



Marathon 14

cc

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

April 13, 2006

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Marathon Oil Company
P. O. Box 3487
Houston, Texas 77253-3487

Attention: **Frank M. Krugh**

Re: Administrative application for an exception to Rule 3 (A) (1) of the "Special Pool Rules for the Eumont Gas Pool," as promulgated by Order No. R-8170-P, issued in Case No. 12563 on December 14, 2001, for Marathon Oil Company to drill its proposed Marshall "B" Well No. 11 at an unorthodox oil well location 2310 feet from the South line and 1310 feet from the West line (Unit L) of Section 27, Township 21 South, Range 37 East, NMPM, to test the Undesignated Eumont Gas Pool (22800), Lea County, New Mexico, within a standard 40-acre oil spacing and proration unit comprising the NW/4 SW/4 of Section 27.

Dear Mr. Krugh:

Your application (*Division administrative application reference No. pTDS0-603047734*) indicates that this location is sought "because numerous dwellings are situated in the area where a legal location would occur," however, you provided no support data to justify this request. In reviewing your application and the three plats/maps provided at face value, it would appear that there are locations available within the proposed 40-acre tract that meet the standard 40-acre oil well 330 feet setback requirements.

The conservation rules in all oil and gas producing states governing well spacing and the placement of these wells within such drilling tracts and proration units have been enacted to promote the orderly development of that states valuable oil and gas resources by preventing waste, protecting correlative rights, and preventing the drilling of unnecessary wells. It is very easy to get into a mode of thinking that considers these rules as minor inconveniences and applications for exceptions as "open and shut" issues.

On Wednesday morning, March 1, 2006, we discussed this matter over the telephone whereby I understood you to say that a detailed surface map would be provided. To date I have not heard from you nor received anything further concerning this matter.

Approximately five years ago this agency enacted a policy whereby any incomplete administrative filing older than 30 days is to be withdrawn and returned. This policy, as I understand, was adopted to better serve our customers and help assure a quicker turn around time by this agency on administrative filings. With no response, this application is deemed to be incomplete and in order to fully comply with this policy, is hereby **denied** and being returned to you at this time.

Sincerely,

Michael E. Stogner
Staff Engineer

cc: New Mexico Oil Conservation Division - Hobbs
W. Thomas Kellahin, Legal Counsel for Marathon Oil Company - Santa Fe

DATE IN <u>1/26/06</u>	SUSPENSE	ENGINEER <u>MIKE</u>	LOGGED IN <u>1/30/06</u>	TYPE <u>NSL</u>	APP NO. <u>P TDS0603047734</u>
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☐ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☐ Notification and/or Concurrent Approval by BLM or SLO
 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

FRANK M. KRUGH
 Print or Type Name

Frank M. Krugh
 Signature

Reg. Comp. Rep. III
 Title

1/25/06
 Date

frankrugh@marathonoil.com
 e-mail Address



**Marathon
Oil Company**

P.O. Box 3487
Houston, TX 77253-3487
Telephone 713/629-6600

*Feb. 27 (~9:40 am) Frank Keough
stopped by office to check on the status of this and another filing*

Feb. 27 (4:34 pm)

- voice mail from Frank Keough

Feb. 28 (1:01 pm)

*- ~~voice mail~~ message from
Frank Keough*

January 25, 2006

New Mexico Oil Conservation Division
Attn: Mr. Michael Stogner
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

*March 1st 8:00 AM
Talked w/ Frank who
will submit a
plat / map
showing what no
possible standard
location are
available.
M. Stogner*

RE: Exception to 19.15.3.104B.(1)

Dear Mr. Stogner,

Marathon Oil Company requests administrative approval to drill the Marshall B #11 well as a Queen oil producer at an unorthodox location as an exception to Rule 19.15.3.104.B.(1). The proposed Marshall B #11 well location is 2310' FSL & 1310' FWL of Section 27, Township 21 South, Range 37 East, Lea County. The unorthodox location is requested because numerous dwellings are situated in the area where a legal location would occur. In order to avoid encroaching upon these dwellings and causing a potential safety hazard, the well location was placed in an area of avoidance in the 40 acre drilling unit of the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 27, T21S, R37E.

