



RECEIVED

JAN 28 2009

HOLLAND & HART LLP

January 26, 2009

VIA HAND DELIVERY

Mark E. Fesmire, P. E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

**Re: Application for Unorthodox Well Location
Marbob Energy Corporation
Foster-Eddy Federal No. 13
1295' FNL & 1650' FWL
Section 17, Township 17 South, Range 31 East
Eddy County, New Mexico**

*under Fren yeso
gloweta*

Dear Mr. Fesmire,

Marbob Energy Corporation (Marbob) hereby makes application for approval of an unorthodox well location in the Yeso formation in the Foster-Eddy Federal Well No. 13 located 1295 feet from the North line and 1650 feet from the West Line of Section 17, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico. The NE/4 NW/4 of Section 17 is dedicated to the well. Accordingly, this well is orthodox from the West line of the dedicated spacing unit, but encroaches on and is unorthodox to the South line of the spacing unit by a distance of 305 feet. The Oil Conservation Division previously granted an unorthodox well location in the San Andres formation in the same well (See Administrative Order NSL-3718(SD) attached hereto as Exhibit "A"). Marbob drilled and completed the well in late 1996 and early 1997.

Marbob originally sought approval of this unorthodox location in the San Andres formation to efficiently drain additional reserves in the SW/4 NE/4 NW/4 of Section 17 that otherwise would not be produced thereby causing waste. This unorthodox location was based on a cumulative oil production map of the Grayburg and San Andres formations (as designated in 1996). A reproduction of

that map is attached hereto as Exhibit "B". As you will see, on this map only Grayburg-San Andres producers (as designated in 1996) are shown. Oil production from wells drilled prior to 1970 is shown in green while oil production from wells drilled after 1990 is shown in red. Pre-1970 wells were normally drilled at a well density of 1 well per 40 acre proration unit. Cumulative oil production from pre-1970 wells in the immediate area ranged from 50,000 barrels of oil to almost 400,000 barrels of oil (Avg.=136,000 BOPW). After 1989, several wells were drilled in this immediate area by both Marbob and Avon (predecessor to Devon). Significant additional oil reserves were obtained as a result of this infill drilling. In the E/2 NW/4 of Section 17 over 188,000 barrels of oil had been recovered from the infill drilling program, which is only 52,000 barrels less than was recovered by the original two wells drilled on this 80 acre tract. No infill wells had been drilled in the SW/4 NE/4 NW/4 and the N/2 NE/4 NW/4 of Section 17. The location for the Foster-Eddy Federal Well No. 13 was situated to efficiently drain the remaining reserves in the SW/4 NE/4 NW/4 by moving away from the No. 4 and the No. 6 wells thereby preventing waste.

The Foster-Eddy Well No. 13 was drilled through the Grayburg-San Andres formations and into the Yeso formation. The reasons for the unorthodox location in the Yeso formation are the same as the reasons for the unorthodox location in the Grayburg-San Andres formation. Attached hereto as Exhibit "C" is a section of the Neutron-Density Log from the well which shows the Yeso formation and perforations in the well.

Marbob is operator and lessee of record of the NE/4 NW/4 of Section 17. The spacing unit which is encroached upon by this well is the SE/4 NW/4 of Section 17. As Marbob is also the operator and lessee of record of the SE/4 NW/4, the proposed unorthodox location only encroaches on Marbob's own leasehold interests. There is no notice required for offset spacing units that are not encroached upon under current rules. Thus, no offset leaseholders were given notice.

All of the lands on the Foster-Eddy Lease (shaded orange on attached Exhibit "D") are Federal minerals having common ownership. Marbob is the lessee of record of these lands. Since the working interest and royalty interest ownership across the lands affected by the proposed unorthodox location are common, the unorthodox location will not impair correlative rights of any mineral owner in the affected lands in either the San Andres or Yeso formations. The map also shows current Yeso producers in green and red.

Marbob respectfully requests that the Oil Conservation Division administratively approve the unorthodox location of the Foster Eddy Well No. 13 in the Yeso formation as well as the San Andres formation. If you have any questions concerning this matter, please contact me at 575-748-3303.

Your attention to this application is appreciated.

Marbob Energy Corporation

By: 
Brent A. May, Geologist

cc: Mr. Tim Gum
District Supervisor
Oil Conservation Division District II

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No.
NMLC-049998 (A)

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well

Oil Well Gas Well Other

JAN 22 2009

2. Name of Operator
Marbob Energy Corp.

7. If Unit of CA/Agreement, Name and/or No.
Foster Eddy

8. Well Name and No.
Foster Eddy Federal #13

3a. Address
P.O. Box 227
Artesia, NM 88211-0227

3b. Phone No. (include area code)
575 748-3303

9. API Well No.
30-015-29058

10. Field and Pool or Exploratory Area
Grayburg Jackson 7R-Q-GB-SA; Cedar Lake Yeso

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1295' FNL 1650' FWL, Unit C Sec. 17 T17S R31E

11. Country or Parish, State
Eddy, NM

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>Surface</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>Commingling</u>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

See Attached C-107-B application for surface commingling

*Foster Eddy Federal Lease
(Identical ownership)
2 Pools*

PC-1208

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)
William Miller

Title Landman

Signature

Date 01/13/2009

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by *Will Jones*

Title *Engineer*

Date *1/22/09*

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office *Salt Fe OCD*

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

October 15, 1996

OCT 18 1996

Marbob Energy Corporation
P. O. Box 227
Artesia, New Mexico 88211-0217
Attention: Mike Hanagan

Administrative Order NSL-3718(SD)

Dear Mr. Hanagan:

Reference is made to your application dated September 17, 1996 for an unorthodox Seven Rivers-Queen-Grayburg-San Andres oil well location in an existing standard 40-acre oil spacing and proration unit for the Grayburg-Jackson (Seven Rivers-Queen-Grayburg-San Andres) Pool comprising the NE/4 NW/4 (Unit C) of Section 17, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico. Grayburg-Jackson oil production from said unit is currently simultaneously dedicated to the Foster Eddy Well No. 6 (API No. 30-015-25981), located at a standard oil well location 990 feet from the North line and 2310 feet from the West line of said Section 17, and to the Foster Eddy Well No. 8 (API No. 30-015-26187), located at a standard oil well location 330 feet from the North line and 1650 feet from the West line of said Section 17.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox oil well location will be at a more favorable geologic position within its Foster Eddy leases to adequately drain reserves within the productive interval that might not otherwise be produced and to provide for a more efficient production pattern within the Grayburg-Jackson (Seven Rivers-Queen-Grayburg-San Andres) Pool.

The subject application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the Oil Conservation Commission in Case 11,351 on January 18, 1996.

