



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

BETTY RIVERA

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

September 14, 2002

Mr. Sam Brandon
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210-2118

Re: Administrative Application for SWD: Archimedes SWD Well No. 1
Section 18, T21S, R24E, NMPM, Eddy County, New Mexico.

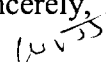
Dear Mr. Brandon:

The division received your application September 13, 2002 and after review the following is needed to proceed with this application.

- 1) Please provide an explanation of how the well name has changed and/or a copy of your application to change the name from the Archimedes ARE State Com #1.
- 2) A review of our records within the Area of Review shows one offset well not operated by Yates Petroleum Corporation. Please explain this or provide notice to operator Fasken Oil & Ranch Ltd who operates the Indian Hills Unit Well No. 015 API: 30-015-29870 located in NW/4 SW/4 Section 17, Township 21 South, Range 24 East, NMPM – not yet completed.
- 3) The New Mexico Oil Conservation Division relocated in Santa Fe over one (1) year ago – so the US Post Office no longer forwards mail. Please re-notice this application in the newspaper with the correct address – refer to web site www.emnrd.com/ocd/.
- 4) Provide a short write-up for our files about the existing SWD permit in the Devonian for this well – why you want an additional zone permitted in advance.

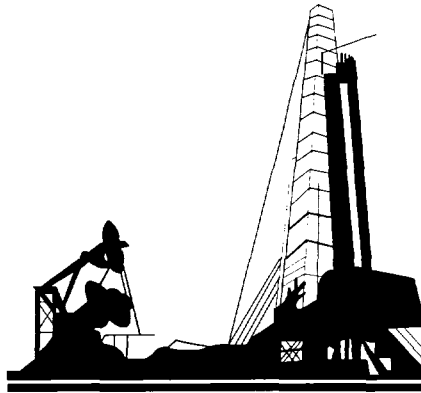
We will hold your application pending receipt of this information and/or for the required 15-day suspense period.

If you have any questions, please call me at (505) 476-3448 or David Catanach at (505) 476-3466.

Sincerely,


William V Jones Jr. PE

cc: Oil Conservation Division – Artesia



TRANSMITTAL COVER SHEET

OIL CONSERVATION DIVISION
1220 S. ST. FRANCIS DRIVE
SANTA FE, NM 87505
(505) 476-3440
(505) 476-3462 (Fax)

(2nd TIME)
Faxed 9/26/02

PLEASE DELIVER THIS FAX:

TO:

Cherry Mathias (505-748-4585)

FROM:

Will Jones

DATE:

9/26/02

PAGES:

C + 1

SUBJECT:

Archimedes - Looks like you didn't get
this Fax (on Saturday 14th). (MOST IMPORTANT
ITEM IS THE RE-NOTICING)

IF YOU HAVE TROUBLE RECEIVING THIS FAX, PLEASE CALL THE OFFICE
NUMBER ABOVE.

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986

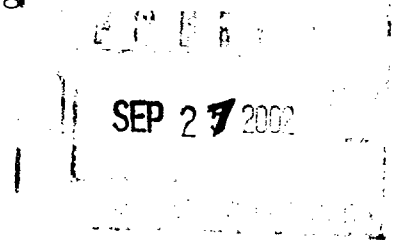


105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

September 23, 2002

Mr. Will Jones
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505



Dear Mr. Jones:

This letter is to address the deficiencies for our Administrative Application for SWD for the Archimedes ARE State Com No. 1 in Section 18, T21S, R24E, Eddy County, New Mexico which were enumerated in your letter of September 14, 2002.

- 1.) Our application was erroneously made with the well name Archimedes SWD Well No. 1. It should have been in the well's name of record, Archimedes ARE State Com No. 1. I am enclosing documents with the correct well name and ask that you substitute them with the documents with the incorrect name. The public notice has been re-run with the correct name (and correct OCD address) and the offset lease operators have been re-notified.
- 2.) Fasken Oil & Ranch Ltd has been provided notice by certified mail.
- 3.) The public notice has been re-run with the correct OCD address.
- 4.) See attached letter of explanation.

Thank you for your assistance in this matter. If you have any additional questions, please call me at (505) 748-4281.

Sincerely,

Sam Brandon
Operations Engineer

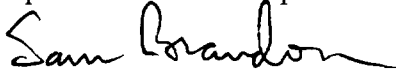
Enclosures

September 19, 2002

Re: Archimedes ARE State Com No. 1

Yates Petroleum Corporation has an existing SWD permit for the subject well to dispose water from the Canyon formation into the Devonian formation. We are applying for permission to inject into the Canyon formation in the same well in order to reduce costs associated with preparing the well for SWD service. Disposal into the Canyon will reduce costs associated with the required cement squeezes and will eliminate the cost of deepening and casing the well.

