

ABOVE THIS LINE FOR DIVISION USE ONLY

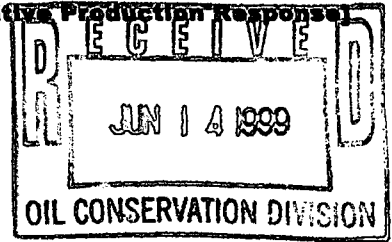
NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVER SHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]



[1] **TYPE OF APPLICATION - Check Those Which Apply for [A]**

- [A] Location - Spacing Unit - Directional Drilling
 NSL NSP DD SD

Check One Only for [B] and [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

[2] **NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply**

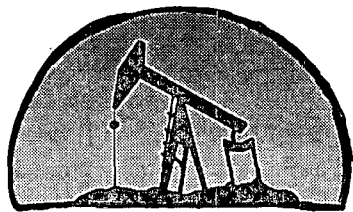
- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] **INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding**

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data (including API numbers, pool codes, etc.), pertinent information and any required notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

Michael G Hawagan [Signature] Agent 6/10/99
 Print or Type Name Signature Title Date



marbob
energy corporation

June 10, 1999

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
Hellfighter-Fee #1
330' FSL & 1201' FEL
Section 30 - T10S - 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 Hellfighter-Fee #1 well to the Siluro-Devonian formation at an unorthodox location based on geologic considerations.

Marbob proposes to drill the Hellfighter to a unorthodox bottomhole location of 330 feet from the North line and 1201 feet from the East line of Section 30, Township 10 South, Range 28 East, N.M.P.M., Chaves County, New Mexico with the intent of testing the Siluro-Devonian formation.

Exhibit "A" is a plat of the South/2 of section 30-T10S-R28E and the north/2 of section 31-T10S-R28e which shows the proposed unorthodox well location, the standard spacing unit for the referenced well, the affected adjoining spacing unit, and lease ownership in the adjoining area. The proposed location is unorthodox only to a governmental quarter-quarter boundary and does not encroach on any lease boundary. The spacing unit for the proposed well (SE/4SE/4) is outlined in red and the affected adjoining standard 40 acre spacing unit, being the SW/4 SE/4 of section 30, is outlined in green. The lessee is shown on all lands that are leased and the mineral ownership is shown on all lands that have not been leased. All of the lands shown consist of fee minerals owned by the following parties:

Application For Unorthodox Location

Plains Radio Petroleum Corporation L.E. Minerals, Ltd.
J.E. & L.E. Mabee Foundation, Inc Manix Energy
Samedan Royalty Corporation Selma Andrews Trust
White Ranch Minerals, Ltd. Fransisca Winston Test. Trust
Fredrick S. Winston Testamentary Trust

Marbob Energy Corporation, Cibola Energy Corporation and Eldorado Oil Company, Ltd are the lessees of record of all of the mineral interests (below the San Andres formation) under the lands shown in yellow on Exhibit "A". These lands include the spacing unit for the proposed well as well as the only affected adjoining spacing unit. Marbob, Cibola and Eldorado have formed a working interest unit, of which Marbob is the designated operator, which includes all of the acreage shown in yellow. All acreage not shown in yellow is unleased. The proposed location is not in an unorthodox relationship with any of the unleased acreage.

Exhibit "B" is a geologic map derived from 3D seismic information showing the structure at the top of the Mississippian formation. The top of the Mississippian formation is normally a good structural indicator for the Devonian formation and, due to the lack of a velocity contrast between the Mississippian limestones and the Devonian dolomites, is the deepest seismic reflector that can be reliably mapped. The attached Mississippian Structure Map shows a fault bounded structural closure having approximately 125 feet of closed structural relief with the Hellfighter structure having an area under closure of around 30 acres. The crestal position on this structure is indicated by the yellow colored area. While it is possible that there may actually be a higher structural position immediately northwest of the proposed location, the proposed unorthodox location for the Hellfighter-Fee #1 represents the lowest risk position that is still structurally high. The estimated productive area for this feature should be approximately 30 acres (yellow areas) with an oil column thickness of 10'-20'. Recoverable reserves from one well drilled in an optimum location on this feature are estimated to be between 100,000 barrels of oil and 150,000 barrels of oil with very little to no associated gas.

