

September 14, 2004

HAND-DELIVERED

Mark E. Fesmire, P. E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 13348

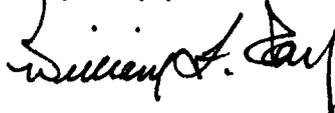
2004 SEP 14 PM 4 14

Re: Application of Marbob Energy Corporation for Compulsory Pooling, Eddy County, New Mexico.

Dear Mr. Fesmire:

Enclosed in triplicate is the Application of Marbob Energy Corporation in the above-referenced case as well as a copy of the legal advertisement. Marbob Energy Corporation requests that this matter be placed on the docket for the October 7, 2004 Examiner hearings.

Very truly yours,



William F. Carr

Enclosures

cc: Mr. Raye Miller
Marbob Energy Corporation

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

2009 SEP 14 PM 9 14

**IN THE MATTER OF THE APPLICATION OF MARBOB ENERGY CORPORATION FOR
COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.**

CASE NO. 13348

APPLICATION

MARBOB ENERGY CORPORATION (“Marbob”), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat. Ann. 70-2-17, (1978), for an order pooling all mineral interests from the surface to the base of the Morrow formation in the following described spacing and proration units located in the S/2 of Section 12, Township 17 South, Range 31 East, N.M.P.M., Eddy County, New Mexico: the S/2 for all formations and/or pools developed on 320-acre spacing which includes but is not limited to the Undesignated Fren-Morrow Gas Pool; the SW/4 for all formations and/or pools developed on 160-acre spacing; and the NE/4 SW/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Undesignated Grayburg-Jackson (Seven Rivers-Queen-Grayburg –San Andres) Pool and the Undesignated East Fren-Paddock Pool, and in support of its application states:

1. Marbob Energy Corporation is a working interest owner in the S/2 of said Section 12 and has the right to drill thereon.
2. Marbob proposes to dedicate the above-referenced spacing or proration units to its Knockabout Federal Well No. 1 to be drilled at a standard gas well location 1830 feet from the South line and 1980 feet from the West line (Unit K) of said Section 12, to an approximate depth of 12,700 feet to test any and all formations from the surface to the base of the Morrow formation.
3. Marbob has sought and been unable to obtain a voluntary agreement for the development of these lands from certain interest owners in the subject spacing units who are identified on Exhibit A to this application.

4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

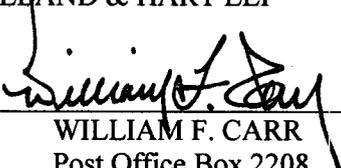
5. In order to permit Marbob to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Hudson Oil Company of Texas should be designated the operator of the well to be drilled.

WHEREFORE, Marbob Energy Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 7, 2004 and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing and proration units,
- B. designating Hudson Oil Company of Texas operator of these units and the well to be drilled thereon,
- C. authorizing Hudson Oil Company of Texas to recover its costs of drilling, equipping and completing the well,
- D. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures, and
- E. imposing a penalty for the risk assumed by Hudson Oil Company of Texas in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART LLP

By: 

WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR MARBOB ENERGY
CORPORATION

EXHIBIT A
APPLICATION OF
MARBOB ENERGY CORPORATION
FOR COMPULSORY POOLING
S/2 OF SECTION 12, TOWNSHIP 17 SOUTH, RANGE 32 EAST, N.M.P.M.
EDDY COUNTY, NEW MEXICO.

Delmar's Living Trust
Diane Hanley, Trustee
6300 Ridglea Place, Suite 1005-A
Fort Worth, Texas 76116

Lindy's Living Trust
Francis H. Hudson, Trustee
6300 Ridglea Place, Suite 1005-A
Fort Worth, Texas 76116

Edward R. Hudson Trust 4
Mary Hudson Ard, Trustee
222 West 4th Street PH-5
Fort Worth, Texas 76102

S. J. Iverson Trust
H. Greg Holcomb, Trustee
Bank of America NA Acct No. 01/0258100
Post Office Box 840738
Dallas, Texas 75284-0738

Iverson III, Inc.
3454 South Zunis
Tulsa, Oklahoma 74105
Attention: Steve Iverson

The P.I.P. 1990 Trust
Wendell W. Iverson, Trustee
Post Office Box 10508
Midland, Texas 79702

S.J.I. Jr. 1990 Trust
Wendell W. Iverson, Trustee
Post Office Box 10508
Midland, Texas 79702

W.W.I. 1990 Trust
Wendell W. Iverson, Trustee
Post Office Box 10508
Midland, Texas 79702

Mary Hudson Ard
222 West 4th Street PH-5
Fort Worth, Texas 76102

CASE 13349:

Application of Marbob Energy Corporation for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Morrow formation in the following described spacing and proration units located in the S/2 of Section 12, Township 17 South, Range 31 East, N.M.P.M., Eddy County, New Mexico: the S/2 for all formations and/or pools developed on 320-acre spacing which includes but is not limited to the Undesignated Fren-Morrow Gas Pool,; the SW/4 for all formations and/or pools developed on 160-acre spacing; and the NE/4 SW/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Undesignated Grayburg-Jackson (Seven Rivers-Queen-Grayburg-San Andres) Pool and the Undesignated East Fren-Paddock Pool. Said units are to be dedicated to its Knockabout Federal Well No. 1 to be drilled at a standard gas well location 1830 feet from the South line and 1980 feet from the West line (Unit K) of said Section 12. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Hudson Oil Company of Texas as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 3 miles East of Maljamar, New Mexico.



September 14, 2004

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

TO AFFECTED INTEREST OWNERS:

Re: Application of Marbob Energy Corporation for compulsory pooling, Eddy County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that Marbob Energy Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking the compulsory pooling of certain spacing and proration units in the S/2 of Section 12, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico. Said units will be dedicated to Marbob Energy Corporation's proposed Knockabout Federal Well No. 1 which it proposes to drill at a standard gas well location 1830 feet from the South line and 1980 feet from the West line in the NE/4 SW/4 of said Section 12 to test all formations from the surface to the base of the Morrow formation.

This application has been set for hearing before a Division Examiner on October 7, 2004. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-Hearing Statement with the Oil Conservation Division's Santa Fe office located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505, three days in advance of a scheduled hearing. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,

William F. Carr

cc: Raye Miller
Marbob Energy Corporation