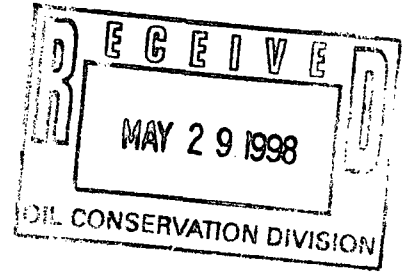




P.O. Box 2409
Hobbs, NM 88241-2409
Telephone 505/393-7106

May 22, 1998

Mr. Mike Stogner
Energy and Minerals Department
Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87501-2088



Re: Request Non-Standard Proration Unit Transfer
Vacuum; Abo, North & Wolfcamp (Order No. R-2716)
Vacuum; Upper Penn (Order No. R-2740)
Warn St. A/C 1
UL 'F' & 'K', Sec. 31, T-17-S, R-35-E
Lea County, New Mexico

Dear Mr. Stogner:

Marathon Oil Company requests administrative approval for a transfer of the Non-Standard Proration Unit Order Nos. R-2716 & R-2740 from the Warn St. A/C 1 No. 3 to the Warn St. A/C 1 No. 7. The transfer will include the Vacuum; Abo, North and Vacuum; Wolfcamp (Order No. R-2716) and the Vacuum; Upper Penn (Order No. R-2740) 80-acre dedications.

In 1964, Marathon received a non-standard proration unit approval for the Warn St. A/C 1 No. 3 in the Abo, North; Wolfcamp; and Upper Penn pools. Since 1994, the Warn St. A/C 1 No. 6 has shared the non-standard dedicated acreage with the No. 3. However, due to operating failures, the No. 3 became uneconomical and was shut-in. As a result, the No. 7 was drilled as a replacement for the No. 3. The transfer of Order Nos. R-2716 & R-2740 from the No. 3 to the No. 7 will allow for the P&A of the No. 3 without losing the non-standard proration unit approvals.

If you have any questions or comments, please advise.

Sincerely,

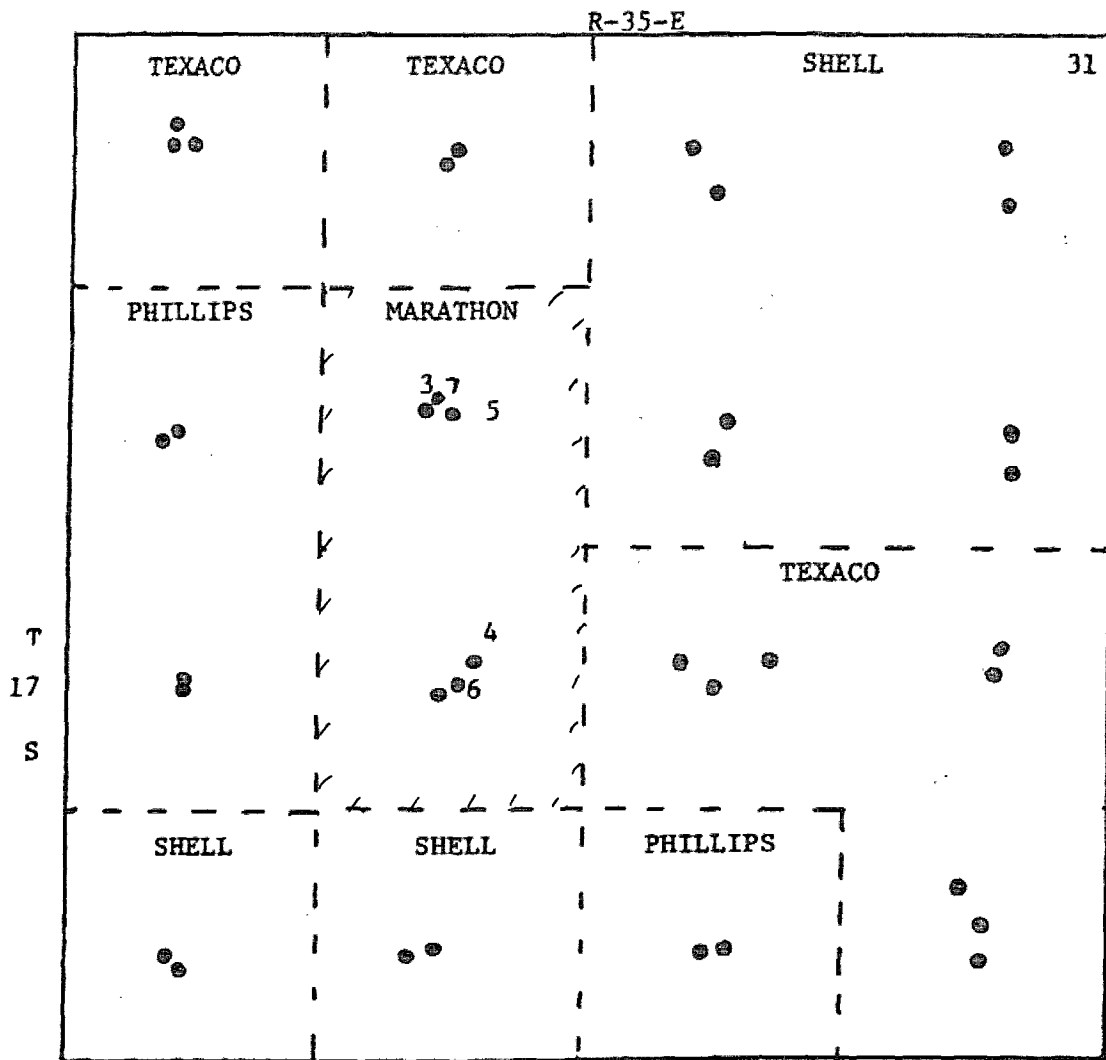
A handwritten signature in cursive script, appearing to read 'Bryan L. Williams'.

