



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson
Governor
Joanna Prukop
Cabinet Secretary

June 25, 2003

OCD - Artesia
Lori Wrotenbery
Director
Oil Conservation Division

Marbob Energy Corporation
P. O. Box 227
Artesia, New Mexico 88211-0227

Attention: Dean Chumbley

Re: Administrative application (administrative application reference No. **pKRV0-315428161**) for an exception to Division Rule 104.B (1), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, for Marbob Energy Corporation's proposed Zarafa "FF" Federal Well No. 2 at an unorthodox gas well location 1650 feet from the South line and 2550 feet from the West line (Unit K) of Section 12, Township 21 South, Range 24 East, NMPM, Undesignated Southeast Cemetery-Morrow Gas Pool, Eddy County, New Mexico, within a standard 320-acre stand-up gas spacing unit comprising the W/2 of Section 12.

Dear Mr. Chumbley:

I have reviewed the subject application and the records of the New Mexico Oil Conservation Division ("Division") concerning this matter, please be advised that:

- (1) with the inception of Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, enacted under Section 70-2-11, NMSA 1978, of the Oil and Gas Act ("Act"), which serves to protect correlative rights while simultaneously promoting the orderly development of oil and gas resources, operators have been given greater flexibility in locating deep gas wells thereby allowing an operator to drill at an optimal location within a 320-acre unit while avoiding surface obstructions; and
- (2) from the information provided, or lack thereof, there appear to be vast areas within the 320-acre unit not affected by "topographical issues" and that adequately meet the perimeters necessary for drilling at a standard deep gas well location within the W/2 of Section 12.

Under Division Rule 104.F (2) your application is neither justified nor warranted; therefore, this application is hereby **denied**.

As a reminder our pool rules are serious matters for the purpose of orderly development of New Mexico's valuable oil and gas resources. It is very easy to get into a mode of thinking that considers these rules as minor inconveniences and applications for exceptions as "open and shut" issues. Since the primary objective of the recent amendments to the location requirements for deep gas wells in southeast New Mexico (see the record in Case No. 12119) were to grant operators increased flexibility in locating wells and to decrease the number of applications for unorthodox locations, all future location exceptions will require substantial justification, i.e., unusual circumstances. Also, please refer to the findings in Division Order No. R-11364, issued in Case No. 12370 and dated April 28, 2000 (see copy attached) that addressed this issue further.

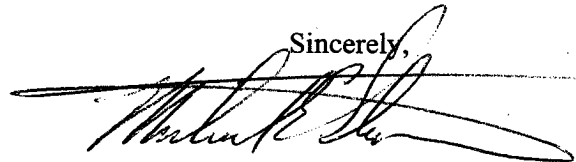
Marbob Energy Corporation

June 25, 2003

Page 2

Thank you for your understanding, cooperation, and continued support in making this newly improved portion of New Mexico's conservation rules a meaningful success.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", written over a horizontal line.

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: ~~New Mexico Oil Conservation Division - Artesia~~
U. S. Bureau of Land Management - Carlsbad
Raye Miller, Marbob Energy Corporation - Artesia
William F. Carr, Legal Counsel for Marbob Energy Corporation - Santa Fe

DATE INQ 5/27/03	SUSPENSE 6/18/03	ENGINEER DRC	LOGGED IN MW	TYPE NSL	APPROV PRV03/5428/61
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

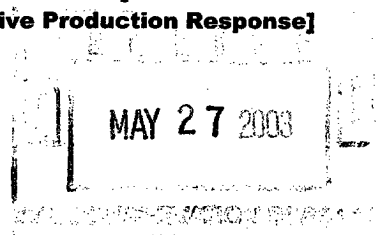
[A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____



[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
- [B] ☒ Offset Operators, Leaseholders or Surface Owner
- [C] ☐ Application is One Which Requires Published Legal Notice
- [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] ☒ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

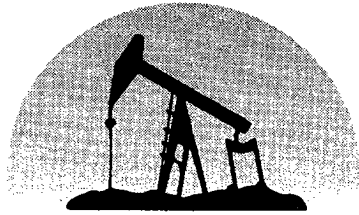
Dean Chumbley
 Print or Type Name

Signature

Land Department
 Title

5/21/03
 Date

land@marbob.com
 e-mail Address



marbob

energy corporation

May 19, 2003

New Mexico Oil and Gas Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87504



RE: Application for Administrative Approval of an Unorthodox Location

Gentlemen:

Marbob Energy Corporation respectfully submits the following Application for Administrative Approval of an Unorthodox Location. Marbob Energy Corporation requests approval to drill a Cemetery South Morrow gas well at our Zarafa Federal No. 2 location. The location of the Zarafa Federal No. 2 was staked at 1650' FSL and 2550' FWL in Section 12 of Township 21 South, Range 24 East in Eddy County, New Mexico. The orthodox location at 1980' FNL and 1980' FWL was moved by the BLM due to topographical issues.