At the nearest orthodox location of 990 feet from the east line of section 30 there is an increased risk of encountering the Siluro-Devonian formation at a position 10' to 20' structurally lower than at the proposed unorthodox location.

Structural position is the single-most important aspect of productive Siluro-Devonian reservoirs found in this area. Oil columns are generally less than 30' thick and in some cases appear to be only 10' thick. Additional 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 Hellfighter-Fee #1 should provide the opportunity for additional recoverable oil reserves.

As Exhibit "B" illustrates, this is a small feature. It is Marbob's opinion that by drilling only one well at an optimum location on this feature we can effectively and efficiently drain this reservoir, will optimize recoverable reserves and will prevent waste that would be incurred by drilling unnecessary development wells. A well drilled at an orthodox location would likely result in the loss of recoverable oil reserves.

There will be no encroachment of correlative rights due to the proposed unorthodox location as there is common ownership across all affected lands.

Application For Unorthodox Location

Upon completion of the Hellfighter-Fee #1 as a producer, Marbob proposes to dedicate to the Hellfighter #1 well a standard spacing/proration unit consisting of the SE/4SE/4 of Section 30.

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 Marbob is the designated operator of the affected adjoining spacing unit (the SW/4SE/4 section 30), there are no affected parties for notification purposes. However, as a courtesy, the following parties have been provided with written notification of this Application for Administrative Approval of Unorthodox Location:

Plains Radio Petroleum Company (MI)
P.O. Box 11351
Midland, TX 79702

L.E. Minerals, Ltd. (MI)
P.O. Box 874
Roswell, NM 88202-0874

J.E. & L.E. Mabee Foundation, Inc (MI).
401 South Boston
Mid Continent Tower, 30th Floor
Tulsa, OK 74103

Manix Energy, LLC(MI)
P.O. Box 2818
Midland, TX 79702

Samedan Royalty Corporation (MI)
P.O. Box 1927
Ardmore, OK 73402-1927

NationsBank of Texas, N.A., Trustee of Selma E. Andrews Trusts (MI)
P.O. Box 830308
Dallas, TX 75283-0308

White Ranch Minerals, Ltd. (MI)
4800 First Bank Place
Minneapolis, MN 55402

Fredrick Winston & James T. Wyman, Trustees of Fredrick S. Winston Trust(MI)
4800 First Bank Place
Minneapolis, MN 55402

Fredrick Winston & James T. Wyman, Trustees of Fransisca S. WinstonTrust(MI)

Application For Unorthodox Location

4800 First Bank Place
Minneapolis, MN 55402

Cibola Energy Corporation (Lessee of record)
P.O. Box 1668
Albuquerque, NM 87102

Eldorado Oil Company, Ltd (Lessee of record)
1114 Avenue of the Americas, 46th Floor
New York, NY 10036-7798

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 the above referenced Hellfighter-Fee #1 well at the proposed unorthodox location. It is our desire to commence drilling operations in August or September of 1999.

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 call Raye Miller at 748-3303.

Respectfully Submitted,

MARBOB ENERGY CORPORATION

By: 

Mike Hanagan, Geologist

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

R 28 E

T 10 S

30

Marbob (lessee)

Marbob (lessee)
Cibola (lessee)
Eldorado (lessee)

Standard 40 acre Spacing Unit

UNLEASED MINERALS

Affected Adjacent Spacing Unit

Proposed Location
Hellfighter-Fee #1

Plains Radio (mineral)
Samedan (mineral)
Manix (mineral)
Winston Trusts (mineral)
White Ranch Min. (mineral)
Selma Andrews (mineral)