By the authority granted me under the provisions of Division General Rule 104.F(2), the following described well to be drilled at an unorthodox "infill" oil well location in said Section 28 is hereby approved:

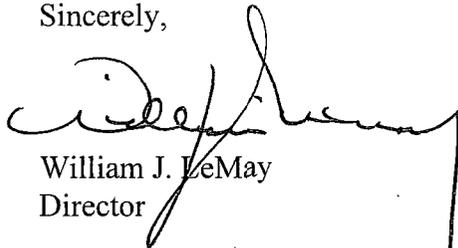


Administrative Order NSL-3718(SD)
Marbob Energy Corporation
October 15, 1996
Page 2

Foster Eddy Well No. 13
API No. 30-015-29058
1295' FNL - 1650' FWL (Unit C)

Further, Grayburg-Jackson oil production from the Foster Eddy Well Nos. 6, 8, and 13 are to be simultaneously dedicated to the subject 40-acre tract.

Sincerely,

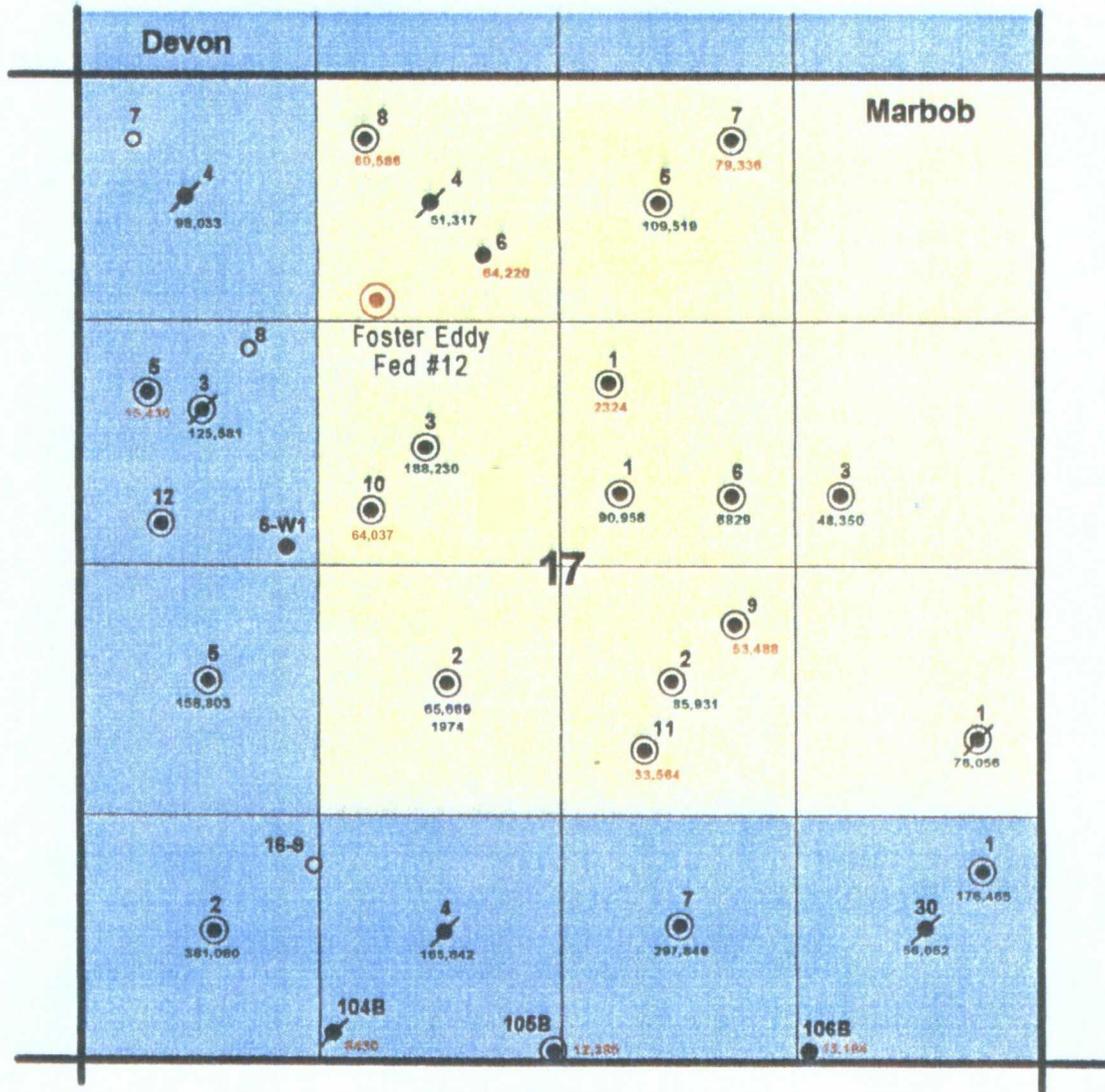


William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad

R31E



T17S

Exhibit "B"

Cumulative Production Map for Grayburg-San Andres Producers Only

*****1996 Data Used*****

Application For Unorthodox Location

Marbob Energy Corporation
 Foster Eddy Federal No. #13
 1295'FNL and 1650'FWL
 Section 17, T17S, R31E
 Eddy County, New Mexico



Marbob Energy
 Operator/Lessor

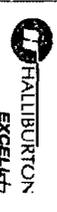
Pre-1970 Completion
 Cumulative Oil Production

Post-1990 Completion
 Cumulative Oil Production

Scale: 1"=1000'

