

CASE 3884: Appli. of MARATHON
FOR APPROVAL OF THE MILLER RANCH
UNIT AGREEMENT, EDDY COUNTY.

Case Number

3884

Application
Transcripts.

Small Exhibits

ETC.



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Drawer 1857
Roswell, New Mexico 88201

263 AUG 28 AM 8 21

IN REPLY REFER TO:

3884

August 27, 1969

Marathon Oil Company
P. O. Box 552
Midland, Texas 79701

Attention: Mr. Charles L. Southard

Gentlemen:

Your application for termination of the Miller Ranch unit agreement, Eddy County, New Mexico, pursuant to the last paragraph of section 20 thereof, was approved on August 27, 1969, effective as of September 1, 1969, the first day of the month following the date of filing in the Supervisor's office.

Copies of the approved termination are being furnished to the appropriate Federal offices and one approved copy is enclosed. It is requested that you furnish notice of this approval to each party affected by the termination of the Miller Ranch unit agreement.

Sincerely yours,

(ORIG. SGD.) JOHN A. ANDERSON

JOHN A. ANDERSON
Regional Oil and Gas Supervisor

cc:

Washington (w/cy appln.)
BLM, Santa Fe (w/cy appln.)
Artesia (w/cy appln.)
NMOCC, Santa Fe (Ltr. only) ✓
Com. Pub. Lands, Santa Fe (Ltr. only)

Note to BLM: All of the Federal leases in the unit area are committed to the unit agreement and entitled to a 2-year extension pursuant to 43 CFR 3127.5, as applicable.



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Drawer 1857
Roswell, New Mexico 88201

AM 8 17
FEB 20 1969

IN REPLY REFER TO:

3884
February 20, 1969

Marathon Oil Company
P. O. Box 552
Midland, Texas 79701

Attention: Mr. B. J. McMichael

Gentlemen:

Your letter of February 17 requests our acceptance of the completion date of Miller Ranch unit well No. 1, located in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ sec. 18, T. 22 S., R. 25 E., Eddy County, New Mexico.

The information submitted by you shows the well was completed on January 15, 1969, in the Delaware Mountain Group. Such completion date is acceptable to this office.

Sincerely yours,

(ORIGINAL SENT JOHN A. ANDERSON)

JOHN A. ANDERSON
Regional Oil and Gas Supervisor

cc:
Artesia
NMOCC, Santa Fe ✓
Com. Pub. Lands, Santa Fe



MARATHON OIL COMPANY

PRODUCTION - UNITED STATES AND CANADA

MAIN OFFICE

69 FEB 18 AM 8 44

3884

POST OFFICE BOX 552
MIDLAND, TEXAS 79701
February 17, 1969

Oil & Gas Supervisor
United States Geological Survey
ATTENTION MR. CARL TRAYWICK
Drawer 1857
Roswell, New Mexico 88201

The Commissioner of Public Lands
State of New Mexico
ATTENTION MR. TED BILBERRY, OIL & GAS DEPARTMENT
P. O. Box 791
Santa Fe, New Mexico 87501

New Mexico Oil Conservation Commission
ATTENTION MR. A. L. PORTER
P. O. Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

Miller Ranch Unit (No. 14-08-001-8976)
Eddy County, New Mexico

The initial wildcat well, Marathon Oil Company Miller Ranch Unit Well No. 1, 1650' FSL & 1980' FEL of Sec. 18, T-22-S, R-25-E, Eddy County, New Mexico was drilled to a total depth of 8135'. The Upper Pennsylvanian (Cisco-Canyon) formations were tested by a drillstem test, 8098'-8135', that was open for one hour; recovery was 4500' slightly mud cut sulfur water and 1868' of sulfur water, 30 min. initial shut-in pressure 3011 psi, flow pressure 2390 psi to 3011 psi, and 60 min. final shut-in pressure 3011 psi. The Upper Pennsylvanian (Cisco-Canyon) formations constitute a "reef" type carbonate and the test is, in our opinion, an adequate evaluation as designated in Section 9 of the Unit Agreement.

Following the test of the Upper Pennsylvanian, the well was plugged back to 3704' and casing was set to test certain sands in the Brushy Canyon of the Delaware Mountain Group. On a potential test of December 16, 1968 one of the zones flowed oil at the rate of 163 BO, 18 BW & 194 MCF gas on 16/64 inch choke, gas-oil ratio 1190:1, gravity 47.2° from perforations 3624-3636'. A bridge plug was set above the perforations and several higher sand members were tested: none of the other zones was productive. The bridge plug above

February 17, 1969
Page 2

the producing perforations was removed January 15, 1969 and operations were started to put the well into production. Since the well was ready to go into uninterrupted production when the bridge plug was removed, January 15, 1969 is recommended as the effective date for completion of the Marathon Oil Miller Ranch Unit Well No. 1.

Subsequent to completion, the well died and a pump is being installed at the present time. Performance of this well for the next several weeks could be significant in determining if the well is capable of producing in paying quantities. Marathon plans to observe the producing capabilities of the discovery well prior to filing an application for designation of a participating area and plan of development. As soon as determination can be made concerning whether or not the well can produce in paying quantities, appropriate action will be taken.

If agreeable to the Director, the Land Commissioner, and the Oil Conservation Commission, Marathon respectfully requests that the date of January 15, 1969 be accepted and confirmed as the date of completion in so far as this date applies to the Unit Agreement. Please address your reply to Marathon Oil Company, P. O. Box 552, Midland, Texas to my attention.

Yours very truly,

MARATHON OIL COMPANY

By B. J. McMichael
B. J. McMichael

BJMcM:elr

cc: NMOCC Artesia, Attn: Mr. W. A. Gressett
P. O. Drawer DD
NMOCC Santa Fe, Attn: Mr. D. S. Nutter
(for well file)
USGS/Artesia, Attn: Mr. J. A. Knauf
210 Carper Building



MARATHON OIL COMPANY

PRODUCTION - UNITED STATES AND CANADA

SEP 2 AM 8 09

P.O. BOX 552
MIDLAND, TEXAS 79701

August 28, 1969

3884

Re: Miller Ranch Unit
(No. 14-08-001-8976)
Eddy County, New Mexico

Oil Conservation Commission
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. A. L. Porter, Jr.

Gentlemen:

Approval to terminate the subject Unit has now been secured from the United States Geological Survey, and we are enclosing for your files two xerox copies of such approval. All royalty and overriding royalty owners who have ratified this Unit are today being notified of such termination.

Yours very truly,

MARATHON OIL COMPANY

Charles L. Southard

Charles L. Southard
District Landman *Aut*

AWH:r
Encls.

CERTIFICATE OF APPROVAL
OF
TERMINATION OF MILLER RANCH UNIT AGREEMENT
BY COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

The undersigned Commissioner of Public Lands, State of New Mexico, does hereby approve the attached Termination of Unit Agreement for the Development and Operation of the Miller Ranch Unit Area, Eddy County, New Mexico, No. 14-08-001-8976.

Dated this the 31st day of July, 1969.

Alfred J. Hume
COMMISSIONER OF PUBLIC LANDS OF THE
STATE OF NEW MEXICO

Approved AUG 27 1969

Effective SEP 1 1969

John A. Decker
Regional Oil and Gas Supervisor
U. S. GEOLOGICAL SURVEY

CERTIFICATE OF APPROVAL
OF
TERMINATION OF MILLER RANCH UNIT AGREEMENT
BY THE NEW MEXICO OIL CONSERVATION COMMISSION

The undersigned Commissioners of the New Mexico Oil Conservation Commission do hereby approve the attached Termination of Unit Agreement for the Development and Operation of the Miller Ranch Unit Area, Eddy County, New Mexico, No. 14-08-001-8976.

Dated this the 21st day of August, 1969.

A. L. Peter
Commissioner, New Mexico Oil
Conservation Commission, Sec. Director

Commissioner, New Mexico Oil
Conservation Commission

Commissioner, New Mexico Oil
Conservation Commission

RECEIVED

AUG 28 1969

U. S. GEOLOGICAL SURVEY
ROSWELL, NEW MEXICO

SEP 2 AM 8 09

STATE OF NEW MEXICO
JUL 30 9 28 AM '69
RECEIVED

CERTIFICATE OF APPROVAL
OF
TERMINATION OF MILLER RANCH UNIT AGREEMENT
BY COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

The undersigned Commissioner of Public Lands, State of New Mexico, does hereby approve the attached Termination of Unit Agreement for the Development and Operation of the Miller Ranch Unit Area, Eddy County, New Mexico, No. 14-08-001-8976.

Dated this the 31st day of July, 1969.

Alfred J. Williams
COMMISSIONER OF PUBLIC LANDS OF THE
STATE OF NEW MEXICO

Approved AUG 27 1969

Effective SEP 1 1969

John A. Brown
Regional Oil and Gas Supervisor
U. S. GEOLOGICAL SURVEY

CERTIFICATE OF APPROVAL
OF
TERMINATION OF MILLER RANCH UNIT AGREEMENT
BY THE NEW MEXICO OIL CONSERVATION COMMISSION

The undersigned Commissioners of the New Mexico Oil Conservation Commission do hereby approve the attached Termination of Unit Agreement for the Development and Operation of the Miller Ranch Unit Area, Eddy County, New Mexico, No. 14-08-001-8976.

Dated this the 21st day of August, 1969.

A. L. Peter, Jr.
Commissioner, New Mexico Oil
Conservation Commission, Sec. Director

Commissioner, New Mexico Oil
Conservation Commission

Commissioner, New Mexico Oil
Conservation Commission

RECEIVED
AUG 28 1969

U. S. GEOLOGICAL SURVEY
DALLAS, TEXAS

RECEIVED
STATE OF NEW MEXICO

69. AUG 28 6 02 70P

69. AUG 28 6 02 70P

OIL CONSERVATION COMMISSION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

August 21, 1969

Marathon Oil Company
P. O. Box 552
Midland, Texas 79701

Attention: Mr. Charles L. Southard

Re: Termination of the Miller Ranch
Unit, Eddy County, New Mexico

Gentlemen:

This is to advise that the New Mexico Oil Conservation Commission has this date approved the Termination of the Miller Ranch Unit Agreement, Eddy County, New Mexico, subject to like approval by the United States Geological Survey and the Commissioner of Public Lands of the State of New Mexico.

Three approved copies of the certificate of approval of termination are returned herewith.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/JBK/esr

cc: Commissioner of Public Lands
Santa Fe, New Mexico

Director
United States Geological Survey
Roswell, New Mexico

C
O
P
Y



MARATHON OIL COMPANY

PRODUCTION - UNITED STATES AND CANADA

P.O. BOX 552
MIDLAND, TEXAS 79701

August 18, 1969

Re: Miller Ranch Unit
(No. 14-08-001-8976)
Eddy County, New Mexico

Oil Conservation Commission
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. A. L. Porter, Jr.

Gentlemen:

Enclosed are three (3) original and one (1) Xerox copies of Termination of Unit Agreement for the Development and Operation of the Miller Ranch Unit, Eddy County, New Mexico, which instrument has been executed by the owners of more than 75 percent of the working interest in such unit on an acreage basis, and approved by the Commissioner of Public Lands of the State of New Mexico.

We would appreciate your approving and returning two (2) original copies of this instrument before we submit same to the United States Geological Survey for similar approval, after which time copies of such approval will be furnished for your file.

Yours very truly,

MARATHON OIL COMPANY

Charles L. Southard

Charles L. Southard *Asst*
District Landman

AWH:r
Encls.

TERMINATION OF UNIT AGREEMENT FOR THE
DEVELOPMENT AND OPERATION OF THE
MILLER RANCH UNIT, EDDY COUNTY, NEW MEXICO

NO. 14-08-001-8976

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, being the owners of more than seventy-five (75%) percent on an acreage basis of the working interests in and to oil and gas leasehold interests committed to the Unit Agreement for the Development and Operation of the Miller Ranch Unit Area, Eddy County, New Mexico, dated September 16, 1968, heretofore approved by the Director of the United States Geological Survey, the Commissioner of Public Lands of the State of New Mexico, and the New Mexico Oil Conservation Commission, do hereby agree to terminate said agreement in accordance with Section 20, thereof, subject to the approval of the said Commissioner of Public Lands, the said New Mexico Oil Conservation Commission, and the Director of the United States Geological Survey.

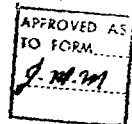
This instrument may be executed in counterparts, no one of which need be executed by all parties.

IN WITNESS WHEREOF, this instrument is executed by the undersigned parties hereto as of the respective dates set opposite their signatures.

MARATHON OIL COMPANY- Unit Operator

DATE: June 30, 1969

BY: Donald W. Franklin
Donald W. Franklin - Division
Exploration Manager



UNION OIL COMPANY OF CALIFORNIA

DATE: _____

BY: _____
Agent and Attorney in Fact

ATLANTIC RICHFIELD COMPANY

DATE: July 11, 1969

BY: L. J. Smith
Attorney in Fact

CITIES SERVICE OIL COMPANY

DATE: _____

BY: _____
Agent and Attorney in Fact

33.71.22 J-18.71

RECORDED

TERMINATION OF UNIT AGREEMENT FOR THE
DEVELOPMENT AND OPERATION OF THE
MILLER RANCH UNIT, EDDY COUNTY, NEW MEXICO

NO. 44-08-001-8976

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, being the owners of more than seventy-five (75%) percent on an acreage basis of the working interests in and to oil and gas leasehold interests committed to the Unit Agreement for the Development and Operation of the Miller Ranch Unit Area, Eddy County, New Mexico, dated September 16, 1968, heretofore approved by the Director of the United States Geological Survey, the Commissioner of Public Lands of the State of New Mexico, and the New Mexico Oil Conservation Commission, do hereby agree to terminate said agreement in accordance with Section 20, thereof, subject to the approval of the said Commissioner of Public Lands, the said New Mexico Oil Conservation Commission, and the Director of the United States Geological Survey.

This instrument may be executed in counterparts, no one of which need be executed by all parties.

IN WITNESS WHEREOF, this instrument is executed by the undersigned parties hereto as of the respective dates set opposite their signatures.

MARATHON OIL COMPANY- Unit Operator

DATE: _____

BY: _____
Donald W. Franklin - Division
Exploration Manager

UNION OIL COMPANY OF CALIFORNIA

DATE: July 15, 1969

BY: John Hansen
Agent and Attorney in Fact

ATLANTIC RICHFIELD COMPANY

DATE: _____

BY: _____
Agent and Attorney in Fact

CITIES SERVICE OIL COMPANY

DATE: _____

BY: _____
Agent and Attorney in Fact

TERMINATION OF UNIT AGREEMENT FOR THE
DEVELOPMENT AND OPERATION OF THE
MILLER RANCH UNIT, EDDY COUNTY, NEW MEXICO

NO. 14-08-001-8976

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, being the owners of more than seventy-five (75%) percent on an acreage basis of the working interests in and to oil and gas leasehold interests committed to the Unit Agreement for the Development and Operation of the Miller Ranch Unit Area, Eddy County, New Mexico, dated September 16, 1968, heretofore approved by the Director of the United States Geological Survey, the Commissioner of Public Lands of the State of New Mexico, and the New Mexico Oil Conservation Commission, do hereby agree to terminate said agreement in accordance with Section 20, thereof, subject to the approval of the said Commissioner of Public Lands, the said New Mexico Oil Conservation Commission, and the Director of the United States Geological Survey.

This instrument may be executed in counterparts, no one of which need be executed by all parties.

IN WITNESS WHEREOF, this instrument is executed by the undersigned parties hereto as of the respective dates set opposite their signatures.