UNLEASED MINERALS

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Samedan (mineral)
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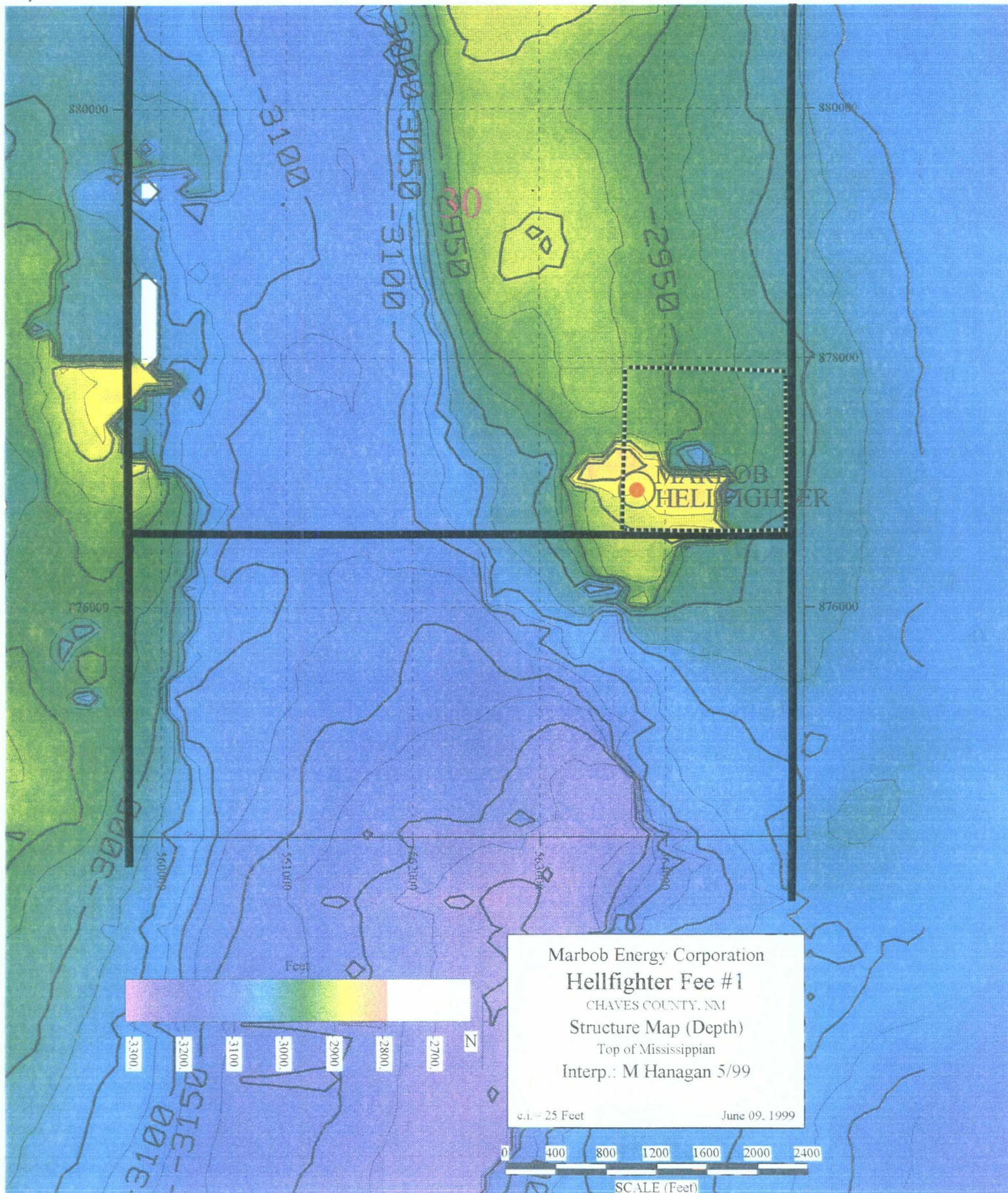
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Exhibit "A"

Application For Unorthodox Location

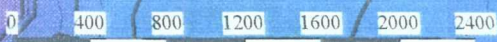
*Marbob Energy Corporation
#1 Hellfighter -Fee
330' FSL & 1201' FEL
Section 30- T10S - R28E
Chaves County, New Mexico*

