

HOLLAND & HART LLP



William F. Carr
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September 15, 2009

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 14388

RECEIVED OCD
2009 SEP 15 P 3:15

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 October 15, 2009 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

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**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 A
NON-STANDARD SPACING UNIT AND COMPULSORY POOLING, EDDY COUNTY, NEW
MEXICO.**

CASE NO. 14388

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 (1) creating a non-standard spacing unit comprised of the E/2 E/2 of Section 36, Township 18 South, Range 31 East, NMPM, which will be a the Project Area for the Nervous Horz State Com Well No. 2 to be horizontally drilled from a surface location 330 feet from the North line and 530 feet from the East line and then in a southerly direction as a wildcat well in the Bone Spring formation to a bottom hole terminus at a location 330 feet from the South line and 430 feet from the East line of said Section 36 and (2) pooling all mineral interests in the Bone Spring formation in this non-standard spacing and proration unit, and in support of its application states:

1. Marbob Energy Corporation is a working interest owner in the E/2 E/2 of said Section 36 and has the right to drill thereon.
2. Marbob proposes to dedicate the above-referenced spacing and proration unit to its Nervous Horz State Com Well No. 2 to be drilled as an oil well from a standard surface location 330 feet from the North line and 530 feet from the East line (Unit A) of said Section 26, and then in a southerly direction in the Bone Spring formation to a bottomhole terminus at a point 330 feet from the South line and 430 feet from the East line (Unit P) of said Section 36.
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 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 this non-standard spacing unit and the well to be drilled thereon.

WHEREFORE, Marbob Energy Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 15, 2009 and, after notice and hearing as required by law, the Division enters its order:

- A. creating a non-standard spacing and proration unit in the Bone Spring formation comprised of the E/2 E/2 of Section 36, Township 18 South, Range 31 East, NMPM;
- B. pooling all mineral interests in the subject spacing and proration units;
- C. designating Marbob Energy Corporation operator of this unit and the well to be drilled thereon;
- D. authorizing Marbob Energy Corporation to recover its costs of drilling, equipping and completing the well;
- E. 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
- F. 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 A NON-STANDARD SPACING AND PRORATION UNIT AND
COMPULSORY POOLING
E/2 E/2 OF SECTION 36, TOWNSHIP 18 SOUTH, RANGE 31 EAST, N.M.P.M.
EDDY COUNTY, NEW MEXICO.**

NOTIFICATION LIST

Nadel and Gussman Heyco LLC
Nadel & Gussman Capitan LLC
Explorers Petroleum Corp.
Spiral, Inc.
Post Office Box 1933
Roswell, New Mexico 88202-1933

Riverbend Production LP
1001 Fannin Street, Suite 2020
Houston, Texas 77002-6715

CASE 14388: **Application of Marbob Energy Corporation for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a non-standard spacing unit comprised of the E/2 E/2 of Section 36, Township 18 South, Range 31 East, NMPM, and (2) pooling all mineral interests in the Bone Spring formation in this non-standard spacing and proration unit which spacing unit will be the project area for the Nervous Horz State Com Well No. 2 to be horizontally drilled from a surface location 330 feet from the North line and 530 feet from the East line (Unit A) and then in a southerly direction as a wildcat well in the Bone Spring formation to a bottom hole terminus at a location 330 feet from the South line and 430 feet from the East line (Unit P) of said Section 36. 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 12.31 miles southeast of Loco Hills, New Mexico.