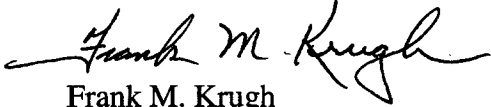
At the requested location, the proposed well is 10' from the $\frac{1}{4}$ $\frac{1}{4}$ Section Line to the East. Marathon Oil Company is the operator of the lease on which the well has been staked and is also the operator of the lease East of the $\frac{1}{4}$ $\frac{1}{4}$ Section Line. Because of this, no other operator or lease holder is being encroached upon with this well placement. Thus no operators are being notified and no waivers are included with this request and submittal.

Attached please find a copy of the C-102, that will be filed with the NMOCD in Hobbs upon approval of this request, a plat showing the proximity of dwellings to the proposed well, and a map showing the existing wells within the area.

If you need additional information, please feel free to contact myself at 713-296-3546 or via e-mail at fmkrugh@marathonoil.com.

Sincerely,

MARATHON OIL COMPANY

A handwritten signature in black ink, appearing to read "Frank M. Krugh", written in a cursive style.

Frank M. Krugh
Reg. Comp. Rep. III
Southern Business Unit

Attachments

DISTRICT I

1625 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico

Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102

Revised JUNE 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number		Pool Code	Pool Name
		22800	EUMONT YATES 7R QUEEN (OIL)
Property Code	Property Name		Well Number
6428	MARSHALL B		11
OGRID No.	Operator Name		Elevation
14021	MARATHON OIL COMPANY		3412'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	27	21-S	37-E		2310	SOUTH	1310	WEST	LEA

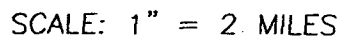
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						
40									

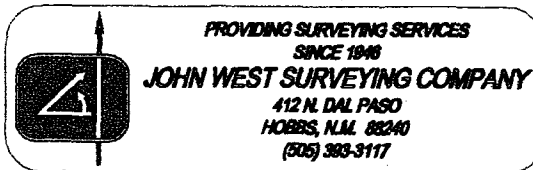
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=529011.8 N X=863587.5 E</p> <p>LAT.=32°26'55.86" N LONG.=103°09'16.95" W</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Frank M. Krugh</i> Signature</p> <p>FRANK M. KRUGH Printed Name</p> <p>REG. COMP. REP. III Title</p> <p>_____ Date</p>
	<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>SEPTEMBER 8, 2005</p> <p>Date Surveyed _____ LA</p> <p>Signature & Seal of Professional Surveyor</p> <p><i>GARY E. EIDSON</i> GARY E. EIDSON Professional Surveyor</p> <p>Certification No. GARY EIDSON 12641</p>	
	<p>NEW MEXICO</p> <p>05.11.1322</p> <p>9/20/05</p>	
	<p>PROFESSIONAL SURVEYOR</p>	

