



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor
Joanna Prukop
Cabinet Secretary

September 2, 2003

Lori Wrotenbery
Director
Oil Conservation Division

Marbob Energy Corporation
P. O. Box 227
Artesia, New Mexico 88211-0227

Telefax No. (505) 746-2523

Attention: **Raye Miller**

Administrative Order NSL-4862-A

Dear Mr. Miller:

Reference is made to the following: (i) your application dated July 22, 2003 (*administrative application reference No. pMES0-322429710*) that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe on August 11, 2003; and (ii) the Division's records in Santa Fe and Aztec, including the file on Administrative Order NSL-4862: all concerning Marbob Energy Corporation's ("Marbob") request for an unorthodox gas well location in the East Carlsbad-Wolfcamp Gas Pool (74160) for its existing Carlsbad State Com. Well No. 1 (API No. 30-015-23207), located 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 for this pool, is to be dedicated to this well.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

The Carlsbad State Com. Well No. 1 was initially drilled by Hallwood Petroleum, Inc. in 1980 and completed in the South Carlsbad-Morrow Gas Pool (73960) within a standard 320-acre gas spacing and proration unit that also comprised the W/2 of Section 16. This 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).

By Administrative Order NSL-4862, dated April 21, 2003, the Division approved Marbob's request to abandon the deeper Morrow interval in this well and recomplete up-hole into the Carlsbad-Strawn Gas Pool (74040) at an unorthodox infill gas well location within an existing 320-acre stand-up gas spacing unit comprising the W/2 of Section 16.

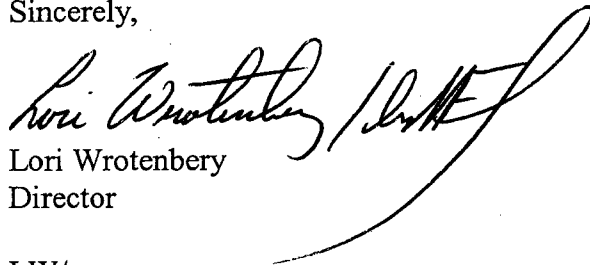
It is the Division's understanding however the Strawn completion was unsuccessful and Marbob now intends to abandon this interval and recomplete up-hole into the Wolfcamp formation. Pursuant to Division Rule 104.C (2) (a), as revised, this location is also unorthodox for the East Carlsbad-Wolfcamp Gas Pool.

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

Further, Division Administrative Order NSL-4862 shall be placed in abeyance until further notice.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Lori Wrotenbery", followed by a large, sweeping flourish that extends downwards and to the right.

Lori Wrotenbery
Director

LW/mes

cc: New Mexico Oil Conservation Division - Artesia
New Mexico State Land Office - Santa Fe
File: NSL-4862