If for some reason the application to dispose water into the Canyon is not approved, we will proceed with the required well work and dispose water into the Devonian.

A handwritten signature in black ink, appearing to read "Sam Brandon". The signature is fluid and cursive, with a long horizontal stroke at the end.

Sam Brandon
Operations Engineer

Affidavit of Publication

NO. 17860

STATE OF NEW MEXICO

County of Eddy:

Gary D. Scott being duly

sworn, says: That he is the Publisher of The

Artesia Daily Press, a daily newspaper of general circulation, published in English at Artesia, said county and county and state, and that the here to attached

Legal Notice

was published in a regular and entire issue of the said Artesia Daily Press, a daily newspaper duly qualified for that purpose within the meaning of Chapter 167 of the 1937 Session Laws of the state of New Mexico for 1 consecutive weeks/days on the same

day as follows:

First Publication September 20 2002

Second Publication _____

Third Publication _____

Fourth Publication _____

Subscribed and sworn to before me this

20th day of September 2002

Barkley B. Boers

Notary Public, Eddy County, New Mexico

My Commission expires September 23, 2003

Copy of Publication:

LEGAL NOTICE

Yates Petroleum Corporation, 105 South Fourth Street, Artesia, NM 88210, has filed form C-108 (Application for Authorization to Inject) with the New Mexico Oil Conservation Division seeking administrative approval for an injection well. The proposed well, the "Archimedes ARE State Com No. 1" located 1650' FSL & 1980' FEL of Section 18, Township 21 South, Range 24 East of Eddy County, New Mexico, will be used for salt water disposal. Disposal waters from the Canyon will be re-injected

into the Canyon at a depth of approximately 8032'-8150' with a maximum pressure of 2000 psi and a maximum rate of 25,000 BWP.

All interested parties opposing the aforementioned must file objections or requests for a hearing with the Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, NM 87505, within 15 days. Additional information can be obtained by contacting Sam Brandon at (505) 748-4281.

Published in the Artesia Daily Press, Artesia, N.M. September 20, 2002.

Legal 17860

Well Name: Archimedes ARE St. Com No. 1 Field: Indian Basin

Location: 1650' FSL & 1980' FEL Sec. 18-21S-24E Eddy Co, NM

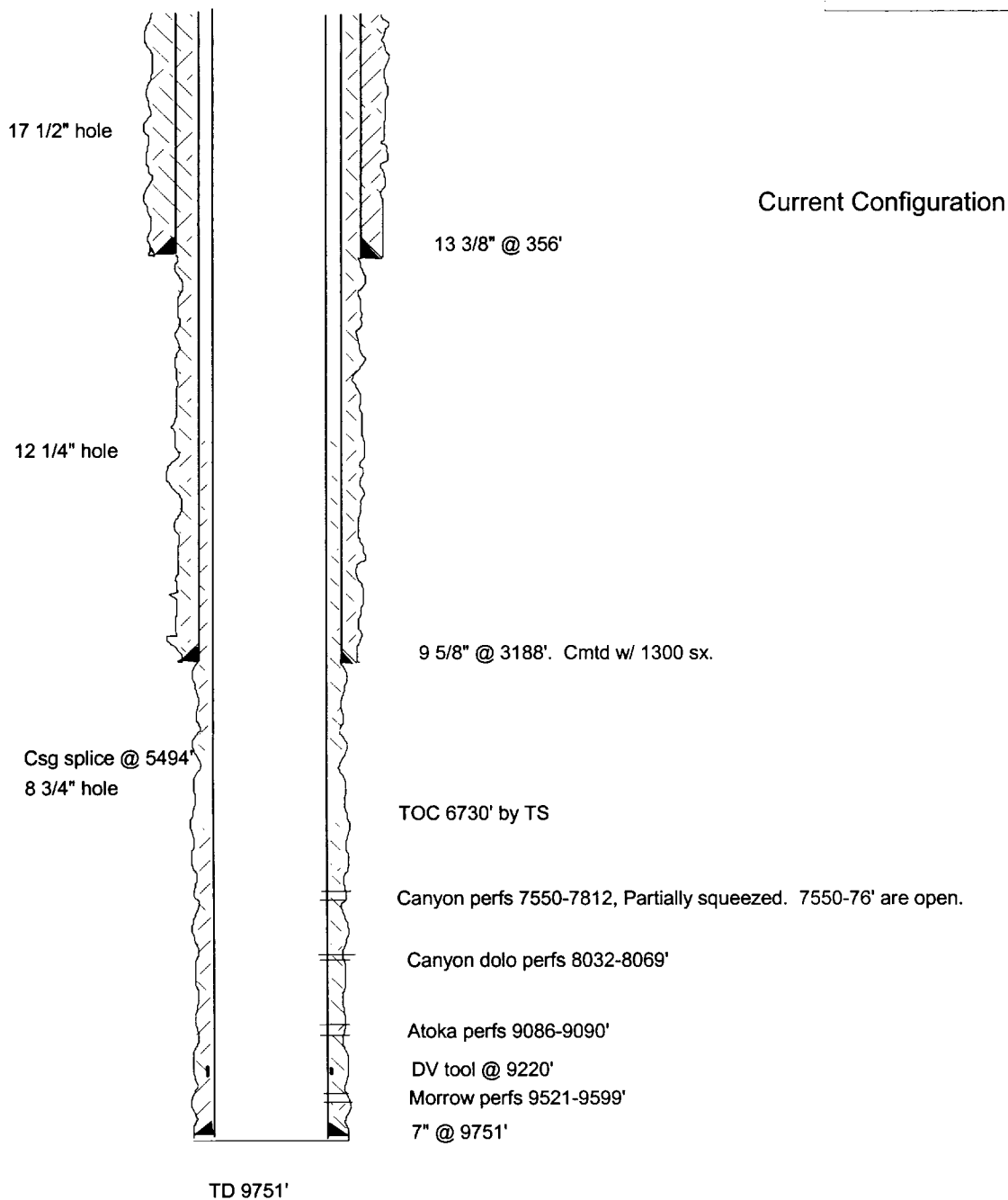
GL: 3811' Zero: AGL: KB: 3838'

