



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
BETTY RIVERA
Cabinet Secretary

September 13, 2002

Lori Wrotenbery
Director
Oil Conservation Division

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

Attention: Dean Chumbley

Re: *Administrative application (application reference No. pKRV0-223856410) for an exception to Division Rule 104.B (1), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, for Marbob Energy Corporation's proposed Lee Federal Well No. 26 at an unorthodox oil well location 990 feet from the South line and 230 feet from the West line (Unit M) of Section 17, Township 17 South, Range 31 East, NMPM, Undesignated Cedar Lake-Yeso Pool (96831), Eddy County, New Mexico, within a standard 40-acre oil spacing and proration unit comprising the SW/4 SW/4 of Section 17.*

Dear Mr. Chumbley:

In reviewing the subject application at face value and assuming no other factors, it would appear that there are many other locations within the SW/4 SW/4 of Section 17 that meet the set back requirements while avoiding the "archeological site."

The conservation rules in all oil and gas producing states governing well spacing and the placement of these wells within such drilling tracts/spacing units have been enacted to promote the orderly development of that states valuable oil and gas resources by preventing waste, protecting correlative rights, and preventing the drilling of unnecessary wells. It is very easy to get into a mode of thinking that considers these rules as minor inconveniences and applications for exceptions as "open and shut" issues.

This unorthodox oil well location, being deemed unnecessary and unwarranted at this time, is therefore **denied**.

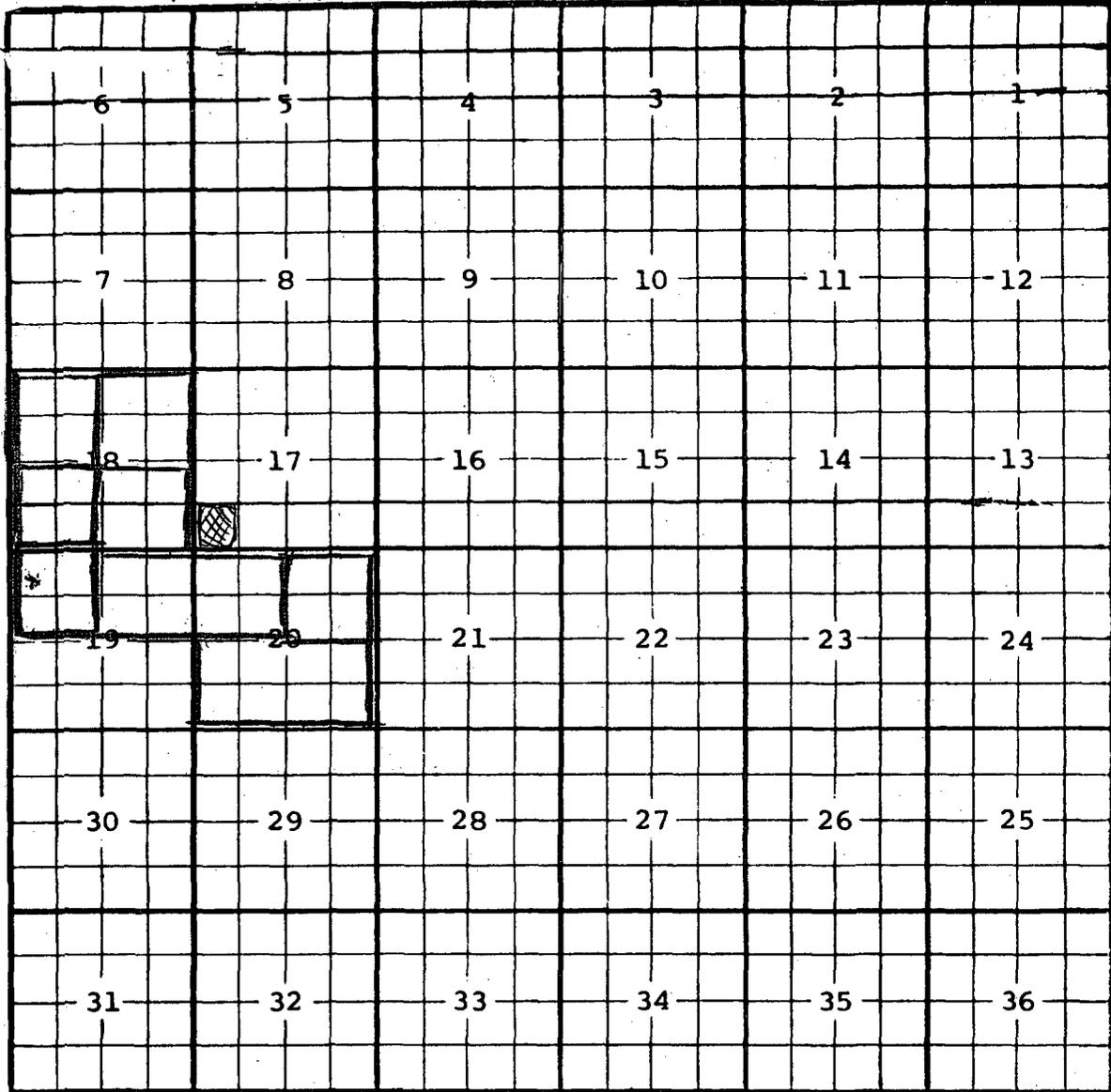
Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
Raye Miller, Marbob Energy Corporation - Artesia
William F. Carr, Legal Counsel for Marbob Energy Corporation - Santa Fe
Kathy Valdes, NMOCD - Santa Fe

