#### STATE OF NEW MEXICO



#### ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION 2040 S. PACHECO SANTA FE, NEW MEXICO 87505 (505) 827-7131

April 30, 1996

Marathon Oil Company P. O. Box 552 Midland, Texas 79702 Attention: Walter J. Dueease

#### Administrative Order DD-139

Dear Mr. Dueease:

Reference is made to your application dated April 4, 1996 for authorization to directionally drill its proposed Indian Hills Unit Well No. 11, Eddy County, New Mexico.

#### The Division Director Finds That:

- (1) The subject application submitted by Marathon Oil Company as operator has been duly filed under the provisions of Rule 111(D) and (E) of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10388, issued by the Oil Conservation Commission in Case 11,274 on June 13, 1995;
- (2) The operator proposes to drill the Indian Hills Unit Well No. 11 at an unorthodox surface location 335 feet from the South line and 1880 feet from the East line (Lot 15/Unit O) of Section 33, Township 21 South, Range 24 East, NMPM, Eddy County, New Mexico, drill vertically to a depth of approximately 5,000 feet, kickoff in a northerly direction and directionally drill to an estimated true vertical depth of 8,350 feet within the Indian Basin-Upper Pennsylvanian Associated Pool at a standard subsurface well location within the SW/4 SE/4 (Lot 15/Unit O) of said Section 33;
- (3) The 342.48 acres comprising Lots 9 through 16 (the S/2 equivalent) of said Section 33 is to be dedicated to said well thereby forming a non-standard oil or gas spacing and proration unit for said pool;
- (4) By Order Nos. R-9922 and R-5353, as amended, the Division promulgated "General Rules and Regulations for the Associated Oil and Gas Pools of Northwest and Southeast New Mexico/Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool", which includes provisions for 320-acre spacing and proration units for both oil and gas and well location requirements

which provides that wells be no closer than 660 feet to the outer boundary of a 320-acre spacing unit and not closer than 330 feet to any quarter-quarter section line or subdivision inner boundary thereon;

- (5) It is necessary for the operator to directionally drill the Indian Hills Unit Well No. 11 in the above-described manner in order to satisfy the United States Bureau of Land Management surface use restrictions and to obtain an acceptable subsurface location for this well;
- (6) The applicable drilling window or "producing area" for said wellbore should include that area within the Lot 15 (the SW/4 SE/4 equivalent) of said Section 33 that is no closer than 660 feet to the South line of said Section 33 nor closer than 330 feet to any internal Lot (quarter-quarter section) line; and,
- (7) It appearing the applicant has satisfied all of the appropriate requirements prescribed in said Rule 111.D and E, the subject application should be approved and the well should be governed by the provisions contained within this order and all other applicable provisions of Division General Rule 111.

#### **IT IS THEREFORE ORDERED THAT:**

(1) The applicant, Marathon Oil Company, is hereby authorized to drill its Indian Hills Unit Well No. 11 at an unorthodox surface location 335 feet from the South line and 1880 feet from the East line (Lot 15/Unit O) of Section 33, Township 21 South, Range 24 East, NMPM, Eddy County, New Mexico and directional drill in a northerly direction in such a manner as to bottom said well within the Indian Basin-Upper Pennsylvanian Associated Pool at a standard subsurface well location within Lot 15 (the SW/4 SE/4 equivalent) of said Section 33 that is no closer than 660 feet to the South line of said Section 33 nor closer than 330 feet to any internal Lot (quarter-quarter section) line.

<u>PROVIDED HOWEVER THAT</u> prior to commencing directional drilling operations in said wellbore, the applicant shall establish the location of the kick-off point by means of a directional survey acceptable to the Division.

<u>PROVIDED FURTHER THAT</u> during or upon completion of directional drilling operations, the applicant shall conduct an accurate wellbore survey from the kick-off point to total depth in order that the subsurface bottomhole location, as well as the wellbore's true depth and course, may be determined.

(2) The applicant shall notify the supervisor of the Artesia district office of the Division of the date and time said wellbore surveys are to be conducted so that they may be witnessed. The applicant shall further provide a copy of said wellbore surveys to the Santa Fe and Artesia offices

Administrative Order DD-139 Marathon Oil Company April 30, 1996 Page No. 3

of the Division upon completion.

(3) Lots 9 through 16 (the S/2 equivalent) of said Section 33 shall be dedicated to said well thereby forming a non-standard 342.48-acre oil or gas spacing and proration unit for said pool.

(4) The operator shall comply with all requirements and conditions set forth in Division General Rule 111.E(2) and any applicable requirements in 111.D and F.

(5) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth in addition to measured depths.

(6) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO OIL CONSERVATION DIVISION WILLIAM J/LEMAY Director

SEAL

WJL/MES/kv

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



## NEW MEXICO ENERGY, MINERALS & NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION 2040 South Pacheco Street Santa Fe, New Mexico 87505 (505) 827-7131

May 12, 1999

Marathon Oil Company P.O. Box 552 Midland, Texas 79702-0552 Attention: Walter Dueease

#### Administrative Order NSL-3558-A (SD)

Dear Mr. Dueease:

Reference is made to your application dated April 21, 1999 for an exception to Rule 2(b) of the "Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool", as promulgated by New Mexico Oil Conservation Division ("Division") Order Nos. R-9922, R-9922-A, R-9922-B, R-9922-C, and R-9922-D and the "General Rules and Regulations for the Associated Oil and Gas Pools of Northwest New Mexico and Southeast New Mexico", as promulgated by Division Order No. R-5353, as amended, for an infill well to be drilled at an unorthodox location within an existing 342.48-acre lay-down spacing and proration unit comprising Lots 9 through 16 (S/2 equivalent) of Section 33, Township 21 South, Range 24 East, NMPM, Eddy County, New Mexico.

This unit is currently dedicated to Marathon Oil Company's ("Marathon") Indian Hills Unit Well No. 8 (API No. 30-015-28590), located at an unorthodox location [approved by Division Administrative Order NSL-3558 (NSP)] 1182 feet from the South line and 1545 feet from the West line (Lot 14/Unit N) of Section 33.

The subject application has been duly filed under the provisions of Division Rule 104.F and Rule 2(c) of the Division's associated pool rules.

