



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS  
GOVERNOR

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

January 24, 1989

Marbob Energy Corporation  
P.O. Drawer 217  
Artesia, NM 88210

Attention: Rhonda Nelson  
Assistant Production Supervisor

Administrative Order NFL-178

Dear Ms. Nelson:

Reference is made to your application for an Infill Well Finding and Well-Spacing Waiver made pursuant to Section 271.305(b) of the Federal Energy Regulatory Commission regulations, Natural Gas Policy Act of 1978, and the Oil Conservation Division Order No. R-6013 for the following described well:

Elk State Well No. 1 located 719 feet from the South line and 760 feet from the West line (Unit M) of Section 27, Township 17 South, Range 28 East, NMPM, Red Lake Queen Grayburg-San Andres Pool, Eddy County, New Mexico.

THE DIVISION FINDS THAT:

(1) Section 271.305(b) of the Federal Energy Regulatory Commission Interim Regulations promulgated pursuant to the Natural Gas Policy Act of 1978 provides that, in order for an infill well to qualify as a new onshore production well under Section 103 of said Act, the Division must find, prior to the commencement of drilling that subsequent wells are necessary to effectively and efficiently drain a portion of the reservoir covered by the proration unit which cannot be so drained by any existing well-spacing requirements.

(2) By Division Order No. R-6013, dated June 7, 1979, the Division established an administrative procedure whereby the Division Director and the Division Examiners are empowered to act for the Division and find that an infill well is necessary.

(3) The well for which a finding is sought is to be completed in the Red Lake Queen Grayburg-San Andres Pool, and the standard spacing unit in said pool is 40 acres.

(4) A standard 40-acre oil proration unit comprising the SW/4 SW/4 of said Section 27 is currently dedicated to the applicant's T.J. State Well No. 2 located 660 feet from the South and West lines of said Section 27.

Administrative Order NFL-178  
January 24, 1989  
Page 2

(5) Said unit is not being effectively and efficiently drained by the existing well on the unit.

(6) The drilling and completion of the well for which a finding is sought should result in the production of an additional 40,278 MCF of gas from the proration unit which would not otherwise be recovered.

(7) All the requirements of Division Order No. R-6013 have been compiled with, and the well for which a finding is sought is necessary to effectively and efficiently drain a portion of the reservoir covered by said proration unit which cannot be so drained by any existing well within the unit.

(8) In order to permit effective and efficient drainage of said proration unit, the subject application should be approved as an exception to the standard well spacing requirements for the pool.

IT IS THEREFORE ORDERED THAT:

(1) The applicant is hereby authorized to drill the Elk State Well No. 1 as described above, as an infill well on the existing 40-acre oil proration unit comprising the SW/4 SW/4 of Section 27, Township 17 South, Range 28 East, NMPM, Red Lake Queen Grayburg-San Andres Pool, Eddy County New Mexico. The authorization for infill drilling granted by this order is an exception to applicable well spacing requirements and is necessary to permit drainage of a portion of the reservoir covered by said proration unit which cannot be effectively and efficiently drained by any existing well thereon.

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

Sincerely,



Michael E. Stogner  
Examiner

MES/ag

cc: Oil Conservation Division - Artesia  
NM Oil and Gas Engineering Committee - Hobbs  
Vic Lyon

Received 4/27/88

Released 1/20/89

Marbob Energy Corporation  
P.O. Box 217  
Artesia, NM 88210

Attention: Rhonda Nelson  
Assistant Production Supervisor

RE: Administrative Order NFL-178

Dear Ms. Nelson:

Reference is made to your application for an Infill Well Finding and Well-Spacing Waiver made pursuant to Section 271.305(b) of the Federal Energy Regulatory Commission regulations, Natural Gas Policy Act of 1978, and the Oil Conservation Division Order No. R-6013 for the following described well:

Elk State Well No. 1 located 719 feet  
from the South line and 760 feet from the West line of  
(Unit 31)

Section 27, Township 17 South, Range 28 East, NMPM,  
County, New Mexico.

*Red Lake  
Queen-  
Graysburg-  
San Andres Pool,*

THE DIVISION FINDS THAT:

(1) Section 271.305(b) of the Federal Energy Regulatory Commission Interim Regulations promulgated pursuant to the Natural Gas Policy Act of 1978 provides that, in order for an infill well to qualify as a new onshore production well under Section 103 of said Act, the Division must find, prior to the commencement of drilling, that the well is necessary to effectively and efficiently drain a portion of the reservoir covered by the proration unit which cannot be so drained by any existing well within that unit, and must grant a waiver of existing well-spacing requirements.

(2) By Division Order No. R-6013, dated June 7, 1979, the Division established an administrative procedure whereby the Division Director and the Division Examiners are empowered to act for the Division and find that an infill well is necessary.

(3) The well for which a finding is sought is to be completed in the Red Lake Queen Graysburg San Andres Pool, and the standard spacing unit in said pool is 40 acres.

(4) A ~~X~~ standard 40-acre (gas) (oil) proration unit comprising the SW/4 SW/4 <sup>said</sup> of Section 27, ~~Township~~ ~~Range~~ is currently dedicated to the ~~applicant T. J. State~~ Well No. 2 located in ~~Unit~~ 1 of said Section 27. *660 feet from the South and West lines*

(  ) Said non-standard unit was previously approved by Order No.                     .