County Eddy Pool Cedar Lake-Yeso

TOWNSHIP 17 South Range 31 East NMPM



Description: $SW\frac{1}{4}$ Sec. 18 (R-11067, 10-20-98)
 Ext: $NW\frac{1}{4}$ Sec. 19 (R-11120, 1-21-99) EXT: $NE\frac{1}{4}$ Sec. 19, $NW\frac{1}{4}$ Sec. 20 (R-11220, 7-12-99)
 Ext: $SE\frac{1}{4}$ Sec. 18, $S\frac{1}{2}$ Sec. 20 (R-11244, 9-15-99) EXT: $NW\frac{1}{4}$ Sec. 18 (R-11534, 2-8-01)
 Ext: $NE\frac{1}{4}$ Sec. 18 (R-11691, 11-28-01) EXT: $NE\frac{1}{4}$ Sec. 20 (R-11729, 2-22-02)

96831

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVER SHEET

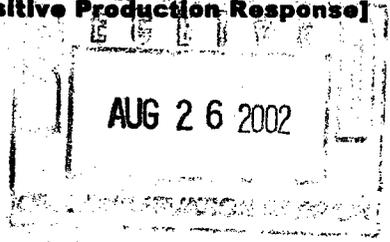
THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Directional Drilling
- NSL NSP DD SD



Check One Only for [B] and [C]

- [B] - Commingling - Storage - Measurement
- DHC CTB PLC PC OLS OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
- WFX PMX SWD IPI EOR PPR

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data (including API numbers, pool codes, etc.), pertinent information and any required notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

DEAN CHUMBLEY
Print or Type Name

Dean Chumbley
Signature

LEADMAN
Title

8-21-2002
Date



marbob
energy corporation

August 21, 2002

New Mexico Oil and Gas Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87504

RE: Application for Administrative Approval of an Unorthodox Location

Gentlemen:

Marbob Energy Corporation respectfully submits the following Application for Administrative Approval of an Unorthodox Location. Marbob Energy Corporation requests approval to drill a Cedar Lake Yeso well at our Lee Federal No. 26 location. The location of the Lee Federal No. 26 was staked at 990' FSL and 230' FWL in Section 17 of Township 17 South, Range 31 East in Eddy County, New Mexico after it was determined by contract archeologists that the orthodox location encroaches on the west line of Section 17 by 100'; additionally, the Lee Federal No. 26 is 230' from the lease boundary. Operating rights to the Cedar Lake Yeso is the same in all the involved proration units. Affected parties have been notified of this application via certified mail. The following items have been attached to aid in your review of this application:

- A.) Lee Federal No. 26 Form C-102
- B.) Plat of well spots and proration units
- C.) Plat of Archeological Site
- D.) BLM Archeological Stipulations
- E.) Proof of Notification

Please do not hesitate to contact us should you have any questions or need further information. Thank you for reviewing this Application.

Sincerely,

Dean Chumbley
Land Department

DC/mm
Enclosures

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., Artec, NM 87410

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

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

WELL LOCATION AND ACREAGE DEDICATION PLAT AMENDED REPORT

API Number 30-015-	Pool Code 96831	Pool Name CEDAR LAKE; YESO
Property Code 23300	Property Name LEE FEDERAL	Well Number 26
OGRID No. 14049	Operator Name MARBOB ENERGY CORPORATION	3503' 3692'

Surface Location

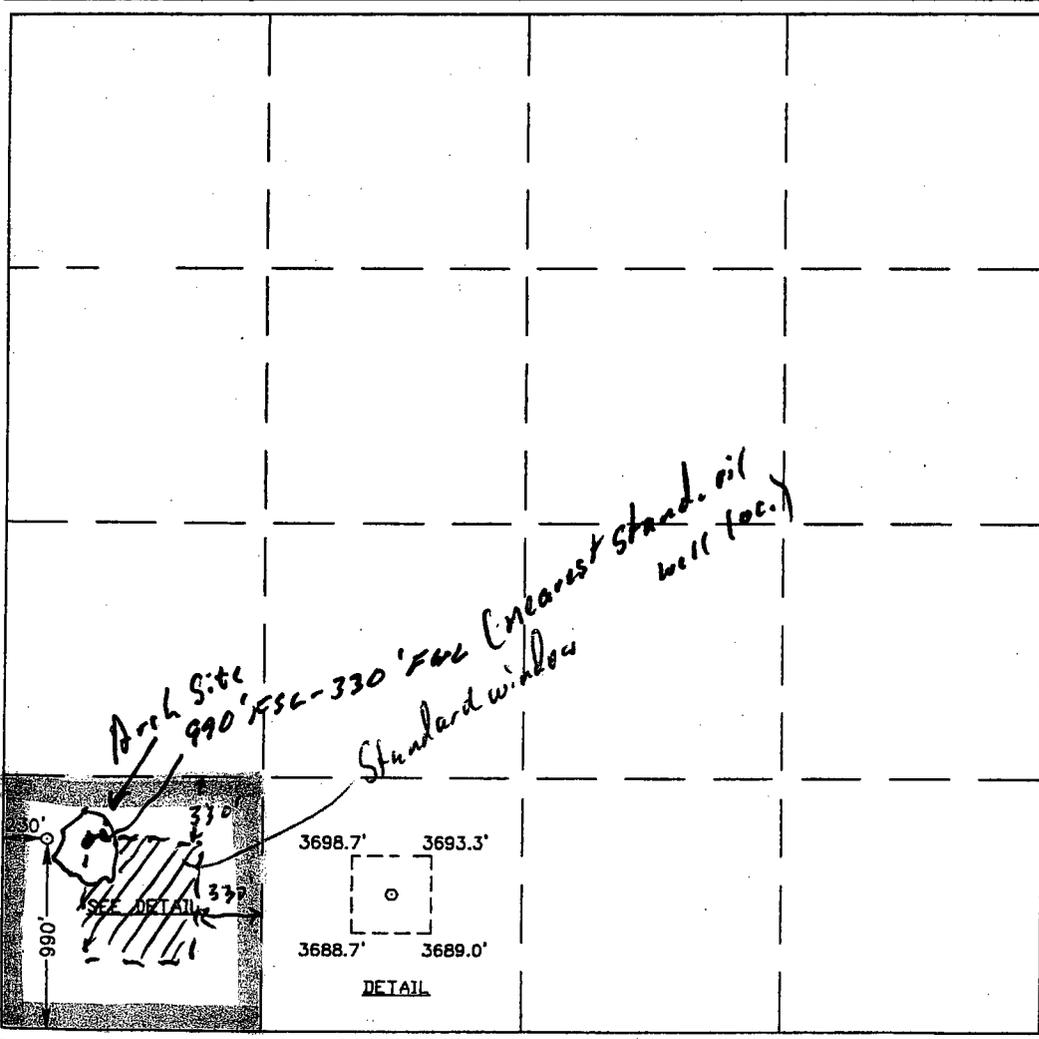
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	17	17-S	31-E		990	SOUTH	230	WEST	EDDY