By the authority granted me under the provisions of: (i) Rule 2(c) of the "Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool/General Rules and Regulations for the Associated Oil and Gas Pools of Northwest New Mexico and Southeast New Mexico"; and (ii) Division Rule 104.F(2), the following described well to be drilled at an unorthodox infill location in Section 33 is hereby approved:

### Indian Hills Unit Well No. 11 335' FSL & 1880' FEL (Lot 15/Unit O) (API No. 30-015-28748).

Also, Marathon is hereby authorized to simultaneously dedicate production attributed to the Indian Basin-Upper Pennsylvanian Associated Pool from the existing Indian Hills Unit Well No. 8 with the proposed Indian Hills Unit Well No. 11. Furthermore, Marathon is permitted to produce the allowable assigned the subject 342.48-acre spacing and proration unit from both wells in any proportion.

Administrative Order NSL-3558-A(SD) Marathon Oil Company May 12, 1999 Page 2

The provisions of Division Administrative Order NSL-3558 (NSP) for Marathon's Indian Hills Unit Well No. 8 shall remain in full force and effect until further notice and such provisions contained therein shall be expanded to include the Indian Basin-Upper Pennsylvanian Associated Pool.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

Lori Wrotenbery Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
 U. S. Bureau of Land Management - Carlsbad
 W. Thomas Kellahin, Counsel for Marathon Oil Company – Santa Fe
 File: NSL-3558 (NSP)

DD-139

**<u>Remarks</u>**: The previously issued Division Administrative Order DD-139, dated April 30, 1996, which order authorized Marathon to directionally drill the Indian Hills Unit Well No. 11 from the proposed (surface) location to a subsurface location within the Indian Basin-Upper Pennsylvanian Associated Pool that is standard within Lot 15 (SW/4 SE/4 equivalent) of Section 33, is hereby placed in abeyance until further notice.

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Rec 4/8/96 Susp 4/29/96 Released 4/29/96

April 28, 1996

Marathon Oil Company P. O. Box 552 Midland, Texas 79702

Attention: Walter J. Dueease

Administrative Order DD- 239

Dear Mr. Dueease:

Reference is made to your application dated April 4, 1996 for authorization to directionally drill its proposed Indian Hills Unit Well No. 11, Eddy County, New Mexico.

#### The Division Director Finds That:

- (1) The subject application submitted by Marathon Oil Company as operator has been duly filed under the provisions of Rule 111(D) and (E) of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10388, issued by the Oil Conservation Commission in Case 11,274 on June 13, 1995;
- (2) The operator proposes to drill the Indian Hills Unit Well No. 11 at an unorthodox surface location 335 feet from the South line and 1880 feet from the East line (Lot 15/Unit O) of Section 33, Township 21 South, Range 24 East, NMPM, Eddy County, New Mexico, drill vertically to a depth of approximately 5,000 feet, kickoff in a northerly direction and directionally drill to an estimated true vertical depth of 8,350 feet within the Indian Basin-Upper Pennsylvanian Associated Pool at a standard subsurface well location within the SW/4 SE/4 (Lot 15/Unit O) of said Section 33;
- (3) The 342.48 acres comprising Lots 9 through 16 (the S/2 equivalent) of said Section 33 is to be dedicated to said well thereby forming a non-standard oil or gas spacing and proration unit for said pool;
- (4) By Order Nos. R-9922 and R-5353, as amended, the Division promulgated "General Rules and Regulations for the Associated Oil and Gas Pools of Northwest and Southeast New Mexico/Special Rules and Regulations for the

Administrative Order DD-\*\*\*\* Marathon Oil Company April 28, 1996 Page No. 2

> Indian Basin-Upper Pennsylvanian Associated Pool", which includes provisions for 320-acre spacing and proration units for both oil and gas and well location requirements which provides that wells be no closer than 660 feet to the outer boundary of a 320-acre spacing unit and not closer than 330 feet to any quarterquarter section line or subdivision inner boundary thereon;

- (5) It is necessary for the operator to directionally drill the Indian Hills Unit Well No. 11 in the above-described manner in order to satisfy the United States Bureau of Land Management surface use restrictions and to obtain an acceptable subsurface location for this well;
- (6) The applicable drilling window or "producing area" for said wellbore should include that area within the Lot 15 (the SW/4 SE/4 equivalent) of said Section 33 that is no closer than 660 feet to the South line of said Section 33 nor closer than 330 feet to any internal Lot (quarter-quarter section) line; and,
- (7) It appearing the applicant has satisfied all of the appropriate requirements prescribed in said Rule 111.D and E, the subject application should be approved and the well should be governed by the provisions contained within this order and all other applicable provisions of Division General Rule 111.

#### IT IS THEREFORE ORDERED THAT:

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(1) The applicant, Marathon Oil Company, is hereby authorized to drill its Indian Hills Unit Well No. 11 at an unorthodox surface location 335 feet from the South line and 1880 feet from the East line (Lot 15/Unit O) of Section 33, Township 21 South, Range 24 East, NMPM, Eddy County, New Mexico and directional drill in a northerly direction in such a manner as to bottom said well within the Indian Basin-Upper Pennsylvanian Associated Pool at a standard subsurface well location within Lot 15 (the SW/4 SE/4 equivalent) of said Section 33 that is no closer than 660 feet to the South line of said Section 33 nor closer than 330 feet to any internal Lot (quarter-quarter section) line.

<u>PROVIDED HOWEVER THAT</u> prior to commencing directional drilling operations in said wellbore, the applicant shall establish the location of the kick-off point by means of a directional survey acceptable to the Division.

<u>PROVIDED FURTHER THAT</u> during or upon completion of directional drilling operations, the applicant shall conduct an accurate wellbore survey from the kick-off point to total depth in order that the subsurface bottomhole location, as well as the wellbore's true depth and course, may be determined.

Administrative Order DD-\*\*\*\* Marathon Oil Company April 28, 1996 Page No. 3

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(2) The applicant shall notify the supervisor of the Artesia district office of the Division of the date and time said wellbore surveys are to be conducted so that they may be witnessed. The applicant shall further provide a copy of said wellbore surveys to the Santa Fe and Artesia offices of the Division upon completion.

(3) Lots 9 through 16 (the S/2 equivalent) of said Section 33 shall be dedicated to said well thereby forming a non-standard 342.48-acre oil or gas spacing and proration unit for said pool.

(4) The operator shall comply with all requirements and conditions set forth in Division General Rule 111.E(2) and any applicable requirements in 111.D and F.

(5) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth in addition to measured depths.