(5) Said unit is not being effectively and efficiently drained by the existing (well) (wells) on the unit.

(6) The drilling and completion of the well for which a finding is sought should result in the production of an additional 40,278 MCF of gas from the proration unit which would not otherwise be recovered.

(7) All the requirements of Division Order No. R-6013 have been complied with, and the well for which a finding is sought is necessary to effectively and efficiently drain a portion of the reservoir covered by said proration unit which cannot be so drained by any existing well within the unit.

(8) In order to permit effective and efficient drainage of said proration unit, the subject application should be approved as

an exception to the standard well spacing requirements for the pool.

IT IS THEREFORE ORDERED THAT:

(1) The applicant is hereby authorized to drill the Elk State Well No. 1 as described above, as an infill well on the existing 40-acre oil (gas) proration unit comprising the SW/4 SW/4 of Section 27, Township 17 South, Range 28 East, NMPM, Red Lake Queen Crasbury San Antonio Pool, Edley County, New Mexico. The authorization for infill drilling granted by this order is an exception to applicable well spacing requirements and is necessary to permit the drainage of a portion of the reservoir covered by said proration unit which cannot be effectively and efficiently drained by any existing well thereon.

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

Sincerely,

Michael E. Stogner

Examiner

cc: Oil Conservation Division -

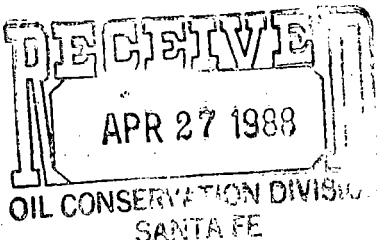
Potter  
Vic Lyon



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



GARREY CARRUTHERS  
GOVERNOR

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

March 9, 1988

Marbob Energy Corporation  
P.O. Box 217  
Artesia, NM 88210  
*Attn: Rhonda Nelson*

RE: Well head price ceiling  
determination, NGPA of 1978

Gentlemen:

The New Mexico Oil Conservation Division has received your application for a wellhead price ceiling category determination under the section(s) of the Natural Gas Policy Act of 1978 indicated below. If your application is incomplete, forms are attached hereto, indicating the documents and further information which must be filed before your application can be considered. If your application is complete, it will be acted upon administratively unless written objection is received within 15 days of its filing.

WELL NAME AND LOCATION Elk State No. 1 M-27-17S-28E Eddy

SECTION(S) APPLIED FOR 103

DATE APPLICATION RECEIVED March 9, 1988

APPLICATION INCOMPLETE This well appears to be an Infill Well to your

I.S. State WPA No. 2 located 660' FSWL, please submit an Infill Well Finding application  
pursuant to R-6013-A.

4/26/88

Sincerely,

Enclosed you will find an Infill Well  
Finding Application on our Elk St. No. 1.  
(in duplicate)

DATE: April 11, 1988

NOTE: THIS FORM LETTER MUST ACCOMPANY TWO COPIES OF THE  
SUPPLEMENTARY INFORMATION.

# Marbob Energy Corporation

P. O. ~~BOX 2088~~ Drawer 217  
ARTESIA, NEW MEXICO 88210

PHONES  
OFFICE: 746-2422

NIGHT  
746-3895  
746-4877

Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

SUBJECT: Natural Gas Policy Act  
Statement Under Oath  
Paragraph 274.204  
New Onshore Production Well

RE: Natural Gas Produced From:

Well Name: Elk State #1

A.P.I. #: 30-015-25845

Location: 719 FSL 760 FWL Sec. 27-T17S-R28E

Formation: San Andres

Gentlemen:

Marbob Energy Corporation (Seller), a New Mexico corporation,  
herein swears that:

(1) In order to determine that the surface drilling of the referenced well began on a qualified proration unit on or after February 19, 1977, Marbob Energy has searched and reviewed or caused to be searched and reviewed pursuant to its instructions, the following records and sources of information:

(a) Commercial oil and gas lease ownership map and well location map compiled from official county and state records and sold to us by Midland Map Co., Midland, Texas, on file in Seller's offices.

(b) Legal review of land title prior to drilling, on file in Seller's offices.

(c) Electric log records of all wells within the same section as the referenced well and which penetrated the same prospective formations as sought by the referenced well. Log records are on file in Seller's offices, respective state or federal offices, and commercial log companies.



(d) State of New Mexico production records of all wells within the same section as the referenced well and which produced or produces from the same prospective formation as sought by the referenced well. Such records are kept in Seller's offices and in state offices.

(e) Daily drilling reports on file in Seller's files indicating date and time of spudding the referenced well.

(f) State of New Mexico approval of the referenced well location and dedicated acreage to be assigned to the well in the event of production. Such records are on file in both Seller's office and respective state or federal offices. A copy of the acreage dedication plat is included.

(g) Official notices by operator of well drilling activity and completion reports filed with respective state offices. Copies of completion reports are filed with this application.

