

DATE IN 4/8/08	SUSPENSE	ENGINEER Brooks	LOGGED IN 4/8/08	TYPE NSL	APP NO. PKVR0809955435
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



Marbob Energy Corp
 NB Tween State #2
 5830

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

[D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner *Per 4/28*
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

RECEIVED
 2008 APR 8 AM 8:00

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate and complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statomont must be completed by an individual with managerial and/or supervisory capacity.

Raye Miller
Print or Type Name

Raye Miller
Signature

Attorney-in-fact
Title

4/8/08
Date

marbob@marbob.com
e-mail Address



RECEIVED

2008 APR 4 PM 1 43

Certified Receipt Return

March 20, 2008

Oil Conservation Division
1220 St. Francis Drive
Santa Fe, New Mexico 87504

Attention: Mr. Richard Ezeanyim

RE: Unorthodox Location
Administrative Approval Request
NB Tween State #2
990' FSL 2460' FWL
Section 25, T-17S R-28E
Eddy County, New Mexico

Dear Mr. Ezeanyim:

Marbob Energy Corporation respectfully request your consideration of an unorthodox location approval for the above described location. We made a grave mistake in drilling this well. In our original application to drill we filed for the unorthodox surface location because there were multiple obstacles on the surface at the orthodox location. We indicated in our application that we would deviate the wellbore to an orthodox location. Our drilling department failed to recognize the need to deviate this hole and drilled it vertically. Five and one half inch casing was run to total depth and cemented before we realized our error. We ran a deviation survey to determine true bottom hole location and the bottom hole location is 1057.97 FSL and 2359.38 FWL. This puts the location 49.38 feet unorthodox to the East offset proration unit and also make the location 67.97 feet unorthodox to the North location. Since our surface location was 990 feet from the south line and our deviation surveys conformed the drift to the North is allowed under the OCD rules. Certainly we were lucky that the normal drift of this hole was the west which made our well bore less unorthodox but that does not excuse our error. We have implemented new procedures to try and make sure this event never happens again.

Enclosed as Exhibit A is the plat showing the surface location. Exhibit B is the deviation survey showing the exact bottom hole location. Exhibit C is the normal deviation survey typically filed with the completion report. Exhibit D is a map showing the proration unit, all offset proration units, and the affected offset proration unit. Exhibit E is a list of all the active

wells in the offset proration units and the operator of each well. Exhibit F is our notice letter to offset operations and a copy of the fax conformation which indicates the date they have received it.

We would request approval of the unorthodox location after the appropriate notice time frame has expired so that this well bore can be unitized. We apologized for the mistake and if you need anything else for this application, please contact me.

Sincerely,

A handwritten signature in cursive script that reads "Raye Miller".

Raye Miller
Land Department

RM/na
Attachments

EXHIBIT "A"

DISTRICT I

N. FRENCH DR., HOBBS, NM 88240

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.

Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-015-35974		Pool Code	Pool Name
Property Code	Property Name NB TWEEN STATE		Well Number 2
OGRID No.	Operator Name MARBOB ENERGY CORPORATION		Elevation 3680'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	25	17-S	28-E		990	SOUTH	2460	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
N	25	17-S	28-E		990	SOUTH	2310	WEST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
-----------------	-----------------	--------------------	-----------

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>GEODETIC COORDINATES NAD 27 NME SURFACE LOCAITON</p> <p>Y=655516.6 N X=562482.0 E</p> <p>LAT.=32.801939° N LONG.=104.129986° W</p> <p style="text-align: right;">BOTTOM HOLE LOCAITON Y=655514.3 N X=562331.9 E</p> <p style="text-align: right;">GRID AZ.=269°06'34" HORIZ. DIST.=150.1'</p>	<p>OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <hr/> <p>SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p style="text-align: center;">NOVEMBER 17, 2007</p> <p>Date Surveyed _____ AR</p> <p>Signature & Seal of Professional Surveyor <i>Ronald J. Eidson</i> 11/29/07</p> <p style="text-align: center;">07.11.16545</p> <p>Certificate No. GARY EIDSON 12641 RONALD J. EIDSON 3239</p>
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Scientific Drilling International
Survey Report