(6) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

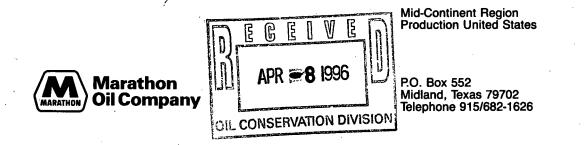
### STATE OF NEW MEXICO OIL CONSERVATION DIVISION

WILLIAM J. LEMAY Director

SEAL

WJL/MES/kv

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



April 4, 1996

State of New Mexico Oil Conservation Division 2040 South Pacheco Santa Fe, New Mexico 87505 Attn: Mr. M. E. Stogner

RE: Indian Hills Unit No. 11 SHL: 335' FSL & 1880' FEL BHL: 842' FSL & 1880' FEL Sec. 47, T-21-S, R-24-E Edd County, New Mexico

Dear M. Stogner.

Marathon Oil Company respectfully requests administrative approval to directionally drill and complete the above referenced well in the Indian Basin, Upper Penn Associated.

Marathon has made numerous attempts to locate an orthodox drillsite in the SW/4, SE/4 of Section 33, but due to topographical considerations, a directional well from an unorthodox surface hole location is the only possibility to test the Upper Penn.

Onsite inspection of the area with Mr. Barry Hunt, Surface Use Specialist, Carlsbad Resource Area of Bureau of Land Management, resulted in their encouragement of locating the drilling pad away from areas requiring excessive cut and fill requirements and damage to the drainage of Right Han d Canyon.

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PAGE -2-

Through onsite investigation, the BLM has recommended a site that will result in a minimum of surface damage to the area, yet is an unorthodox surface hole location.

The following items are being submitted in support of this request:

- 1. Form 3160-3 Application for Permit to Drill
- 2. Location Plat
- 3. Vertical Plan View
- 4. Horizontal Plan View
- 5. Type Log
- 6. Copy of signed waiver letters from offset operators

A copy of this letter and attachments is being furnished to the offset operators by certified mail as notice of this application

Marathon Oil Company requests that this request to directionally drill from an unorthodox surface hole location to an orthodox bottom ho le location be administratively approved. Due to rig scheduling difficulties, we anticipate spudding this well by May 24, 1996.

Please feel free to contact me at (800) 351-1417 if you have any questions.

Respectfully,

Walton J. Ca

Walter J. Dueease MARATHON OIL COMPANY



P.O. Box 552 Midland, Texas 79702 Telephone 915/682-1626

## INDIAN HILLS UNIT NO. 11 SHL: 335' FSL & 1880' FEL SEC. 33, T-21-S, R-24-E EDDY COUNTY, NEW MEXICO

#### **OFFSET OPERATOR LIST**

Santa Fe Energy Resources, Inc. 550 West Texas Ave, Suite 1330 Midland, Texas 79701

Yates Petroleum Corp. 105 South 4th St. Artesia, New Mexico 88210

Citation Oil & Gas Corp. 8223 Willow Place South, Suite 250 Houston, Texas 77070 Sec. 34, T-21-S, R-24-E Secs. 4 & 5, T-22-S, R-24-E

Sec. 27, T-21-S, R-24-E Sec. 3, T-22-S, R-24-E

E/2, Sec. 32, T-22-S, R-24-E

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P.O. Box 552 Midland, Texas 79702 Telephone 915/682-1626

April 4, 1996

Certified Mail Return Receipt Requested Citation Oil & Gas Corp. 8223 Willow Place South, Suite 250 Houston, Texas 77070

RE: Directional Well Application Indian Hills Unit No. 11 SHL: 335' FSL & 1880' FEL BHL: 842' FSL & 1880' FEL Sec. 33, T-21-S, R-24-E Indian Basin, Upper Penn Assoc. Eddy County, New Mexico

To whom it may concern:

Marathon Oil Company is requesting administrative approval to directionally drill the Indian Hills Unit No. 11 from an unorthodox surface hole location to an orthodox bottom hole location, under the provision of Rule 111 (D). Attached to this letter is a copy of the application to drill and corresponding plats, showing the exact location of the subject well.

Marathon has made numerous attempts to locate an orthodox drillsite in the SW/4, SE/4 of Sec. 33 but due to topographical considerations, a directional well from an unorthodox surface hole location is the only possible way to test the Upper Penn.

Onsite inspection of the area with Mr. Barrry Hunt, Surface Use Specialist, Carlsbad Resource Area of the Bureau of Land Management, resulted in their encouragement of locating the drillsite away from Right Hand Canyon which would exceed cut and fill construction requirements for the East Indian Basin/Azotea Mesa Environmental Assessment.

If you have no objection to this application, please sign the attached waiver and mail to Marathon. An addressed, stamped envelope is enclosed for your convenience.

Feel free to call me at (800) 351-1417 if anything additional is needed.

Respectfully,

Walter J Dueease MARATHON OIL COMPANY

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P.O. Box 552 Midland, Texas 79702 Telephone 915/682-1626

April 4, 1996

Certified Mail Return Receipt Requested Santa Fe Energy Resources, Inc. 550 West Texas Ave, Suite 1330 Midland, Texas 79701 Attn: Gene H. Davis

RE: Directional Well Application Indian Hills Unit No. 11 SHL: 335' FSL & 1880' FEL BHL: 842' FSL & 1880' FEL Sec. 33, T-21-S, R-24-E Indian Basin, Upper Penn Assoc. Eddy County, New Mexico

Dear Mr. Davis:

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Walter J Dueease MARATHON OIL COMPANY

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P.O. Box 552 Midland, Texas 79702 Telephone 915/682-1626

April 4, 1996

Certified Mail Return Receipt Requested Yates Petroleum Corp 105 South 4th Artesia, New Mexico 88210

RE: Directional Well Application Indian Hills Unit No. 11 SHL: 335' FSL & 1880' FEL BHL: 842' FSL & 1880' FEL Sec. 33, T-21-S, R-24-E Indian Basin, Upper Penn Assoc. Eddy County, New Mexico

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If you have no objection to this application, please sign the attached waiver and mail to Marathon. An addressed, stamped envelope is enclosed for your convenience.