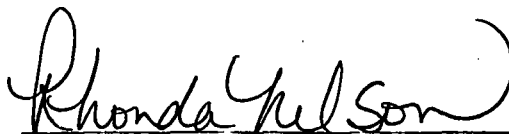
(2) On the basis of Seller's search and examination, Seller has concluded that to the best of his information, knowledge and belief the surface drilling of the referenced well began on or after February 19, 1977.

(3) The New Mexico Oil Conservation Division has altered or granted a waiver of any applicable well spacing requirements on this proration unit.

(4) Based on the results of record searches and reviews listed in paragraph (1) of this letter, Seller has concluded to the best of his information, knowledge and belief, the natural gas for which he seeks a determination is produced from a new onshore production well.

(5) Seller has no knowledge of any information not described in the application which is inconsistent with his conclusions.

MARBOB ENERGY CORPORATION



Rhonda Nelson

Assistant Production Supervisor

rn

Encl.

*REQUEST FOR INFILL FINDING ON*

*ELK STATE #1*

*in accordance with Administrative  
Procedures Amended February 8, 1980*

DEC 09 1987

30-015-25845

Form C-101

Revised 1-1-85

RECEIVED  
NEW MEXICO OIL CONSERVATION COMMISSION

DEC 03 '87

O. C. D.  
ARTESIA, OFFICE

5A. In Hole Type of Lease	STATE <input checked="" type="checkbox"/>	FEE <input type="checkbox"/>
5. State Oil & Gas Lease No.	B-8814	

## APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1. Type of Work		7. Unit Agreement Name	
a. Type of Well DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>		8. Term or Lease Name	
b. Type of Well OIL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> OTHER <input type="checkbox"/>		Elk State	
c. Name of Operator		9. Well No.	
Marbob Energy Corporation		1	
d. Address of Operator		10. Field and Pool, or Without	
P. O. Drawer 217, Artesia, New Mexico 88210		Red Lake Q Grbg SA	
e. Location of Well		11. County	
UNIT LETTER M LOCATED 719 FEET FROM THE South LINE 760 FEET FROM THE West LINE OF SEC. 27 TWP. 17-S RGE. 28-E		Eddy	
12. Proposed Depth		13A. Formation	14. History of C.T.
3500'		San Andres	Rotary
15. Elevation (Show whether D.P., R.I., etc.)		21A. Kind & Status Plug, Bond	22. Approx. Date Work will start
3678.6		21B. Drilling Contractor	12/12/87

## PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12 1/4"	8 5/8"	24#	500'	300	Circulate
7 7/8"	5 1/2"	17#	3500'	600	Attempt to circ.

We propose to drill to 500', run and cement 8 5/8" casing, reduce hole and drill to 3500' to test the San Andres formation, run and cement 5 1/2" casing, put well on production.

VALID FOR 180 DAYS

DATE 12/1/87

STATE PLUG IS UNDERWAY

DOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

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

by Rhonda Nelson Title Production Clerk Date 12/1/87

(This space for State Use)

Original Signed By  
Mike Williams

MOVED BY Oil & Gas Inspector TITLE

DATE DEC 8 1987

CONDITIONS OF APPROVAL, IF ANY:

RULE 5

**NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Form C-102  
Supersedes C-128  
Effective 1-4-65

All distances must be from the outer boundaries of the Section.