Company: MARBOB ENERGY
 Field: NB Tween
 Site: Eddy County, NM
 Well: NB Tween State #2
 Wellpath: VH - Job #32K0308191

Survey: 03/24/08
 Company: KSRG 01-5560'
 Tool: Scientific Drilling Internatio
 Keeper; Keeper Gyro

Date: 03/28/2008
 Time: 11:39:49
 Co-ordinate(N/E) Reference: Site: Eddy County, NM, Grid North
 Vertical (TYD) Reference: SITE 0.0
 Section (VS) Reference: Well (0.00M, 0.00E, 304.04Azzi)
 Survey Calculation Method: Minimum Curvature
 Db: Sybase

Start Date: 03/24/2008
 Engineer: Madrid w/P&M
 Tied-to: From Surface

Survey	MD ft	Incl deg	Azim deg	TYD ft	VS ft	N/S ft	E/W ft	D/S deg/100ft	C/SD ft	C/SA deg
	0.00	0.00	360.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	100.00	0.45	190.15	100.00	-0.16	-0.39	-0.07	0.45	0.39	190.15
	200.00	0.80	182.02	199.99	-0.69	-1.47	-0.16	0.36	1.48	186.32
	300.00	1.01	169.20	299.98	-1.68	-3.03	-0.02	0.29	3.03	180.42
	400.00	1.32	189.97	399.96	-2.77	-5.03	-0.06	0.52	5.03	180.65
	500.00	1.43	197.15	499.93	-3.60	-7.36	-0.62	0.20	7.39	184.85
	600.00	1.46	192.74	599.90	-4.43	-9.80	-1.27	0.12	9.88	187.40
	700.00	1.61	205.14	699.86	-5.11	-12.31	-2.15	0.36	12.50	189.91
	800.00	2.14	250.30	799.81	-6.12	-15.01	-3.96	0.72	13.52	194.77
	900.00	2.22	230.36	899.74	-4.37	-17.67	-6.85	0.39	18.88	200.64
	1000.00	2.56	234.91	999.65	-3.03	-20.19	-9.97	0.39	22.51	206.29
	1100.00	2.52	238.41	1099.55	-1.33	-22.62	-13.67	0.16	26.43	211.15
	1200.00	2.28	245.71	1199.47	0.62	-24.59	-17.36	0.39	30.10	215.22
	1300.00	2.06	248.73	1299.39	2.69	-26.06	-20.85	0.25	33.37	218.66
	1400.00	1.89	255.06	1399.33	4.79	-27.14	-24.11	0.28	36.30	221.62
	1500.00	1.70	266.54	1499.29	7.05	-27.65	-27.19	0.41	38.78	224.52
	1600.00	1.66	271.12	1599.24	9.44	-27.71	-30.12	0.14	40.93	227.38
	1700.00	1.69	276.76	1699.20	11.97	-27.52	-33.03	0.15	43.00	230.20
	1800.00	1.56	286.38	1799.16	14.82	-26.73	-35.01	0.39	44.62	233.16
	1900.00	1.72	309.85	1899.12	17.46	-25.18	-38.08	0.41	45.66	236.52
	2000.00	1.84	324.64	1999.07	20.46	-22.91	-40.17	0.47	46.24	240.30

Company: MARBOB ENERGY
 Field: NB Tween
 Site: Eddy County, NM #2
 Well: NB Tween State #2
 Wellpath: VH - Job #32K0308191

NB TWEEN STATE #2.TXT
 Date: 03/28/2008
 Co-ordinate(NE) Reference: Site: Eddy County, NM, Grid North
 Vertical (TVD) Reference: Well (0.00N, 0.00E, 304.04Azzi)
 Section (VS) Reference: Well (0.00N, 0.00E, 304.04Azzi)
 Survey Calculation Method: Minimum Curvature
 Page: 2
 Db: Sybase

