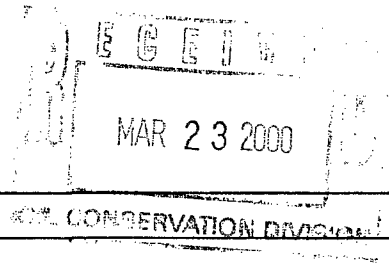




marbob

energy corporation

NSL 4/12/00



March 21, 2000

New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

RE: Application for Administrative Approval
To Drill at an Unorthodox Location

Gentlemen:

Pursuant to NMOCD Rule 104, Marbob Energy Corporation respectfully requests administrative approval to drill Marbob's BR-549 State No. 3 at an unorthodox location of 1600 feet from the north line and 990 feet from the south line of Section 27 in Township 17 South, Range 29 East. This well will test the Yeso formation making it a 40 acre spacing unit. Unit E is being dedicated as the proration unit.

The BR-549 State No. 3 was originally staked at an orthodox location 1650' FNL and 990' FWL. However, existing at this location is a Central Valley Electrical Coop main distribution overhead power line. The power line runs east to west in direction and is approximately twenty feet south of the well bore. Marbob proposes to move fifty feet north and originate the well pad in such a manner as to place the reserve pit underneath the power lines. We have utilized this procedure on locations before to keep from going unorthodox. Unfortunately, the twenty feet did not allow enough distance to safely drill this well. A move to the south would require a larger footage move as well as construction concerns involving the amount of cut and fill in this somewhat sandy soil.

In October 1996, Marbob received approval to drill at an

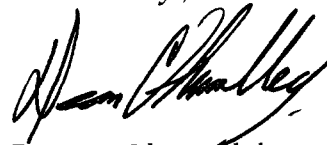
unorthodox location in Unit C of Section 27, Township 17 South, Range 29 East via Administrative Order NSL-3716. Also, Marbob has received a blanket approval of unorthodox locations from Mack Energy Corporation. This letter set certain conditions of approval. The BR-549 State No. 3 is in line with these conditions.

To aid in your review of this application, the following documents are attached:

- A. Form C-102 for BR-549 No. 3
- B. Form C-101 for BR-549 No. 3 (unapproved)
- C. Plat showing proration units, wells in area, and Yeso ownership
- D. Topographical map with BR-549 No. 3 plotted out
- E. Mack Energy Corporation letter of March 2, 2000

Please do not hesitate to contact me should you require any additional information. Thank you for your assistance with this matter.

Sincerely,



Dean Chumbley
Land Department

DC/mm

cc: Oil Conservation Division - Artesia
Lee Scarborough / Arco Permian - Midland
Robert Chase / Mack Energy - Artesia

DISTRICT I
P.O. Box 1620, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
	96610	EAST EMPIRE YESO
Property Code	Property Name	Well Number
	BR-549 STATE	3
OGRID No.	Operator Name	Elevation
14049	MARBOB ENERGY CORPORATION	3548