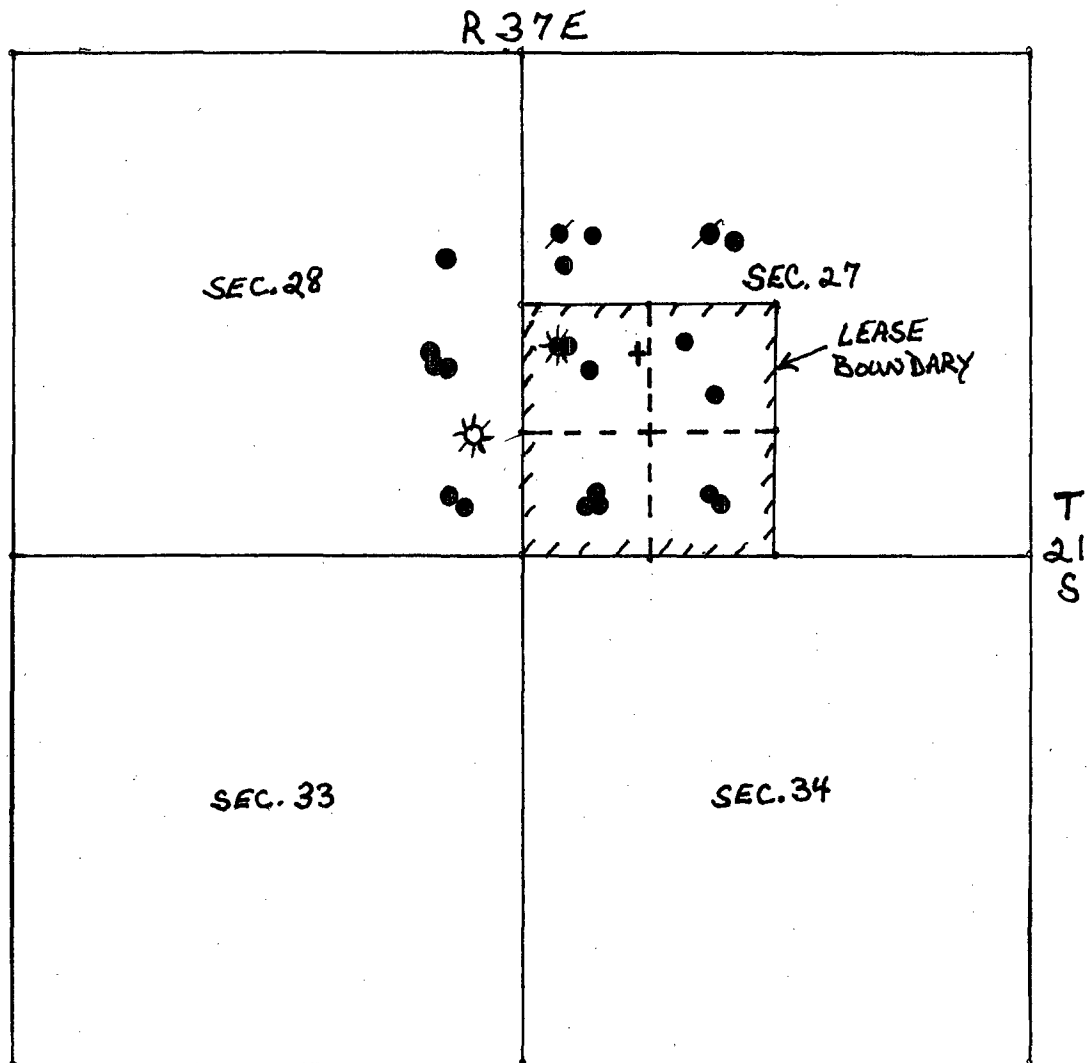
REASON



LEASE MARSHALL B



EXISTING WELL MAP



LEGEND

- + PROPOSED MARSHALL 'B' #11
- ☼●☼● EXISTING WELLS

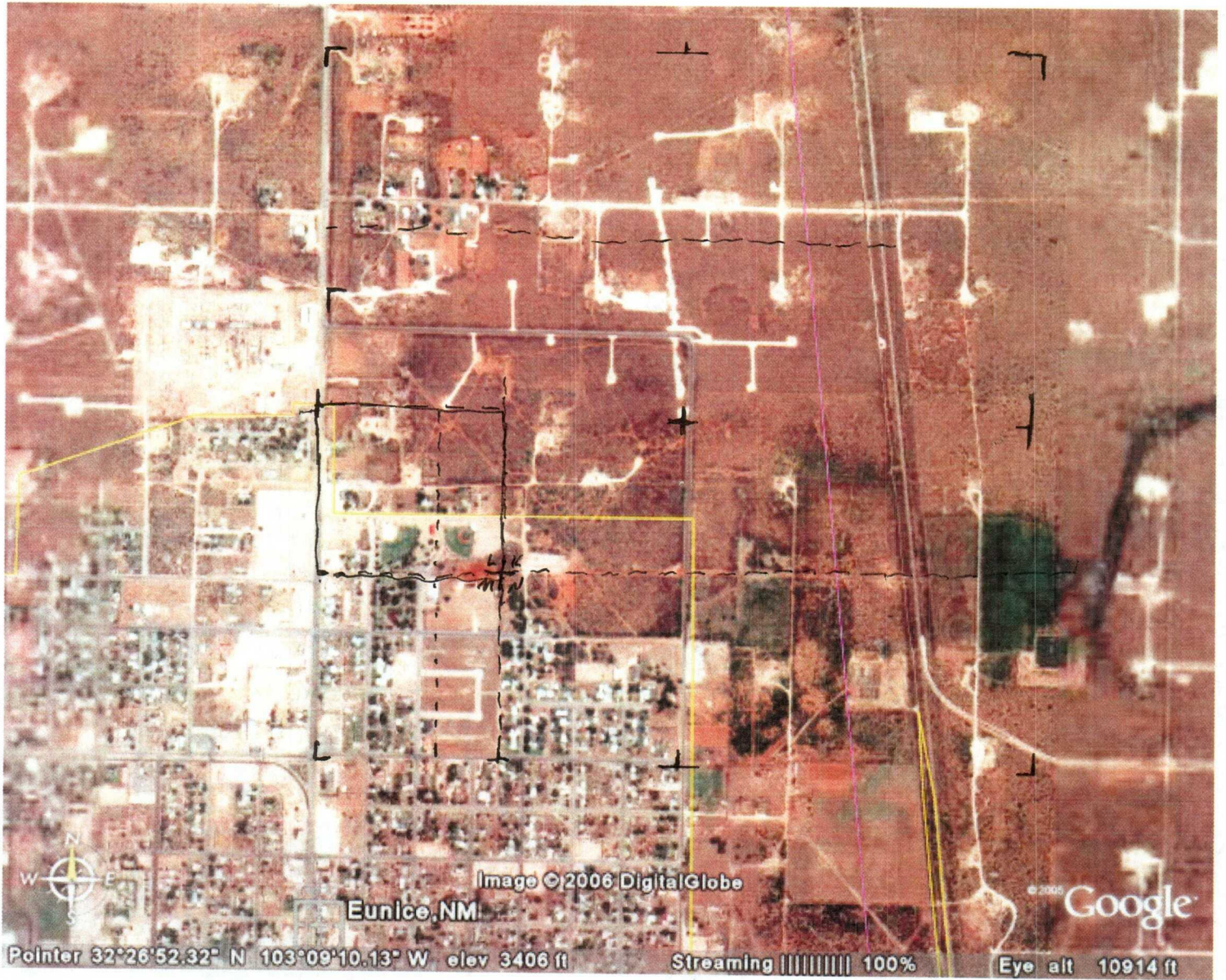
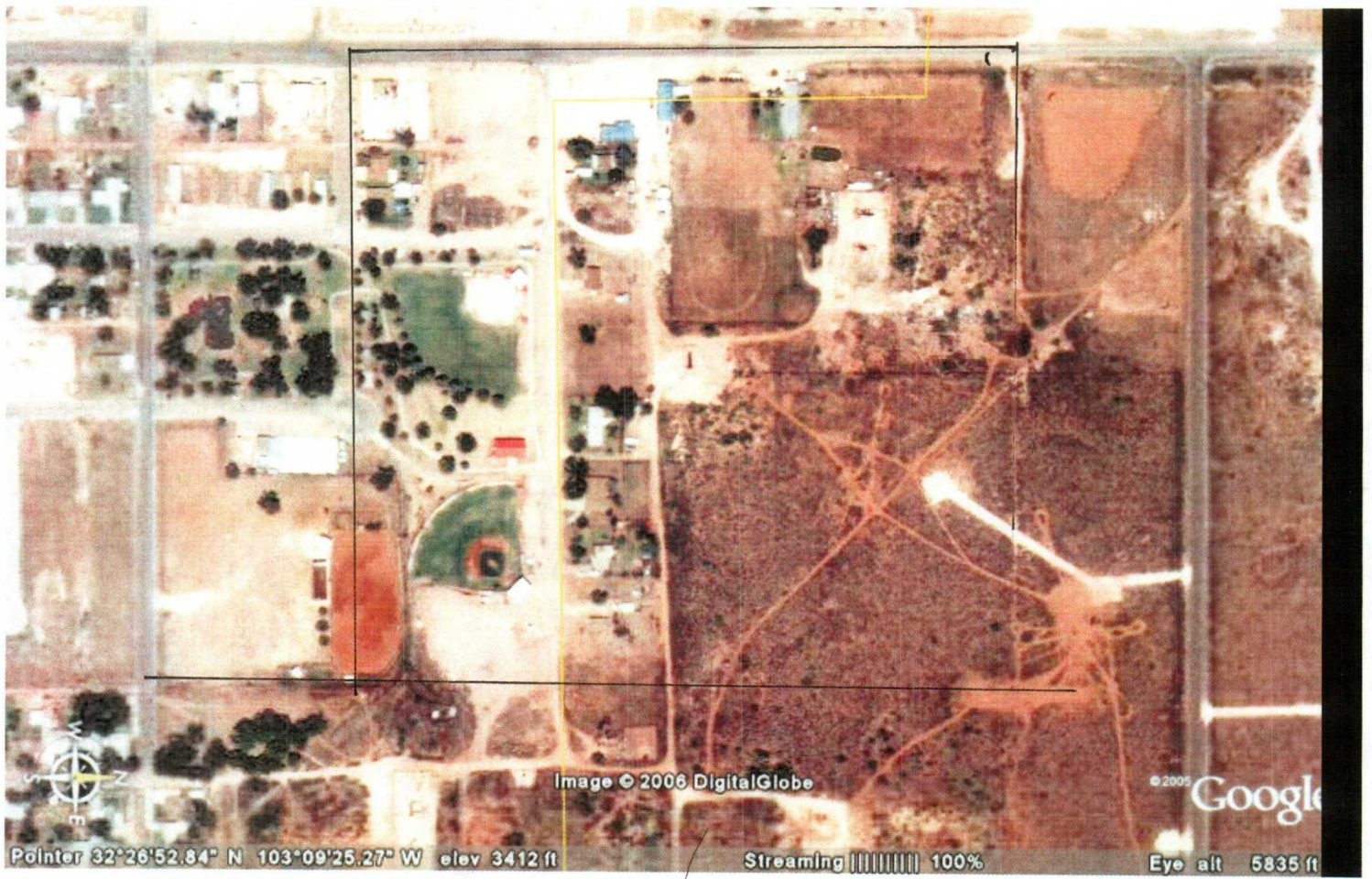