● - Active

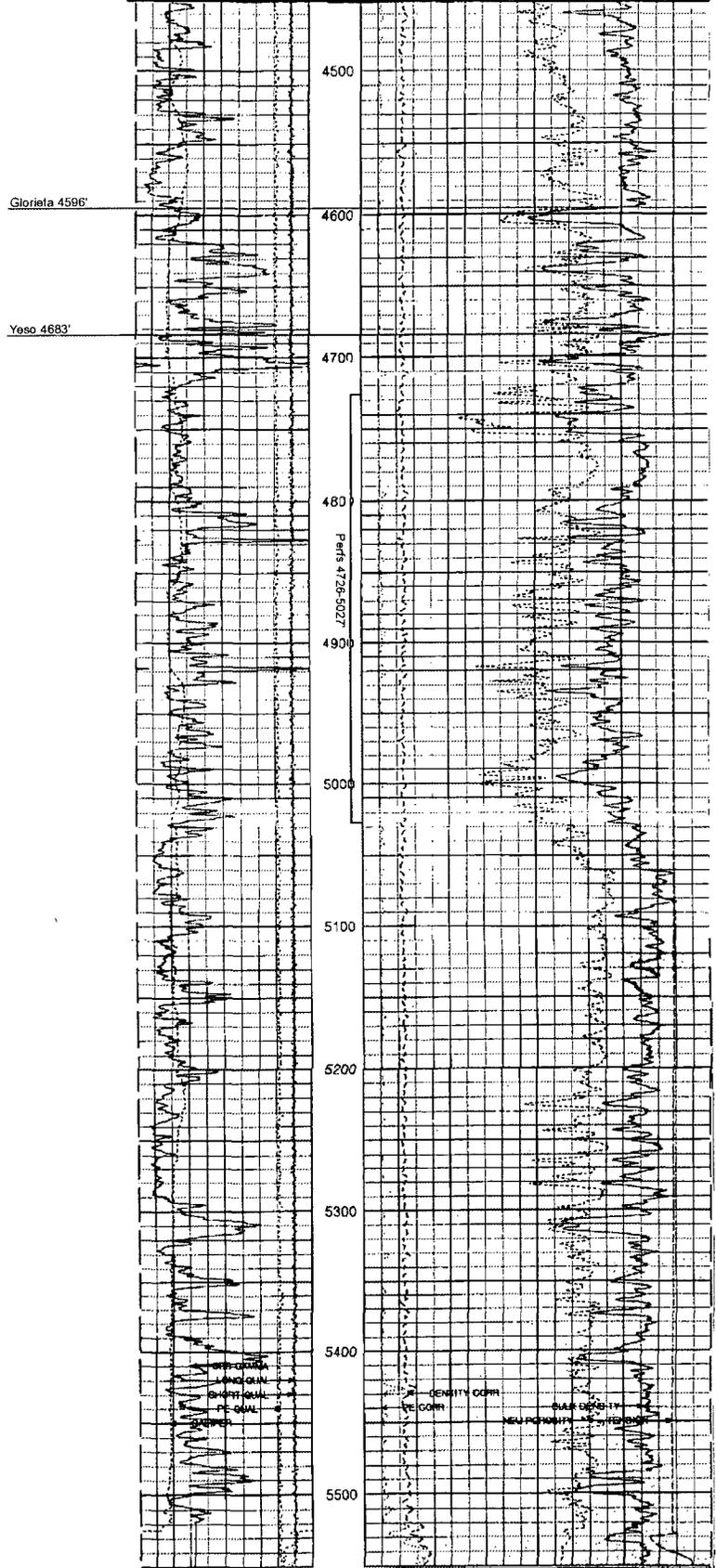




**SPECTRAL DENSITY
DUAL SPACED NEUTRON
SPECTRAL GAMMA LOG**

COMPANY: MARBON ENERGY CORPORATION
 WELL: FOSTER EOP-NO.13
 FIELD: GORR-JACKSON-58-01-GORR-5A
 COUNTY: DEW
 STATE: MI
 DATE: 12-17-2009 17:28:00
 OPERATOR: JAMES D. ANDERSON
 COMPANY: CH2M HILL

Well Name	FOSTER EOP-NO.13
Field	GORR-JACKSON-58-01-GORR-5A
County	DEW
State	MI
Date	12-17-2009 17:28:00
Operator	JAMES D. ANDERSON
Company	CH2M HILL

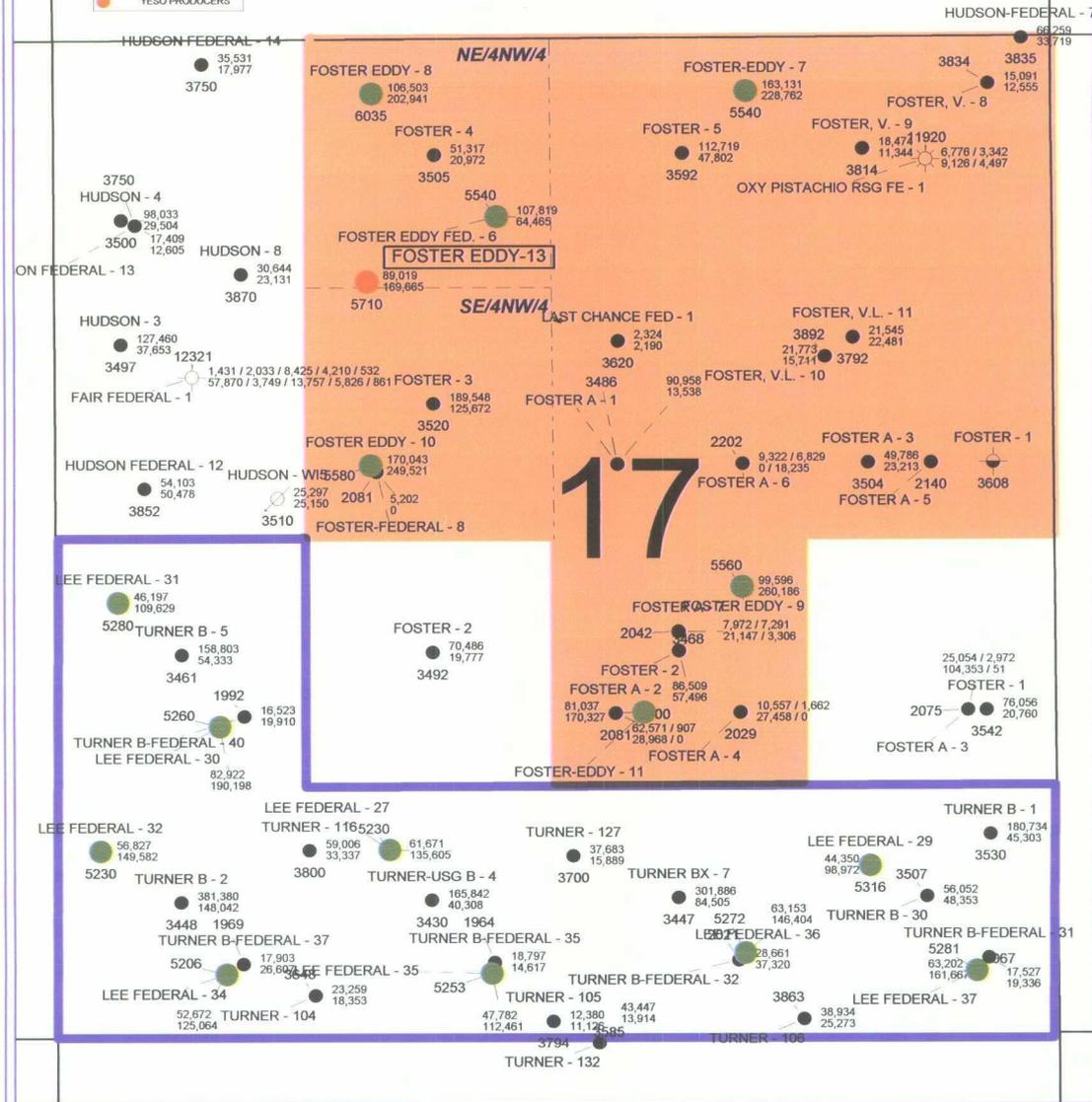


OSR GAMMA	0	100
LOGG QUAL	4.5	5
S-KRT QUAL	4.5	5
PE QUAL	5	5
CALIPER INCHES	5	5



T17S-R31E EDDY COUNTY, NM

SYMBOL HIGHLIGHT
 ● YESO PRODUCERS
 ● YESO PRODUCERS



PETRA 1/23/2009 3:17:37 PM

MARBOb ENERGY CORPORATION

Foster Eddy Lease

Foster Eddy Federal Lease - Orange Fill

Lee Federal Lease - Blue Outline

POSTED WELL DATA

Well Label

- PdCum - CUMOil
- PdCum - CUMGAS
- PdCum - WTRRATE

TD

By: dlw



January 23, 2009

EXHIBIT

D

tabbles



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



February 26, 2009

Mr. Brent A. May
Marbob Energy Corporation
P.O. Box 227
Artesia, NM 88211-0227
FAX No. 575-746-2523

