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May 9, 2006

**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 13723*

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 June 8, 2006 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**

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

2008 MAY 9 PM 3:14  
CASE NO. 13723

**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 500 feet below the top of the San Andres formation to the base of the Atoka-Morrow formation in the following described spacing and proration units located in the W/2 of Section 1, Township 19 South, Range 27 East, N.M.P.M., Eddy County, New Mexico: the W/2 for all formations and/or pools developed on 320-acre spacing which includes but is not limited to the Undesignated Angel Ranch-Atoka Morrow Gas Pool; the SW/4 for all formations and/or pools developed on 160-acre spacing; and the SE/4 SW/4 for all formations and/or pools developed on 40-acre spacing, and in support of its application states:

1. Marbob Energy Corporation is a working interest owner in the W/2 of said Section 1 and has the right to drill thereon.

2. Marbob proposes to dedicate the above-referenced spacing or proration units to its Candy Gram State Com Well No. 1 to be drilled at a standard gas well location 660 feet from the South line and 1980 feet from the West line (Unit N) of said Section 1, to an approximate depth of 11,100 feet to test any and all formations from 500 feet below the top of the San Andres formation to the base of the Atoka-Morrow formation.

3. Marbob has sought and been unable to obtain a voluntary agreement for the development of these lands from Dominion Oklahoma Texas Exploration and Production, Inc.,

1400 Quail Springs Parkway, Suite 600, Oklahoma City, Oklahoma 73134, attention Carol Myers, owner of working interest in the subject spacing units.

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

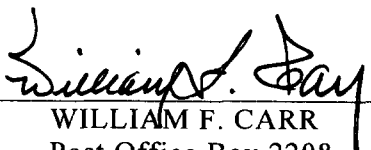
5. In order to permit Marbob to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Marbob Energy Company should be designated the operator of the well to be drilled.

WHEREFORE, Marbob Energy Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on June 8, 2006 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 Marbob Energy Corporation operator of these units and the well to be drilled thereon,
- C. authorizing Marbob Energy Corporation 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 Marbob Energy Corporation 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

CASE 13723:

**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 500 feet below the top of the San Andres formation to the base of the Atoka-Morrow formation in the following described spacing and proration units located in the W/2 of Section 1, Township 19 South, Range 27 East, N.M.P.M., Eddy County, New Mexico: the W/2 for all formations and/or pools developed on 320-acre spacing which includes but is not limited to the Undesignated Angel Ranch Atoka-Morrow Gas Pool,; the SW/4 for all formations and/or pools developed on 160-acre spacing; and the SE/4 SW/4 for all formations and/or pools developed on 40-acre spacing. Said units are to be dedicated to its Candy Gram State Com Well No. 1 to be drilled at a standard gas well location 660 feet from the South line and 1980 feet from the West line (Unit N) of said Section 1. 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 Marbob Energy Corporation as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 14 miles southeast of Artesia, New Mexico.



May 9, 2006

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

Dominion Oklahoma Texas Exploration and Production, Inc.  
1400 Quail Springs Parkway, Suite 600,  
Oklahoma City, Oklahoma 73134,  
Attention Carol Myers

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 W/2 of Section 1, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico. Said units will be dedicated to Marbob Energy Corporation's proposed Candy Gram State Com Well No. 1 which it proposes to drill at a standard gas well location 660 feet from the South line and 1980 feet from the West line in the SE/4 SW/4 of said Section 1 to test all formations from the surface to the base of the Atoka-Morrow formation.

This application has been set for hearing before a Division Examiner on June 8, 2006. 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, four days in advance of a scheduled hearing but in no event later than 5:00 pm Mountain Time on the Thursday preceding the scheduled hearing date. 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