



July 31, 1998

Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

Attention: Mr. Michael Stogner

RE: Application for Administrative  
Approval of Unorthodox Location  
Bryce State No. 1  
990 FNL 1800 FWL  
Section 2-T10S-R37E  
Lea County, New Mexico

Dear Mr. Stogner:

Marbob Energy Corporation hereby makes application pursuant to Oil Conservation Division Rule 104.f (2) for administrative approval based on the recompletion of the well previously drilled to a deeper horizon.

Marbob proposes to complete the Bryce State No. 1 well at an unorthodox location 990 feet from the north line and 1800 feet from the west line of Section 2, Township 10 South, Range 37 East, N.M.P.M., Lea County, New Mexico. The well was originally drilled to test the Devonian formation. That test was unsuccessful; therefore, we propose to complete the well in the San Andres formation. OCD District I informed me that the well would be placed in the Sawyer West; San Andres field. This pool has special pool ruling requiring 80-acre proration unit. The new proposed proration unit is the E/2NW/4. The proration unit is contained in the same state lease (VA-8888) with identical ownership prior to drilling the Bryce State No. 1.

Marbob is the operator of the well with the rights and lease being owned by Marbob and KCS Medallion Resources, Inc.

Exhibit "A" is a plat showing the proposed unorthodox well location. The proposed spacing unit is outlined in red. Exhibit "B" is a map showing offset proration units outlined in green identifying Yates Petroleum and Charles L. House as offset owners. They have been notified and supplied with a copy of this Application.