**Re: Foster Eddy Federal Well No. 13
Unit C, Section 17-17S-31E
Eddy County, New Mexico
NSL Application**

Dear Mr. May:

In addition to encroaching toward the SE/4 NW/4 (Unit F) of Section 17, the location of this well encroaches on the diagonal toward the SW/4 NW/4 (Unit E). I recently explained our interpretation of diagonal encroachment to Mr. Ray Miller of your office.

Since, according to the lease map attached as Exhibit D to your application, Unit E is not part of this lease, we will need proof of notice to the operator or owners of Unit E before this application can be approved.

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

Very truly yours,

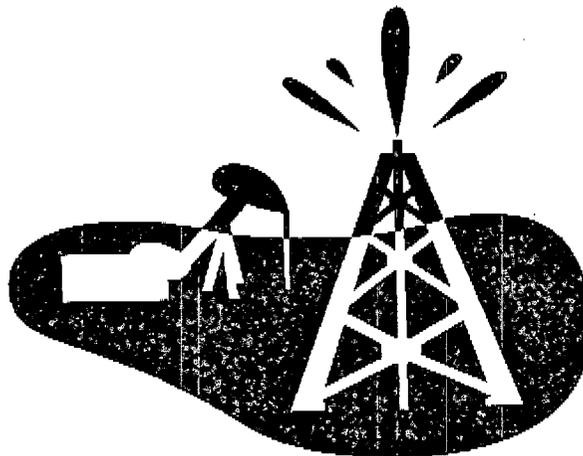
David K. Brooks
Legal Examiner
505-476-3450
david.brooks@state.nm.us



TRANSMISSION VERIFICATION REPORT

TIME : 02/26/2009 17:41
NAME : OIL CONSERVATION DIS
FAX : 505-476-3462
TEL : 505-476-3440
SER.# : BROH8J847603

DATE, TIME	02/26 17:40
FAX NO./NAME	915757462523
DURATION	00:00:23
PAGE(S)	02
RESULT	OK
MODE	STANDARD ECM



TRANSMITTAL COVER SHEET

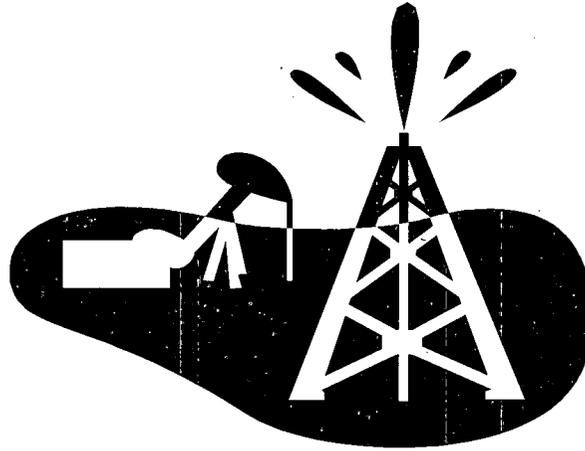
OIL CONSERVATION DIVISION
1220 S. ST. FRANCIS DRIVE
SANTA FE, NM 87505
(505) 476-3440
(505)476-3462 (Fax)

PLEASE DELIVER THIS FAX:

TO: Brent A. May 575-746-2523

FROM: David Brooks

DATE: 1-26-09



TRANSMITTAL COVER SHEET

OIL CONSERVATION DIVISION
1220 S. ST. FRANCIS DRIVE
SANTA FE, NM 87505
(505) 476-3440
(505)476-3462 (Fax)

PLEASE DELIVER THIS FAX:

TO: Brent A. May 575-746-2523

FROM: David Brooks

DATE: 1-26-09

PAGES: 2

SUBJECT: Foster - Eddy Fed #13

IF YOU HAVE TROUBLE RECEIVING THIS FAX, PLEASE CALL THE OFFICE NUMBER ABOVE.



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



March 10, 2009

Mr. Brent A. May
Marbob Energy Corporation
P.O. Box 227
Artesia, NM 88211-0227
FAX No. 575-746-2523

**Re: Foster Eddy Federal Well No. 13
Unit C, Section 17-17S-31E
Eddy County, New Mexico
NSL Application**

Dear Mr. May:

Inasmuch as we have received no response to our letter dated February 26, 2009, sent via fax and mail, requesting additional information regarding this application, we are closing our file.

Should you want to re-activate this application, please re-submit, together with a response to our February 26 request (copy enclosed).

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

Very truly yours,

David K. Brooks
Legal Examiner
505-476-3450
david.brooks@state.nm.us



SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Calco LLC
 C/O Deborah L Goluska
 P.O. Box 1090
 Roswell, NM 88202-1090

Foster Eddy 13-NSL

2. Article Number

(Transfer from service label)

7008 1140 0004 5976 8990

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

Agent

Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? Yes

If YES, enter delivery address below: No

3. Service Type

Certified Mail

Express Mail

Registered

Return Receipt for Merchandise

Insured Mail

C.O.D.

4. Restricted Delivery? (Extra Fee)

Yes

Same
address
Same
contact

Valko LLC
 Aston Partnership
 Ellen Hammond Paull
 Audrey Aston Bean

Eako LLC
 Calco LLC

<p>To:</p> <p>Calco LLC C/O Debroeah L Goluska P.O. Box 1090 Roswell, NM 88202-1090</p>	 <p>Post Office Box 227 Artesia, New Mexico 88211-0227</p>
--	--

7008 1140 0004 5976 8990

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Ray & Karen Westall
 P.O. Box 4
 Loco Hills, NM 88255

Foster Eddy 13- NSL

2. Article Number
(Transfer from service label)

7008 1140 0004 5976 9447

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

Agent

Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? Yes

If YES, enter delivery address below: No

3. Service Type

Certified Mail

Express Mail

Registered

Return Receipt for Merchandise

Insured Mail

C.O.D.