Survey MD	Incl	Azim	TVD	VS	N/S	E/W	DLS	ClSP	ClSA
ft	deg	deg	ft	ft	ft	ft	deg/100ft	ft	deg
4900.00	1.76	321.23	4897.69	102.76	50.37	-89.98	0.06	103.12	299.24
5000.00	1.83	319.44	4997.64	105.77	52.78	-91.98	0.09	106.05	299.85
5100.00	1.63	324.99	5097.60	108.64	55.16	-93.84	0.26	108.85	300.45
5200.00	1.71	326.43	5197.56	111.34	57.57	-95.48	0.09	111.49	301.09
5300.00	1.57	325.80	5297.51	114.00	59.94	-97.07	0.14	114.09	301.70
5400.00	1.82	336.92	5397.47	116.60	62.54	-98.47	0.41	116.65	302.42
5500.00	2.24	339.11	5497.41	119.53	65.83	-99.79	0.43	119.54	303.41
5560.00	2.16	338.18	5557.36	121.43	67.97	-100.62	0.15	121.43	304.04

RECEIVED
MAR 25 2008

TEACO DRILLING INC.

P.O. BOX 1500 (505) 3910699 FAX (505) 391- 3824 HOBBS, NEW MEXICO 88241

INCLINATION REPORT

DATE: 3/16/2008

WELL NAME AND NUMBER NB TWEEN STATE # 2
LOCATION EDDY COUNTY
OPERATOR: MARBOB ENERGY CORPORATION
DRILLING CONTRACTOR: TEACO DRILLING INC.

THE UNDERSIGNED HEREBY CERTIFIES THAT HE IS AN AUTHORIZED REPRESENTATIVE OF THE DRILLING CONTRACTOR WHO DRILLED THE ABOVE DESCRIBED WELL AND THAT HE HAS CONDUCTED DEVIATION TEST AND OBTAINED THE FOLLOWING RESULTS:

DEGREE	DEPTH	DEGREE	DEPTH	DEGREE	DEPTH
<u>1</u>	<u>403</u>	<u>1.75</u>	<u>2576</u>	<u>1.75</u>	<u>4957</u>
<u>0.75</u>	<u>835</u>	<u>1.75</u>	<u>2644</u>	<u>1.75</u>	<u>5243</u>
<u>1</u>	<u>1285</u>	<u>1.5</u>	<u>2770</u>	<u>2.5</u>	<u>5592</u>
<u>1.25</u>	<u>1725</u>	<u>1.5</u>	<u>3058</u>		
<u>2.25</u>	<u>2166</u>	<u>2</u>	<u>3279</u>		
<u>1.75</u>	<u>2233</u>	<u>2.25</u>	<u>3406</u>		
<u>2.5</u>	<u>2293</u>	<u>2</u>	<u>3500</u>		
<u>1.75</u>	<u>2326</u>	<u>2</u>	<u>3914</u>		
<u>2</u>	<u>2420</u>	<u>2</u>	<u>4261</u>		
<u>1.75</u>	<u>2483</u>	<u>2</u>	<u>4676</u>		

DRILLING CONTRACTOR:
TEACO DRILLING INCORPORATED

BY: Bob Wegner
BOB WEGNER
DRILLING SUPERINTENDENT

SUBSCRIBED AND SWORN TO BEFORE ME ON THE 17 DAY OF March, 2008

MY COMMISSION EXPIRES: 3/01/11 [Signature]

Exhibit "E"