Spud Date: Completion Date:

Comments:

Casing Program

Size/Wt/Grade/Conn	Depth Set
13 3/8" 48#	356'
9 5/8" 36 & 40#	3188'
7" 23 & 26#	9751'



SKETCH NOT TO SCALE

DATE: _____

Well Name: Archimedes ARE St. Com No. 1 Field: Indian Basin

Location: 1650' FSL & 1980' FEL Sec. 18-21S-24E Eddy Co, NM

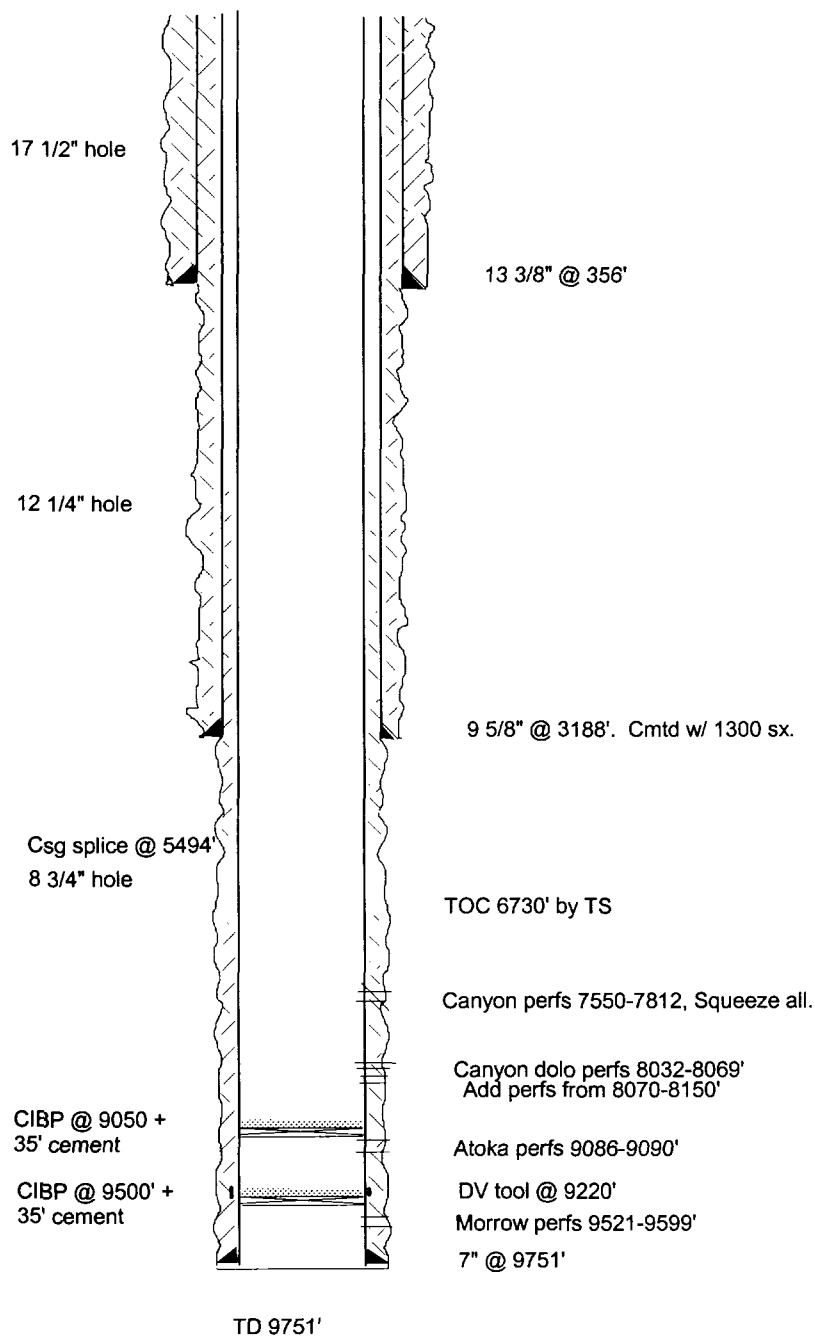
GL: 3811' Zero: AGL: KB: 3838'