4. Restricted Delivery? (Extra Fee)

Yes

To:

maidob
 energy corporation

Post Office Box 227
 Artesia, New Mexico
 88211-0227

Ray & Karen Westall
 P.O. Box 4
 Loco Hills, NM 88255

7008 1140 0004 5976 9447

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Sharon A. Olsen
 P.O. Box 357
 Rimrock, AZ 86335-0357

Foster Eddy 13 - NSL

2. Article Number
(Transfer from service label)

7008 1140 0004 5976 8976

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

- Agent
 Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type

- Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee)

Yes

<p>To:</p> <p>Sharon A. Olsen P.O. Box 357 Rimrock, AZ 86335-0357</p>	 <p>maribob energy corporation</p>	<p>Post Office Box 227 Artesia, New Mexico 88211-0227</p>
--	---	---

7008 1140 0004 5976 8976

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Fair Oil LTD
 P.O. Box 689
 Tyler, TX 75710

Foster Eddy 13- NSL

2. Article Number
(Transfer from service label)

7008 1140 0004 5976 8983

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

Agent

Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? Yes

If YES, enter delivery address below: No

3. Service Type

Certified Mail

Express Mail

Registered

Return Receipt for Merchandise

Insured Mail

C.O.D.

4. Restricted Delivery? (Extra Fee)

Yes

 <p>marbob energy corporation</p>	<p>Post Office Box 227 Artesia, New Mexico 88211-0227</p>
<p>To:</p> <p>Fair Oil LTD P.O. Box 689 Tyler, TX 75710</p>	

7008 1140 0004 5976 8983



March 10, 2009

Fax & Certified Mail

Marbob Energy Corp.
P.O. Box 227
Artesia, NM 88210

RE: Unorthodox Location
Offset Operator Notice
Foster Eddy Fed. #13
1295' FNL & 1650' FWL
Section 17 T-17S R-31E
Eddy County, New Mexico

Aston Partnership

To Whom It May Concern:

Marbob 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. Even though the application states there is no notice required, the NMOCD advised us that notification would be required for the SW/4NW/4 of Section. 17 T17S R31E. If you have any objection to this application please timely file within 20 days of the date of this letter, your objection with OCD in Santa Fe. If you have any questions regarding our application please contact me.

Sincerely,

William Miller
Land Department

/wm
Attachments



March 10, 2009

Fax & Certified Mail

Marbob Energy Corp.
P.O. Box 227
Artesia, NM 88210

RE: Unorthodox Location
Offset Operator Notice
Foster Eddy Fed. #13
1295' FNL & 1650' FWL
Section 17 T-17S R-31E
Eddy County, New Mexico

Ellen Hammond Paull

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Fax & Certified Mail

Marbob Energy Corp.
P.O. Box 227
Artesia, NM 88210

RE: Unorthodox Location
Offset Operator Notice
Foster Eddy Fed. #13
1295' FNL & 1650' FWL
Section 17 T-17S R-31E
Eddy County, New Mexico

Audrey Aston Bean

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Sincerely,

William Miller
Land Department

/wm
Attachments



March 10, 2009

Fax & Certified Mail

Marbob Energy Corp.
P.O. Box 227
Artesia, NM 88210

VALKO, LLC

RE: Unorthodox Location
Offset Operator Notice
Foster Eddy Fed. #13
1295' FNL & 1650' FWL
Section 17 T-17S R-31E
Eddy County, New Mexico

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Sincerely,

William Miller
Land Department

/wm
Attachments



March 10, 2009

Fax & Certified Mail

Marbob Energy Corp.
P.O. Box 227
Artesia, NM 88210

RE: Unorthodox Location
Offset Operator Notice
Foster Eddy Fed. #13
1295' FNL & 1650' FWL
Section 17 T-17S R-31E
Eddy County, New Mexico

EAKO, LLC

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Sincerely,

William Miller
Land Department

/wm
Attachments



March 10, 2009

Fax & Certified Mail

Marbob Energy Corp.
P.O. Box 227
Artesia, NM 88210

Calco LLC

RE: Unorthodox Location
Offset Operator Notice
Foster Eddy Fed. #13
1295' FNL & 1650' FWL
Section 17 T-17S R-31E
Eddy County, New Mexico

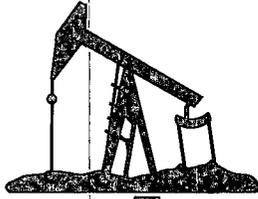
To Whom It May Concern:

Marbob 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. Even though the application states there is no notice required, the NMOCD advised us that notification would be required for the SW/4NW/4 of Section. 17 T17S R31E. If you have any objection to this application please timely file within 20 days of the date of this letter, your objection with OCD in Santa Fe. If you have any questions regarding our application please contact me.

Sincerely,

William Miller
Land Department

/wm
Attachments



marbob
energy corporation

March 10, 2009

Fax & Certified Mail

Marbob Energy Corp.
P.O. Box 227
Artesia, NM 88210

COPY

RE: Unorthodox Location
Offset Operator Notice
Foster Eddy Fed. #13
1295' FNL & 1650' FWL
Section 17 T-17S R-31E
Eddy County, New Mexico

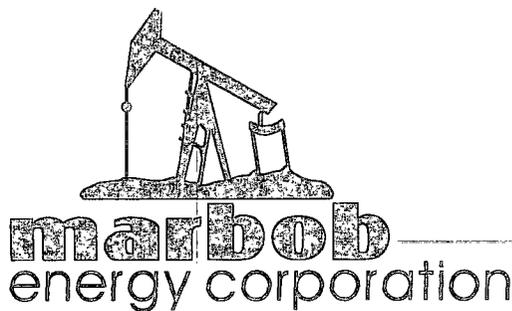
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Sincerely,

William Miller
Land Department

/wm
Attachments



January 26, 2009

VIA HAND DELIVERY

Mark E. Fesmire, P. E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

**Re: Application for Unorthodox Well Location
Marbob Energy Corporation
Foster-Eddy Federal No. 13
1295' FNL & 1650' FWL
Section 17, Township 17 South, Range 31 East
Eddy County, New Mexico**

Dear Mr. Fesmire,

Marbob Energy Corporation (Marbob) hereby makes application for approval of an unorthodox well location in the Yeso formation in the Foster-Eddy Federal Well No. 13 located 1295 feet from the North line and 1650 feet from the West Line of Section 17, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico. The NE/4 NW/4 of Section 17 is dedicated to the well. Accordingly, this well is orthodox from the West line of the dedicated spacing unit, but encroaches on and is unorthodox to the South line of the spacing unit by a distance of 305 feet. The Oil Conservation Division previously granted an unorthodox well location in the San Andres formation in the same well (See Administrative Order NSL-3718(SD) attached hereto as Exhibit "A"). Marbob drilled and completed the well in late 1996 and early 1997.

