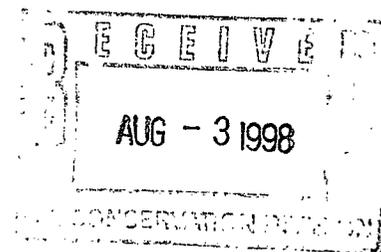


NSL 8/24/98



July 31, 1998

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

Attention: Mr. Michael Stogner

RE: Application for Administrative
Approval of Unorthodox Location
Bryce State No. 1
990 FNL 1800 FWL
Section 2-T10S-R37E
Lea County, New Mexico

Dear Mr. Stogner:

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.

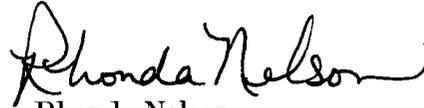
Marbob proposes to complete the Bryce State No. 1 well at an unorthodox location 990 feet from the north line and 1800 feet from the west line of Section 2, Township 10 South, Range 37 East, N.M.P.M., Lea County, New Mexico. The well was originally drilled to test the Devonian formation. That test was unsuccessful; therefore, we propose to complete the well in the San Andres formation. OCD District I informed me that the well would be placed in the Sawyer West; San Andres field. This pool has special pool ruling requiring 80-acre proration unit. The new proposed proration unit is the E/2NW/4. The proration unit is contained in the same state lease (VA-8888) with identical ownership prior to drilling the Bryce State No. 1.

Marbob is the operator of the well with the rights and lease being owned by Marbob and KCS Medallion Resources, Inc.

Exhibit "A" is a plat showing the proposed unorthodox well location. The proposed spacing unit is outlined in red. Exhibit "B" is a map showing offset proration units outlined in green identifying Yates Petroleum and Charles L. House as offset owners. They have been notified and supplied with a copy of this Application.

Since this unorthodox location would allow us to use the existing wellbore to capture potential reserves from the San Andres 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,

A handwritten signature in cursive script that reads "Rhonda Nelson". The signature is written in black ink and is positioned above the typed name.

Rhonda Nelson
Production Department

/rn

crrr

Enclosure

Cc: OCD, District I
P. O. Box 1980
Hobbs, NM 88240

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

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 80, Artesia, NM 88211-0719

EXHIBIT A

FEB 04 1998

OIL CONSERVATION DIVISION

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

AMENDED REPORT

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

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-34328	Pool Code 55490	Pool Name SAWYER WEST; SAN ANDRES
Property Code 22883	Property Name BRYCE STATE	Well Number 1
OGED No. 14049	Operator Name MARBOR ENERGY CORPORATION	Elevation 3960

Surface Location

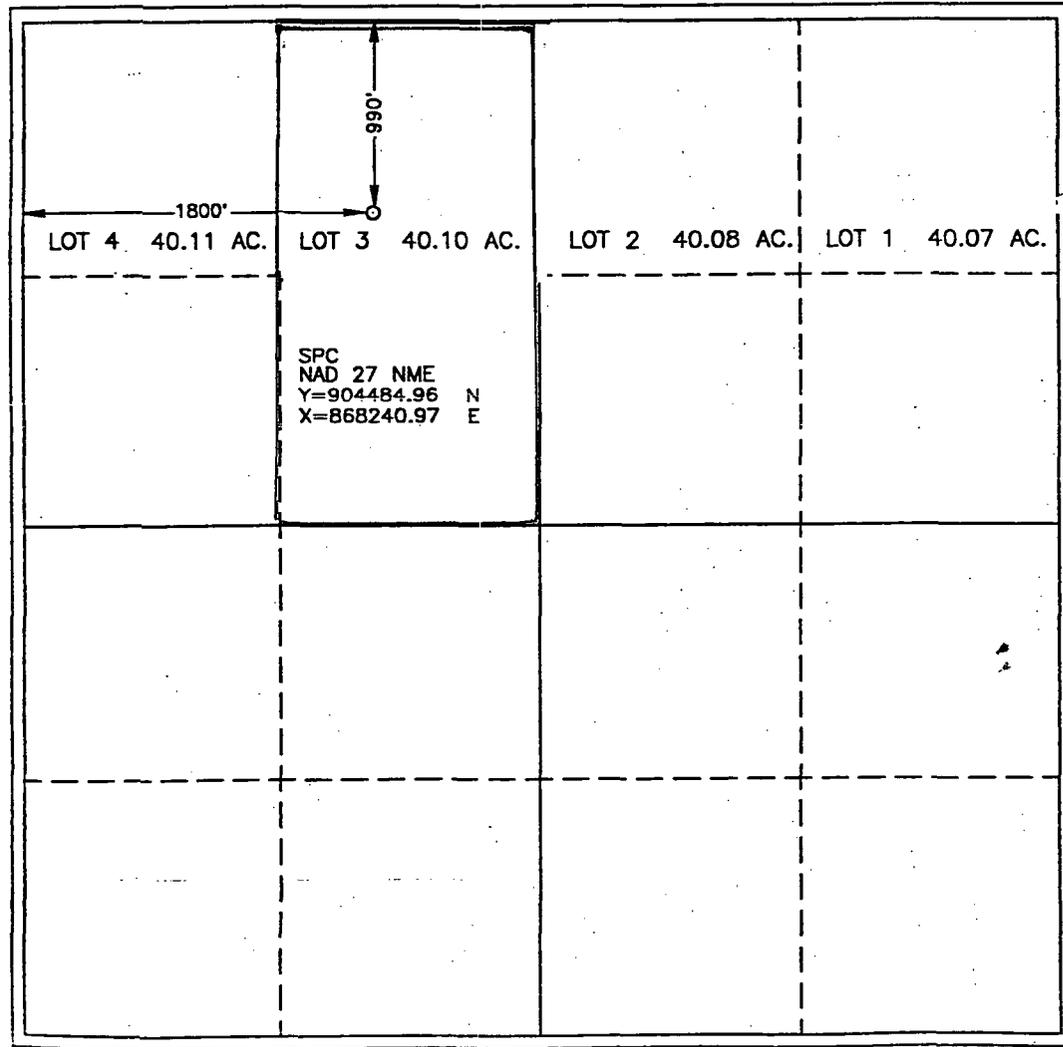
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C/3	2	10 S	37 E		990	NORTH	1800	WEST	LEA

