



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

April 21, 2003

Lori Wrotenbery
Director
Oil Conservation Division

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

Telefax No. (505) 746-2523

Administrative Order NSL-4862

Dear Mr. Miller:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on March 31, 2003 (*administrative application reference No. pKRV0-309228478*); and (ii) the Division's records: all concerning Marbob Energy Corporation's ("Marbob") request for an exception to the provisions of Division Rule 104.C (2) (b), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, for its existing Carlsbad State Com. Well No. 1 (API No. 30-015-23207), located at an unorthodox infill Strawn gas well location 2140 feet from the North line and 990 feet from the West line (Unit E) of Section 16, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico.

The W/2 of Section 16, being a standard 320-acre stand-up gas spacing unit within the Carlsbad-Strawn Gas Pool (74040), is currently dedicated to Marbob's CCAP State Com. Well No. 1 (API No. 30-015-31380), located at a standard gas well location 750 feet from the South line and 1650 feet from the West line (Unit N) of Section 16.

This application has been duly filed under the provisions of Division Rule 104.F, as revised.

It is our understanding that the above-described Carlsbad State Com. Well No. 1 is currently completed in the South Carlsbad-Morrow Gas Pool (73960) within a standard 320-acre gas spacing and proration unit also comprising the W/2 of Section 16. In 1980, when this well was initially drilled by Hallwood Petroleum, Inc. the location was considered to be standard pursuant to the rules governing the South Carlsbad-Morrow Gas Pool (see Division Orders No. R-8170, as amended, and R-11315).

It is further understood that the Morrow interval is to be abandoned at this time and that Marbob intends to plug the well back and recomplete up-hole into the Strawn formation. Pursuant to Division Rule 104.C (2) (b), as revised, this location is now unorthodox for deep gas production in southeast New Mexico, which includes the Carlsbad-Strawn Gas Pool.

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By the authority granted me under the provisions of Division Rule 104.F (2), as revised, the above-described unorthodox Strawn infill gas well location within this 320-acre unit comprising the W/2 of Section 16 is hereby approved.

Jurisdiction of this case 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