



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

December 13, 2000

Lori Wrotenbery

Director

Oil Conservation Division

Marbob Energy Corporation
c/o Campbell, Carr, Berge & Sheridan, P.A.
P. O. Box 2208
Santa Fe, New Mexico 87504-2208
Attention: William F. Carr

Telefax No. (505) 983-6043



Administrative Order NSP-1837

Dear Mr. Carr:

Reference is made to the following: (i) your application on behalf of the operator, Marbob Energy, Inc. ("Marbob") dated November 8, 2000; (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe; and (iii) Mr. Raye Miller's telephone conversation with Mr. Michael E. Stogner, Engineer/Chief Hearing Officer on Monday, December 11, 2000: all concerning Marbob's request for an exception to **Rule 2** of the "*Special Rules and Regulations for the Lusk-Morrow Gas Pool*," as promulgated by Division Order No. R-2373, as amended by Division Orders No. R-2373-A, R-2373-B, R-6197, R-2373-C, R-2373-C (1), and R-2373-D. This application is essentially a request to reinstate a previously approved non-standard 320-acre lay-down gas spacing and proration unit in the Lusk-Morrow Gas Pool underlying the following described acreage in Eddy County, New Mexico:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM

Section 13: N/2.

By Order No. R-6196, issued in Case No. 6731 and dated November 21, 1979, the Division initially established this 320-acre unit for Petroleum Development Corporation. By Order No. R-6196-A, issued in Case No. 6849 and dated April 15, 1980, the Division authorized this 320-acre unit to be dedicated to Petroleum Development Corporation's Llano-McKay Federal Com. Well No. 2 (**30-025-23159**), to be drilled at an unorthodox gas well location 750 feet from the North line and 660 feet from the West line (Unit D) of Section 13. In September 1981, after producing a total of 69,512 MCF of gas and 1,540 barrels of condensate, this well was plugged and abandoned.

Further, the S/2 of Section 13 is currently dedicated Lynx Petroleum Consultants, Inc. HJ "13" Federal Com. Well No. 1 (**30-025-23781**), located 1980 feet from the South line and 2310 feet from the West line (Unit K) of Section 13. There is no record of Division approval of this 320-acre non-standard gas spacing and proration unit within the Lusk-Morrow Gas Pool, which appears to have been in affect since Tenneco Oil Company drilled this well in mid-1981 and established gas production in April, 1982.