

BEFORE THE OIL CONSERVATION DIVISION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF :
MARBOB ENERGY CORPORATION FOR :
UNORTHODOX OIL WELL LOCATIONS: FOR AN :
ADMINISTRATIVE APPROVAL PROCEDURE FOR :
FUTURE UNORTHODOX OIL WELL LOCATIONS :
IN THE SUBJECT AREA: AND, FOR A :
FINDING THAT INFILL WELLS :
IN THE SUBJECT AREA ARE NECESSARY :
FOR PROPER DRAINAGE, EDDY COUNTY, :
NEW MEXICO. :

CASE NO. 8432

APPLICATION

COMES NOW MARBOB ENERGY CORPORATION, by its attorney, and in support hereof, respectfully states:

1. Applicant is the operator of the Grayburg-San Andres Formation, (Grayburg Jackson Seven Rivers Queen Grayburg San Andres Pool) underlying the lands described in Exhibit "A", attached hereto and made a part hereof, to the extent described therein, hereinafter "Subject Area."

2. Applicant proposes to drill the following wells at the following unorthodox locations upon the SW1/4NW1/4, SE1/4NE1/4 and SW1/4NE1/4 of Section 14, Township 17 South, Range 29 East, N.M.F.M.:

M. Dodd B No. 46 2310 FNL, 25 FWL, 14-17S-29E
M. Dodd B No. 47 1425 FNL, 330 FEL, 14-17S-29E
M. Dodd B No. 48 1425 FNL, 1345 FEL, 14-17S-29E.

3. The Applicant seeks an exception to the well location requirements of Rule 104-C.1(A) of the Oil Conservation Division to permit the drilling of the wells at the above mentioned unorthodox locations to depths sufficient to adequately test the Grayburg-San Andres formation.

4. Applicant further seeks an Administrative Approval Procedure which will enable it to make application for unorthodox oil well locations within the Subject Area without the necessity of notice and hearing and without the necessity of meeting the requirements of Rule 104-F provided that said unorthodox locations be no less than 330 feet to the outer boundary of a lease, or in

the case of a unit, unitized area, nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

5. Applicant further seeks a finding that infill wells, defined as additional wells drilled for production on established proration units, within the Subject Area are necessary in order to effectively and efficiently drain those portions of the reservoir covered by proration units within the Subject Area.

6. The approval of this application will afford Applicant the opportunity to produce its just and equitable share of oil and will otherwise prevent waste and protect correlative rights.

WHEREFORE, Applicant prays:

A. That this application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. That upon hearing the Division enter an order as follows:

1. Granting Applicant permission to drill the following wells at the following unorthodox locations:

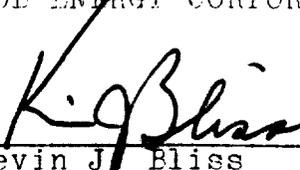
M. Dodd B No. 46 2310 FNL, 25 FWL, 14-17S-29E
M. Dodd B No. 47 1425 FNL, 330 FEL, 14-17S-29E
M. Dodd B No. 48 1425 FNL, 1345 FEL, 14-17S-29E.

2. Instituting an Administrative Approval Procedure for future unorthodox oil well locations within the Subject Area upon the condition that said future unorthodox oil well locations be no closer than 330 feet to the outer boundary of a lease, or unitized area, nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

3. Establishing that infill wells within the Subject Area are necessary to effectively and efficiently drain those portions of the reservoir covered by proration units within the Subject Area.

C. And for such other and further relief as may be just in the premises.

MARBOE ENERGY CORPORATION

BY: 

Kevin J. Bliss
Attorney for Applicant

EXHIBIT "A"

All of the leases and lands described in this Exhibit "A" are located in Township 17 South, Range 29 East, N.M.P.M., Eddy County, New Mexico. Unless otherwise shown below, Applicant is operator of the entire Grayburg-San Andres formation:

M. Dodd A Lease (LC-028731 A)

Section 14: SE1/4SW1/4, W1/2SW1/4
Section 22: SE1/4SE1/4, SE1/4S/W1/4, W1/2SE1/4
Section 15: SE1/4, only to a subsurface depth of 4,000 feet.
Section 22: NE1/4SE1/4, SW1/4NE1/4, E1/2NE1/4, only to a subsurface depth of 4,000 feet.

M. Dodd B Lease (LC-028731 B)

Section 10: E1/2W1/2, E1/2
Section 11: W1/2
Section 14: N1/2, NE1/4SW1/4, SE1/4
Section 15: NE1/4

Foyd-Dodd Lease (LC-058362)

Section 11: SE1/4

Continental State (E-4200)

Section 15: NW1/4, only to a subsurface depth of 3,500 feet.
E1/2SW1/4, only to a subsurface depth of 3,403 feet.

Folk Federal Lease (NM-0397623)

Section 17: N1/2, N1/2SW1/4

Folk State Lease (B-10714)

Section 17: N1/2SE1/4

Grayburg-Jackson West Co-Op Unit

Section 16: All
Section 21: All
Section 28: All
Section 15: W1/2SW1/4
Section 22: NW1/4, NW1/4NE1/4, NE1/4SW1/4, W1/2SW1/4
Section 27: W1/2SW1/4

Only to a subsurface depth of 3,600 feet. (The Grayburg-Jackson West Cooperative Unit covers that portion of the Grayburg-San Andres formation encountered between the depths of 2,220 feet and 3,600 feet.)