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 80.	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 the the information contained herein is true and complete to the best of my knowledge and belief.

Rhonda Nelson
Signature

RHONDA NELSON
Printed Name

PRODUCTION CLERK
Title

2/27/98
Date

SURVEYOR CERTIFICATION

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.

JANUARY 29 1998
Date Surveyed

JLP
Signature & Seal of Professional Surveyor

Ronald J. Eidsen
20398

W.O. Num. 98-11-0082

Certificate No. RONALD J. EIDSON, 3239
GARY G. EIDSON, 12641
MACON McDONALD, 12185

EXHIBIT B

Cochran Co Fms. (S) 053477

Marbob
10-2-2045

34
"S.F.P.R.R."
Cerrillos Ld Co, M.I.
W.H. Anderson, S

35
Cerrillos Ld Co, M.I.
W.H. Anderson, S

Cochran Co Fms.
C.L. House
Marr
705047

C.L. House
Marr
053477 U.S. M.I.
R.M. Lewis et al (S)

Permian Res.
L-6792

Ener. Dev. Corp, et al
5-1-98
VA-888
2248

3
"Susco-St."
State

2
Yates Pet. et al
7-1-2000
VA-4396
6250

Yates Pet. et al
7-1-2000 VA 1399
6250
State

Yates Pet. et al
7-1-2000 VA 1399
6250
State

10
MARBBOB ENER.
10-2-2045

11
Marbob Ener.
10-2-2045

MIDLAND MAP
Cerrillos Ld Co, M.I.
DASCO Ld. Corp. (S)

12
Cerrillos Ld Co, M.I.
DASCO Ld. Corp. (S)
State

13
Yates Pet. et al
8-1-99
VA-1254
16 25

14
Yates Pet. et al
8-1-99
VA-1253
18 75

15
Sunvalley Ener.
1-1-99
VA-1135
29 38

16
Sunvalley Ener.
1-1-99
VA-1133
28 75

17
Yates Pet. et al
8-1-99
VA-4429
16 25

18
Sunvalley Ener.
V-4430

19
Sunvalley Ener.
VA-1134

20
Sunvalley Ener.
1-1-99
VA-1136
50 88

10 37
Manzano
S.V. 31
P 806

Manzano
S.V. 31
P 806

Union
Cities
Serv. St. Yates

Yates Pet. et al
8-1-99
V-4431

Yates Pet. et al
8-1-99

S.F.P.R.R.
Cochran Co Fms.
Permian Res.
Marbob
10-2-2045
Cerrillos Ld Co, M.I.
W.H. Anderson, (S)

Permian Res.
L-1000 Sawyer
Gas Prod
Ent. Fed.
W.H. Anderson, S

Cobra
7-1-2000
V-4692
15250
Monagan
Sawyer-99
7/15/00
State

Yates Pet. et al
7-1-2000 VA 1397
1525
State

9
Marbob
10-2-2045
Cerrillos Ld Co, M.I.
DASCO Ld. Corp. (S)

Cobra
7-1-2000
V-4685
5215

Yates Pet. et al
8-1-99
VA-1255
16 25
Cerrillos
Thompson-99
7/27/00
D/A 1 27-65

16
Yates Pet. et al
8-1-99
VA-1256
16 25

State

Marbob
10-2-2045

C.L. House
10-1-99
V-4490
4250

Union
Cities
Serv. St. Yates

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

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

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

WELL API NO. 30-025-34328
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. VA-8888

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)	
1. Type of Well: OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>	7. Lease Name or Unit Agreement Name BRYCE STATE
2. Name of Operator MARBOB ENERGY CORPORATION	8. Well No. 1
3. Address of Operator P. O. BOX 227, ARTESIA, NM 88210	9. Pool name or Wildcat WILDCAT DEVONIAN
4. Well Location Unit Letter <u>C</u> : <u>990</u> Feet From The <u>NORTH</u> Line and <u>1800</u> Feet From The <u>WEST</u> Line Section <u>2</u> Township <u>10S</u> Range <u>37E</u> NMPM LEA <u>EDDY</u> County	
10. Elevation (Show whether DF, RKB, RT, GR, etc.) 3960' GR	

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>		CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: _____ <input type="checkbox"/>		OTHER: <u>TD, CMT CSG</u> <input type="checkbox"/>	

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

TD WELL ON 6/7/98. DRLD 7 7/8" HOLE TO 12350', SET 35 SX CMT PLUG #1 FROM 12350-12250', PLUG #2 (35 SX) FROM 9950-9850', PLUG #3 (35 SX) FROM 7440-7340', PLUG #4 (35 SX) FROM 5700-5600', PBTD 5287, RAN 119 JTS 5 1/2" J-55.17# CSG TO 5285', CMTD W/350 SX PREM PLUS, PLUG DOWN @ 3:30 P.M. 6/9/98. WOC 18 HRS, TSTD CSG TO 1500# FOR 30 MINUTES - HELD OK.