Bryan L. Williams
Production Engineer
(505) 393-7106 ext. 212

n:/regltory/wslnspro
Enclosure

MARATHON OIL CO.

WARN ST. A/C 1



LAND PLAT

VACUUM AREA

LEA COUNTY, NEW MEXICO

1" = 1000'

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. 3046
Order No. R-2716

APPLICATION OF MARATHON OIL COMPANY
FOR A TRIPLE COMPLETION AND A NON-
STANDARD OIL PRORATION UNIT, LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on May 27, 1964, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 3rd day of June, 1964, 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 authority to complete its State Warn A/c 1 Well No. 3, located in Unit F of Section 31, Township 17 South, Range 35 East, NMPM, Lea County, New Mexico, as a triple completion (tubingless) to produce oil from the Vacuum-Glorieta, North Vacuum-Abo, and Vacuum Wolfcamp Pools, Lea County, New Mexico, through parallel strings of 2 7/8-inch tubing cemented in a common well bore.

(3) That the applicant also seeks approval of an 80-acre non-standard oil proration unit in the North Vacuum-Abo and Vacuum-Wolfcamp Pools comprising the SE/4 NW/4 and NE/4 SW/4 of Section 31, Township 17 South, Range 35 East, NMPM, Lea County, New Mexico, to be dedicated to the State Warn A/c 1 Well No. 3.

-2-

CASE No. 3046

Order No. R-2716

(4) That the mechanics of the proposed triple completion are feasible and in accord with good conservation practices.

(5) That approval of the subject application will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Marathon Oil Company, is hereby authorized to complete its State Warn A/c 1 Well No. 3, located in Unit F of Section 31, Township 17 South, Range 35 East, NMPM, Lea County, New Mexico, as a triple completion (tubingless) to produce oil from the Vacuum-Glorieta, North Vacuum-Abo, and Vacuum-Wolfcamp Pools, Lea County, New Mexico, through parallel strings of 2 7/8-inch tubing cemented in a common well bore;

PROVIDED HOWEVER, that the applicant shall complete, operate, and produce said well in accordance with the provisions of Rule 112-A of the Commission Rules and Regulations insofar as said rule is not inconsistent with this order;

PROVIDED FURTHER, that the applicant shall take core segregation tests upon completion and annually thereafter during the Gas-Oil Ratio Test Period for the Vacuum-Wolfcamp Pool.

