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June 16, 1998

HAND-DELIVERED

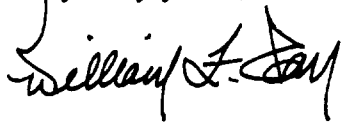
Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87503

Re: *Application of Marbob Energy Corporation for Pool Creation, Special Pool Rules and a nonstandard spacing and proration unit, Lea County, New Mexico*

Dear Ms. Wrotenbery:

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 July 9, 1998 Examiner hearings.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

Enclosures

cc: Mr. Michael Hanagan

**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 POOL CREATION, SPECIAL POOL
RULES, AND A NONSTANDARD
SPACING AND PRORATION UNIT,
LEA COUNTY, NEW MEXICO.

CASE NO. 12002

APPLICATION

MARBOB ENERGY CORPORATION, ("Marbob") by its undersigned attorneys, hereby makes application to the Oil Conservation Division for an Order creating a new pool for the production of hydrocarbons in the Devonian formation as the result of the discovery of oil and gas in its Lewis State-Fee Well No. 1 located in the SE/4 SW/4 of Section 31, Township 9 South, Range 37 East, NMPM, Lea County New Mexico; the promulgating of special pool rules and regulations for this pool including provisions for 160-acre spacing and special well location requirements and the approval of a nonstandard spacing and proration unit for this well comprised of the W/2 SE/4 and the E/2 SW/4 of said Section 31, and in support of this application states:

1. Marbob has recently drilled its Lewis Fee Well No. 1 as a 12,505 foot Devonian test well at a previously approved unorthodox well location 1130 feet from the South line and 2544 feet from the West line of Section 31, Township 9 South, Range 37 East, NMPM, Lea County, New Mexico (See, Division Order NSL-3891 dated November 3, 1997).

Said well is producing through the perforated interval from 12,460 feet to 12,505 feet at a rate of approximately 225 barrels of oil per day in a new common source of supply in the Devonian formation.

2. Marbob requests that a new pool for the production of oil and gas be created to include the following described lands in the original definition of the pool which are reasonably proved to be productive of oil and gas in paying quantities from the Devonian because of this new well.

Township 9 South, Range 37 East, NMPM

Section 31: W/2 SE/4, E/2 SW/4

3. Operating this pool under Statewide rules which provide for 40-acre spacing and proration units will result in the drilling of unnecessary wells and inefficient operations.

4. Marbob seeks the adoption of Special Rules and Regulations to provide for 160-acre spacing and to permit wells to be located within 330 feet of the boundaries of the dedicated spacing unit.

5. Marbob also seeks the approval of a nonstandard spacing unit for this well to be comprised of the acreage that it will drain in the Devonian formation comprised of the W/2 SE/4 and the E/2 SW/4 of said Section 31.

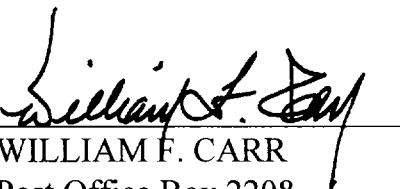
6. Approval of this application will protect the correlative rights of each owner in the pool by affording them the opportunity to produce its just and equitable share of the reserves in the pool, will prevent waste of hydrocarbons and will otherwise be in the best

interest of conservation.

WHEREFORE, Marbob Energy Corporation requests that this application be set for hearing before a Division Examiner on July 9, 1998 and that after notice and hearing as required by law and the rules of the Division, that this application be granted.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P. A.

By: 
WILLIAM F. CARR

Post Office Box 2208

Santa Fe, New Mexico 87504-2208

ATTORNEYS FOR MARBOB ENERGY
CORPORATION

CASE 12000:

Application of Marbob Energy Corporation for pool contraction, pool creation, special pool rules and a nonstandard spacing and proration unit, Lea County, New Mexico. Applicant in the above-styled cause seeks the creation of a new pool for the production of hydrocarbons from the Devonian formation to include the W/2 SE/4 and the E/2 SW/4 of Section 31, Township 9 South, Range 37 East, NMPM. Applicant also seeks the promulgation of special rules and regulations for this new pool including provisions for 160-acre spacing and special well location requirements and the approval of a nonstandard spacing and proration unit comprised of the W/2 SE/4 and the E/2 SW/4 of said Section 31. Said area is located approximately 8.5 miles east of Crossroads, New Mexico.