The only affected party is Como Petroleum Corporation, who is a partner with Marbob Energy in this area. Attached is a Waiver indicating no opposition to this unorthodox location. Offset operators have been notified of this application via certified mail. The following items have been attached to aid in your review of this application:

- A.) Zarafa Federal No. 2 Form C-102 current location
- B.) Zarafa Federal No. 2 Form C-102 original location
- C.) Plat of well spots and proration units
- D.) Waiver of Como Petroleum Corp. (Affected Party)

Please do not hesitate to contact us should you have any questions or need further information. Thank you for reviewing this Application.

Sincerely,

Dean Chumbley
Land Department

DC/mp
Enclosures

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico

Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

MAR 25 2003

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code 97031	Pool Name CEMETARY; MORROW, SOUTHEAST
Property Code 25211	Property Name ZARAF A FF FEDERAL	Well Number 2
OGRID No. 14049	Operator Name MARBOB ENERGY CORPORATION	Elevation 3591'

Surface Location

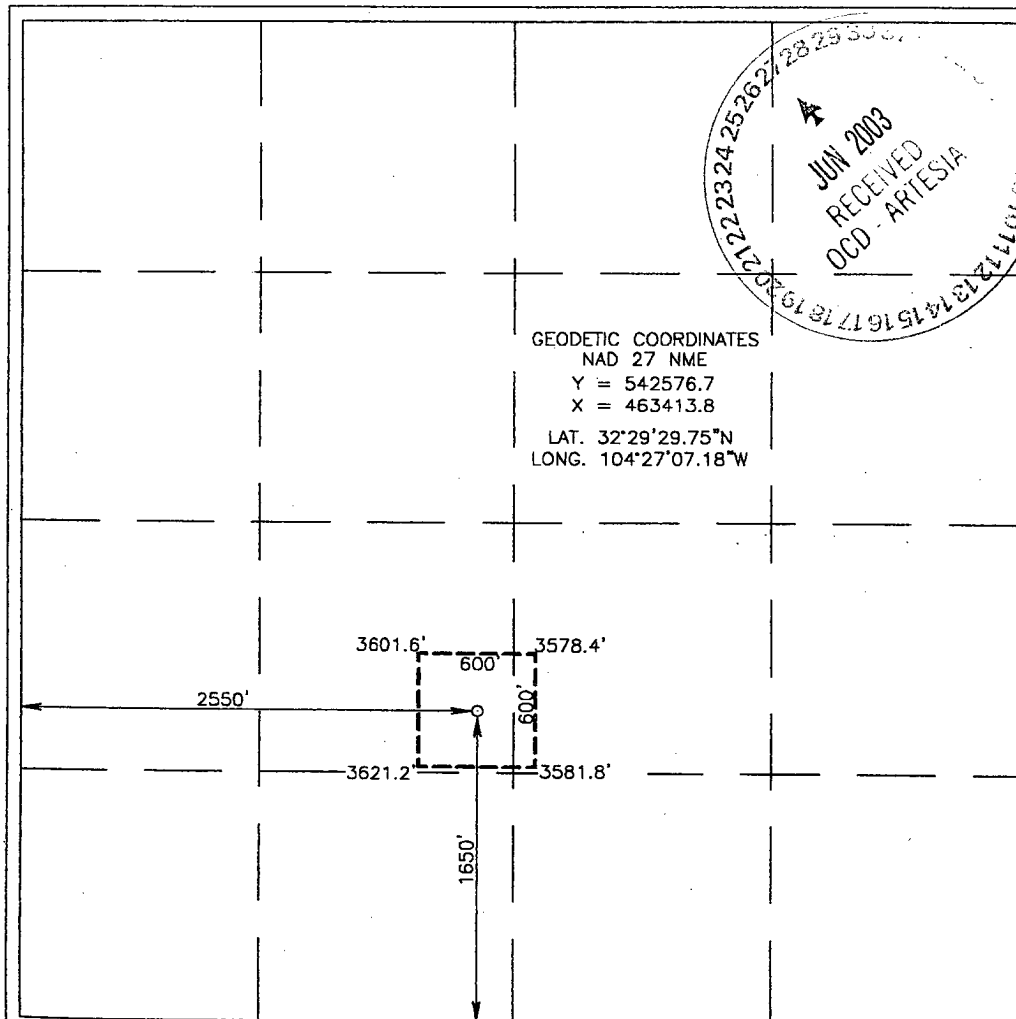
UL or lot No. K	Section 12	Township 21-S	Range 24-E	Lot Idn	Feet from the 1650	North/South line SOUTH	Feet from the 2550	East/West line WEST	County EDDY
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Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Melanie J. Parker
Signature