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

SIGNATURE Rhonda Nelson TITLE Production Clerk DATE 6/12/98

TYPE OR PRINT NAME _____ TELEPHONE NO. 748-3303

(This space for State Use)

APPROVED BY Chris Williams TITLE DISTRICT 1 SUPERVISOR DATE JUL 29 1998

CONDITIONS OF APPROVAL, IF ANY:

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

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

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

WELL API NO. 30-025-34328
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. VA-8888
7. Lease Name or Unit Agreement Name BRYCE STATE
8. Well No. 1
9. Pool name or Wildcat WILDCAT DEVONIAN
10. Elevation (Show whether DF, RKB, RT, GR, etc.) 3960' GR

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A
DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT"
(FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER
2. Name of Operator MARBOB ENERGY CORPORATION
3. Address of Operator P. O. BOX 227, ARTESIA, NM 88210
4. Well Location Unit Letter <u>C</u> : <u>990</u> Feet From The <u>NORTH</u> Line and <u>1800</u> Feet From The <u>WEST</u> Line Section <u>2</u> Township <u>10S</u> Range <u>37E</u> NMPM LEA <u>YEDDXX</u> County
10. Elevation (Show whether DF, RKB, RT, GR, etc.) 3960' GR

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>		CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: _____ <input type="checkbox"/>		OTHER: INTERMEDIATE CSG, CMT CSG <input checked="" type="checkbox"/>	

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

4/30/98 DRLD 12 1/4" HOLE TO 4235', RAN 102 JTS 8 5/8" CSG TO 4235',
CMTD W/1130 SX CLASS C & 200 SX POS-PLUS, CIRC 139 SX TO SURF,
WOC 18 HRS, TSTD CSG TO 1000# FOR 30 MINUTES - HELD OK.

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

SIGNATURE Rhonda Nelson TITLE Production Clerk DATE 5/4/98
TYPE OR PRINT NAME _____ TELEPHONE NO. 748-3303

(This space for State Use)

APPROVED BY Gary W. Wink TITLE GARY W. WINK
FIELD REPRESENTATIVE II DATE MAY 19 1998

CONDITIONS OF APPROVAL, IF ANY:

DISTRICT I P.O. Box 1980, Hobbs, NM 88240

DISTRICT II P.O. Drawer DD, Artesia, NM 88210

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

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

WELL API NO. 30-025-34328
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. VA-8888
7. Lease Name or Unit Agreement Name BRYCE STATE
8. Well No. 1
9. Pool name or Wildcat WILDCAT DEVONIAN
10. Elevation (Show whether DF, RKB, RT, GR, etc.) 3960' GR

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER
2. Name of Operator MARBOB ENERGY CORPORATION
3. Address of Operator P. O. BOX 227, ARTESIA, NM 88210
4. Well Location Unit Letter <u>C</u> : <u>990</u> Feet From The <u>NORTH</u> Line and <u>1800</u> Feet From The <u>WEST</u> Line Section <u>2</u> Township <u>10S</u> Range <u>37E</u> NMPM LEA <u>REBX</u> County

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data
NOTICE OF INTENTION TO:
PERFORM REMEDIAL WORK <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>
OTHER: <input type="checkbox"/>
PLUG AND ABANDON <input type="checkbox"/>
CHANGE PLANS <input type="checkbox"/>
OTHER: <input type="checkbox"/>
SUBSEQUENT REPORT OF:
REMEDIAL WORK <input type="checkbox"/>
COMMENCE DRILLING OPNS. <input type="checkbox"/>
CASING TEST AND CEMENT JOB <input type="checkbox"/>
OTHER: <u>SPUD, CMT CSG</u> <input checked="" type="checkbox"/>
ALTERING CASING <input type="checkbox"/>
PLUG AND ABANDONMENT <input type="checkbox"/>

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.
SPUD WELL @ 7:30 P.M. 4/22/98. DRLD 17 1/2" HOLE TO 475', RAN 11 JTS 13 3/8" 48# CSG, CMT W/450 SX CLASS "G", PLUG DOWN @ 3:30 P.M. 4/23/98, CIRC 128 SX TO SURF. WOC 18 HRS, TSTD CSG TO 600# FOR 20 MINUTES - HELD OK.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.
SIGNATURE Phonda Nelson TITLE Production Clerk DATE 4/27/98
TYPE OR PRINT NAME _____ TELEPHONE NO. 748-3303

(This space for State Use)
APPROVED BY Chris Williams DISTRICT 1 SUPERVISOR TITLE _____ DATE MAY 05 1998
CONDITIONS OF APPROVAL, IF ANY:

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 ARTESIA, NM 88210		OGRID Number 14049
		API Number 30-025-3432E
Property Code 22883	Property Name BRYCE STATE	Well No. 1

Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
3	2	10S	37E		990	NORTH	1800	WEST	LEA

Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
Proposed Pool 1 WILDCAT DEVONIAN					Proposed Pool 2				

Work Type Code N	Well Type Code 0	Cable/Rotary R	Lease Type Code S	Ground Level Elevation 3960'
Multiple	Proposed Depth 12,600	Formation DEVONIAN	Contractor	Spud Date 4/1/98

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#	450'		CIRC
12 1/4"	8 5/8"	24#	4200'		CIRC
7 7/8"	5 1/2"	17#	12600'		

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 17.5" HOLE TO 450', SET 13.375" CSG & CIRC CMT, NU BOPE &
DRILL 12.25" HOLE TO 4200', SET 8.625" & CIRC CMT TO SURF, NU & TEST
BOPE, DRILL 7.875" HOLE TO 12,600', DST POTENTIALLY PRODUCTIVE HORIZONS.

Permit Expires 1 Year From Approval
Date Unless Drilling Underway,

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature: Rhonda Nelson		OIL CONSERVATION DIVISION	
Printed name: RHONDA NELSON		Approved by: <i>[Signature]</i>	
Title: PRODUCTION CLERK		Title: FIELD REPRESENTATIVE II	
Date: 2/27/98		Approval Date: MAR 04 1998	Expiration Date:
Phone: 748-3303		Conditions of Approval: Attached <input type="checkbox"/>	

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

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, NM 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

FEB 04 1998

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 30-025-34328	Pool Code ✓	Pool Name WILDCAT DEVONIAN
Property Code 22883	Property Name BRYCE STATE	Well Number 1
OGRID No. 14049	Operator Name MARBOB ENERGY CORPORATION	Elevation 3960

Surface Location

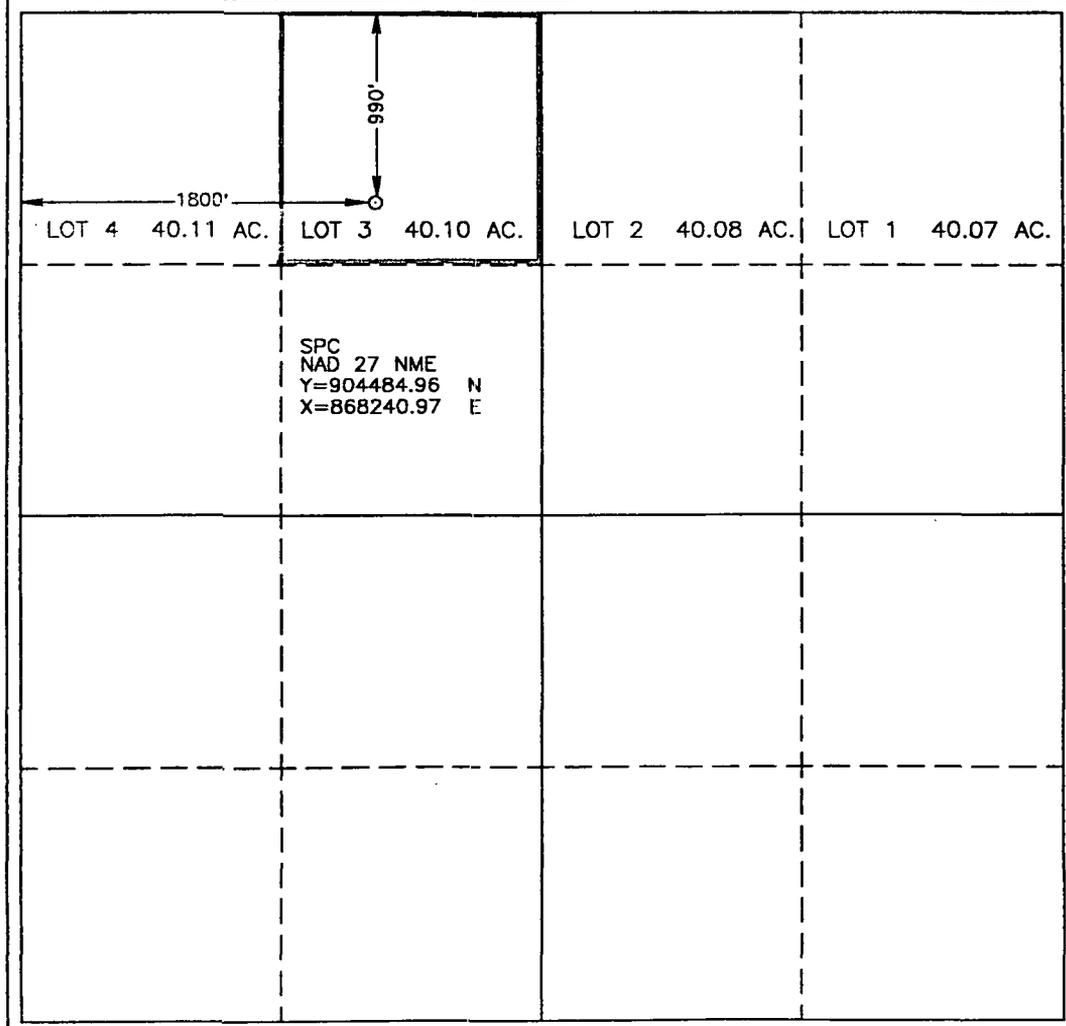
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
3	2	10 S	37 E		990	NORTH	1800	WEST	LEA

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 40	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 the the information contained herein is true and complete to the best of my knowledge and belief.