(2) That an 80-acre non-standard oil proration unit in the North Vacuum-Abo Pool comprising the SE/4 NW/4 and NE/4 SW/4 of Section 31, Township 17 South, Range 35 East, NMPM, Lea County, New Mexico, is hereby established and dedicated to the Marathon Oil Company State Warn A/c 1 Well No. 3.

(3) That an 80-acre non-standard oil proration unit in the Vacuum-Wolfcamp Pool comprising the SE/4 NW/4 and NE/4 SW/4 of Section 31, Township 17 South, Range 35 East, NMPM, Lea County, New Mexico, is hereby established and dedicated to the Marathon Oil Company State Warn A/c 1 Well No. 3.

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

-3-

CASE No. 3046

Order No. R-2716

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JACK M. CAMPBELL, Chairman

E. S. WALKER, Member

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

G E A L

GER/

M. Lersch

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:

RECEIVED

JUL 13 1964

LEGAL DEPT.

CASE No. 3076

Order No. R-2740

APPLICATION OF MARATHON OIL COMPANY
FOR A NON-STANDARD OIL PRODUCTION UNIT,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on July 1, 1964, at Santa Fe, New Mexico, before Examiner Elvis A. Uta.

NOW, on this 8th day of July, 1964, 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 an 80-acre non-standard oil production unit in the Vacuum-Upper Pennsylvanian Pool comprising the SE/4 NW/4 and NE/4 SW/4 of Section 31, Township 17 South, Range 35 East, NMRM, Lea County, New Mexico, to be dedicated to the State Warm A/c 1 Well No. 3, located in Unit F of said Section 31.
- (3) That approval of the subject application will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and otherwise prevent waste and protect correlative rights.

-2-

CASE No. 3076

Order No. R-2740

IT IS THEREFORE ORDERED:

(1) That an 80-acre non-standard oil proration unit in the Vacuum-Upper Pennsylvanian Pool comprising the SE/4 NW/4 and NE/4 SW/4 of Section 31, Township 17 South, Range 35 East, NMPM, Lea County, New Mexico, is hereby established and dedicated to the Marathon Oil Company State Warn A/c 1 Well No. 3, located in Unit F of said Section 31.

(2) 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

JACK M. CAMPBELL, Chairman


E. S. WALKER, Member

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

S E A L

esr/

June 1, 1998



John H. Hendrix Corporation
Attention: Ronnie H. Westbrook
P. O. Box 3040
Midland, Texas 79702-3040

AMENDED
Administrative Order NSL-3201

Dear Mr. Westbrook:

Reference is now made: (i) to your application dated September 17, 1996; (ii) Division Administrative Order NSL-3201, dated November 23, 1992, which order approved the unorthodox gas well location of the Hinton Well No. 13 (API No. 30-025-24426), located 2310 feet from the South line and 990 feet from the West line (Unit L) of Section 12, Township 22 South, Range 37 East, NMPM, Blinebry Oil and Gas Pool, Lea County, New Mexico, within a standard 160-acre Blinebry gas spacing and proration unit comprising the SW/4 of said Section 12; and, (iii) Division Administrative Order NSP-1589, dated December 6, 1989, which established an 80-acre non-standard gas spacing and proration unit within the Blinebry Oil and Gas Pool comprising the S/2 SW/4 of said Section 12 to be dedicated to the John H. Hendrix Corporation Hinton Well No. 3 (API No. 30-025-10236), located at a standard Blinebry gas well location 660 feet from the South line and 1980 feet from the West line (Unit N) of said Section 12.

The September 12, 1996 application has been duly filed under the provisions of Rule 2(d) of the "*Special Rules and Regulations for the Blinebry Oil and Gas Pool*" as promulgated by Division Order No. R-8170, as amended, to rededicate to the Hinton Well No. 13 the following described **80-acre** non-standard Blinebry gas spacing and proration unit:

LEA COUNTY, NEW MEXICO
TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 12: N/2 SW/4.

Division Administrative Order NSL-3201 shall be amended to reflect the above-described non-standard 80-acre gas spacing and proration unit within the Blinebry Oil and Gas Pool as the dedicated acreage for the Hinton Well No. 13. All other provisions of said Order NSL-3201 shall remain in full force and effect until further notice.

Sincerely,

William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Hobbs
File: NSL -3201
NSP-1589



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

ADMINISTRATIVE ORDER DHC-1893

Marathon Oil Company
P.O. Box 2409
Hobbs, New Mexico 88241-2409

Mr. Bryan L. Williams

*Warn St. A/C 1 No. 6
API No. 30-025-32311
Unit K, Section 31, Township 17 South, Range 35 East, NMPM,
Lea County, New Mexico.
North Vacuum-Abo (Oil-61760) and,
Vacuum-Wolfcamp (Oil-62340) Pools*

Dear Mr. Williams:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion and required separation of the zones is hereby placed in abeyance.

In accordance with the provisions of Rule 303.C., the daily allowable producing rates from the subject well are hereby established as follows:

Oil 355 B/D

Gas 710 MCF/D

Water 710 B/D

Assignment of allowable to the well and allocation of production from the well shall be on the following basis:

North Vacuum-Abo Pool	Oil 21%	Gas 0%
Vacuum-Wolfcamp Pool	Oil 79%	Gas 100%

Administrative Order DHC-1893
Marathon Oil Company
April 13, 1998
Page 2

REMARKS: The operator shall notify the Hobbs District Office of the Division upon implementation of the commingling process.

Pursuant to Rule 303.H., the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 13th day of April, 1998.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director

S E A L

LW/DRC

cc: Oil Conservation Division - Hobbs
State Land Office-Oil & Gas Division



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

ADMINISTRATIVE ORDER DHC-1775

Marathon Oil Company
P.O. Box 2409
Hobbs, New Mexico 88241-2409

Mr. Bryan L. Williams

*Warn St. A/C 1 No. 7
API No. 30-025-33951
Unit F, Section 31, Township 17 South, Range 35 East, NMPM,
Lea County, New Mexico.
North Vacuum-Abo (Oil-61760),
Vacuum-Wolfcamp (Oil-62340) and,
Vacuum Upper-Penn (Oil-62320) Pools*

Dear Mr. Williams:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion and required separation of the zones is hereby placed in abeyance.

In accordance with the provisions of Rule 303.C., the daily allowable producing rates from the subject well are hereby established as follows:

Oil 355 B/D

Gas 710 MCF/D

Water 710 B/D

Assignment of allowable to the well and allocation of production from the well shall be on the following basis:

North Vacuum-Abo Pool	Oil 61 %	Gas 78 %
Vacuum-Wolfcamp Pool	Oil 9 %	Gas 12 %
Vacuum Upper-Penn Pool	Oil 30 %	Gas 10 %

REMARKS: The operator shall notify the Hobbs District Office of the Division upon implementation of the commingling process.

Pursuant to Rule 303.H., the commingling authority granted herein may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 21st day of January, 1998.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



KATHLEEN A. GARLAND
Acting Director

S E A L

KAG/DRC

cc: Oil Conservation Division - Hobbs
State Land Office-Oil & Gas Division



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

AMENDED ADMINISTRATIVE ORDER DHC-260

Marathon Oil Company
P.O. Box 2409
Hobbs, NM 88241-2409

Attention: S.P. Guidry

*Warn State AC/I Well No. 3
Unit F, Section 31, Township 17 South, Range 35 East, NMPM,
Lea County, New Mexico.
North Vacuum-Abo, Vacuum-Wolfcamp and Vacuum Upper Pennsylvanian Pools*

Dear Mr. Guidry:

Reference is made to your recent application for an amendment to Administrative Order DHC-260, dated September 11, 1978, which authorized the downhole commingling of production from the Vacuum-Upper Pennsylvanian and Vacuum-Wolfcamp Pools in the wellbore, to permit the addition of a third zone of production to be commingled in the wellbore.

It appearing that the subject well qualifies for approval for such amendment pursuant to the provisions of Rule 303-C, and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above.

In accordance with the provisions of Rule 303-C-4., total commingled oil production from the subject well shall not exceed 80 barrels per day, and total water production shall not exceed 160 barrels per day. The maximum amount of gas which may be produced daily from the well shall be determined by multiplying 2000 by the top unit allowable for the North Vacuum-Abo Pool.

Assignment of allowable to the well and allocation of production from the well shall be on the following basis:

Abo Pool	Oil	61%	Gas	78%
Wolfcamp Pool	Oil	9%	Gas	12%
Upper-Pennsylvanian Pool	Oil	30%	Gas	10%

Amended Administrative Order DHC-260
Marathon Oil Company
March 21, 1994
Page 2

FURTHER: The operator shall notify the Hobbs District Office of the Division upon implementation of the commingling process.

Pursuant to Rule 303-C-5, the commingling authority granted by the order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 21st day of March, 1994.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in dark ink, appearing to read "William J. Lemay" followed by a stylized flourish or set of initials.

WILLIAM J. LEMAY
Director

S E A L

WJL/DRC/amg

cc: Oil Conservation Division - Hobbs



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

ANITA LOCKWOOD
CABINET SECRETARY

March 17, 1994

Marathon Oil Company
P.O. Box 2409
Hobbs, New Mexico 88241-2409

Attention: S. P. Guidry

Dear Steve:

In reviewing your application to downhole commingle North Vacuum-Abo Pool production with Vacuum-Wolfcamp and Vacuum Upper-Pennsylvanian Pool production within the Warn State AC/1 Well No. 3, I have found that your proposed allocation factors are in error. On form C-116 within your application it is stated that 24% of oil production is allocated to the Upper Penn Pool and 76% is allocated to the Wolfcamp Pool. Please be advised that the actual allocation as contained within Division Order No. DHC-260 are as follows:

	<u>OIL</u>	<u>GAS</u>
Wolfcamp Pool	24%	56%
Upper Penn Pool	76%	44%

In accordance with these figures, I have adjusted and revised your proposed allocation factors within the amended order. If you have any questions, please contact me at (505) 827-5800.

Sincerely,

David Catanach
Engineer

xc: OCD-Hobbs
File-DHC-260



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

JERRY APODACA
GOVERNOR

NICK FRANKLIN
SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

September 11, 1978

Marathon Oil Company
P. O. Box 2409
Hobbs, New Mexico 88240

Attention: C. S. Hilton, Jr.

Administrative Order No. DHC-260
Warn State A/C 1 Well No. 3,
Unit F, Section 31, Township 17
South, Range 35 East, NMPM, Lea
County, New Mexico, Vacuum-
Wolfcamp and Vacuum-Upper Pennsylvanian

Gentlemen:

Reference is made to your recent application for an exception to Rule 303-A of the Division Rules and Regulations for the subject dually completed well to permit the removal of the down-hole separation equipment and to commingle the production from both pools in the well-bore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303-C, and that reservoir damage or waste will not result from such down-hole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and Division Order No. MC-1509, which authorized the dual completion and required separation of the zones, is hereby placed in abeyance.

In accordance with the provisions of Rule 303-C, total commingled oil production from the subject well shall not exceed 80 barrels per day, and total water production from the well shall not exceed 160 barrels per day. The maximum amount of gas which may be produced daily from the well shall be determined by multiplying 2000 by top unit allowable for the Vacuum-Upper Pennsylvanian Pool.

-2-
DHC-260

Assignment of allowable to the well and allocation of production from the well shall be on the following basis:

Upper Pool: Oil 24%, Gas 56%
Lower Pool: Oil 76%, Gas 44%

Pursuant to Rule 303-C 5, the commingling authority granted by this order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Very truly yours,

JOE D. RAMEY
Division Director

JDR/CU/og

cc: Oil Conservation Division
Box 1980
Hobbs, New Mexico