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\*NEW MEXICO BOARD OF LEGAL SPECIALIZATION  
RECOGNIZED SPECIALIST IN THE AREA OF  
NATURAL RESOURCES-OIL AND GAS LAW

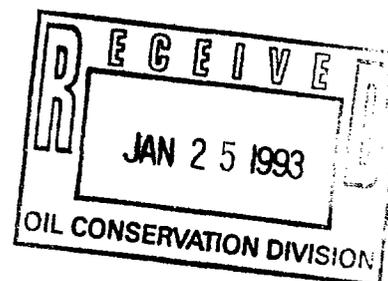
TELEPHONE (505) 982-4285  
TELEFAX (505) 982-2047

JASON KELLAHIN (RETIRED 1991)

January 25, 1993

**HAND DELIVERED**

Mr. William J. LeMay  
Oil Conservation Division  
310 Old Santa Fe Trail, Room 219  
P. O. Box 2088  
Santa Fe, New Mexico 87501



Re: Application of Marathon Oil Company  
for the Establishment of a Temporary  
Testing Allowable, Vacuum-Drinkard Oil  
Pool, Lea County, New Mexico

10667

Dear Mr. LeMay:

On behalf of Marathon Oil Company, please find enclosed our application for the establishment of a temporary testing allowable for its Warn State a/c 2 Project which we request be set for hearing on the next available Examiner's docket now scheduled for February 18, 1993.

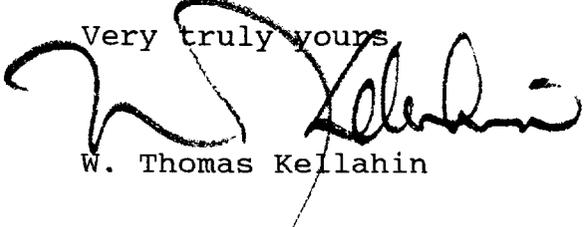
Our proposed advertisement to be used for the OCD docket and for the newspaper publication is attached as Enclosure (1).

By copy of this letter, including the application, to all affected parties, we are notifying them by certified mail-return receipt requested, that they have the right to appear at the hearing, to make a statement to the Division, to present evidence and cross-examine witnesses either in support of or in opposition to the application. This letter shall serve as notice to all affected parties that failure to appear at the time of hearing and become a party of record will preclude them from challenging this application at a later date.

In addition, parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Pre-Hearing Statement with the Division and with a copy delivered to the applicant not later than 4:00 PM on

Mr. William J. LeMay  
January 25, 1993  
Page Two

Friday, February 12, 1993. A copy of a Pre-Hearing Statement form is being furnished to all affected parties with this letter.

Very truly yours  
  
W. Thomas Kellahin

WTK/jcl

Enclosures: Application  
Proposed Advertisement

xc: With Enclosures

Thomas C. Lowry, Esq. - Marathon Oil Co.

**BY CERTIFIED MAIL-RETURN RECEIPT**

To all parties listed in Exhibit A of Application  
(with Pre-Hearing Statement Form)

ltr125.092

Enclosure (1)

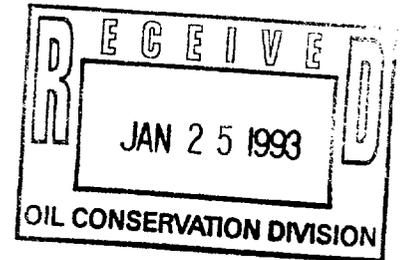
10667

Proposed notification/advertisement for OCD docket

Case \_\_\_\_\_: Application of Marathon Oil Company for establishment of a temporary testing allowable, Vacuum-Drinkard Oil Pool, Lea County, New Mexico. Applicant seeks an order establishing a special testing allowable for its Warn State a/c 2 Lease Project, comprising the W/2 of Section 6, Township 18 South, Range 35 East, NMPM, Vacuum-Drinkard Pool, for a maximum period of six months at a maximum rate equal to the capacity of each well within the project to produce oil from said pool. This project is located approximately 11 miles east of Buckeye, New Mexico.

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

IN THE MATTER OF THE APPLICATION  
OF MARATHON OIL COMPANY FOR THE  
ESTABLISHMENT OF A TEMPORARY TESTING  
ALLOWABLE FOR ITS WARN STATE A/C  
2 LEASE PROJECT, VACUUM-DRINKARD  
OIL POOL, LEA COUNTY, NEW MEXICO.



