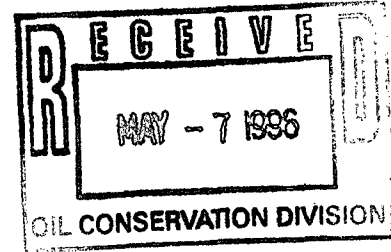




P.O. Box 552
Midland, Texas 79702
Telephone 915/682-1626

April 26, 1996



Certified Mail #P377874006

Mr. Michael Stogner
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

RE: Application of an Unorthodox Well Location
Lou Worthan No. 21
660' FNL & 1350' FEL
Sec. 11, T-22-S, R-37-E
Lea County, New Mexico

Dear Mr. Stogner:

Marathon had identified that there is congestion with locating an orthodox drill site in Unit Letter "B" of the above referenced section. Accordingly, please find enclosed our application for an unorthodox well location which we request administrative approval under conditions of OCD Rule 104.

By copy of this letter and application, sent certified mail, we are notifying all interested parties of our intent to drill.

Marathon applies to the New Mexico Oil Conservation Division to drill a well at an unorthodox location of 660' FNL and 1350' FEL (Unit B) of Section 11, T-22-S, R-37-E, NMPM. Said well is to be dedicated to a standard 40 acre oil spacing and proration unit consisting of the NW/4 NE/4 of said section 11 for all 40 acre spaced oil production as to the Drinkard Wantz (Abo) and Wantz (Granite Wash) pools. Said well shall also be dedicated to a standard 160 acre gas spacing and proration unit consisting of the NE/4 of Section 11 for the Blinebry (gas) pool and shall be simultaneously dedicated with the Lou Worthan No. 12 in Unit Letter H of section 11.

In support thereof :

- 1) Marathon Oil Company is the operator of the entire N/2 of Section 11, T-22-S, R-37-E with common mineral ownership throughout.
- 2) This well is subject to Division's statewide rules and regulations which provide that a well shall be located not closer than 660 feet to the outer boundary of a lease and no closer than 330 feet to any quarter-quarter section line or subdivision inner boundary. The well is located at a legal set back of 660' from outer boundary of gas proration unit and does not encroach offset operators. It is only unorthodox to an internal governmental quarter-quarter line.
- 3) Because of surface constraints, the original location of 660' FNL & 1650' FEL must be moved to the proposed location of 660' FNL and 1350' FEL of Section 11.
- 4) Marathon seeks approval of the unorthodox well location to drill this proposed well to test for gas production in the Blinbry formation, and oil in the Drinkard, Wantz (Abo) and Wantz (Granite Wash) Formations.
- 5) The well only encroaches a spacing unit (NE/4, NE/4) which has the same ownership as the subject 40 acre spacing unit.
- 6) Notification is being sent to those parties listed on Exhibit "A".

If you have any questions or concerns, please feel free to contact me at (800) 351-1417.

Respectfully,



Walter J. Dueease
MARATHON OIL COMPANY



**Marathon
Oil Company**

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

April 26, 1996

Exxon Corporation
P O Box 1600 ML 14
Midland, Texas 79702
Attn: Mr. Bill Duncan

RE: Lou Worthan No. 21
660' FNL & 1350' FEL
Sec. 11, T-22-S, R-37-E
Lea County, New Mexico

Dear Mr. Duncan:

Marathon Oil Company had made numerous attempts to locate an orthodox drilling location for the above referenced Wantz (Granite Wash, Blinebry) test. Due to surface constraints and congestion at an orthodox location of 660' FNL and 1650' FEL, Marathon proposes to drill this well at an unorthodox location of 660' FNL and 1350' FEL of Section 11, T-22-S, R-37-E.

As offset operator, you are hereby notified of Marathon's intent to drill this well at an unorthodox location.

Please refer to the attached surveyors plat referencing the congestion at the orthodox location and the proposed drill site.

An application to drill and a request for administrative approval subject to OCD Rule #104 has been filed with the New Mexico Oil Conservation Division.

This well is subject to Division's statewide rules and regulations which provide that a well shall be located not closer than 660 feet to the outer boundary of a lease and no closer than 330 feet to any quarter-quarter section line or subdivision inner boundary. The well is located at a legal set back of 660' from outer boundary gas proration unit and does not encroach offset operators. It is only unorthodox to an internal governmental quarter-quarter line.

LETTER
PAGE -2-

Should Exxon have no objection to Marathon's intent to drill the above referenced unorthodox well due to surface limitations, please signify by signing below and return an executed copy to me in the envelope provided.