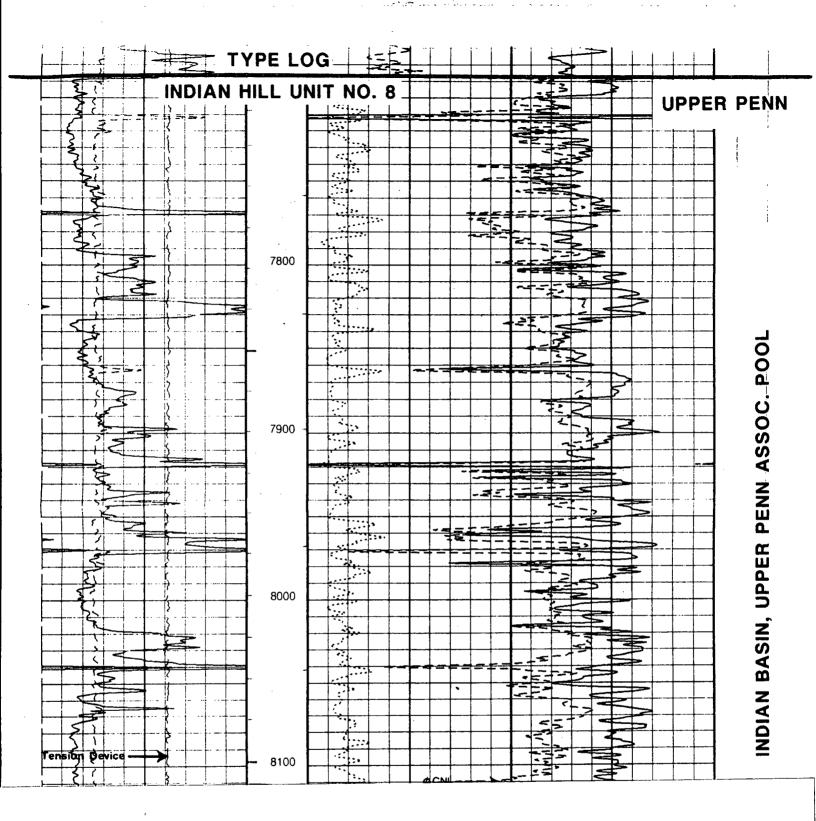
Feel free to call me at (800) 351-1417 if anything additional is needed.

Respectfully,

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Walter J Dueease MARATHON OIL COMPANY

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P.O. Box 552 Midland, Texas 79702 Telephone 915/682-1626

**WAIVER** 

Marathon Oil Company P O Box 552 Midland, Texas 79702-0552 Attn: Walter Dueease

RE: Directional Well Application Indian Hills Unit #11 SHL: 335' FSL & 1880' FEL BHL: 842' FSL & 1880' FEL Sec. 11, T-21-S, R-24-E Indian Basin, Upper Penn Assoc. Eddy County, New Mexico

We the undersigned, have been furnished a copy of Marathon Oil Company's application to directionally drill and complete the subject well to an orthodox bottom hole location under the provisions of Rule 111 (D). Please be informed that we, as offset operator, have no objection to the drilling and completion of this well as set forth in Marathon's application.

Respectfully,

COMPANY Santa Fe Energy Resources, Inc.

REPRESENTATIVE \_\_\_\_\_

SIGNATURE	GNATURE		

TITLE

DATE \_\_\_\_\_

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P.O. Box 552 Midland, Texas 79702 Telephone 915/682-1626

#### WAIVER

Marathon Oil Company P O Box 552 Midland, Texas 79702-0552 Attn: Walter Dueease

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Respectfully,

COMPANY	Citation	Oil &	Gas	Corp.	

SIGNATURE	
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TITLE

DATE

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P.O. Box 552 Midland, Texas 79702 Telephone 915/682-1626

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Respectfully,

COMPANY Yates Petroleum Corp.

REPRESENTATIVE \_\_\_\_\_

SIGNATUR	E

TITLE \_\_\_\_\_\_

DATE \_\_\_\_\_

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DISTRICT I., P.O. Box 1960, Bobbs, NK 88241-1980

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DISTRICT II P.O. Drawer BD, Artesia, NH 86211-0719

DISTRICT III 1000 Blo Brazos Bd., Artec, NM 87410

DISTRICT IV P.O. BOX 8065, SANTA PR, N.M. 87504-2088 State of New Mexico

Energy, Minerals and Natural Resources Department

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

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

**D** AMENDED REPORT

### WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code Pool	Pool Name		
	INDIAN BASIN (U. PENN A	SSOC. OIL)		
Property Code	Property Name	Well Number		
	INDIAN HILLS UNIT	11		
OGRID No.	Operator Name MARATHON OIL COMPANY	Elevatioa		
· ·	4087			

#### Surface Location

UL (	or lot No.	Section	Township	Range	lot ida	Feet from the	North/South line	Feet from the	East/West line	County
	15	33	21 S	24 E		335	SOUTH	1880	EAST	EDDY

#### Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
15	33	21-S	24-E		760'	SOUTH	1980	EAST	EDDY
Dedicated Acres	Joint e	r Infill Co	nsolidation	Code Or	der No.	•	· · · · · · · · · · · · · · · · · · ·		••••••••••••••••••••••••••••••••••••••
320, S/2									

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

LOT 4	LOT 3	LOT 2	LOT 1	OPERATOR CERTIFICATION
	! [			I hereby certify the the information contained herein is true and complete to the
and the second second				best of my knowledge and belief.
42.16 AC.	42.38 AC.	42.59 AC.	. 42.81 AC	W. J. Ruman FOR DPM Signature
L97 5		<u>1</u> 67 7 	LC = =	D. P. NORDT Pristed Name
•••••			•	DRILLING SUPERINTENDENT
				<u>10-19-95</u> Date
42.29 45	1 . 42 51 AC	42.72 AC.	42.94 AC.	SURVEYOR CERTIFICATION
<u> </u>	<u>ν Σοτ Ν</u> Ν	207 :0	LO: 9 4054.44063.3.	I hereby certify that the well ideation shown on this plat was plotted from field notify of actual surveys made by me or under only supervision and that the accus is trye, and correct to the best of any better.
	• • • • • • •		4058.8	SEPTEMBER 2 1995
42.42 AC. LOT 13	42.64 AC. LOT 14	42.85 AC. LOT 15	43.07 AC. LOT 16	Date Surveyed W 19 SJA Signature & Seal of Cra Professional Surveyer
· · · · · ·		•		Sonald - Binner 10-03-95 0.9. 10-03-95
42.55 40	1 42,27 AC		1850'	Certificate No. JOHN. 4. JUST 676 APRIL D. J. FOSON 3239 CAP EUST 254

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#### Thirteen Point Surface Use Plan MARATHON OIL COMPANY

#### Indian Hills Unit #11 Sec. 33, T-21-S, R-24-E Eddy County, New Mexico

- 1. <u>Existing Roads</u>: Refer to Vicinity Lease Map.
  - a. The proposed wellsite is staked and the surveyor's plat is attached.
  - b. To reach the location from Carlsbad, New Mexico: Follow Hwy.. 285 North of Carlsbad 14 miles. Turn West on Queen's highway (NM 137) for 8.8 miles. Turn South on NM 137 for 4.1 miles, turn East on caliche lease road for 1.2 miles. Turn left for .3 miles. Turn right at "Y" and follow 1.1 miles, then left at "Y" and go thru Jones Canyon 4 Fed #1 well, then 1 mile North to a point 250' East of the location.
  - c. Existing roads within a one-mile radius (refer to Vicinity Lease Map).
  - d. The existing road will be maintained as necessary to provide access during the drilling operation.
- 2. <u>Planned Access Road</u>: Refer to Vicinity Lease Map.

Access will be by existing lease roads. Construction plans will require blading and rolling the road and pad. An access road of approximately 250' will be required. The access road will enter the drilling pad on the Southeast corner. The drilling location will have a V-door facing North.

Location of Existing Wells: See Vicinity Lease Map.

Location of Existing and Proposed Production Facilities within a one mile radius

- Existing: There are six gas wells operated by Marathon, Santa Fe and Yates Petr. within a one-mile radius of the proposed location. These locations have production facilities including separators, condensate storage tanks and location drips. Marathon and Santa Fe and Yates operates a variety of dehydrators, meter runs, and several gathering lines in the one-mile radius.
- b. <u>New Facilities</u>: The proposed location will have a separator and gas sales line. The actual equipment and its configuration will be determined after the well is completed.

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#### A. P. D. (cont.) Thirteen Point Surface Use Plan Indian Hills Unit #11

### 5. Location and Type of Water Supply:

- a. <u>Source</u>: Indian Basin Gas Plant, SW/4, NE/4, Sec. 23, T-21-S, R-23-E.
- b. The water will be trucked by a contractor over existing roads to the well location. No new construction will be required on/along the water route.
- c. No water well will be drilled on this location.

#### 6. <u>Source of Construction Materials</u>:

- a. Construction materials will be obtained from the construction site.
- b. If production is obtained, native materials will be used on the location and for installation of production facilities.
- c. On-site inspection may dictate any changes in location construction.

#### 7. Methods of Handling Waste Material Disposal:

- a. Cuttings will be deposited in the reserve pit.
- b. Drilling fluids contained in reserve pit and allowed to evaporate. Free water will be removed and transported to an approved disposal site to accelerate pit drying.
- c. Produced fluids none anticipated.

d. A portable chemical tollet will be provided.

- Garbage and other waste material garbage and trash will be stored in a receptacle on location and periodically hauled to an approved sanitary landfill.
- f: After the rig moves out, all materials not necessary for operations will be removed. Pits will be backfilled and leveled. The location will be cleaned of all trash and the debris.
- 8. <u>Ancillary Facilities</u>: Camp facilities will not be required. Portable trailers will be on location to house a company drilling foreman and contract toolpusher.

#### 9. Wellsite Layout:

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a. The wellpad layout shows the drillsite layout as staked. Cross-sections have been drafted to visualize the planned cuts and fills across the location. Topsoil will be stockpiled per specifications.

b. The reserve pit will be fenced on three sides before drilling begins. The fourth side will be fenced when the drilling rig leaves location.

c. The reserve pit will be lined (8 mil material).

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#### A. P. D. (cont.) Thirteen Point Surface Use Plan Indian Hills Unit #11

#### 10. Plans for Restoration of the Surface:

- a. Backfilling, leveling, and contouring are planned as soon as all pits have dried. Waste disposal and spoiled materials will be buried or hauled away immediately after drilling is completed. If production is obtained, the unused area will be restored as soon as possible.
- b. The soil banked material will be spread over the area. Revegetation will be accomplished by planting mixed grasses as per formula by BLM. Revegetation is recommended for road area, as well as around the drill pad.
- c. The reserve pit will be fenced during drilling operations. Fencing will be maintained until leveling and cleanup are accomplished.
- d. If any oil is in the pits and is not immediately removed after operations cease, the pit containing the oil or other adverse substances will be flagged overhead or covered with mesh.
- e. The rehabilitation operations will begin after the drilling rig is removed. Removal of oil or other adverse substances will begin immediately or area will be flagged and fenced. Other cleanup will be done as needed. Planting and revegetation will be done between July 15 and September 15.

### 11. Other Information:

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a. There are no significant archaeological or cultural sites visible in the area of disturbance. A cultural resource survey was performed by Archaeological Consultants Inc. of Roswell.

General topography: Shown on Vicinity Lease Map. The terrain at the wellsite is gently rolling hills. Vegetation is primarily sage brush and natural grasses.

Animal life: Prairie dogs, domestic livestock, rabbits and native rodents and predators.

- · d. Dwellings (nearest): Approximately 4-1/2 miles.
  - e. General location: Approximately 8.5 miles west of Lakewood, New Mexico.
  - f. Drainage: Internal
  - g. Surface Owner: The surface is owned by the Federal Government.

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A. P. D. (cont.) Thirteen Point Surface Use Plan Indian Hills Unit #11

#### 12. **Operator Representatives:**

David Nordt Drilling, Completion, & Workover Superintendent P. O. Box 552 Midland, TX 79702 800/351-1417 915/682-1626

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#### 13. **Certification:**

I hereby certify that I, or someone under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions that presently exist; that the statements made in this plan are, to the best of my knowledge and belief, true and correct: and that the work associated with the operations proposed herein will be performed by MARATHON OIL COMPANY and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

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#### DRILLING PROGRAM MARATHON OIL COMPANY

#### Indian Hills Unit #11

#### 1. Estimated KB Elevation: 4097'

	<del></del>	TOP		-BASE		FLUID
EORMATION	MEASU	RED SUBSEA	MEASURED	SUBSE	A <u>CONTENT</u>	
Queen	Surface	+4097'	650'		+3447'	water
San Andres	650'	3447'	2250'		1847'	water
Glorietta	2250'	1847	2355'		797'	
Delaware	3300'	797	4300'		-203'	
Bone Spring	4300'	-203'	5950'		-1853'	oil gas
Wolfcamp	5950'	-1853'	7520'		-3423'	oil gas
B/Permian Shale	7520'.	-3423'			-3433'	
U. Penn	7530'	-3433'	7550'		-3453'	gas, oll, water
Penn Dolomite	7550'	-3453'	8000'		-4253'	gas, oil, water
	EST	SBHP	EST SBHT	H2S	-SIGNIFICAN	C <b>E</b>
EORMATION	<u>PSIG</u>	PPG EMW	DEG f PPM	<u>(obi, m</u>	arker. etc.)	
Bone Springs	1210	8.5		500	marker	
Wolfcamp	1680	9.0			marker	
<b>B</b> /Permian Shale	1810	9.0			marker	
U. Penn	2050	9.0		5000	objective pay	
Penn Dolomite	2164	9.0		5000	objective	

#### 2. See (1) above.

If any unexpected water or mineral bearing zones are encountered, they will be reported, evaluated, and protected as circumstances and regulations require.

