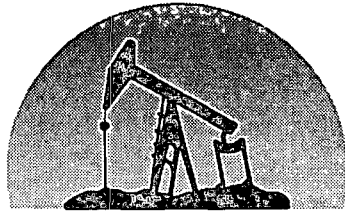
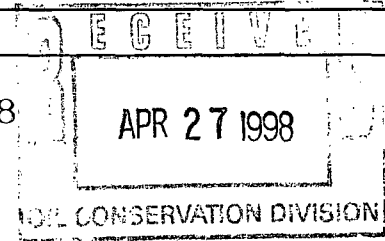


NSR 5/18/98



**marbob**  
energy corporation

April 20, 1998



Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

Attention: Mr. Mike Stogner

RE: Application For Administrative  
Approval of Unorthodox Location  
and Non-Standard Spacing Unit  
Chalk Bluff Federal Com #1  
1650' FSL and 1450' FEL  
Section 6-18S-27E  
Eddy County, New Mexico

Dear Mike:

Marbob Energy Corporation (Marbob) hereby makes application pursuant to Oil Conservation Division Rule 104.F.(2) and Rule 104.D.(2) for administrative approval to drill the above referenced Chalk Bluff Federal Com #1 to the Morrow Formation based on surface terrain considerations.

Marbob proposes to drill the Chalk Bluff Federal Com #1 well at an unorthodox location of 1650 feet from the south line and 1450 feet from the east line of Section 6, Township 18 South, Range 27 East, N.M.P.M., Eddy County, New Mexico. The proposed proration unit is the east half and this would make the location have greater than the standard setback of 660 feet from the east or west boundary and the required setback of 1650 feet from the south line, but it is unorthodox to the interior boundaries for orthodox locations. Also, the N/2NE/4 is described as Lots 1 and 2 which comprise 41.21 acres and 40.91 acres respectively. Since this section is not a standard 640 acres, we would request the East half proration unit comprising 322.12 acres be dedicated to this well.

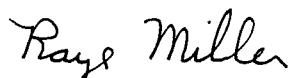
Marbob is the operator for the well with the rights in the three leases being owned by Marbob and Atlantic Richfield Company and Altura Energy, Ltd. Since there is no encroachment to offsetting proration units, no notice will be given except the owners in this proration unit.

Exhibit "A" is a plat showing the proposed unorthodox well location and the proposed spacing unit for the well. The spacing unit is outlined in red. We originally staked this location at standard location of 1650 feet from the south line and 1650 feet from the east line. That location fell in a substantial arroyo. Exhibit "B" shows the terrain of this area. Both, the original and present location are shown on the map. Our geologist feels that this location is potentially as good as the original site. The BLM surface manager has reviewed this location and approved the terrain.

We affirm that notice has been sent to the lease owners. We would request that you consider approval of this unorthodox location and non standard spacing unit.

Thank you for your help in this matter. If you have any questions, please contact me.

Sincerely,

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

Raye Miller  
Land Department

cc: Mr. Tim Gumm  
OCD District II  
811 S. 1st St.  
Artesia, NM 88210

TRICT I

Box 1980, Hobbs, NM 88241-1980

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised February 10, 1994

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

DISTRICT II

P.O. Drawer DD, Artesia, NM 88211-0719

Exhibit "A"

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

P.O. BOX 2088, SANTA FE, N.M. 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name RED LAKE; PENN <i>Cus</i>
Property Code	Property Name CHALK BLUFF FEDERAL COM.	Well Number 1
OGRID No. 14049	Operator Name MARBOB ENERGY CORPORATION	Elevation 3430'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	6	18 S	27 E		1650	SOUTH	1450	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

LOT 4 39.32 ACRES	LOT 3 40.64 ACRES	LOT 2 <del>40.91</del> ACRES 40.69	LOT 1 <del>41.21</del> ACRES 40.96	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Rhonda Nelson</i> Signature RHONDA NELSON Printed Name PRODUCTION CLERK Title APRIL 14, 1998 Date</p> <p><b>SURVEYOR CERTIFICATION</b></p> <p>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 belief.</p> <p>MARCH 26, 1998</p> <p>Date Surveyed Signature &amp; Seal of Professional Surveyor <i>Ronald S. Edson</i> Professional Surveyor NEW MEXICO 3-30-98 88-11-0509 Certificate No. RONALD S. EDSON 3239 GARY EDSON 12641</p>
LOT 5 39.48 ACRES	40.69 40.96 81.65			
LOT 6 40.14 ACRES	8 161.65 16 321.65	3423.4' 3398.3'	3447.0' 3421.2'	
LOT 7 40.67 ACRES		1650'		

