

**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 AMENDMENT OF THE SPECIAL POOL
RULES AND REGULATIONS FOR THE
LUSK-MORROW GAS POOL,
EDDY AND LEA COUNTIES, NEW MEXICO.**

CASE NO. _____

12444

OIL CONSERVATION DIV
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APPLICATION

MARBOB ENERGY CORPORATION ("Marbob"), through its undersigned attorneys, hereby makes application for an order amending the Special Pool Rules and Regulations for the Lusk-Morrow Gas Pool to adopt:

- A. infill drilling provisions that allow for up to four wells on each 640-acre unit (one well in each quarter section, or effective 160-acre spacing); and
- B. the relaxation of the setback requirements for wells, such that wells can be located no closer than 660 feet to a quarter section line nor closer than 10 feet to any quarter-quarter section line of subdivision inner boundary.

In support of its application, Marbob states:

- 1. The Lusk-Morrow Gas Pool was created by Oil Conservation Division Order No. 2373 and the pool boundaries currently include the following described lands in Eddy and Lea Counties, New Mexico:

EDDY COUNTY
TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM

Section 13:	All
Section 24 and 25:	All

LEA COUNTY
TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM

Sections 9 and 10:	All
Sections 15 and 16:	All
Sections 18 through 21:	All
Sections 27 through 30:	All
Section 32:	All

2. The Lusk-Morrow Gas Pool is governed by the “Special Rules and Regulations for the Lusk-Morrow Gas Pool, adopted by Division Order No. R-2373, as amended by Order Nos. R-2373-A, and R-2373-B, which require standard 640-acre spacing and proration units with special well location requirements which provide for wells to be located not closer than 330 feet to the outer boundary of the SW/4 NE/4, NW/4 SE/4, NE/4 SW/4, or the SE/4 NW/4 of the section.

3. The Lusk-Morrow Gas Pool is an nonprorated gas pool and therefore is subject to the provisions of Division Rule 104.D(3) which restricts the number of producing wells within a single spacing unit to only one well.

4. Marbob operates a standard 643.47 acre spacing and proration unit comprised of Section 19, Township 19 South, Range 32 East, NMPM, Lea County, New Mexico which is within the boundaries of the Lusk Deep Unit which is a Federal Exploratory unit operated by Marbob.

5. By Division Order No. R-2373-D, dated January 15, 1999, Marbob was granted an exception to Division Rule 104.D(3) to simultaneously dedicate the following wells to the 643.47-acre spacing and proration unit in the Lusk-Morrow Gas Pool comprised of said Section 19:

- A. the Lusk Deep Unit Well No. 1 (**API No. 30-025-00905**) located at an unorthodox well location 660 feet from the North and East lines of said Section 19;
- B. the Lusk Deep Unit Well No. 5 (**API No. 30-025-20122**) located at a standard location 1980 feet from the South and East lines of said Section 19, and
- C. the then proposed Lusk Deep Unit Well No. 14 (**API No. 30-025-34573**) to be drilled at an unorthodox well location 1650 feet from the North line and 990 feet from the West line of said Section 19.

6. Order R-2373-D further provided that within one year following the completion of the Lusk Deep Unit Well No. 14, Marbob shall file an application with the Division to amend the “Special Pool Rules and Regulations for the Lusk-Morrow Gas Pool” to include provisions for infill drilling that allows up to four wells on each 640-acre spacing unit and relaxes the setback requirements for wells in the pool to provide that wells may be located no closer than 660 feet to a quarter section line nor closer than 10 feet to a quarter-quarter Section line or subdivision inner boundary.

7. The Lusk Deep Unit Well No. 14 has been drilled and completed and the data from this well supports the amendment of the Special Pool Rules and Regulations for the Lusk-Morrow Gas Pool.

8. The amendment of the Special Pool Rules and Regulations for the Lusk-Morrow Gas Pool as proposed will afford Marbob and other operators in the pool the opportunity to efficiently produce the Morrow formation thereby protecting their correlative rights.

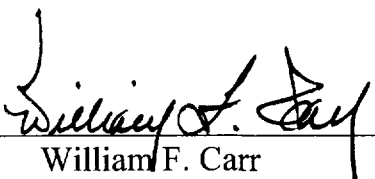
9. The approval of this application will result in the efficient recovery of hydrocarbons from the Lusk-Morrow Gas Pool thereby preventing waste and will otherwise be in the best interest of conservation.

WHEREFORE, Marbob Energy Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on June 29, 2000 and, after notice and hearing as required by law, the Division enter its order granting this application, amending the Special Pool Rules and Regulations for the Lusk-Morrow Gas Pool to adopt:

- A. infill drilling provisions that allow for up to four wells on each 640-acre unit (one well in each quarter section, or effective 160-acre spacing); and
- B. the relaxation of the setback requirements for wells, such that wells can be located no closer than 660 feet to a quarter section line nor closer than 10 feet to any quarter-quarter section line of subdivision inner boundary.

Respectfully submitted,

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

By: 
William F. Carr

ATTORNEY FOR MARBOB ENERGY
CORPORATION

CASE 12444 :

Application of Marbob Energy Corporation for amendment of the Special Rules and Regulations ~~for~~ the Lusk-Morrow Gas Pool, Eddy and Lea Counties, New Mexico. Applicant ~~in the above styled cause~~ seeks amendment of the Special Rules and Regulations for the Lusk-Morrow Gas Pool to provide for up to four infill wells on each 640-acre spacing unit and well location requirements which provide for wells to be located no closer than 660 feet to a quarter section line nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary. The Lusk-Morrow Gas Pool is located in Sections 1, 24 and 25 of Township 19 South, Range 31 East, ~~NMPM~~, Eddy County, New Mexico and Sections 9, 10, 15, 16 18, 19, 20, 21, 27, 28, 29, 30, and 32 of Township 19 South, Range 32 East, ~~NMPM~~, Lea County, New Mexico. Said pool is located approximately 14 miles south-southeast of Maljamar, New Mexico.