



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

May 26, 2000

Lori Wrotenberg

Director

Oil Conservation Division

Marbob Energy Corporation
P. O. Box 227
Artesia, New Mexico 88211-0227



Attention: Dean Chumbley

Re: *Administrative application for an exception to Division Rule 104.B (1), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, to drill the proposed LP State Well No.2 (API No. 30-015-31109) at an unorthodox oil well location 2310 feet from the North line and 230 feet from the West line (Unit E) of Section 5, Township 18 South, Range 28 East, NMPM, to test both the Artesia-Queen-Grayburg-San Andres Pool and the Undesignated Artesia-Glorieta-Yeso Pool, Eddy County, New Mexico, within a standard 40-acre oil spacing and proration unit for both pools comprising the SW/4 NW/4 (Unit E) of Section 5.*

Dear Mr. Chumbley:

It appears that your application is incomplete: (i) with respect to notice, the 40-acre tract to the southwest of the subject unit is considered to be an adversely affected offsetting tract; also (ii) please submit a detailed topographic/surface plat that identifies the features mentioned and explain why no other location within the standard drilling window for this particular 40-acre tract is suitable for a well site. I am therefore returning this application at this time.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Artesia
New Mexico State Land Office - Santa Fe
Kathy Valdes, NMOCD - Santa Fe
William F. Carr, Legal Counsel for Marbob Energy Corporation - Artesia
Raye Miller, Marbob Energy Corporation - Artesia