Exhibit "B"

Topographic map showing the Empire Oil Field area. The map includes contour lines, section numbers (31, 32, 33, 4, 5, 6, 7, 8, 9, 16, 17, 18), and a grid with coordinates (R. 26 E., R. 27 E., T. 16 N., T. 17 N.). Key features include the Pecos River, Brañero Lake, and various oil wells and tanks. The map is labeled with "EMPIRE OIL FIELD" and "Pecos River Channel (Old)".

17'30" .567

**Q**

1 MILE

(WEST PARKWAY-STRAWN GAS AND  
WEST PARKWAY-ATOKA GAS POOLS - Cont'd.)RED LAKE-PENNSYLVANIAN GAS POOL  
Eddy County, New Mexico

RULE 16. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be reported to the Commission on Form C-115 so as to reach the Commission on or before the 24th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the produced gas.

RULE 17. Each purchaser or taker of gas shall submit a report to the Commission so as to reach the Commission on or before the 15th day of the month next succeeding the month in which the gas was purchased or taken. Such report shall be filed on Form C-111 with the wells being listed in the same order as they are listed on the appropriate proration schedule.

RULE 18. Failure to comply with any provision of these rules shall result in the immediate cancellation of allowable assigned to the affected well. No further allowable shall be assigned until all rules and regulations have been complied with. The Secretary-Director shall notify the operator of the well and purchaser in writing of the date of allowable cancellation and the reason therefor.

RULE 19. All transporters or users of gas shall file gas well-connection notices with the Commission as soon as possible after the date of connection.

## IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the West Parkway-Strawn Gas Pool or the West Parkway-Atoka Gas Pool or in the Strawn or Atoka formations within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the appropriate district office of the Commission in writing of the name and location of the well on or before November 1, 1973.

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1963, existing wells in the West Parkway-Strawn Gas Pool and West Parkway-Atoka Gas Pool shall have dedicated thereto 320 acres, in accordance with the foregoing pool rules or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 320 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable.

(3) That this cause shall be reopened at an examiner hearing during October, 1974, to permit the operators in said pools to appear and present evidence to clearly establish the nature of said reservoirs, proper rates of production for wells therein, and special rules therefor.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

Order No. R-4611, Adopting Operating Rules for the Red Lake-Pennsylvanian Gas Pool, Eddy County, New Mexico, August 1, 1973.

Application of Mark Production Company for Special Pool Rules, Eddy County, New Mexico.

CASE NO. 5034  
Order No. R-4611

## ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on July 25, 1973, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 13th day of August, 1973, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

## FINDS:

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

(2) That the applicant, Mark Production Company, is the owner and operator of a proposed well to be drilled in the Red Lake-Pennsylvanian Gas Pool, Eddy County, New Mexico.

(3) That said Red Lake-Pennsylvanian Gas Pool was created and designated by the Commission by Order No. R-236, effective April 29, 1957.

(4) That by Commission Order No. R-2707, dated May 25, 1964, Rule 104 of the Commission Rules and Regulations was amended to provide that all gas pools of Pennsylvanian age or older in Southeast New Mexico which were created and defined June 1, 1964, or later shall have 320-acre spacing and proration units, inasmuch as it was found that in Southeast New Mexico, "...a gas well completed in the Pennsylvanian formation or a deeper formation will efficiently and economically drain and develop a 320-acre tract."

(5) That the applicant in the instant case seeks the promulgation of rules including a provision for 320-acre spacing for the Red Lake-Pennsylvanian Gas Pool in Eddy County, New Mexico, inasmuch as that pool was excluded from the provisions of Order No. R-2707, because it was created and defined prior to the cut-off date of June 1, 1964.

(6) That no appearances were made at the hearing of the instant case and no objection was received to the inclusion of the Red Lake-Pennsylvanian Gas Pool under the provisions of Rule 104 of the Commission Rules and Regulations for gas pools of Pennsylvanian age or older.

(7) That one well in the Red Lake-Pennsylvanian Gas Pool in Eddy County, New Mexico, will efficiently and economically drain and develop 320 acres, and the inclusion of said pool under the 320-acre provisions of Rule 104 for pools of Pennsylvanian age or older will not cause waste nor violate correlative rights, and should be approved.

(RED LAKE-PENNSYLVANIAN GAS POOL - Cont'd.)

IT IS THEREFORE ORDERED:

(1) That effective August 1, 1973, each well completed or recompleted in the Red Lake-Pennsylvanian Gas Pool or in the Pennsylvanian formation within one mile thereof shall be subject to the provisions of Rule 104 of the Commission Rules and Regulations notwithstanding the fact said pool was created and defined prior to June 1, 1964.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Red Lake-Pennsylvanian Gas Pool or in the Pennsylvanian formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Artesia District Office of the Commission in writing of the name and location of the well by September 30, 1973.

(2) That pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the Red Lake-Pennsylvanian Gas Pool shall have dedicated thereto 320 acres in accordance with Rule 104 of the Commission Rules and Regulations; or pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard units dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 320 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the effective date of this order shall subject the well to cancellation of allowable.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

SOUTH SALT LAKE-MORROW GAS POOL  
Lea County, New Mexico

Order No. R-4600, Adopting Operating Rules for the South Salt Lake-Morrow Gas Pool, Lea County, New Mexico, August 1, 1973.

Application of Belco Petroleum Corporation  
for the Adoption of Pool Rules, Lea County,  
New Mexico.

CASE NO. 5020  
Order No. R-4600

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on July 11, 1973, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 23rd day of July, 1973, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Belco Petroleum Corporation, is the owner and operator of certain gas wells in the South Salt Lake-Morrow Gas Pool, Lea County, New Mexico.

(3) That said South Salt Lake-Morrow Gas Pool was created and designated by the Commission by Order No. R-2101, effective November 1, 1961.

(4) That by Commission Order No. R-2707, dated May 25, 1964, Rule 104 of the Commission Rules and Regulations was amended to provide that all gas pools of Pennsylvanian age or older in Southeast New Mexico which were created and defined June 1, 1964, or later shall have 320-acre spacing and proration units, inasmuch as it was found that in Southeast New Mexico, "...a gas well completed in the Pennsylvanian formation or a deeper formation will efficiently and economically drain and develop a 320-acre tract."

(5) That the applicant in the instant case seeks the promulgation of rules including a provision for 320-acre spacing for the South Salt Lake-Morrow Gas Pool in Lea County, New Mexico, inasmuch as that pool was excluded from the provisions of Order No. R-2707, because it was created and defined prior to the cut-off date of June 1, 1964.

(6) That no appearances were made at the hearing of the instant case and no objection was received to the inclusion of the South Salt Lake-Morrow Gas Pool under the provisions of Rule 104 of the Commission Rules and Regulations for gas pools of Pennsylvanian age or older.

(7) That one well in the South Salt Lake-Morrow Gas Pool in Lea County, New Mexico, will efficiently and economically drain and develop 320 acres, and the inclusion of said pool under the 320-acre provisions of Rule 104 for pools of Pennsylvanian age or older will not cause waste nor violate correlative rights, and should be approved.

IT IS THEREFORE ORDERED:

(1) That effective August 1, 1973, each well completed or recompleted in the South Salt Lake-Morrow Gas Pool or in the Morrow formation within one mile thereof shall be subject to the provisions of Rule 104 of the Commission Rules and Regulations notwithstanding the fact said pool was created and defined prior to June 1, 1964.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the South Salt Lake-Morrow Gas Pool or in the Morrow formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well by August 15, 1973.

(2) That pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the South Salt Lake-Morrow Gas Pool shall have dedicated thereto 320 acres in accordance with Rule 104 of the Commission Rules and Regulations; or pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard units dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 320 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the effective date of this order shall subject the well to cancellation of allowable.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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