-95/8" Surface: 11" 3M annular tested to 200#/2000#, 11" 3M dual rams; choke manifold and mud cross, tested to 300#/3000#.

Auxiliary Equipment: \*

Surface Hole: Annular or rotating head w/air rig.

Intermediate Hole: N/A

<u>Production Hole</u>: Flow indicator, PVT,  $H_2S$  Sensors, air packs, stroke counter, rotating head.

BOP systems will be consistent with API RP 53. Blowout preventers will be installed and tested prior to drilling the surface casing plug and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated at least daily to ensure good mechanical working order, and this inspection recorded on the daily drilling report. Preventers and casing will be pressure tested before drilling casing cement plugs.

Upper and lower kelly cocks with valve handle and safety valve and subs to fit all drillstring connections in use will be available on rig floor.

#### **Test Frequency**

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#### A. P. D. (cont.) **Thirteen Point Surface Use Plan** Indian Hills Unit #11

- When installed. 1.
- 2. Anytime a pressure seal is broken (test confined only to affected equipment).
- 3. At least every 20 days.
- 4. Blind and pipe rams shall be activated each trip but not more than once/day.

#### Casing and Cement Program: 4.

DEPTH FROM IO	SECTIO	H.	HOLE <u>SIZE</u>	CSG <u>SIZE</u>	wt. Ppe	GRADE	THRE/ COUPL		NEW USED
0 1 <b>0</b> 00' 0 2800' 2800' 8000'	1 <b>6</b> 00' 2800' 5200'	(SPS)	12.25" 8.75" 8.75"	9.625" 7" 7"	36 23 26	K-55 K-55 K-55	8rd, ST 8rd, LT 8rd, LT(	Ċ	New New New
CASING DV STRING DPTH	SIG	LEAD TAIL	AMT <u>SXS</u>	TYPE <u>CEMEN</u>	L	YIELD CE/SX	WТ. <u>РР<u>G</u>.</u>	IOC	ADDITIVES
9.625" None	1	L	600	"C" Lite	<b>I</b>	1.99	12.4	Surf	10#/SK.Gilsonite, 3% CACl <sub>2</sub> , 1/4# cello
9.625"		т	200	"C" Nea	it	1.32	14.8	Surf	2% CACI, 1/4# cello
7" ±5600	' 1	L	500	"C" Lite	:	1.8	13.6	5600'	8 pps Silica, .6% Halad 9, 3% salt, 5 pps Gilsonite
7"	2	L	675	"C" Lite	1	1.91	12.8	5300'	5 pps, salt, 5 pps Gilsonite, 1/4 pps Cello
7*	2	Т	100	"C" Nea	at .	1.32	14.8	±1000'	

near heavy and show we shall a component for the second of the second content of the second Each stage will be preceded by an appropriate mud flush. Actual production hole volumes will be based on the caliper volume plus 15% excess.

Centralizer Program:

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9 5/8" Conventional centralizers. Bottom 3 joints and every fourth joint to surface.

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7" Conventional centralizers middle of 1st joint, then every joint to 7500', and 1 centralizer every 4th joint thereafter to 1100'.

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#### A. P. D. (cont.) Thirteen Point Surface Use Plan Indian Hills Unit #11

#### 5. Mud Program:

DEPTH		WEIGHT		WL.	·	VISUAL	
EROM	IQ	MUD TYPE	<u>(PPG)</u>	<u>YIS</u>	<u>22</u>	ADDITIVES	MONTR.
0	1 800'	air/mist	N/A	N/A	N/A	Soap for mist	Reserve
1800'	5000'	fresh	8.5	28-32	N/C	Gel, caustic, H <sub>2</sub> S Scavenger	Reserve
5000'	7200'	cut brine	9.0	32-36	N/C	Saturated brine	Reserve
7200'	8000'	cut brine	9.0	32-36	<20	Salt gel, starch, caustic	Steel Pits

Sufficient quantities of additives will be on location to maintain above mud properties for any anticipated well conditions.

#### Logging, Testing & Coring Programs: 6.

-INTERVAL-						
LOG/TEST/CORE/MUDLOG/OTHER	FROM	TO REMARKS	•			
DLL/MSFL/GR	TD	5000'				
LDT/CNL/GR/CAL	TD	surf casing				
MUDIOCCER		ROP Lithology Cas Analysis Chromatograph				

MUD LOGGER

Gas Analysis, Chron

• : .

#### NO CORES OR DST'S

8: Other Information;

Abnormal Pressures, Temperatures or Potential Hazards: **7**. .

None anticipated. Possible H<sub>2</sub>S in Cisco & Upper Penn. See H<sub>2</sub>S Drilling Operations Plan.

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Anticipated Starting Date: As soon as possible.

Duration of Well: drilling - 18 days, completion - 10 days.

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See attached directional plan for proposed kick off point and build and hold program.

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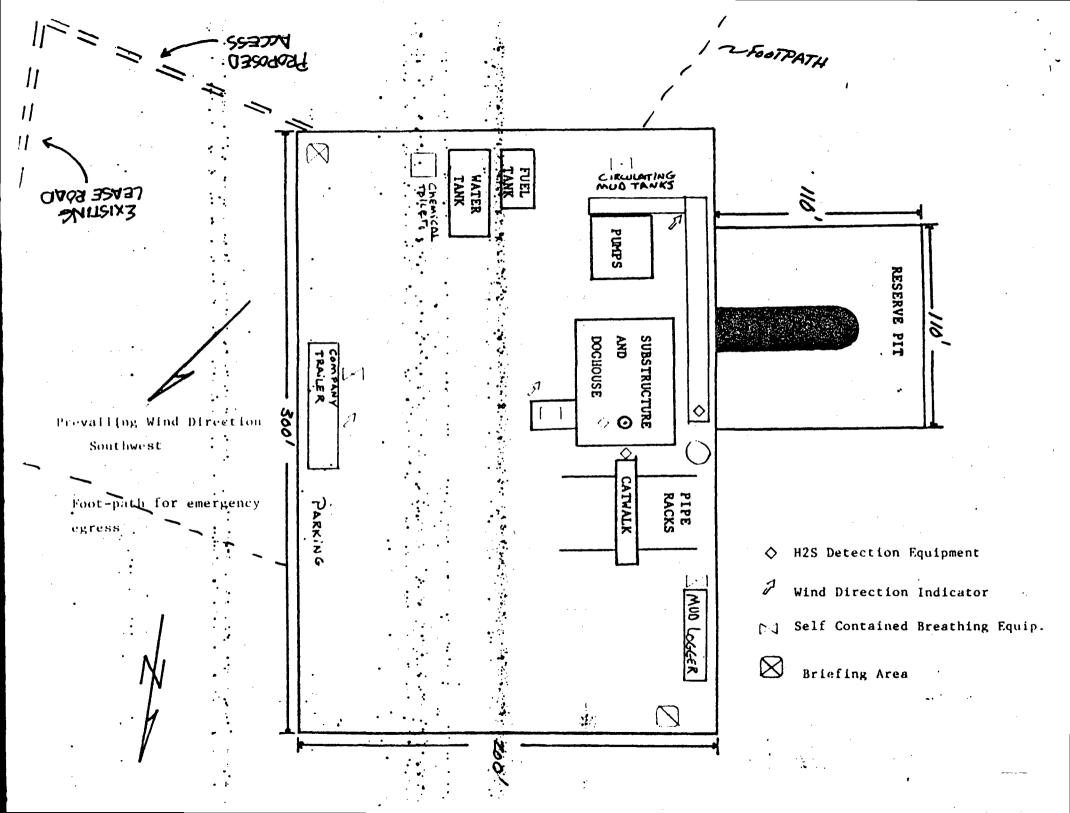
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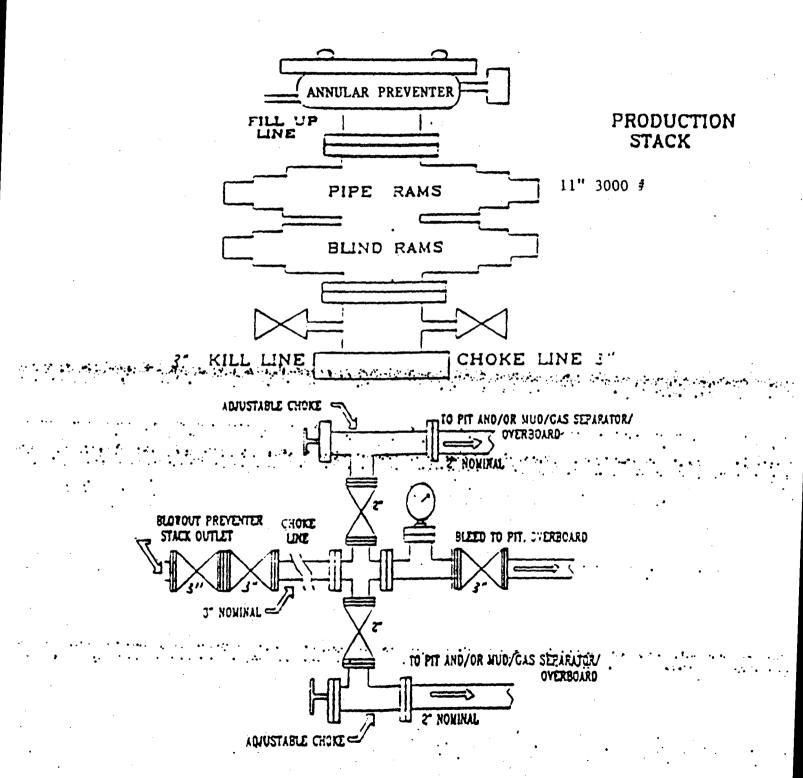
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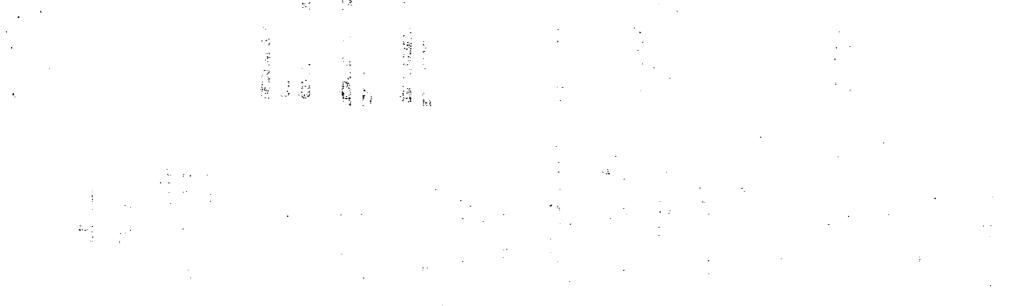
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# H2S DRILLING OPERATIONS PLAN

## I. HYDROGEN SULFIDE TRAINING

All contractors and subcontractors employed by Marathon Oil Company will receive or have received training from a qualified instructor within the last twelve months in the following areas prior to commencing drilling operations on this well.

- 1. The hazards and characteristics of hydrogen sulfide (H2S)
- 2. Safety precautions
- 3. Operations of safety equipment and life support systems

In addition, contractor supervisory personnel will be trained or prepared in the following areas:

- 1. The effect of H2S on metal components in the system. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
- Corrective action and shut-down procedures when drilling or reworking a well, blowout prevention and well control procedures, if the nature of work performed involves these items.

3. The contents and requirements of the contingency plan when such plan is required.

All personnel will be required to carry documentation of the above training on their person.

I. H2S EQUIPMENT AND SYSTEMS

1. Safety Equipment

The following safety equipment will be on location.

A. Wind direction indicators as seen in attached diagram.

B. Automatic H2S detection alarm equipment (both audio and visual).

C. Clearly visible warning signs as seen on the attached diagram. Signs will use the words "POISON GAS' and "CAUTION" with a strong color contrast.

D. Protective breathing equipment will be located in the dog house and at briefing areas as seen in the attached diagram.

# 2. WELL CONTROL SYSTEMS

# A. Blowout Prevention Equipment

Equipment includes but is not limited to:

- a. pipe rams to accomodate all pipe sizes
- b. blind rams
- c. choke manifold
- d. closing unit

Auxillary equipment added as appropriate includes:

- a. annular preventor
- b. rotating head
- c. mud- gas separator

d. flare line and means of ignition

e. remote operated choke

# 8. Communication

The rig contractor will be required to have two-way communication capability. Marathon Oil Company will have either land-line or mobile telephone capabilities.

