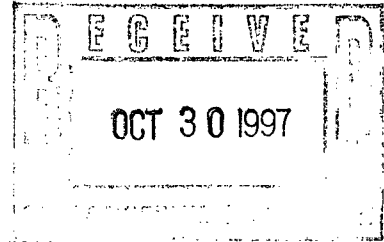


NSL 11/19/97



marbob
energy corporation



October 28, 1997

New Mexico Department of Energy, Minerals and Natural Resources
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Attention: Mr. Mike Stogner

RE: APPLICATION FOR ADMINISTRATIVE APPROVAL
OF UNORTHODOX LOCATION

Marbob Energy Corporation
#1 Lewis-Fee
1130' FSL & 2544' FWL
Section 31 - T9S - R37E
Lea County, New Mexico

Dear Mr. Stogner:

Marbob Energy Corporation (Marbob) hereby makes application pursuant to Oil Conservation Division Rule 104.F(2) for administrative approval to drill the above referenced #1 Lewis-Fee well to the Siluro-Devonian formation at an unorthodox location based on geologic considerations.

Marbob proposes to drill the #1 Lewis-Fee well to a non-standard bottomhole location of 1130 feet from the south line and 2544 feet from the west line of Section 31, Township 9 South, Range 37 East, N.M.P.M., Lea County, New Mexico with the intent of testing the Siluro-Devonian formation. The surface location will be the same as the bottomhole location. This location represents the best location identified by 3D seismic information. The proposed location encroaches only on an inner governmental quarter-quarter boundary and does not encroach on any lease boundaries.

There are no wells producing from the Siluro-Devonian formation within a one mile radius of the proposed location and the nearest Siluro-Devonian dry hole, being the Jake Hamon State #1, is located approximately 1 mile to the southeast in section 5-T10S-R37E. The

Application For Unorthodox Location

nearest producing well is the Yates Petroleum Corporation #2 State-AQW which is a San Andres producers located approximately 1/2 mile east/southeast in section 6-T10S-R37E. Please refer to the attached land plat for the location of nearby wells.

Marbob proposes to initially dedicate to the #1 Lewis-Fee well a standard spacing/proration unit comprised of SE/4SW/4 of said Section 31. Should Siluro-Devonian production be established, Marbob may apply for a non-standard spacing unit or special pool rules which would provide for 80-160 acre spacing/proration units.

Marbob Energy Corporation is the lessee of record of all of section 31. In addition, there is common working interest, royalty interest and overriding royalty interest across all of section 31.

Exhibit "A" is a plat showing the proposed unorthodox well location, the spacing unit for the #1 Lewis-Fee, the affected diagonal and adjoining spacing units, and lease ownership in the affected area. The spacing unit for the proposed well is outlined in red and the adjoining governmental quarter-quarter section and lots are outlined in blue.

As there is common ownership, both from the working interest ownership and royalty interest ownership standpoints, across all lands affected by the proposed unorthodox location of the #1 Lewis-Fee, there would be no encroachment on correlative rights.

Exhibit "B" is a geologic map derived from 3D seismic information showing the two-way travel time from the surface to the top of the Siluro-Devonian formation (Siluro-Devonian Time Map). This map indicates the presence of a relatively low relief structural closure having approximately 100 -125 foot of structural relief with an area under closure of around 160-180 acres. The crestal position on this structure is shown in the yellow shaded area. The proposed unorthodox location for the #1 Lewis-Fee is located at the estimated highest structural position on the feature.

At the nearest standard location of 990 feet from the south line and 2310 feet from the west line of section 31(as shown by orange dot on geologic map) there is an increased risk of encountering the Siluro-Devonian formation at a position 10' to 20' structurally lower than at the proposed unorthodox location. Structural position is usually the single-most important aspect of productive Siluro-Devonian reservoirs found in this area (the risk associated with reservoir quality being the second most common problem).

The estimated productive area for this feature should be approximately 80-160 acres. Recoverable reserves from one well drilled in an optimum location on this feature are estimated to be between 300,000 barrels of oil and 600,000 barrels of oil with very little to no associated gas.

The proposed unorthodox location for the #1 Lewis-Fee well should provide the opportunity for additional recoverable oil reserves of at least 50,000 barrels of oil over the nearest standard location.

Application For Unorthodox Location

In addition, it is Marbobs opinion that this feature can be efficiently and economically drained by drilling only one well at an optimum location on the feature thereby optimizing recoverable reserves and preventing the economic waste that would be incurred by drilling unnecessary development wells. There would be no encroachment of correlative rights due to the proposed unorthodox location as there is common ownership across all affected lands.

Oil Conservation Division Rule 104.F(4) requires that the applicant submit a statement attesting that the applicant has sent notification to the affected parties as defined in Oil Conservation Division Rule 104.F(3b). As defined in Rule 104.F(3b), there are no affected parties. Please accept this application as the written statement from Marbob attesting that there are no affected parties to this proposed unorthodox location.

Based on the information contained herein, Marbob requests that the Division Director grant exception to Oil Conservation Division Rules 104.B(1b) and 104.C(1) ,without notice and hearing, so that Marbob may drill its #1 Lewis-Fee well at the proposed unorthodox location.

Thank you for your time and for your consideration of this application. Should you have any questions, please feel free to give me a call at 623-5053 or 622-6182.

Respectfully Submitted,

MARBOB ENERGY CORPORATION

By: 

Mike Hanagan, Geologist

CC: OCD District I, Hobbs

Illos Ld Co. M.I.
Oil Dev. Co. Santa Fe
Lewis, (S)

G.W. Ainsworth et al
9-1-97
Oil Dev. Co. Santa Fe

26
Magnolia
9-23-68
ROADS

Illos Ld Co. M.I.
Lewis, (S)

Lawrence, et al
Marbob
2-2045

Illos Ld Co. M.I.
Lewis, (S)

35
C.L. House
er (memo of gpt)
wyer, et al, M.I.
1.6 Cattle Co. (S)

et al
Marshall E.
Kinsley
11-1-36
66990
S.
Craw, (S)

State M.I.
Mobi (S)

1
tes O'Brien
1-2000
4690
5091
2

State

tes Pet, et al
1-98
VA 887
14 96

ROADS

Marbob
10-90
Cerrillos Ld Co. M.I.
Rob Lewis, (S)

(Cadden)
Oil Dev. Co. Santa Fe
Marbob
9-25-61

Magnolia
Santa Fe
T8 12313
Miss 1760
Dev 12230
8/18-14-56

25
G.W. Ainsworth, et al, 1/2
Marbob
10-2-2045

Cerrillos Ld Co. M.I.
Rob Lewis, (S)

AREB
10-1-2001
V-4856
42 18

36

State
Rob Lewis, (S)

Yates Pet, et al
10-1-99
VA 1275
23 22

UNIC Pet
12-1-2005
96061
115 05
US 3

R.D. Lewis
(S)

State
R.D. Lewis, et al (S)

Permian Basin Land Assoc
10-1-2001
V B 502
64 06

ROADS

Marbob
(Oil Dev. Co. M.I.)
Rob Lewis, (S)

Marbob
Marbob
G.W. Ainsworth et al, 1/2
Marbob 10-2-2045

G.W. Ainsworth, et al 1/2
Marbob
10-2-2045

Cerrillos Ld Co. M.I.
Rob Lewis, (S)

Marbob Ener.
10-2-2045

31

31

Cerrillos Ld Co. M.I.
Rob Lewis, (S)

Yates Pet, et al
VA-492

(Somedoni
IT-P State)
"Sawyer-Sr"

6
Yates Pet, et al
11-1-2000
V-4752
82 09

State

Cobra Expl
10-1-99
V 4489
43 22

Prime Oper.

Yates Pet, et al
98212 2600 U.S.
Wilson E.

C.B. King
1974
1975
1976

29

Cerrillos L
W.H. And

Julian Ard, et al S
10-409

32

32

"Horton-Strat"
State M.I.
W.H. Anderson

Somedoni, et al
"Adlong"
W.H. And

(Gms Prod. E
(Petroleum Ac
Grp.)
L-1080
"State"

5
Hamon
State
TO 12870
DIA 6 19 681

Prime Oper.
to 5065

Marbob
6-1-2000
V 4673
118 75

J.L. Wagon
Union-Sr

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

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, NM 87504-2088

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

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
Property Code	Property Name LEWIS FEE	Well Number 1
OGRID No.	Operator Name MARBOB ENERGY CORPORATION	Elevation 3989

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	31	9 S	37 E		1130	SOUTH	2544	WEST	LEA

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
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Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
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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

LOT 1 38.92 AC.				<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>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>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>OCTOBER 20, 1997</p> <p>Date Surveyed _____</p> <p>Signature of Surveyor _____</p> <p>Professional Surveyor _____</p> <p>RONALD S. EDSON</p> <p>NEW MEXICO</p> <p>10-21-97</p> <p>P.O. Num. 97-115669</p> <p>Certificate No. RONALD S. EDSON, 3238</p> <p>MARINO EDSON, 12641</p> <p>PROFESSOR W. McDONALD, 12165</p>
LOT 2 38.94 AC.				
LOT 3 38.94 AC.				
LOT 4 38.96 AC.				

NAD 27 NME
Y=906400 N
X=847900 E

2544'

6'

1130'

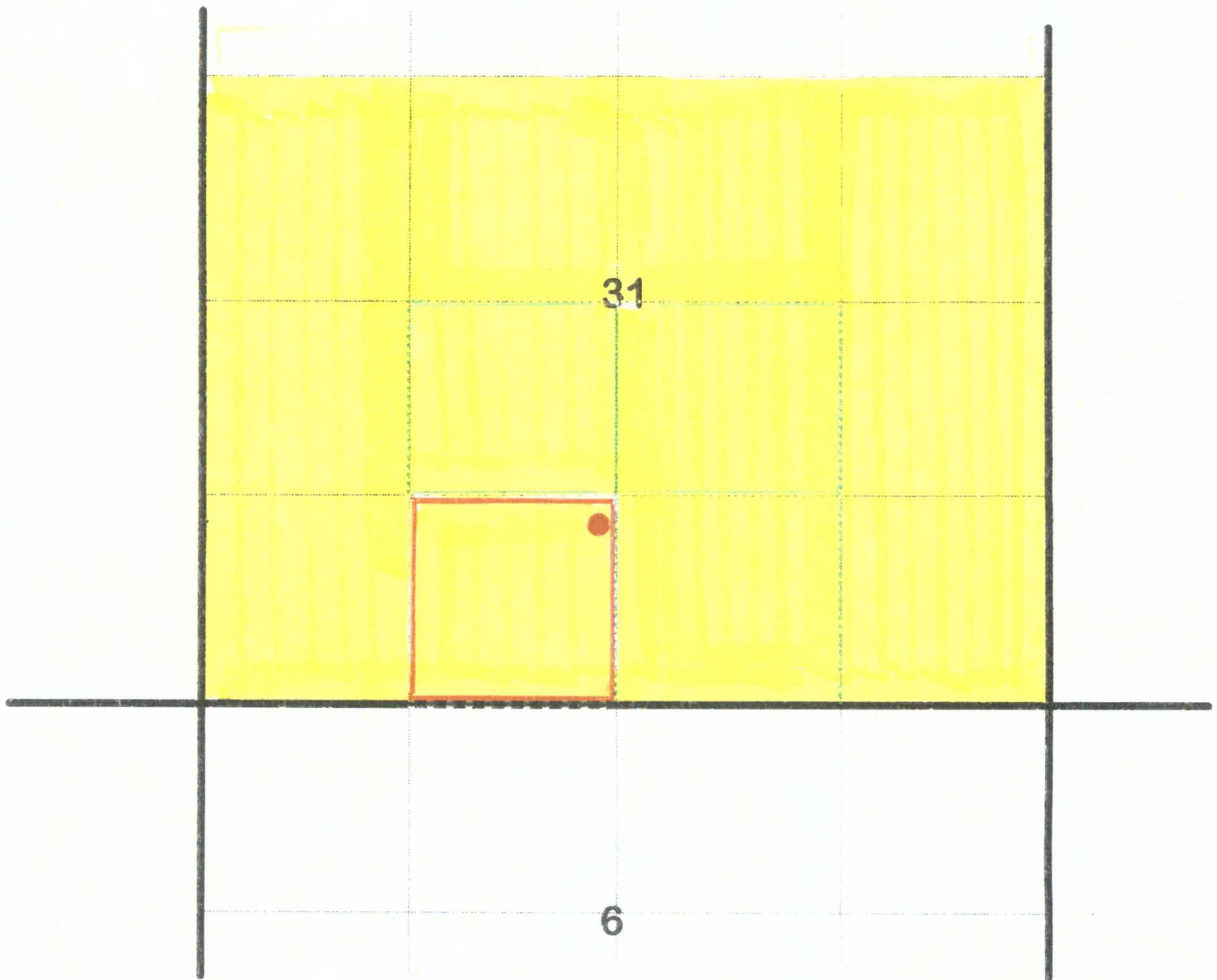


Exhibit "A"

Application For Unorthodox Location

Marbob Energy Corporation

#1 Lewis-Fee

1330' FSL & 2544' FWL

Section 31-T9S-R37E

Lea County, New Mexico



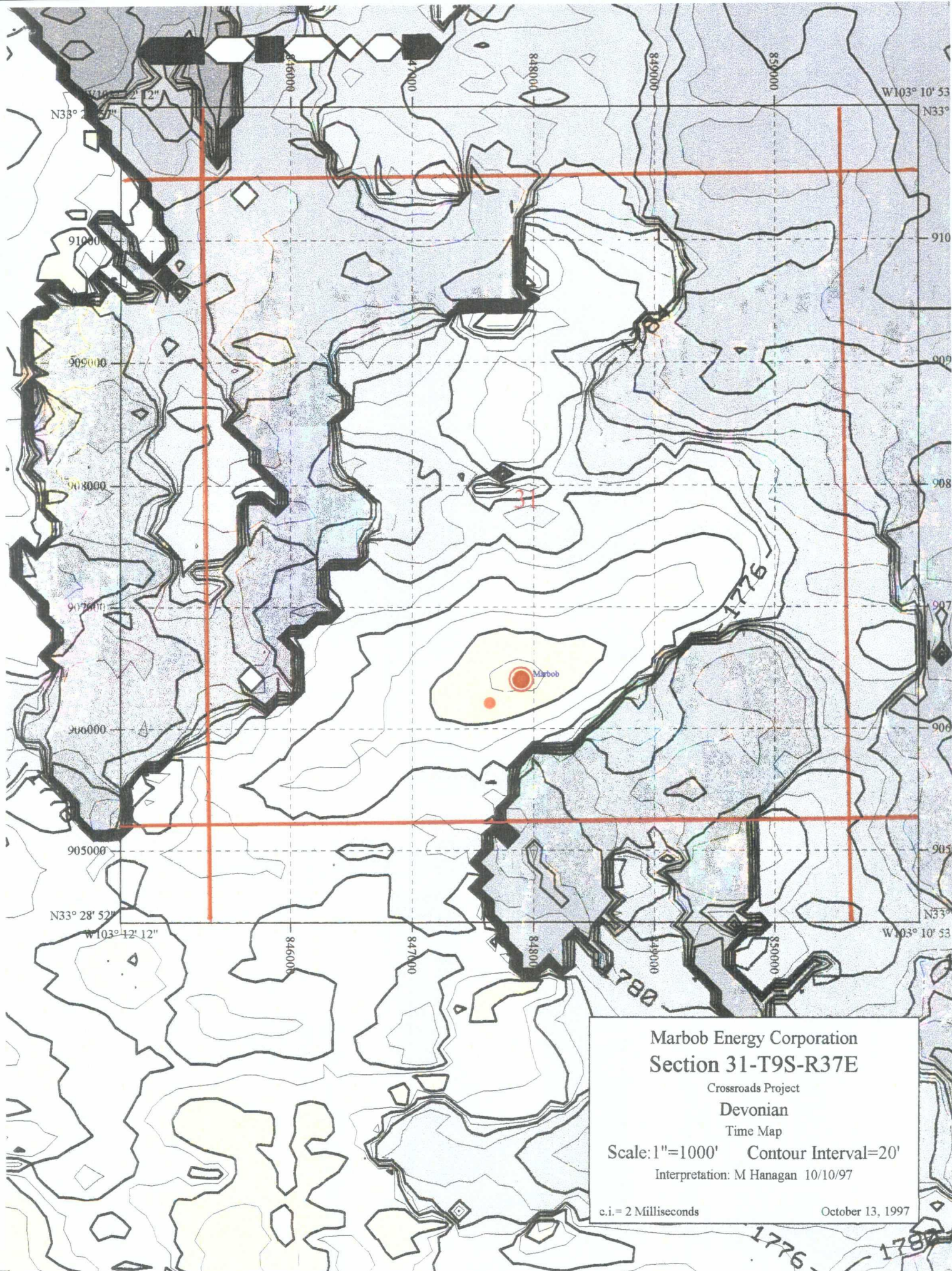
Marbob Leasehold



Spacing Unit

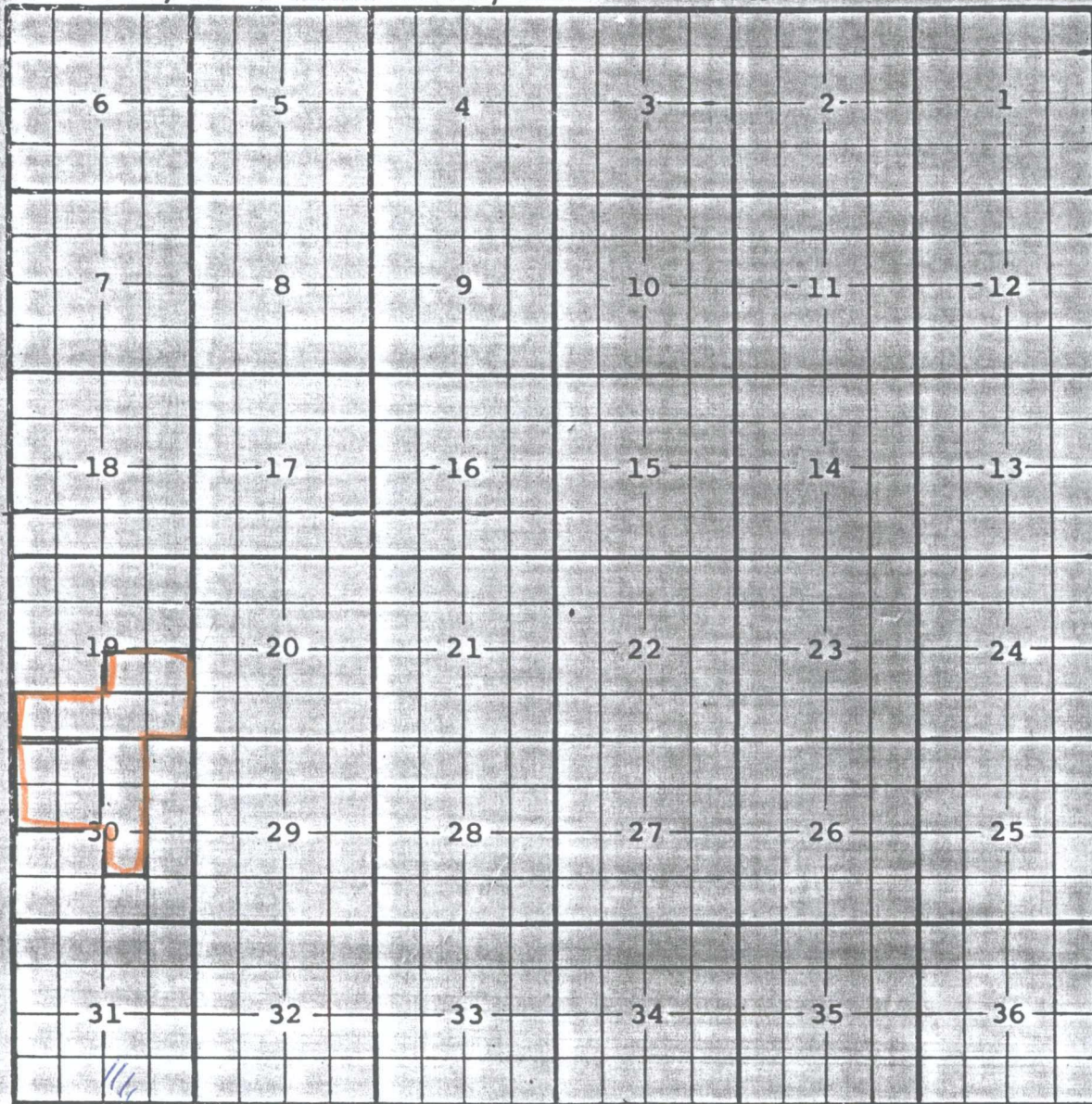


Adjacent Units



COUNTY *Lea*POOL *East Crossroads - Devonian*TOWNSHIP *9 South*RANGE *37 East*

NMPM

Description: $\frac{NW}{4}$ Sec. 30 (R-982, 4-23-57)Ext: $\frac{S}{2} \frac{S}{2}$ Sec. 19; $\frac{W}{2} \frac{NE}{4} \frac{NW}{4} \frac{SE}{4}$ Sec. 30 (R-1105, 12-30-57) - $\frac{N}{2} \frac{SE}{4}$ Sec. 19 (R-1532, 12-1-59)

10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
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