MARATHON OIL COMPANY- Unit Operator

DATE: _____

BY: _____
Donald W. Franklin - Division
Exploration Manager

UNION OIL COMPANY OF CALIFORNIA

DATE: _____

BY: _____
Agent and Attorney in Fact

ATLANTIC RICHFIELD COMPANY

DATE: _____

BY: _____
Agent and Attorney in Fact

CITIES SERVICE OIL COMPANY

DATE: July 17 1969

BY: Sam W. Franklin
Agent and Attorney in Fact

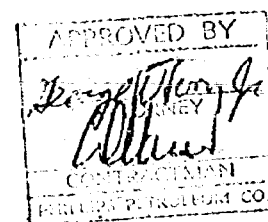
W. H. H. / SAM W. FRANKLIN

69. 17. 1969

DATE: July 8, 1969

PHILLIPS PETROLEUM COMPANY

BY: [Signature]
Agent and Attorney in Fact



NORTHERN NATURAL GAS PRODUCING COMPANY

DATE: _____

BY: _____
Agent and Attorney in Fact

GULF OIL COMPANY - U.S.A. DIVISION
OF GULF OIL CORPORATION

DATE: _____

BY: _____
Agent and Attorney in Fact

DATE: _____

BY: _____
JAKE L. HAMON

DATE: _____

BY: _____
JOSEPH P. BURT

RECEIVED
JUL 10 1969
69. RT 58-0 45 30C

PHILLIPS PETROLEUM COMPANY

APPROVED	
JT. INT.	<i>DAC</i>
CONTR.	<i>Ans</i>
N. GAS	<i>Ans</i>
ENGR.	<i>Ans</i>
LEGAL	<i>Ans</i>
LAND	<i>Ans</i>
TITLE R	<i>Ans</i>

DATE: _____

BY: _____
Agent and Attorney in Fact

NORTHERN NATURAL GAS PRODUCING COMPANY

DATE: July 23, 1969

BY: *J. S. Wright*
Agent and Attorney in Fact

GULF OIL COMPANY - U.S.A. DIVISION
OF GULF OIL CORPORATION

DATE: _____

BY: _____
Agent and Attorney in Fact

DATE: _____

BY: _____
JAKE L. HAMON

DATE: _____

BY: _____
JOSEPH P. BURT

RECEIVED
JUL 30 1969
GULF OIL COMPANY

PHILLIPS PETROLEUM COMPANY

DATE: _____

BY: _____
Agent and Attorney in Fact

NORTHERN NATURAL GAS PRODUCING COMPANY

DATE: _____

BY: _____
Agent and Attorney in Fact

GULF OIL COMPANY - U.S.A. DIVISION
OF GULF OIL CORPORATION

DATE: JUL 8 1969

BY: *Penlyche*
Agent and Attorney in Fact

GULF - FILE COPY	
Law	<i>W</i>
Serv.	
Exp.	
Prod.	

DATE: _____

BY: _____
JAKE L. HAMON

DATE: _____

BY: _____
JOSEPH P. BURT

IN THE VIEWS
OF THE
COMMISSION
ON THE
EFFECTS
OF THE
ECONOMIC
CRISIS
ON THE
LIFE OF THE
PEOPLE

PHILLIPS PETROLEUM COMPANY

DATE: _____

BY: _____
Agent and Attorney in Fact

NORTHERN NATURAL GAS PRODUCING COMPANY

DATE: _____

BY: _____
Agent and Attorney in Fact

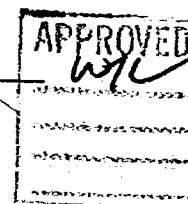
GULF OIL COMPANY - U.S.A. DIVISION
OF GULF OIL CORPORATION

DATE: _____

BY: _____
Agent and Attorney in Fact

DATE: _____

BY: Jake L. Hamon
JAKE L. HAMON



DATE: _____

BY: _____
JOSEPH P. BURT

RECEIVED
JUL 30 1969
SACRAMENTO, CALIF.

PHILLIPS PETROLEUM COMPANY

DATE: _____

BY: _____
Agent and Attorney in Fact

NORTHERN NATURAL GAS PRODUCING COMPANY

DATE: _____

BY: _____
Agent and Attorney in Fact

GULF OIL COMPANY - U.S.A. DIVISION
OF GULF OIL CORPORATION

DATE: _____

BY: _____
Agent and Attorney in Fact

DATE: _____

BY: _____
JAKE L. HAMON

DATE: July 31, 1969

BY: Joseph P. Burt
JOSEPH P. BURT

STATE OF TEXAS

COUNTY OF HARRIS

The foregoing instrument was acknowledged before me this
1st day of July, 1969, by D. W. Franklin,
Division Exploration Manager of MARATHON OIL COMPANY, an Ohio corporation,
on behalf of said corporation.

Barbara Scheer
Notary Public in and for Harris County,
T e x a s
BARBARA SCHEER
Notary Public in and for Harris County, Texas
My Commission Expires June 1, 1971

My Commission expires _____

STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this
_____ day of _____, 1969, by _____,
_____ of UNION OIL COMPANY OF CALIFORNIA, a
California corporation, on behalf of said corporation.

Notary Public in and for _____

My Commission expires _____

STATE OF NEW MEXICO

COUNTY OF CHAVES

The foregoing instrument was acknowledged before me this 11th
day of July, 1969, by S. L. Smith,
Attorney-in-Fact of ATLANTIC RICHFIELD COMPANY, a
Pennsylvania corporation, on behalf of said corporation.

Dorothy L. McChes
Notary Public in and for Chaves County,
New Mexico

My Commission expires July 14, 1971

RECEIVED
SAN ANTONIO, TEXAS
JUL 20 1969

STATE OF TEXAS

COUNTY OF HARRIS

The foregoing instrument was acknowledged before me this
_____ day of _____, 1969, by D. W. Franklin,
Division Exploration Manager of MARATHON OIL COMPANY, an Ohio corporation,
on behalf of said corporation.

Notary Public in and for Harris County,
T e x a s

My Commission expires _____

STATE OF

Texas

COUNTY OF

Miscand

The foregoing instrument was acknowledged before me this
15th day of July, 1969, by JOHN HANSEN,
Attorney in Fact of UNION OIL COMPANY OF CALIFORNIA, a
California corporation, on behalf of said corporation.

Elma H. Sloan ELMA H. SLOAN
Notary Public in and for Miscand
County Texas

My Commission expires June 1, 1971

STATE OF

COUNTY OF

The foregoing instrument was acknowledged before me this
_____ day of _____, 1969, by _____,
_____ of ATLANTIC RICHFIELD COMPANY, a
Pennsylvania corporation, on behalf of said corporation.

Notary Public in and for _____

My Commission expires _____

STATE OF Oklahoma I
COUNTY OF Washington I

The foregoing instrument was acknowledged before me this 17th
day of July, 1969, by SAM W. FRANKLIN,
ATTORNEY-IN-FACT of CITIES SERVICE OIL COMPANY, a Delaware corpora-
tion, on behalf of said corporation.

Dora M. Weedman
DORA M. WEEDMAN Notary Public in and for _____
Washington County, State of Oklahoma
My Commission expires February 9, 1973

STATE OF _____ I
COUNTY OF _____ I

The foregoing instrument was acknowledged before me this _____
day of _____, 1969, by _____,
_____ of GULF OIL COMPANY-U.S.A. Division of Gulf Oil
Corporation, a Pennsylvania corporation, on behalf of said corporation.

Notary Public in and for _____
My Commission expires _____

STATE OF _____ I
COUNTY OF _____ I

The foregoing instrument was acknowledged before me this _____
day of _____, 1969, by JAKE L. HAMON.

Notary Public in and for _____
My Commission expires _____

NOTARY PUBLIC
STATE OF OKLAHOMA
JUL 30 1969
DORA M. WEEDMAN

STATE OF Texas
COUNTY OF Midland

The foregoing instrument was acknowledged before me this
8th day of July, 1969, by Fred Forward
Attorney-in-Fact of PHILLIPS PETROLEUM COMPANY, a
Delaware corporation, on behalf of said corporation.

Miss R. Fitting
Notary Public in and for Midland
County, Texas

My Commission expires 6-1-71

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this
_____ day of _____, 1969, by _____
_____ of NORTHERN NATURAL GAS PRODUCING
COMPANY, a _____ corporation, on behalf of said corporation.

Notary Public in and for _____

My Commission expires _____

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this
_____ day of _____, 1969, by JOSEPH P. BURT.

Notary Public in and for _____

My Commission expires _____

RECEIVED
JUL 30 9 24 AM '69
SIT. SANITARIUM

STATE OF _____
COUNTY OF _____

X
X
X

The foregoing instrument was acknowledged before me this _____ day of _____, 1969, by _____ of PHILLIPS PETROLEUM COMPANY, a Delaware corporation, on behalf of said corporation.

Notary Public in and for _____

My Commission expires _____

STATE OF Texas
COUNTY OF Midland

X
X
X

The foregoing instrument was acknowledged before me this 23rd day of July, 1969, by E. S. Wright, Jr., Attorney-in-Fact of NORTHERN NATURAL GAS PRODUCING COMPANY, a Delaware corporation, on behalf of said corporation.

Wanda Phillips
Notary Public in and for Midland County, Texas

My Commission expires June 1, 1971

WANDA PHILLIPS, Notary Public
In and for Midland County, Texas

STATE OF _____
COUNTY OF _____

X
X
X

The foregoing instrument was acknowledged before me this _____ day of _____, 1969, by JOSEPH P. BURT.

Notary Public in and for _____

My Commission expires _____

NOTARY PUBLIC
JUL 30 3 26 PM '69
SANTA FE, N.M.

STATE OF _____
COUNTY OF _____

X
X
X

The foregoing instrument was acknowledged before me this _____
day of _____, 1969, by _____,
_____ of CITIES SERVICE OIL COMPANY, a Delaware corpora-
tion, on behalf of said corporation.

Notary Public in and for _____

My Commission expires _____

STATE OF NEW MEXICO
COUNTY OF CHAVES

X
X
X

The foregoing instrument was acknowledged before me this 8th
day of July, 1969, by P. E. WYCHE,
ATTORNEY IN FACT of GULF OIL COMPANY-U.S.A. Division of Gulf Oil
Corporation, a Pennsylvania corporation, on behalf of said corporation.

Eva Marie Cooper
Notary Public in and for CHAVES
NEW MEXICO

My Commission expires My Commission Expires August 15, 1970

STATE OF _____
COUNTY OF _____

X
X
X

The foregoing instrument was acknowledged before me this _____
day of _____, 1969, by JAKE L. HAMON.

Notary Public in and for _____

My Commission expires _____

RECORDED
JUL 26 AM 1969
SANTA FE, N.M.

STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1969, by _____ of CITIES SERVICE OIL COMPANY, a Delaware corporation, on behalf of said corporation.

Notary Public in and for _____

My Commission expires _____

STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1969, by _____ of GULF OIL COMPANY-U.S.A. Division of Gulf Oil Corporation, a Pennsylvania corporation, on behalf of said corporation.

Notary Public in and for _____

My Commission expires _____

STATE OF TEXAS

COUNTY OF DALLAS

The foregoing instrument was acknowledged before me this 9th day of July, 1969, by JAKE L. HAMON.

Jay Allen Shoemaker
Notary Public in and for Dallas
County, Texas

My Commission expires 6-1-71

RECEIVED
JUL 30 1969
SANTA FE, N.M.

STATE OF _____

COUNTY OF _____

Y
Y
Y

The foregoing instrument was acknowledged before me this

_____ day of _____, 1969, by _____

_____, _____ of PHILLIPS PETROLEUM COMPANY, a
Delaware corporation, on behalf of said corporation.

Notary Public in and for _____

My Commission expires _____

STATE OF _____

COUNTY OF _____

Y
Y
Y

The foregoing instrument was acknowledged before me this

_____ day of _____, 1969, by _____

_____, _____ of NORTHERN NATURAL GAS PRODUCING
COMPANY, a _____ corporation, on behalf of said corporation.

Notary Public in and for _____

My Commission expires _____

STATE OF TEXAS

COUNTY OF TARRANT

Y
Y
Y

The foregoing instrument was acknowledged before me this

31st day of JULY, 1969, by JOSEPH P. BURT.

Madeline Blackwell
Notary Public in and for _____

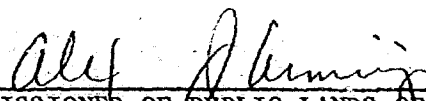
TARRANT COUNTY TEXAS

My Commission expires JUNE 1, 1971

CERTIFICATE OF APPROVAL
OF
TERMINATION OF MILLER RANCH UNIT AGREEMENT
BY COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

The undersigned Commissioner of Public Lands, State of New Mexico, does hereby approve the attached Termination of Unit Agreement for the Development and Operation of the Miller Ranch Unit Area, Eddy County, New Mexico, No. 14-08-001-8976.

Dated this the 31st day of July, 1969.



COMMISSIONER OF PUBLIC LANDS OF THE
STATE OF NEW MEXICO

CERTIFICATE OF APPROVAL
OF
TERMINATION OF MILLER RANCH UNIT AGREEMENT
BY, DIRECTOR, UNITED STATES GEOLOGICAL SURVEY

The undersigned Director of the United States Geological Survey does hereby approve the attached Termination of Unit Agreement for the Development and Operation of the Miller Ranch Unit Area, Eddy County, New Mexico, No. 14-08-001-8976.


Dated this the _____ day of _____, 1969.

DIRECTOR, UNITED STATES GEOLOGICAL
SURVEY

CERTIFICATE OF APPROVAL
OF
TERMINATION OF MILLER RANCH UNIT AGREEMENT
BY THE NEW MEXICO OIL CONSERVATION COMMISSION

The undersigned Commissioners of the New Mexico Oil Conservation Commission do hereby approve the attached Termination of Unit Agreement for the Development and Operation of the Miller Ranch Unit Area, Eddy County, New Mexico, No. 14-08-001-8976.

Dated this the 21st day of August, 1969.



Commissioner, New Mexico Oil, Gas & Conservation Commission

SANTA FE, N.M.
JUL 21 1969

769 AUG 4 AM 8 16

July 31, 1969

3884

Marathon Oil Company
P. O. Box 552
Midland, Texas 79701

Re: Miller Ranch Unit
TERMINATION
Eddy County, New Mexico

ATTENTION: Mr. Charles L. Southard

Gentlemen:

Your request received July 30, 1969, to terminate the Miller Ranch Unit pursuant to Section 20 (D) of the Unit Agreement for the Development and Operation of the Miller Ranch Unit, is hereby approved, subject to like approval by the United States Geological Survey and the Oil Conservation Commission.

Enclosed are three approved copies as per your request.

Very truly yours,

Ted Bilberry, Director
Oil and Gas Department

TB/ML/s
encls.

cc: USGS-Roswell, New Mexico
OCC- Santa Fe, New Mexico

C
O
P
Y



MARATHON OIL COMPANY

PRODUCTION - UNITED STATES AND CANADA

69 MAR 20 AM 8 27

POST OFFICE BOX 552
MIDLAND, TEXAS 79701

March 19, 1969

Mr. A. L. Porter
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Dear Mr. Porter:

Miller Ranch Unit (No. 14-08-001-8976)
Eddy County, New Mexico

On February 17, 1969 Marathon Oil Company wrote a letter concerning the completion of the No. 1 Miller Ranch Unit well, 1650 FSL & 1980 FEL of Section 18, T-22-S, R-25-E, Eddy County, New Mexico. The well was completed from a sand member of the Brushy Canyon section in the Delaware Mountain Group.

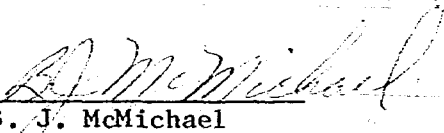
Certain confusion arose concerning the completion date of this well; Marathon requested that the date of January 15, 1969 be recognized as the effective date for completion in as far as the Miller Ranch Unit Agreement was concerned. We also need to have confirmation from your office that this date is acceptable. The next activity within the unit will be based on the accepted date of completion for the first well.

If you are in agreement with our request, please reply to Marathon Oil Company, Box 552, Midland, Texas to my attention.

Yours very truly,

MARATHON OIL COMPANY

BJMcM:elr

By 
B. J. McMichael

- Fruit Butler -
→ Midland - Marathon →

OIL CONSERVATION COMMISSION

P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

April 3, 1969

Marathon Oil Company
P. O. Box 552
Midland, Texas 79701

Attention: Mr. B. J. McMichael

Re: Miller Ranch Unit Well No. 1
Completion Date

Gentlemen:

Marathon Oil Company filed Form C-104 in accordance with Rule 1104 of the Commission Rules and Regulations for the Miller Ranch Unit Well No. 1 located 1650 feet FSL and 1980 feet FEL of Section 16, Township 22 South, Range 25 East, NMPM, Eddy County, New Mexico. Said Form C-104 was received on January 21, 1969, by the Artesia Office of the Oil Conservation Commission and was approved January 22, 1969, by Mr. W. A. Gressett, District Supervisor.

Miller Ranch Unit Well No. 1 was completed as a wildcat well in the Delaware formation and, as approved, the completion date of said well is considered to have been January 15, 1969, the date of completion of the potential test.

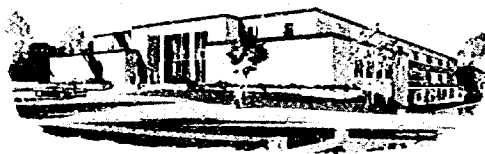
Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/JEK/og

C
O
P
Y

State of New Mexico



Commissioner of Public Lands

GUYTON B. HAYS
COMMISSIONER



October 23, 1968

P. O. BOX 1148
SANTA FE, NEW MEXICO

Marathon Oil Company
P. O. Box 3128
Houston, Texas 77001

Re: Miller Ranch Unit
Eddy County, New Mexico

ATTENTION: Mr. W. T. Butler

Gentlemen:

The Commissioner of Public Lands has this date approved your Miller Ranch Unit, Eddy County, New Mexico, subject to like approval by the United States Geological Survey and the Oil Conservation Commission.

Enclosed are five (5) Certificates of Approval.

This Unit Agreement is effective upon approval by the United States Geological Survey, therefore, please furnish us a copy of their Certificate of Determination immediately so we can process this unit.

Very truly yours,

GUYTON B. HAYS
COMMISSIONER OF PUBLIC LANDS

BY:
Ted Bilberry, Director
Oil and Gas Department

GBH/TB/ML/s
encls.

cc: USGS-Roswell, New Mexico
OCC- Santa Fe, New Mexico



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Drawer 1857
Roswell, New Mexico 88201

IN REPLY REFER TO:

3884

October 22, 1968

Marathon Oil Company
P. O. Box 552
Midland, Texas 79701

Attention: Mr. W. T. Butler

Gentlemen:

We acknowledge receipt on October 25, 1968, of a ratification and joinder to the Miller Ranch unit agreement, No. 14-08-0001-8876, Eddy County, New Mexico, executed by Adrian Berryhill, reported basic royalty owner in fee land unit tract No. 18.

Copies of the ratification and joinder are being distributed to the appropriate Federal offices.

Sincerely yours,

(ORIG. SGD.) JOHN A. ANDERSON

JOHN A. ANDERSON
Regional Oil & Gas Supervisor

cc:
Washington
Artesia
BLM, Santa Fe
NMOCC, Santa Fe
Com. of Pub. Lands,
Santa Fe
Accounting

(w/cy. joinder)
(w/cy. joinder)
(w/cy. joinder)
(ltr. only)
(ltr. only)



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Denver 1252
Boswell, New Mexico 88201

IN REPLY REFER TO:

3574
October 23 1968

Marathon Oil Company
P. O. Box 552
Midland, Texas 79701

Attention: Mr. R. T. Butler

Gentlemen:

On October 25, 1968, the Acting Oil and Gas Supervisor approved the Miller Ranch unit agreement, Eddy County, New Mexico, filed by Marathon Oil Company, unit operator. This agreement has been designated No. 14-08-0001-8976 and is effective as of October 25, 1968.

Enclosed are two copies of the approved unit agreement for your records. We request that you furnish the State of New Mexico and other interested principals with appropriate evidence of this approval.

Sincerely yours,

TORIC SD-1 CARL C. TRAYWICK
CARL C. TRAYWICK
Acting Oil and Gas Supervisor

cc:
Washington (w/cy appd. agreement)
BIM, Santa Fe (w/cy appd. agreement)
Artesia (w/cy appd. agreement)
VanSickle (ltr. only)
HMOCC, Santa Fe (ltr. only) ✓
Com. of Pub. Lands (ltr. only)

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 3884
Order No. R-3520

APPLICATION OF MARATHON OIL COMPANY
FOR APPROVAL OF THE MILLER RANCH UNIT
AGREEMENT, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 9, 1968,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 14th day of October, 1968, the Commission,
a quorum being present, having considered the testimony, the
record, and the recommendations of the Examiner, and being fully
advised in the premises,

FINDS:

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

(2) That the applicant, Marathon Oil Company, seeks approval
of the Miller Ranch Unit Agreement comprising 5276.27 acres, more
or less, of State, Federal, and Fee lands described as follows:

EDDY COUNTY, NEW MEXICO
TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM
Section 32: All

TOWNSHIP 22 SOUTH, RANGE 25 EAST, NMPM
Section 5: All
Section 6: S/2 NE/4
Sections 7 and 8: All
Sections 17 through 19: All
Section 20: W/2

(3) That approval of the proposed unit agreement should
promote the prevention of waste and the protection of correlative
rights within the unit area.

-2-

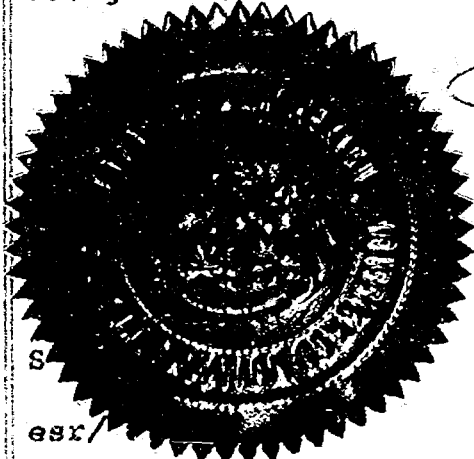
CASE No. 3984

Order No. R-3520

IT IS THEREFORE ORDERED:

- (1) That the Miller Ranch Unit Agreement is hereby approved.
- (2) That the plan contained in said unit agreement for the development and operation of the unit area is hereby approved in principle as a proper conservation measure; provided, however, that notwithstanding any of the provisions contained in said unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation which is now, or may hereafter be, vested in the Commission to supervise and control operations for the exploration and development of any lands committed to the unit and production of oil or gas therefrom.
- (3) That the unit operator shall file with the Commission an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof; that in the event of subsequent joinder by any party or expansion or contraction of the unit area, the unit operator shall file with the Commission within 30 days thereafter counterparts of the unit agreement reflecting the subscription of those interests having joined or ratified.
- (4) That this order shall become effective upon the approval of said unit agreement by the Commissioner of Public Lands for the State of New Mexico and the Director of the United States Geological Survey; that this order shall terminate ipso facto upon the termination of said unit agreement; and that the last unit operator shall notify the Commission immediately in writing of such termination.
- (5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

DAVID F. CARGO, Chairman

GUYTON B. HAYS, Member

A. L. PORTER, Jr., Member & Secretary

esr/

State of New Mexico
Oil Conservation Commission



P. O. BOX 2088
SANTA FE

October 14, 1968

Re: Case No. 3884
Order No. R-3520
Applicant:
Marathon Oil Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

A. L. Porter, Jr.
A. L. PORTER, Jr.
Secretary-Director

Carbon copy of order also sent to:

Other _____ S

State Land Office - Unit Division



MARATHON OIL COMPANY

PRODUCTION - UNITED STATES AND CANADA

HOUSTON DIVISION

WARREN B. LEACH, JR.
DIVISION ATTORNEY

WILLIAM H. HOLLOWAY
JACK M. MC ADAMS
J. ROBERT TAYLOR
ATTORNEYS

The Oil Conservation Commission
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87501

September 16, 1968

SOUTHERN NATIONAL BANK BUILDING
P. O. BOX 3128
HOUSTON, TEXAS 77001
TEL. 713 CA 2-9721

Case 3884

Re: Unit Agreement for Miller Ranch Unit Area,
Embracing 5,276.27 Acres, More or Less,
Situated in Townships 21 and 22 South,
Range 25 East, N.M.P.M., Eddy County, New
Mexico

Gentlemen:

Marathon Oil Company hereby makes application for approval
of the Unit Agreement for the development and operation of the Miller
Ranch Unit Area embracing 5,276.27 acres, more or less, in Eddy County,
New Mexico, and more fully described as follows:

T-21-S, R-25-E, NMPM
Section 32: All

T-22-S, R-25-E, NMPM
Section 5: All
Section 6: S/2; NE/4
Section 7: All
Section 8: All
Section 17: All
Section 18: All
Section 19: All
Section 20: W/2

80 SEP 18 AM 10 43

In support of this application, Marathon respectfully shows:

- (1) That there is filed herewith in triplicate the proposed Unit Agreement for the development and operation of the Miller Ranch Unit Area, which is in substantially the same form as has heretofore been approved by the Commission, the Commissioner of Public Lands and the United States Geological Survey in instances in which fee, State and Federal lands

The Oil Conservation Commission
Page 2
September 16, 1968

were involved.

(2) That by letter dated August 23, 1968 the Miller Ranch Unit Area as above described was designated as a "logical Unit Area" by the United States Geological Survey. The proposed Unit Area includes 4,476.27 acres, more or less, of Federal land; 640.00 acres, more or less, of State land and 160.00 acres of fee or privately owned lands.

(3) That all owners of interests within the Unit Area have been offered the opportunity to join in the Unit Agreement.

(4) That the Unit Agreement has been approved by all except one (1) of the working interest owners holding interests within the proposed Unit Area. The one exception is the owner of a 25% undivided interest in a 280-acre tract comprised of the NW/4; N/2 SW/4; SE/4 SW/4 of Section 20, T-22-S, R-25-E, NMPM. Negotiations with said owner are still being conducted. It is expected that by the date which will be set for a hearing on this application, the Unit Agreement will have been executed by all, or substantially all, of the owners of working interests, overriding royalty interests and other interests in the land included within the Unit Area.

(5) That applicant, Marathon Oil Company, is designated as Unit Operator in said Unit Agreement and all oil and gas in any and all formations are unitized under the terms of the Agreement.

(6) That preliminary approval of the Unit Agreement was given by the United States Geological Survey on August 23, 1968.

(7) That a copy of the Unit Agreement has heretofore been submitted to the Land Commissioner of the State of New Mexico.

(8) That in the opinion of applicant, the proposed Unit Area covers all or substantially all of the geological structure or anomaly involved; and in the event said Unit Agreement is approved and production of unitized substances is obtained, it is believed that said Unit Agreement will

The Oil Conservation Commission

Page 3

September 16, 1968

be in the interest of conservation and the prevention of waste, and that it will protect the correlative rights of all parties concerned.

(9) A list of all interested parties known to applicant is attached hereto.

Marathon Oil Company respectfully requests that this application be set for hearing before a duly appointed Examiner of the Commission at the earliest possible date, that notice be given as required by law and the regulations, and that the Miller Ranch Unit Area and the Unit Agreement be approved.

Respectfully submitted,

MARATHON OIL COMPANY

By

William H. Holloway
William H. Holloway

P. O. Box 3128
Houston, Texas 77001

LIST OF INTERESTED PARTIES
MILLER RANCH UNIT AREA - EDDY COUNTY, NEW MEXICO

Commissioner of Public Lands State of New Mexico P. O. Box 791 Santa Fe, New Mexico	J. Hiram Moore Suite 314, Gulf Building Midland, Texas 79701
Mr. John Anderson Regional Oil and Gas Supervisor United States Geological Survey Roswell, New Mexico 88201	Phillips Petroleum Company P. O. Box 791 Midland, Texas 79701
Atlantic Richfield Company P. O. Box 1978 Roswell, New Mexico 88201	Sinclair Oil & Gas Company P. O. Box 1470 Midland, Texas 79701
Cities Service Oil Company P. O. Box 4906 Midland, Texas 79701	Tenneco, Inc. P. O. Box 1031 Midland, Texas 79701
Gulf Oil Corporation P. O. Box 1938 Roswell, New Mexico 88201	Union Oil Company of California 300 Security National Building Roswell, New Mexico 88201
Jake L. Hamon P. O. Box 663 Dallas, Texas 75200	Barney R. Greathouse P. O. Box 4247 Midland, Texas 79701
Curtis R. Inman P. O. Box 737 Midland, Texas 79701	R. B. Hammond P. O. Box 1368 Kansas City, Kansas 66110
James E. Logan 503 Midland National Bank Bldg. Midland, Texas 79701	Joseph P. Burt P. O. Box 12666 Fort Worth, Texas 76101
Richard T. Lyons 1602 First City National Bank Bldg. Houston, Texas 77002	John H. Anderson et ux., Marian E. Anderson P. O. Box 268 Santa Barbara, California 93102
Northern Natural Gas Producing Co. c/o Mobil Oil Company P. O. Box 820 Roswell, New Mexico 88201	G. Dee Williamson et ux., Lanita C. Williamson P. O. Box 2206 Roswell, New Mexico 88201
	Mary Louise Tuttle P. O. Box 2218 Cheyenne, Wyoming

Sullivan Incorporated

Ulysses, Kansas

Robert G. Hanagan

P. O. Box 1737

Roswell, New Mexico 88201

D. O. Wilson et ux., Margaret L.
Wilson

615 North Hickory

Carlsbad, New Mexico

Everett E. Taylor

Route 1

Hillman, Minnesota

Neil H. Wills

P. O. Drawer "W"

Carlsbad, New Mexico

George D. Riggs

P. O. Box 116

Carlsbad, New Mexico

William A. Huffman et ux.,

Harriet A. Huffman

3150 Columbia Drive

Abilene, Texas 79604

Ruby Crosby Bell et vir, Bryan Bell

4455 St. Roch Avenue

New Orleans, Louisiana 70112

Elizabeth Crosby

Roswell, New Mexico 88201

Patricia Boyle

P. O. Box 668

Midland, Texas 79701

Harry W. Denton

P. O. Box 5091

Midland, Texas 79701

Thomas Allen et ux., Jerune Allen

P. O. Box 2185

Roswell, New Mexico 88201

Robert H. Hopkins, Jr.

P. O. Box 5

Roswell, New Mexico 88201

Dwight P. Teed et ux., Virginia E. Teed

P. O. Box 2077

Hobbs, New Mexico 88240

J. T. Winkhaus, Jr., et ux., Kathryn M.
Winkhaus

2 Broadway

New York, New York 10001

Caswell P. Ellis, III, et ux., Sandra R.
Ellis

2918 "O" Street N.W.

Washington, D.C. 20007

G. K. Hendricks, Jr.

111 West Monroe Street

Chicago, Illinois 60600

Anna L. Brown

105 West Harding Street

Carlsbad, New Mexico

B. C. Ringer et ux., Alpha I. Ringer

Route 1, Box 625-A

Albuquerque, New Mexico 87101

Karl Kothman et ux., Mary Lee Kothman

P. O. Box "K"

Mason, Texas

Adrian Berryhill et ux., Gladdus Berryhill

3051 Ambrosia Lake Station

Grants, New Mexico

Lillian Hinkle Coll, Individually & Trustee

P. O. Box 1818

Roswell, New Mexico 88201

Dick Morrison et ux., Grace Morrison

c/o Crawford Hotel

920 North Canal

Carlsbad, New Mexico

Jack White et ux., Frankie White

White City, New Mexico



MARATHON OIL COMPANY

PRODUCTION - UNITED STATES AND CANADA

HOUSTON DIVISION

WARREN B. LEACH, JR.
DIVISION ATTORNEY

WILLIAM H. HOLLOWAY
JACK M. MC ADAMS
J. ROBERT TAYLOR
ATTORNEYS

September 16, 1968

Case 3884
SOUTHERN NATIONAL BANK BUILDING
P. O. BOX 3128
HOUSTON, TEXAS 77001
TEL. 713 CA 2-9721

The Oil Conservation Commission
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Unit Agreement for Miller Ranch Unit Area,
Embracing 5,276.27 Acres, More or Less,
Situated in Townships 21 and 22 South,
Range 25 East, N.M.P.M., Eddy County, New
Mexico

Gentlemen:

Marathon Oil Company hereby makes application for approval
of the Unit Agreement for the development and operation of the Miller
Ranch Unit Area embracing 5,276.27 acres, more or less, in Eddy County,
New Mexico, and more fully described as follows:

T-21-S, R-25-E, NMPM
Section 32: All

T-22-S, R-25-E, NMPM
Section 5: All
Section 6: E/2; NE/4
Section 7: All
Section 8: All
Section 17: All
Section 18: All
Section 19: All
Section 20: W/2

60 SEP 18 AM 8 40

In support of this application, Marathon respectfully shows:

(1) That there is filed herewith in triplicate the proposed
Unit Agreement for the development and operation of the
Miller Ranch Unit Area, which is in substantially the same
form as has heretofore been approved by the Commission, the
Commissioner of Public Lands and the United States Geological
Survey in instances in which fee, State and Federal lands

were involved.

(2) That by letter dated August 23, 1968 the Miller Ranch Unit Area as above described was designated as a "logical Unit Area" by the United States Geological Survey. The proposed Unit Area includes 4,476.27 acres, more or less, of Federal land; 640.00 acres, more or less, of State land and 160.00 acres of fee or privately owned lands.

(3) That all owners of interests within the Unit Area have been offered the opportunity to join in the Unit Agreement.

(4) That the Unit Agreement has been approved by all except one (1) of the working interest owners holding interests within the proposed Unit Area. The one exception is the owner of a 25% undivided interest in a 280-acre tract comprised of the NW/4; N/2 SW/4; SE/4 SW/4 of Section 20, T-22-S, R-25-E, NMPM. Negotiations with said owner are still being conducted. It is expected that by the date which will be set for a hearing on this application, the Unit Agreement will have been executed by all, or substantially all, of the owners of working interests, overriding royalty interests and other interests in the land included within the Unit Area.

(5) That applicant, Marathon Oil Company, is designated as Unit Operator in said Unit Agreement and all oil and gas in any and all formations are unitized under the terms of the Agreement.

(6) That preliminary approval of the Unit Agreement was given by the United States Geological Survey on August 23, 1968.

(7) That a copy of the Unit Agreement has heretofore been submitted to the Land Commissioner of the State of New Mexico.

(8) That in the opinion of applicant, the proposed Unit Area covers all or substantially all of the geological structure or anomaly involved; and in the event said Unit Agreement is approved and production of unitized substances is obtained, it is believed that said Unit Agreement will

The Oil Conservation Commission
Page 3
September 16, 1968

be in the interest of conservation and the prevention of waste, and that it will protect the correlative rights of all parties concerned.

(9) A list of all interested parties known to applicant is attached hereto.

Marathon Oil Company respectfully requests that this application be set for hearing before a duly appointed Examiner of the Commission at the earliest possible date, that notice be given as required by law and the regulations, and that the Miller Ranch Unit Area and the Unit Agreement be approved.

Respectfully submitted,

MARATHON OIL COMPANY

By

William H. Holloway
William H. Holloway

P. O. Box 3128
Houston, Texas 77001

LIST OF INTERESTED PARTIES

MILLER RANCH UNIT AREA - EDDY COUNTY, NEW MEXICO

Commissioner of Public Lands
State of New Mexico
P. O. Box 791
Santa Fe, New Mexico

Mr. John Anderson
Regional Oil and Gas Supervisor
United States Geological Survey
Roswell, New Mexico 88201

Atlantic Richfield Company
P. O. Box 1978
Roswell, New Mexico 88201

Cities Service Oil Company
P. O. Box 4906
Midland, Texas 79701

Gulf Oil Corporation
P. O. Box 1938
Roswell, New Mexico 88201

Jake L. Hamon
P. O. Box 663
Dallas, Texas 75200

Curtis R. Inman
P. O. Box 737
Midland, Texas 79701

James E. Logan
503 Midland National Bank Bldg.
Midland, Texas 79701

Richard T. Lyons
1602 First City National Bank Bldg.
Houston, Texas 77002

Northern Natural Gas Producing Co.
c/o Mobil Oil Company
P. O. Box 320
Roswell, New Mexico 88201

J. Hiram Moore
Suite 314, Gulf Building
Midland, Texas 79701

Phillips Petroleum Company
P. O. Box 791
Midland, Texas 79701

Sinclair Oil & Gas Company
P. O. Box 1470
Midland, Texas 79701

Tenneco, Inc.
P. O. Box 1031
Midland, Texas 79701

Union Oil Company of California
300 Security National Building
Roswell, New Mexico 88201

Barney R. Greathouse
P. O. Box 4247
Midland, Texas 79701

R. B. Hammond
P. O. Box 1368
Kansas City, Kansas 66110

Joseph P. Burt
P. O. Box 12666
Fort Worth, Texas 76101

John H. Anderson et ux., Marian E. Anderson
P. O. Box 268
Santa Barbara, California 93102

G. Dee Williamson et ux., Lanita C. Williamson
P. O. Box 2206
Roswell, New Mexico 88201

Mary Louise Tuttle
P. O. Box 2218
Cheyenne, Wyoming

Sullivan Incorporated

Ulysses, Kansas

Robert G. Hanagan
P. O. Box 1737
Roswell, New Mexico 88201

D. O. Wilson et ux., Margaret L.
Wilson
615 North Hickory
Carlsbad, New Mexico

Everett E. Taylor
Route 1
Hillman, Minnesota

Neil H. Wills
P. O. Drawer "W"
Carlsbad, New Mexico

George D. Riggs
P. O. Box 116
Carlsbad, New Mexico

William A. Huffman et ux.,
Harriet A. Huffman
3150 Columbia Drive
Abilene, Texas 79604

Ruby Crosby Bell et vir, Bryan Bell
4455 St. Roch Avenue
New Orleans, Louisiana 70112

Elizabeth Crosby
Roswell, New Mexico 88201

Patricia Boyle
P. O. Box 668
Midland, Texas 79701

Harry W. Denton
P. O. Box 5091
Midland, Texas 79701

Thomas Allen et ux., Jerune Allen
P. O. Box 2185
Roswell, New Mexico 88201

Robert H. Hopkins, Jr.
P. O. Box 5
Roswell, New Mexico 88201

Dwight P. Teed et ux., Virginia E. Teed
P. O. Box 2077
Hobbs, New Mexico 88240

J. T. Winkhaus, Jr., et ux., Kathryn M.
Winkhaus
2 Broadway
New York, New York 10001

Caswell P. Ellis, III, et ux., Sandra R.
Ellis
2918 "O" Street N.W.
Washington, D.C. 20007

G. K. Hendricks, Jr.
111 West Monroe Street
Chicago, Illinois 60600

Anna L. Brown
105 West Harding Street
Carlsbad, New Mexico

B. C. Ringer et ux., Alpha I. Ringer
Route 1, Box 625-A
Albuquerque, New Mexico 87101

Karl Kothman et ux., Mary Lee Kothman
P. O. Box "K"
Mason, Texas

Adrian Berryhill et ux., Gladdus Berryhill
3051 Ambrosia Lake Station
Grants, New Mexico

Lillian Hinkle Coll, Individually & Trustee
P. O. Box 1818
Roswell, New Mexico 88201

Dick Morrison et ux., Grace Morrison
c/o Crawford Hotel
920 North Canal
Carlsbad, New Mexico

Jack White et ux., Frankie White
White City, New Mexico



MARATHON OIL COMPANY

PRODUCTION - UNITED STATES AND CANADA

HOUSTON DIVISION

WILLIAM H. HOLLOWAY
ATTORNEY

SOUTHERN NATIONAL BANK BUILDING
P. O. BOX 3128
HOUSTON, TEXAS 77001

September 16, 1968

Case 3884

The Oil Conservation Commission
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87501

ATTN: Mr. George M. Hatch

Gentlemen:

Enclosed herewith, in triplicate, is the application of Marathon Oil Company for approval of the Miller Ranch Unit, embracing lands in Eddy County, New Mexico. You will also find enclosed three (3) copies of the proposed Unit Agreement. Marathon requests that this matter be set down for the Examiner's hearing on October 9, 1968.

Yours very truly,

William H. Holloway
WILLIAM H. HOLLOWAY

WHH:pb

Encl.

68 SEP 18 AM 10:15

DOCKET MAILED

Date 9-26-68



MARATHON OIL COMPANY

PRODUCTION - UNITED STATES AND CANADA

July 17, 1968

P.O. BOX 3128
HOUSTON, TEXAS 77001

APPLICATION FOR DESIGNATION OF MILLER RANCH UNIT AREA, EDDY COUNTY, NEW MEXICO

Director
United States Geological Survey
Washington, D. C.

Dear Sir:

Marathon Oil Company, an Ohio corporation with an office at Houston, Texas, hereby makes application for the designation of the Miller Ranch Unit Area as an area logically subject to development under a unit plan of operation.

1. The area proposed to be designated as the Miller Ranch Unit Area is comprised of 5,276.27 acres located in Eddy County, New Mexico, more fully described as follows:

T-21-S, R-25-E, NMPM

Section 32: A11

T-22-S, R-25-E, NMPM

Section 5: A11
Section 6: S/2; NE/4
Section 7: A11
Section 8: A11
Section 17: A11
Section 18: A11
Section 19: A11
Section 20: W/2

The proposed Unit Area includes 4,476.27 acres of Federal land, 640.00 acres of State of New Mexico land, and 160.00 acres of privately owned (fee) land. The State of New Mexico land is described as follows:

T-21-S, R-25-E, NMPM

Section 32: A11

July 17, 1968

The fee land is described as follows:

T-22-S, R-25-E, NMPM

Section 8: SE/4

The boundaries of the proposed Unit Area and the ownership of the respective tracts therein to the extent known to Marathon Oil Company, together with the serial numbers of all Federal leases included in the Unit Area, a list of the State of New Mexico lease numbers of the State leases included in the Unit Area, and the fee land leased included in the Unit Area are shown on the attached plat marked Exhibit "A". The acreage in each of the tracts included in the proposed Unit Area is indicated by the plat and is listed in Exhibit "B" of the proposed Unit Agreement, which is submitted with this Application.

2. A Geologic Report concerning the Unit Area is enclosed in triplicate as Exhibit "B" to this Application. Three maps showing pertinent data are attached to this Geologic Report as Exhibits "B-1," "B-2" and "B-3," in accordance with the suggested procedure. It is requested that all information in the Geologic Report and Exhibit thereto attached be treated as confidential.

3. Applicant believes that the owners of all oil and gas leases covering lands in the proposed Unit Area are willing to commit their leasehold interests to the proposed Unit Agreement, and it is believed that sufficient interest will be committed to give reasonably effective control of operations for oil and gas within the proposed Unit Area. To the extent known to the Applicant, there are no unleased tracts in the proposed Unit Area.

4. The outline of the proposed Unit Area is in accordance with the suggestions made by the Regional Oil and Gas Supervisor, United States Geological Survey, Roswell, New Mexico, and in the opinion of the Applicant, the proposed Unit Area boundary is reasonable and appropriate for the purposes of carrying on operations under the proposed Unit Agreement.

5. Several of the oil and gas leases included in the proposed Unit Area have relatively early expiration dates. Since it is not intended that operations be commenced for the drilling of the proposed test well until the final approval of the Unit Agreement has been obtained, Applicant will appreciate such action as will be reasonably convenient to expedite the processing of this Application.

6. The proposed form of Unit Agreement is enclosed in triplicate for preliminary examination by the Director of the United States Geological

Director, U. S. G. S.

-3-

July 17, 1968

Survey. All changes from the standard form of Unit Agreement as contained in the Departmental Regulations have been underlined in red.

Marathon Oil Company respectfully requests approval of the proposed Unit Area and preliminary approval of the proposed Unit Agreement.

Respectfully submitted,

MARATHON OIL COMPANY

By D. W. Franklin
D. W. Franklin,
Division Exploration Manager

DRAFT

GMH/esr

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

gmh
esr
Don
IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 3884

Order No. R- 3520
10-11-68

APPLICATION OF MARATHON OIL COMPANY
FOR APPROVAL OF THE MILLER RANCH UNIT
AGREEMENT, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 9, 1968,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this day of October, 1968, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

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

(2) That the applicant, Marathon Oil Company, seeks approval
of the Miller Ranch Unit Agreement comprising 5276.27 acres, more or
less, of State, Federal, and Fee lands described as follows:

EDDY COUNTY, NEW MEXICO
TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM

Section 32: all

TOWNSHIP 22 SOUTH, RANGE 25 EAST, NMPM

Section 5: all

Section 6: S 1/2 and NE 1/4

Section 7: all

Section 8: all

Section 17: all

Section 18: all

Section 19: all

Section 20: W 1/2

Section 20: W 1/2

Section 20: W 1/2

Sections 7 and 8: all

Sections 17 through 19: All

Section 20: W 1/2

(3) That approval of the proposed unit agreement should promote the prevention of waste and the protection of correlative rights within the unit area.

IT IS THEREFORE ORDERED:

(1) That the Miller Ranch Unit Agreement is hereby approved.

(2) That the plan contained in said unit agreement for the development and operation of the unit area is hereby approved in principle as a proper conservation measure; provided, however, that notwithstanding any of the provisions contained in said unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation which is now, or may hereafter be, vested in the Commission to supervise and control operations for the exploration and development of any lands committed to the unit and production of oil or gas therefrom.

(3) That the unit operator shall file with the Commission an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof; that in the event of subsequent joinder by any party or expansion or contraction of the unit area, the unit operator shall file with the Commission within 30 days thereafter counterparts of the unit agreement reflecting the subscription of those interests having joined or ratified.

(4) That this order shall become effective upon the approval of said unit agreement by the Commissioner of Public Lands for the State of New Mexico and the Director of the United States Geological Survey; that this order shall terminate ipso facto upon the termination of said unit agreement; and that the last unit operator shall notify the Commission immediately in writing of such termination.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

J. O. SETH (1883-1963)

A. K. MONTGOMERY
WM. FEDERICI
FRANK ANDREWS
FRED C. HANNAHS
RICHARD S. MORRIS
SUMNER G. BUELL
SETH D. MONTGOMERY

MONTGOMERY, FEDERICI, ANDREWS, HANNAHS & MORRIS

ATTORNEYS AND COUNSELORS AT LAW

350 EAST PALACE AVENUE
SANTA FE, NEW MEXICO 87501

POST OFFICE BOX 2307
AREA CODE 505
TELEPHONE 982-3876

September 24, 1968

get file

Case 3884

New Mexico Oil Conservation Commission
State Land Office Building
Santa Fe, New Mexico 87501

Re: Application of Marathon Oil Company for
approval of the Miller Ranch Unit Agree-
ment, Eddy County, New Mexico; Examiner
Hearing of October 9, 1968.

Gentlemen:

Please accept this letter as this firm's entry of
appearance as local counsel for the applicant, Marathon
Oil Company. Mr. Warren B. Leach, Jr. or Mr. William H.
Holloway, who are both members of the Texas Bar, will
present the case on behalf of Marathon Oil Company in
association with this firm.

Very truly yours,

Richard S. Morris

RSM:jh

cc: Mr. Warren B. Leach, Jr.
Division Attorney
Marathon Oil Company
Southern National Bank Bldg.
P. O. Box 3128
Houston, Texas

60 SEP 25 1968

DOCKET MAILED

Date *9-26-68*

Docket No. 29-68

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 9, 1968

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, Alternate Examiner:

- CASE 3872: Application of Union Oil Company of California for a dual completion and salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to fully complete its Federal "A" Well No. 1 located in Unit P of Section 12, Township 15 South, Range 34 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Morton-Wolfcamp Pool and the disposal of produced salt water through the intermediate casing-production casing annulus into the San Andres and such other formations as may occur in the open-hole interval from approximately 4620 to 7350 feet.
- CASE 3873: Application of R. G. McPherson for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the open-hole interval from approximately 5250 feet to 5854 feet in his S. P. Johnson Well No. 1 located 990 feet from the West line and 1650 feet from the South line of Section 5, Township 18 South, Range 39 East, South Carter-San Andres Pool, Lea County, New Mexico.
- CASE 3874: Application of Gulf Oil Company - U. S. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Paddock and Blinbry Oil Pools in the well-bore of its C. L. Hardy Well No. 2 located in Unit N of Section 20, Township 21 South, Range 37 East, Lea County, New Mexico, with the provision that no more than one single allowable will be produced from said well.
- CASE 3875: Application of Pan American Petroleum Corporation for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a well in exception to the Fowler-Ellenburger Rules at an unorthodox location 910 feet from the North line and 1980 feet from the West line of Section 15, Township 24 South, Range 37 East, Lea County, New Mexico.

- CASE 3876: Application of Newmont Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Young (Queen) Unit Area comprising 1320 acres, more or less, of federal and state lands in Township 18 South, Range 32 East, Young (Queen) Pool, Lea County, New Mexico.
- CASE 3877: Application of Newmont Oil Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in its Young (Queen) Unit Area by the injection of water into the Queen formation through 17 wells located in Sections 9, 16, 17, 19, 20, 21, and 29, Township 18 South, Range 32 East, Young (Queen) Pool, Lea County, New Mexico.
- CASE 3878: Application of General American Oil Company of Texas for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Premier sand through two injection wells located in Unit M of Section 8, and Unit G of Section 17, Township 16 South, Range 30 East, West Henshaw-Grayburg Pool, Eddy County, New Mexico.
- CASE 3879: Application of Walter Duncan Oil Properties for an unorthodox oil well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a well at an unorthodox oil well location 1000 feet from the North line and 1242 feet from the East line of Section 36, Township 32 North, Range 18 West, San Juan County, New Mexico. Said well would be projected to the Dakota formation.
- CASE 3880: Application of Anne Burnett Windfohr, dba Windfohr Oil Company, for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Abo formation in the perforated interval from approximately 6970 feet to 7028 feet in the Windfohr Oil Company Jackson "B" Well No. 23 located in Unit J of Section 24, Township 17 South, Range 30 East, Jackson-Abo Pool, Eddy County, New Mexico.
- CASE 3881: Application of J. M. Huber Corporation for the creation of a new oil pool and for special pool rules, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Devonian oil pool for its Lone Star Federal Well No. 1 located in the NE/4 NE/4 of Section 20, Township 8 South, Range 36 East, Roosevelt County, New Mexico, and for the promulgation of special rules therefor including a provision for 80-acre proration units.

- CASE 3882: Application of Solar Oil Company for a special gas-oil ratio limitation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 506 of the Commission Rules and Regulations to provide for a limiting gas-oil ratio of 6,000 cubic feet of gas per barrel of oil in the Teague Blinebry Pool, Lea County, New Mexico.
- CASE 3883: Application of Solar Oil Company for a special gas-oil ratio limitation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 506 of the Commission Rules and Regulations to provide for a limiting gas-oil ratio of 6,000 cubic feet of gas per barrel of oil in the Imperial Tubb-Drinkard Pool, Lea County, New Mexico.
- CASE 3884: Application of Marathon Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Miller Ranch Unit Area comprising 5,276 acres, more or less, of State, Federal and Fee lands in Townships 21 and 22 South, Range 25 East, Eddy County, New Mexico.
- CASE 3885: Application of Sinclair Oil & Gas Company for a waterflood expansion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Turner "B" Grayburg-Jackson Waterflood Project, Grayburg-Jackson Pool, by the conversion to water injection of 12 additional injection wells located in Sections 20, 29, and 30, Township 17 South, Range 31 East, Eddy County, New Mexico.
- CASE 3886: Application of Sinclair Oil & Gas Company for the amendment of a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks amendment of its Guadalupe Ridge Unit Agreement, unitizing certain lands in Eddy County, New Mexico, and approved by Order No. R-3471, to conform to certain requirements of the Director of the United States Geological Survey. In the absence of objection, the case will be submitted and an order issued upon the basis of the application and exhibits attached thereto.
- CASE 3887: Application of Kersey & Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Premier sand of the Grayburg formation through two wells to be located in Units E and K of Section 12, Township 18 South, Range 28 East, Artesia Pool, Eddy County, New Mexico. Applicant further proposes to produce oil from the Upper Grayburg through parallel strings of tubing, if said zones are productive in the subject wells.

October 9, 1968, Examiner Hearing
-4-

Docket No. 29-68

- CASE 3888: Application of Amerada Petroleum Corporation for a dual completion, salt water disposal and tubing exception, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its State E "B" Well No. 1 located in Unit E of Section 27, Township 10 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the North Echols-Devonian Pool and the disposal of produced salt water through the tubing-casing annulus into the San Andres formation through perforations in said casing from approximately 5220 feet to 5250 feet. Applicant also seeks an exception to the tubing requirements of Commission Rule 107 in that said tubing would be set more than 250 feet above the upper most Devonian perforation.
- CASE 3889: Application of BTA Oil Producers for the creation of a new pool and special pool rules, Lea and Roosevelt Counties, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Bough C zone of the Pennsylvanian formation for its well located in Section 5, Township 9 South, Range 36 East, Lea County, New Mexico, and for the promulgation of special rules therefor including a provision for 160-acre proration units and for the assignment of an 80-acre allowable factor of 4.77.
- CASE 3890: Application of Pan American Petroleum Corporation for special pool rules and a non-standard gas proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Empire-Pennsylvanian Gas Pool, Eddy County, New Mexico, including a provision for 320-acre spacing units with wells to be located in either the northwest quarter or the southeast quarter of the section. Applicant further seeks approval of a 280-acre non-standard gas proration unit comprising the SE/4, S/2 SW/4, and the NW/4 SW/4 of Section 30, Township 17 South, Range 28 East, Empire-Pennsylvanian Gas Pool, to be dedicated to its State V Com Well No. 1 located 990 feet from the South and East lines of said Section 30.

Case 3584

Heard 10-9-68

Rec. 10-10-68

Grant approval of Marathon
Miller Ranch unit agreement.

Wm. A. Miller



MARATHON OIL COMPANY

PRODUCTION - UNITED STATES AND CANADA

HOUSTON DIVISION

WARREN B. LEACH, JR.
DIVISION ATTORNEY

WILLIAM H. HOLLOWAY
JACK M. MC ADAMS
J. ROBERT TAYLOR
ATTORNEYS

The Oil Conservation Commission
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87501

September 16, 1968

Call 3884
SOUTHERN NATIONAL BANK BUILDING
P. O. BOX 3128
HOUSTON, TEXAS 77001
TEL. 713 CA 2-9721

Re: Unit Agreement for Miller Ranch Unit Area,
Embracing 5,276.27 Acres, More or Less,
Situated in Townships 21 and 22 South,
Range 25 East, N.M.P.M., Eddy County, New
Mexico

Gentlemen:

Marathon Oil Company hereby makes application for approval
of the Unit Agreement for the development and operation of the Miller
Ranch Unit Area embracing 5,276.27 acres, more or less, in Eddy County,
New Mexico, and more fully described as follows:

T-21-S, R-25-E, NMPM
Section 32: All

T-22-S, R-25-E, NMPM
Section 5: All
Section 6: S/2; NE/4
Section 7: All
Section 8: All
Section 17: All
Section 18: All
Section 19: All
Section 20: W/2

In support of this application, Marathon respectfully shows:

(1) That there is filed herewith in triplicate the proposed
Unit Agreement for the development and operation of the
Miller Ranch Unit Area, which is in substantially the same
form as has heretofore been approved by the Commission, the
Commissioner of Public Lands and the United States Geological
Survey in instances in which fee, State and Federal lands

68 SEP 18 AM 10 43

The Oil Conservation Commission
Page 2
September 16, 1968

were involved.

(2) That by letter dated August 23, 1968 the Miller Ranch Unit Area as above described was designated as a "logical Unit Area" by the United States Geological Survey. The proposed Unit Area includes 4,476.27 acres, more or less, of Federal land; 640.00 acres, more or less, of State land and 160.00 acres of fee or privately owned lands.

(3) That all owners of interests within the Unit Area have been offered the opportunity to join in the Unit Agreement.

(4) That the Unit Agreement has been approved by all except one (1) of the working interest owners holding interests within the proposed Unit Area. The one exception is the owner of a 25% undivided interest in a 280-acre tract comprised of the NW/4; N/2 SW/4; SE/4 SW/4 of Section 20, T-22-S, R-25-E, NMPM. Negotiations with said owner are still being conducted. It is expected that by the date which will be set for a hearing on this application, the Unit Agreement will have been executed by all, or substantially all, of the owners of working interests, overriding royalty interests and other interests in the land included within the Unit Area.

(5) That applicant, Marathon Oil Company, is designated as Unit Operator in said Unit Agreement and all oil and gas in any and all formations are unitized under the terms of the Agreement.

(6) That preliminary approval of the Unit Agreement was given by the United States Geological Survey on August 23, 1968.

(7) That a copy of the Unit Agreement has heretofore been submitted to the Land Commissioner of the State of New Mexico.

(8) That in the opinion of applicant, the proposed Unit Area covers all or substantially all of the geological structure or anomaly involved; and in the event said Unit Agreement is approved and production of unitized substances is obtained, it is believed that said Unit Agreement will

The Oil Conservation Commission
Page 3
September 16, 1968

be in the interest of conservation and the prevention of waste, and that it will protect the correlative rights of all parties concerned.

(9) A list of all interested parties known to applicant is attached hereto.

Marathon Oil Company respectfully requests that this application be set for hearing before a duly appointed Examiner of the Commission at the earliest possible date, that notice be given as required by law and the regulations, and that the Miller Ranch Unit Area and the Unit Agreement be approved.

Respectfully submitted,

MARATHON OIL COMPANY

By

William H. Holloway
William H. Holloway

P. O. Box 3128
Houston, Texas 77001

LIST OF INTERESTED PARTIES

MILLER RANCH UNIT AREA - EDDY COUNTY, NEW MEXICO

Commissioner of Public Lands
State of New Mexico
P. O. Box 791
Santa Fe, New Mexico

Mr. John Anderson
Regional Oil and Gas Supervisor
United States Geological Survey
Roswell, New Mexico 88201

Atlantic Richfield Company
P. O. Box 1978
Roswell, New Mexico 88201

Cities Service Oil Company
P. O. Box 4906
Midland, Texas 79701

Gulf Oil Corporation
P. O. Box 1938
Roswell, New Mexico 88201

Jake L. Hamon
P. O. Box 663
Dallas, Texas 75200

Curtis R. Inman
P. O. Box 737
Midland, Texas 79701

James E. Logan
503 Midland National Bank Bldg.
Midland, Texas 79701

Richard T. Lyons
1602 First City National Bank Bldg.
Houston, Texas 77002

Northern Natural Gas Producing Co.
c/o Mobil Oil Company
P. O. Box 820
Roswell, New Mexico 88201

J. Hiram Moore
Suite 314, Gulf Building
Midland, Texas 79701

Phillips Petroleum Company
P. O. Box 791
Midland, Texas 79701

Sinclair Oil & Gas Company
P. O. Box 1470
Midland, Texas 79701

Tenneco, Inc.
P. O. Box 1031
Midland, Texas 79701

Union Oil Company of California
300 Security National Building
Roswell, New Mexico 88201

Barney R. Greathouse
P. O. Box 4247
Midland, Texas 79701

R. B. Hammond
P. O. Box 1368
Kansas City, Kansas 66110

Joseph P. Burt
P. O. Box 12666
Fort Worth, Texas 76101

John H. Anderson et ux., Marian E. Anderson
P. O. Box 268
Santa Barbara, California 93102

G. Dee Williamson et ux., Lanita C. Williamson
P. O. Box 2206
Roswell, New Mexico 88201

Mary Louise Tuttle
P. O. Box 2218
Cheyenne, Wyoming

Sullivan Incorporated

Ulysses, Kansas

Robert G. Hanagan
P. O. Box 1737
Roswell, New Mexico 88201

D. O. Wilson et ux., Margaret L.
Wilson
615 North Hickory
Carlsbad, New Mexico

Everett E. Taylor
Route 1
Hillman, Minnesota

Neil H. Wills
P. O. Drawer "W"
Carlsbad, New Mexico

George D. Riggs
P. O. Box 116
Carlsbad, New Mexico

William A. Huffman et ux.,
Harriet A. Huffman
3150 Columbia Drive
Abilene, Texas 79604

Ruby Crosby Bell et vir, Bryan Bell
4455 St. Roch Avenue
New Orleans, Louisiana 70112

Elizabeth Crosby
Roswell, New Mexico 88201

Patricia Boyle
P. O. Box 668
Midland, Texas 79701

Harry W. Denton
P. O. Box 5091
Midland, Texas 79701

Thomas Allen et ux., Jerune Allen
P. O. Box 2185
Roswell, New Mexico 88201

Robert H. Hopkins, Jr.
P. O. Box 5
Roswell, New Mexico 88201

Dwight P. Teed et ux., Virginia E. Teed
P. O. Box 2077
Hobbs, New Mexico 88240

J. T. Winkhaus, Jr., et ux., Kathryn M.
Winkhaus
2 Broadway
New York, New York 10001

Caswell P. Ellis, III, et ux., Sandra R.
Ellis
2918 "O" Street N.W.
Washington, D.C. 20007

G. K. Hendricks, Jr.
111 West Monroe Street
Chicago, Illinois 60600

Anna L. Brown
105 West Harding Street
Carlsbad, New Mexico

B. C. Ringer et ux., Alpha I. Ringer
Route 1, Box 625-A
Albuquerque, New Mexico 87101

Karl Kothman et ux., Mary Lee Kothman
P. O. Box "K"
Mason, Texas

Adrian Berryhill et ux., Gladdus Berryhill
3051 Ambrosia Lake Station
Grants, New Mexico

Lillian Hinkle Coll, Individually & Trustee
P. O. Box 1818
Roswell, New Mexico 88201

Dick Morrison et ux., Grace Morrison
c/o Crawford Hotel
920 North Canal
Carlsbad, New Mexico

Jack White et ux., Frankie White
White City, New Mexico



MARATHON OIL COMPANY

PRODUCTION - UNITED STATES AND CANADA

POST OFFICE BOX 552
MIDLAND, TEXAS 79701

August 1, 1968

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

ATTENTION MR. D. S. NUTTER

Gentlemen:


Re: Application for Designation of Miller Ranch Unit Area
Eddy County, New Mexico

Enclosed is one copy of a revised text for the "Geologic Report"
(Exhibit B) that was left with you July 25, 1968 in Santa Fe.
This new text incorporates additional information requested by
the USGS. Please substitute this report for the copy that was
left with you. Copies of this text are also being sent to USGS
and New Mexico Commissioner of Public Lands.

Yours very truly,

MARATHON OIL COMPANY

BJMcM:elr
Encl.

By 
B. J. McMichael

268 AUG 2 AM 8 33

EXHIBIT "B"

To Application of Marathon Oil Company
For
Designation Of

Miller Ranch Unit Area
Townships 21 and 22 South, Range 25 East
Eddy County, New Mexico

GEOLOGIC REPORT

LOCATION AND INTRODUCTION

The proposed unit is located 12 miles west of Carlsbad, New Mexico in Townships 21 and 22 South, Range 25 East. The land surface is dissected with hills and arroyos.

GEOLOGY

The unit area is located on a subsurface structure about 10 miles long, 3 miles wide, and aligned in a north-south direction. Overlying and paralleling this structure is the Upper Pennsylvanian Reef (Cisco-Canyon). This carbonate section, which is the primary objective, is approximately 800' thick. The upper 500' acts as a single reservoir (see Isopach Map, Exhibit B-2 and Cross Section, Exhibit B-3). This is the gas productive horizon at the Indian Basin Field and in the more recent Gulf #1 Springs Unit discovery (Unit G, Section 34, Township 20 South, Range 26 East). The proposed unit is based on closure along this biohermal reef trend as shown by the Upper Penn. Map (Exhibit B-1). The reef facies is generally dolomitized and porous as in the Atlantic #3 Walt Canyon (Unit D, Section 6, Township 22 South, Range 25 East), which had gas to the surface in 12 minutes, too small to measure, and recovered 7125' of salt water. The Logan #1 Rain Spring Unit (Unit J, Section 24, Township 22 South, Range 24 East) also recovered 5300' of salt water from the Upper Pennsylvanian. The recent Getty #1 Wilson Federal (Unit H, Section 13, Township 22 South, Range 24 East) flowed gas at the rate of 55 MCFGPD, recovered 2325' of heavily gas cut mud plus 1540' of sulfur water. This is the highest occurrence of water in the prospect area, between -4077 (T/Reef) and -4116 (B/Test). The fore-reef facies in immediate proximity to the reef is a tight limestone in the Inman #1 Carnero Peak (Unit A, Section 31, Township 22 South, Range 25 East) and the Stanolind #1 Guadalupe Foothills (Unit O, Section 20, Township 22 South, Range 25 East).

60 AUG 2 AM 8 30

The unit outline, as shown on the structure map (Exhibit B-1), is based on a gas reservoir with an estimated gas-water contact at approximately -4075'. The reservoir characteristics should be similar to Indian Basin Field to the west which is being satisfactorily produced on 640 acre spacing. Considering the future possibility of 640-acre spacing under field rules, the unit outline was drawn to include the full sections considered productive. The east one-half of Section 20 was excluded because of its questionable productive possibility. Similarly the nonproductive part of Section 6 was excluded. The contours indicate that a small part of Section 31, Township 21 South, Range 25 East might be productive. Since the productive part within this section is less than one-half of the acreage required for a Pennsylvanian gas test, none of the section was included. (The minimum drilling tract required for a Pennsylvanian gas well is 320 acres as set by New Mexico Oil Conservation Commission rules.) In our opinion, the unit outline represents a reasonable interpretation of an exploratory unit which might be productive. The unit agreement will provide for enlargement upon appropriate authorizations in the event that lands presently outside the proposed unit area prove to be productive.

Although the Morrow sands are productive in the Rock Tank Unit immediately south of the proposed Miller Ranch Unit, Marathon does not propose a Morrow test. The individual sand members have erratic distribution and porosity development; consequently, a commercial producer from the Morrow comes under the category of a very high risk venture. Several factors discourage a Morrow test. First, there is probably separation of the Rock Tank Morrow Field from the Miller Ranch Unit as indicated by the Inman #1 Carnero Peak (Unit A, Section 31, Township 22 South, Range 25 East). Five drillstem tests of the Atoka and Morrow sand section showed gas at rates from 750 MCFGPD to too small to measure. This well was plugged and abandoned. Secondly, the Rock Tank Unit, reportedly, has good structural closure on the pre-Pennsylvanian formations as shown by the Devonian seismic reflection. This closure is a controlling factor on the Morrow production. According to Marathon's present information, it is doubtful that a structure comparable to Rock Tank would be trapping Morrow gas in the proposed unit. Although there is a structural trend associated with the Miller Ranch Unit, the closure as shown by the Upper Pennsylvanian Map (Exhibit B-1) is dependent on carbonate buildup. Third, and finally, there is the disappointing

record of Morrow sand tests in the two wells nearest Marathon's proposed location in Section 18, Township 22 South, Range 25 East. The Logan #1 Rain Springs (Unit J, Section 24, Township 22 South, Range 24 East) indicated impermeable sands on the two drillstem tests of the Morrow. The Stanolind #1 Guadalupe Foothills (Unit O, Section 20, Township 22 South, Range 25 East) produced salt water on completion tests after showing a very minor amount of gas on drillstem tests, 8 MCFGPD. After examination of these factors, it is our opinion that the Morrow sands are not attractive for the Miller Ranch Unit investigation.

Upon approval of this unit, Marathon Oil Company, as unit operator, proposes to drill a well to test the Upper Pennsylvanian carbonate at approximately 8200'. The location is tentatively proposed to be in the NE/4 of Section 18, Township 22 South, Range 25 East. Estimated elevation is 3800'. The top of the Upper Pennsylvanian is expected between 7750' and 7800'. Our prognosis of formations to be encountered is as follows:

B/Capitan-T/Delaware Mountain	1600' (+2200')
T/Bone Spring Ls.	3600' (+ 150')
T/Basal Leonard Ss.	7350' (-3550')
T/Wolfcamp	7500' (-3700')
T/Upper Penn (Cisco-Canyon) "Reef"	7750' (-3950') to 7800' (-4000')
Upper Penn probable gas-water contact	7877' (-4077')
Proposed total depth	8200' (-4400')

The proposed total depth is 323' below the probable water in the objective formation. This depth will be sufficient to thoroughly and adequately test the Upper Pennsylvanian (Cisco-Canyon) Reef.

Respectfully submitted,

MARATHON OIL COMPANY

By N. E. Webernick
N. E. Webernick
Dist. Exploration Mgr.

Attachments:

Exhibit B-1, Upper Penn Structure Map
Exhibit B-2, Isopach of Net Carbonate
Indian Basin Reef Interval
Exhibit B-3, Cross Section A-A'



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

AUG 28 1968

AUG 23 1968

Marathon Oil Company
P. O. Box 3128
Houston, Texas 77001

Attention: Mr. D. W. Franklin

Div. Mgr.

H. Dist.

G.C. Dist.

Div. Ld.

Asst. Dir.

Chief Clerk

Gentlemen:

Your application of July 17 filed with the Regional Oil and Gas Supervisor, Roswell, New Mexico, on July 25, 1968, requests the designation of the Miller Ranch unit area embracing 5,276.27 acres, more or less, Eddy County, New Mexico, as logically subject to exploration and development under the unitization provisions of the Mineral Leasing Act, as amended.

Pursuant to unit plan regulations of December 22, 1950, 30 CFR 226.3 (1961 reprint), the land requested, as outlined on your plat marked "Exhibit A, Miller Ranch Unit," is hereby designated as a logical unit area.

The unit agreement submitted for the area designated should provide for the drilling of the initial exploratory well to test the Cisco-Canyon formation of Pennsylvanian age, or to a depth of 8,200 feet. Your proposed form of unit agreement will be acceptable if modified as shown in colored pencil and/or by attached riders on the attached copy of such agreement.

In the absence of any other type of land requiring special provisions, or any objection not now apparent, a duly executed agreement identical to the 1961 reprint, modified only as outlined above, will be approved if submitted in approvable status within a reasonable period of time. However, the right is reserved to deny approval of any executed agreement which, in our opinion, does not have full commitment of sufficient lands to afford effective control of unit operations.

When the executed agreement is transmitted to the supervisor for approval, include the latest status of all acreage. The format of the sample exhibits attached to the 1961 reprint of the standard form should be followed closely in the preparation of Exhibits A and B.

BEFORE EXAMINER UTZ	
OIL CONSERVATION COMMISSION	
Appr.	EXHIBIT NO. 5
CASE NO. 3884	

Inasmuch as this unit area contains State of New Mexico lands, we are sending a copy of this letter to the Commissioner of Public Lands at Santa Fe. Please contact the State of New Mexico before soliciting binders, regardless of prior contacts with or clearances from the State.

Sincerely yours,

William M. Baker

Acting Director



MARATHON OIL COMPANY

PRODUCTION - UNITED STATES AND CANADA

P.O. BOX 552
MIDLAND, TEXAS 79701

October 21, 1968

Re: Miller Ranch Unit Area
Eddy County, New Mexico

Mr. John A. Anderson
Regional Oil and Gas Supervisor
United States Geological Survey
P. O. Drawer 1857
Roswell, New Mexico 88201

Dear Sir:

Under date of September 10, 1968, we furnished your office a copy of the Miller Ranch Unit Agreement dated September 16, 1968, which had been changed to conform to the suggestions of the acting director for the United States Department of Interior. Everyone owning an interest within the unit outline has been invited to join the Unit. All working interest owners have committed their interest to the Unit and all royalty and overriding royalty owners have joined the Unit with the exception of the following parties:

1. John H. Anderson, the owner of a 1.5% overriding royalty interest under Tract No. 1 has declined to join the Unit at this time. See copy of letter dated September 30, 1968, which is attached.
2. Margaret L. Wilson, wife of D. O. Wilson, the owner of an overriding royalty interest in Tracts Nos. 3 and 6. We have been advised that Mrs. Wilson is now deceased. She apparently died intestate and there has been no judicial ascertainment of her estate. Although Mrs. Wilson is record owner of an overriding royalty interest in Tract 3 with the Bureau of Land Office Records, we have determined that she left surviving, her husband, D. O. Wilson and two daughters, being Vaneatta Ruth Cade and Lovenia Faye Sadler, who joined the Unit.
3. William A. Huffman, the owner of an overriding royalty interest in Tracts Nos. 4 and 13. We have been advised that Mr. Huffman is now deceased. Although there has been no judicial ascertainment of Mr. Huffman's estate in New Mexico, we are of the opinion that his interest was community property and is now owned by Mrs. Harriet A. Huffman, his wife, who joined the Unit.

Mr. John A. Anderson

-2-

October 21, 1968

4. Anna L. Brown, the owner of a 50% royalty interest in Tract 18 in fee. See attached letter dated October 2, 1968, wherein Mrs. Brown declined to join the Unit.

5. Adrian Berryhill and wife, Gladdus Berryhill, the owners of a 4.16666% royalty interest in fee Tract No. 18. Mr. and Mrs. Berryhill were invited to join the Unit and were furnished copies of the Unit Agreement with our letter of September 27, 1968. In a telephone conversation with Mr. Berryhill on October 17, 1968, in Scottsdale, Arizona, Mr. Berryhill assured us that they will join the Unit and will furnish us their ratification as soon as they return to Grants, New Mexico.

6. Mary Lee Kothman, who is the possible owner of an undivided royalty interest in fee Tract No. 18. We have been advised that Mrs. Kothman is deceased. Mrs. Kothman's estate has not been probated at this time due to pending litigation. It is assumed that her interest has been committed by Mr. Carl Kothman, but should it later develop that this interest is owned by additional parties, Marathon will make every effort to secure joinder of such parties to this Unit.

Marathon Oil Company respectfully requests your approval of the Miller Ranch Unit Agreement and we enclose herewith for your consideration copies of the Unit Agreement and other instruments as follows:

1. Six copies of Unit Agreement which includes three executed copies and three Xerox copies.
2. Three copies of Unit Operating Agreement including one executed copy and two Xerox copies.
3. Six Xerox copies of Ratification by the royalty and overriding royalty owners who have committed their interest to the Unit, and copies of letters from a royalty owner and an overriding royalty owner declining to join the Unit.
4. Two copies of Order No. R-3520 of the Oil Conservation Commission of the State of New Mexico approving the Miller Ranch Unit Agreement.

Mr. John A. Anderson

-3-

October 21, 1968

As you have previously been informed, several of the leases being committed to this Unit will expire on November 1, 1968, therefore, we will appreciate your approval of the Unit Agreement prior to October 31, 1968, in order that drilling operations may be commenced.

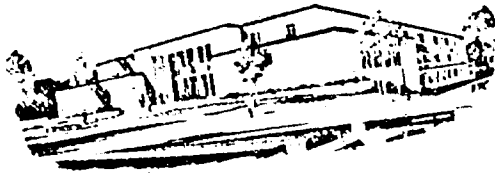
Yours very truly,

MARATHON OIL COMPANY
Land Department

W. T. Butler
W. T. Butler

WTB:r
Encls.

State of New Mexico



Commissioner of Public Lands



September 27, 1968

GUYTON B. HAYS
COMMISSIONER

MARATHON OIL CO.
Houston Div. Expl.

SEP 30 1968

Div. Mgr.

M. Dist.

G.C. Dist.

Div. Ld. *per*

Geophy.

Div. Opr.

P. O. BOX 1148
SANTA FE, NEW MEXICO

Marathon Oil Company
P. O. Box 3128
Houston, Texas 77001

Re: Proposed Miller Ranch Unit
Eddy County, New Mexico

ATTENTION: Mr. D. W. Franklin

Gentlemen:

The Commissioner of Public Lands has this date approved
as to form and content your proposed Miller Ranch Unit, Eddy
County, New Mexico.

We are enclosing your Official Receipt No. I 35824 in
the amount of Forty-Five (\$45.00) Dollars which covers the
filing fee.

Very truly yours,

GUYTON B. HAYS

COMMISSIONER OF PUBLIC LANDS

BY: *Malcolm Long*

Malcolm Long, Supervisor
Unit Division

GBH/TB/ML/s

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
App EXHIBIT NO. 4
CASE NO. 3884



MARATHON OIL COMPANY

PRODUCTION - UNITED STATES AND CANADA

P. O. BOX 552
MIDLAND, TEXAS 79701

October 21, 1968

Re: Miller Ranch Unit Area
Eddy County, New Mexico

Mr. Guyton B. Hays
Commissioner of Public Lands
State of New Mexico
P. O. Box 1148
Santa Fe, New Mexico 87501

Dear Sir:

Under date of September 10, 1968, we furnished your office a copy of the Miller Ranch Unit Agreement dated September 16, 1968, and preliminary approval has been received.

A hearing was held before the Oil Conservation Commission - Case No. 3884, and the Unit Agreement was approved by the Commission by Order No. R-3520.

Everyone owning an interest within the Unit outline has been invited to join the Unit. All working interest owners have committed their interest to the Unit and all royalty and overriding royalty owners have joined the Unit with the exception of the following parties:

1. John H. Anderson, the owner of a 1.5% overriding royalty interest under Tract No. 1 has declined to join the Unit at this time. See copy of letter dated September 30, 1968, which is attached.
2. Margaret L. Wilson, wife of D. O. Wilson, the owner of an overriding royalty interest in Tracts Nos. 3 and 6. We have been advised that Mrs. Wilson is now deceased. She apparently died intestate and there has been no judicial ascertainment of her estate. Although Mrs. Wilson is record owner of an overriding royalty interest in Tract 3 with the Bureau of Land Office Records, we have determined that she left surviving, her husband, D. O. Wilson and two daughters, being Vaneatta Ruth Cade and Lovenia Faye Sadler, who joined the Unit.
3. William A. Huffman, the owner of an overriding royalty interest in Tracts Nos. 4 and 13. We have been advised that Mr. Huffman is now deceased. Although there has been no judicial ascertainment of Mr. Huffman's estate in New Mexico, we are of the opinion that his interest was community property and is now owned by Mrs. Harriet A. Huffman, his wife, who joined the Unit.

Mr. Guyton B. Hays

October 21, 1968

-2-

4. Anna L. Brown, the owner of a 50% royalty interest in Tract No. 18 in fee. See attached letter dated October 2, 1968, wherein Mrs. Brown declined to join the Unit.
5. Adrian Berryhill and wife, Gladdus Berryhill, the owners of a 4.16666% royalty interest in fee Tract No. 18. Mr. and Mrs. Berryhill were invited to join the Unit and were furnished copies of the Unit Agreement with our letter of September 27, 1968. In a telephone conversation with Mr. Berryhill on October 17, 1968, in Scottsdale, Arizona, Mr. Berryhill assured us that they will join the Unit and will furnish us their ratification as soon as they return to Grants, New Mexico.
6. Mary Lee Kothman, who is the possible owner of an undivided royalty interest in fee Tract No. 18. We have been advised that Mrs. Kothman is deceased. Mrs. Kothman's estate has not been probated at this time due to pending litigation. It is assumed that her interest has been committed by Mr. Carl Kothman, but should it later develop that this interest is owned by additional parties, Marathon will make every effort to secure joinder of such parties to this Unit.

For your approval we are enclosing two copies of the Unit Agreement with Exhibits "A" and "B", copies of all Ratifications by the overriding royalty and royalty owners who are committing their interest to the Unit, copy of Order of the Oil Conservation Commission approving the Unit Agreement and one copy of Unit Operating Agreement.

You will note that certain Federal Leases within this Unit will expire on November 1, 1968, and it is for this reason that we respectfully request your approval as soon as possible in order that Marathon may commence the drilling of an 8,200 foot Cisco Canyon test to be located in the NW/4, SE/4, Section 18, Township 22-South, Range 25-East, Eddy County, New Mexico, prior to October 31, 1968. Since this Agreement must also be approved by the Supervisor for the United States Geological Survey, we will appreciate your advising their office of your approval as soon as possible.

Yours very truly,

MARATHON OIL COMPANY
Land Department

W. T. Butler
W. T. Butler

WTB:r
Encls.



MARATHON OIL COMPANY

PRODUCTION-UNITED STATES AND CANADA

P. O. BOX 552
MIDLAND, TEXAS 79701

October 21, 1968

Re: Miller Ranch Unit Area
Eddy County, New Mexico

Oil Conservation Commission
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. A. L. Porter, Jr.

Dear Sir:

Application for final approval of the Miller Ranch Unit Agreement has been made with the Commissioner of Public Lands of the State of New Mexico and the Supervisor of the United States Geological Survey in Roswell, New Mexico. Attached you will find an executed counterpart of the Miller Unit Agreement which has been signed by all working interest owners in the Unit Area. We are also enclosing copies of such Ratifications as we have now received from the royalty and overriding royalty owners in the Unit. At such time as the Unit Agreement has been approved by the Commissioner of Public Lands for the State of New Mexico and the Supervisor for the United States Geological Survey your office will be furnished copies of their approval certificates.

Yours very truly,

MARATHON OIL COMPANY

W. T. Butler
W. T. Butler

WTB:ap
Encls.

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
1120 SIMMS BLDG. • P. O. BOX 1072 • PHONE 743-6691 • ALBUQUERQUE, NEW MEXICO



BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

October 9, 1968

EXAMINER HEARING

IN THE MATTER OF:

Application of Marathon Oil
Company for a unit agreement,
Eddy County, New Mexico.

Case No. 3884

BEFORE: Elvis A. Utz, Examiner

Transcript of Hearing

MR. UTZ: Case 3884.

MR. HATCH: Case 3884, application of Marathon Oil Company for a unit agreement, Eddy County, New Mexico.

MR. MORRIS: Mr. Examiner, I am Dick Morris, of Montgomery, Federici, Andrews, Hannahs and Morris, Santa Fe, appearing for the applicant, Marathon Oil Company.

This is the application of Marathon for an exploratory unit located some twelve miles west of Carlsbad, New Mexico, and between Carlsbad and the Indian Basin area. We will have two witnesses to present; Mr. Butler, who will present the information concerning the unit itself, and Mr. McMichael, who will explain the geology of the area. I ask that they both stand at this time and be sworn, please.

(Witnesses sworn)

MR. MORRIS: At this time, I'd like to introduce to the Examiner and staff, Mr. William H. Holloway, who is a member of the Texas Bar and who is an attorney for Marathon Oil Company who will handle the presentation of evidence in this case.

