



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
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Mark Fesmire
Division Director
Oil Conservation Division



July 3, 2008
Administrative Order NSL-5849

Marbob Energy Corporation
Attention: Mr. Dean Chumbley
P.O. Box 227
Artesia, New Mexico 88211-0227

Dear Mr. Chumbley:

Marbob's NSL Application: D State Well No. 43

1040' FNL & 1550' FWL, Unit C,
Section 36, T-17 South, R-28 East, NMPM,
Eddy County, New Mexico

Reference is made to the following:

- (a) Marbob Energy Corporation's ("Marbob" or "applicant") application for a non-standard well location (**administrative application reference No. *pKVR0813029633***) for the D State Well No. 43 that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on May 8, 2008; and
- (b) the Division's records pertinent to your request.

The applicant requests approval of an unorthodox oil well location for its D State Well No. 43 in the Artesia Glorieta-Yeso Pool (96830) which is located 1040 feet from the North line and 1550 feet from the West line (Unit C) of Section 36, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico. The NW/4 NE/4 of Section 36 is to be dedicated to the well in the Artesia Glorieta-Yeso Pool forming a standard 40-acre oil spacing and proration unit.

The Artesia Glorieta-Yeso Pool is currently governed by Division Rule No. 19.15.3.104(B). This rule requires oil wells to be located no closer than 330 feet from the boundary of a 40 acre spacing and proration unit. This well is un-orthodox because



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it is to be located 240 feet from the western boundary of the 40-acre spacing and proration unit.

Evidence submitted by the applicant demonstrates that the D State Well No. 43 will be completed in the Yeso interval.

The applicant has provided notice of this application to all affected offset operators and/or interest owners. No party has entered an objection to this application within the 20-day waiting period prescribed by Division Rule 19.15.3.104(F).

The proposed location is unorthodox only due to the need to avoid existing natural gas pipelines in the area. The affected units are all part of the D State lease.

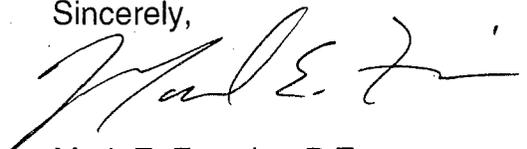
Division records show that there are no other wells producing from the Artesia Glorieta -Yeso Pool within the NW/4 NE/4 of Section 36 Eddy County, New Mexico.

Pursuant to the authority granted under the provisions of Division Rule 104, the above-described unorthodox oil well location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 40.

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

Sincerely,



Mark E. Fesmire, P.E.
Division Director

MEF/tw

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