Spud Date: Completion Date:

Comments:

Casing Program

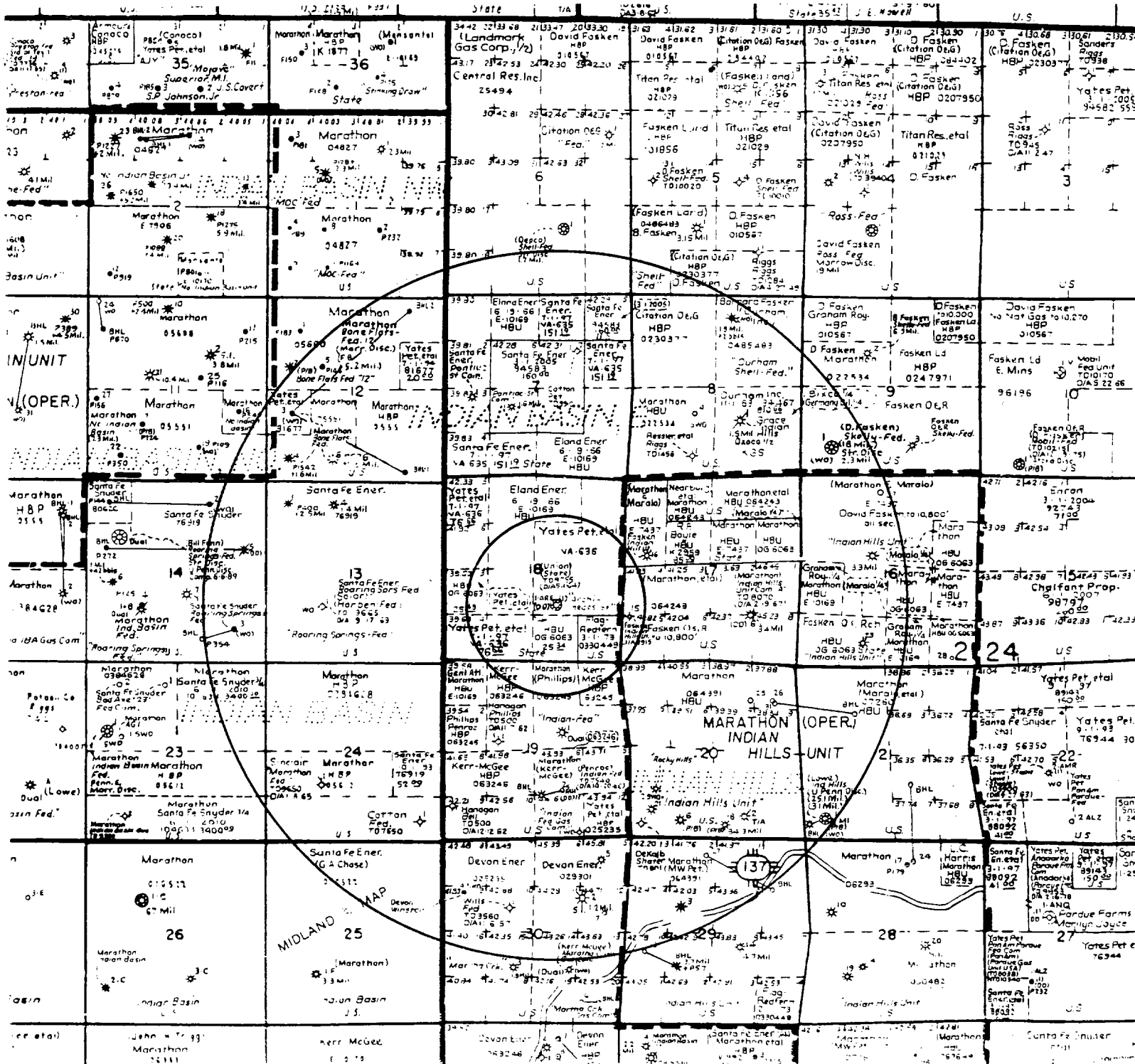
Size/Wt/Grade/Conn	Depth Set
13 3/8" 48#	356'
9 5/8" 36 & 40#	3188'
7" 23 & 26#	9751'