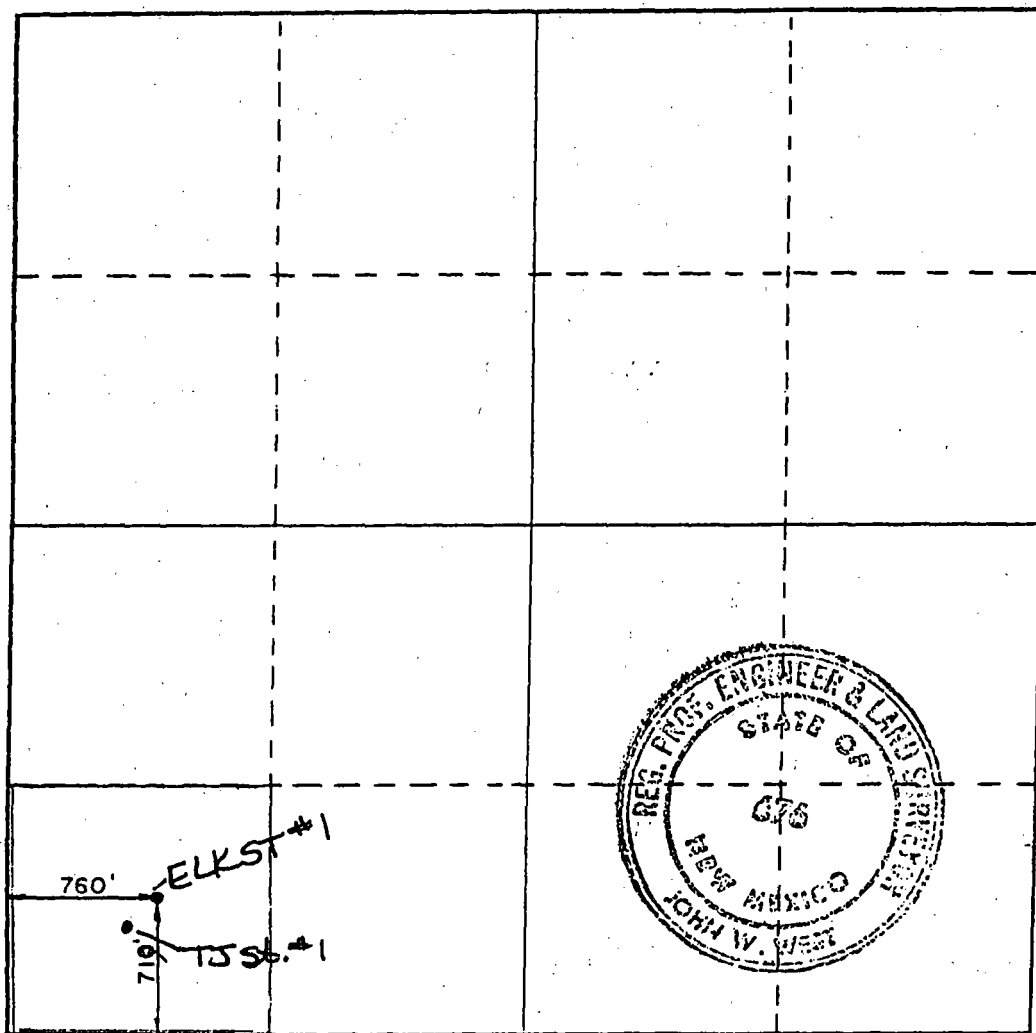
Operator <b>Marbob Energy Corp.</b>			Lease <b>Elk State</b>		Well No. <b>1</b>
Unit Letter <b>M</b>	Section <b>27</b>	Township <b>17-S</b>	Range <b>28-E</b>	County <b>Eddy</b>	
Actual Footage Location of Well: <b>719</b> feet from the <b>South</b> line and <b>760</b> feet from the <b>West</b> line					
Ground Level Elev. <b>3678.6</b>	Producing Formation <b>San Andres</b>	Pool <b>RED LAKE</b> <del>Grig-Jackson-SR Q Gb SA</del>		Dedicated Acreage: <b>40</b> Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes    ☐ No    If answer is "yes," type of consolidation \_\_\_\_\_

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) \_\_\_\_\_

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



**CERTIFICATION**

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

*David Martin*  
 Name  
**David Martin**  
 Position  
**Land Department**  
 Company  
**Marbob Energy Corporation**  
 Date  
**12/3/87**

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 knowledge and belief.

*RULES*

Date Surveyed  
**November 30, 1987**  
 Registered Professional Engineer  
 and/or Land Surveyor

*John W. West*  
 Certificate No. **JOHN W. WEST, 676**  
**RONALD J. EIDSON, 3239**

