### **BEFORE THE**

#### OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF MARALO, INC. FOR A NON-STANDARD
GAS PRORATION UNIT AND AN
UNORTHODOX GAS WELL LOCATION,
LEA COUNTY, NEW MEXICO.

CASE NO. 11655

### **AFFIDAVIT**

STATE OF NEW MEXICO	)
	) ss
COUNTY OF SANTA FE	)

William F. Carr, authorized representative of Maralo, Inc., the Applicant herein, being first duly sworn, upon oath, states that in accordance with the notice provisions of Rule 1207 of the New Mexico Oil Conservation Division the Applicant has attempted to find the correct addresses of all interested persons entitled to receive notice of this application and that notice has been given at the addresses shown on Exhibit "A" attached hereto as provided in Rule 1207.

William F. Carr

SUBSCRIBED AND SWORN to before me this 18th day of December, 1996.

Notary Public

My Commission Expires:

### **EXHIBIT A**

Sunrise Energy Partners, Ltd. II 12121 Wilshire Blvd., Suite 1100 Los Angeles, CA 90025-1174

Beaver Oil Company 407 Douglas Ave. Beaver, OK 73932

Nielson and Associates, Inc. 1131 13th Street Suite 203 Cody, WY 82414

Swift Energy Company 16825 Northchase Drive Suite 400 Houston, TX 77060

H. Grady Payne III 5650 N. Riverside Drive Fort Worth, TX 76137

Polaris Production Corp. 415 W. Wall Midland, TX 79701

Headington Minerals, Inc. 7557 Rambler Road Suite 1150 Dallas, TX 75231

NationsBank, N.A. Trustee of Trusts Nos. 1362, 1363 and 1364 303 W. Wall Midland, TX 79701

AFFIDAVIT, Page 2 King Ranch Oil & Gas Company 1415 Louisiana Street Suite 2300 Houston, TX 77002-7352

The Grayrock Corporation 11910 Greenville Avenue, #302 Dallas, TX 75243-3564

Mitchell Energy Corporation 1000 Gibralter Savings Center 200 North Loraine Midland, TX 79701

Devon Energy Corporation 20 North Broadway Suite 1500 Oklahoma City, OK 73102

## BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Case No. 11655 Exhibit No. A

Submitted by: Maralo, Inc.

Hearing Date: <u>December 19, 1996</u>

## CAMPBELL, CARR, BERGE & SHERIDAN, P.A.

LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F CARR
BRADFORD C. BERGE
MARK F SHERIDAN

MICHAEL H. FELDEWERT TANYA M. TRUJILLO PAUL R. OWEN

JACK M. CAMPBELL OF COUNSEL JEFFERSON PLACE
SUITE I - 110 NORTH GUADALUPE
POST OFFICE BOX 220B
SANTA FE, NEW MEXICO 87504-2208

TELECOPIER (505) 988-4421
TELECOPIER (505) 983-6043

November 27, 1996

# CERTIFIED MAIL RETURN RECEIPT REQUESTED

TO AFFECTED INTEREST OWNERS:

Re: Application of Maralo, Inc. for a non-standard gas proration unit and an

unorthodox gas well location, Lea County, New Mexico

#### Gentlemen:

This letter is to advise you that Maralo, Inc. has filed the enclosed application with the New Mexico Oil Conservation Division seeking the establishment of a non-standard gas spacing and proration unit in the Undesignated West Reeves-Queen Pool comprising the S/2 NW/4 and N/2 SW/4 of Section 16, Township 18 South, Range 35 East, to be dedicated to the existing Maralo SV "16" State Well No. 1 located at an unorthodox gas well location 1748 feet from the South line and 742 feet from the West line of said Section 16.

This application has been set for hearing before a Division Examiner on December 19, 1996. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,

WILLIAM F. CARR

ATTORNEY FOR MARALO, INC.

WFC:mlh

Enc.

US Postal Service
Receipt for Certified Mail

Sunrise Energy Partners, Ltd. II 12121 Wilshire Blvd., Suite 1100 Los Angeles, CA 90025-1174

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H. Grady Payne III 5650 N. Riverside Drive Fort Worth, TX 76137

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NationsBank, N.A. Trustee of Trusts Nos. 1362, 1363 and 1364 303 W. Wall Midland, TX 79701

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The Grayrock Corporation 11910 Greenville Avenue, #302 Dallas, TX 75243-3564

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CAMPBELL, CARR, BERGE & SHERIDAN, P.A.

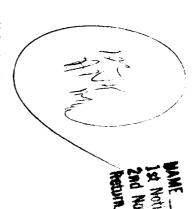
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December , 1996

Mr. Steve lair

Devon Engry Corp.