Scale: 1" = 1,000'



Marbob Energy Corporation
Hellfighter Fee #1
CHAVES COUNTY, NM
Structure Map (Depth)
Top of Mississippian
Interp.: M Hanagan 5/99

e.l. - 25 Feet June 09, 1999



SCALE (Feet)

OIL CONSERVATION DIVISION
ARTESIA, NEW MEX. 86210

TO: M. Stogner

FROM: ART

DATE: 6-30-99

NUMBER OF SHEETS (INCLUDING TRANSMITTAL SHEET) 3

IF YOU HAVE ANY PROBLEMS WITH THIS TRANSMISSION, PLEASE CALL 505-748-1283.

FAX NUMBER (505) 748-9720

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
811 South First, Artesia, NM 88210

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

District IV
2040 South Pacheco, Santa Fe, NM 87505

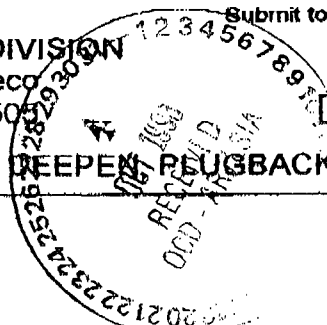
State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-101
Revised October 18, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

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, NEW MEXICO 888211-0227		OGRID Number 14049
		API Number 30 - 0
Property Code	Property Name HELLFIGHTER - FEE	Well No. 1

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West Line	County
P	30	10S	28E		330	SOUTH	1201	EAST	CHAVES

Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West Line	County
Proposed Pool 1 RACETRACK; DEVONIAN, S.E.					Proposed Pool 2				

Work Type Code N	Well Type Code O	Cable/Rotary R	Lease Type Code P	Ground Level Elevation 3728
Multiple No	Proposed Depth 7300	Formation DEVONIAN	Contractor L & M	Spud Date 11-15-98

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 #/FT	250'	315ex	CIRCULATED
12 1/4"	8 5/8"	24#/FT	1600'	775ex	CIRCULATED
7 7/8"	5 1/2"	17#/FT	7300'	300ex	6500' min

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

Drill 17 1/2" hole to 250' (Rustler), set 13 3/8" 48#/ft casing to TD & cement w/315ex cement w/cement circulated to surface, NU BOPE & WOC 18hrs - Drill 12 1/4" hole to approx 40' into San Andres Formation, set 8 5/8" 24#/ft casing to TD & cement with 775ex cement (or sufficient quantity to circulate), NU & test BOPE & WOC 18hrs before drilling out into formation - Drill 7 7/8" hole to TD of approx 7300', DST as necessary, log, should testing indicate productive well run 5 1/2" 17#/ft casing to top of Devonian, set formation packer shoe & cement w/sufficient amount to bring cement to at least 6500'. Should information dictate plugging we will contact NMOCD-Artesia for plugging procedure

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

Signature: *Rhonda Nelson*
Printed name: Rhonda Nelson
Title: Production Clerk
Date: 10-27-98
Phone: 748-3303

OIL CONSERVATION DIVISION

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

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

06/30/99 08:37:05
OGOMES -TPX4
PAGE NO: 2

Sec : 30 Twp : 10S Rng : 28E Section Type : NORMAL

3 40.17 Federal owned	K 40.00 Federal owned	J 40.00 Federal owned	I 40.00 Federal owned
4 40.11 Federal owned	N 40.00 Federal owned	O 40.00 Federal owned	P 40.00 Federal owned

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

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

06/30/99 08:38:04
OGOMES -TPX4
PAGE NO: 1

Sec : 30 Twp : 10S Rng : 28E Section Type : NORMAL

1 40.29 Federal owned	C 40.00 Federal owned	B 40.00 Fee owned A A A	A 40.00 Fee owned A A A
2 40.23 Federal owned	F 40.00 Federal owned	G 40.00 Federal owned	H 40.00 Fee owned A A A A A

M0002: This is the first page

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