

HOLLAND & HART ^{LLP}



William F. Carr
wcarr@hollandhart.com

May 23, 2005

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Margaret Boller Nichols
Post Office Box 25227
Dallas, Texas 75225

Re: Application of Marbob Energy Corporation for compulsory pooling, Eddy
County, New Mexico.

Dear Ms. Nichols:

This letter is to advise you that Marbob Energy Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking the compulsory pooling of certain spacing and proration units in the N/2 of Section 30, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico. Said units will be dedicated to Marbob Energy Corporation's proposed Nichols State Well No. 1 which has been drilled at a standard gas well location 1370 feet from the North line and 1500 feet from the East line in the SW/4 NE/4 of said Section 30 to test all formations from 500 feet below the top of the San Andres formation to the base of the Morrow formation.

This application has been set for hearing before a Division Examiner on June 16, 2005. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-Hearing Statement with the Oil Conservation Division's Santa Fe office located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505, four business days in advance of a scheduled hearing. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,

William F. Carr
ATTORNEY FOR MARBOB ENERGY CORPORATION

cc: Misty McLurg

ATTACHMENT D

Holland & Hart ^{LLP}

Phone [505] 988-4421 Fax [505] 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C. ☏

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

**IN THE MATTER OF THE APPLICATION OF MARBOB ENERGY CORPORATION FOR
COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

MARBOB ENERGY CORPORATION ("Marbob"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat.Ann. 70-2-17, (1978), for an order pooling all mineral interests from the top of the Atoka formation to the base of the Morrow formation in the all spacing and proration units located in the N/2 of Section 30, Township 18 South, Range 28 East, N.M.P.M., Eddy County, New Mexico for all formations and/or pools developed on 320-acre spacing which includes but is not limited to the North Illinois Camp-Morrow Gas Pool; and in support of its application states:

1. Marbob Energy Corporation is a working interest owner in the N/2 of said Section 30 and has the right to drill thereon.
2. Marbob proposes to dedicate the above-referenced spacing or proration units to its Nichols State Well No. 1 that has been drilled at a standard gas well location 1370 feet from the North line and 1500 feet from the East line (Unit G) of said Section 30, to an approximate depth of 10,831 feet to test any and all formations from a depth 500 feet below the top of the San Andres to the base of the Morrow formation.
3. Marbob has sought and been able to obtain a voluntary agreement for the development of these lands from all working interest owners in the N/2 of this section but has been unable to get a Margaret Boller Nichols, Post Office Box 25227, Dallas, Texas 75225, the owner of a working interest in the subject spacing units to execute the communitization agreement for these lands.

4. As long as Marbob is unable to get Ms. Nichols to execute this communitization agreement, the pooling of interests is necessary to comply with the requirements of the New Mexico State land Office.

5. In order to permit Marbob to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Marbob Energy Corporation should be designated the operator of the well to be drilled.


6. Approval of this application will prevent waste and will protect correlative rights.

WHEREFORE, Marbob Energy Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on June 16, 2005 and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing and proration units, and
- B. designating Marbob Energy Corporation operator of these units and the well to be drilled thereon.

Respectfully submitted,

HOLLAND & HART LLP

By: 
WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR MARBOB ENERGY
CORPORATION

CASE _____:

Application of Marbob Energy Corporation for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the top of the Atoka formation to the base of the Morrow formation in the all spacing and proration units located in the N/2 of Section 30, Township 18 South, Range 28 East, N.M.P.M., Eddy County, New Mexico for all formations and/or pools developed on 320-acre spacing which includes but is not limited to the North Illinois Camp-Morrow Gas Pool. Said units are to be dedicated to its Nichols State Well No. 1 that has been drilled at a standard gas well location 1370 feet from the North line and 1500 feet from the East line (Unit G) of said Section 30. Also to be considered will be the designation of Marbob Energy Corporation as operator of the well and spacing units. Said area is located approximately 15.5 miles southwest of Loco Hills, New Mexico.