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NSL-3884

September 2, 1997

New Mexico Department of Energy, Minerals and Natural Resources
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Attention: Mr. Mike Stogner

RE: APPLICATION FOR ADMINISTRATIVE APPROVAL
OF UNORTHODOX LOCATION
Marbob Energy Corporation
#1 Apache Springs Federal
1442' FNL & 2174' FWL
Section 34 - T10S - R30E
Chaves County, New Mexico

Dear Mr. Stogner:

Marbob Energy Corporation (Marbob) hereby makes application pursuant to Oil Conservation Division Rule 104.F(2) for administrative approval to drill the above referenced #1 Apache Springs Federal well to the Siluro-Devonian formation at an unorthodox location based on geologic considerations.

Marbob proposes to drill the #1 Apache Springs Federal well to a unorthodox bottomhole location of 1442 feet from the north line and 2174 feet from the west line of Section 34, Township 10 South, Range 30 East, N.M.P.M., Chaves County, New Mexico with the intent of testing the Siluro-Devonian formation. This location represents the best location identified by 3D seismic information. The proposed location encroaches only on an inner quarter-quarter boundary and does not encroach on any lease boundaries.

There are no producing wells within a one mile radius of the proposed location and the nearest dry hole, being the Cosden Petroleum #1-A Federal, is located approximately 1/4 mile northeast in the diagonally adjacent spacing unit.