



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

March 12, 2007

Marbob Energy Corporation
P.O. Box 227
Artesia, NM 88211-0227
Attn: Mr. Raye Miller

Administrative Order NSL-5586

Re: Amigo Fee Well No. 1
API No. 30-015-35333
C-10-22S-27E
Eddy County

Dear Mr. Miller:

Reference is made to the following:

(a) your application (**administrative application reference No. pCLP07-04532836**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on February 12, 2007

(b) your supplemental letter received February 20, 2007, and

(b) the Division's records pertinent to this request.

Marbob Energy Corporation (Marbob) has requested to drill its Amigo Fee Well No. 1 as a directional well from an unorthodox surface location 1173 feet from the North line and 2100 feet from the West line (Unit C) of Section 10, Township 22 South, Range 27 East, N.M.P.M., in Eddy County, New Mexico, to a projected orthodox bottom-hole location in the Delaware formation 1836 feet from the North line and 1822 feet from the West line (Unit F) of Section 10. The SE/4 NW/4 of Section 10 will be dedicated to this well in order to form a standard 40-acre oil spacing unit in the Esperanza-Delaware Pool (22640). This pool is governed by statewide Rule 104.B, which provides for 40-acres units, with wells located at least 330 feet from a unit outer boundary.

The proposed surface location is in the adjoining spacing unit to the north from the proposed unit for this well, and is less than 330 feet from the unit boundary. The wellbore is projected to intersect the top of the Delaware formation an unorthodox location, less than 330 feet from the northern boundary of the dedicated spacing unit, but all perforations will be at orthodox locations within the proposed spacing unit (the SE/4 NW/4 of Section 10).

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

It is our understanding that Marbob is seeking approval of this surface location in order to avoid interference with existing surface improvements in the SE/4 NW/4 of Section 10.

The operator of the offsetting spacing unit to the north was duly notified of this application and has advised the Division that it does not object so long as the well conforms to the proposed configuration.

Pursuant to the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

This approval is **CONDITIONED, HOWEVER**, upon the well being drilled and completed substantially as proposed. The well shall be cased to total or plug back depth, and all perforations shall be at orthodox locations within the Delaware formation.

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

Sincerely,



Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Artesia