Image ©2006 DigitalGlobe
Eunice, NM
Pointer 32°26'52.32" N 103°09'10.13" W elev 3406 ft
Streaming ||||| 100%
Eye alt 10914 ft
© 2006 Google





Pointer 32°26'50.95" N 103°09'25.02" W elev 3412 ft

Image © 2006 DigitalGlobe

Streaming 100%

©2005
Google
Eye alt 5160 ft



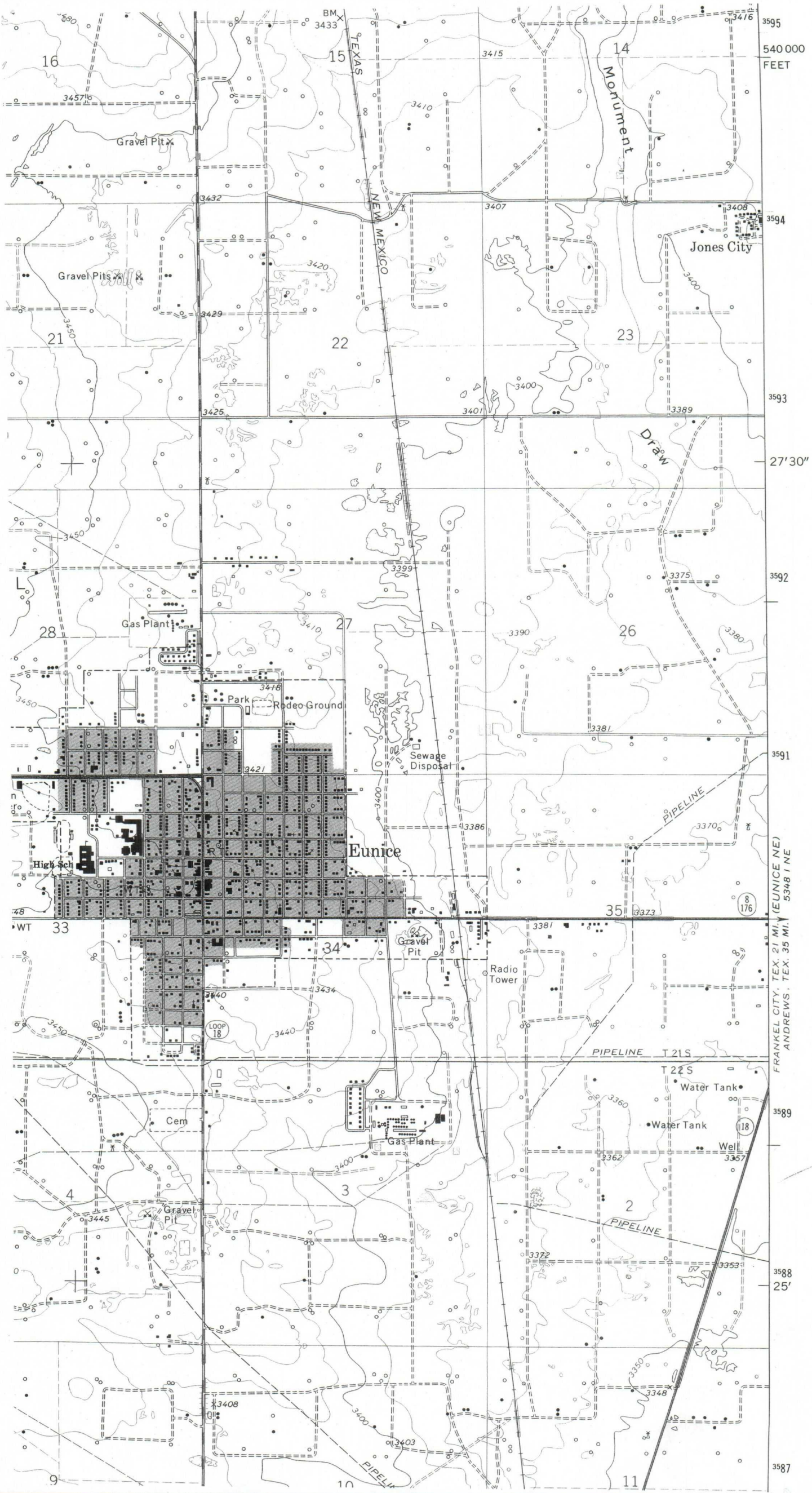
Image © 2006 DigitalGlobe

Google

Pointer 32°26'37.63" N 103°09'15.97" W elev 3409 ft

Streaming ||||| 100%

Eye alt 5894 ft

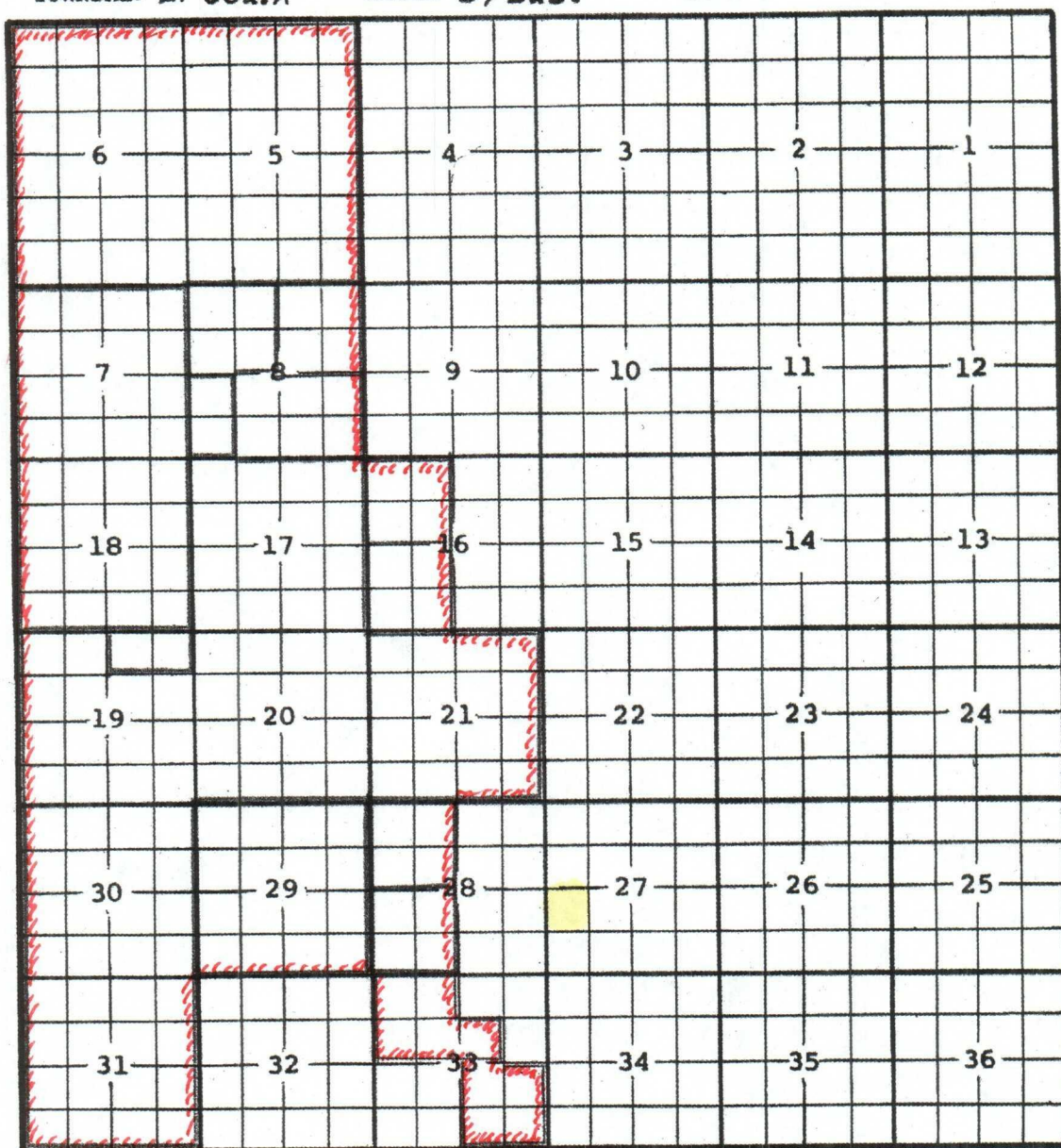


3595
540 000
FEET
3594
3593
27'30"
3592
3591
3589
3588
25'
3587

FRANKEL CITY, TEX. 21 MI. (EUNICE NE)
ANDREWS, TEX. 35 MI. 5348 1 NE

(Y-SR-Q)

NMPPM