Marbob originally sought approval of this unorthodox location in the San Andres formation to efficiently drain additional reserves in the SW/4 NE/4 NW/4 of Section 17 that otherwise would not be produced thereby causing waste. This unorthodox location was based on a cumulative oil production map of the Grayburg and San Andres formations (as designated in 1996). A reproduction of

that map is attached hereto as Exhibit "B". As you will see, on this map only Grayburg-San Andres producers (as designated in 1996) are shown. Oil production from wells drilled prior to 1970 is shown in green while oil production from wells drilled after 1990 is shown in red. Pre-1970 wells were normally drilled at a well density of 1 well per 40 acre proration unit. Cumulative oil production from pre-1970 wells in the immediate area ranged from 50,000 barrels of oil to almost 400,000 barrels of oil (Avg.=136,000 BOPW). After 1989, several wells were drilled in this immediate area by both Marbob and Avon (predecessor to Devon). Significant additional oil reserves were obtained as a result of this infill drilling. In the E/2 NW/4 of Section 17 over 188,000 barrels of oil had been recovered from the infill drilling program, which is only 52,000 barrels less than was recovered by the original two wells drilled on this 80 acre tract. No infill wells had been drilled in the SW/4 NE/4 NW/4 and the N/2 NE/4 NW/4 of Section 17. The location for the Foster-Eddy Federal Well No. 13 was situated to efficiently drain the remaining reserves in the SW/4 NE/4 NW/4 by moving away from the No. 4 and the No. 6 wells thereby preventing waste.

The Foster-Eddy Well No. 13 was drilled through the Grayburg-San Andres formations and into the Yeso formation. The reasons for the unorthodox location in the Yeso formation are the same as the reasons for the unorthodox location in the Grayburg-San Andres formation. Attached hereto as Exhibit "C" is a section of the Neutron-Density Log from the well which shows the Yeso formation and perforations in the well.

Marbob is operator and lessee of record of the NE/4 NW/4 of Section 17. The spacing unit which is encroached upon by this well is the SE/4 NW/4 of Section 17. As Marbob is also the operator and lessee of record of the SE/4 NW/4, the proposed unorthodox location only encroaches on Marbob's own leasehold interests. There is no notice required for offset spacing units that are not encroached upon under current rules. Thus, no offset leaseholders were given notice.

All of the lands on the Foster-Eddy Lease (shaded orange on attached Exhibit "D") are Federal minerals having common ownership. Marbob is the lessee of record of these lands. Since the working interest and royalty interest ownership across the lands affected by the proposed unorthodox location are common, the unorthodox location will not impair correlative rights of any mineral owner in the affected lands in either the San Andres or Yeso formations. The map also shows current Yeso producers in green and red.

Marbob respectfully requests that the Oil Conservation Division administratively approve the unorthodox location of the Foster Eddy Well No. 13 in the Yeso formation as well as the San Andres formation. If you have any questions concerning this matter, please contact me at 575-748-3303.

Your attention to this application is appreciated.

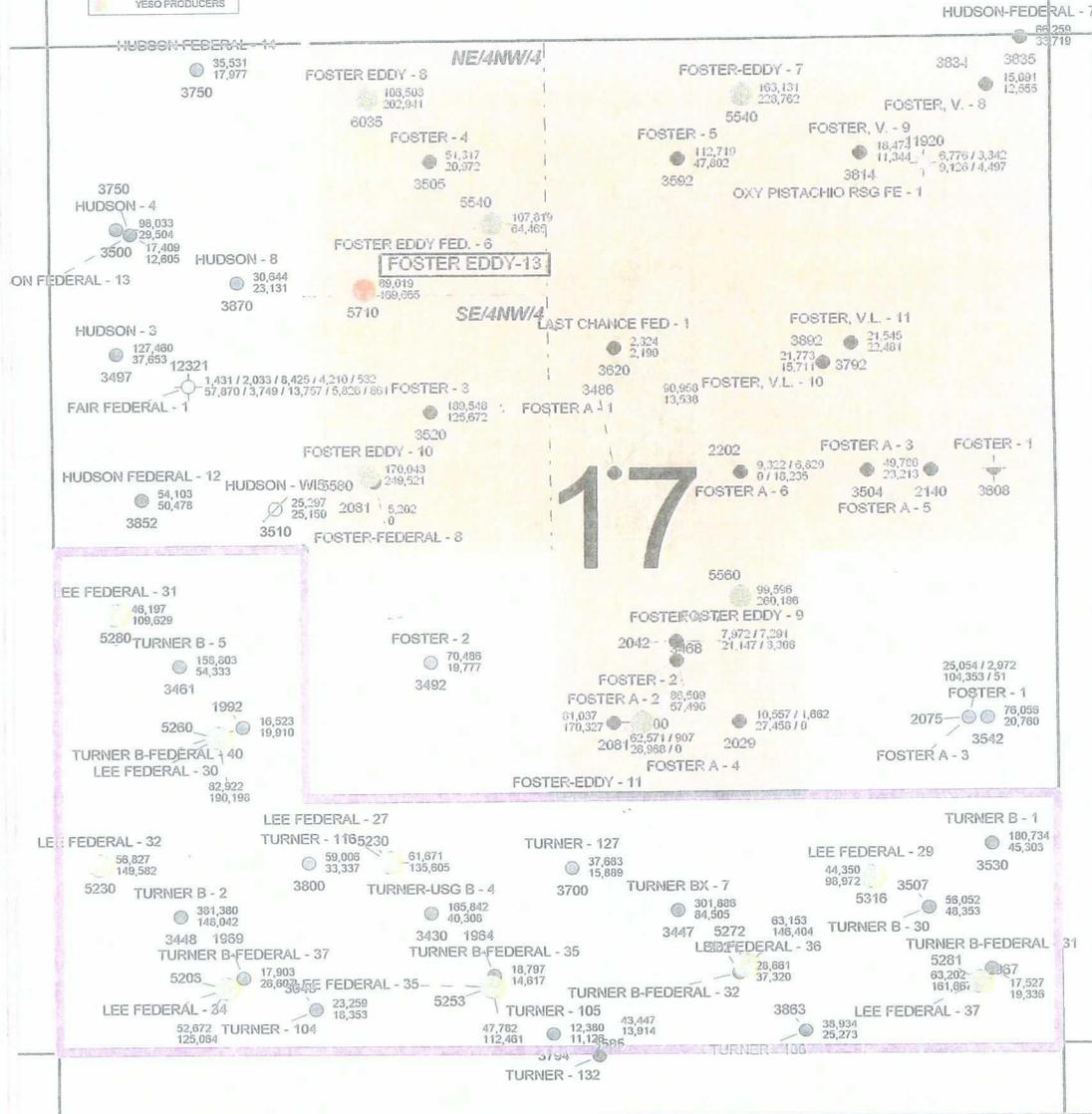
Marbob Energy Corporation

By: *Brent A. May*
Brent A. May, Geologist

cc: Mr. Tim Gum
District Supervisor
Oil Conservation Division District II

T17S-R31E EDDY COUNTY, NM

SYMBOL HIGHLIGHT
 ● YESO PRODUCERS
 ○ YESO PRODUCERS



PETRA 1/23/2009 3:17:37 PM

MARBOL ENERGY CORPORATION

Foster Eddy Lease

Lee Federal Lease - Blue Outline

POSTED WELL DATA

Well Label

- PdCum - CUMOIL
- PdCum - CUMGAS
- PdCum - WTRRATE

TD

By: dlw





STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

October 15, 1996

OCT 18 1996

Marbob Energy Corporation
P. O. Box 227
Artesia, New Mexico 88211-0217
Attention: Mike Hanagan

