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Mr. Ray Miller
Marbob Energy Corp.
P.O. Box 217
Artesia, NM 88211-0217

Re: Proposed Burch-Keely Unit
Eddy County, New Mexico

Marbob Energy Corporation proposes unitizing the area outlined on Exhibit I for all formations from the surface to 5,000', for the purpose of expediting exploration of oil and gas within the unit boundaries. The area consists of Sections 13, 23, 24, 25, 26 and 40 acres in Section 12 of T17S R29E and all of Sections 18, 19 and 30 of T17S R30E in Eddy County, N.M.

The structure map of this proposed unit is mapped on a consistent radioactive marker approximately 50' below the top of the Grayburg formation. The map outlines and describes the unit boundary and is designated the Burch-Keely Unit. A partial type log (Gulf Oil Corp. Fed. Amer. #1 in Section 24-T17S-R29E), lying within the proposed unit boundary is shown to illustrate formations above and below the Grayburg Marker. The Queen, Grayburg, Grayburg Marker and the San Andres tops have been marked on this example. These tops are referenced to the Artesia Formation Cross Section published in 1958 by the Stratigraphic Committee of the Roswell Geological Society. Contour interval is 50'. Contours describe a southeasterly dipping monoclinial surface across the northwest area of the unit and a more steeply dipping surface across the southeast part of the unit. The inflection point of the terrace defines the crest of the Abo Reef which is located at an approximate depth of 6650'.

Most of the wells in the proposed unit have been completed in the Grayburg and the upper San Andres formations. On Exhibit II, Grayburg production is outlined by a hexagon colored green, while Exhibit III depicts San Andres production outlined by triangles colored yellow. Please note the irregular spacing and incomplete drilling of potential locations for these zones. The other completed production zones are mapped on Exhibit IV and include the 7 Rivers as a square colored red; the Queen, a purple circle; the Glorieta--Paddock, an orange diamond; the Abo Reef, a brown half circle; the Wolfcamp an orange colored trapezoid; the Pennsylvanian, a blue pie wedge; and the Mississippian is a black trapezoid.

BEFORE EXAMINER STOGNER	
OIL CONSERVATION DIVISION	
MARBOS	EXHIBIT NO. <u>7</u>
CASE NO. <u>10810</u>	

Also provided is the complete gamma ray neutron type log from the Gulf Federal Gen. Amer. #1 that has been marked with the tops of each formation from the Tansill through the Ellenberger. The well was drilled to 13,334'. The zones that produce within the proposed unit area are shaded on the right side of the depth column and this particular well's perforated zones on the left side of the column.

Marbob intends to drill stratigically placed new wells and recomplete poorly producing wells within the unit to maximize drainage from underdeveloped areas of the unit. By unitizing, the operator hopes to avoid unnecessary delays and hearings for wells drilled near lease lines within the boundaries of the unit and resolve ownership problems with respect to royalty payments.

Very truly yours

A handwritten signature in cursive script that reads "Dawn Ahlen Willis". The signature is written in dark ink and is positioned above the typed name.

Dawn Ahlen Willis