection to Marbob Energy Corporation's request to complete the Cedar Lake Federal #1 Well at the unorthodox location referenced above.

Further, ARCO Permian has no objection to the location of additional wells staked by Marbob on Federal Lease LC 029395(a), provided all locations remain 330' from external lease boundaries and 25' from internal quarter/quarter boundaries. This lease covers the following land in Eddy County, New Mexico:

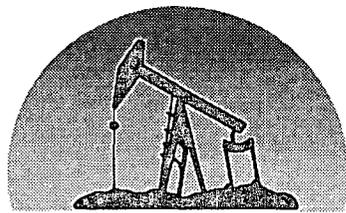
Township 17 South, Range 31 East
Section 18: Lot 3, Lot 4, E/2SW/4, SE/4
Section 19: Lot 1, Lot 2, E/2NW/4, NE/4

Very truly yours,

Lee M. Scarborough
Land Director, SE New Mexico

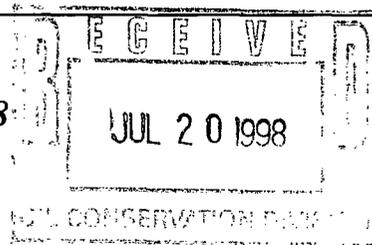
LMS/sb

xc: Marbob Energy Corporation
P. O. Box 227
Artesia, New Mexico 88211-0227



marbob
energy corporation

July 16, 1998



*Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505*

Attention: Mr. Michael Stogner

*RE: Federal Lease LC-029395 A
Section 18: Lot 3, 4, E/2SW/4, SE/4
Section 19: Lot 1, 2, E/2NW/4, NE/4
T-17S, R-31E, N.M.P.M.
Eddy County, New Mexico*

Dear Mike:

As we discussed, Atlantic Richfield Company owns 100% of the operating rights below the base of the San Andres formation in federal lease LC-029395A. Marbob is working with Arco under a joint development agreement dated March 19, 1998. We have notified Arco of the proposed completion of the Cedar Lake Federal #1 as a Yeso producer at an unorthodox location. I have also provided them with a copy of this letter. I believe that they will correspond directly with you expressing their consent to the completion of the Cedar Lake Federal #1 at its unorthodox location and their approval of additional unorthodox locations inside this lease as may be needed. I have enclosed a plat which shows twelve additional locations which we have staked on this lease. At this time, five of them have been moved slightly to unorthodox locations because of gas pipelines and waterflood injection lines. We anticipate that other locations may have to be moved because of cultural resource problems and/or terrain problems. We would request your consideration of including in Administrative Order 4034A the allowance of unorthodox locations on this lease as long as the wells remain

330 feet away from any external boundary and 25 feet away from any quarter quarter line.

Thank you for your help in this matter.

Sincerely,

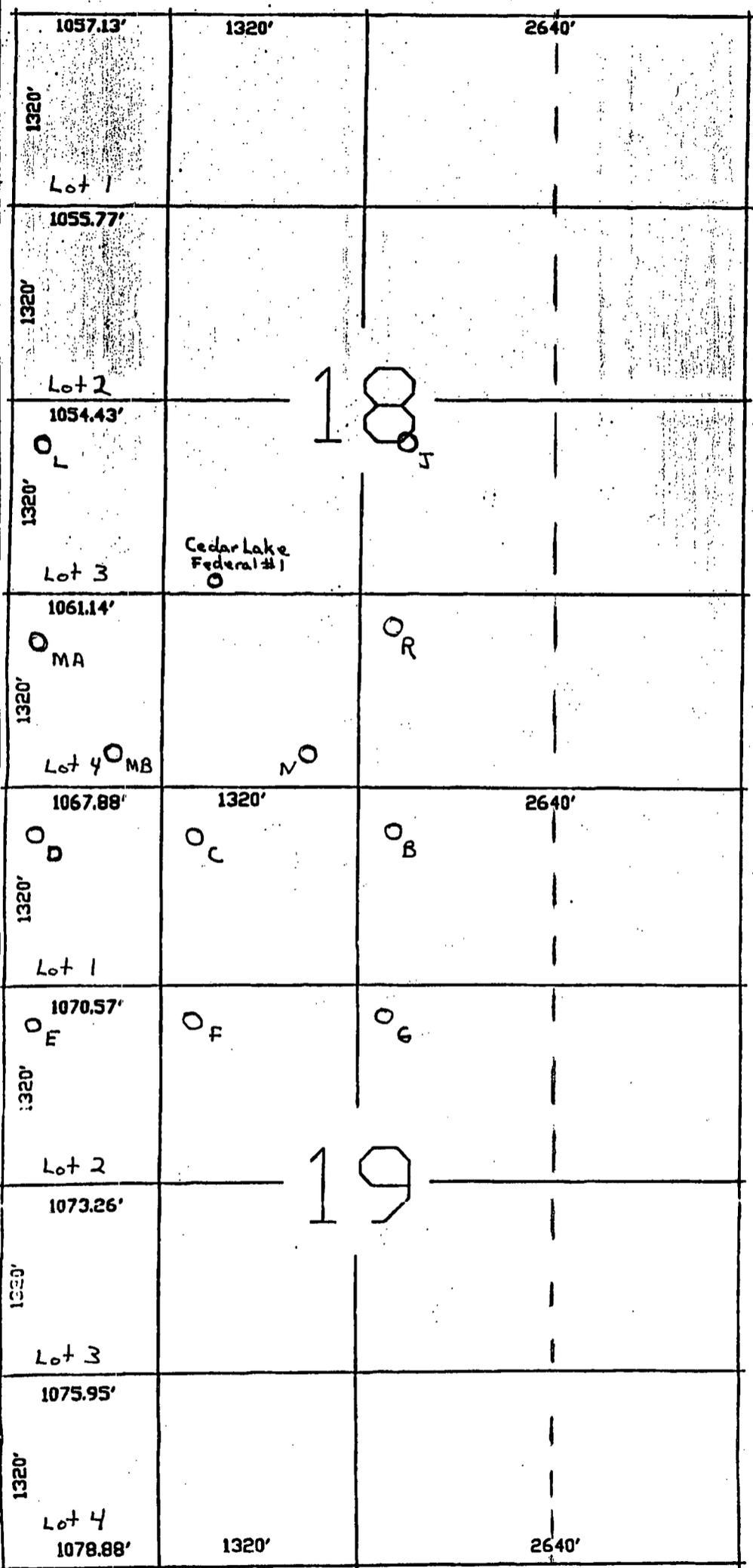
Raye Miller

*Raye Miller
Land Department*

*RM/mm
Enclosure*

DIMENSIONS OF LOTS BASED ON GLO PLAT

T17S R31E



SECTION 18

- J-2310' FSL and 2410' FEL
Unorthodox-gas pipeline
- L-2310' FSL and 330' FWL
Orthodox
- MA-990' FSL and 330' FWL
Orthodox
- MB-330' FSL and 736' FWL
Orthodox
- N-330' FSL and 2056' FWL
Orthodox
- R-1090' FSL and 2366' FEL
Unorthodox-gas pipeline

SECTION 19

- B-230' FNL and 2310' FEL
Unorthodox-injection line
- C-230' FNL and 1499' FWL
Unorthodox-injection line
- D-330' FNL and 330' FWL
Orthodox
- E-330' FWL and 1650' FNL
Orthodox
- F-1750' FNL and 1402' FWL
Orthodox
- G-1550' FNL and 2310' FEL
Unorthodox-injection line

LC-029395 A

Sec. 18: Lot 3,4,E/2SW/4,SE/4
Sec. 19: Lot 1,2,E/2NW/4,NE/4



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

June 27, 2000

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

RE: Marbob's application to drill two unorthodox wells to be completed in the Paddock formation within the Cedar Lake Federal Lease:

*Tony Federal Well No. 13 to be located in Section 18, Township 17 South, Range 31 East
1550 FSL & 230 FEL in Unit (I), Eddy County, New Mexico*

*Tony Federal Well No. 18 to be located in Section 18, Township 17 South, Range 31 East
205 FSL & 330 FEL in Unit (P), Eddy County, New Mexico*

Dear Raye,

In regards to the above referenced wells, the Supervisor of the Division's District Office in Artesia is authorized to approve the location of the Tony Federal Well No. 18 by Administrative Order NSL-4034-A. The Tony Federal No. 18 meets set back requirements set forth by the order, which in part includes provisions "... unorthodox location is no closer than the required minimum orthodox distance (330 feet) to the outer boundary of the Cedar Lake Federal Lease....".

Marbob Energy Corporation will need to apply for a NSL for the Tony Federal No. 13 well, as the permitted location for this well is 230 feet from the outer lease boundary.

Respectfully yours,

Bryan G. Arrant
District II Geologist
Artesia OCD

cc: Tim Gum, District Supervisor-Artesia
Mike Stogner, Chief Hearing Examiner-Santa Fe



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

June 19, 1998

ARCO Permian
P. O. Box 1610
Midland, Texas 79702-1610
Attention: Elizabeth A. Casbeer

Administrative Order NSL-4060

Dear Ms. Casbeer:

Reference is made to: (i) your applications dated April 29, May 12, May 20, June 3, and June 16, 1998 for several unorthodox oil well locations in the Artesia-Queen-Grayburg-San Andres Pool within ARCO Permian's ("ARCO") Washington "33" State Lease in Section 33, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico; (ii) the records of the Division in Santa Fe including the files on Division Administrative Orders NSL-915-A, NSL-915-B, NSL-4003, NSL-4007, NSL-4035, and NSL-4036; and (iii) a telephone conversation between David Percy with ARCO in Midland and Mr. Michael E. Stogner, Engineer with the New Mexico Oil Conservation Division ("Division") on Monday, June 18, 1998.

The Division Director Finds That:

- (1) ARCO is the owner and operator of the Washington "33" State Lease, which comprises the following described 600 acres, more or less, that comprise a portion of New Mexico State Land Office Lease No. X-00647:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 33: NE/4, NE/4 NW/4, S/2 NW/4, and S/2;

- (2) The Artesia-Queen-Grayburg-San Andres Pool underlying this area is subject to the statewide rules for oil wells, as set forth in Division Rule 104.C(1), which provides for 40-acre oil spacing and proration units, or drilling units, and requires that wells be located no closer than 330 feet to the outer boundary of such a unit;
- (3) All mineral interests are common throughout this lease;
- (4) The application has been duly filed under the provisions of Division Rule 104.F;
- (5) Approval of the above referenced applications is in the best interest of conservation, will serve to prevent waste, protects correlative rights, exhibits sound engineering principles, and will allow ARCO to develop the Artesia-Queen-Grayburg-San Andres Pool with infill wells in order to recover additional reserves that might not otherwise be produced; and
- (6) A procedure that allows ARCO to include additional Artesia-Queen-Grayburg-San Andres oil wells as needed within its Washington "33" State at locations that are unorthodox under Division Rule 104.C(1)(a) without further administrative review by the Director should be

adopted, provided that any such unorthodox location within the Washington "33" State Lease is no closer than the required minimum orthodox distance (330 feet) to the outer boundary of the lease nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

It Is Therefore Ordered That:

(1) By the authority granted me under the provisions of Division Rule 104.F(2), ARCO Permian ("ARCO") is hereby authorized to recomplete five existing wells and drill two additional wells at unorthodox oil well locations in the Artesia-Queen-Grayburg-San Andres Pool within its Washington "33" State Lease in Section 33, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico, as follows:

<i>Well Name and No.</i>	<i>API Number</i>	<i>Footage Location</i>	<i>Unit</i>	<i>Dedicated 40-Acre Tract</i>
<i>Washington "33" State Well No. 16 (formerly the Empire Abo Unit "G" Well No. 323)</i>	<i>30-015-22415</i>	<i>1500' FSL - 700' FEL</i>	<i>I</i>	<i>NE/4 SE/4</i>
<i>Washington "33" State Well No. 17 (formerly the Empire Abo Unit "G" Well No. 315)</i>	<i>30-015-22821</i>	<i>1900' FSL & 1450' FEL</i>	<i>J</i>	<i>NW/4 SE/4</i>
<i>Washington "33" State Well No. 18 (formerly the Empire Abo Unit "G" Well No. 312)</i>	<i>30-015-21745</i>	<i>1550' FSL & 2511' FEL</i>	<i>J</i>	<i>NW/4 SE/4</i>
<i>Washington "33" State Well No. 19 (new drill)</i>	<i>NA</i>	<i>2360' FSL - 2165' FWL</i>	<i>K</i>	<i>NE/4 SW/4</i>
<i>Washington "33" State Well No. 23 (new drill)</i>	<i>NA</i>	<i>975' FSL - 1060' FWL</i>	<i>M</i>	<i>SW/4 SW/4</i>
<i>Washington "33" State Well No. 27 (formerly the Empire Abo Unit "H" Well No. 312)</i>	<i>30-015-22605</i>	<i>815 FSL & 2525' FEL</i>	<i>O</i>	<i>SW/4 SE/4</i>
<i>Washington "33" State Well No. 30 (formerly the Empire Abo Unit "H" Well No. 322)</i>	<i>30-015-22465</i>	<i>750' FSL & 1150' FEL</i>	<i>P</i>	<i>SE/4 SE/4</i>

It Is Further Ordered That:

(2) Within the following described 600 acres, known as the Washington "33" State Lease, ARCO is hereby authorized to locate wells within the Artesia-Queen-Grayburg-San Andres Pool that are

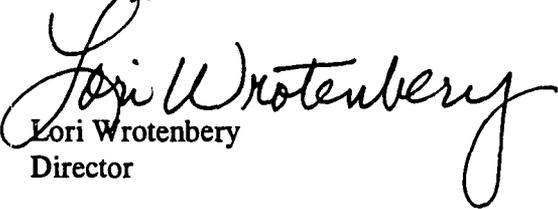
unorthodox based on the well location requirements of Division Rule 104.C(1)(a), provided that any such unorthodox location is no closer than the required minimum orthodox distance (330 feet) to the outer boundary of the Washington "33" Lease nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 33: NE/4, NE/4 NW/4, S/2 NW/4, and S/2;

(3) Any unorthodox location authorized by Ordering Paragraph (2) shall require the submission of a Division Form C-102, in accordance with Division Rules 1101 and 1102, and the approval of the Supervisor of the Division's District Office in Artesia. The Form C-102 for any such well shall include the following additional information: (i) the boundary of the Washington "33" State Lease must be outlined; (ii) the designated 40 acres to be dedicated to the well must be highlighted or outlined; (iii) all other wells within the Artesia-Queen-Grayburg-San Andres Pool that are dedicated to this 40-acre tract must be identified and described; and, (iv) this administrative order (NSL-4060) must be referenced.

(4) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,


Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
New Mexico State Land Office - Santa Fe
Dave Percy, ARCO - Midland, Texas
William F. Carr, Legal Counsel for ARCO - Santa Fe

**PETROLEUM INFORMATION/DWIGHTS MIDLAND REGION REPORT
SECTION III - 07/06/98**

**NEW MEXICO DRILLING PROGRESS
EDDY COUNTY CONTINUED**

CONTR: ARTESIA FSHG TOOL, **RIG #2;SPUD:** 05/11/96, **CSG:** 8 5/8 @ 405 W/375 SX, 5 1/2 @ 3869 W/1450 SX; **RIG REL:** 05/19/96; ... 3870 TD, WOCT (LDIR 08/26/97)

MARBOB ENERGY 1 CEDAR LAKE FEDERAL API 30-015-30244	18-17S-31E NE SW 1385 FSL 1410 FWL SEC IC 300157021398	CEDAR LAKE; 12000 MORROW, (FR 04/15/98MD) (ST APPD PMT: 05/08/98) OPER ADD: DRAWER 217, ARTESIA, NM, 88210 PHONE (505) 746-2422; EL: 3755 GR; LOCATION DATA: 29 MI E ARTESIA, NM ; (VERTICAL)	D
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CONTR: PETERSON DRLG, **RIG #3;SPUD:** 05/23/98, **CSG:** 13 3/8 @ 500 W/750 SX, 8 5/8 @ 4510, CMT CO: HALLIBURTON; **DST # 1**, NO DETAILS; ... DRLG 11645 (LDIR 07/01/98)

MARBOB ENERGY 1 LEE FEDERAL API 30-015-30243	20-17S-31E SW NE 2310 FNL 2160 FEL SEC IC 300157021498	WILDCAT; 6000 YESO, (FR 04/15/98MD) (ST APPD PMT: 05/08/98) OPER ADD: DRAWER 217, ARTESIA, NM, 88210 PHONE (505) 746-2422; EL: 3666 GR; LOCATION DATA: 30 MI E ARTESIA, NM APPROX 400 FT SW/2814 (SADR) OIL PROD IN GRAYBURG-JACKSON FIELD ; (VERTICAL)	WD
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CONTR: L & M DRLG CO, **RIG #2;SPUD:** 05/22/98, **CSG:** 8 5/8 @ 462 W/500 SX, 5 1/2 @ 5476 W/1650 SX, CMT CO: HALLIBURTON; (TD REACHED: 06/02/98), **RIG REL:** 06/03/98; ... 5500 TD, WOCT (LDIR 06/09/98)

MARBOB ENERGY 2 LEE FEDERAL API 30-015-30268	20-17S-31E SW NW 1650 FNL 990 FWL SEC IC 300157024098	WILDCAT; 6000 YESO, (FR 04/23/98MD) (ST APPD PMT: 05/20/98) OPER ADD: BOX 217, ARTESIA, NM, 88210 PHONE (505) 746-2422; EL: 3636 GR; LOCATION DATA: 30 MI E ARTESIA, NM APPROX 500 FT E/3318 (SADR) OIL PROD IN GRAYBURG-JACKSON FIELD ; (VERTICAL)	WD
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LOC;

MARBOB ENERGY 3 LEE FEDERAL API 30-015-30269	20-17S-31E NE SE 1700 FSL 990 FEL SEC IC 300157024198	WILDCAT; 6000 YESO, (FR 04/23/98MD) (ST APPD PMT: 05/20/98) OPER ADD: BOX 217, ARTESIA, NM, 88210 PHONE (505) 746-2422; EL: 3744 GR; LOCATION DATA: 30 MI E ARTESIA, NM APPROX 400 FT SW/2022 (SVRV) OIL PROD IN FREN FIELD ; (VERTICAL)	WD
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LOC;

WISER OIL 400 SKELLY UNIT API 30-015-29856	21-17S-31E 100 FSL 260 FWL SEC IC 300157039997	GRAYBURG-JACKSON; 4800 GRAYBURG-SAN ANDRES, (FR 06/02/97MD) (ST APPD PMT: 09/16/97) OPER ADD: 8115 PRESTON RD, STE 400, DALLAS, TX, 75225 PHONE (214) 265-0080; EL: 3761 GR; LOCATION DATA: 6 MI E LOCO HILLS, NM ; (VERTICAL) WELL ID CHANGES: FTG CHGD FROM 10 FSL 10 FWL OF SEC WELL NBR CHGD FROM 1 LSE NAME CHGD FROM SKELLY-TURNER 'B' WELL NBR CHGD FROM 4	D
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CONTR: NORTON DRLG, **RIG #5; SPUD:** 11/10/97, **CSG:** 8 5/8 @ 451 W/400 SX, 5 1/2 @ 3922 W/1200 SX; **RIG REL:** 11/20/97; ... 3922 TD, WOCT (LDIR 12/10/97)

TEXACO EXPL & PROD 904 SKELLY UNIT API 30-015-29461	22-17S-31E 625 FSL 1709 FEL SEC IC 300157010997	WILDCAT; 7800 ABO, (FR 02/24/97MD) (ST APPD PMT: 03/19/97) OPER ADD: BOX 3109, MIDLAND, TX, 79702 PHONE (915) 688-4100; EL: 3831 GR; LOCATION DATA: 9 MI E LOCO HILLS, NM APPROX 200 FT E/2337 (SVRV) OIL PROD IN FREN FIELD ; (VERTICAL)	WD
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CONTR: NABORS DRLG USA, **RIG #142;SPUD:** 12/13/97, **RIG REL:** 01/28/98; ... 7800 TD, SI (LDIR 02/04/98)

WISER OIL 20 LEA 'D' API 30-015-29701	25-17S-31E 24 FNL 1267 FEL SEC IC 300157040197	GRAYBURG-JACKSON; 4800 GRAYBURG-SAN ANDRES, (FR 06/02/97MD) (ST APPD PMT: 06/30/97) OPER ADD: 8115 PRESTON RD, STE 400, DALLAS, TX, 75225 PHONE (214) 265-0080; EL: 3761 GR; LOCATION DATA: 8 MI E LOCO HILLS, NM ; (VERTICAL) WELL ID CHANGES: WELL NBR CHGD FROM 1 LSE NAME CHGD FROM SKELLY LEA 'D'	D
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CONTR: NORTON DRLG, **RIG #5; SPUD:** 10/04/97, **CSG:** 8 5/8 @ 459 W/300 SX, 5 1/2 @ 4100 W/100 SX; **RIG REL:** 10/12/97; ... 4100 TD, WOCT (LDIR 10/13/97)

WISER OIL 21 LEA 'D' API 30-015-29893	26-17S-31E 3 FNL 2597 FEL SEC IC 300157040497	GRAYBURG-JACKSON; 4800 GRAYBURG-SAN ANDRES, (FR 06/02/97MD) (ST APPD PMT: 09/27/97) OPER ADD: 8115 PRESTON RD, STE 400, DALLAS, TX, 75225 PHONE (214) 265-0080; EL: 3761 GR; LOCATION DATA: 7 MI E LOCO HILLS, NM ; (VERTICAL) WELL ID CHANGES: WELL NBR CHGD FROM 2 LSE NAME CHGD FROM SKELLY LEA 'D'	DO OIL
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CONTR: NORTON DRLG, **RIG #5;SPUD:** 11/02/97, **CSG:** 8 5/8 @ 459 W/300 SX, 5 1/2 @ 4100 W/1125 SX; **TBG:** 2 7/8 @ 3866; **LOG TYPES:** DSN; **LOG TOPS:** SEVEN RIVERS 2178, QUEEN 2845, GRAYBURG 3236, SAN ANDRES 3633; **4100 TD**, (SAN ANDRES) (TD REACHED: 11/08/97) **4057 PBTD** **RIG REL:** 11/09/97; **PRODUCING INTERVAL(S) DATA:** PERF (GRAYBURG) 3483-3631 W/23 SHOTS GROSS PERF (SAN ANDRES) 3661-3828 W/62 SHOTS GROSS 3483-3508, 3534-3536, 3556-3578, 3602-3631, 3811-3816, 3821-3828, ACID (3811-3828) W/ 2100 GALS, 15% NEFE ACID (3661-3737) W/ 2000 GALS, 15% NEFE WFR (3661-3737) W/ 9500 GALS, SWFR (3661-3737) W/ 15500 GALS, 40400 LBS SAND, DELTA FRAC & 16/30 SD ACID (3483-3631) W/ 2300 GALS, 15% NEFE WFR (3483-3631) W/ 8000 GALS, SWFR (3483-3631) W/ 20000 GALS, 50000 LBS SAND, 20# DELTA FRAC & 16/30 BROWN SD, **4100 TD, PB 4057 COMP 1/13/98, IPP 84 BOPD, 40 MCFGPD, 41 BWPD, GTY 38.6, GOR 476 PROD ZONE - GRAYBURG-SAN ANDRES 3483-3828 (GROSS)(COMMINGLED) NO CORES OR DSTS** . . . (LDIR 07/01/98)