Administrative Order NSL-3718(SD)

Dear Mr. Hanagan:

Reference is made to your application dated September 17, 1996 for an unorthodox Seven Rivers-Queen-Grayburg-San Andres oil well location in an existing standard 40-acre oil spacing and proration unit for the Grayburg-Jackson (Seven Rivers-Queen-Grayburg-San Andres) Pool comprising the NE/4 NW/4 (Unit C) of Section 17, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico. Grayburg-Jackson oil production from said unit is currently simultaneously dedicated to the Foster Eddy Well No. 6 (API No. 30-015-25981), located at a standard oil well location 990 feet from the North line and 2310 feet from the West line of said Section 17, and to the Foster Eddy Well No. 8 (API No. 30-015-26187), located at a standard oil well location 330 feet from the North line and 1650 feet from the West line of said Section 17.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox oil well location will be at a more favorable geologic position within its Foster Eddy leases to adequately drain reserves within the productive interval that might not otherwise be produced and to provide for a more efficient production pattern within the Grayburg-Jackson (Seven Rivers-Queen-Grayburg-San Andres) Pool.

The subject application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the Oil Conservation Commission in Case 11,351 on January 18, 1996.

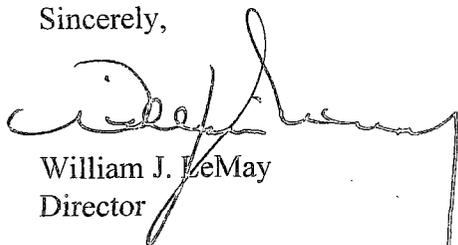
By the authority granted me under the provisions of Division General Rule 104.F(2), the following described well to be drilled at an unorthodox "infill" oil well location in said Section 28 is hereby approved:

Administrative Order NSL-3718(SD)
Marbob Energy Corporation
October 15, 1996
Page 2

Foster Eddy Well No. 13
API No. 30-015-29058
1295' FNL - 1650' FWL (Unit C)

Further, Grayburg-Jackson oil production from the Foster Eddy Well Nos. 6, 8, and 13 are to be simultaneously dedicated to the subject 40-acre tract.

Sincerely,



William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad

R31E

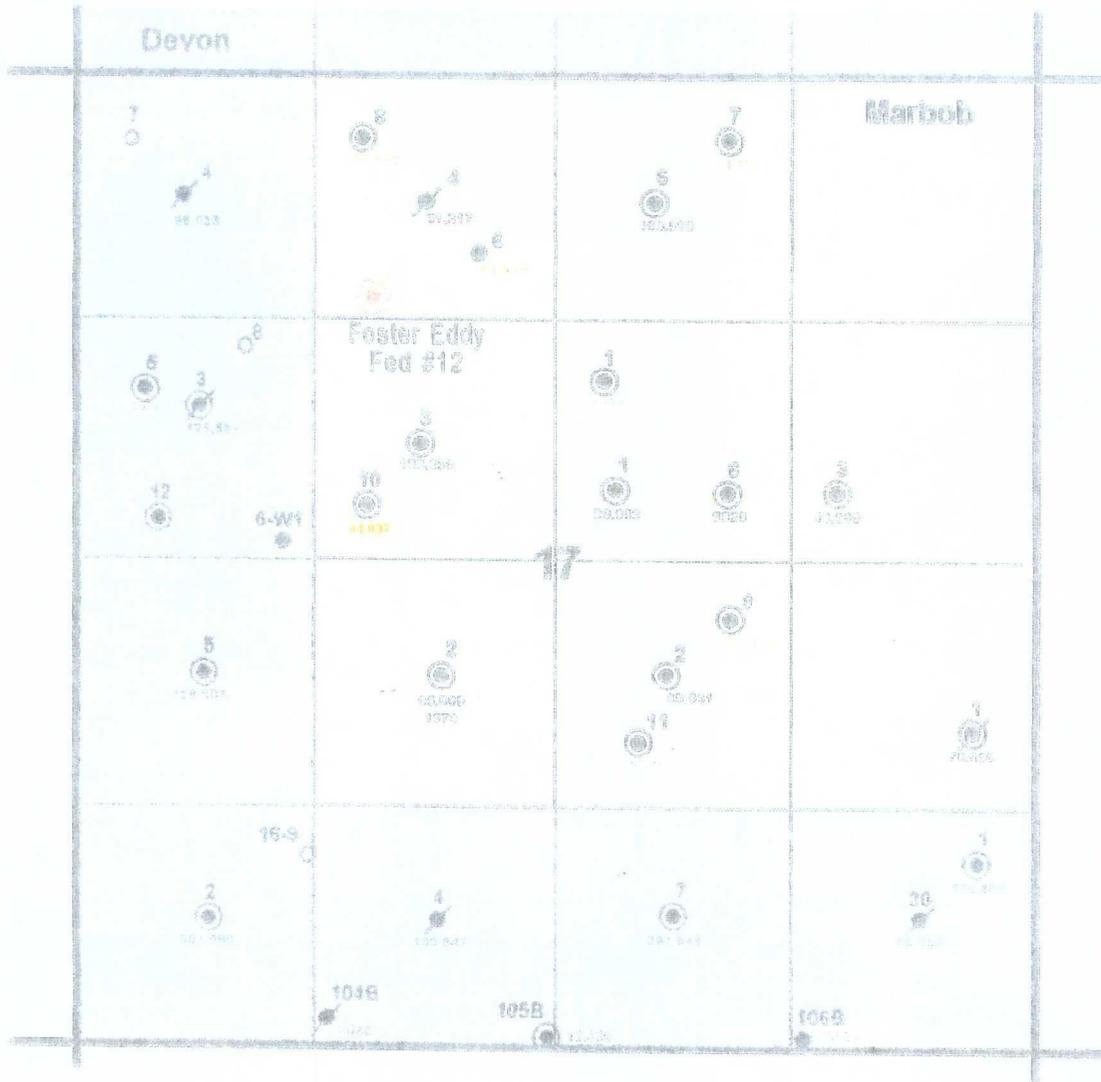


Exhibit "B"

Cumulative Production Map for Grayburg-San Andres Producers Only

****1996 Data Used****

Application For Unorthodox Location

Marbob Energy Corporation
 Foster Eddy Federal No. #13
 1295'FNL and 1650'FWL
 Section 17, T17S, R31E
 Eddy County, New Mexico



