

- (5) The NE/4 SW/4 of Section 18 is to be dedicated to said well in order to form a standard 40-acre oil spacing and proration unit for Paddock oil production;
- (6) All mineral interests are common throughout this lease;
- (7) The application has been duly filed under the provisions of Division General Rule 104.F;
- (8) Approval of Marbob's proposed recompletion of its Cedar Lake Federal Well No. 1 is in the best interest of conservation, will serve to prevent waste, protects correlative rights, exhibits sound engineering principles, and will allow Marbob to commence development of the Paddock formation underlying this acreage;
- (9) As development progresses it is anticipated by Marbob that additional unorthodox oil well locations will be necessary within the Cedar Lake Federal Lease in order to avoid existing gas and water supply pipelines and cultural and terrain problems; and,
- (10) A procedure allowing Marbob to drill future Paddock oil wells within its Cedar Lake Federal lease at locations that are unorthodox based on the well location requirements of Division General Rule 104.C(1)(a) without further administrative review by the Division Director should be adopted, provided that any such unorthodox location within the above-described Cedar Lake Federal Lease is no closer than the required minimum orthodox distance (330 feet) to the outer boundary of the lease nor closer than 25 feet to any quarter-quarter section line or subdivision inner boundary.

It Is Therefore Ordered That:

(1) By the authority granted me under the provisions of Division General Rule 104 F(2), Marbob Energy Corporation ("Marbob") is hereby authorized to recomplete its Cedar Lake Federal Well No. 1 (API No. 30-015-30244) from the deeper Morrow formation to the shallower Paddock formation at an unorthodox oil well location 1385 feet from the South line and 1410 feet from the West line (Unit K) of Section 18, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico. The NE/4 SW/4 of Section 18 is to be dedicated to the well in order to form a standard 40-acre oil spacing and proration unit.

(2) Further, Division Administrative Order NSL-4034, dated May 18, 1998, shall be placed in abeyance until further notice.

It Is Further Ordered That:

(3) Within the following described 609.43 acres, known as the Cedar Lake Federal Lease, Marbob is hereby authorized to locate wells within the Paddock formation that are unorthodox based on the well location requirements of Division General Rule 104.C(1)(a), provided however that any such unorthodox location is no closer than the required minimum orthodox distance (330 feet) to the outer boundary of the Cedar Lake Federal Lease nor closer than 25 feet to any quarter-quarter section line or subdivision inner boundary: