

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 10136
ORDER NO. R-9355

APPLICATION OF MARBOB ENERGY CORPORATION
FOR AN UNORTHODOX OIL WELL LOCATION, EDDY
COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on October 31, 1990, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 7th day of November, 1990, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) The applicant, Marbob Energy Corporation, seeks approval of an unorthodox oil well location for its Holder "CB" (NCT-A) Federal Well No. 5 to be drilled 1295 feet from the North line and 990 feet from the West line (Unit D) of Section 17, Township 17 South, Range 30 East, NMPM, to test the Grayburg Jackson Pool, Eddy County, New Mexico.

(3) Said well is to be simultaneously dedicated, along with the Holder "CB" (NCT-A) Federal Well No. 2 located at a standard oil well location 660 feet from the North and West lines of said Section 17, to the existing 40-acre oil spacing and proration unit comprising the NW/4 NW/4 of said Section 17.

(4) The testimony presented by the applicant indicates that the Grayburg-Jackson Pool is in the middle primary stage of depletion and the applicant wishes to drill an infill well among three existing producing wells located on two individual 40-acre spacing and proration units.

(5) With said infill well the applicant should encounter additional reserves that the three immediate offsetting wells cannot recover.

(6) The W/2 NW/4 of said Section 17 is within the applicant's Holder "CB" Federal (NCT-A) Lease; therefore, the proposed location of the subject infill well is not encroaching upon any other operator.

(7) No offsetting operator or interested party appeared or objected to the proposed infill well.

(8) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the affected pool, is in the best interest of conservation and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

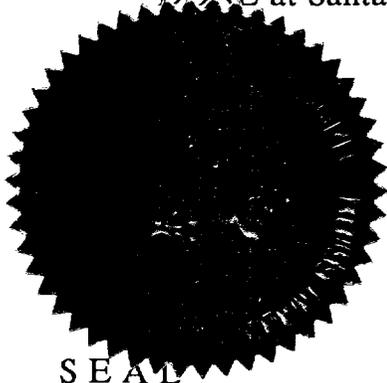
(1) The application of Marbob Energy Corporation for an unorthodox oil well location for the Grayburg-Jackson Pool is hereby approved for its Holder "CB" (NCT-A) Federal Well No. 5 to be located 1295 feet from the North line and 990 feet from the West line (Unit A) of Section 17, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico.

(2) Said well shall be simultaneously dedicated, along with the Holder "CB" (NCT-A) Federal Well No. 2 located at a standard oil well location 660 feet from the North and West lines of said Section 17, to the existing 40-acre oil spacing and proration unit comprising the NW/4 NW/4 of said Section 17.

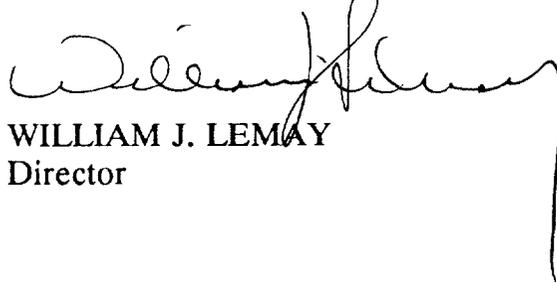
(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Case No. 10136
Order No. R-9355
Page No. 3

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director