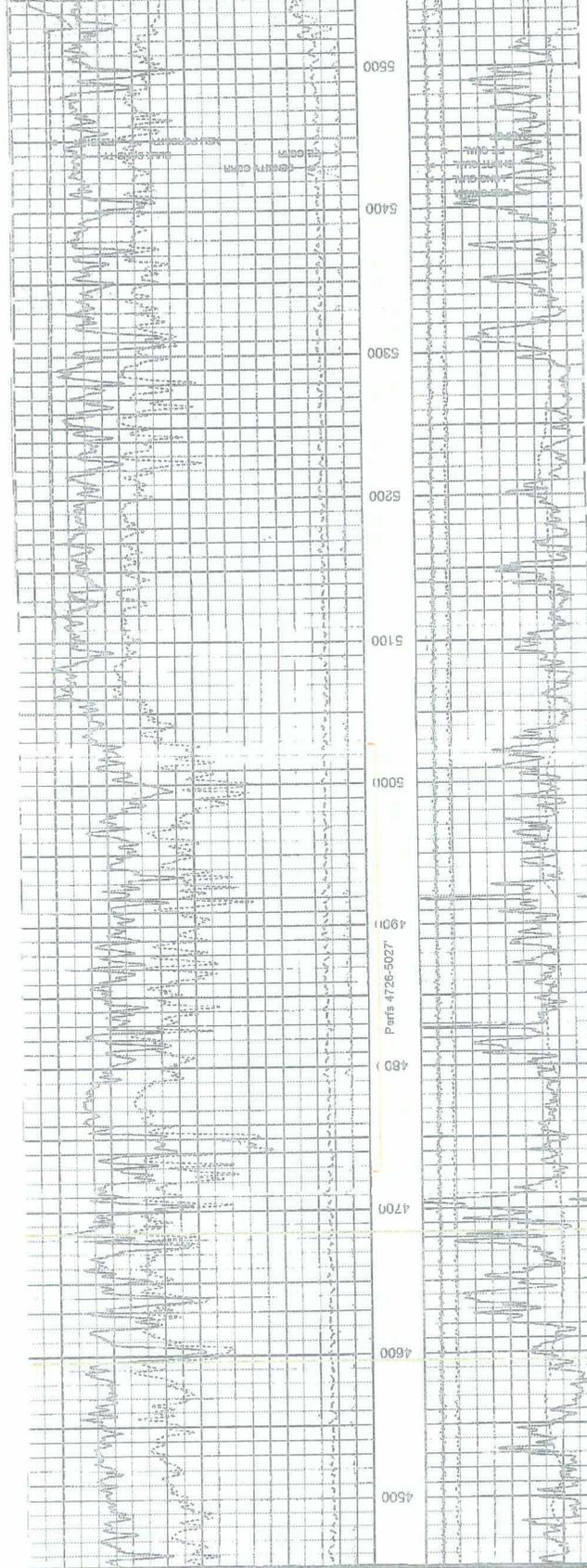
Marbob Energy
 Operator/Lessor

Pre-1970 Completion
 Cumulative Oil Production

Post-1970 Completion
 Cumulative Oil Production

Scale: 1"=1000'

⊙ - Active



COMPANY: HALLIBURTON ENERGY CORPORATION
 WELL: FOSTER 4597 NO. 13
 FIELD: GREG-JACKSON-SR-04-ORIG-5A
 COUNTY: FRY
 STATE: NV
 LOCATION: 1552 1/2 N. AND 100 E. P.A.
 SECTION: 17 TWP: 17 S. R. 21 E.

Log Interval (ft)	Log Interval (m)	Log Interval (ft)	Log Interval (m)	Log Interval (ft)	Log Interval (m)
4500 - 4510	1.5	4510 - 4520	1.5	4520 - 4530	1.5
4530 - 4540	1.5	4540 - 4550	1.5	4550 - 4560	1.5
4560 - 4570	1.5	4570 - 4580	1.5	4580 - 4590	1.5
4590 - 4600	1.5	4600 - 4610	1.5	4610 - 4620	1.5
4620 - 4630	1.5	4630 - 4640	1.5	4640 - 4650	1.5
4650 - 4660	1.5	4660 - 4670	1.5	4670 - 4680	1.5
4680 - 4690	1.5	4690 - 4700	1.5	4700 - 4710	1.5
4710 - 4720	1.5	4720 - 4730	1.5	4730 - 4740	1.5
4740 - 4750	1.5	4750 - 4760	1.5	4760 - 4770	1.5
4770 - 4780	1.5	4780 - 4790	1.5	4790 - 4800	1.5
4800 - 4810	1.5	4810 - 4820	1.5	4820 - 4830	1.5
4830 - 4840	1.5	4840 - 4850	1.5	4850 - 4860	1.5
4860 - 4870	1.5	4870 - 4880	1.5	4880 - 4890	1.5
4890 - 4900	1.5	4900 - 4910	1.5	4910 - 4920	1.5
4920 - 4930	1.5	4930 - 4940	1.5	4940 - 4950	1.5
4950 - 4960	1.5	4960 - 4970	1.5	4970 - 4980	1.5
4980 - 4990	1.5	4990 - 5000	1.5	5000 - 5010	1.5
5010 - 5020	1.5	5020 - 5030	1.5	5030 - 5040	1.5
5040 - 5050	1.5	5050 - 5060	1.5	5060 - 5070	1.5
5070 - 5080	1.5	5080 - 5090	1.5	5090 - 5100	1.5
5100 - 5110	1.5	5110 - 5120	1.5	5120 - 5130	1.5
5130 - 5140	1.5	5140 - 5150	1.5	5150 - 5160	1.5
5160 - 5170	1.5	5170 - 5180	1.5	5180 - 5190	1.5
5190 - 5200	1.5	5200 - 5210	1.5	5210 - 5220	1.5
5220 - 5230	1.5	5230 - 5240	1.5	5240 - 5250	1.5
5250 - 5260	1.5	5260 - 5270	1.5	5270 - 5280	1.5
5280 - 5290	1.5	5290 - 5300	1.5	5300 - 5310	1.5
5310 - 5320	1.5	5320 - 5330	1.5	5330 - 5340	1.5
5340 - 5350	1.5	5350 - 5360	1.5	5360 - 5370	1.5
5370 - 5380	1.5	5380 - 5390	1.5	5390 - 5400	1.5
5400 - 5410	1.5	5410 - 5420	1.5	5420 - 5430	1.5
5430 - 5440	1.5	5440 - 5450	1.5	5450 - 5460	1.5
5460 - 5470	1.5	5470 - 5480	1.5	5480 - 5490	1.5
5490 - 5500	1.5				

Yeso 4603
 Glorieta 4596

Perfs 4726-5027