



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

January 29, 2004

Lori Wrotenbery

Director

Oil Conservation Division

Marbob Energy Corporation
P. O. Box 227
Artesia, New Mexico 88211-0227

Attention: Raye Miller
marbob@marbob.com

Administrative Order NSL-4989 (SD)

Dear Mr. Miller:

Reference is made to the following: (i) Marbob Energy Corporation's ("Marbob") original application (***administrative application reference No. pKRV0-223856410***) submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe on August 26, 2002; (ii) the Division's initial response by letter dated September 13, 2003 from Mr. Michael E. Stogner, Engineer/Hearing Officer in Santa Fe **denying** this application; (iii) your amended application resubmitted to the Division on November 3, 2003; (iv) Mr. Stogner's second letter dated December 30, 2003 erroneously **denying** your application; (v) your voice-mail message left for Mr. Stogner late Friday morning, January 2, 2004; (vi) your telephone conversation with Mr. Stogner on Thursday, January 8, 2004; (vii) Marbob's re-submittal of this application a third time on January 12, 2004 for Mr. Stogner's review; and (viii) the Division's records in Santa Fe and Artesia: all concerning Marbob's request for an unorthodox infill oil well location within an existing standard 40-acre oil spacing and proration unit comprising the SW/4 SW/4 (Unit M) of Section 17, Township 17 South, Range 31 East, NMPM, Cedar Lake-Yeso Pool (**96831**), Eddy County, New Mexico.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

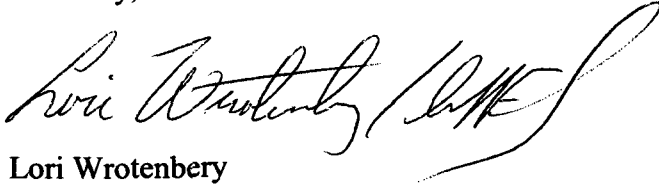
This 40-acre unit is currently dedicated to Marbob's Lee Federal Well No. 34 (**API No. 30-015-32738**), located at a standard oil well location 330 feet from the South line and 890 feet from the West line of Section 17.

By the authority granted me under the provisions of Division Rule 104.F (2), as revised, the following described well to be drilled at an unorthodox infill oil well location within the SW/4 SW/4 of Section 17 is hereby approved:

Lee Federal Well No. 26
990' FSL & 230' FWL.

Further, both the existing Lee Federal Well No. 34 and the proposed Lee Federal Well No. 26 are to be simultaneously dedicated to the subject 40-acre unit

Sincerely,



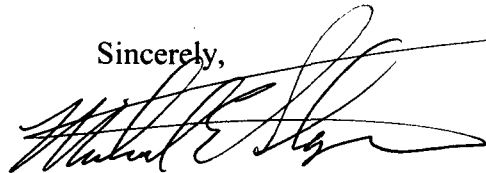
Lori Wrotenbery
Director

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cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management – Carlsbad
Mr. William F. Carr, Legal Counsel for Marbob Energy Corporation – Santa Fe
(wcarr@hollandhart.com)

REMARKS: Raye, I sincerely apologize for missing the obvious in your amended application and wrongly denying and returning it to you.

Sincerely,



Michael E. Stogner