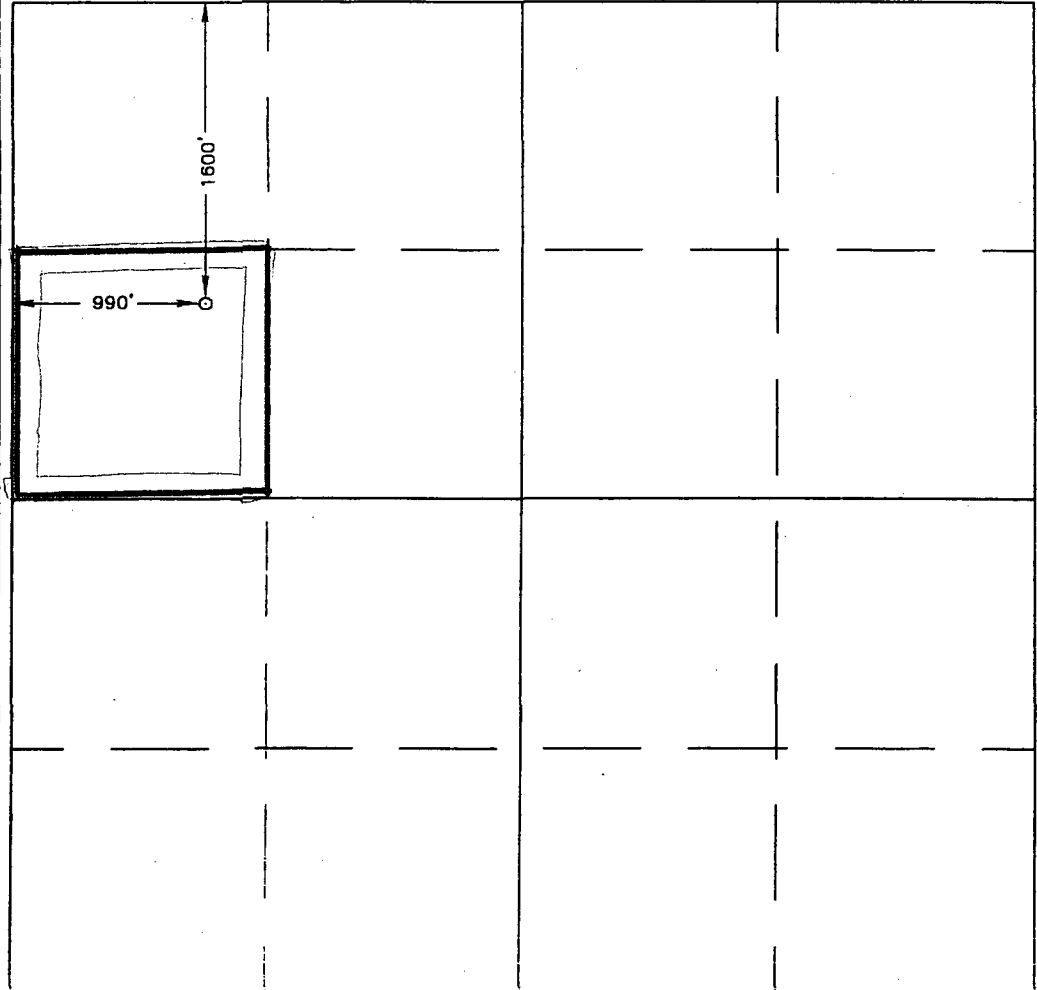
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	27	17 S	29 E		1600	NORTH	990	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						
40									

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><u>Robin Cockrum</u> Signature</p> <p><u>ROBIN COCKRUM</u> Printed Name</p> <p><u>PRODUCTION ANALYST</u> Title</p> <p><u>3/9/00</u> Date</p> <p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>MARCH 6, 2000</p> <p>Date Surveyed _____ DC</p> <p>Signature & Seal of Professional Surveyor <u>Gary E. Eidsen</u> NEW MEXICO 00-11-0387</p> <p>Certificate No. RONALD E. EIDSON 3239 GARY EIDSON 12641 WAGON McDONALD 12185</p>
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District I
PO Box 1980, Hobbs, NM 88241-1980

District II
811 South First, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-101

Revised October 18, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 6 Copies

Fee Lease - 5 Copies

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address MARBOB ENERGY CORPORATION P.O. BOX 227 ARTESIA, NM 88210		² OGRID Number 14049
		³ API Number 30 - 0
⁴ Property Code	⁵ Property Name BR-549 STATE	⁶ Well No. 3

⁷Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West Line	County
E	27	17S	29E		1600	NORTH	990	WEST	EDDY

⁸Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West Line	County
⁹ Proposed Pool 1 EAST EMPIRE YESO					¹⁰ Proposed Pool 2				

¹¹ Work Type Code N	¹² Well Type Code O	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3548
¹⁶ Multiple No	¹⁷ Proposed Depth 5000	¹⁸ Formation YESO	¹⁹ Contractor L&M	²⁰ Spud Date 03-25-00