WISER OIL 22 LEA 'D' API 30-015-29702	26-17S-31E 1296 FNL 2615 FWL SEC IC 300157040597	GRAYBURG-JACKSON; 4800 GRAYBURG-SAN ANDRES, (FR 06/02/97MD) (ST APPD PMT: 06/30/97) OPER ADD: 8115 PRESTON RD, STE 400, DALLAS, TX, 75225 PHONE (214) 265-0080; EL: 3761 GR; LOCATION DATA: 7 MI E LOCO HILLS, NM ; (VERTICAL) WELL ID CHANGES: WELL NBR CHGD FROM 3 LSE NAME CHGD FROM SKELLY LEA 'D'	D
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CONTR: NORTON DRLG, **RIG #5; SPUD:** 09/26/97, **CSG:** 8 5/8 @ 459 W/300 SX, 5 1/2 @ 4000 W/700 SX; **RIG REL:** 10/03/97; ... 4000 TD, WOCT (LDIR 10/13/97)



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

May 18, 1998

Marbob Energy Corporation
P. O. Box 227
Artesia, New Mexico 88211-0227
Attention: Raye Miller

Administrative Order NSL-4034

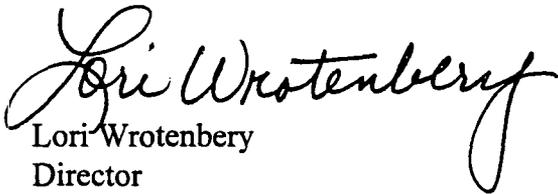
Dear Mr. Miller:

Reference is made to your application dated April 20, 1998 for approval to drill the proposed Cedar Lake Federal Well No. 1 at an unorthodox gas well location to test the Morrow formation 1385 feet from the South line and 1410 feet from the West line (Unit K) of Section 18, Township 17 South, Range 31 East, NMPM, Undesignated Cedar Lake-Morrow Gas Pool or Undesignated North Cedar Lake-Morrow Gas Pool, Eddy County, New Mexico. Lots 3 and 4, the E/2 SW/4, and the SE/4 (S/2 equivalent) of said Section 18 being a standard 304.51-acre gas spacing and proration unit for either pool is to be dedicated to said well.

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").

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

Sincerely,



Lori Wrottenberg
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

311 S. ...
Artesia, NM

51
FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator

MARBOB ENERGY CORPORATION

3. Address and Telephone No.

P. O. BOX 227, ARTESIA, NM 88210 505-748-3303

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1385 FSL 1410 FWL, SEC. 18-T17S-R31E UNIT K

5. Lease Designation and Serial No.
LC-029395A

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

CEDAR LAKE FEDERAL #1

9. API Well No.

30-015-30244

10. Field and Pool, or Exploratory Area

CEDAR LAKE; MORROW

11. County or Parish, State

EDDY, NM

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input type="checkbox"/> Other <u>INTERMEDIATE CSG, CMT</u>
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

6/4/98 DRLD 12 1/4" HOLE TO 4510, RAN 111 JTS 8 5/8" 24# & 32# CSG TO 4510', CMTD W/2300 SX CLASS C, PLUG DOWN @ 6:30 A.M. 6/6/98, CIRC 34 SX TO SURF. WOC 18 HRS, TSTD CSG TO 1500# FOR 30 MINUTES - HELD OK.

ACCEPTED FOR RECORD
PETER W. CHESTER
(Orig. Sign.) GARY GOFFLE
JUN 10 1998
BUREAU OF LAND MANAGEMENT
ROSWELL RESOURCE AREA

14. I hereby certify that the foregoing is true and correct

Signed

Shonda Nelson

Title

PRODUCTION CLERK

Date

6/10/98

(This space for Federal or State office use)

Approved by

Title

Date

Conditions of approval, if any:

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statement or representations as to any matter within its jurisdiction.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N.M. Oil & Gas Division

311 S. 1st St
Albuquerque, NM 87102-2834

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

- 5. Lease Designation and Serial No.
LC-029395A
- 6. If Indian, Allottee or Tribe Name
- 7. If Unit or CA, Agreement Designation
- 8. Well Name and No.
CEDAR LAKE FEDERAL #1
- 9. API Well No.
30-015-30244
- 10. Field and Pool, or Exploratory Area
CEDAR LAKE; MORROW
- 11. County or Parish, State
EDDY, NM

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator

MARBOB ENERGY CORPORATION

3. Address and Telephone No.

P. O. BOX 227, ARTESIA, NM 88210 505-748-3303

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1385 FSL 1410 FWL, SEC. 18-T17S-R31E UNIT K

JUN 11 1998
RECEIVED
BLM - ARTESIA

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other <u>SPUD, CMT CSG</u>
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

SPUD WELL @ 11:15 P.M. 5/23/98. DRLD 17 1/2" HOLE TO 500', RAN 12 JTS 13 3/8" 48# CSG TO 500', CMTD W/750 SX PREM PLUS, PLUG DOWN @ 3:00 P.M. 5/24/98, DID NOT CIRC, 1 YD READY MIX TO SURF. WOC 18 HRS, TSTD CSG TO 600# FOR 20 MINUTES - HELD OK.

*** JIM AMOS ON LOCATION

ACCEPTED FOR RECORD
(ORIG. SGD) DAVID R. GLASS
JUN 05 1998
BLM

14. I hereby certify that the foregoing is true and correct
Signed Rhonda Nelson Title PRODUCTION CLERK Date 5/26/98
(This space for Federal or State office use)

Approved by _____ Title _____ Date _____
Conditions of approval, if any:

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*See instruction on Reverse Side

Form 160-3
(July 1989)
(form only 160-331c)

CONTACT RECEIVING

Artesia
N. M. Oil Co. Division
OFFICE NUMBER
811-S-1515
OF COPIES REQUIRED
5151
(Other instructions on
NM 83210-2334)

BLM Roswell District
Modified Form No.
NM60-3160-2

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

530

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
 DRILL DEEPEN PLUG BACK

b. TYPE OF WELL
 OIL WELL GAS WELL OTHER SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
 Marbob Energy Corporation *14049*

3a. Area Code & Phone No.
 505-748-3303

3. ADDRESS OF OPERATOR
 P. O. BOX 227 Artesia, NM 88210

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
 At surface
 1385 FSL 1410 FWL UNIT K
 At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 EAST OF ARTESIA ON U.S. 82 APPROX. 29 MILES

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 1385

16. NO. OF ACRES IN LEASE 320

17. NO. OF ACRES ASSIGNED TO THIS WELL 40

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.

19. PROPOSED DEPTH 12,000'

20. ROTARY OR CABLE TOOLS
 ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 3755' GR

22. APPROX. DATE WORK WILL START*
 MAY 1, 1998

23. PROPOSED CASING AND CEMENTING PROGRAM

HOLE SIZE	CASING SIZE	WEIGHT/FOOT	GRADE	THREAD TYPE	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8"	48#	J-55	LT&C	600'	415 SX, CIRC
12 1/4"	8 5/8"	24#	J-55	LT&C	4500'	1700 SX, CIRC OR TIE
7 7/8"	5 1/2"	17#	J-55	LT&C	12000'	1750 SX, ATTEMPT CIRC

PAY ZONE WILL BE SELECTIVELY PERFORATED AND STIMULATED AS NEEDED FOR OPTIMUM PRODUCTION.

- ATTACHED ARE:
1. ACREAGE DEDICATION PLAT
 2. SUPPLEMENTAL DRILLING DATA
 3. SURFACE USE PLAN

MAY 1998
RECEIVED
OCD - ARTESIA

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED *Rhonda Nelson* TITLE *Production Clerk* DATE *4/9/98*

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY (ORIG. SGD.) *ARMANDO A. LOPEZ* TITLE *Acting Dir. MINERALS* DATE *5-8-98*

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

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

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

AMENDED REPORT

DISTRICT I
P.O. Box 1990, Lubbock, NM 88241-1990

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

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

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name CEDAR LAKE; MORROW
Property Code	Property Name CEDAR LAKE FEDERAL		Well Number 1
OGRID No. 14049	Operator Name MARBOb ENERGY CORPORATION		Elevation 3755'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	18	17 S	31 E		1385	SOUTH	1410	WEST	EDDY

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.
40			

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

<p>LOT 1 31.99 ACRES</p>	<p>LOT 2 32.10 ACRES</p>	<p>LOT 3 32.20 ACRES</p>	<p>LOT 4 32.31 ACRES</p>	<p>Y=666255 X=629510 NAD 1927 NEW MEXICO EAST</p>	<p>OPERATOR CERTIFICATION</p> <p><i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><i>Rhonda Nelson</i> Signature RHONDA NELSON Printed Name PRODUCTION CLERK Title APRIL 9, 1998 Date</p>
					<p>SURVEYOR CERTIFICATION</p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.</i></p> <p>APRIL 1, 1998 Date Surveyed CDG</p>
					<p>Signature & Seal of Professional Surveyor</p> <p><i>Ronald J. Edson</i> 9-02-98 98-11-0523</p>
					<p>Certificate No. RONALD J. EDSON 3239 GARY EDSON 12641</p>

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N.M. Oil & Gas Division
311 S. 1st Street
Artesia, NM 88210-2834

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator

MARBOB ENERGY CORPORATION

3. Address and Telephone No.

P. O. BOX 227, ARTESIA, NM 88210 505-748-3303

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1385 FSL 1410 FWL SEC. 18-T17S-R31E UNIT K

5. Lease Designation and Serial No.

LC-029395A

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

CEDAR LAKE FEDERAL #1

9. API Well No.

10. Field and Pool, or Exploratory Area

CEDAR LAKE; MORROW

11. County or Parish, State

EDDY, NM

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

Notice of Intent
 Subsequent Report
 Final Abandonment Notice

TYPE OF ACTION

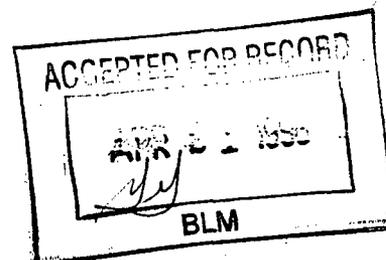
Abandonment Change of Plans
 Recompletion New Construction
 Plugging Back Non-Routine Fracturing
 Casing Repair Water Shut-Off
 Altering Casing Conversion to Injection
 Other AMEND APD Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

WE ARE AMENDING THE A.P.D. ON THE ABOVE MENTIONED WELL AS FOLLOWS:

NO. OF ACRES IN LEASE: 609.43
NO. OF ACRES ASSIGNED TO THIS WELL: 304.92



14. I hereby certify that the foregoing is true and correct

Signed Robin Cockrum Title PRODUCTION CLERK Date 4/17/98

(This space for Federal or State office use)

Approved by _____ Title _____ Date _____
Conditions of approval, if any:

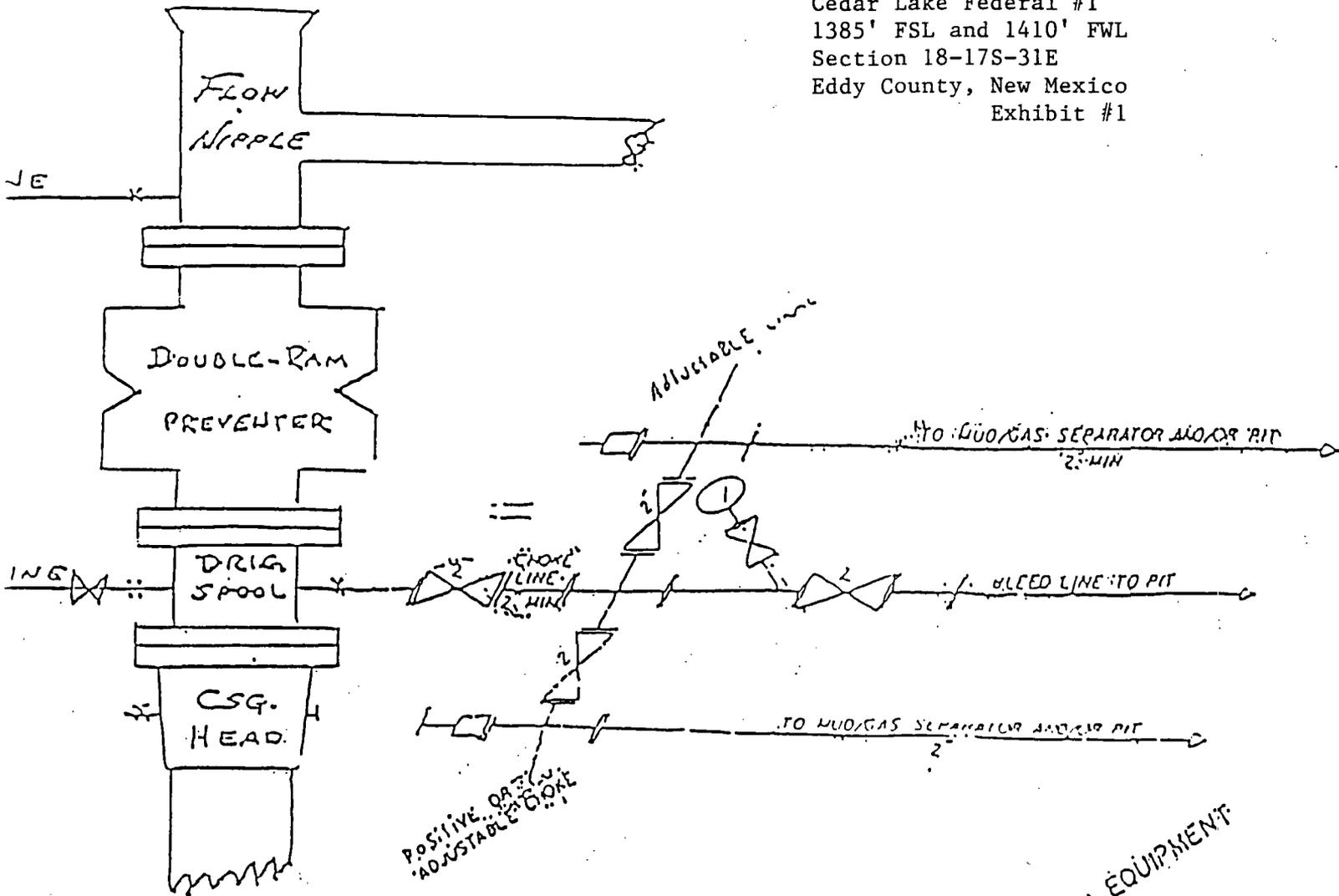
EXHIBIT #1

B U P & CHOKE MANIFOLD

10"/900 Cameron SS Space Saver
3000# Working Pressure
3.000# Working Pressure Choke Manifold

MARBOB ENERGY CORPORATION

Cedar Lake Federal #1
1385' FSL and 1410' FWL
Section 18-17S-31E
Eddy County, New Mexico
Exhibit #1



2 1/4" CHOKE MANIFOLD EQUIPMENT

Attachment to Exhibit #1
NOTES REGARDING THE BLOWOUT PREVENTERS

1. Drilling nipple to be so constructed that it can be removed without use of a welder through rotary table opening, with minimum I.D. equal to preventer bore.
2. Wear ring to be properly installed in head.
3. Blow out preventer and all fittings must be in good condition, 1000 psi W.P. minimum.
4. All fittings to be flanged.
5. Safety valve must be available on rig floor at all times with proper connections, valve to be full bore 1000 psi W.P. minimum.
6. All choke and fill lines to be securely anchored, especially ends of choke lines.
7. Equipment through which bit must pass shall be at least as large as the diameter of the casing being drilled through.
8. Kelly cock on kelly.
9. Extension wrenches and hand wheels to be properly installed.
10. Blow out preventer control to be located as close to driller's position as feasible.
11. Blow out preventer closing equipment to include minimum 40 gallon accumulator, two independent sources of pump power on each closing unit installation, and meet all API specifications.



marbob
energy corporation

FAX TRANSMITTAL SHEET

DATE: 7-16-98

TO: Mr. Michael Stogner

FAX #: 827-1389

FROM: Misti Murg

COMMENTS: Multiple originals
will follow by mail

TOTAL # OF PAGES (including cover sheet): 4

If you have any trouble receiving this fax, please contact me.

Phone #505/748-3303

Fax #505/746-2523



marbob
energy corporation

July 16, 1998

Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Attention: Mr. Michael Stogner

RE: *Federal Lease LC-029395 A*
Section 18: Lot 3, 4, E/2SW/4, SE/4
Section 19: Lot 1, 2, E/2NW/4, NE/4
T-17S, R-31E, N.M.P.M.
Eddy County, New Mexico

Dear Mike:

As we discussed, Atlantic Richfield Company owns 100% of the operating rights below the base of the San Andres formation in federal lease LC-029395A. Marbob is working with Arco under a joint development agreement dated March 19, 1998. We have notified Arco of the proposed completion of the Cedar Lake Federal #1 as a Yeso producer at an unorthodox location. I have also provided them with a copy of this letter. I believe that they will correspond directly with you expressing their consent to the completion of the Cedar Lake Federal #1 at its unorthodox location and their approval of additional unorthodox locations inside this lease as may be needed. I have enclosed a plat which shows twelve additional locations which we have staked on this lease. At this time, five of them have been moved slightly to unorthodox locations because of gas pipelines and waterflood injection lines. We anticipate that other locations may have to be moved because of cultural resource problems and/or terrain problems. We would request your consideration of including in Administrative Order 4034A the allowance of unorthodox locations on this lease as long as the wells remain

330 feet away from any external boundary and 25 feet away from any quarter quarter line.

Thank you for your help in this matter.