**Rule 6:**

**Elk State #1**

**Pool: Red Lake Queen Grayburg San Andres**

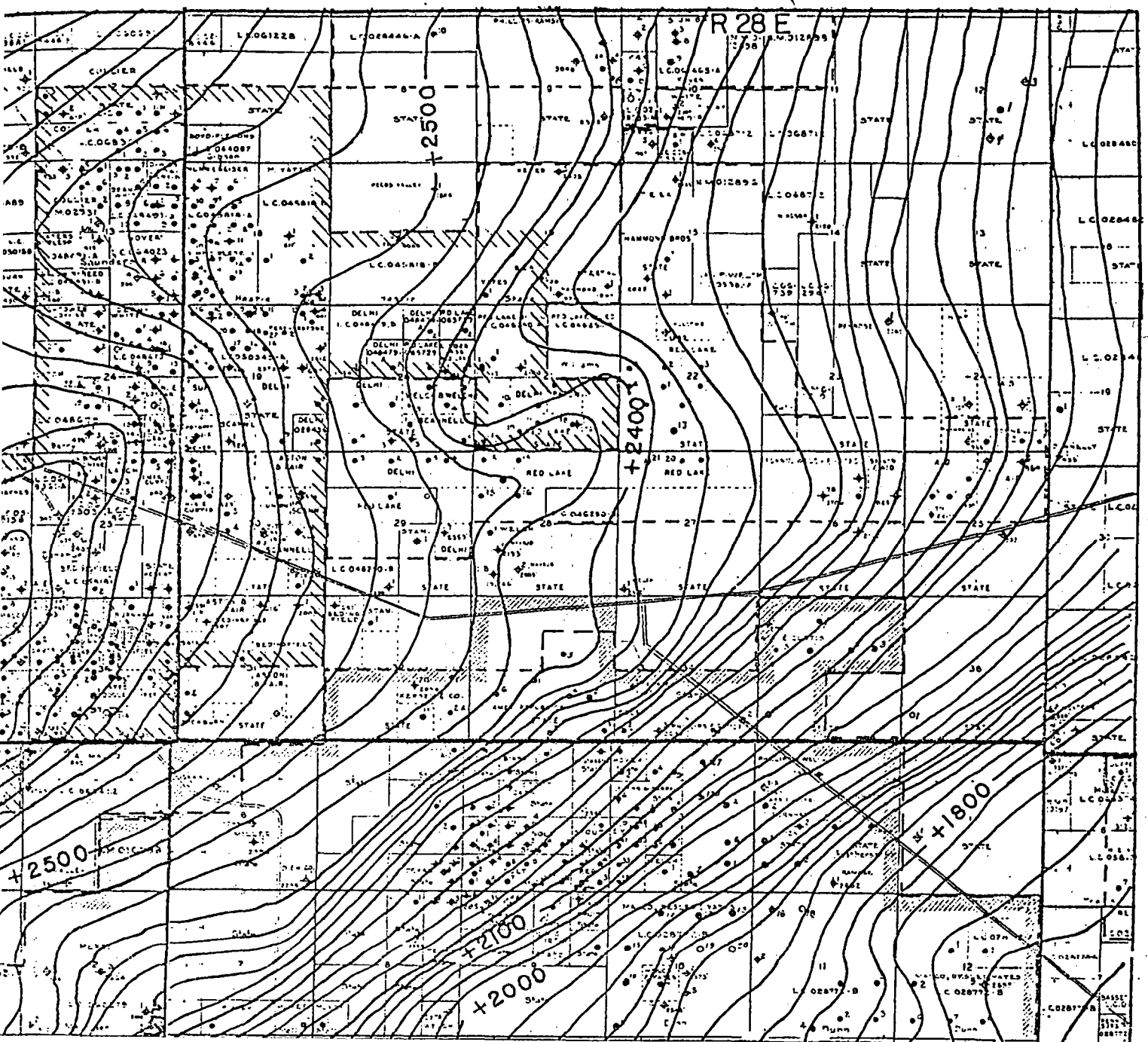
**Standard spacing unit - 40 acres**

**Rule 7:**

**NA**

Rule 8:

- a. Elk St. #1, 719 FSL 760 FWL Sec. 27-T17S-R28E  
T.J. St. #2, 660 FSL 660 FWL Sec. 27-T17S-R28E
- b. #1 - 12/17/87  
T.J. St. #2 - 4/8/62
- c. #1 - 1/20/88  
T.J. St. #2 - 4/29/62
- d. None
- e. #1 - 40 bbl oil, 110 mcf gas/day
- f. None
- g. Our Elk St. #1 was drilled because of the low permeability and low quality solution gas recovery mechanism require reduced spacing to efficiently drain the reservoir. Since both the Elk St. #1 and the T.J. St. #2 experienced new reservoir type conditions we feel the additional drilling was justified.



# Paul G. White Engineering

OIL AND NATURAL GAS

April 26, 1988

Marbob Energy Corporation  
P. O. Box 217  
Artesia, New Mexico 88210

Re: Pertinent Engineering Data  
Elk State No. 1  
Red Lake Queen, GR-SA  
Eddy County N.M.

Gentlemen:

The subject well, located 719' FSL and 760' FWL, Section 27-17S-28E, Eddy County, New Mexico, was completed January 20, 1988.

I have estimated the oil and gas reserves for the subject well based on a 10 acre density. From the electrical log and analagous well studies, I have estimated that the well will recover 19,180 barrels of oil and 40,278 MCF of gas.

This well exhibits a starting rate which indicates an undisturbed reservoir even when drilled on the 10 acre proration unit. Further, the very low order of permeability requires very large fracture treatments and stimulations for a well to respond and produce any hydrocarbons. None are produced naturally. Thirdly, there has been no evidence of any drainage or communication between the wells when drilled and developed on the 10 acre density.

A study of nearby producing well rates and initial potentials reveals that wells will have to be drilled on a 10 acre spacing to properly and adequately recover the oil and gas reserves in this field.

Therefore, it is my recommendation that in-fill wells be drilled and the well density be increased to at least 10 acre spacing.

From my study the in-fill wells will characteristically exhibit new reservoir conditions.

Signed

Paul G. White

Paul G. White, Petroleum Engineer

Date

4-26-88

gs

File 9-B



**Rule 11:**

Notice of this infill request has been sent to Yates Petroleum Corporation, 105 S. 4th St., Artesia, NM 88210 and to ARCO, P. O. Box 3644, Dallas, TX 75285.

# Marbob Energy Corporation

P. O. ~~BOX 208~~ Drawer 217  
ARTESIA, NEW MEXICO 88210

PHONES  
OFFICE: 746-2422

NIGHT  
746-3895  
746-4877

Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

SUBJECT: Natural Gas Policy Act  
Statement Under Oath  
Paragraph 274.204  
New Onshore Production Well

RE: Natural Gas Produced From:

Well Name: Elk State #1

A.P.I. #: 30-015-25845

Location: 719 FSL 760 FWL Sec. 27-T17S-R28E

Formation: San Andres

Gentlemen:

Marbob Energy Corporation (Seller), a New Mexico corporation,  
herein swears that:

(1) In order to determine that the surface drilling of the referenced well began on a qualified proration unit on or after February 19, 1977, Marbob Energy has searched and reviewed or caused to be searched and reviewed pursuant to its instructions, the following records and sources of information:

(a) Commercial oil and gas lease ownership map and well location map compiled from official county and state records and sold to us by Midland Map Co., Midland, Texas, on file in Seller's offices.