Melanie J. Parker
Printed Name

Land Department
Title

05/08/03
Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

MARCH 20, 2003

Date Surveyed
Signature & Seal of Professional Surveyor

Gary E. Edson
03.11.0330

Certificate No. RONALD J. EDSON 3239
GARY EDSON 12841

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Antec, NM 87410

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

MAY 20 2003

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name ZARAF A "FF" FEDERAL	Well Number 2
OGRID No.	Operator Name MARBOB ENERGY CORPORATION	Elevation 3654'

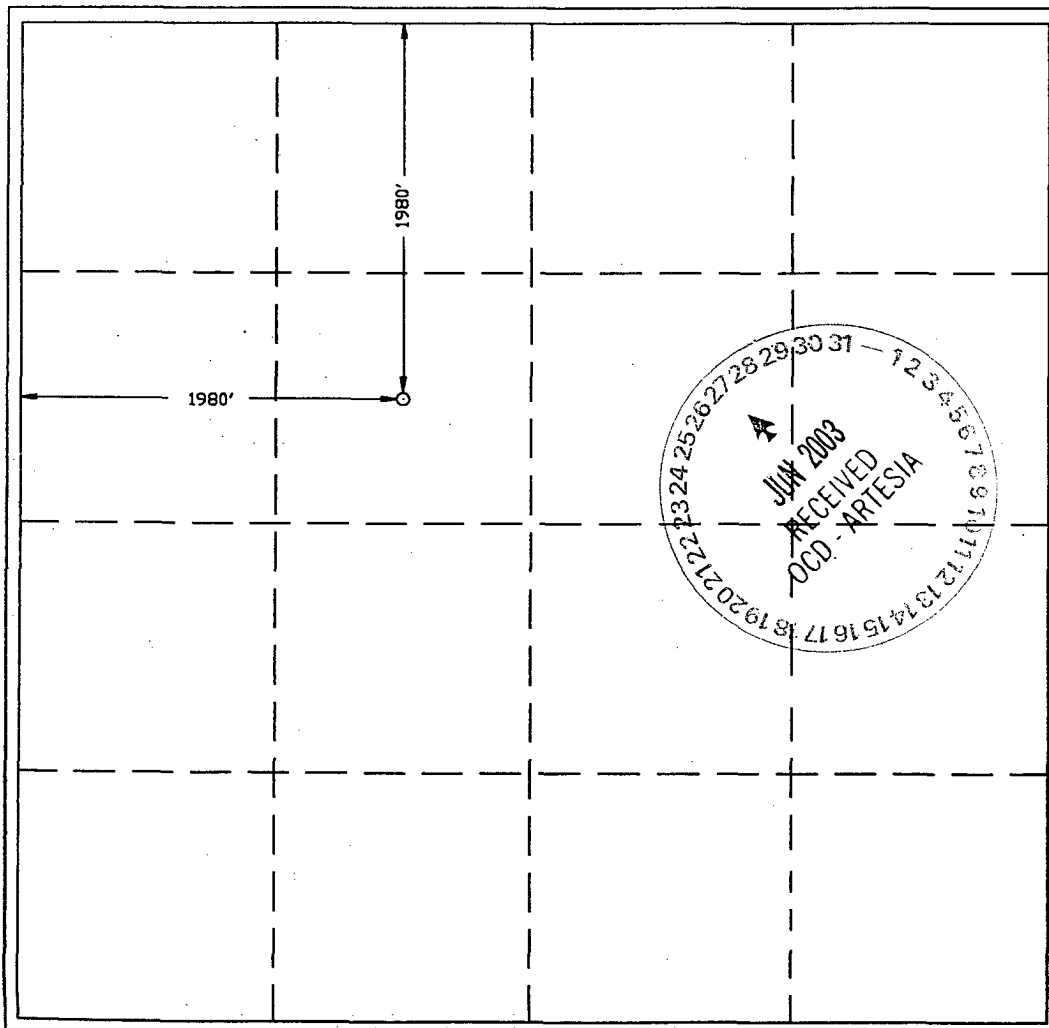
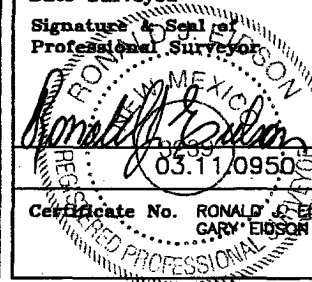
Surface Location