Well Name	Well Location	Operator
Marathon A 25 State #15	2274 FSL 905 FWL	SDX Resources, Inc.
Artesia Unit #7	480 FNL 330 FWL	SDX Resources, Inc.
D State #24	990 FSL 1650 FEL	Marbob Energy Corp.
D State #26	1695 FSL 2265 FEL	Marbob Energy Corp.
D State #28	530 FSL 2310 FEL	Marbob Energy Corp.
D State #16	430 FSL 330 FWL	Marbob Energy Corp.
DAD State #41	2310 FSL 1650 FEL	Marbob Energy Corp.
D State #1	990 FSL 990 FWL	Marbob Energy Corp.
D State #25	330 FNL 2210 FWL	Marbob Energy Corp.
D State #10	330 FNL 990 FWL	Marbob Energy Corp.
DAD State #33	990 FNL 330 FWL	Marbob Energy Corp.
Empire Abo Unit C #42	1650 FSL 2310 FWL	BP America Production Company
Empire Abo Unit D #41	990 FSL 330 FWL	BP America Production Company
Artesia Unit #6	330 FSL 330 FWL	Melrose Operating Company
Empire Abo Unit C #43	1650 FSL 1980 FEL	BP America Production Company
Empire Abo Unit C #41	1650 FSL 660 FWL	BP America Production Company
Geronimo 36 State #1	1060 FNL 1980 FWL	RKI Exploration & Production, LLC
State 647 AC 724 #197	660 FNL 1980 FEL	Warren Hanson dba Hanson Energy
State BV #1	1800 FSL 1980 FEL	Enervest Operating L.L.C.
Empire Abo Unit D #43	2310 FEL 990 FSL	BP America Production Company



March 20, 2008

Fax & Certified Mail

SDX Resources, Inc.
511 W. Ohio Ave, Suite 601
Midland, TX 79701

Attention: Mr. Steve Sell

RE: Unorthodox Location
Offset Operator Notice
NB Tween State #2
990' FSL & 2460' FWL
Section 25 T-17S R-28E
Eddy County, New Mexico

Dear Mr. Sell:

BP is the operator of wells within the notice area of this proposed location. This letter serves as notice of our application for approval of this project. A copy of the full application is enclosed for your review. If you have any objection to this application please timely file your objection with OCD in Santa Fe. If you have any questions regarding our application please contact me.

Sincerely,

Raye Miller
Land Department

RM/na
Attachments

TRANSACTION REPORT

P. 01

APR-02-2008 WED 09:56 AM

FOR: MARBOB ENERGY CORP

15057462523

SEND

DATE	START	RECEIVER	TX TIME	PAGES	TYPE	NOTE	M#	DP
APR-02	09:47 AM	14326850110	8' 17"	16	FAX TX	OK	523	

TOTAL : 8M 17S PAGES: 16



FAX COVER SHEET

To:	SDX Resources	From:	William Miller
Date:	April 2, 2008	Pages:	15
Fax No.:	432 685 0110		

ATTENTION: Mr. Steve Sell

Gentlemen:

Please review the following documents.

Thanks,
William Miller

If you have trouble receiving this fax, please call
Nancy at 505-748-3303.



March 20, 2008

Fax & Certified Mail

RKI Exploration
3817 NW Expressway, Suite 950
Oklahoma City, OK 73112

Attention: Mr. Chip Taylor

RE: Unorthodox Location
Offset Operator Notice
NB Tween State #2
990' FSL & 2460' FWL
Section 25 T-17S R-28E
Eddy County, New Mexico

Dear Mr. Taylor:

BP is the operator of wells within the notice area of this proposed location. This letter serves as notice of our application for approval of this project. A copy of the full application is enclosed for your review. If you have any objection to this application please timely file your objection with OCD in Santa Fe. If you have any questions regarding our application please contact me.

Sincerely,

Raye Miller
Land Department

RM/wm
Attachments

TRANSACTION REPORT

P. 01

APR-02-2008 WED 09:58 AM

FOR: MARBOB ENERGY CORP

15057462523

SEND

DATE	START	RECEIVER	TX TIME	PAGES	TYPE	NOTE	M#	DP
APR-02	09:56 AM	14059492223	1'51"	16	FAX TX	OK	524	

TOTAL : 1M 51S PAGES: 16



FAX COVER SHEET

To: RKI Exploration From: William Miller
 Date: April 2, 2008 Pages: 15
 Fax No.: 405 949 2223

ATTENTION: Mr. Chip Taylor

Gentlemen:

Please review the following documents.

Thanks,
William Miller

If you have trouble receiving this fax, please call
Nancy at 505-748-3303.



March 20, 2008

Fax & Certified Mail

BP America Production Company
501 Westlake Park Blvd, Rm. 6197
Houston, TX 77079

Attention: Mr. J.P. Adams

RE: Unorthodox Location
Offset Operator Notice
NB Tween State #2
990' FSL & 2460' FWL
Section 25 T-17S R-28E
Eddy County, New Mexico

Dear Mr. Adams:

BP is the operator of wells within the notice area of this proposed location. This letter serves as notice of our application for approval of this project. A copy of the full application is enclosed for your review. If you have any objection to this application please timely file your objection with OCD in Santa Fe. If you have any questions regarding our application please contact me.

Sincerely,

Raye Miller
Land Department

RM/na
Attachments



March 20, 2008

Fax & Certified Mail

Hanson Energy
R342 S. Haldeman Rd.
Artesia, NM 88210

Attention: Mr. Warren Hanson

RE: Unorthodox Location
Offset Operator Notice
NB Tween State #2
990' FSL & 2460' FWL
Section 25 T-17S R-28E
Eddy County, New Mexico

Dear Mr. Hanson:

BP is the operator of wells within the notice area of this proposed location. This letter serves as notice of our application for approval of this project. A copy of the full application is enclosed for your review. If you have any objection to this application please timely file your objection with OCD in Santa Fe. If you have any questions regarding our application please contact me.

Sincerely,

Raye Miller
Land Department

RM/wm
Attachments

TRANSACTION REPORT

P. 01

APR-02-2008 WED 10:21 AM

FOR: MARBOB ENERGY CORP

15057462523

SEND

DATE	START	RECEIVER	TX TIME	PAGES	TYPE	NOTE	M#	DP
APR-02	10:17 AM	15057460428	3' 06"	16	FAX TX	OK	527	
TOTAL :						3M 6S	PAGES:	16



FAX COVER SHEET

To:	Hanson Energy	From:	William Miller
Date:	April 2, 2008	Pages:	15
Fax No.:	505 746 0428		

ATTENTION: Mr. Warren Hanson

Gentlemen:

Please review the following documents.

Thanks,
William Miller

If you have trouble receiving this fax, please call
Nancy at 505-748-3303.



March 20, 2008

Fax & Certified Mail

EnerVest Operating L.L.C.
1001 Fannin, Suite 800
Houston, TX 77002

Attention: Mr. Peter Tower

RE: Unorthodox Location
Offset Operator Notice
NB Tween State #2
990' FSL & 2460' FWL
Section 25 T-17S R-28E
Eddy County, New Mexico

Dear Mr. Tower:

BP is the operator of wells within the notice area of this proposed location. This letter serves as notice of our application for approval of this project. A copy of the full application is enclosed for your review. If you have any objection to this application please timely file your objection with OCD in Santa Fe. If you have any questions regarding our application please contact me.

Sincerely,

Raye Miller
Land Department

RM/wm
Attachments

TRANSACTION REPORT

P. 01

APR-02-2008 WED 09:44 AM

FOR: MARBOB ENERGY CORP

15057462523

SEND

DATE	START	RECEIVER	TX TIME	PAGES	TYPE	NOTE	M#	DP
APR-02	09:42 AM	17136593556	1' 53"	16	FAX TX	OK	521	
TOTAL :						1M 53S	PAGES:	16



FAX COVER SHEET

To: EnerVest Operating From: William Miller
Date: April 2, 2008 Pages: 15
Fax No.: 713 659 3556

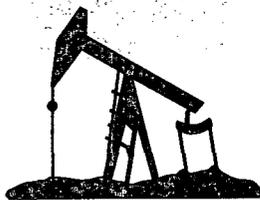
ATTENTION: Mr. Peter Tower

Gentlemen:

Please review the following documents.