Rhonda Nelson
Signature

RHONDA NELSON
Printed Name

PRODUCTION CLERK
Title

2/27/98
Date

SURVEYOR CERTIFICATION

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.

JANUARY 29, 1998
Date Surveyed

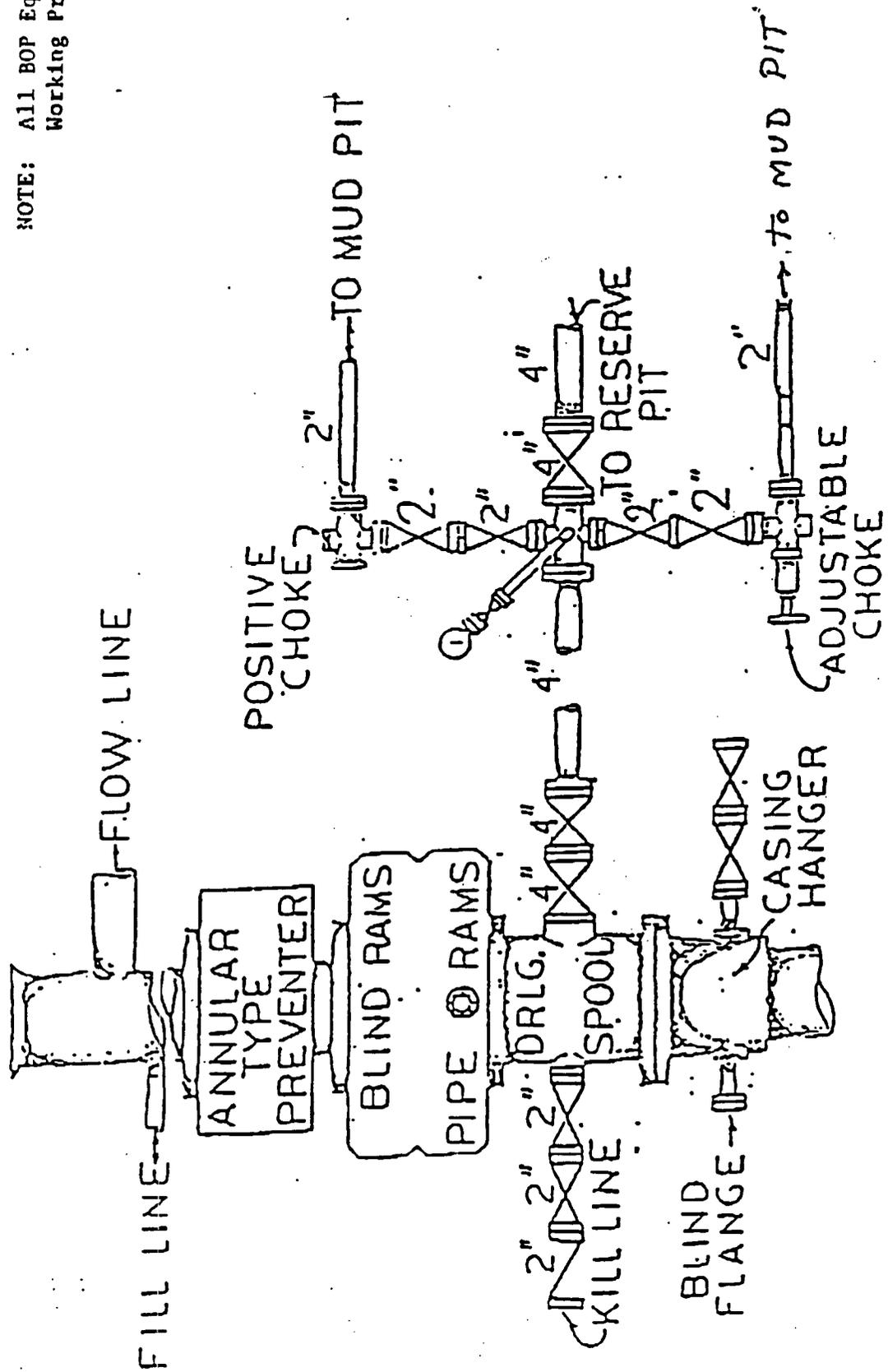
JLP
Date Surveyed

Signature: *Ronald J. Edson* Seal of Professional Surveyor

W.O. Num. 98-11-0082

Certificate No. RONALD J. EDSON 3239
GARRETT EDSON 12841
MACON McDONALD 12185

NOTE: All BOP Equipment is 5000# Working Pressure



WEST SAWYER-SAN ANDRES POOL
Lea County, New Mexico

Order No. R-3850, Adopting Temporary Operating Rules for the West Sawyer-San Andres Pool, Lea County, New Mexico, October 14, 1969.

Order No. R-3850-A, October 6, 1970, extends to October 6, 1971 the rules adopted in Order No. R-3850.

Order No. R-3850-B, October 5, 1971, makes permanent the rules adopted in Order No. R-3850.

Application of Coastal States Gas Producing Company for Special Pool Rules, Lea County, New Mexico.