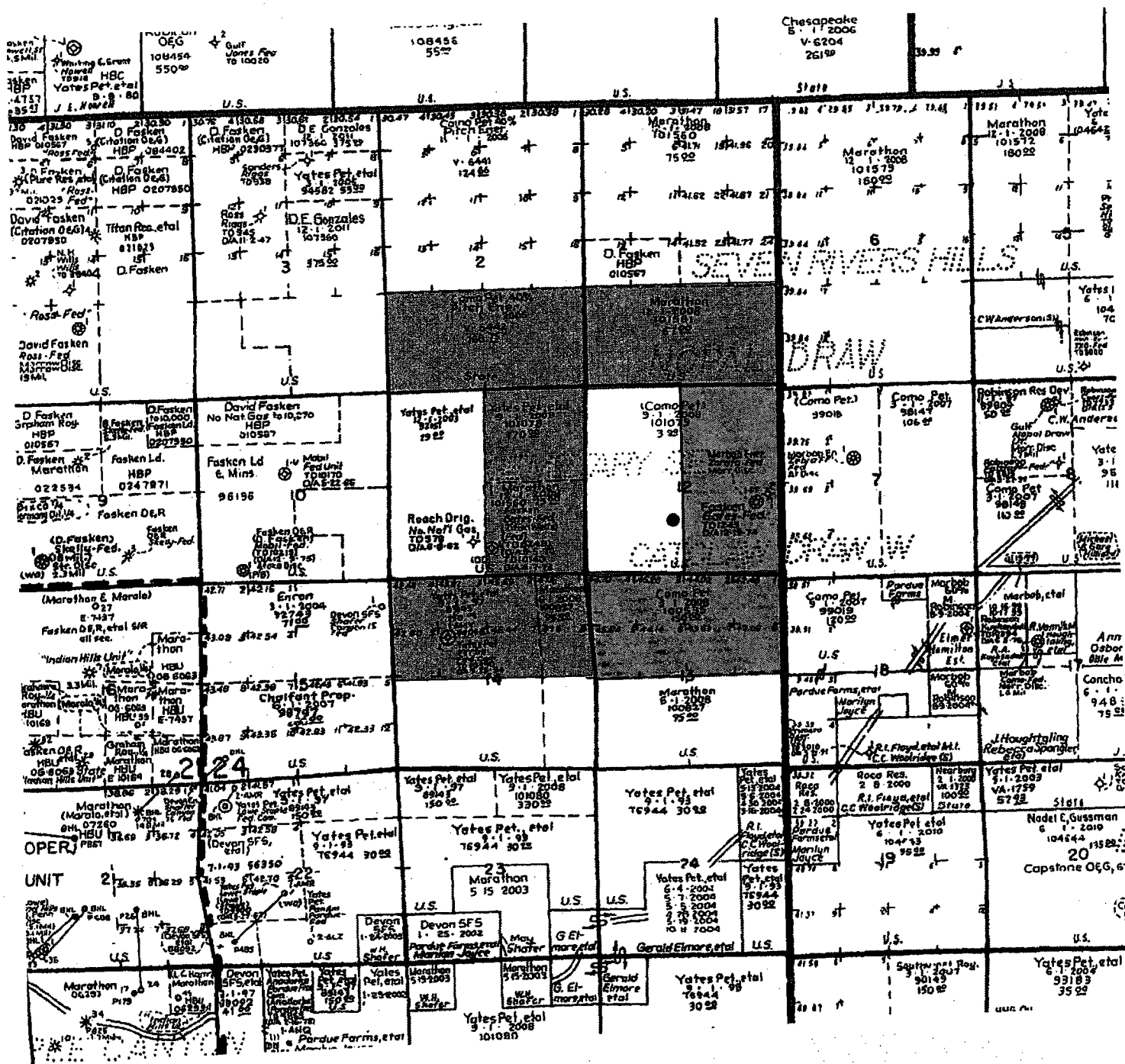
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	12	21-S	24-E		1980'	NORTH	1980'	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>Date _____</p> <p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>December 12, 2002</p> <p>Date Surveyed _____ A.W.B</p> <p>Signature _____ Seal of Professional Surveyor</p> <p></p> <p>Certificate No. RONALD J. EASON 3239 GARY EASON 12641</p>
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Zarafa FF Federal #2
1650' FSL & 2550' FWL
Section 12, T21S, R24E
Eddy County, New Mexico

- Zarafa FF Federal #2 Proration Unit
- Affected Proration Unit
- Offset Proration Unit

WAIVER

Como Petroleum Corporation hereby waives any and all objections to Marbob Energy Corporation drilling the Zarafa FF Federal No. 2 well at 1650' FSL & 2550' FWL of Section 12-21S-24E, Eddy County, New Mexico

By: Mark L. Robinson

Name: MARK L. ROBINSON

Title: PRESIDENT, COMO PETROLEUM CORP.

Date: 5/21/03