MR. UTZ: Is that H-a-double l-o-w-a-y?

MR. HOLLOWAY: H-o-l-l-o-w-a-y.

MR. UTZ: Thank you.

(Whereupon, applicant's Exhibits Numbers 1, 2 and 3 were marked for identification.)

W. T. BUTLER,

called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. HOLLOWAY:

Q Please state your name, address and by whom you are employed and the position you hold?

A My name is W. T. Butler. I am employed by Marathon Oil Company and reside in Midland, Texas. I'm a land man now working in the southeastern two-thirds of New Mexico which includes Eddy County, the area in which the Miller Ranch Unit is located.

Q Have you testified previously before the New Mexico Oil Conservation Commission or any of its examiners?

A No, sir, I have not.

Q Would you please state for the Examiner your qualifications?

A I received a Bachelor of Science Degree in Business Administration from Mount Mary College in 1953 and have been employed by Marathon as Land man in the Midland District for fifteen years.

MR. HOLLOWAY: Are the witness's qualifications acceptable, Mr. Examiner?

MR. UTZ: Yes, sir. He's qualified to testify as a Land man.

Q (By Mr. Holloway) In your capacity as Land man for Marathon, have you been responsible for or participated in the formation of units and unit agreements similar to those which are the subject of this proceeding?

A Yes, sir. I have worked on projects of this type for the past five years in New Mexico and Texas.

Q Mr. Butler, please refer to the instrument which has been identified as Marathon's Exhibit Number 1 in this proceeding and is entitled, "Unit Agreement For the Development and Operation of The Miller Ranch Unit Area." Please state whether Exhibit 1 is a true copy of the Unit Agreement which has been agreed to by all of the working interest owners.

A Yes, this is a true copy of the Unit Agreement and has been agreed to by all of the working interest owners, and the agreement is presently in the hands of those working interest owners for signatures.

Q With certain variations which you will bring out later, is this instrument identical to the copies of the Unit Agreement submitted with Marathon's Application to the Commission?

A Yes, with the exception that Exhibits A and B to the agreement, have been changed.

Q Would you please point out the changes which have been made in Exhibits A and B?

A Yes, sir. In Exhibit A, the plat, tract 15, we originally showed Marathon as the Lease owner of this tract. Actually, Marathon has an option from --

MR. UTZ: Excuse me. Would you locate Tract 15?

THE WITNESS: That's Section 19, sir.

MR. UTZ: All right.

THE WITNESS: Marathon acquired an option on this lease, and so we, to satisfy the BLM, put the lessee of record on there, G. K. Hendricks, Junior.

In Tract 18, the southeast quarter of Section 8, we originally showed Mobil Oil Corporation. We have now shown Northern Natural Gas Producing Company. It has been determined that although Northern Natural is a subsidiary of Mobil, Mobil only has a power of attorney to execute for them.

Tenneco Oil Company was removed from Exhibit A in Tracts 12 and 2; again, the acreage out of the east portion of Section 17. Marathon has acquired Tenneco's leasehold interests.

And Exhibit B, we did remove Marathon and put G. K. Hendricks, Junior, in Tract 15 because Mr. Hendricks is actually lessee of record. James E. Logan, in Tract 11, is shown with an overriding royalty interest. Marathon has acquired his

interest in that tract. Tenneco has been removed, and Marathon owns their tracts. I believe that are all the changes in Exhibit B.

The signature pages and acknowledgement pages had to be changed for reason that Sinclair Oil and Gas Company changed their corporate name to Sinclair Oil Corporation.

Q Mr. Butler, this same change resulting from the corporate name change of Sinclair has been incorporated in Exhibits A and B, is that not true?

A That's true, sir. Yes, sir.

Q Please state what lands are included in the unit area.

A The Miller Ranch Unit, which is located approximately four miles east of the Indian Hills Unit, Eddy County, New Mexico, comprises 5,276.27 acres of Federal, State and fee lands described as follows: All of Section 32, Township 21 South, Range 25 East; the northeast quarter and south half, Section 6; all of Sections 5, 7, 8, 17, 18 and 19 and the west half of Section 20, Township 22 South, Range 25 East, Eddy County, New Mexico.

The Unit contains 84.84 percent Federal lands, 12.13 percent State lands and 3.03 percent fee lands.

Q These are the same lands that are set forth on page 2 of Exhibit 1?

A Yes, sir.

Q Exhibit A to the Unit Agreement is a plat of the Miller Ranch Unit area, Mr. Butler. Does this Exhibit A show the State, Federal and fee acreage and the working interest ownership of the tracts within the unit area?

A It does.

Q Exhibit B, which we've referred to before, is a schedule showing the percentage of ownership in all lands in the unit area. To your knowledge, are all of the lands included in the unit area and the ownership of such lands correctly shown in Exhibit B?

A That is true, with the exception that Marathon does have some assignments now in its possession that haven't been filed for record. They will be filed prior to the formation of this unit.

Q Mr. Butler, please state the names of the working interest owners in the area other than Marathon.

A Union Oil Company of California, Atlantic Richfield Company, Phillips Petroleum Company, Sinclair Oil Corporation, Gulf Oil Corporation, Cities Service Oil Company, Northern Natural Gas Producing Company, Jake L. Hamon, Joseph P. Burt.

Q Will you please state briefly the status of the commitments of the various royalty and overriding royalty

interest owners to the unit agreement as of this date.

A There are twenty-six overriding royalty owners under the Federal lands in the unit. We have received ratifications of the unit agreement from twenty-one of these owners, or 80.76 percent of the ownership. One overriding royalty owner has declined to join the unit at this time.

There are seven royalty owners and one overriding royalty owner under the fee tract. We have received ratifications from five of the royalty owners and from the one overriding royalty owner. This is 75 percent of the combined royalty owners under this tract. One royalty owner has declined to join the unit.

Q Has Marathon contacted all royalty and overriding royalty interest owners with regard to the proposed Miller Ranch unit?

A We have contacted all royalty and overriding royalty owners in the unit, with the exception of one overriding royalty owner under Tract 3.

At this time, we have been unable to locate this party, but we assure the Commission that we will continue our efforts to locate this overriding royalty owner.

MR. UTZ: Which one is that?

THE WITNESS: That's Everett E. Taylor, Tract 3,

and owns a one-eighth of \$300.00 per acre production payment out of two percent. We had an address: Route 1, Hillmon, Minnesota, but it was returned by the Postmaster, "Moved. Left no address."

Q We will continue, however, to try to contact this individual?

A That is right, sir, and I would like to add that there are no overriding royalty owners under the State Tract.

Q Did Marathon advise the royalty owners and overriding royalty interest owners of the time and date set for this proceeding?

A Yes, we furnished all the owners a copy of our application, advising that the hearing would be held before this Commission on October the 9th, 1968 with the exception to the one party that we could not locate.

Q Certainly. Returning, again, Mr. Butler, to Exhibit 1, the Unit Agreement, Marathon Oil Company has been designated as unit operator, has it not?

A It has.

Q What formations and what substances are unitized under the Unit Agreement?

A The Unit Agreement provides for unitization of all formations as to oil and gas rights only.

Q Will you now describe briefly Marathon's initial

drilling obligations under the Unit Agreement.

A The Unit Agreement provides that we will commence a well within six months from the effective date of the agreement. However, because several of the Federal leases will expire unless operations are commenced no later than October the 31st, 1968, we must commence the well prior to that date. We are required to drill the well to a depth not to exceed 8200 feet or to such lesser depth sufficient to test the Upper Pennsylvanian-Cisco Canyon Formation.

Q Mr. Butler, would you state for the record the number of acres and the percentage in regard to the Miller Ranch Unit of State of New Mexico lands proposed to be included in the unit area?

A Yes, sir. The State of New Mexico owns Section 32, Township 21 South, Range 25 East, containing 640 acres or 12.13 percent of the unit.

Q Has the Commissioner of Public Lands of the State of New Mexico given preliminary approval to the Miller Ranch Unit?

A Yes, sir, they have.

Q Has the USGS given preliminary approval of the Unit Agreement and designated as a logical unit area the Miller Ranch Unit as herein proposed?

A Yes, sir, it has. And I have letters here, xeroxed copies of letters from the Commission and from the Department

of the Interior, if the Commission would like to see them.

MR. UTZ: I think so. You have them to enter?

THE WITNESS: Yes, sir.

(Whereupon, Applicant's Exhibits 4 and 5 were marked for identification.)

MR. HOLLOWAY: I would like to offer Marathon's Exhibits 1, 4 and 5 in evidence at this time, Mr. Examiner.

MR. UTZ: Without objection, Exhibits 1, 4 and 5 will be entered into the record in this case.

(Whereupon, Applicant's Exhibits 1, 4 and 5 were admitted in evidence.)

MR. HOLLOWAY: This concludes our direct examination of Mr. Butler.

MR. UTZ: Did you name the location of the test well?

THE WITNESS: No, sir, I did not. It will be in the northwest -- the other witness will go into the location.

MR. UTZ: He will testify about that?

THE WITNESS: Yes.

MR. UTZ: All right. Are there any other questions of the witness? He may be excused.

MR. HOLLOWAY: I'd like to call now, Mr. McMichael.

BILL J. McMICHAEL,
called as a witness, having been first duly sworn, was
examined and testified as follows:

DIRECT EXAMINATION

BY MR. HOLLOWAY:

Q Please state your name, your address, by whom you
are employed and your position.

A Bill J. McMichael, Midland, Texas, Staff geologist
for Marathon Oil Company.

Q Have you testified previously before the New Mexico
Oil Conservation Commission or any of its examiners and, if
so, were your qualifications as an expert witness accepted at
that time?

A Yes, sir.

Q In your capacity as staff geologist, have you worked
in and have knowledge of the geological information concerning
the proposed unit area?

A Yes, sir, I am familiar with the area.

MR. HOLLOWAY: Mr. Examiner, I assume you will accept
previous qualifications of this witness?

MR. UTZ: Yes, sir.

MR. HOLLOWAY: Thank you, sir.

Q (By Mr. Holloway) Mr. McMichael, please refer to

Exhibits marked 2 and 3 in this proceeding; Exhibit 2 being a plat and Exhibit 3 being a geologic cross section. Were these exhibits prepared under your direction and supervision?

A Yes, sir.

Q Will you please state what the plat and the cross section show?

A Exhibit 2, the plat, is a subsurface contour map of the Upper Pennsylvanian-Cisco Canyon formation, which I will refer to as a reef, the primary objective of the proposed Unit test. Scale of the map is 1 inch to 2000 feet; contour interval, 100 feet. The unit is outlined by a pattern of small dots, and the State, Federal and fee lands are identified by the legend on the map. Cross section AA Prime on the map indicates the wells that were used in Exhibit 3, the cross section, and I'd like to go to that, first, for discussion.

Exhibit 3 is a cross section in dip section, electrical logs showing the Cisco Canyon Reef as we expect it to exist within the unit area. This is the carbonate in the same stratigraphic interval as found in the Indian Basin Field and in the Springs unit, approximately five miles north of the proposed Miller Ranch unit. The Wolfcamp shales form the seal. As you can see, Wells 1, 2 and 3 are in the back reef section showing an increase as we approach the prospect, Well No. 4, in my opinion, is on the fore-reef side. I would

especially refer to Well No. 3, the drillstem test data shown on this well, as well as all the other wells, gives the recovery, but particularly, in Section 3, there is a gas show of 55 mcf and the highest well drilled to date on the Cisco Canyon Reef.

Now, if you will turn your attention to the map, subsurface contour map, all of the wells on this plat are control wells. We have eliminated shallower tests in the area. We would expect the gas-water contact for this formation to be above the minus 4,077 subsea point on the Getty-Wilson Federal in Unit H, Section 13, Township 22 South, Range 24 East. A contour drawn through this subsea would depict the lowest possible productive area. We expect the production here to be gas inasmuch as it is on the same trend as the Indian Basin and Springs Unit, in my opinion.

Q Do you have anything further with regard to these Exhibits, Mr. McMichael?

A I believe that's the essence of it.

Q Does either of these Exhibits show the proposed initial well location?

A The plat shows the proposed location which is in the northwest quarter of the southeast quarter, Section 18, Township 22 South, Range 25 East. This location is also diagrammatically depicted on the cross section.

Q What is the objective depth in the proposed initial tests?

A The proposed depth is 8200 feet which should test the Upper Pennsylvanian-Cisco Canyon Reef.

MR. UTZ: What depth did you say?

THE WITNESS: 8200.

Q (By Mr. Holloway) And it is your opinion, I understand, that the proposed test well will adequately test the Upper Pennsylvanian-Cisco Canyon Formation in the unit area?

A Yes, sir. It is my opinion that that will adequately test the formation. Referring back to the cross section, I can give you a graphic idea. At the proposed location, an extension of 400 feet below the minus 4000 datum would be the point on the cross section for an 8200 foot test. This would be well below the water in the test to the west.

Q Is there, in your opinion, a possibility that formations productive of oil and gas will be encountered at shallower depth?

A Yes, sir. That is a possibility; rather remote, I'm afraid, and dependent upon permeability of an erratic development.

Q In your opinion, will the unit agreement tend to

promote the conservation of oil and gas, promote better utilization of reservoir energy and protect correlative rights in the unit area?

A Yes, sir, it will.

Q Is it your opinion that the Miller Ranch unit area can best be developed on a unitized basis?

A I believe that it would be best developed on a unitized basis. It would lead to faster development than the sharing of the risk and prevent unnecessary duplication of the cost.

Q Would you please state whether it is your opinion that the State of New Mexico and the beneficiary institution involved will receive their fair share of the recoverable oil and gas under the lands included in this unit area?

A Yes, sir, they would receive their fair share under their land.

Q In your opinion, at this time, Mr. McMichael, does the proposed unit area adequately cover the extent of the geological prospect?

A I believe that the unit outlined covers a reasonable interpretation of the productive area.

MR. HOLLOWAY: Mr. Examiner, I would, at this time, like to introduce our Exhibits 2 and 3.

MR. UTZ: Without objection, Exhibits 2 and 3 will be entered into the record in this case.

(Whereupon, Applicant's Exhibits 2 and 3 were admitted in evidence.)

MR. HOLLOWAY: This concludes our direct examination of Mr. McMichael.

MR. UTZ: The Northern Natural Makidrix down in Guadalupe were drilled many moons ago, were they not?

THE WITNESS: Yes, sir.

MR. UTZ: Do you have any idea how long ago?

THE WITNESS: No, sir. I don't have that figure in mind. It was before my time and that's more than ten years ago.

MR. UTZ: Well, I was going to say ten years at least.

Are there any other questions of witness? You may be excused. Any statements in this case?

MR. MORRIS: Yes, sir. Mr. Examiner, as the witness, Mr. Butler, testified, there are several Federal leases that will expire unless a Unit well is commenced before October or by October 31st of this year, and for this reason, we would urgently request that the Commission give consideration to this application as soon as possible and, hopefully, of course,

approve the application.

MR. UTZ: Any other statements? The case will be taken under advisement.

I N D E X

WITNESS

PAGE

W. T. BUTLER

Direct Examination by Mr. Holloway

3

BILL J. McMICHAEL

Direct Examination by Mr. Holloway

12

E X H I B I T SEXHIBITMARKEDOFFERED AND
ADMITTEDApplicant's Exhibits
1, 2 and 3

2

Applicant's Exhibits
4 and 5

11

Applicant's Exhibit
1

11

Applicant's Exhibits
2 and 3

11

17

STATE OF NEW MEXICO)
) ss
 COUNTY OF BERNALILLO)

I, CHARLOTTE MACIAS, Court Reporter in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

Charlotte Macias
 COURT REPORTER

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 3884, heard by me on 10-2-68, 19

James D. [Signature], Examiner
 New Mexico Oil Conservation Commission

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMMS BLDG. • P. O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO



BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

October 9, 1968

EXAMINER HEARING

IN THE MATTER OF:)
)
)
)
)
)
)
)
)

Application of Marathon Oil
Company for a unit agreement, Eddy
County, New Mexico.

Case No. 3884

BEFORE: Elvis A. Utz, Examiner

Transcript of Hearing

MR. UTZ: Case 3884.

MR. HATCH: Case 3884, application of Marathon Oil Company for a unit agreement, Eddy County, New Mexico.

MR. MORRIS: Mr. Examiner, I am Dick Morris, of Montgomery, Federici, Andrews, Hannahs and Morris, Santa Fe, appearing for the applicant, Marathon Oil Company.