CASE NO. 4222
Order No. R-3850

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on October 8, 1969, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 14th day of October, 1969, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Coastal States Gas Producing Company, seeks the promulgation of special rules and regulations for the West Sawyer-San Andres Pool, Lea County, New Mexico, including a provision for 80-acre spacing and proration units.

(3) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 80-acre spacing units should be promulgated for the West Sawyer-San Andres Pool.

(4) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(5) That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to es-

tablish the area that can be efficiently and economically drained and developed by one well and to determine whether or not the subject pool is in fact an associated reservoir.

(6) That this case should be reopened at an examiner hearing in October, 1970, at which time the operators in the subject pool should be prepared to appear and show cause why the West Sawyer-San Andres Pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED:

That temporary Special Rules and Regulations for the West Sawyer-San Andres Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
WEST SAWYER-SAN ANDRES POOL

RULE 1. Each well completed or recompleted in the West Sawyer-San Andres Pool or in the San Andres formation within one mile thereof, and not nearer to or within the limits of another designated San Andres oil pool, shall be spaced, drilled, operated, and produced in accordance with the special rules and regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit comprising a governmental quarter-quarter section or lot, or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. The first well drilled on every standard or non-standard unit in the West Sawyer-San Andres Pool shall be drilled in the NW/4 or the SE/4 of a governmental quarter section. All wells shall be located within 200 feet of the center of a governmental quarter-quarter section.

RULE 5. The Secretary-Director may grant an exception to the footage requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon, provided the well will be located no nearer than 330 feet to the outer boundary of the unit. All operators offsetting the proposed location shall be notified of the application by registered or certified

(WEST SAWYER-SAN ANDRES POOL - Cont'd.)

mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

RULE 6. A standard proration unit (79 through 81 acres) shall be assigned an 80-acre proportional factor of 2.00 for allowable purposes, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the West Sawyer-San Andres Pool or in the San Andres formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before November 1, 1969.

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the West Sawyer-San Andres Pool shall have dedicated thereto 80 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 80 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the West Sawyer-San Andres Pool or in the San Andres formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(3) That this case shall be reopened at an examiner hearing in October, 1970, at which time the operators in the subject pool may appear and show cause why the West Sawyer-San Andres Pool should not be developed on 40-acre spacing units and present evidence as to whether or not the subject pool is in fact an associated reservoir.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

EAST PADUCA-DELAWARE POOL
(No Pit Order Exemption)
Lea County, New Mexico

Order No. R-3534, Granting an Exception to Order No. R-3221, No Pit Order, for the East Paduca-Delaware Pool in Lea County, New Mexico, November 18, 1968.

Application of Joseph I. O'Neill, Jr., for an Exception to Order No. R-3221, as Amended, Lea County, New Mexico.

CASE NO. 3891
Order No. R-3534

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on October 16, 1968, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 18th day of November, 1968, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Joseph I. O'Neill, Jr., is the owner and operator of the Joseph I. O'Neill, Jr., Federal "O" Lease comprising the E/2 SE/4 of Section 14, Township 25 South, Range 32 East, NMPM, East Paduca-Delaware Pool, Lea County, New Mexico.

(3) That effective January 1, 1969, Order (3) of Commission Order No. R-3221, dated May 1, 1967, prohibits in that area encompassed by Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico, the disposal, subject to minor exceptions, of water produced in conjunction with the production of oil or gas, or both, on the surface of the ground, or in any pit, pond, lake, depression, draw, streambed, or arroyo, or in any watercourse, or in any other place or in any manner which will constitute a hazard to any fresh water supplies and said disposal has not previously been prohibited.

(4) That the aforesaid Order No. R-3221 was issued in order to afford reasonable protection against contamination of fresh water supplies designated by the State Engineer through disposal of water produced in conjunction with the production of oil or gas, or both, in unlined surface pits.