(b) Legal review of land title prior to drilling, on file in Seller's offices.

(c) Electric log records of all wells within the same section as the referenced well and which penetrated the same prospective formations as sought by the referenced well. Log records are on file in Seller's offices, respective state or federal offices, and commercial log companies.

(d) State of New Mexico production records of all wells within the same section as the referenced well and which produced or produces from the same prospective formation as sought by the referenced well. Such records are kept in Seller's offices and in state offices.

(e) Daily drilling reports on file in Seller's files indicating date and time of spudding the referenced well.

(f) State of New Mexico approval of the referenced well location and dedicated acreage to be assigned to the well in the event of production. Such records are on file in both Seller's office and respective state or federal offices. A copy of the acreage dedication plat is included.

(g) Official notices by operator of well drilling activity and completion reports filed with respective state offices. Copies of completion reports are filed with this application.

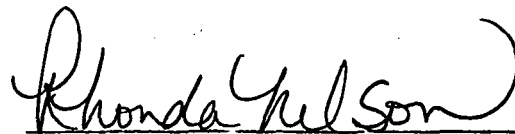
(2) On the basis of Seller's search and examination, Seller has concluded that to the best of his information, knowledge and belief the surface drilling of the referenced well began on or after February 19, 1977.

(3) The New Mexico Oil Conservation Division has altered or granted a waiver of any applicable well spacing requirements on this proration unit.

(4) Based on the results of record searches and reviews listed in paragraph (1) of this letter, Seller has concluded to the best of his information, knowledge and belief, the natural gas for which he seeks a determination is produced from a new onshore production well.

(5) Seller has no knowledge of any information not described in the application which is inconsistent with his conclusions.

MARBOB ENERGY CORPORATION



Rhonda Nelson  
Assistant Production Supervisor

rn

Encl.

*REQUEST FOR INFILL FINDING ON*

*ELK STATE #1*

*in accordance with Administrative*

*Procedures Amended February 8, 1980*

DEC 09 1987

30-15-25845

Form C-101  
Revised 1-1-85RECEIVED  
NEW MEXICO OIL CONSERVATION COMMISSION

DEC 03 '87

O. C. D.  
ARTESIA, OFFICE5A. In State Type of Lease  
STATE ☒ FEE ☐  
5. State Oil & Gas Lease No.  
B-8814

## APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1. Type of Work

DRILL ☒DEEPEN ☐PLUG BACK ☐

2. Type of Well

OIL  
WELL ☒GAS  
WELL ☐

OTHER

SINGLE  
ZONE ☒MULTIPLE  
ZONE ☐

3. Name of Operator

Marbob Energy Corporation

4. Address of Operator

P. O. Drawer 217, Artesia, New Mexico 88210

5. Location of Well

UNIT LETTER M

LOCATED 719

FEET FROM THE South

760

FEET FROM THE West

LINE OF SEC. 27

TWP. 17-S

RGE. 28-E

7. Unit Agreement Name

8. Term or Lease Name

Elk State

9. Well No.

1

10. Field and Pool, or Wildcat  
Red Lake Q Grbg SA11. County  
Eddy

12. Proposed Depth

3500'

13A. Formation

San Andres

14. Rotary or C.T.

Rotary

15. Elevations (Show whether DT, RL, etc.)

3678.6

21A. Kind &amp; status Plug. Bond

21B. Drilling Contractor

22. Approx. Date Work will start

12/12/87

## PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12 1/4"	8 5/8"	24#	500'	300	Circulate
7 7/8"	5 1/2"	17#	3500'	600	Attempt to circ.

We propose to drill to 500', run and cement 8 5/8" casing, reduce hole and drill to 3500' to test the San Andres formation, run and cement 5 1/2" casing, put well on production.

RECEIVED FOR 30 DAYS  
DEC 15 1987  
STILL UNDERWAY

BELOW SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTION. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

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

by Rhonda Nelson Title Production Clerk

Date 12/1/87

(This space for State Use)

Original Signed By

Mike Williams

Oil & Gas Inspector

MOVED BY

TITLE

DATE

DEC 8 1987

CONDITIONS OF APPROVAL, IF ANY:

RULE 5

**NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Form C-102  
Supersedes C-128  
Effective 1-4-65

All distances must be from the outer boundaries of the Section.

