



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87506  
(505) 827-7131

October 9, 1997

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Marbob Energy Corporation  
P.O. Box 227  
Artesia, New Mexico 88211-0217  
Attention: Mike Hanagan

*Administrative Order NSL-3884*

Dear Mr. Hanagan:

Reference is made to your application dated September 2, 1997 for a non-standard oil well location for your proposed Apache Springs Federal Well No. 1 to be drilled 1442 feet from the North line and 2174 feet from the West line (Unit F) of Section 34, Township 10 South, Range 30 East, NMPM, Chaves County, New Mexico.

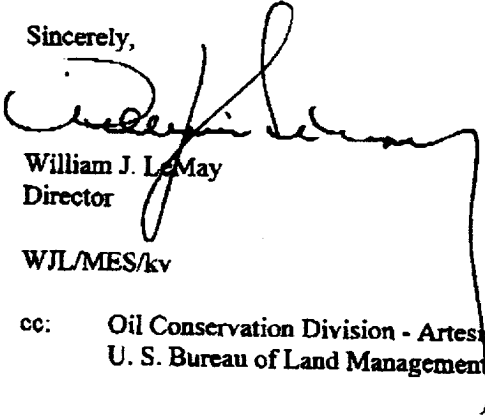
The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox oil well location will be at a more favorable geologic position within the Siluro-Devonian formation than a well drilled at a location considered to be standard within the proposed standard 40-acre oil spacing and proration unit comprising the SE/4 NW/4 of said Section 34.

As further indicated by the applicant, all of said Section 34 is a single Federal lease in which McClellan Oil Corporation ("McClellan") is the lessee of record. Marbob has recently entered into a farmout agreement with McClellan which covers the affected leasehold and Marbob will be the operator of record; therefore, there are no effected offsets to the subject 40-acre tract other than Marbob.

The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division").

By the authority granted me under the provisions of Division General Rule 104.F(2), the above-described unorthodox oil well location is hereby approved.

Sincerely,

  
William J. LeMay  
Director

WJL/MES/kv

cc: Oil Conservation Division - Artesia  
U. S. Bureau of Land Management - Carlsbad