Thanks,
William Miller

If you have trouble receiving this fax, please call
Nancy at 505-748-3303.



marbob
energy corporation

March 20, 2008

Fax & Certified Mail

Melrose Operating Company
5813 NW Grand Blvd, Suite B
Oklahoma City, OK 73118

Attention: Mr. Mike Corjay

RE: Unorthodox Location
Offset Operator Notice
NB Tween State #2
990' FSL & 2460' FWL
Section 25 T-17S R-28E
Eddy County, New Mexico

Dear Mr. Corjay:

BP is the operator of wells within the notice area of this proposed location. This letter serves as notice of our application for approval of this project. A copy of the full application is enclosed for your review. If you have any objection to this application please timely file your objection with OCD in Santa Fe. If you have any questions regarding our application please contact me.

Sincerely,

A handwritten signature in black ink that reads "Raye Miller". The signature is written in a cursive, slightly slanted style.

Raye Miller
Land Department

RM/na
Attachments

TRANSACTION REPORT

P. 01

APR-02-2008 WED 09:47 AM

FOR: MARBOB ENERGY CORP

15057462523

SEND

DATE	START	RECEIVER	TX TIME	PAGES	TYPE	NOTE	M#	DP
APR-02	09:45 AM	14058483993	2' 22"	16	FAX TX	OK	522	

TOTAL : 2M 22S PAGES: 16



FAX COVER SHEET

To: Melrose Operating From: William Miller
 Date: April 2, 2008 Pages: 15
 Fax No.: 405 848 3993

ATTENTION: Mr. Mike Corjay

Gentlemen:

Please review the following documents.

Thanks,
William Miller

If you have trouble receiving this fax, please call
Nancy at 505-748-3303.



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



May 20, 2008

Mr. Ray Miller
Marbob Energy Corporation
FAX NO. 575-746-2523

**Re: Marbob Energy Corporation
NB Tween State #2
Unit N, Section 25-17S-28E
Eddy County
NSL Application**

Dear Mr. Miller:

I do not find in this application any indication of the formation in which the well is or will be completed. That information is necessary to determine the appropriate unit configuration.

Also, without identification of the formation, I cannot determine the sufficiency of notices. Notice is only required to offsetting operators or owners in the same formation. However, if the applicant operates the offsetting unit in that formation, or if there is no well in that formation in the affected unit, then notice to working interest owners is required.

There are additional problems:

1. I am confused by the indication that the deviation to the north is allowed under OCD Rules. As I read Rule 111.B(3), it seems to say that the deviation may not exceed 50 feet from the surface location, and it seems this well deviated to the north some 67 feet. Please advise if I am misreading the rule, or if some other rule applies. Otherwise, it would seem that Unit J is an affected
2. Since the well would, in any event be closer to Unit I than a well located 330 feet from the north and east lines of Unit O, and Unit I is an adjoining unit [See Rule 7.A(3)], it would seem that Unit I is also an affected unit.
3. The notice letters appear to be defective in two respects. In the first place all of the notice letters start with the statement that "BP is the operator of wells within the notice area." This statement would seem to be likely to confuse offsetting operators other than BP, though perhaps it is cured by attachment of your application. More significant, however, is the omission



May 20, 2008

Page 2

of the statement required by Rule 104.F(4) that objection must be filed within 20 days from the date that OCD receives the application. That provision of the rule is frequently disregarded, and I routinely accept notices that indicate that objection must be filed within 20 days from the date of the notice letter, since a notice filed within that time would be timely. But the notice letters here include no statement as to when protests must be filed to be timely, although the rule expressly requires that statement.

Please advise in what formation or formations this well will be completed, and who are the affected parties in the offsetting units in that formation, and please send corrected notices to affected parties, indicating that protests must be filed within 20 days from the date of the notices, since the notices will be of later date than the date of OCD's receipt of the application.

If you have questions or other concerns, please feel free to contact the undersigned.

Very truly yours,

A handwritten signature in cursive script that reads "David K. Brooks". The signature is written in black ink and is positioned below the typed name.

David K. Brooks

Legal Examiner

505-476-3450

david.brooks@state.nm.us

Brooks, David K., EMNRD

From: Nancy Agnew [landtech@marbob.com]
Sent: Thursday, May 22, 2008 2:52 PM
To: Brooks, David K., EMNRD
Subject: N B Tween #2 Letter
Attachments: N B Tween #2 OCD 2.pdf

Mr. Brooks if you need anything else contact us. Thank you.

This inbound email has been scanned by the MessageLabs Email Security System.



Certified Receipt Return

May 22, 2008

Oil Conservation Division
1220 St. Francis Drive
Santa Fe, New Mexico 87504

Attention: Mr. David Brooks

RE: Unorthodox Location
Administrative Approval Request
NB Tween State #2
990' FSL 2460' FWL
Section 25, T-17S R-28E
Eddy County, New Mexico

Dear Mr. Brooks:

Marbob Energy Corporation requests approval for the NB Tween State #2 unorthodox location. In our original application, we failed to identify the formation in which we will be completing the well. The formation that we will attempt and believe we will complete in is the Yeso formation. This formation is currently contained in the Artesia Glorietta Yeso pool. We are the operator of all of the offsetting proration units in this pool. We notified additional offset operators in both shallower and deeper horizons as an abundance of caution. We have not had any indication of any objection by any of the parties we notified. We will amend our notice letter on future applications to be clearer and more in compliant to OCD rules.

Thank you for your help in this matter.

Sincerely,
Raye Miller
Raye Miller
Land Department

RM/na
Attachment



RECEIVED
2008 MAY 27 PM 4:04

Certified Receipt Return

May 22, 2008

Oil Conservation Division
1220 St. Francis Drive
Santa Fe, New Mexico 87504

Attention: Mr. David Brooks

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Administrative Approval Request
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Thank you for your help in this matter.

Sincerely,
Raye Miller
Raye Miller
Land Department

RM/na
Attachment

Well File Search - Select API Number to View

Please select the API Number you wish to view from the list below by clicking the radio button next to the API Number. Then click the "Continue" button to see the thumbnails for the API you selected.

The search results are broken out by groups of 25 on each page. Switching pages can be done by clicking the "Next 25" or "Previous 25" links.

2 Records Found

Displaying Screen 1 of 1

API Number	ULSTR	Footages
<input type="radio"/> 3001501537	N -25-17S-28E	660 FSL & 1980 FWL
Well Name & Number: EMPIRE ABO UNIT No. 042A		
Operator: BP AMERICA PRODUCTION COMPANY		
<input type="radio"/> 3001535974	N -25-17S-28E	990 FSL & 2460 FWL
Well Name & Number: N B TWEEN STATE No. 002		
Operator: MARBOB ENERGY CORP		

2 Records Found

Displaying Screen 1 of 1

Brooks, David K., EMNRD

From: Nancy Agnew [landtech@marbob.com]
Sent: Friday, May 30, 2008 7:23 AM
To: Brooks, David K., EMNRD
Subject: Re: N B Tween #2 Letter

Mr. Brooks,

Melrose doesn't own an interest in this tract but does in the offsets but they were notified of this application. Yates, BP, and RKI own an interest in all the tracts. If you need anything else please contact me.

Sincerely,

Raye Miller

----- Original Message -----

From: Brooks, David K., EMNRD
To: Nancy Agnew
Sent: Thursday, May 29, 2008 5:27 PM
Subject: RE: N B Tween #2 Letter

Mr. Raye Miller

Dear Raye

Thanks for re-sending this information. I appreciate the courtesy although I now found the previous email and hard copy letter in another NSL file.

You state that Marbob is the operator of all of the offsetting Yeso units. Please confirm that Marbob is either 100% working interest owner of these units, or that ownership thereof is identical with that of the SE/4 SW/4 of Section 25.

Thanks

David K. Brooks
Legal Examiner
505-476-3450

From: Nancy Agnew [mailto:landtech@marbob.com]
Sent: Thursday, May 29, 2008 2:54 PM
To: Brooks, David K., EMNRD
Subject: Fw: N B Tween #2 Letter

----- Original Message -----

From: Nancy Agnew
To: david.brooks@state.nm.us
Sent: Thursday, May 22, 2008 3:52 PM
Subject: N B Tween #2 Letter

Mr. Brooks if you need anything else contact us. Thank you.