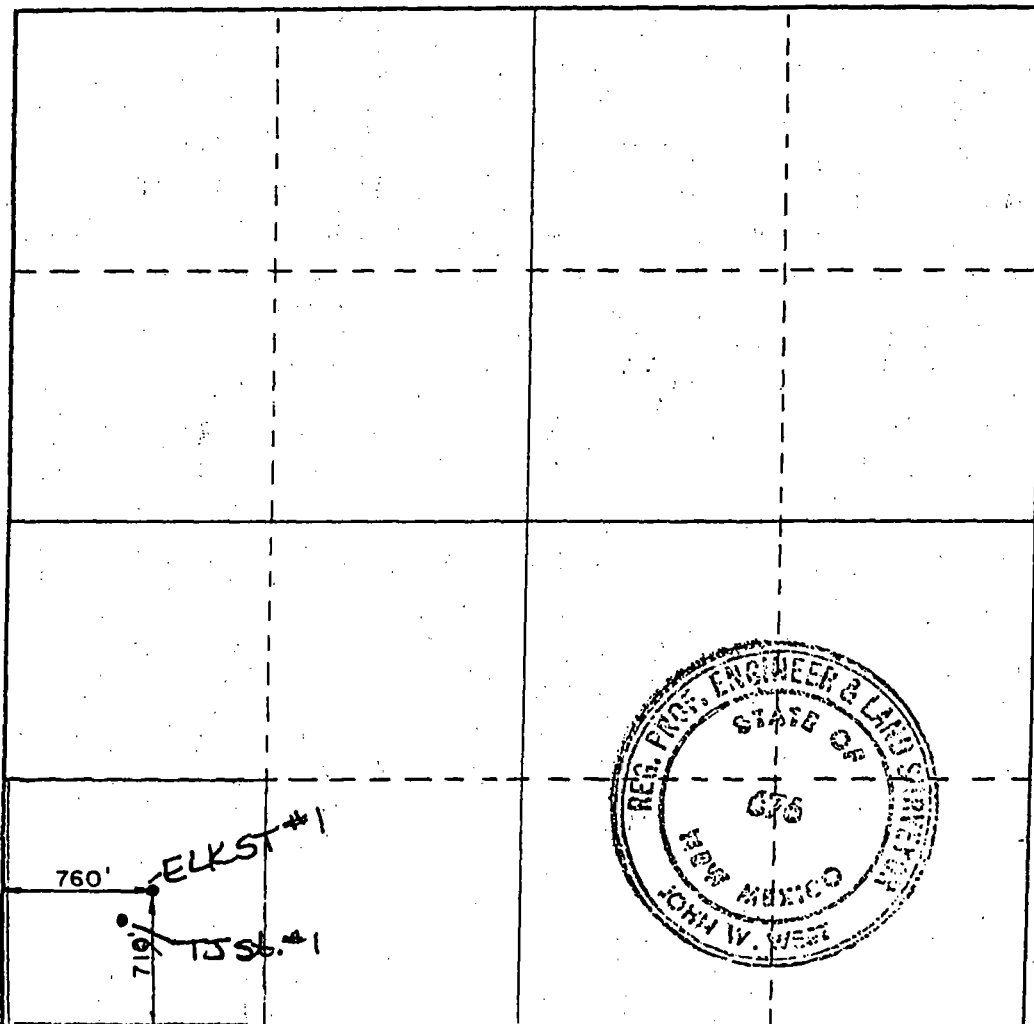
Operator <b>Marbob Energy Corp.</b>			Lease <b>Elk State</b>		Well No. <b>1</b>
Unit Letter <b>M</b>	Section <b>27</b>	Township <b>17-S</b>	Range <b>28-E</b>	County <b>Eddy</b>	
Actual Footage Location of Well: <b>719</b> feet from the <b>South</b> line and <b>760</b> feet from the <b>West</b> line					
Ground Level Elev. <b>3678.6</b>	Producing Formation <b>San Andres</b>		Pool <b>RED LAKE</b> <del>Grog-Jackson-SR Q Gb SA</del>		Dedicated Acreage: <b>40</b> Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes    ☐ No    If answer is "yes," type of consolidation \_\_\_\_\_

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) \_\_\_\_\_

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



**CERTIFICATION**

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

*David Martin*  
 Name  
**David Martin**  
 Position  
**Land Department**  
 Company  
**Marbob Energy Corporation**  
 Date  
**12/3/87**

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 knowledge and belief.

**RULE 5**

Date Surveyed  
**November 30, 1987**  
 Registered Professional Engineer and/or Land Surveyor  
*John W. West*  
 Certificate No. **JOHN W. WEST, 676**  
**RONALD J. EIDSON, 3239**

Rule 6:

Elk State #1

Pool: Red Lake Queen Grayburg San Andres

Standard spacing unit - 40 acres

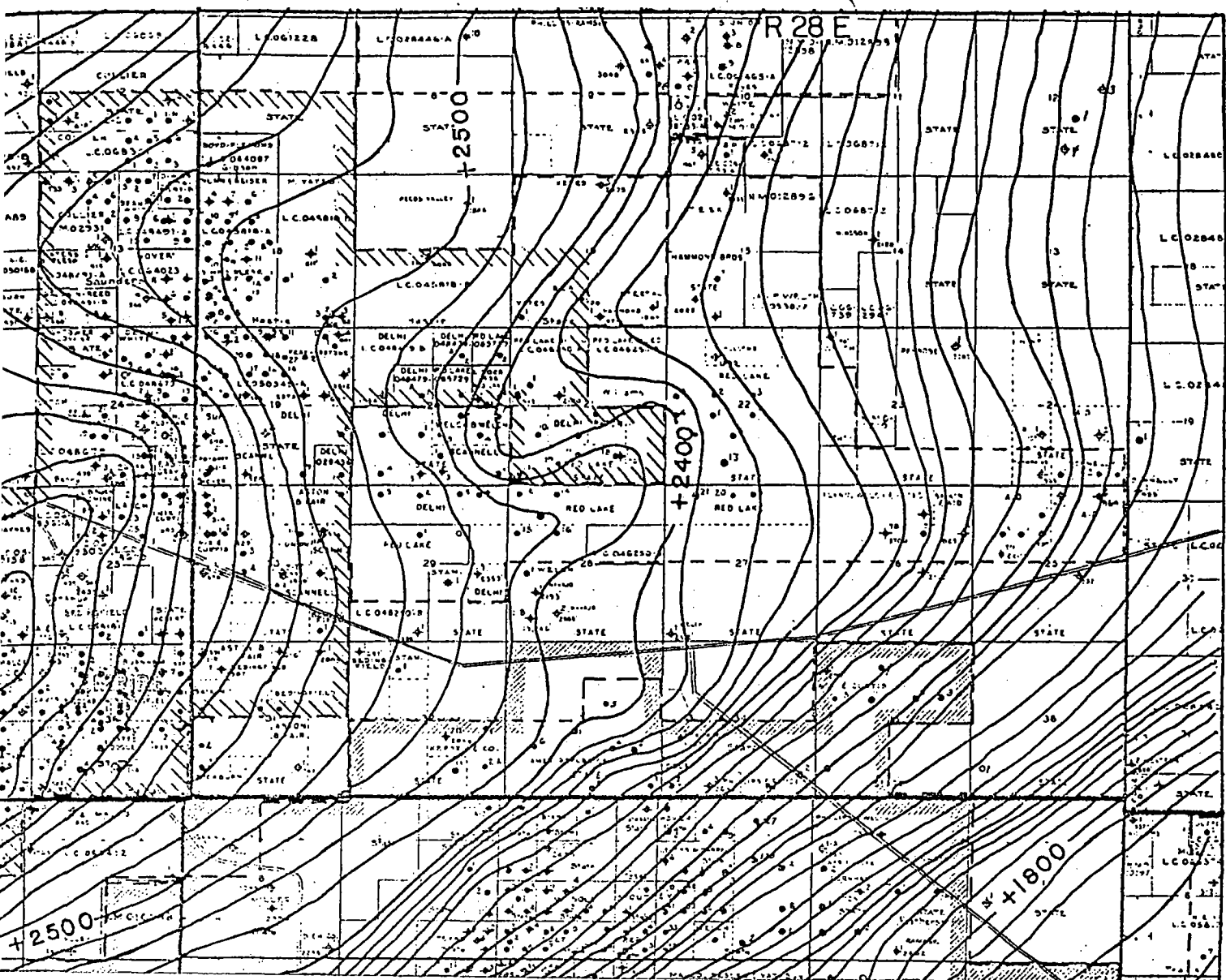
Rule 7:

NA

Rule 8:

- a. Elk St. #1, 719 FSL 760 FWL Sec. 27-T17S-R28E  
T.J. St. #2, 660 FSL 660 FWL Sec. 27-T17S-R28E
- b. #1 - 12/17/87  
T.J. St. #2 - 4/8/62
- c. #1 - 1/20/88  
T.J. St. #2 - 4/29/62
- d. None
- e. #1 - 40 bbl oil, 110 mcf gas/day
- f. None
- g. Our Elk St. #1 was drilled because of the low permeability and low quality solution gas recovery mechanism require reduced spacing to efficiently drain the reservoir. Since both the Elk St. #1 and the T.J. St. #2 experienced new reservoir type conditions we feel the additional drilling was justified.





# Paul G. White Engineering

OIL AND NATURAL GAS

April 26, 1988

Marbob Energy Corporation  
P. O. Box 217  
Artesia, New Mexico 88210

Re: Pertinent Engineering Data  
Elk State No. 1  
Red Lake Queen, GR-SA  
Eddy County N.M.

Gentlemen:

The subject well, located 719' FSL and 760' FWL, Section 27-17S-28E, Eddy County, New Mexico, was completed January 20, 1988.

I have estimated the oil and gas reserves for the subject well based on a 10 acre density. From the electrical log and analogous well studies, I have estimated that the well will recover 19,180 barrels of oil and 40,278 MCF of gas.

This well exhibits a starting rate which indicates an undisturbed reservoir even when drilled on the 10 acre proration unit. Further, the very low order of permeability requires very large fracture treatments and stimulations for a well to respond and produce any hydrocarbons. None are produced naturally. Thirdly, there has been no evidence of any drainage or communication between the wells when drilled and developed on the 10 acre density.

A study of nearby producing well rates and initial potentials reveals that wells will have to be drilled on a 10 acre spacing to properly and adequately recover the oil and gas reserves in this field.

Therefore, it is my recommendation that in-fill wells be drilled and the well density be increased to at least 10 acre spacing.

From my study the in-fill wells will characteristically exhibit new reservoir conditions.

Signed Paul G. White  
Paul G. White, Petroleum Engineer

Date 4-26-88

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*File 9-B*

**Rule 11:**

Notice of this infill request has been sent to Yates Petroleum Corporation, 105 S. 4th St., Artesia, NM 88210 and to ARCO, P. O. Box 3644, Dallas, TX 75285.