CASE NO. 10667

A P P L I C A T I O N

COMES NOW MARATHON OIL COMPANY ("Marathon") by and through its attorneys, Kellahin & Kellahin, and applies to the New Mexico Oil Conservation Division for the establishment of a Temporary Testing Allowable for its Warn State a/c 2 Lease Project, Vacuum-Drinkard Oil Pool, Lea County, New Mexico, as more specifically described as follows:

(1) On June 1, 1962, the Division established the Vacuum-Drinkard Pool by Order R-2241 whose vertical limits encompass the Drinkard formation and whose current horizontal limits comprise the NW/4 of Section 8 and the N/2 of Section 7, Township 18 South, Range 35 East, NMPM, Lea County, New Mexico.

(2) The Vacuum-Drinkard Pool is subject to statewide 40-acre oil spacing with oil production limited to a depth bracket oil allowable of 187 BOPD.

(3) Marathon is the operator of the W/2 of Section 6, T18S, R35E, NMPM, which is identified as its Warn State Account 2 Lease ("Project Area") being evaluated as a pressure maintenance project for production from the Drinkard formation.

(4) The Project Area consists of a single lease with all interest common within the project area.

(5) In October, 1992, Marathon completed its Warn State a/c 2 Well No. 11 located in Unit L of said Section 6 as a Drinkard oil well capable of producing oil in excess of the depth bracket allowable.

(6) Marathon seeks authority to conduct special tests on the Warn State a/c 2 Well No. 11 and on any other wells completed or to be completed in the Vacuum-Drinkard Pool in the Project Area, for the purpose of gathering data to determine:

(a) the most efficient producing rate for this particular reservoir or portion thereof;

(b) the feasibility of a pressure maintenance project for the Project Area through the determination of pore volume, inter-well communication and the existence of free gas saturation.

(7) Based upon current geologic control, the reservoir is a closed system without apparent aquifer support.

(8) Based upon current PVT data, the reservoir is still above bubble point.

(9) The drive mechanism appears to be solution gas. Therefore, ultimate recovery of oil from the reservoir should not be adversely affected by the granting of this application, even if a pressure maintenance project is determined not to be feasible.

(10) Applicant seeks a six month period in which to conduct tests on the Warn State a/c 2 Well No 11, and any other wells completed in the Drinkard formation within the Project Area, with a test allowable equal to the capacity of each well to produce.

(11) In order to maximize ultimate recovery from the reservoir, Marathon will use the information obtained

during the test period to design a pressure maintenance project for the Project Area to be implemented early in the life of the reservoir.

(12) The proposed Temporary Testing Allowable is necessary in order to obtain data from which to determine the most efficient rate of production for the proper development and depletion of the pool thereby preventing waste and protecting correlative rights.

(13) The names and addresses of the operators in the pool, the offsetting operators and, in the absence of an operator, the working interest owners to whom notice has been sent by certified mail return receipt notifying them of this application and hearing are set forth on Exhibit A, attached hereto

(14) Applicant requests that this Application be set for hearing on the next available Division Examiner's docket now scheduled for February 18, 1993.

WHEREFORE, Applicant requests that this Application be set for hearing and that after notice and hearing the Application be approved as requested.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written in a cursive style.

W. Thomas Kellahin  
Kellahin & Kellahin  
P. O. Box 2265  
Santa Fe, New Mexico 87501  
(505) 982-4285

Thomas C. Lowry, Esq.  
Marathon Oil Company  
P.O. Box 552  
Midland, Texas 79702  
ATTORNEYS FOR MARATHON OIL COMPANY

EXHIBIT "A" - ONE PAGE

- 1) Oryx Energy Company  
P. O. Box 2880  
Dallas, Texas 75221-2880
  - 2) Texaco Exploration & Production, Inc.  
P. O. Box 3109  
Midland, Texas 79702-3109
  - 3) Kemper Operating Company  
1509 Oldham Lane  
Ablene, Texas 79602
  - 4) Chevron U.S.A., Inc.  
P. O. Box 1150  
Midland, Texas 79702-1150
  - 5) Toreador Royalty Corporation  
400 N. St. Paul, Suite 730  
Dallas, Texas 75201-6805
  - 6) Mobil Producing Texas & New Mexico, Inc.  
P. O. Box 663  
Midland, Texas 79702-0663
  - 7) Shell Western E&P, Inc.  
P. O. Box 2463  
Houston, Texas 77252-2463
- and*
- P. O. Box 1910  
Midland, Texas 79702-1910
- 8) Phillips Petroleum Company  
4001 Penbrook  
Odessa, Texas 79762
  - 9) Exxon Company, U.S.A.  
P. O. Box 1600  
Midland, Texas 79702-1600
  - 10) J. M. Leonard and BP Exploration, Inc.  
P. O. Box 4587  
Houston, Texas 77002