Respectfully



Walter J. Dueease

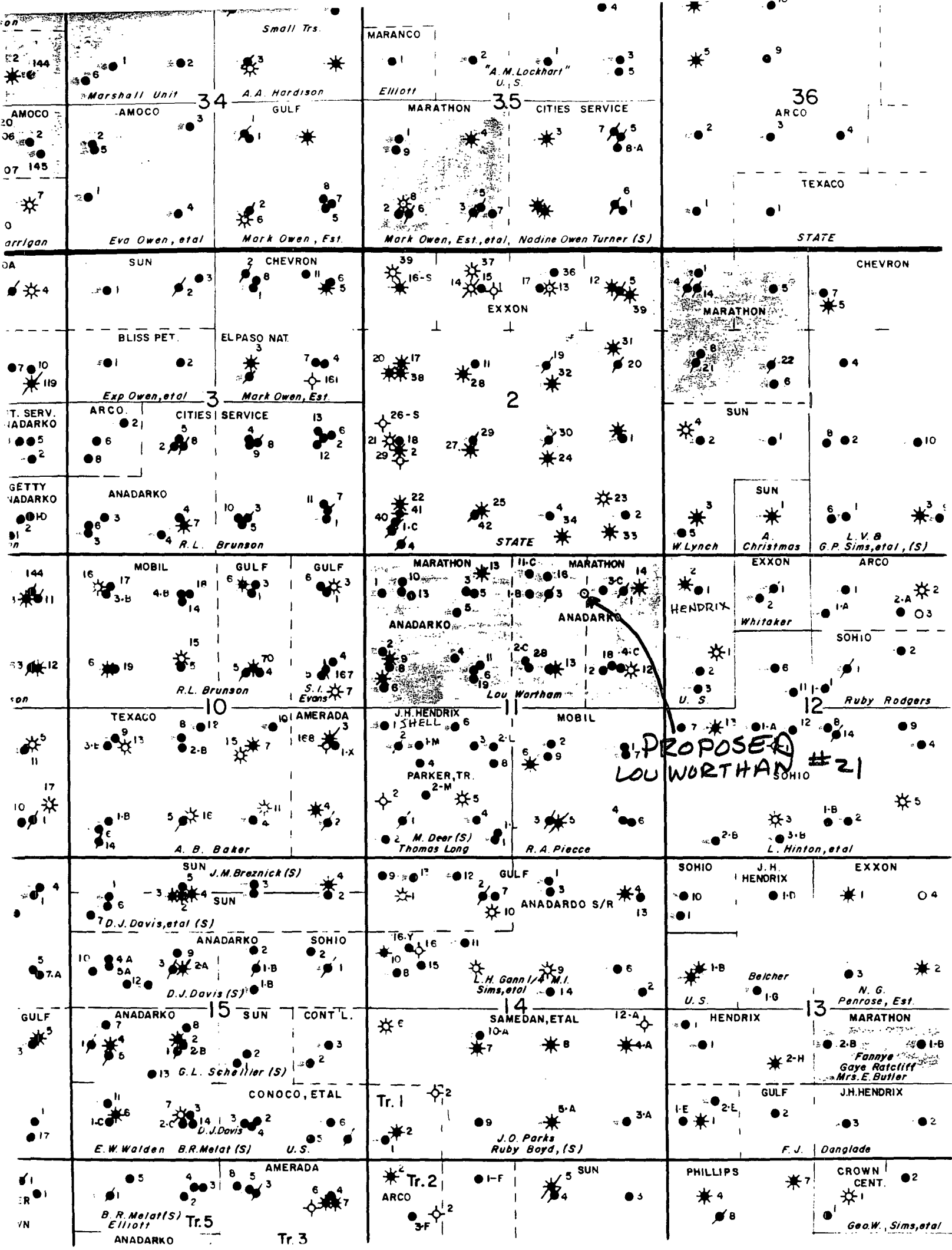
Signature

Name

Title

Exxon Co., USA

Date



District I
PO Box 1980, Hobbs, NM 88241-1980
District II
811 S. 1st Street, Artesia, NM 88210-2834
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, NM 87504-2088

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator name and Address Marathon Oil Company P.O. Box 552 Midland, Texas 79702		² OGRID Number
		³ API Number 30-0
⁴ Property Code	⁵ Property Name LOU WORTHAN	⁶ Well Number 21

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South Line	Feet from the	East/West line	County
B	11	22-S	37-E		660	NORTH	1350'	EAST	LEA

⁸ Proposed 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
⁹ Proposed Pool 1 WANTZ (ABO) WANTZ (GRANITEWASH)					¹⁰ Proposed Pool 2 BLINEBRY				

¹¹ Work Type Code N	¹² Well Type Code O	¹³ Cable/Rotary ROTARY	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3349
¹⁶ Multiple NO	¹⁷ Proposed Depth 7700	¹⁸ Formations BLINEBRY	¹⁹ Contractor ROD RIC	²⁰ Spud Date 5/15/96

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weigh/foot	Setting Depth	Sacks of Cement	Estimated TOC
17 1/2"	13 3/8"	48#	40'	REDI MIX	SURFACE
12 1/4"	8 5/8"	24#	1150'	900	SURFACE
7 7/8"	5 1/2"	15.5#, 17#	7700'	1450	SURFACE

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary

PROPOSED BOP EQUIPMENT; SURFACE HOLE; 11". 3M. DUAL RAM, ANNULAR & CHOKE MANIFOLD.
ALL CASING SHALL BE RUN & CMTD IN ACCORDANCE TO NMCD RULE #107.
ALL BOP EQUIPMENT SHALL BE OPERATED AND INSTALLED IN ACCORDANCE TO NMCD RULES #109, #114.
H2S SAFETY DETECTION EQUIPMENT TO BE OPERATIONAL BY 2500' OR TOP OF YATES.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature: *W. J. Duman* FOR DPN

Printed name: D. P. NORDT

Title: DRILLING SUPERINTENDENT

Date: 4/30/96

Phone: 915/682-1626

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date:

Expiration Date:

Conditions of Approval:

Attached ☐

DISTRICT I
P.O. Box 1990, Hobbs, NM 88241-1990

State of New Mexico
Energy, Minerals and Natural Resources Department

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

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name WANTZ (ABO), (GRANITE WASH), BLINEBRY
Property Code	Property Name LOU WORTHAN	Well Number 21
OGRID No.	Operator Name MARATHON OIL COMPANY	Elevation 3349

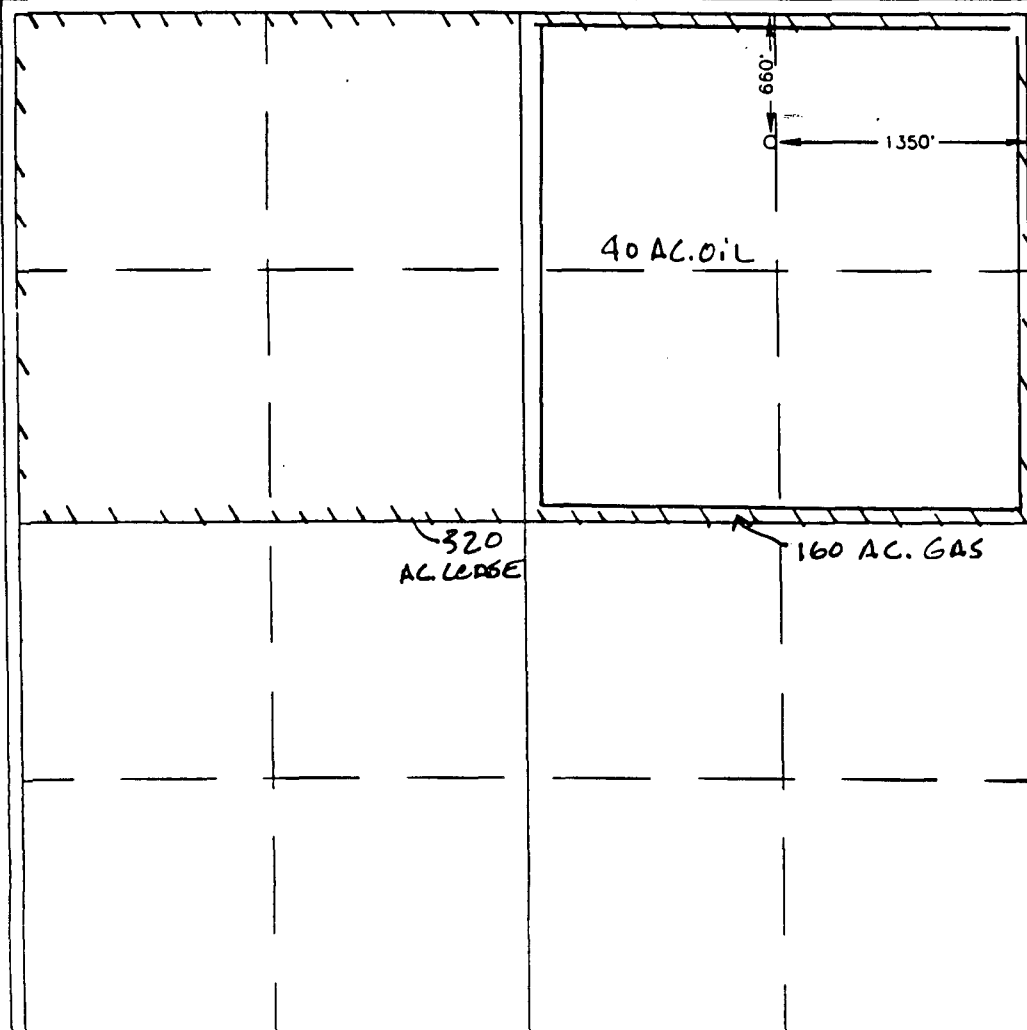
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	11	22 S	37 E		660	NORTH	1350	EAST	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.						

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>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>W. J. Duman</i> FOR DPM Signature D. P. NORDT Printed Name DRILLING SUPERINTENDENT Title 915/682-1626 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>APRIL 17, 1996</p> <p>Date Surveyed Signature & Seal of Professional Surveyor DMCC 96611-0450 4-24-96 Certificate No. JOHN W. WEST 676 RONALD J. FIDSON 3239 KARY EIDSON 12641</p>
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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 2409
Hobbs, New Mexico 88241-2409
Attention: Rick Gaddis

Administrative Order SD-96-7

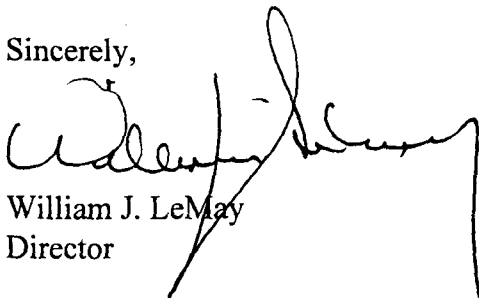
Dear Mr. Gaddis:

Per your application dated April 4, 1996, Marathon Oil Company is hereby authorized to simultaneously dedicate Blinebry Gas Pool production to the existing standard 160-acre gas spacing and proration unit comprising the NE/4 of Section 11, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico, from the following two wells:

- the Lou Worthan Well No. 12 (API No. 30-025-10221), located 1980 feet from the North line and 560 feet from the East line (Unit H) of said Section 11 (this location is considered to be unorthodox, however Rule 2 of the Special Rules and Regulations for the Blinebry Gas Pool, as promulgated by Division Order No. R-610, "grandfathered" this location in as conforming to the rules); and the
- the Lou Worthan Well No. 4 (API No. 30-025-10213), located at a standard gas well location 1980 feet from the North and East lines (Unit G) of said Section 11.

Further, Marathon Oil Company is permitted to produce the allowable assigned the above-described standard 160-acre unit from both wells in any proportion.

Sincerely,



William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Hobbs

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

06/03/96 15:44:26
OGOMES -EME3
PAGE NO: 1

Sec : 11 Twp : 22S Rng : 37E Section Type : NORMAL

D 40.00 Fee owned U A A A A	C 40.00 Fee owned U A A P A	B 40.00 Fee owned U A P P A	A 40.00 Fee owned U P A
E 40.00 Fee owned U A A P P A	F 40.00 Fee owned U A A A A A	G 40.00 Fee owned U A P P A	H 40.00 Fee owned U P A A C

PF01 HELP
PF07 BKWD

PF02
PF08 FWD

PF03 EXIT
PF09 PRINT

PF04 GoTo
PF10 SDIV

PF05
PF11

PF06
PF12

DISTRICT I

P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised February 10, 1994

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

DISTRICT II

P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

P.O. BOX 2080, SANTA FE, N.M. 87504-2088

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name LOU WORTHAN	Well Number 21
GRID No.	Operator Name MARATHON OIL COMPANY	Elevation 3349

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County
B	11	22 S	37 E		660	NORTH	1350	EAST	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.

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

	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. Signature _____ Printed Name _____ Title _____ Date _____
	SURVEYOR CERTIFICATION 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. APRIL 17, 1996 Date Surveyed _____ Signature & Seal of Professional Surveyor _____ NEW MEXICO 96011 Certified No. 001111 ST 676 JOHN J. EIDSON 3239 J. EIDSON 12641

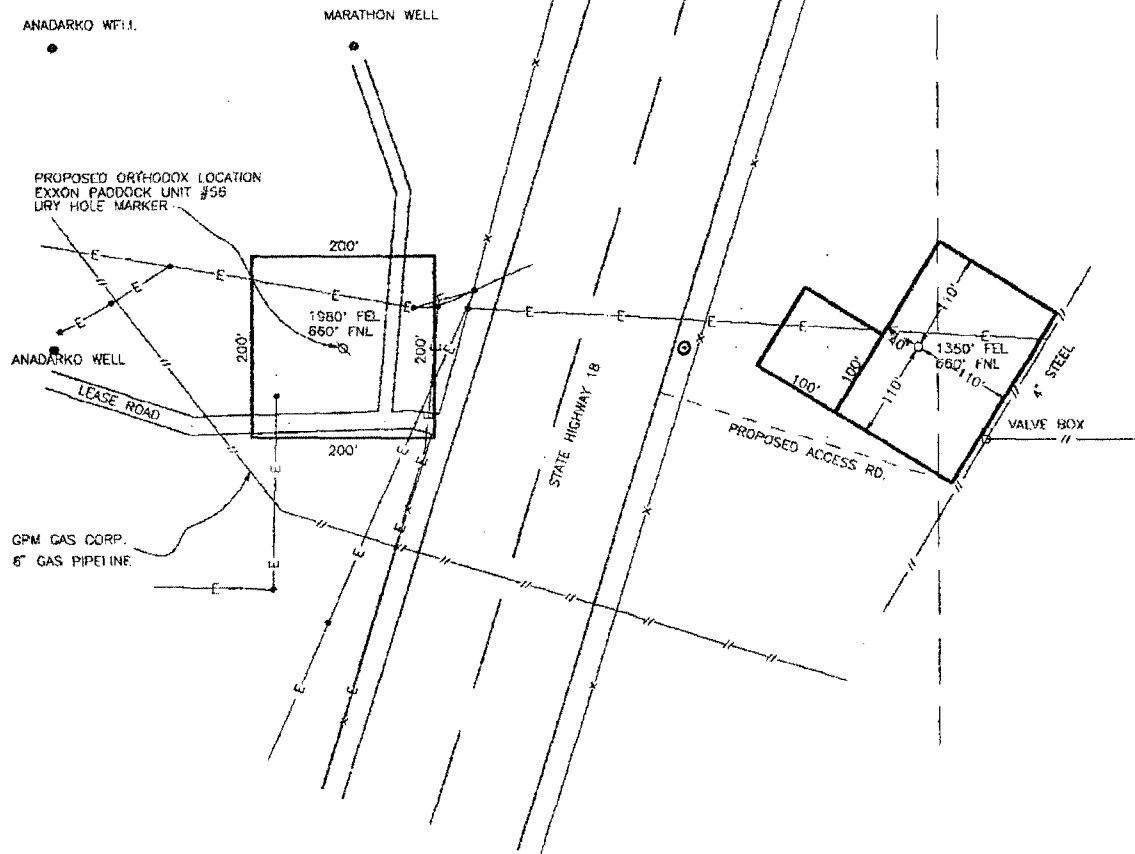
SECTION 11, TOWNSHIP 22 SOUTH, RANGE 37 EAST, LEA COUNTY, NEW MEXICO.

SECTION 2

SECTION 11

UNIT B

UNIT A



LEGEND

- F— ELECTRIC LINE
- X— FENCE
- //— PIPELINE
- ELECTRIC POLE

JOHN W. WEST ENGINEERING COMPANY
CONSULTING ENGINEERS & SURVEYORS — HOBBS, NEW MEXICO



MARATHON OIL CO.

PROPOSED LOU WORTHAN WELL LOCATED 1980' FEL & 660' FNL,
1350' FEL & 660' FNL OF SECTION 11,
TOWNSHIP 22 SOUTH, RANGE 37 EAST, LEA COUNTY, NEW MEXICO

Survey Date: 4-17-96

Sheet 1 of 1 Sheets

W.O. Number: 96-11-0459

Drawn By: D.McCARLEY

Date: 4-24-96

MAR0459

Scale: 1"=200'