

March 31, 1989

William LeMay
Director
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico

Attention: Mike Stogner

Dear Mr. Stogner

Marbob Energy Corporation respectfully requests an administrative approval without notice and hearing of the unorthodox well locations pursuant to Order R-7808 of the New Mexico Oil Conservation Division. The well location's legal descriptions are as follows:

G.J. West Co-Op Unit No. 89

1345 feet from the North line, and 25 feet from the West line
Section 22, T-17S, R-29E
Eddy County, New Mexico

M. Dodd B No. 65

1980 feet from the South line and 1345 feet from the East
line
Section 14, T-17S, R-29E
Eddy County, New Mexico

These wells will be completed in the Grayburg San Andres formation in the Grayburg Jackson Seven Rivers Queen Grayburg San Andres Pool.

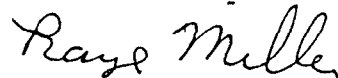
Attached to the application are the following exhibits:

- A. Well location and Acreage Dedication plats (form C-102) filed with the Artesia office of the Oil Conservation Division. (Exhibit A-B)
- B. A plat showing the proposed unorthodox location, the respective proration units, and the offsetting proration units including their ownership. (Exhibit C)

Please note that Marbob Energy Corporation is the operator of all offsetting proration units in the Grayburg San Andres formation of the Grayburg Jackson Seven Rivers Queen Grayburg San Andres Pool, and therefore no other operators are required to be notified.

Thank you very much for your help in this matter. Should you have any further questions or be in need of any additional information, please contact myself or David Martin.

Sincerely,

A handwritten signature in cursive script that reads "Raye Miller".

Raye Miller
Secretary/Treasurer

DM/dr

Enclosures

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

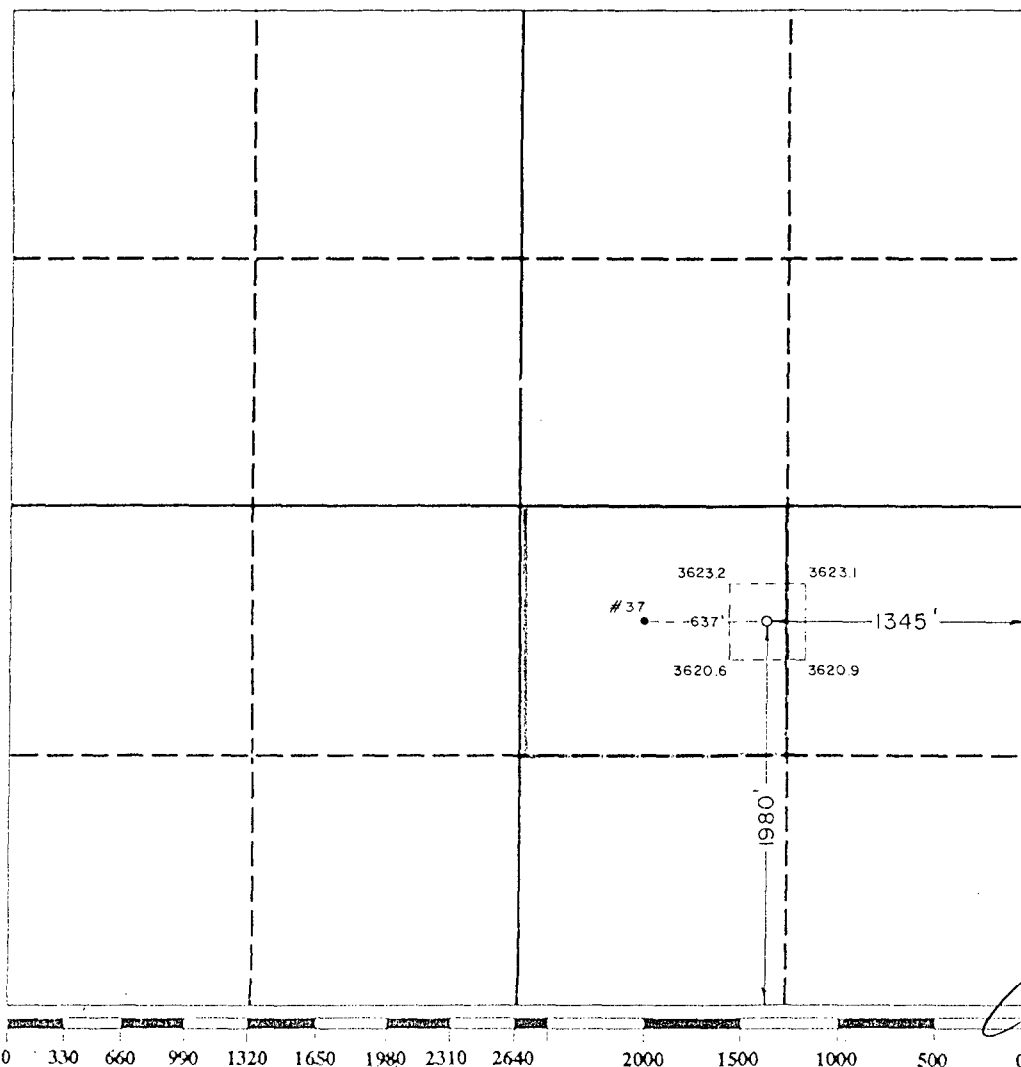
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator Marbob Energy Corp.			Lease M Dodd "B"		Well No. 65
Unit Letter J	Section 14	Township 17 South	Range 23 East	County Eddy	
Actual Footage Location of Well: 1280 feet from the south line and 1345 feet from the east line					
Ground level Elev. 3623.5'	Producing Formation San Andres	Pool Grbg Jackson SR Q Grbg SA		Dedicated Acreage: 40 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure 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 interest 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 interest, has been approved by the Division.



OPERATOR CERTIFICATION

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

Signature
Rhonda Nelson
Printed Name
Rhonda Nelson
Position
Production Clerk
Company
Marbob Energy Corporation
Date
March 30, 1989

SURVEYOR CERTIFICATION

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.

Date Surveyed
March 27, 1989
Signature & Seal of
Professional Surveyor
John W. West
Certificate No. 576
3239
NEW MEXICO
JOHN W. WEST

EXHIBIT "A"

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

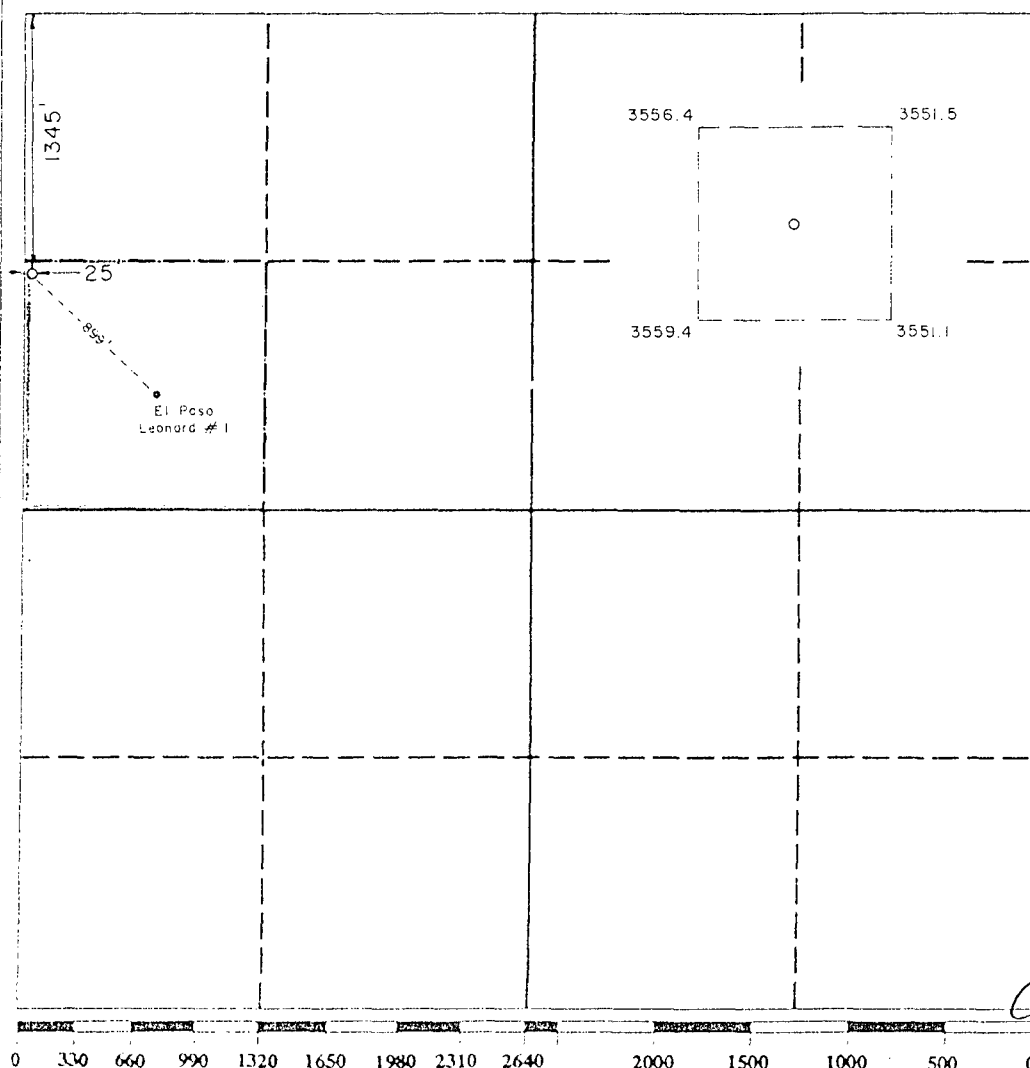
Operator Marbob Energy Corp.			Lease G. J. West		Well No. 89
Unit Letter E	Section 22	Township 17 South	Range 29 East	County NMPM Eddy	
Actual Footage Location of Well: 1345 feet from the north line and 25 feet from the west line					
Ground level Elev. 1550.0	Producing Formation San Andres	Pool Grbg Jackson SR Q Grbg SA	Dedicated Acreage: 40 Acres		

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communization, 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 communization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

