

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

*Case 12991*

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

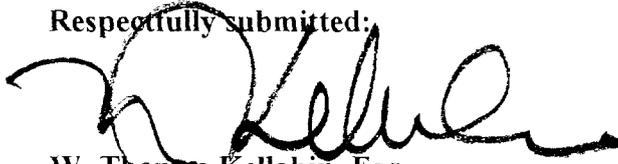
(9) On October 1, 2002, the Division received the geologic summary it had requested from Yates and for the first time now had a complete application from Yates.

(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 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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