

**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. 13349
ORDER NO. R-12225**

**APPLICATION OF MARBOB ENERGY CORPORATION FOR
AUTHORIZATION OF UNORTHODOX WELL LOCATIONS WITHIN ITS
DODD FEDERAL UNIT, EDDY COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on October 7, 2004, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 26th day of October, 2004, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

- (1) Due public notice has been given, and the Division has jurisdiction of this case and its **subject** matter.
- (2) Division Cases No. 13349 and 13350 were consolidated at the hearing for the purpose of testimony.
- (3) In companion Case No. 13350, **Marbob** Energy Corporation (“**Marbob**”) seeks to **statutorily unitize**, for the purpose of conducting secondary recovery operations, 2,400 acres, more or less, of Federal lands described as follows, this area to be designated the Dodd Federal Unit Area:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM

Section 10:	E/2, E/2 W/2
Section 11:	All
Section 14:	All
Section 15:	E/2
Section 22:	SE/4, SE/4 SW/4, E/2 NE/4, SW/4 NE/4

(4) In Case No. 13349, Marbob seeks authority to drill producing wells at unorthodox locations within the Dodd Federal Unit Area ("Unit Area") provided that these wells shall be located no closer than 330 to the outer boundary of the Unit Area nor closer than 25 feet to any quarter-quarter section line or subdivision inner boundary.

(5) Division Rule No. 104.B. states that:

“B. Oil Well Acreage and Well Location Requirements

(1) Any wildcat well that is projected to be drilled as an oil well to a formation and in an area that in the opinion of the Division may reasonably be presumed to be productive of oil rather than gas and each development well for a defined oil pool, unless otherwise provided in special pool orders, shall be located on a spacing unit consisting of approximately 40 contiguous surface acres substantially in the form of a square which is a legal subdivision of the U.S. Public Land Surveys, which is a governmental quarter-quarter section or lot, and shall be located no closer than 330 feet to any outer boundary of such unit. Only those 40-acre spacing units committed to active secondary recovery projects shall be permitted more than four wells."

(6) Division Rule No. 104.F. states that:

“F. Unorthodox Locations

(1) Well locations for producing wells **and/or** injection wells that are unorthodox based on the requirements of Subsection B above and are necessary for an efficient production and injection pattern within a secondary recovery, tertiary recovery, or pressure maintenance project are hereby authorized, provided that the unorthodox location within the project is no closer than the required minimum distance to the outer

boundary of the lease or unitized area, and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary."

(7) It appears that the proposed streamlined process for approval of unorthodox oil well locations within the Dodd Federal Unit Area requested by Marbob in Case No. 13349 is already provided for pursuant to Division Rule No. 104.F.

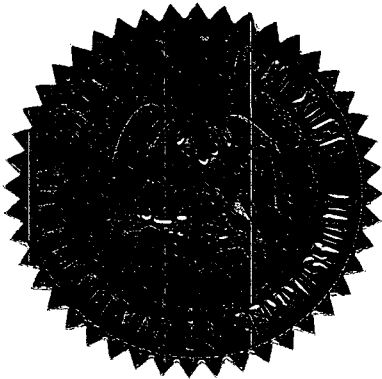
(8) Marbob's application in Case No. 13349 is unnecessary and should therefore be dismissed.

IT IS THEREFORE ORDERED THAT:

(1) The application of Marbob Energy Corporation seeking authority to drill producing wells at unorthodox locations within the Dodd Federal Unit Area ("Unit Area") provided that these wells shall be located no closer than 330 to the outer boundary of the Unit Area nor closer than 25 feet to any quarter-quarter section line or subdivision inner boundary, is hereby dismissed.

(2) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

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



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in cursive script, reading "Mark E. Fesmire".

MARK E. FESMIRE, P.E.
Director