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

Signature

Printed Name

Rhonda Nelson

Position

Production Clerk

Company

Marbob Energy Corporation

Date

March 30, 1989

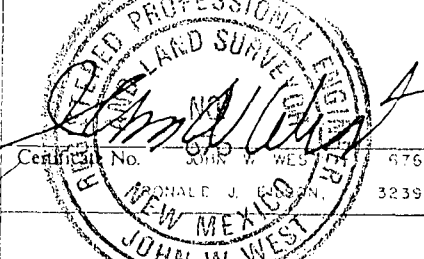
SURVEYOR CERTIFICATION

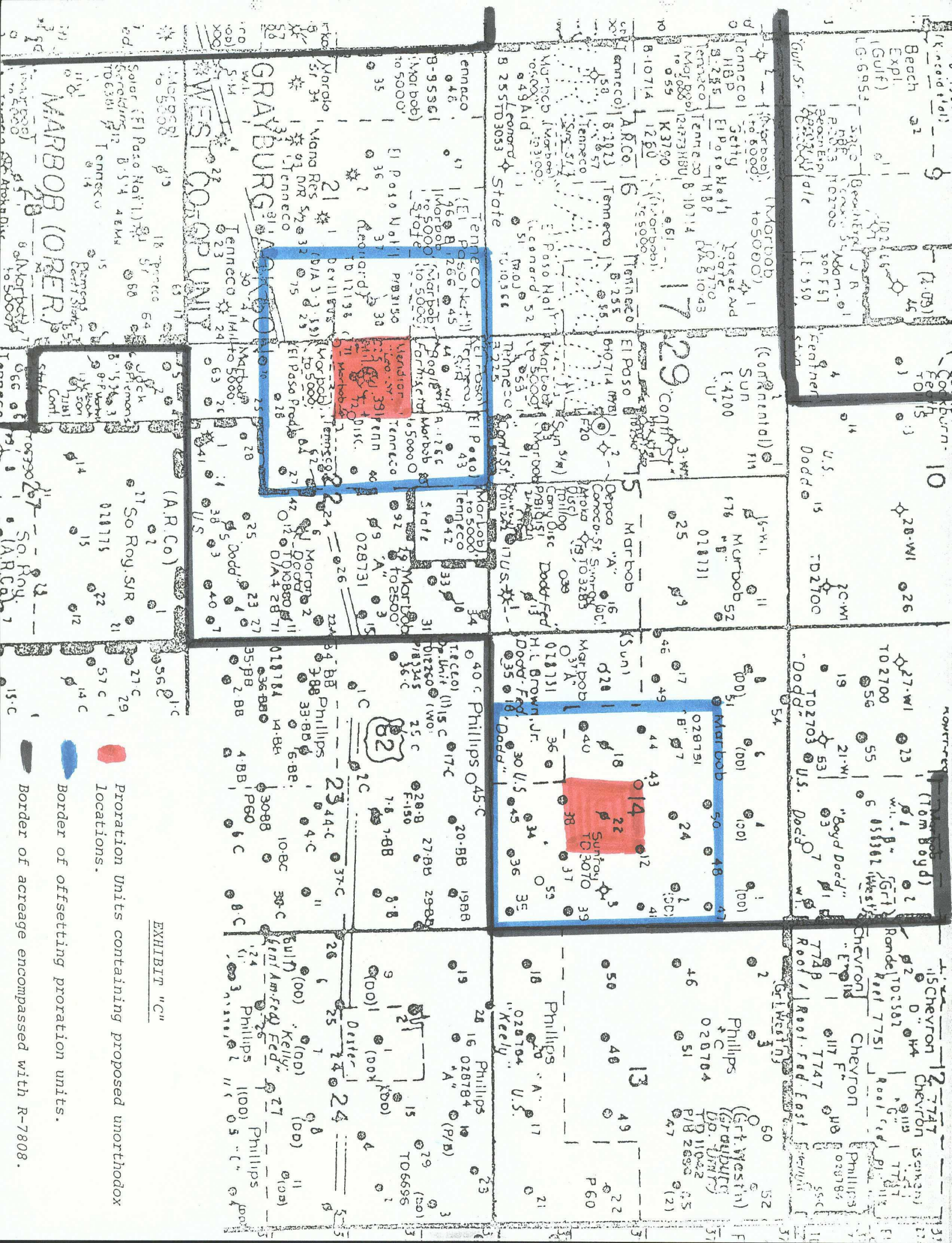
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

March 27, 1989

Signature & Seal of
Professional Surveyor





STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 8433
Order No. R-7808

APPLICATION OF MARBOB ENERGY
CORPORATION FOR AN EXCEPTION TO
GENERAL RULE 104 F I AND FOR INFILL
WELL FINDINGS, EDDY COUNTY, NEW MEXICO.

See Also Order No.
7808-A

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on December 10, 1984, at Santa Fe, New Mexico, before Examiner Gilbert P. Quintana.

NOW, on this 5th day of June, 1985, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Marbob Energy Corporation, seeks approval of an administrative procedure for the approval of unorthodox oil well locations within the lands described in Exhibit "A", attached hereto and made a part hereof, hereafter referred to as the "Subject Area".

(3) The applicant also seeks a finding that infill wells within the Subject Area, completed in the Grayburg Jackson Seven Rivers Queen Grayburg San Andres Pool, are necessary to effectively and efficiently drain portions of the reservoir which cannot be drained by any existing wells in the Subject Area.

(4) Section 271.305(b) of the Rules of the Federal Energy Regulatory Commission 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 that the infill 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 the proration unit.

(5) The lateral continuity of the Grayburg-San Andres pay zone throughout the Subject Area is considered to be good in a gross sense, but localized barriers to fluid flow exist between wells because of the lenticular nature of the reservoir rock.

(6) Applicant's drilling of nineteen "Infill" wells (as described in Exhibit "B" attached hereto and made a part hereof), have increased the estimated ultimate recovery of the Subject Area by 833,100 barrels of oil and 1,781,000 mcf of gas.

(7) The current 40-acre spacing and proration units in the Subject Area have been inadequately drained of recoverable reserves by the existing wells and "Infill" wells are necessary to effectively and efficiently drain reserves from said proration units.

(8) The applicant plans to drill additional "Infill" wells within the Subject Area.

(9) Much of the Subject Area has previously been subject to secondary recovery.

(10) The applicant plans to drill additional wells in the Subject Area at orthodox and unorthodox locations both to increase current recovery and to increase the efficiency of a planned secondary recovery project.

(11) Prior to initiation of active secondary recovery operations in the subject Area, an administrative procedure should be established for approval of the drilling of wells at unorthodox locations therein provided that no well should be located closer than 330 feet to the boundary of any lease or unitized area nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

(12) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the affected pool, will prevent economic loss caused by the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

(13) The application should be approved.

IT IS THEREFORE ORDERED THAT:

(1) The nineteen infill wells drilled by the applicant, Marbob Energy Corporation, and described in Exhibit "B" attached to this order, are hereby found to be necessary for the effective and efficient drainage of reserves underlying the Subject Area, as described in Exhibit "A" attached to this order within the Grayburg Jackson Seven Rivers Queen Grayburg San Andres Pool, Eddy County, New Mexico, which could not be drained by any other well.

(2) Future infill wells within the Subject Area are hereby found to be necessary for the effective and efficient drainage of reserves underlying said Subject Area which could not be drained by existing wells therein.

(3) The Division Director shall have authority to grant approval of unorthodox well locations in the area subject to this order, provided that any such unorthodox location within such project is no closer than 330 feet to the outer boundary of the lease, or the unitized area, nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

(4) Applications for administrative approval of unorthodox locations shall be filed in triplicate and shall be accompanied by plats, showing the ownership of all leases offsetting the proration or spacing unit for which the unorthodox location is sought, and also all wells completed thereon.

(5) The Oil Conservation's district office at Artesia and all operators of proration or spacing units offsetting the unit for which the unorthodox location is sought shall be notified of the application by certified or registered mail, and the application shall state that such notification has been given. The Division Director may approve the unorthodox location upon receipt of waivers from all offset operators or if no offset operator has entered an objection to the unorthodox location within 20 days after the Director has received the application.

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

-4-

Case No. 8433

Order No. R-7808

DONE at Santa Fe, New Mexico, on the day and year
hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



R. L. STAMETS,
Director

S E A L

"SUBJECT AREA"

All of the leases and lands described in this Exhibit "A" are located in Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico. Unless otherwise shown below, Applicant is operator of the entire Grayburg-San Andres formation:

M. Dodd A Lease (LC-028731 A)

Section 14: SE/4 SW/4, W/2 SW/4
Section 22: SE/4 SE/4, SE/4 SW/4, W/2 SE/4
Section 15: SE/4, only to a subsurface depth of
4,000 feet
Section 22: NE/4 SE/4, SW/4 NE/4, E/2 NE/4, only
to a subsurface depth of 4,000 feet

M. Dodd B Lease (LC-028731 B)

Section 10: E/2 W/2, E/2
Section 11: W/2
Section 14: N/2, NE/4 SW/4, SE/4
Section 15: NE/4

Boyd-Dodd Lease (LC-058362)

Section 11: SE/4

Continental State (E-4200)

Section 15: NW/4, only to a subsurface depth of
3,500 feet
E/2 SW/4, only to a subsurface depth of
3,403 feet

Folk Federal Lease (NM-0397623)

Section 17: N/2, N/2 SW/4

Folk State Lease (B-10714)

Section 17: N/2 SE/4

Grayburg-Jackson West Co-Op Unit

Section 16: All
Section 21: All
Section 28: All
Section 15: W/2 SW/4
Section 22: NW/4, NW/4 NE/4, NE/4 SW/4,
W/2 SW/4
Section 27: W/2 SW/4

Only to a subsurface depth of 3,600 feet. (The Grayburg Jackson West Cooperative Unit covers that portion of the Grayburg-San Andres formation encountered between the depths of 2,220 feet and 3,600 feet.)

EXHIBIT "A"
ORDER NO. R-7808

INFILL WELLS DRILLED AND COMPLETED FROM
OCTOBER 82 TO OCTOBER 84 BY MARBOB ENERGY CORPORATION

<u>WELL NO.</u>	<u>FOOTAGE LOCATION</u>	<u>SEC.-TWN-RGE</u>
M. Dodd A No. 21	660' FSL & 1934' FEL	15-17-29
M. Dodd A No. 22	2310' FSL & 330' FEL	22-17-29
M. Dodd A No. 23	2615' FSL & 1345' FEL	22-17-29
M. Dodd A No. 24	2310' FSL & 2310' FEL	22-17-29
M. Dodd A No. 25	990' FSL & 2210' FEL	22-17-29
M. Dodd A No. 26	2615' FSL & 1345' FEL	22-17-29
M. Dodd A No. 27	940' FSL & 330' FEL	22-17-29
M. Dodd A No. 28	990' FSL & 1652' FWL	22-17-29
M. Dodd A No. 29	1650' FNL & 1370' FEL	22-17-29
M. Dodd A No. 31	1350' FNL & 330' FEL	22-17-29
M. Dodd A No. 32	1650' FNL & 2210' FEL	22-17-29
M. Dodd A No. 33	990' FNL & 990' FEL	22-17-29
M. Dodd B No. 36	330' FSL & 1345' FEL	14-17-29
M. Dodd B No. 37	1345' FSL & 1295' FEL	14-17-29
M. Dodd B No. 38	1345' FSL & 2310' FEL	14-17-29
M. Dodd B No. 39	330' FEL & 1345' FSL	14-17-29
M. Dodd B No. 40	1650' FSL & 1650' FWL	14-17-29
M. Dodd B No. 41	2615' FNL & 330' FEL	14-17-29
M. Dodd B No. 42	2615' FNL & 1345' FEL	14-17-29

EXHIBIT "B"
ORDER NO. R-7808

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

CASE NO. 8433
Order No. R-7808-A

APPLICATION OF MARBOB ENERGY
CORPORATION FOR AN EXCEPTION TO
GENERAL RULE 104 F I AND FOR INFILL
WELL FINDINGS, EDDY COUNTY, NEW MEXICO.

See Also Order No

NUNC PRO TUNC ORDER

R-7808

BY THE DIVISION:

It appearing to the Division that Division Order No. R-7808 dated June 5, 1985, does not correctly state the intended order of the Division,

IT IS THEREFORE ORDERED THAT:

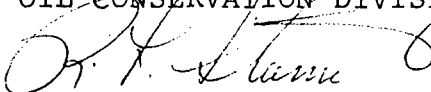
(1) The first paragraph of the introductory section on page 1 of Division Order No. R-7808 dated June 5, 1985, be and the same is hereby amended to read in its entirety as follows:

"This cause came on for hearing at 8 a.m. on December 19, 1984, at Santa Fe, New Mexico, before Examiner Gilbert P. Quintana."

(2) The corrections set forth in this order be entered nunc pro tunc as of June 5, 1985.

DONE at Santa Fe, New Mexico, on this 12th day of June, 1985.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



R. L. STAMETS
Director

S E A L

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