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.
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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



OPERATOR CERTIFICATION

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

Diana J. Cannon
Signature
DIANA J. CANNON
Printed Name
PRODUCTION ANALYST
Title
APRIL 29, 2002
Date

SURVEYOR CERTIFICATION

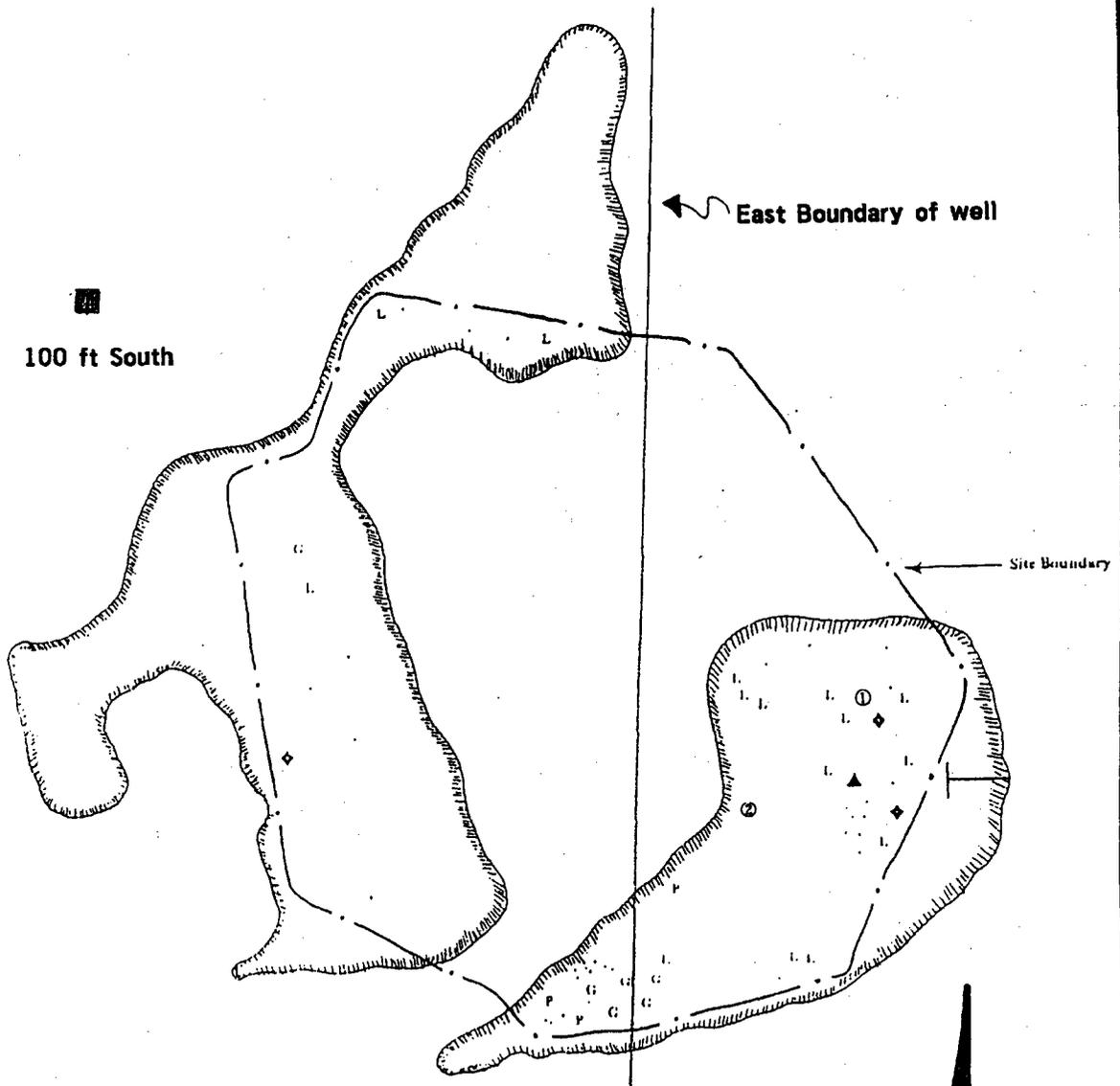
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

