



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

October 15, 1996

Marbob Energy Corporation
P. O. Box 227
Artesia, New Mexico 88211-0217
Attention: Mike Hanagan

Administrative Order NSL-3718(SD)

Dear Mr. Hanagan:

Reference is made to your application dated September 17, 1996 for an unorthodox Seven Rivers-Queen-Grayburg-San Andres oil well location in an existing standard 40-acre oil spacing and proration unit for the Grayburg-Jackson (Seven Rivers-Queen-Grayburg-San Andres) Pool comprising the NE/4 NW/4 (Unit C) of Section 17, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico. Grayburg-Jackson oil production from said unit is currently simultaneously dedicated to the Foster Eddy Well No. 6 (API No. 30-015-25981), located at a standard oil well location 990 feet from the North line and 2310 feet from the West line of said Section 17, and to the Foster Eddy Well No. 8 (API No. 30-015-26187), located at a standard oil well location 330 feet from the North line and 1650 feet from the West line of said Section 17.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox oil well location will be at a more favorable geologic position within its Foster Eddy leases to adequately drain reserves within the productive interval that might not otherwise be produced and to provide for a more efficient production pattern within the Grayburg-Jackson (Seven Rivers-Queen-Grayburg-San Andres) Pool.

The subject application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the Oil Conservation Commission in Case 11,351 on January 18, 1996.

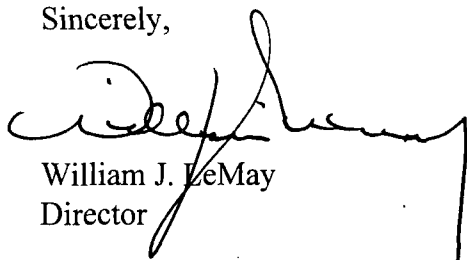
By the authority granted me under the provisions of Division General Rule 104.F(2), the following described well to be drilled at an unorthodox "infill" oil well location in said Section 28 is hereby approved:

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Foster Eddy Well No. 13
API No. 30-015-29058
1295' FNL - 1650' FWL (Unit C)

Further, Grayburg-Jackson oil production from the Foster Eddy Well Nos. 6, 8, and 13 are to be simultaneously dedicated to the subject 40-acre tract.

Sincerely,

A handwritten signature in black ink, appearing to read 'William J. LeMay', is written over the typed name and title.

William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad