

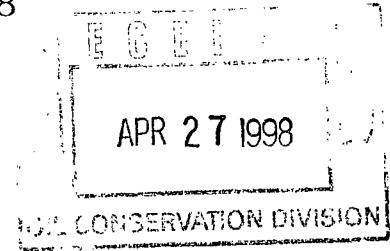
NSR 5/18/98



marbob
energy corporation

April 20, 1998

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



Attention: Mr. Mike Stogner

RE: Application For Administrative
Approval of Unorthodox Location
and Non-Standard Spacing Unit
Cedar Lake Federal #1
1385' FSL and 1410' FWL
Section 18-17S-31E
Eddy County, New Mexico

Dear Mike:

Marbob Energy Corporation (Marbob) hereby makes application pursuant to Oil Conservation Division Rule 104.F.(2) and Rule 104.D.(2) for administrative approval to drill the above referenced Cedar Lake Federal #1 to the Morrow Formation based on geologic/surface terrain considerations.

Marbob proposes to drill the Cedar Lake #1 well at an unorthodox location 1385 feet from the south line and 1410 feet from the west line of Section 18, Township 17 South, Range 31 East, N.M.P.M., Eddy County, New Mexico. The proposed proration unit is the south half and this would make the location have greater than the standard setback of 660 feet, but be unorthodox to the west setback by 240 feet. Additionally, the W/2SW/4 is described as Lot 3 and Lot 4 which comprise 32.20 acres and 32.31 acres respectively. Since this section is not a standard 640 acres, we would request the south half proration unit comprising 304.51 acres be dedicated to this well.

Marbob is the operator for the well with the rights in the lease being owned by Marbob and Atlantic Richfield Company. The spacing unit which this well will encroach upon is either the S/2 of Section 13, Township 17 South, Range 30 East or the E/2 of Section 13, Township 17 South, Range 30 East depending on where they might place their location. There are currently no deep wells in Section 13 so no proration units have been established. Burnett Oil Company is the operator in

Section 13, and they have been supplied with a copy of this application. We identify all adjoining proration units on Exhibit "B" with a list of the operators or listed lease owners for each tract. Each party listed has been notified and supplied with a copy of this application.

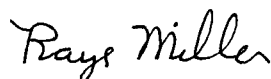
Exhibit "A" is a plat showing the proposed unorthodox well location and the proposed spacing unit for the Cedar Lake Federal #1. The spacing unit is outlined in red. Exhibit "C" shows the locations which were picked by our geologist from 3-D Seismic covering this section as the range of target for the Morrow sand channel. The red line describes the possible locations which he felt were ideal. As you will note, the northeast coordinate would have resulted in a location which was unorthodox, but only to the internal boundaries. We initially staked this as our drill site. Upon inspection by the BLM and our regulatory personnel, it was determined that the proximity of the GPM and Gas Company of New Mexico high pressure gas lines to that location (shown by the blue line) and the slope of the terrain, that if we built the location there, we would potentially undermine the sandy terrain around the lines which could result in a leak in the future.

Since this unorthodox location would avoid that potential problem, this location was final selected because of its suitable terrain. As you can see on the map of Exhibit "B", this is an area of considerable oilfield development. Finding locations that do not impact existing wells and facilities can be very difficult a times. Based on our geologic work, we believe that this location is identical in potential with the interior unorthodox location. This location has been reviewed by the BLM surface manager and our archeologist, and has been approved by both groups.

We affirm that notice has been sent to the offset operators or lease owners. We also believe that since our location is 1410 feet from the west line, it does not generate any serious encroachment on the Burnett acreage.

We would request that you consider approval of this unorthodox location and non standard spacing unit. Thank you for your help in this matter. If you have any questions, please contact me.

Sincerely,



Raye Miller
Land Department

cc: Mr. Tim Gumm
OCD District II
811 S. 1st St.
Artesia, NM 88210

DISTRICT I

P.O. Box 1000, Hobbs, NM 88241-1000

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

State of New Mexico

Energy, Minerals and Natural Resources Department

Exhibit "A"

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

Form C-102

Revised February 10, 1994

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name CEDAR LAKE; MORROW
Property Code	Property Name CEDAR LAKE FEDERAL	Well Number 1
GRID No. 14049	Operator Name MARBOB ENERGY CORPORATION	Elevation 3755'