### C. Mud Program

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The mud program has been designed to minimize the volume of H2S circulated to surface. Proper mud-weight, safe drilling practices, and the use surface.

of H2S scavengers when appropriate will minimize hazards when penetrating H2S bearing zones.

D. Drill-Stem Test intervals are as follows:

DST No. 1	ft. toft.
DST No. 2	ft. toft.
DST No. 3	ft. to ft.

Drill Stem Testing Safety Rules are attached.

# III. WELL SITE DIAGRAM

A complete well site diagram including the following information is attached.

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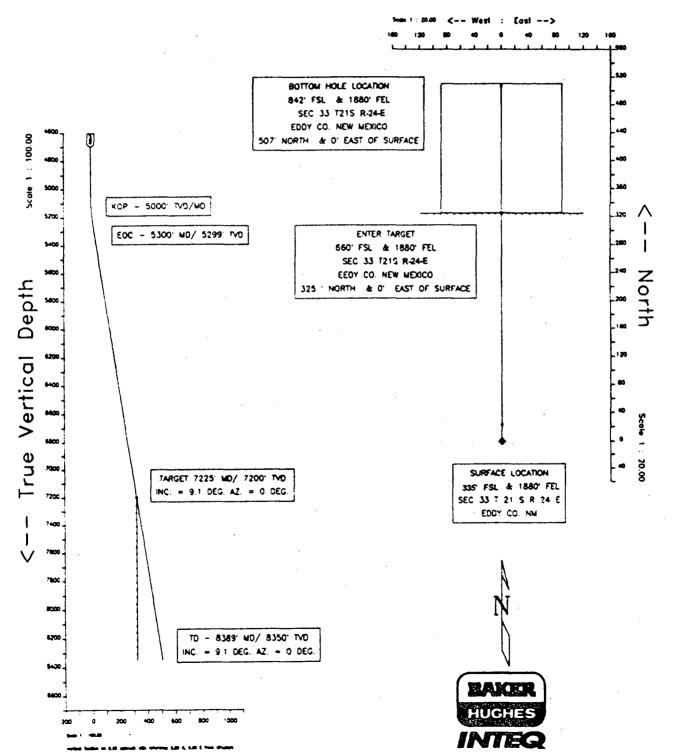
- 1. Rig orientation
- 2. Terrain
- 3. Briefing areas
- 4. Ingress and egress
- 5. Pits and flare lines
- 6. Caution and danger signs
- 7: Wind indicators and prevailing wind direction

# MARATHON

Structure : INDIAN HILLS UNIT NO. 11

Field : INDIAN BASIN Location : EDDY COUNTY, NEW MEXICO

	WELL	PR	OFILI	E DA	TA		
Not	-	Ins	<b>5</b> -	- 16	~	Cast	
<b>Ta a</b>	•	0.00	6.00			•	6.00
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### MARATHON INDIAN HILLS UNIT NO. 11

slot #1 INDIAN BASIN EDDY COUNTY, NEW MEXICO

### PROPOSAL LISTING

by Baker Hughes INTEQ

Your ref : Our ref : prop1292 License :

Date printed : 3-Apr-96 Date created : 3-Apr-96 Last revised : 3-Apr-96

Field is centred on 0.000,0.000,0.00000,N Structure is centred on 0.000,0.000,0.00000,N

Slot location is n0 0 0.000,w4 29 18.843 Slot Grid coordinates are N 0.000, E 0.000 Slot local coordinates are 0.00 N 0.00 E Reference North is Grid North

I Ind	NDIAN HI IAN BASI	MARATH LLS UNIT N,EDDY CO	ON NO. 11,slot UNTY, NEW ME	#1	POSAL LI Your ref t revised	•	ge 1 96
Measured Depth		Azimuth Degrees	True Vert. Depth	R E C T A N G C O O R D I N			Vert Sect
0.00	0.00	0.00	0.00	0.00 N	0.00 E	0.00	0.00
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5500.00	9.01	0.00	5496.30	54.88 N	0.00 E	0.00	54.88
6000.00	9.01	0.00	5990.13	133.18 N	0.00 E	0.00	133.18
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7000.00	9.01	0.00	6977.80	289.77 N	0.00 E	0.00	289.77
7224.98	9.01	0.00	7200.00	325.00 N	0.00 E	0.00	325.00
7500.00	9.01	0.00	7471.63	368.06 N	0.00 E		368.06
8000.00	9.01	0.00	7965.46	446.36 N	0.00 E		446.36
8389.34	9.01	0.00	8350.00	507.33 N	0.00 E		507.33

All data is in feet unless otherwise stated Coordinates from structure and TVD from wellhead. Vertical section is from wellhead on azimuth 0.00 degrees. Declination is 0.00 degrees, Convergence is 0.00 degrees. Calculation uses the minimum curvature method. Presented by Baker Hughes INTEQ

MARATHON	PROPOSAL LISTING Page 2
INDIAN HILLS UNIT NO. 11,slot #1	Your ref :
INDIAN BASIN, EDDY COUNTY, NEW MEXICO	Last revised : 3-Apr-96

Targets associated with this wellpath

Target name	Position	rectangular coords.	
	not specified		3-Apr-96

All data is in feet unless otherwise stated Coordinates from structure and TVD from wellhead. Bottom hole distance is 507.33 on azimuth 0.00 degrees from wellhead. Vertical section is from wellhead on azimuth 0.00 degrees. Declination is 0.00 degrees, Convergence is 0.00 degrees. Calculation uses the minimum curvature method. Presented by Baker Hughes INTEQ CMD : . OG5SECT

# ONGARD INQUIRE LAND BY SECTION

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04/27/96 14:12:04 OGOMES -EME7 PAGE NO: 2

# Sec : 33 Twp : 21S Rng : 24E Section Type : NORMAL

85.41

12		11	10	9
42.42		42.64	42.85	43.07
Federal U	owned	Federal owned U	Federal owned U	Federal owned   U
13		14	15	16
42.55		42.77	42.98	43.20
Federal	owned	   Federal owned	   Federal owned	   Federal owned
U		U	U	U
<u></u>		A A	A	
PF01 HELP	PF02	PF03 EXIT	PF04 GoTo PF05	PF06
PF07 BKWD	PF08 FV	D PF09 PRINT	PF10 SDIV PF11	PF12

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86.27 85.83 172.10 85.41 257.51 84.97 342.48

# ONGARD INQUIRE LAND BY SECTION

04/27/96 14:11:57 OGOMES -EME7

PAGE NO: 1

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Federal o U	wned	Federal owned   U   A	   Federal owned   U	Federal owned				
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