



March 27, 2007

**HAND DELIVERED**

Mark E. Fesmire, P. E.  
Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

*Case 13909*

2007 MAR 27 PM 11 10

Re: Application of Marbob Energy Corporation for Compulsory Pooling, Eddy County,  
New Mexico.

Dear Mr. Fesmire:

Enclosed in triplicate is the Application of Marbob Energy Corporation in the above-referenced case as well as a copy of the legal advertisement. Marbob Energy Corporation requests that this matter be placed on the docket for the April 26, 2007 Examiner hearings.

Very truly yours,

William F. Carr

Enclosures

cc: Mr. Ross Duncan  
Marbob Energy Corporation  
Post Office Box 227  
Artesia, New Mexico 88211-02270

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. 13-209

APPLICATION

MARBOB ENERGY CORPORATION, ("Marbob") through its undersigned attorneys, hereby makes application to the Oil Conservation Division pursuant to the provisions of N.M.Stat.Ann. § 70-2-17, (1978), for an order pooling all mineral interests from the surface to the base of the Morrow formation in the following described spacing and proration units located in the W/2 of Section 14, Township 22 South, Range 26 East, N.M.P.M., Eddy County, New Mexico: the W/2 for all formations and/or pools developed on 320-acre spacing which includes but is not limited to the Undesignated South Carlsbad-Morrow Gas Pool, Undesignated South Happy Valley-Atoka Gas Pool, Undesignated Happy Valley-Strawn Gas Pool, Undesignated East Hackberry Hills-Canyon Gas Pool, South Carlsbad-Wolfcamp Gas Pool ; the SW/4 for all formations and/or pools developed on 160-acre spacing; the SE/4 SW/4 for all formations and/or pools developed on 40-acre spacing which includes but is not limited to the Undesignated East Happy Valley-Bone Spring Pool; and in support of its application states:

1. Marbob Energy Corporation is a working interest owner in the W/2 of said Section 14 and has the right to drill thereon.

2. Marbob proposes to dedicate the above-referenced spacing or proration units to its Commode Hugger Fee Com Well No. 1 (API No. 30-015-34965) to be drilled as a gas well at a standard location 660 feet from the South line and 1850 feet from the West line (Unit N) of said Section 14, to an approximate depth of 11,800 feet to test any and all formations from the surface to the base of the Morrow formation.

3. Marbob has sought and been unable to obtain a voluntary agreement for the development of these lands from certain interest owners in the subject spacing units who are identified on Exhibit A to this application.

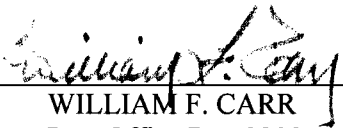
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the 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.

WHEREFORE, Marbob Energy Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on April 26, 2007 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,
- B. designating Marbob Energy Corporation operator of these units and the well to be drilled thereon,
- C. authorizing Marbob Energy Corporation to recover its costs of drilling, equipping and completing the well,
- D. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures, and
- E. imposing a penalty for the risk assumed by Marbob Energy Corporation in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

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

**EXHIBIT A**

**APPLICATION OF  
MARBOB ENERGY CORPORATION.  
FOR COMPULSORY POOLING  
W/2 OF SECTION 14, TOWNSHIP 22 SOUTH, RANGE 26 EAST, N.M.P.M.  
EDDY COUNTY, NEW MEXICO.**

Robert Willis  
Post Office Box 382  
Fairacres, New Mexico 88033

Sharon Sale  
1303 Kenui Place  
Lahaina,  
Maui, Hawaii 96761

Owen Gray  
4329 Pinos Altos Road  
Silver City, New Mexico 88061

Michael Gray  
2321 Johnson Road  
Silver City, New Mexico 88061

State of New Mexico  
Taxation and Revenue Department  
1100 Saint Francis Drive  
Santa Fe, New Mexico 87505  
Attention: Darrell Lujan

CASE 13909: **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 surface to the base of the Morrow formation in the following described spacing and proration units located in the W/2 of Section 14, Township 22 South, Range 26 East, N.M.P.M., Eddy County, New Mexico: the W/2 for all formations and/or pools developed on 320-acre spacing which includes but is not limited to the Undesignated South Carlsbad-Morrow Gas Pool, Undesignated South Happy Valley-Atoka Gas Pool, Undesignated Happy Valley-Strawn Gas Pool, Undesignated East Hackberry Hills-Canyon Gas Pool, South Carlsbad-Wolfcamp Gas Pool ; the SW/4 for all formations and/or pools developed on 160-acre spacing; the SE/4 SW/4 for all formations and/or pools developed on 40-acre spacing which includes but is not limited to the Undesignated East Happy Valley-Bone Spring Pool; Said units are to be dedicated to its Commode Hugger Fee Com Well No. 1 (**API No. 30-015-34965**) to be drilled as a gas well at a standard location 660 feet from the South line and 1850 feet from the West line (Unit N) of said Section 14, to test any and all formations from the surface to the base of the Morrow formation. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Marbob Energy Corporation as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 2.25 miles north of the Carlsbad Airport, New Mexico.



March 29, 2007

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**TO AFFECTED INTEREST OWNERS:**

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

Ladies and Gentlemen:

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 W/2 of Section 14, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico. Said units will be dedicated to Marbob Energy Corporation's proposed Commode Hugger Fee Com Well No. 1 which it proposes to drill at a standard gas well location in the SE/4 SW/4 of said Section 14 to test all formations from the surface to the base of the Morrow formation.

This application has been set for hearing before a Division Examiner at 8:15 AM on April 26, 2007. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. 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, four days in advance of a scheduled hearing, but at least on the Thursday preceding the 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

cc: Ross Duncan  
Marbob Energy Corporation