



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

Joanna Prukop
Cabinet Secretary
Acting Director
Oil Conservation Division

May 11, 2004

Marbob Energy Corporation
PO Box 227
Artesia, New Mexico 88211-0227

RE: **Rescinding SWD-895**
South Malaga SWD Well No. 1
(Myco State 15 Well No. 1)
API 30-015-23067
1980 FSL 660 FWL, Section 15, Township 25 South, Range 28 East
Eddy County, New Mexico

Dear Mr. Brian Collins

The Division issued administrative Order No. SWD-895 on October 16, 2003, permitting Marbob to utilize the above referenced well for saltwater disposal in the Delaware formation. Subsequently, Southwest Energy Production Company notified the Division that they were a Lessee of a lease without an active well within ½ mile of the wellbore and were not properly notified of Marbob's intent to inject. In addition, this well has not yet been re-entered for injection and remains plugged and abandoned.

On May 11, 2004, you have requested via email that the Division rescind this permit to inject.

Division administrative Order No. SWD-895 is hereby rescinded.



JOANNA PRUKOP,
Acting Director

JP/wvjj

cc: Southwestern Energy Production Company – Jody D. Crook
Oil Conservation Division – Artesia
State Land Office-Oil & Gas Division

Jones, William V

From: Brian Collins [engineering@marbob.com]
Sent: Tuesday, May 11, 2004 3:07 PM
To: Jones, William V
Cc: land@marbob.com
Subject: Myco 15 St 1 SWD Application Protested By SW Energy

Will:

We will withdraw our C-108 application for the Myco 15-1 (15-25s-28e) since SW Energy has protested our application. Take care.

Brian Collins
Marbob Energy Corp

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5/11/2004



**Southwestern Energy
Production Company**

A subsidiary of Southwestern Energy Company

Jody D. Crook
Senior Landman

2350 N. Sam Houston Parkway East
Suite 300
Houston, Texas 77032
(281) 618-4700 FAX: (281) 618-4757

April 26, 2004

New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505

Via Fax (505) 476-3462 & Federal Express

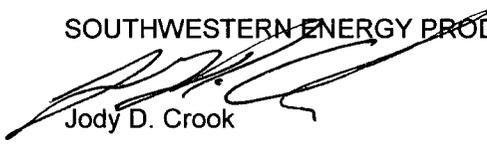
RE: Application to Inject
Division Order No. SWD-895
South Malaga SWD Well No. 1
(Formerly the Myco State "15" Well No. 1)
API# 30-015-23067
Unit L, Section 15, T-25S, R-28E, NMPM
Eddy County, New Mexico

Gentlemen:

Southwestern Energy Production Company ("SWN") has recently been advised by Marbob Energy Corporation ("Marbob") that the referenced order was issued without proper notice. At the time the subject application was made, SWN was, and remains at this time, the Lessee under State of New Mexico Lease V-06854 covering the E/2 NE/4; SW/4; and SE/4 SE/4 of Section 15-T25S-R28E. SWN was entitled to notice of said application with the right to object. Please be advised, that SWN does object to Marbob's Application to Inject for the Myco 15 State No. 1 and further requests that the New Mexico Oil Conservation Division cancel Division Order No. SWD-895.

Respectfully submitted,

SOUTHWESTERN ENERGY PRODUCTION COMPANY



Jody D. Crook

Cc: *Mr. Brian Collins*
Marbob Energy Corporation

Jones, William V

From: Brian Collins [engineering@marbob.com]
Sent: Tuesday, April 27, 2004 2:38 PM
To: Jones, William V
Cc: land@marbob.com
Subject: Re: SWD-895 30-015-23067 South Malaga SWD Well No. 1

Will:

Hope things are going well for you up there. We're busy down here, which is better than the alternative. Here's some answers to your questions on SWD-895.

1. I should know this week whether we still want to pursue the conversion of the Myco 15 St 1 to SWD service. Our owner is out of the office today. I hope to visit with him tomorrow to see if he wants to go to hearing on this application. I'll let you know as soon as I find out.
2. The well is currently plugged.
3. I'm not too hopeful of changing Southwestern's decision about protest for reasons described below.
4. There probably won't be any negotiations.

I recently checked on the SLO website and discovered that Southwest Energy (SWE) took the lease that the Myco 15 St 1 is on in July 2003. We submitted our C-108 in September 2003 and just missed this (we notified Devon instead). As soon as I saw this, I called Kurt Butler (engineer) with SWE and told him that we didn't give them notice and suggested that we work something out to our mutual benefit. SWE and Marbob are both having their produced water hauled from the same nearby field and both companies would benefit from a SWD. Apparently SWE doesn't want to pursue a win-win solution here and has opted to protest us. I'm telling you this so you will know that Marbob has made good faith efforts to work something out with SWE.

As soon as I visit with my boss, I'll let you know if we are going to withdraw our application or set it for hearing. Thanks.

Brian Collins

----- Original Message -----

From: Jones, William V
To: 'Brian Collins'
Sent: Tuesday, April 27, 2004 11:17 AM
Subject: SWD-895 30-015-23067 South Malaga SWD Well No. 1

Hello Brian:

The NMOCD has received notice from "Southwestern" Energy Production Company that they were not properly noticed during the permitting of this well for injection. In addition, Southwestern has registered a protest with the Division and requested the injection permit be cancelled.

The 1/2 mile AOR for this well has only one wellbore and it is plugged. In reviewing our State ongard database for type of lands and lessees, it appears that Southwestern is a lessee and should have been noticed. In addition, it appears that Featherstone Development Corp. (sic?) is a lessee and should also have been provided notice.

Please corner your Landman to verify all ownership within 1/2 mile. First, notice all Division designated

4/27/2004

operators, then assuming all lands are leased, but no Division designated operator exists, provide notice to the lessees as soon as possible and send evidence of this notice to the Division and send copies of the signed return receipts of this notice as they arrive.

The Division must act on this protest, so....

Please let us know as soon as possible if:

- 1) Marbob still desires this to be an injection well
- 2) The current status of the well.
- 3) Marbob has hope of changing Southwestern's decision about the protest.
- 4) The timetable of your negotiations.

Regards,

William V. Jones

Engineering Bureau

Oil Conservation Division

Santa Fe

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