Description: All Sec. 7 & 18 (R-520, 8-12-54) ✓

Ext: $\frac{W}{2}$ $\frac{SW}{4}$ Sec. 8 (R-569, 1-13-55) - All Sec. 5 & 6 (R-631, 5-12-55)

- $\frac{N}{2}$ $\frac{NE}{4}$ Sec. 19 (R-738 1-~~9~~-56) - All Sec. 17, 19, 20, 21, 30 & 31 (R-767-A 4-1-56)

- $\frac{NW}{4}$ Sec. 8 (R-1143, 3-25-58) - All Sec. 29 (R-1397 6-1-59) - $\frac{E}{2} \frac{SW}{4} \neq \frac{SE}{4}$ Sec. 8 (R-1633 4-1-60)

$-\frac{NW}{4}$ Sec. 28 (R-1878, 3-1-61) - $\frac{NW}{4}$ Sec. 16 (R-2139 1-1-62) - $\frac{NE}{4}$ Sec. 8; $\frac{SW}{4}$ Sec. 16 (R-2221 3-1-62)

- SW 1/4 Sec 28 (R-4511, 5-1-73) Ext: NW 1/4 & SW 1/4 NE 1/4 Sec 33 (R-5162, 3-1-76)

Ext: ^{SE}/₄ Sec 33 (R-5511, 9-1-77)