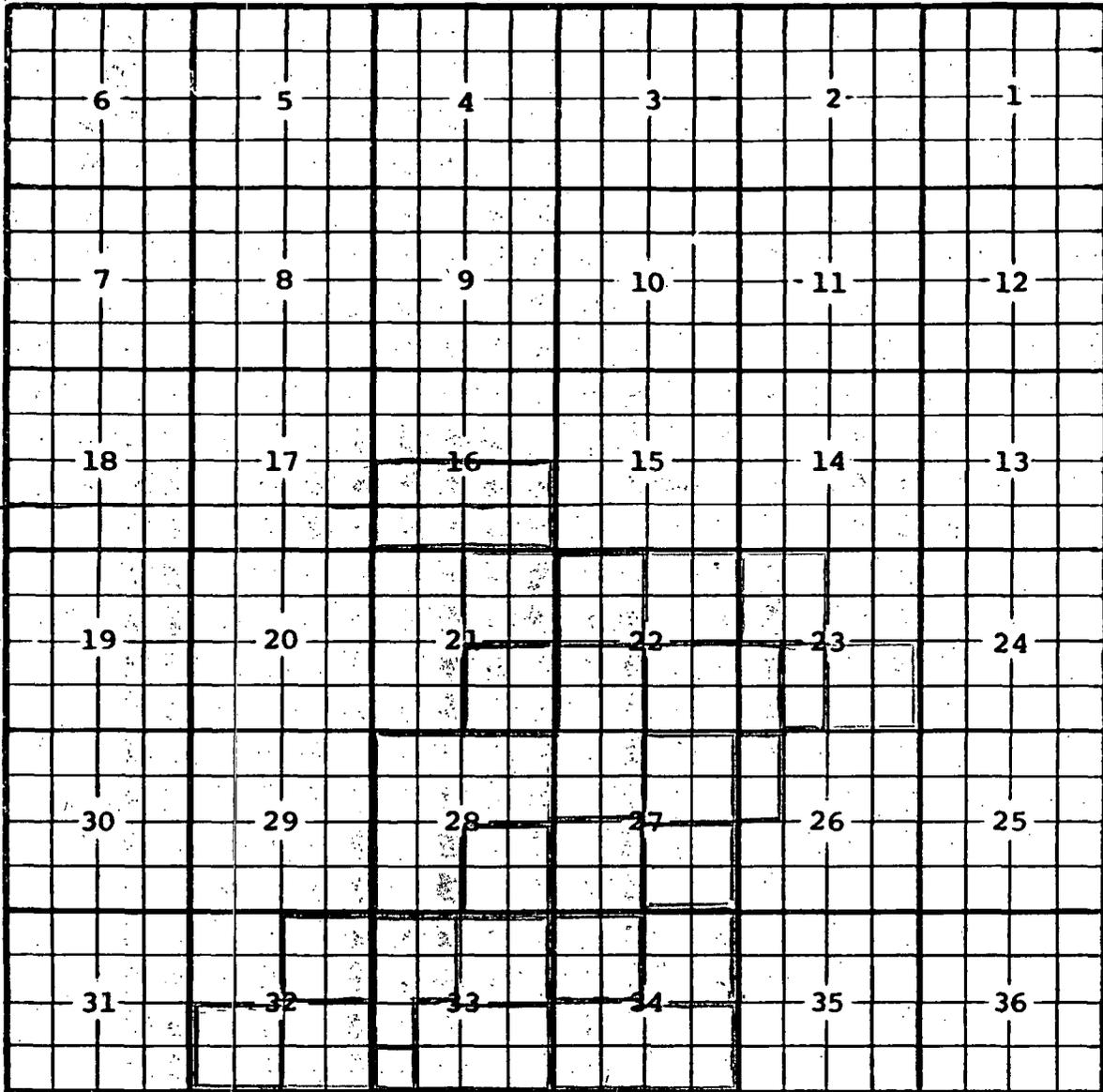
COUNTY *Lea*

POOL *West Sawyer - San Andres*

TOWNSHIP *9 South*

RANGE *37 East*

NMPM



Description: $\frac{SW}{4}$ $\frac{SW}{4}$ Sec 33 (R-3681, 9-1-69)
 Ext: $\frac{NW}{4}$ & $\frac{SW}{4}$ $\frac{SW}{4}$ Sec 33 (R-3758, 6-1-69) - $\frac{SE}{4}$ & $\frac{E}{2}$ $\frac{SW}{4}$ Sec 33 (R-3877, 12-1-69)
 - $\frac{NE}{4}$ Sec 32 (R-3911, 2-1-70) - $\frac{NE}{4}$ Sec 33 (R-3932, 4-1-70) - $\frac{SE}{4}$ Sec 28;
 $\frac{NW}{4}$ Sec 34 (R-3995, 8-1-70) - $\frac{S}{2}$ Sec 34 (R-4032, 10-1-70) - $\frac{SW}{4}$ Sec 22; $\frac{NW}{4}$ Sec 27;
 $\frac{N}{2}$ & $\frac{SW}{4}$ Sec 28 (R-4106, 3-1-71) - $\frac{SE}{4}$ Sec 21 (R-4155, 7-1-71) - $\frac{NW}{4}$ Sec 22 (R-4184, 9-1-72)
 - $\frac{SW}{4}$ Sec 27 (R-4242, 1-1-72) - $\frac{SE}{4}$ Sec 27 (R-4304, 6-1-72) - $\frac{NE}{4}$ Sec 27 (R-4486, 3-1-73)
 - $\frac{NE}{4}$ Sec 34 (R-4499, 4-1-73) - $\frac{WNW}{4}$ Sec 26 (R-4511, 5-1-73) - $\frac{SE}{4}$ Sec 22; $\frac{W}{2}$ & $\frac{SW}{4}$ Sec 23 (R-4540, 6-1-73)
 $\frac{E}{2}$ & $\frac{SW}{4}$ Sec 23 (R-4604, 8-1-73) Ext: $\frac{NE}{4}$ Sec 21, $\frac{NW}{4}$ Sec 23 (R-4734, 3-1-74)
 Ext: $\frac{SE}{4}$ Sec 32 (R-4835, 9-1-74) Ext: $\frac{SE}{4}$ Sec 23 (R-4915, 12-1-74)
 Ext: $\frac{NE}{4}$ Sec 22 (R-5729, 6-1-78) Ext: $\frac{S}{2}$ sec 16 (R-6724, 7-16-81)
 Ext: $\frac{SW}{4}$ Sec 32 (R-7048, 8-9-82)