This is the application of Marathon for an exploratory unit located some twelve miles west of Carlsbad, New Mexico, and between Carlsbad and the Indian Basin area. We will have two witnesses to present; Mr. Butler, who will present the information concerning the unit itself, and Mr. McMichael, who will explain the geology of the area. I ask that they both stand at this time and be sworn, please.

(Witnesses sworn)

MR. MORRIS: At this time, I'd like to introduce to the Examiner and staff, Mr. William H. Holloway, who is a member of the Texas Bar and who is an attorney for Marathon Oil Company who will handle the presentation of evidence in this case.

MR. UTZ: Is that H-a-double l-o-w-a-y?

MR. HOLLOWAY: H-o-l-l-o-w-a-y.

MR. UTZ: Thank you.

(Whereupon, applicant's Exhibits Numbers 1, 2 and 3 were marked for identification.)

W. T. BUTLER,

called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. HOLLOWAY:

Q Please state your name, address and by whom you are employed and the position you hold?

A My name is W. T. Butler. I am employed by Marathon Oil Company and reside in Midland, Texas. I'm a land man now working in the southeastern two-thirds of New Mexico which includes Eddy County, the area in which the Miller Ranch Unit is located.

Q Have you testified previously before the New Mexico Oil Conservation Commission or any of its examiners?

A No, sir, I have not.

Q Would you please state for the Examiner your qualifications?

A I received a Bachelor of Science Degree in Business Administration from Mount Mary College in 1953 and have been employed by Marathon as Land man in the Midland District for fifteen years.

MR. HOLLOWAY: Are the witness's qualifications acceptable, Mr. Examiner?

MR. UTZ: Yes, sir. He's qualified to testify as a Land man.

Q (By Mr. Holloway) In your capacity as Land man for Marathon, have you been responsible for or participated in the formation of units and unit agreements similar to those which are the subject of this proceeding?

A Yes, sir. I have worked on projects of this type for the past five years in New Mexico and Texas.

Q Mr. Butler, please refer to the instrument which has been identified as Marathon's Exhibit Number 1 in this proceeding and is entitled, "Unit Agreement For the Development and Operation of The Miller Ranch Unit Area." Please state whether Exhibit 1 is a true copy of the Unit Agreement which has been agreed to by all of the working interest owners.

A Yes, this is a true copy of the Unit Agreement and has been agreed to by all of the working interest owners, and the agreement is presently in the hands of those working interest owners for signatures.

Q With certain variations which you will bring out later, is this instrument identical to the copies of the Unit Agreement submitted with Marathon's Application to the Commission?

A Yes, with the exception that Exhibits A and B to the agreement, have been changed.

Q Would you please point out the changes which have been made in Exhibits A and B?

A Yes, sir. In Exhibit A, the plat, tract 15, we originally showed Marathon as the Lease owner of this tract. Actually, Marathon has an option from --

MR. UTZ: Excuse me. Would you locate Tract 15?

THE WITNESS: That's Section 19, sir.

MR. UTZ: All right.

THE WITNESS: Marathon acquired an option on this lease, and so we, to satisfy the BLM, put the lessee of record on there, G. K. Hendricks, Junior.

In Tract 18, the southeast quarter of Section 8, we originally showed Mobil Oil Corporation. We have now shown Northern Natural Gas Producing Company. It has been determined that although Northern Natural is a subsidiary of Mobil, Mobil only has a power of attorney to execute for them.

Tenneco Oil Company was removed from Exhibit A in Tracts 12 and 2; again, the acreage out of the east portion of Section 17. Marathon has acquired Tenneco's leasehold interests.

And Exhibit B, we did remove Marathon and put G. K. Hendricks, Junior, in Tract 15 because Mr. Hendricks is actually lessee of record. James E. Logan, in Tract 11, is shown with an overriding royalty interest. Marathon has acquired his

interest in that tract. Tenneco has been removed, and Marathon owns their tracts. I believe that are all the changes in Exhibit B.

The signature pages and acknowledgement pages had to be changed for reason that Sinclair Oil and Gas Company changed their corporate name to Sinclair Oil Corporation.

Q Mr. Butler, this same change resulting from the corporate name change of Sinclair has been incorporated in Exhibits A and B, is that not true?

A That's true, sir. Yes, sir.

Q Please state what lands are included in the unit area.

A The Miller Ranch Unit, which is located approximately four miles east of the Indian Hills Unit, Eddy County, New Mexico, comprises 5,276.27 acres of Federal, State and fee lands described as follows: All of Section 32, Township 21 South, Range 25 East; the northeast quarter and south half, Section 6; all of Sections 5, 7, 8, 17, 18 and 19 and the west half of Section 20, Township 22 South, Range 25 East, Eddy County, New Mexico.

The Unit contains 84.84 percent Federal lands, 12.13 percent State lands and 3.03 percent fee lands.

Q These are the same lands that are set forth on page 2 of Exhibit 1?

A Yes, sir.

Q Exhibit A to the Unit Agreement is a plat of the Miller Ranch Unit area, Mr. Butler. Does this Exhibit A show the State, Federal and fee acreage and the working interest ownership of the tracts within the unit area?

A It does.

Q Exhibit B, which we've referred to before, is a schedule showing the percentage of ownership in all lands in the unit area. To your knowledge, are all of the lands included in the unit area and the ownership of such lands correctly shown in Exhibit B?

A That is true, with the exception that Marathon does have some assignments now in its possession that haven't been filed for record. They will be filed prior to the formation of this unit.

Q Mr. Butler, please state the names of the working interest owners in the area other than Marathon.

A Union Oil Company of California, Atlantic Richfield Company, Phillips Petroleum Company, Sinclair Oil Corporation, Gulf Oil Corporation, Cities Service Oil Company, Northern Natural Gas Producing Company, Jake L. Hamon, Joseph P. Burt.

Q Will you please state briefly the status of the commitments of the various royalty and overriding royalty

interest owners to the unit agreement as of this date.

A There are twenty-six overriding royalty owners under the Federal lands in the unit. We have received ratifications of the unit agreement from twenty-one of these owners, or 80.76 percent of the ownership. One overriding royalty owner has declined to join the unit at this time.

There are seven royalty owners and one overriding royalty owner under the fee tract. We have received ratifications from five of the royalty owners and from the one overriding royalty owner. This is 75 percent of the combined royalty owners under this tract. One royalty owner has declined to join the unit.

Q Has Marathon contacted all royalty and overriding royalty interest owners with regard to the proposed Miller Ranch unit?

A We have contacted all royalty and overriding royalty owners in the unit, with the exception of one overriding royalty owner under Tract 3.

At this time, we have been unable to locate this party, but we assure the Commission that we will continue our efforts to locate this overriding royalty owner.

MR. UTZ: Which one is that?

THE WITNESS: That's Everett E. Taylor, Tract 3,

and owns a one-eighth of \$300.00 per acre production payment out of two percent. We had an address: Route 1, Hillmon, Minnesota, but it was returned by the Postmaster, "Moved. Left no address."

Q We will continue, however, to try to contact this individual?

A That is right, sir, and I would like to add that there are no overriding royalty owners under the State Tract.

Q Did Marathon advise the royalty owners and overriding royalty interest owners of the time and date set for this proceeding?

A Yes, we furnished all the owners a copy of our application, advising that the hearing would be held before this Commission on October the 9th, 1968 with the exception to the one party that we could not locate.

Q Certainly. Returning, again, Mr. Butler, to Exhibit 1, the Unit Agreement, Marathon Oil Company has been designated as unit operator, has it not?

A It has.

Q What formations and what substances are unitized under the Unit Agreement?

A The Unit Agreement provides for unitization of all formations as to oil and gas rights only.

Q Will you now describe briefly Marathon's initial

drilling obligations under the Unit Agreement.

A The Unit Agreement provides that we will commence a well within six months from the effective date of the agreement. However, because several of the Federal leases will expire unless operations are commenced no later than October the 31st, 1968, we must commence the well prior to that date. We are required to drill the well to a depth not to exceed 8200 feet or to such lesser depth sufficient to test the Upper Pennsylvanian-Cisco Canyon Formation.

Q Mr. Butler, would you state for the record the number of acres and the percentage in regard to the Miller Ranch Unit of State of New Mexico lands proposed to be included in the unit area?

A Yes, sir. The State of New Mexico owns Section 32, Township 21 South, Range 25 East, containing 640 acres or 12.13 percent of the unit.

Q Has the Commissioner of Public Lands of the State of New Mexico given preliminary approval to the Miller Ranch Unit?

A Yes, sir, they have.

Q Has the USGS given preliminary approval of the Unit Agreement and designated as a logical unit area the Miller Ranch Unit as herein proposed?

A Yes, sir, it has. And I have letters here, xeroxed copies of letters from the Commission and from the Department

of the Interior, if the Commission would like to see them.

MR. UTZ: I think so. You have them to enter?

THE WITNESS: Yes, sir.

(Whereupon, Applicant's Exhibits 4 and 5 were marked for identification.)

MR. HOLLOWAY: I would like to offer Marathon's Exhibits 1, 4 and 5 in evidence at this time, Mr. Examiner.

MR. UTZ: Without objection, Exhibits 1, 4 and 5 will be entered into the record in this case.

(Whereupon, Applicant's Exhibits 1, 4 and 5 were admitted in evidence.)

MR. HOLLOWAY: This concludes our direct examination of Mr. Butler.

MR. UTZ: Did you name the location of the test well?

THE WITNESS: No, sir, I did not. It will be in the northwest -- the other witness will go into the location.

MR. UTZ: He will testify about that?

THE WITNESS: Yes.

MR. UTZ: All right. Are there any other questions of the witness? He may be excused.

MR. HOLLOWAY: I'd like to call now, Mr. McMichael.

BILL J. McMICHAEL,

called as a witness, having been first duly sworn, was
examined and testified as follows:

DIRECT EXAMINATION

BY MR. HOLLOWAY:

Q Please state your name, your address, by whom you
are employed and your position.

A Bill J. McMichael, Midland, Texas, Staff geologist
for Marathon Oil Company.

Q Have you testified previously before the New Mexico
Oil Conservation Commission or any of its examiners and, if
so, were your qualifications as an expert witness accepted at
that time?

A Yes, sir.

Q In your capacity as staff geologist, have you worked
in and have knowledge of the geological information concerning
the proposed unit area?

A Yes, sir, I am familiar with the area.

MR. HOLLOWAY: Mr. Examiner, I assume you will accept
previous qualifications of this witness?

MR. UTZ: Yes, sir.

MR. HOLLOWAY: Thank you, sir.

Q (By Mr. Holloway) Mr. McMichael, please refer to

Exhibits marked 2 and 3 in this proceeding; Exhibit 2 being a plat and Exhibit 3 being a geologic cross section. Were these exhibits prepared under your direction and supervision?

A Yes, sir.

Q Will you please state what the plat and the cross section show?

A Exhibit 2, the plat, is a subsurface contour map of the Upper Pennsylvanian-Cisco Canyon formation, which I will refer to as a reef, the primary objective of the proposed Unit test. Scale of the map is 1 inch to 2000 feet; contour interval, 100 feet. The unit is outlined by a pattern of small dots, and the State, Federal and fee lands are identified by the legend on the map. Cross section AA Prime on the map indicates the wells that were used in Exhibit 3, the cross section, and I'd like to go to that, first, for discussion.

Exhibit 3 is a cross section in dip section, electrical logs showing the Cisco Canyon Reef as we expect it to exist within the unit area. This is the carbonate in the same stratigraphic interval as found in the Indian Basin Field and in the Springs unit, approximately five miles north of the proposed Miller Ranch unit. The Wolfcamp shales form the seal. As you can see, Wells 1, 2 and 3 are in the back reef section showing an increase as we approach the prospect, Well No. 4, in my opinion, is on the fore-reef side. I would

especially refer to Well No. 3, the drillstem test data shown on this well, as well as all the other wells, gives the recovery, but particularly, in Section 3, there is a gas show of 55 mcf and the highest well drilled to date on the Cisco Canyon Reef.

Now, if you will turn your attention to the map, subsurface contour map, all of the wells on this plat are control wells. We have eliminated shallower tests in the area. We would expect the gas-water contact for this formation to be above the minus 4,077 subsea point on the Getty-Wilson Federal in Unit H, Section 13, Township 22 South, Range 24 East. A contour drawn through this subsea would depict the lowest possible productive area. We expect the production here to be gas inasmuch as it is on the same trend as the Indian Basin and Springs Unit, in my opinion.

Q Do you have anything further with regard to these Exhibits, Mr. McMichael?

A I believe that's the essence of it.

Q Does either of these Exhibits show the proposed initial well location?

A The plat shows the proposed location which is in the northwest quarter of the southeast quarter, Section 18, Township 22 South, Range 25 East. This location is also diagrammatically depicted on the cross section.

Q What is the objective depth in the proposed initial tests?

A The proposed depth is 8200 feet which should test the Upper Pennsylvanian-Cisco Canyon Reef.

MR. UTZ: What depth did you say?

THE WITNESS: 8200.

Q (By Mr. Holloway) And it is your opinion, I understand, that the proposed test well will adequately test the Upper Pennsylvanian-Cisco Canyon Formation in the unit area?

A Yes, sir. It is my opinion that that will adequately test the formation. Referring back to the cross section, I can give you a graphic idea. At the proposed location, an extension of 400 feet below the minus 4000 datum would be the point on the cross section for an 8200 foot test. This would be well below the water in the test to the west.

Q Is there, in your opinion, a possibility that formations productive of oil and gas will be encountered at shallower depth?

A Yes, sir. That is a possibility; rather remote, I'm afraid, and dependent upon permeability of an erratic development.

Q In your opinion, will the unit agreement tend to

promote the conservation of oil and gas, promote better utilization of reservoir energy and protect correlative rights in the unit area?

A Yes, sir, it will.

Q Is it your opinion that the Miller Ranch unit area can best be developed on a unitized basis?

A I believe that it would be best developed on a unitized basis. It would lead to faster development than the sharing of the risk and prevent unnecessary duplication of the cost.

Q Would you please state whether it is your opinion that the State of New Mexico and the beneficiary institution involved will receive their fair share of the recoverable oil and gas under the lands included in this unit area?

A Yes, sir, they would receive their fair share under their land.

Q In your opinion, at this time, Mr. McMichael, does the proposed unit area adequately cover the extent of the geological prospect?

A I believe that the unit outlined covers a reasonable interpretation of the productive area.

MR. HOLLOWAY: Mr. Examiner, I would, at this time, like to introduce our Exhibits 2 and 3.

MR. UTZ: Without objection, Exhibits 2 and 3 will be entered into the record in this case.

(Whereupon, Applicant's Exhibits 2 and 3 were admitted in evidence.)

MR. HOLLOWAY: This concludes our direct examination of Mr. McMichael.

MR. UTZ: The Northern Natural Makidrix down in Guadalupe were drilled many moons ago, were they not?

THE WITNESS: Yes, sir.

MR. UTZ: Do you have any idea how long ago?

THE WITNESS: No, sir. I don't have that figure in mind. It was before my time and that's more than ten years ago.

MR. UTZ: Well, I was going to say ten years at least.

Are there any other questions of witness? You may be excused. Any statements in this case?

MR. MORRIS: Yes, sir. Mr. Examiner, as the witness, Mr. Butler testified, there are several Federal leases that will expire unless a Unit well is commenced before October or by October 31st of this year, and for this reason, we would urgently request that the Commission give consideration to this application as soon as possible and, hopefully, of course,

approve the application.

MR. UTZ: Any other statements? The case will be taken under advisement.

I N D E X

WITNESS	PAGE
W. T. BUTLER	
Direct Examination by Mr. Holloway	3
BILL J. McMICHAEL	
Direct Examination by Mr. Holloway	12

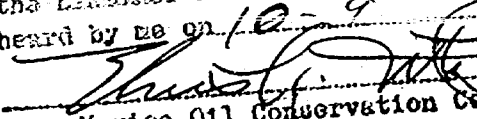
E X H I B I T SEXHIBITMARKEDOFFERED AND
ADMITTED

Applicant's Exhibits 1, 2 and 3	2	
Applicant's Exhibits 4 and 5	11	11
Applicant's Exhibit 1		11
Applicant's Exhibits 2 and 3		17

STATE OF NEW MEXICO)
) ss
 COUNTY OF BERNALILLO)

I, CHARLOTTE MACIAS, Court Reporter in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.


 COURT REPORTER

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 3884 heard by me on 10-9-1968.

 Examiner
 New Mexico Oil Conservation Commission