



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

January 3, 2008

Marbob Energy Corporation
Attn: Mr. William Miller
P.O. Box 227
Artesia, NM 88211-0227

Administrative Order NSL-5748

**Re: Kickapoo Federal Well No. 1
API No. 30-015-30770
Unit J, Section 22-26S-24E
Eddy County**

Dear Mr. Miller:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR07-32327632**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on November 16, 2007, and

(b) the Division's records pertinent to this request.

Marbob Energy Corporation (Marbob) has requested to drill the above-referenced well at an unorthodox deep gas well location, 2094 feet from the South line and 1773 feet from the East line (Unit J) of Section 22, Township 26 South, Range 24 East, N.M.P.M., in Eddy County, New Mexico. The E/2 of Section 22 will be dedicated to this well in order to form a standard 320-acre, more or less, wildcat gas spacing unit in the Barnett Sahle formation. This location is governed by statewide Rule 104.C(2), which provides for 320-acre units, with wells located at least 660 feet from a unit outer boundary or quarter section line. This location is less than 660 feet from the boundary between the NE/4 and the SE/4 of Section 22.

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

It is our understanding that you are seeking this location in order to utilize an existing wellbore that was drilled to test a different formation.

It is also understood that, although certain parties were in fact noticed, notice of this application to offsetting operators or owners is unnecessary because the only encroachment is internal to the unit.

Pursuant to the authority conferred by Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', written in a cursive style.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Artesia
United States Bureau of Land Management - Carlsbad