Surface Location

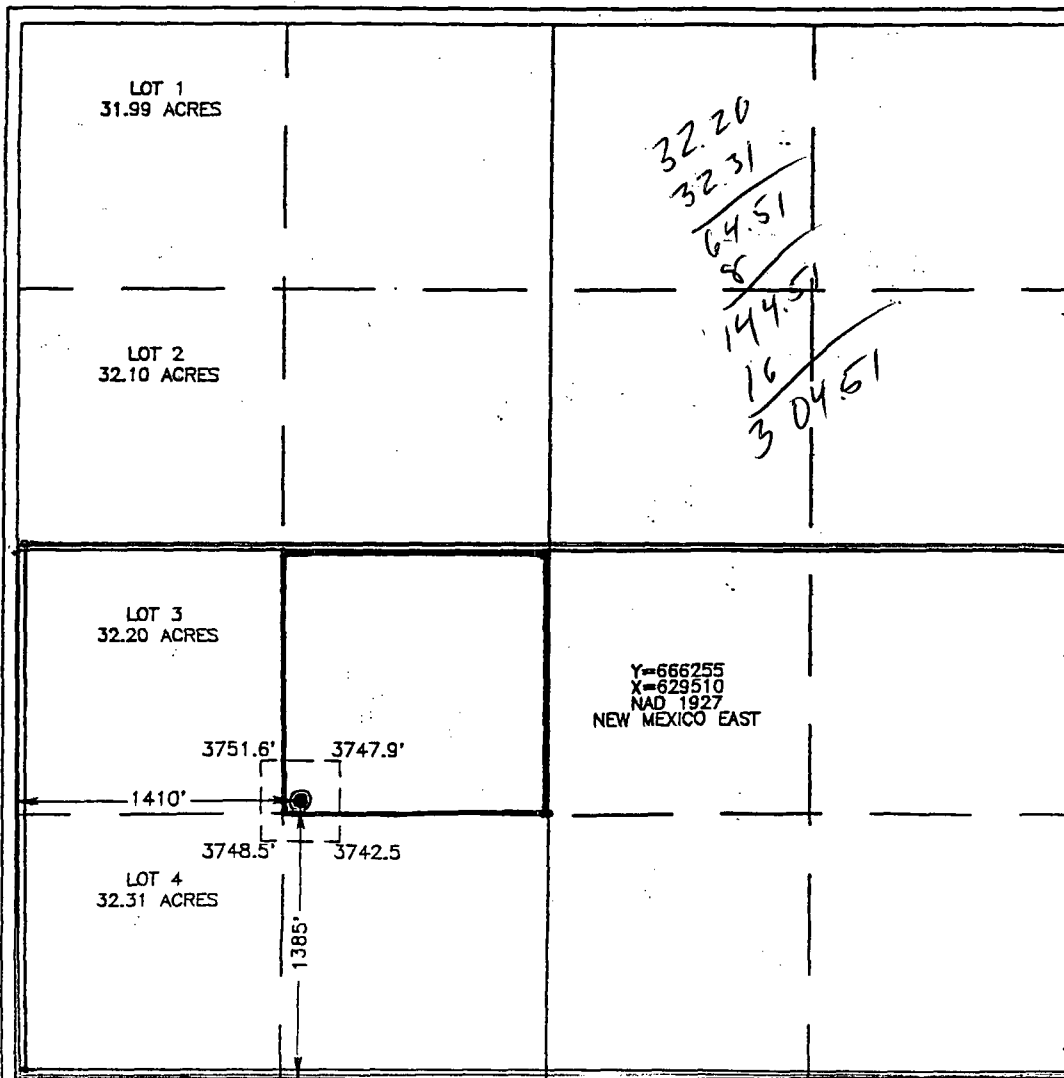
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	18	17 S	31 E		1385	SOUTH	1410	WEST	EDDY

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 40	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



OPERATOR CERTIFICATION

I hereby certify the the information
contained herein is true and complete to the
best of my knowledge and belief.

Rhonda Nelson
Signature

RHONDA NELSON
Printed Name

PRODUCTION CLERK
Title

APRIL 9, 1998
Date

SURVEYOR CERTIFICATION

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.

APRIL 1, 1998

Date Surveyed CDG

Signature & Seal of
Professional Surveyor

Ronald A. Nelson
3239-11-0522
98-11-0522

Certificate No. RONALD A. NELSON 3239
GARY NELSON 12641

EXHIBIT "B"

Section 13: N/2 Burnett Oil Company
 Section 13: S/2 Burnett Oil Company
 Section 17: S/2 Atlantic Richfield Company
 Marbob Energy Corporation
 Trinity University
 E. M. Closuit, Sr. Trust

Section 18: S/2 Atlantic Richfield Company
 Marbob Energy Corporation

Section 18: N/2 Atlantic Richfield Company
 Fair Oil, Ltd
 Richard L. Ray
 Rogers Aston
 Sunwest Bank Albuquerque, N.A.
 Agent for the Aston Partnership
 Lincoln Aston
 Sharon A. Olsen, Trustee
 u/t/a dated 7/31/81
 Ray Westall

Section 17: N/2 Marbob Energy Corporation
 Fair Oil, Ltd
 Richard L. Ray
 Rogers Aston
 Sunwest Bank Albuquerque, N.A.,
 Agent for the Aston Partnership
 Lincoln Aston
 Sharon A. Olsen, Trustee
 u/t/a dated 7/31/81
 Ray Westall

Section 19: N/2 Atlantic Richfield Company
 Section 20: N/2 Atlantic Richfield Company
 Section 24: N/2 Burnett Oil Company

Courtesy Notice: Devon Energy (shallow operator)

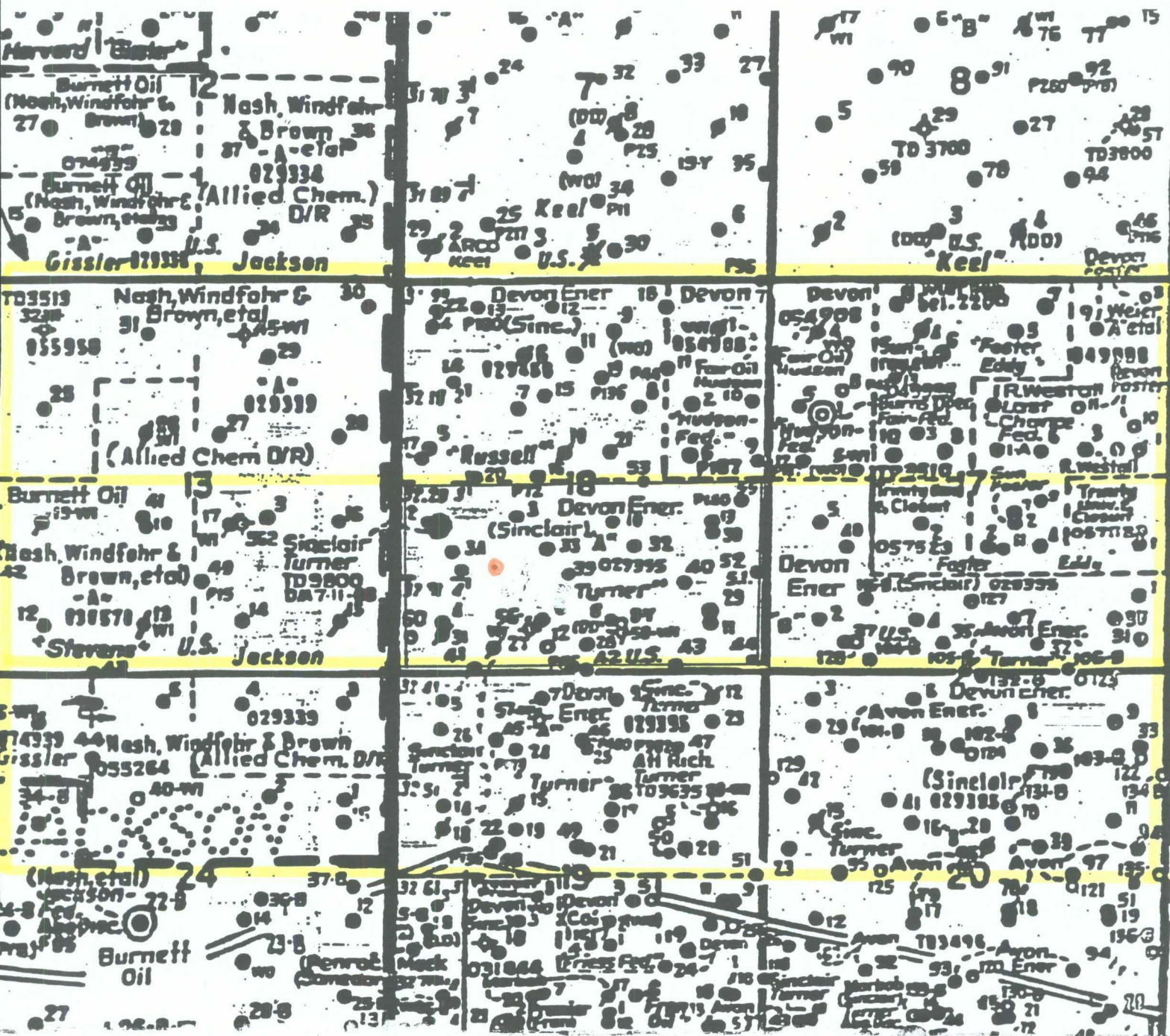


Exhibit "C"

18

1704' FSL
1651' FWL

1350' FWL
1305' FSL

- GPM high pressure gas line
- Range of potential locations
- Proposed location

County Eddy Pool Cedar Lake - Morrow Gas

TOWNSHIP <u>17 South</u>						RANGE <u>30 East</u>						NEW MEXICO PRINCIPAL MERIDIAN					
	6			5			4			3			2			1	
	7			8			9			10			11			12	
	18			17			16			15			14			13	
	19			20			21			22			23			24	
	30			29			28			27			26			25	
	31			32			33			34			35			36	

Description: NE 1/4 Sec. 36 (R-2187, 3-1-67)

Ext. W 1/2 Sec. 25, E 1/2 Sec. 26, NW 1/4 Sec. 36 (R-5987, 4-1-79)

Ext. N 1/2 Sec. 34, N 1/2 Sec. 35 (R-7009, 6-19-82)

Ext. S 1/2 Sec. 34 (R-7958, 6-12-85) Ext. S 1/2 Sec. 32 (R-10374, 3-7-95)

