

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

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Cabinet Secretary

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Mark Fesmire
Division Director
Oil Conservation Division



August 6, 2010

Administrative Order NSL-6237

Marbob Energy Corporation
Attn: Mr. William Miller
P.O. Box 227
Artesia, NM 88211-0227

Re: Showstopper 17 Federal Com Well No. 10H
API No. 30-015-
Eddy County, New Mexico

Dear Mr. Miller:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW102005-6326**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Marbob Energy Corporation [OGRID 14049] (Marbob), on July 19, 2010, and

(b) the Division's records pertinent to this request.

Marbob has requested to drill the above-referenced well as a horizontal well in the Bone Springs formation, at a location that will be unorthodox under Division Rule 16.14.B(2). The proposed surface location, point of penetration and terminus of the well are as follows:

Surface Location: 180 feet from the South line and 2460 feet from the East line
(Unit O) of Section 17, Township 25 South, Range 29 East,
NMPM Eddy County, New Mexico

Point of Penetration: same as surface location

Terminus: 330 feet from the North line and 1980 feet from the East line
(Unit B) of said Section .



The W/2 E/2 of Section 17 will be dedicated to the proposed well to form a project area comprising of four standard 40-acre spacing and proration units, in the Willow Lake-Bone Spring Southeast Pool (96217). This pool is governed by statewide Rule 15.9A, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is unorthodox because a portion of the producing interval will be less than 330 feet from the southern boundary of the project area, and therefore outside the producing area.

Your NSL application has been duly filed under the provisions of Division Rules 15.13 and 4.12.A(2).

It is our understanding that you are seeking this location because the Bureau of Land Management moved the original location due to surface issues.

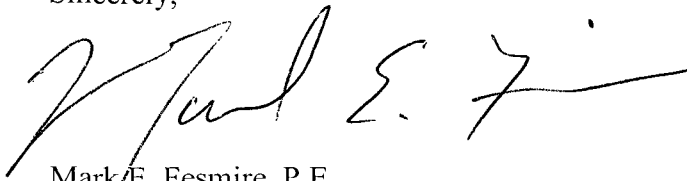
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Mark E. Fesmire, P.E.
Acting Director

MEF/tw

cc: New Mexico Oil Conservation Division - Hobbs
United States Bureau of Land Management - Carlsbad