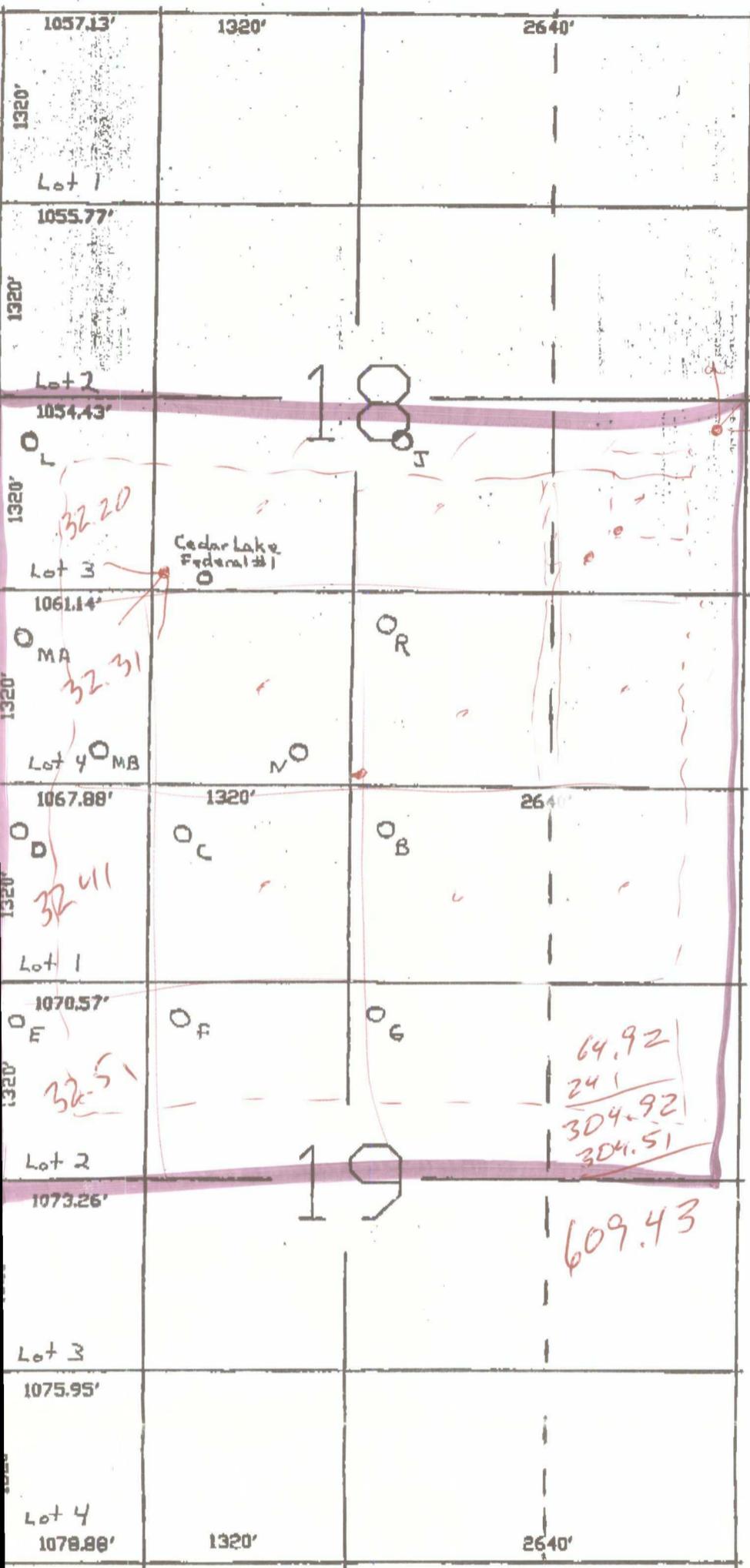
Sincerely,

Raye Miller

*Raye Miller
Land Department*

*RM/mm
Enclosure*

T17S R31E



SECTION 18

- J-2310' FSL and 2410' FEL
Unorthodox-gas pipeline
- L-2310' FSL and 330' FWL
Orthodox
- MA-990' FSL and 330' FWL
Orthodox
- MB-330' FSL and 736' FWL
Orthodox
- N-330' FSL and 2056' FWL
Orthodox
- R-1090' FSL and 2366' FEL
Unorthodox-gas pipeline

$$\begin{array}{r} 64.51 \\ 24 \\ \hline 304.51 \end{array}$$

SECTION 19

- B-230' FNL and 2310' FEL
Unorthodox-injection line
- C-230' FNL and 1499' FWL
Unorthodox-injection line
- D-330' FNL and 330' FWL
Orthodox
- E-330' FWL and 1650' FNL
Orthodox
- F-1750' FNL and 1402' FWL
Orthodox
- G-1550' FNL and 2310' FEL
Unorthodox-injection line

$$\begin{array}{r} 64.92 \\ 24 \\ \hline 304.92 \\ 304.51 \\ \hline 609.43 \end{array}$$

LC-029395 A

Sec. 18: Lot 3,4,E/2SW/4,SE/4
Sec. 19: Lot 1,2,E/2NW/4,NE/4

600 North Marlenfeld
P. O. Box 1610
Midland, Texas 79702
Phone: (915) 688-5530



Fax

To: Mr. Michael Stogner
Oil Conservation Division.

From: Lee Scarborough
ARCO Permian

Fax: (505) 827-1389

Pages: 2 Pages including cover

Phone:

Date: 07/16/98

Phone: (915) 688-5270

Urgent For Review Please Comment Please Reply Please Recycle



ARCO Permian
600 N Marlenfeld
Midland TX 79701
Post Office Box 1610
Midland TX 79702
Telephone 915 688 5200

July 15, 1998

Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Fax No. (505) 827-1389

Attention: Mr. Michael Stogner

Re: Application for Administrative
Approval of Unorthodox Location
Cedar Lake Federal #1 Well
Township 17 South, Range 31 East
Section 28: 1,385' FSL, 1,410' FWL
Eddy County, New Mexico

Dear Sir:

ARCO Permian, a unit of Atlantic Richfield Company, has no objection to Marbob Energy Corporation's request to complete the Cedar Lake Federal #1 Well at the unorthodox location referenced above.

Further, ARCO Permian has no objection to the location of additional wells staked by Marbob on Federal Lease LC 029395(a), provided all locations remain 330' from external lease boundaries and 25' from internal quarter/quarter boundaries. This lease covers the following land in Eddy County, New Mexico:

Township 17 South, Range 31 East
Section 18: Lot 3, Lot 4, E/2SW/4, SE/4
Section 19: Lot 1, Lot 2, E/2NW/4, NE/4

Very truly yours,

Lee M. Scarborough
Land Director, SE New Mexico

LMS/sb

xc: Marbob Energy Corporation
P. O. Box 227
Artesia, New Mexico 88211-0227