Proposed Configuration

SKETCH NOT TO SCALE

DATE: _____




YATES PETROLEUM CORPORATION
ARCHIMEDES ARE STATE COM NO. 1
PROPOSED SALT WATER DISPOSAL WELL
SEC 18-T21S-R24E
1650' FSL & 1980' FEL
EDDY COUNTY, NEW MEXICO

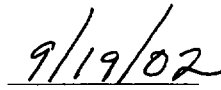
Attachment F

C-108 Application for Authorization to Inject
Yates Petroleum Corporation
Archimedes ARE State Com No. 1
Section 18, T-21S-R24E
Eddy County, New Mexico

Available engineering and geologic data have been examined and no evidence of open faults of hydrologic connection between the disposal zone and any underground sources of drinking water has been found.

A handwritten signature in cursive script, reading "John J. Humphrey".

John Humphrey
Geologist
Yates Petroleum Corporation

A handwritten date "9/19/02" in cursive script.

Date

**Yates Petroleum Corporation
Archimedes ARE State Com No. 1
18-21S-24E**

**Attachment A
Page 1**

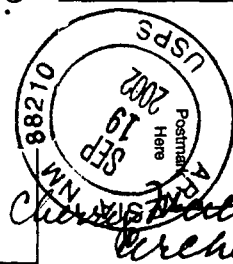
III. Well Data

- A.**
1. Lease Name/Location
Archimedes ARE State Com No. 1
18-21S-24E
1650' FSL & 1980' FEL
 2. Casing Strings:
 - a. Proposed well condition:
13 3/8" 48#, H40 ST&C at 356'
9 5/8" 36 & 40# at 3188'
7"23# J-55, 26# & 23# N-80 at 9751'
4 1/2" Plastic coated tubing (proposed) set at 8000' ±
 3. Propose to use Guiberson or Baker plastic-coated or nickel-plated packer set at 8000'±.
- B.**
1. Injection Formation: Canyon
 2. Injection interval into cased hole perforations 8032' - 8150'.
 3. Well was originally drilled as a Morrow well with perforations at 9521'-9599'. Additional zones were perforated at 9086'-9090', 8032'-8069' and 7550'-7812'. All open perforations above 8000' will be cement squeezed and pressure tested to ensure complete shut-off. Perforations below 8150' will be abandoned with CIBP and cement.
 4. Next higher (shallower) oil or gas zone within 2 miles – Canyon
Next lower (deeper) oil or gas zone within 2 miles – Morrow.

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only: No Insurance Coverage Provided)

OFFICIAL USE

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$



St Fasken Oil & Ranch LTD.
 303 West Wall Avenue, Ste 1800
 Midland, Texas 79701-5116
 ci

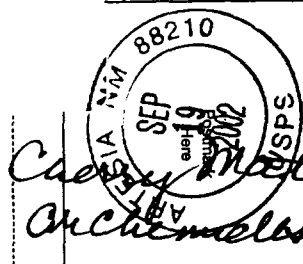
PS Instructions

7000 1530 0000 1625 4840

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only: No Insurance Coverage Provided)

OFFICIAL USE

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	



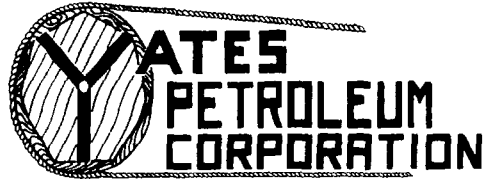
Marathon Oil Co.
 P.O. Box 552
 Midland, Texas 79702

Attn: Operations
 See Reverse for Instructions

7000 1530 0000 1625 4833

There are
 notices sent with correct
 NMOC address and corrected
 Well Name after letter from
 well owner.

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

October 28, 2002

OCT 31

Oil Conservation Division
Will Jones
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

RE: Archimedes "ARE" State #1
Unit J, Section 18, Township 21 South, Range 24 East
Eddy County, New Mexico

Dear Mr. Jones,

As per your request October 28, 2002 please find enclosed copies of the return receipts pertaining to the above referenced well.

If you should have any further questions please do not hesitate to contact me at (505) 748-4164.

Sincerely,

Cherry Matchus
Engineering Technician

Enclosure

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none">■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.■ Print your name and address on the reverse so that we can return the card to you.■ Attach this card to the back of the mailpiece, or on the front if space permits.		<p>A. Signature X D. Cooper <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) C. Date of Delivery 9-20-02</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>	
1. Article Addressed to: Fasken Oil & Ranch LTD. 303 West Wall Avenue, Ste. 1800 Midland, Texas 79701-5116 Attn: Operations		3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
2. Article Number (Transfer from service label) 7000 1530 0000 1625 4840		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	

PS Form 3811, August 2001 Domestic Return Receipt 102595-02-M-1540

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

OFFICIAL USE

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$

Postmark Here
SEP 19 2002
88210
NM
Chas. W. Archemides

Se Fasken Oil & Ranch LTD.
St 303 West Wall Avenue, Ste 1800
Ch Midland, Texas 79701-5116
PS Instructions

7000 1530 0000 1625 4840

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none">■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.■ Print your name and address on the reverse so that we can return the card to you.■ Attach this card to the back of the mailpiece, or on the front if space permits.		<p>A. Signature X McWilliam <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) McWilliam C. Date of Delivery SEP 23 2002</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>	
1. Article Addressed to: Marathon Oil Co. P.O. Box 552 Midland, Texas 79702 Attn: Operations		3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
2. Article Number (Transfer from service label) 7000 1530 0000 1625 4833		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	

PS Form 3811, August 2001 Domestic Return Receipt 102595-02-M-1540

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

OFFICIAL USE

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	

Postmark Here
SEP 19 2002
88210
NM
Chas. W. Archemides

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

Attn: Operations

7000 1530 0000 1625 4833

See Reverse for Instructions

**KELLAHIN & KELLAHIN
ATTORNEY AT LAW**

W. THOMAS KELLAHIN
NEW MEXICO BOARD OF LEGAL
SPECIALIZATION RECOGNIZED SPECIALIST
IN THE AREA OF NATURAL RESOURCES-
OIL AND GAS LAW

P.O. BOX 2265
SANTA FE, NEW MEXICO 87504
117 NORTH GUADALUPE
SANTA FE, NEW MEXICO 87501

TELEPHONE 505-982-4285
FACSIMILE 505-982-2047
TKELLAHIN@AOL.COM

November 7, 2002

**URGENT
HAND DELIVERED**

02 NOV -7 11 2:20
JAN 10 2003

Ms. Lori Wrotenbery, Director
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

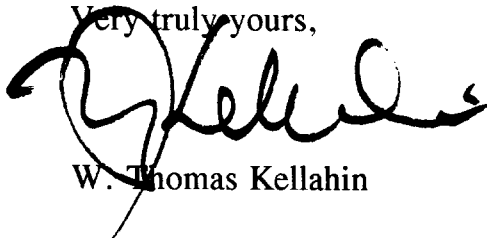
**Re: REQUEST OF MARATHON OIL COMPANY FOR AN
EMERGENCY ORDER VACATING ADMINISTRATIVE
ORDER SWD-852 AND STAYING YATES PETROLEUM
CORPORATION FROM DRILLING AND OPERATING A SALT
WATER DISPOSAL WELL, EDDY COUNTY, NEW MEXICO**

Dear Ms. Wrotenbery:

On behalf of Marathon Oil Company, and in accordance with
Division Rule 1202, please find enclosed our application for an Emergency
Order.

I have enclosed a proposed Order for your consideration.

Very truly yours,



W. Thomas Kellahin

via hand delivery:

David Brooks, Attorney OCD
Will Jones, OCD Examiner
William F. Carr, Esq.

Attorney for Yates Petroleum Corporation

via Facsimile:

Marathon Oil Company
Attn: Thomas C. Lowry, Esq.

Via Federal Express:

Yates Petroleum Corporation

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

**IN THE MATTER OF THE APPLICATION OF
MARATHON OIL COMPANY FOR AN ORDER
VACATING ADMINISTRATIVE ORDER SWD-852
AND STAYING YATES PETROLEUM CORPORATION
FROM RECOMPLETING AND OPERATING A SALT
WATER DISPOSAL WELL, EDDY COUNTY, NEW MEXICO**

APPLICATION

Marathon Oil Company ("Marathon") by its attorneys, Kellahin & Kellahin, applies to the New Mexico Oil Conservation Division for an order vacating Division Administrative Order SWD-852, dated October 5, 2002, and staying Yates Petroleum Corporation ("Yates") from recompleting and operating its Archimedes "ARE" State Well No. 1 located in Unit J of Section 18, T21S, R24E, NMPM, Eddy County New Mexico, as a salt water disposal well;

And in support states:

(1) On September 13, 2002, Yates Petroleum Corporation ("Yates") filed an administrative application with the New Mexico Oil Conservation Division ("Division") requesting approval to re-complete for salt water disposal its Archimedes "ARE" State Well No 1, located 1650 feet from the South line and 1980 feet from the East Line (Unit J) of Section 18, Township 21 South, Range 24 East, NMPM, Eddy County, New Mexico.

(2) Marathon is an adversely affected offset operator and entitled to notice of the Yates' application

(3) Division Rule 701.B (Form C-108) provides that the applicant shall send a complete copy of Form C-108 as notice to affected parties by certified or registered mail.

(4) Division Rule 701.C(2) provides that "No application for administrative approval may be approved until 15 days following receipt by the Division of Form C-108 complete with all attachments including evidence of mailing as required under Subsection B, Paragraph (2) above of 19.15.9.701 NMAC and proof of publication as required by Subsection C, Paragraph (1) above of 19.15.9.701."

(5) By letter dated September 14, 2002, the Division advised Yates that its application was incorrect and incomplete.

(6) On September 27, 2002, the Division received Yates' corrected application.

(7) In violation of Division Rule 701.B(2), Yates failed to send Marathon a copy of the cross-section Yates had filed with the Division as an attachment to Yates' C-108.

(8) Yates failed to send any of the supplemental documents to Marathon

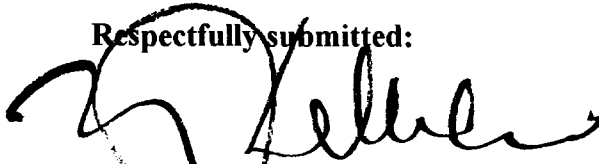
(9) On October 1, 2002, the Division received the geologic summary it had requested from Yates and for the first time now had a complete application from Yates.

(10) In violation of Rule 701.C(2), on October 5, 2002, the Division approved Yates's application and issued Administrative Order SWD-852.

(11) Marathon has been denied procedural due process by the actions of Yates and the Division.

Wherefore, Marathon requests that the Division enter an Emergency Order vacating Division Administrative Order SWD-852 and staying Yates from proceeding to re-complete and disposing water into Yates' Archimedes "ARE" State Well No. 1 located in Unit J of Section 18, T21S, R24E, Eddy County, New Mexico.

Respectfully submitted:

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over a horizontal line.

W. Thomas Kellahin, Esq.
Kellahin & Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504

Thomas C. Lowry, Esq.
Marathon Oil Company
P. O. Box 552
Midland, Texas 79702

Attorneys for Marathon Oil Company

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

Case No. _____

APPLICATION OF MARATHON OIL COMPANY
FOR AN ORDER VACATING ADMINISTRATIVE
ORDER SWD-852 AND STAYING YATES
PETROLEUM CORPORATION FROM DRILLING
AND OPERATING A SALT WATER DISPOSAL WELL
EDDY COUNTY, NEW MEXICO

ORDER OF THE DIVISION
STAYING ADMINISTRATIVE ORDER SWD-852

BY THE DIVISION:

This matter having come before the Division upon the request of Marathon Oil Company for a Stay of Division Administrative Order SWD-852 and the Division Director having considered the Request and being fully advised in the premises,

NOW, on this _____ day of November, 2002, the Division Director:

FINDS:

(1) That Division Administrative Order SWD-852 was entered on October 5, 2002, in violation of Division Rule 701.C(2) which provides that "no application for administrative approval may be approved until 15 days following receipt by the Division of Form C-108 complete with all attachments including..."

(2) Yates Petroleum Corporation's application was not complete until October 1, 2002.

IT IS THEREFORE ORDERED:

(1) That Division Administrative Order SWD-852 dated October 5, 2002 is hereby stayed pending further order of this Division.

(2) That this matter shall be placed for hearing on Division Examiner's docket for January 23, 2003 at which time Marathon Oil Company shall to appear and show cause why this Stay Order should not be vacated.

(3) That 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 date and year hereinabove designated.

OIL CONSERVATION DIVISION

LORI WORTENBRY
Director

**KELLAHIN & KELLAHIN
ATTORNEY AT LAW**

W. THOMAS KELLAHIN
NEW MEXICO BOARD OF LEGAL
SPECIALIZATION RECOGNIZED SPECIALIST
IN THE AREA OF NATURAL RESOURCES-
OIL AND GAS LAW

P.O. Box 2265
SANTA FE, NEW MEXICO 87504
117 NORTH GUADALUPE
SANTA FE, NEW MEXICO 87501

TELEPHONE 505-982-4285
FACSIMILE 505-982-2047
TKELLAHIN@AOL.COM

November 7, 2002

**URGENT
HAND DELIVERED**

Ms. Lori Wrotenbery, Director
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

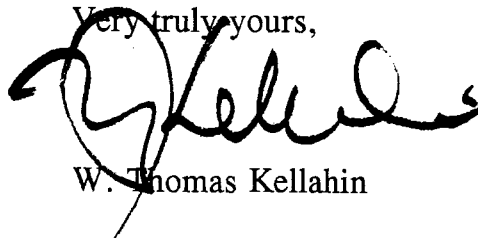
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WATER DISPOSAL WELL, EDDY COUNTY, NEW MEXICO**

Dear Ms. Wrotenbery:

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W. Thomas Kellahin

via hand delivery:

David Brooks, Attorney OCD
Will Jones, OCD Examiner
William F. Carr, Esq.
Attorney for Yates Petroleum Corporation

via Facsimile:

Marathon Oil Company
Attn: Thomas C. Lowry, Esq.

Via Federal Express:

Yates Petroleum Corporation

NOV -7 PM 2:20

NOV 7 2002

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

**IN THE MATTER OF THE APPLICATION OF
MARATHON OIL COMPANY FOR AN ORDER
VACATING ADMINISTRATIVE ORDER SWD-852
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FROM RECOMPLETING AND OPERATING A SALT
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And in support states:

(1) On September 13, 2002, Yates Petroleum Corporation ("Yates") filed an administrative application with the New Mexico Oil Conservation Division ("Division") requesting approval to re-complete for salt water disposal its Archimedes "ARE" State Well No 1, located 1650 feet from the South line and 1980 feet from the East Line (Unit J) of Section 18, Township 21 South, Range 24 East, NMPM, Eddy County, New Mexico.

(2) Marathon is an adversely affected offset operator and entitled to notice of the Yates' application

(3) Division Rule 701.B (Form C-108) provides that the applicant shall send a complete copy of Form C-108 as notice to affected parties by certified or registered mail.

(4) Division Rule 701.C(2) provides that "No application for administrative approval may be approved until 15 days following receipt by the Division of Form C-108 complete with all attachments including evidence of mailing as required under Subsection B, Paragraph (2) above of 19.15.9.701 NMAC and proof of publication as required by Subsection C, Paragraph (1) above of 19.15.9.701."

(5) By letter dated September 14, 2002, the Division advised Yates that its application was incorrect and incomplete.

(6) On September 27, 2002, the Division received Yates' corrected application.

(7) In violation of Division Rule 701.B(2), Yates failed to send Marathon a copy of the cross-section Yates had filed with the Division as an attachment to Yates' C-108.

(8) Yates failed to send any of the supplemental documents to Marathon

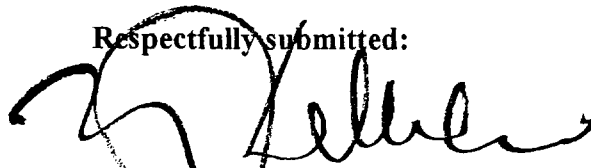
(9) On October 1, 2002, the Division received the geologic summary it had requested from Yates and for the first time now had a complete application from Yates.

(10) In violation of Rule 701.C(2), on October 5, 2002, the Division approved Yates's application and issued Administrative Order SWD-852.

(11) Marathon has been denied procedural due process by the actions of Yates and the Division.

Wherefore, Marathon requests that the Division enter an Emergency Order vacating Division Administrative Order SWD-852 and staying Yates from proceeding to re-complete and disposing water into Yates' Archimedes "ARE" State Well No. 1 located in Unit J of Section 18, T21S, R24E, Eddy County, New Mexico.

Respectfully submitted:



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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

Case No. _____

APPLICATION OF MARATHON OIL COMPANY
FOR AN ORDER VACATING ADMINISTRATIVE
ORDER SWD-852 AND STAYING YATES
PETROLEUM CORPORATION FROM DRILLING
AND OPERATING A SALT WATER DISPOSAL WELL
EDDY COUNTY, NEW MEXICO

ORDER OF THE DIVISION
STAYING ADMINISTRATIVE ORDER SWD-852

BY THE DIVISION:

This matter having come before the Division upon the request of Marathon Oil Company for a Stay of Division Administrative Order SWD-852 and the Division Director having considered the Request and being fully advised in the premises,

NOW, on this _____ day of November, 2002, the Division Director:

FINDS:

(1) That Division Administrative Order SWD-852 was entered on October 5, 2002, in violation of Division Rule 701.C(2) which provides that "no application for administrative approval may be approved until 15 days following receipt by the Division of Form C-108 complete with all attachments including..."

(2) Yates Petroleum Corporation's application was not complete until October 1, 2002.

IT IS THEREFORE ORDERED:

(1) That Division Administrative Order SWD-852 dated October 5, 2002 is hereby stayed pending further order of this Division.

(2) That this matter shall be placed for hearing on Division Examiner's docket for January 23, 2003 at which time Marathon Oil Company shall to appear and show cause why this Stay Order should not be vacated.

(3) That 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 date and year hereinabove designated.

OIL CONSERVATION DIVISION

LORI WORTENBRY
Director