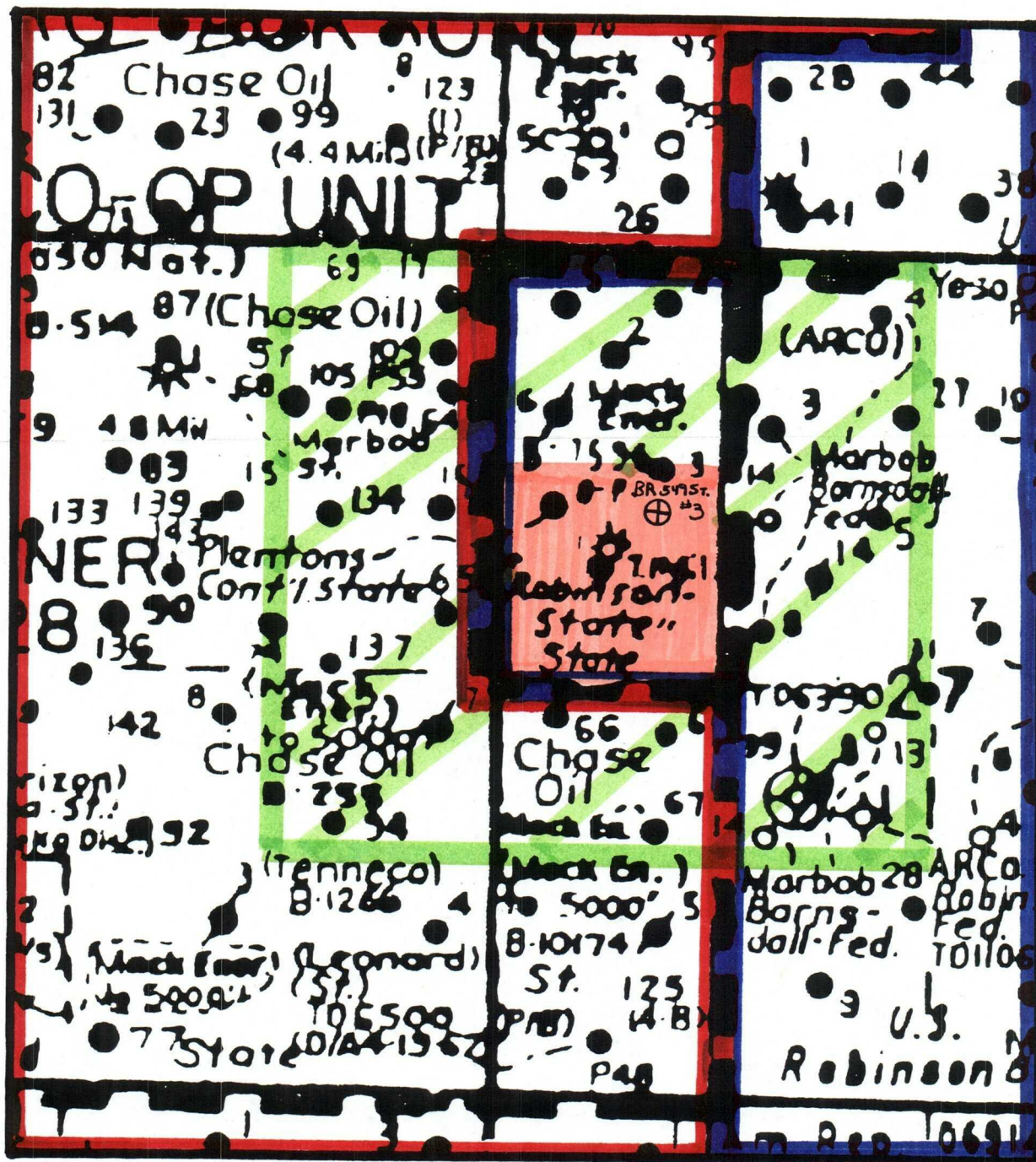
²¹Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12 1/4"	8 5/8"	24#	350'	350 SX	ATTEMPT TO CIRC
7 7/8"	5 1/2"	17#	5000'	1100 SX	SUFFICIENT TO COVER
					200' ABOVE ALL KNOWN
					OIL & GAS HORIZONS

²²Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

DRILL 12 1/4" HOLE TO 350', RUN & CMT 8 5/8" CSG, REDUCE HOLE & DRILL TO 5000', RUN & CMT 5 1/2" CSG, PUT WELL ON PRODUCTION

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature: <i>Robin Cockrum</i>		OIL CONSERVATION DIVISION	
Printed name: ROBIN COCKRUM		Approved By:	
Title: PRODUCTION ANALYST		Title:	
Date: 03-09-00		Approval Date:	Expiration Date:
Phone: 748-3303		Conditions of Approval: Attached: <input type="checkbox"/>	



