



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

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

June 30, 1997

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

*Administrative Order NSL-3815*

Dear Mr. Hanagan:

Reference is made to your application dated May 15, 1997 for a non-standard oil well location for your proposed Duke-State Well No. 1 to be drilled 2603 feet from the North line and 1088 feet from the West line (Unit F) of Section 16, Township 11 South, Range 28 East, NMPM, Chaves County, New Mexico.

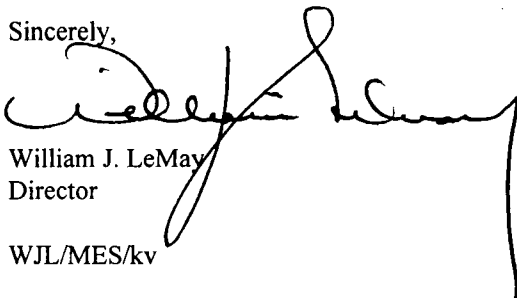
The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox oil well location will be at a more favorable geologic position within the Siluro-Devonian formation than a well drilled at a location considered to be standard within the proposed standard 40-acre oil spacing and proration unit comprising the SW/4 NW/4 of said Section 3.

Further, all of said Section 16 is a single State lease (No. K-2114) in which Marbob has the right to develop the minerals below a depth of 2,500 feet.

The 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 above-described unorthodox oil well location is hereby approved.

Sincerely,



William J. LeMay  
Director

WJL/MES/kv

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