

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

*CASE NO. 10904*  
*ORDER NO. R-7900-B*

**APPLICATION OF MARBOB ENERGY CORPORATION FOR AUTHORIZATION OF  
UNORTHODOX WELL LOCATIONS WITHIN ITS BURCH-KEELY UNIT, EDDY  
COUNTY, NEW MEXICO**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on February 3, 1994, at Santa Fe, New Mexico, before Examiner Jim Morrow.

NOW, on this 3rd day of March, 1994, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Marbob Energy Corporation (Marbob), seeks authority to drill producing wells at unorthodox well locations within its Burch-Keely Unit located in portions of Township 17 South, Ranges 29 and 30 East, NMPM, Eddy County, New Mexico, provided said locations would be no closer than 330 feet to the outer boundary of the Unit Area nor closer than 25 feet to any quarter section line or quarter-quarter line.

(3) Division Cases Nos. 10903 and 10904 were consolidated at the time of the hearing for the purpose of testimony. The following findings concerning Case No. 10904 are based on exhibits and documents submitted by the applicant, the testimony of the applicant's witnesses, and record information in Case No. 10903.

(4) Marbob is the operator of the Burch-Keely Unit, Grayburg-Jackson Pool, Eddy County, New Mexico which is comprised of 5149.44 acres, more or less, of federal lands which was statutorily unitized pursuant to Oil Conservation Division Order No. R-7900-A dated October 28, 1993. A portion of the unit is currently being waterflooded. A planned expansion would extend flood operations to all the unit.

(5) The vertical limits of the Grayburg-Jackson Pool were amended within the designated Burch-Keely Unit Area by Division Order No. R-10067 and R-10067-A, entered February 22, 1994, to include the interval from the top of the Seven Rivers formation to 500 feet below the top of the Paddock formation.

(6) Marbob has recently received administrative approval for 13 non-standard producing well locations within the Burch-Keely Unit Area. Twelve of these have been drilled. At least 60 more producing wells are planned. In spacing the new infill wells to improve oil recovery and conform to the flood pattern, many will fall in unorthodox locations.

(7) Marbob is requesting a simplified approval procedure for unorthodox locations which meet the requirements set out in Finding Paragraph No. 2. This would save both Marbob and the Division the time and money required to prepare and review formal applications and would provide for more efficient development of the waterflood project.

(8) Offset operators and other interested persons were notified of this application and none appeared at the hearing to oppose it.

**IT IS THEREFORE ORDERED THAT:**

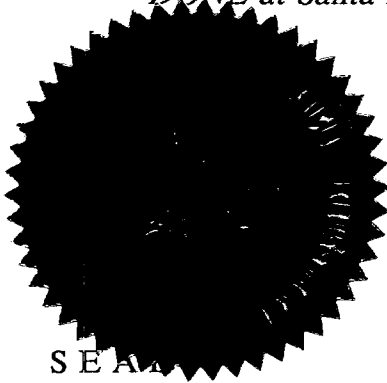
(1) The District Supervisor of the Artesia District Office of The Oil Conservation Division or his designee is hereby authorized to review and approve or deny Marbob Energy Corporation applications for approval to drill at unorthodox locations within the designated Burch-Keely Unit Area, as described in Exhibit "A" attached hereto. Said locations shall be no closer than 330 feet to the outer boundary of the Unit Area nor closer than 25 feet to any quarter section line or quarter-quarter section line and otherwise shall comply with the Oil Conservation Division's General Rules of statewide application.

(2) Such application for approval shall be filed in triplicate and shall include a transmittal letter which references this order, a copy of the Application For Permit To Drill, and a copy of Oil Conservation Division Form C-102 which shows the proposed

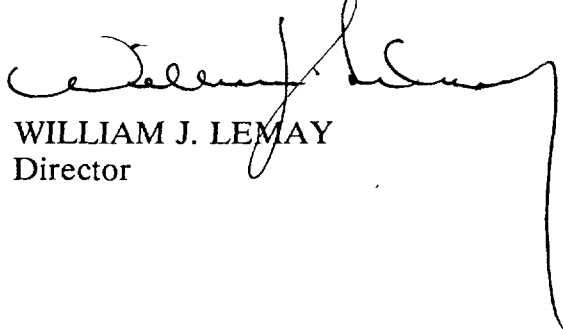
location and all other wells within the quarter-quarter section in which the proposed well is located. District approval or denial shall be indicated on copies of the transmittal letter with one copy of the complete application to be returned to the applicant and one mailed to the Division's Santa Fe Office.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
WILLIAM J. LEMAY  
Director

***EXHIBIT "A"***  
***CASE NO. 10904***  
***ORDER NO. R-7900-B***

**Marbob Energy Corporation**  
**Burch-Keely Unit Area**  
**Grayburg-Jackson Pool**

**Eddy County, New Mexico**

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**TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM**

Section 12:	SE/4 SE/4
Section 13:	All
Sections 23 through 26:	All

**TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM**

Sections 18 and 19:	All
Section 30:	All