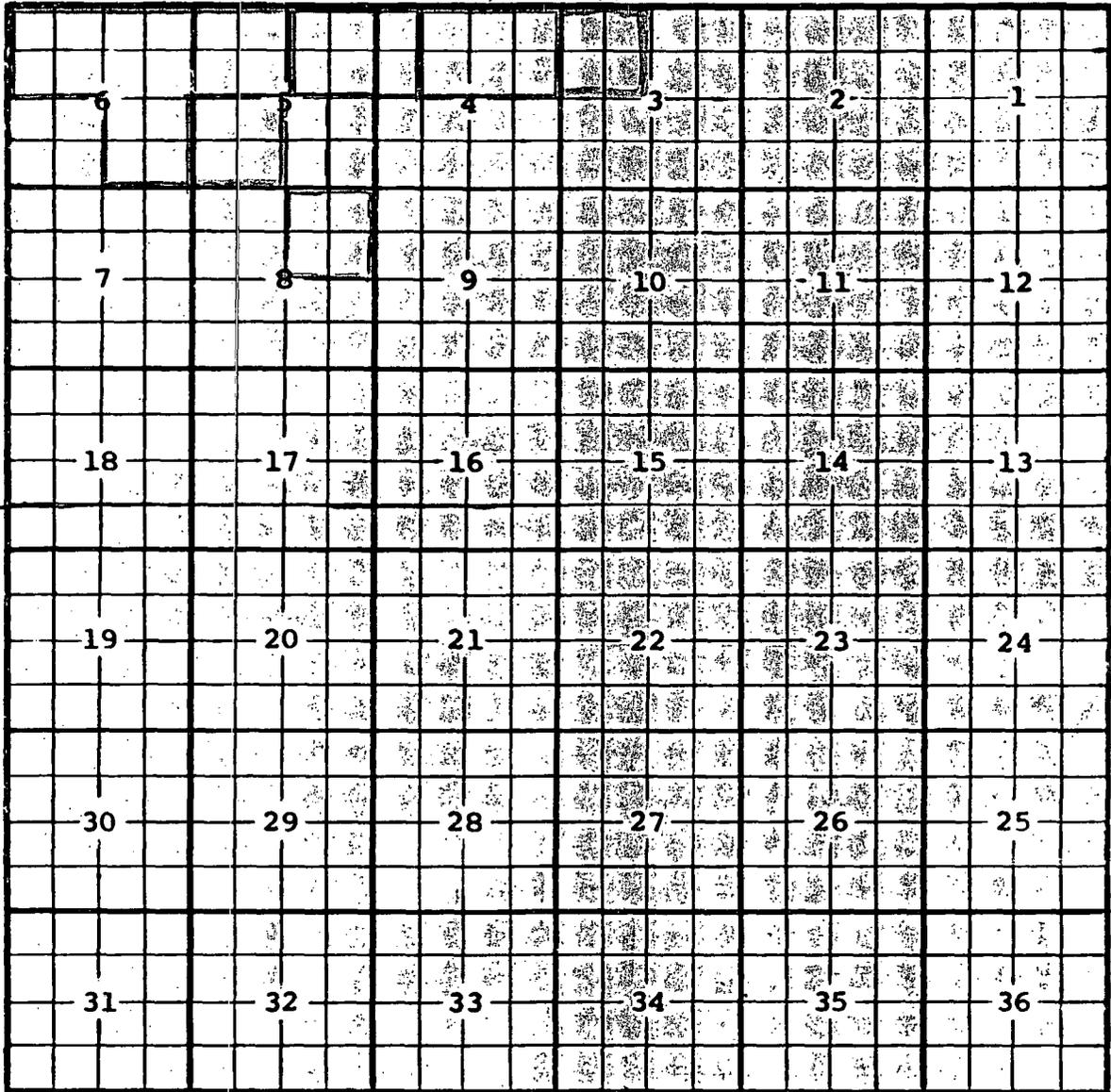
COUNTY *Lea*

POOL *West Sawyer - San Andres*

TOWNSHIP *10 South*

RANGE *37 East*

NMPM



Ext: $\frac{W}{2} \frac{NW}{4}$ Sec. 4; $\frac{NE}{4}$ Sec. 5 (R-3758, 6-1-69) - $\frac{E}{2} \frac{NW}{4} \frac{NE}{4}$ Sec. 4 (R-3818, 9-1-69)
 $\frac{NW}{4}$ Sec. 5; $\frac{N}{2} \frac{SE}{4}$ Sec. 6 (R-4604, 8-1-73) Ext: $\frac{SW}{4}$ sec 5 (R-6912, 3-5-82)
 Ext: Sec: 3 $\frac{NW}{4}$ (R-7030, 7-21-82)
 Ext: Sec: 5 w/2 SE/4, Sec: 8 NE/4 (R-7222, 1-15-83)

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MARBOB ENERGY COR	MARBOB ENERGY COR	MARBOB ENERGY COR	MARBOB ENERGY COR
	A		
E	F	G	H
40.00	40.00	40.00	40.00
CS	CS	CS	CS
VA0888 0002 05/98	VA0888 0002 05/98	VA0888 0002 05/98	VA0888 0002 05/98
MARBOB ENERGY COR	MARBOB ENERGY COR	MARBOB ENERGY COR	MARBOB ENERGY COR

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

Sec : 02 Twp : 10S Rng : 37E Section Type : NORMAL

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YATES PETROLEUM C	YATES PETROLEUM C	MARBOB ENERGY COR	YATES PETROLEUM C

M	N	O	P
40.00	40.00	40.00	40.00
CS	CS	CS	CS
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YATES PETROLEUM C	YATES PETROLEUM C	YATES PETROLEUM C	MARBOB ENERGY COR

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