BR549 Proration Unit

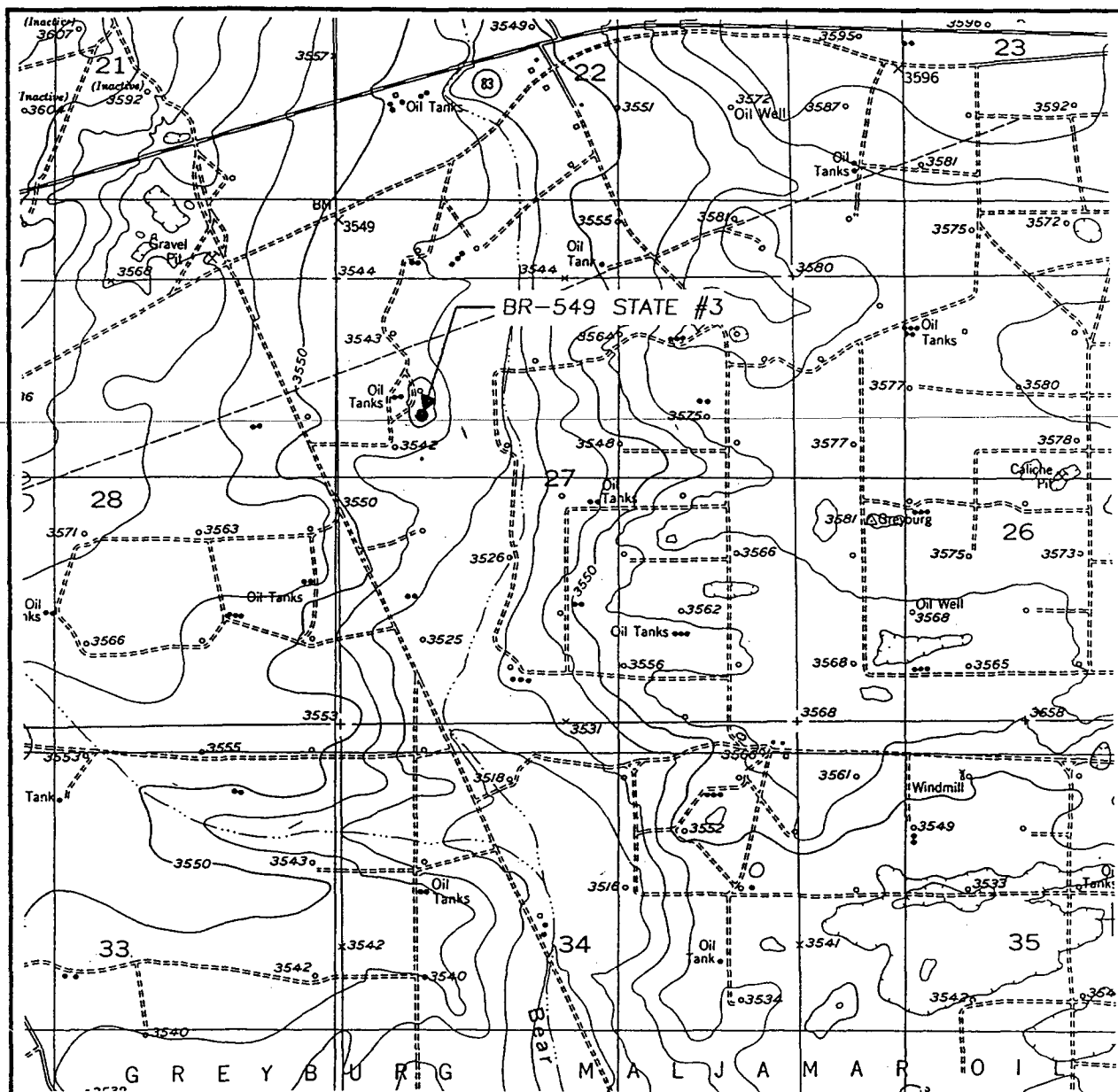
Surrounding Proration Units

Ownership in Yezo Formation

Mack Energy

Marbob / Arco

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
RED LAKE SE - 10'

SEC. 27 TWP. 17-S RGE. 29-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1600' FNL & 990' FWL

ELEVATION 3548

OPERATOR MARBOB ENERGY CORP.

LEASE BR-549 STATE

U.S.G.S. TOPOGRAPHIC MAP

RED LAKE SE, N.M.

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505 393-3117)

MACK ENERGY CORPORATION

Post Office Box 960
Artesia, New Mexico 88211-0960
(505) 748-1288 / FAX (505) 746-2362

March 2, 2000

MAR 03 2000

Raye Miller
Marbob Energy Corporation
P.O. Box 227
Artesia, New Mexico 88211

Re: Our Robinson State Lease
W/2 NW/4 Section 27, T17S, R29E
Eddy County, New Mexico

Dear Raye:

Marbob Energy Corporation, et al, are the owners of leasehold rights below 3500 feet in the captioned lands ("lands") and desire to drill a well or wells on the lands.

Mack Energy Corporation as Operator, and Chase Oil Corporation, et al, as working interest owners as to those depths above 3500 feet, agree not to object to any well location(s) staked by Marbob Energy Corporation on the lands, so long as said well location(s) are located no closer than 75 feet to any currently producing or disposing well operated by Mack Energy Corporation, nor closer than 330 feet from the west line of Section 27, T17S, R29E.

Sincerely,



Robert C. Chase
Vice President of Mack Energy Corporation
President of Chase Oil Corporation

RCC:rw1