20 North I roadway, Suite 1500 Oklahoma Sty, OK 73102-8260



Re:

Maralo's SV "16" State #1 Section 16, T-18-S, R-35-E Vacuum South Ares (NM-36) Les County, New Mexico

Dear Mr. lair:

By letter d ted July 25, 1996 (copy attached), Devon Energy Corp. agreed to the proposal outlined in said let r which would allow for the formation of an operating area consisting of the West Half (W/2) of t captioned Section 16. By letter dated October 4, 1996, Devon rescinded said approval and reque ted that a unit be formed solely out of the Southwest Quarter (SW/4) of said section.

As you a saware, a hearing was held on November 21 asking that a Geologic proration unit be establishe for said well consisting of the S/2 NW/4 and N/2 SW/4 of said section. In an effort to put this m ter to rest and proceed with a resolution, Maraio hereby asks that Devon reconsider its position to ren in its October 4, 1996 letter and agree to the formation of an operating area consisting of the We : Half (W/2) of Section 16 which would allow Devon and its associated working interest owners a 7½% interest in the West Half (W/2) of said section.

If Devon: agreeable to recommitting to this proposal as outlined said letter of July 25, 1996, please sign a cop of this letter in the space provided below and return an executed original to our office or fax it to 1 at (713) 960-1672. If you have any questions, please contact Dick Lowery or Richard Gill at (9 5) 684-7441.

Yours very truly,

Joe C. Pulido, CFL Land Manager

JCP:jr

Xe. I a Gray (Devon) Dick Lowery Richard GIII
Agreed ( proposal outlined in Maralo's letter of

July 25, 996, subject to the execution of a mutually

acceptal : Joint Operating Agreement.

BEFORE THE

OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Case No. 11655 Exhibit No. B

Submitted by: Maralo, Inc.

Hearing Date: <u>December 19, 1996</u>

NEVÁN ENEDEN EN

Name: STEVEN K. BLAIR

Date: 1 4/90



November 22, 1996

Mr. William F. Carr Campbell, Carr, Berge, & Sheridan P. A. P. O. Box 2208 Santa Fe, New Mexico 87504-2208

RE: Hearing on West Reeves-Queen Gas Pool Maralo SV "16" State, Well No. 1 API No. 30-025-29347 Section 16, T18S, R35E, NMPM, Lea County, New Mexico

#### Mr. Carr:

In response to David Catanach's inquiry at the hearing on November 21, 1996, I've enclosed two letters to Jerry Sexton, District I Supervisor, Oil Conservation Division, Hobbs, New Mexico.

The last one dated March 16, 1996, asked for permission to produce the well in an interim period. I have updated Donna Pitzer, OCD Hobbs, New Mexico, by telephone and by fax on several occasions since then concerning the status of the continued attempt to develop an 160-acre unit for this well.

Dorothea Logan Regulatory Analyst

Donathan Zogo

### BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Case No116	55 Exhibit No. <u>C</u>
Submitted by:	Maralo, Inc.
Hearing Date:	December 19, 1996



March 13, 1996

Mr. Jerry Sexton District Supervisor Oil Conservation Division P. O. Box 1980 Hobbs, New Mexico 88240

RE: Permission to Produce
Maralo SV "16" State, Well #1
(API # 30-025-29347)
Reeves; Queen, West Gas Pool
Unit L, Sec. 16, T185, R35E
Lea County, New Mexico

Dear Mr. Sexton:

Maralo Inc. requests permission to continue producing the above named well in an interim period.

Please consider that modifications to Division General Rule 104 were underway and established during the period that Maralo Inc. was evaluating non-standard well spacing options for this well. All offset operators have been timely notified of the application filings (see attached).

The result of the evaluation is that an offset farmout has been sought to develop a standard 160-acre unit from the SW/4 of Section 16. If you have any questions regarding the ongoing process to place this well in a valid gas spacing proration unit, please call Dorothea Logan or Richard Gill, Petroleum Engineer, (915) 684-7441.

Sincerely,

Dorothea Logan Regulatory Analyst

attachments: (2)



January 11, 1996

Mr. Jerry T. Sexton Supervisor, District 1 Oil Conservation Division P. O. Box 1980 Hobbs, NM 88240

RE: Request for Extension and Allowable for Production Maralo SV "16" State, Well #1, API# 30-025-29347 Reeves; Queen, West Pool, Sec 16, 18S, 35E Lea County, New Mexico

Dear Mr. Sexton:

Enclosed please find amended Form C-102 requiring a non-standard 120 area unit for the captioned well. Also enclosed are Form C-105 and attachments for the Plugback Recompletion.

Maralo, Inc. requests the extension and allowable as it would be detrimental to the integrity of the well to shut it in at this time. A copy of the offset operator notification list and map is enclosed.

Thank you for your consideration in this matter.

Sincerely,

Dorothea Logan Regulatory Analyst MARALO, INC.

encls. (3)