

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION COMMISSION**

**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:**

**APPLICATION OF MARBOB ENERGY
CORPORATION ("APPLICANT") FOR A VERTICAL EXPANSION
OF THE BURCH KEELY UNIT,
EDDY COUNTY, NEW MEXICO**

**Case No. 14558
Order No. R-7900-C**

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MOTION FOR PARTIAL STAY

ConocoPhillips Company ("ConocoPhillips") is the Operator of the Grayburg Deep Unit located in Eddy County, New Mexico. ConocoPhillips, for itself and on behalf of the non-operating owners of the Grayburg Deep Unit, pursuant to Rule 19.15.4.23(B), and moves the Director for a Partial Stay of the Division's Order in this proceeding to the extent such Order permits Applicant to drill wells to a depth limit of 5,000 feet, *and hydraulically fracture ("frac") such wells*, on grounds that such Order will impair and injure ConocoPhillips's correlative rights to produce oil and gas below 5,000 feet below the surface.

1. The referenced Order of the Division, entered January 31, 2011, provides that:

(1) The Application of Marbob Energy Corporation, on behalf of COG Operating, LLC, is granted, amending the Unitized Formation of the Burch Keely

Unit to comprise the interval underlying the Unit Area from the top of the Seven Rivers formation to a true vertical depth of 5,000 feet below the surface.

Case No. 14558, Order No. R-7900-c, at p. 4.

2. Conoco Phillips owns leasehold and operating interests in, and operates, the Grayburg Deep Unit, the top of which is designated at 5,000 below the surface.

3. The Division Order permits Applicant to drill, perforate, *and frac* wells on the subject acreage to a depth of 5,000 feet below the surface, which is defined by Commission Order as the top of the Grayburg Deep Unit in which ConocoPhillips owns interests, and operates.

4.

Applicant, in the proceeding before the Division, introduced no evidence identifying its drilling or completion techniques or its frac methodologies on the subject properties. Applicant introduced no evidence regarding the quantity or pressures of its proposed frac injections, or the prospects for growth or direction of its induced fractures.

5. Applicant's ability, under the referenced Order, to perforate, and frac any wellbore at a depth between 4,670 feet and 5,000 feet below the surface would allow the Applicant to grow a fracture that would cross the 5,000 foot boundary and would indisputably impair and injure ConocoPhillips' correlative rights in all oil and gas produced from formations below 5,000 feet below the surface.

6. The Applicant indicated, during the testimony of Ramon Reyes, there is no geologic distinction at 5,000 feet that would separate the formation above 5,000 feet from the formation below. Since there is no geological distinction to prevent flow across the 5,000 foot boundary, ConocoPhillips is concerned that if the Applicant is allowed to

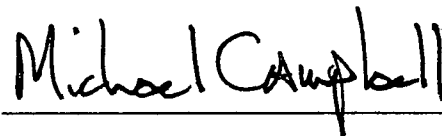
drill within 330 feet of the vertical lease boundary that the Applicant will be able to produce hydrocarbon across the boundary indisputably impairing and injuring ConocoPhillips' correlative rights in all oil and gas produced from formations below 5,000 feet.

7. Pending further review in this *de novo* proceeding, the Division Order permitting Applicant to drill, perforate *and frac* the subject properties to a depth of 5,000 feet below the surface should be stayed. In order to protect the correlative rights of interest owners in the Grayburg Deep Unit, including the rights of ConocoPhillips, the Director, at a minimum, should stay Applicant from drilling, perforating and fracing to a depth limit equivalent to the areal spacing restraint of 330 feet above 5,000 feet below the surface.

8. ConocoPhillips will fully demonstrate the propriety of these restrictions at the *de novo* hearing in this proceeding.

RESPECTFULLY SUBMITTED,

CAMPBELL TRIAL LAW LLC,

A handwritten signature in black ink that reads "Michael Campbell". The signature is written in a cursive, slightly stylized font. Below the signature is a horizontal line.

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ATTORNEYS FOR CONOCOPHILLIPS
COMPANY

CERTIFICATE OF SERVICE

I certify on this 26th day of April, 2011, I sent notice of this filing to counsel of record in this proceeding.


Michael Campbell