April 09, 2002
Date Surveyed

J. EIDSON LA
Signature & Seal of Professional Surveyor
Ronald J. Eidson
02-11-0263

Certificate No. RONALD J. EIDSON 3239
GARY EIDSON 12841

LA: 66506
 SNMAS-02NM- 775-2
 PROJECT NAME: Lee Fed. No. 26



100 ft South

← East Boundary of well

Site Boundary

- LEGEND**
- ▲ datum (10 WAS 1-10/81 Eddy)
 - ◻ distal radii stain
 - ▭ pottery
 - L lithic
 - G gneiss
 - burnt caliche
 - ⊙ cluster of 9 postholes
 - ⊙ cluster of 12 postholes
 - ⊙ Jefferson house

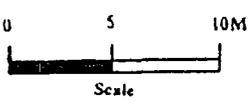


FIGURE 2 Southeast Corner

Southern New Mexico Archaeological Services, Inc.

CULTURAL RESOURCES STIPULATIONS
CARLSBAD FIELD OFFICE

SUMAS -02 NM- 775

PROJECT Marshall's Lee #26 Loc, Rd, + Fluke Report No. 02-NM-080-568

SITE PROTECTION AND EMPLOYEE EDUCATION: All employees of the project will be informed that cultural sites are to be avoided by all personnel, personal vehicles and company equipment. They will be also be notified that it is illegal to collect, damage or disturb cultural resources.

yes A. Monitoring is required.

yes 1. A copy of these stipulations will be supplied to the archaeological monitor at least two (2) working days prior to the start of construction activities.

yes 2. No construction activities, including vegetation removal, may begin before the arrival of the archaeological monitor.

yes 3. The archaeological monitor will:

yes a. Ensure that the site protection barrier is located as indicated on the attached map(s).

yes b. Observe all surface disturbing activities within 100 feet of cultural site

LA 135831 + LA 66506 (see attached map(s)).

yes c. Other: Determine whether site east of Pad in New or LA 66506

yes d. Submit a report of the monitoring activities within thirty (30) days of completion of monitoring unless other arrangements are made with the BLM. These stipulations must be attached to the report.

B. The grantee must select one of the following alternatives:

- 1. Controlled test excavations to determine if cultural resources are present;
- 2. Reduction of the project size to avoid all significant cultural materials;
- 3. Relocation of the project;
- 4. Preparation and implementation of a data recovery plan for cultural sites(s)

yes C. SITE BARRIER/FENCING:

yes 1. A temporary site protection barrier(s) will be erected prior to _____ construction. The barrier(s) will, at a minimum, consist of upright wooden survey lath spaced no more than ten (10) feet apart and marked with blue ribbon flagging or blue paint. There will be no construction activities or vehicular traffic past the barrier(s). The barrier(s) will remain in place through reclamation and reseeding.

yes 2. A permanent fence(s) will be erected prior to any + all construction. There will be no construction activities or vehicle traffic past the fence(s).

yes 3. The Permanent + Varied barrier(s)/fence(s) will be placed as indicated on the attached map(s).

yes D. CONSTRUCTION ZONES: There will be a no construction zone as shown on maps

yes E. OTHER:

Submit site information with monitoring report

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:

Rubicon Oil and Gas, LLC
400 W. Illinois, Suite 1130
Midland. Texas 79701

Lee #26

2. A

7002 0860 0006 7056 5442

PS Form 3811, August 2001

Domestic Return Receipt

102595-01-M-2509

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? YesIf 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**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:

BP America Production Co.
P. O. Box 3092
Houston. TX 77253

Lee #26

7002 0860 0006 7056 5435

PS Form 3811, August 2001

Domestic Return Receipt

102595-01-M-2509

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? YesIf 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