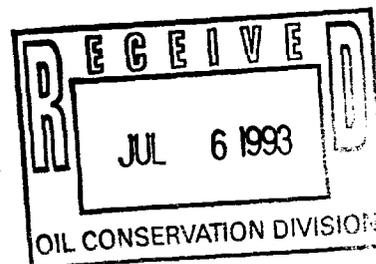


STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION  
OF MARATHON OIL COMPANY FOR APPROVAL  
OF AN UNORTHODOX COAL GAS WELL LOCATION,  
SAN JUAN COUNTY, NEW MEXICO



A P P L I C A T I O N

10780

Comes now MARATHON OIL COMPANY, by and through its attorneys, Kellahin and Kellahin, and applies to the New Mexico Oil Conservation Division for approval of an unorthodox well location in the Basin Fruitland Coal Gas Pool for its proposed Bolack Well No. 9-3 to be drilled at an unorthodox well location 790 feet FNL and 1710 feet FWL of Section 9, T27N, R11W, NMPM, San Juan County, New Mexico and to be dedicated to a 320 acre spacing unit consisting of the W/2 of Section 9, and in support states:

(1) Marathon Oil Company ("Marathon") is the proposed operator of the subject well and is the current operator of the Bolack 9-1 Well which is an existing coal gas well located 1377 feet FSL and 796 feet FWL (Unit L) of said Section 9.

(2) On September 22, 1990, Marathon completed its Bolack No. 9-1 Well at a standard location in the SW/4 of Section 9 and dedicated the W/2 of Section 9 to the well. See Exhibit "A" and Exhibit "B" attached.

(3) The Bolack No. 9-1 Well was completed by setting 5-1/2" casing and sand fracturing the Fruitland Coal. On initial gauge, the well produced 66 MCFPD. A wellhead compressor was placed on the well in January, 1991 when the well was connected to sales. Production increased to 120 MCFPD over the next six months, but by August, 1992, the well had declined to 90 MCFPD and was acidized and placed on gas-lift to remove produced water from the wellbore. In April, 1993, the well had declined to 36 MCFPD and a second fracture stimulation was performed on the well. No increase in production was seen as a result of the stimulation and the well is at its economic limit.

(4) While the entire W/2 of Section 9 is potentially productive, Marathon has been unsuccessful in its attempts to obtain a commercial well in a standard quarter section in this spacing unit.

(5) The E/2 of Section 9 is already dedicated to a Fruitland Coal Gas well located in the NE/4 of Section 9 and Marathon's only remaining alternative is to attempt to locate a well in the NW/4 of Section 9.

(6) Marathon seeks to drill its Bolack Well No 9-3 in the Basin Fruitland Coal Gas Pool at an unorthodox location in the NW/4 being 790 feet FNL and 1710 feet FWL of Section 9 as a replacement well for its existing Bolack 9-1 Well located in the SW/4 being 1877 feet FSL and 796 feet FWL of Section 9 which will be used as an observation well.

(7) The proposed location is standard as to the footage requirements but is unorthodox in that it is "off-pattern" for the Basin-Fruitland Coal Gas Pool because it is located in the NW/4 of the section rather than the NE/4 or the SW/4 of the section.

(8) The proposed unorthodox location is located within the "NAPI" Irrigation Project and has received preliminary approval from all necessary surface regulatory agencies.

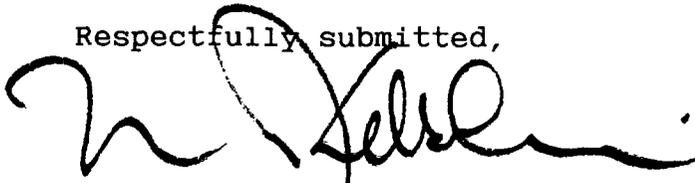
(9) The proposed unorthodox location is necessary in order for the applicant to economically recover Basin-Fruitland Coal Gas Pool reserves that are present in the W/2 of Section 9 and to avoid having this acreage drained by offsetting Basin Fruitland Coal Gas wells.

(10) Marathon requests that this matter be docketed for hearing on the Division Examiner docket now scheduled for July 29, 1993.

(11) Marathon is the operator of all adjoining and offsetting coal gas spacing units and therefore there is no operator entitled to notice of this case.

WHEREFORE, Marathon Oil Company requests that this matter be set for hearing on July 29, 1993 before a duly appointed Examiner of the Oil Conservation Division and that after notice and hearing as required by law, the Division enter its order granting this application.

Respectfully submitted,



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Kellahin and Kellahin  
P.O. Box 2265  
Santa Fe, New Mexico 87504-2265  
(505) 982-4285

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

Attorneys for Applicant

R 11 W

	MARATHON	MARATHON ☀	MARATHON	MARATHON	
	SOUTHLAND ROYALTY ☀	5	☀	4 ☀	3
	MARATHON	MARATHON ☀	MARATHON ●	MARATHON ☀	R & G DRILLING
T	☀	8	☀	9 ●	10 ☀
27	SOUTHLAND ROYALTY	MARATHON ☀	MARATHON	MARATHON ☀	MARATHON
		17 ●	☀	16	BONNEVILLE FUELS ☀
N			☀	☀	15 ☀
		20	MARATHON	MARATHON ☀	BONNEVILLE FUELS
			☀	21	BONNEVILLE FUELS ☀
				☀	22

EXHIBIT A

Submit to Appropriate District Office  
 State Lease - 4 copies  
 Fee Lease - 3 copies

State of New Mexico  
 Energy, Minerals and Natural Resources Department

Form 6-88  
 Revised 3-5-88

**OIL CONSERVATION DIVISION**

P.O. Box 2088  
 Santa Fe, New Mexico 87504-2088

**DISTRICT I**  
 P.O. Box 1980, Hobbs, NM 88240

**DISTRICT II**  
 P.O. Drawer DD, Artesia, NM 88210

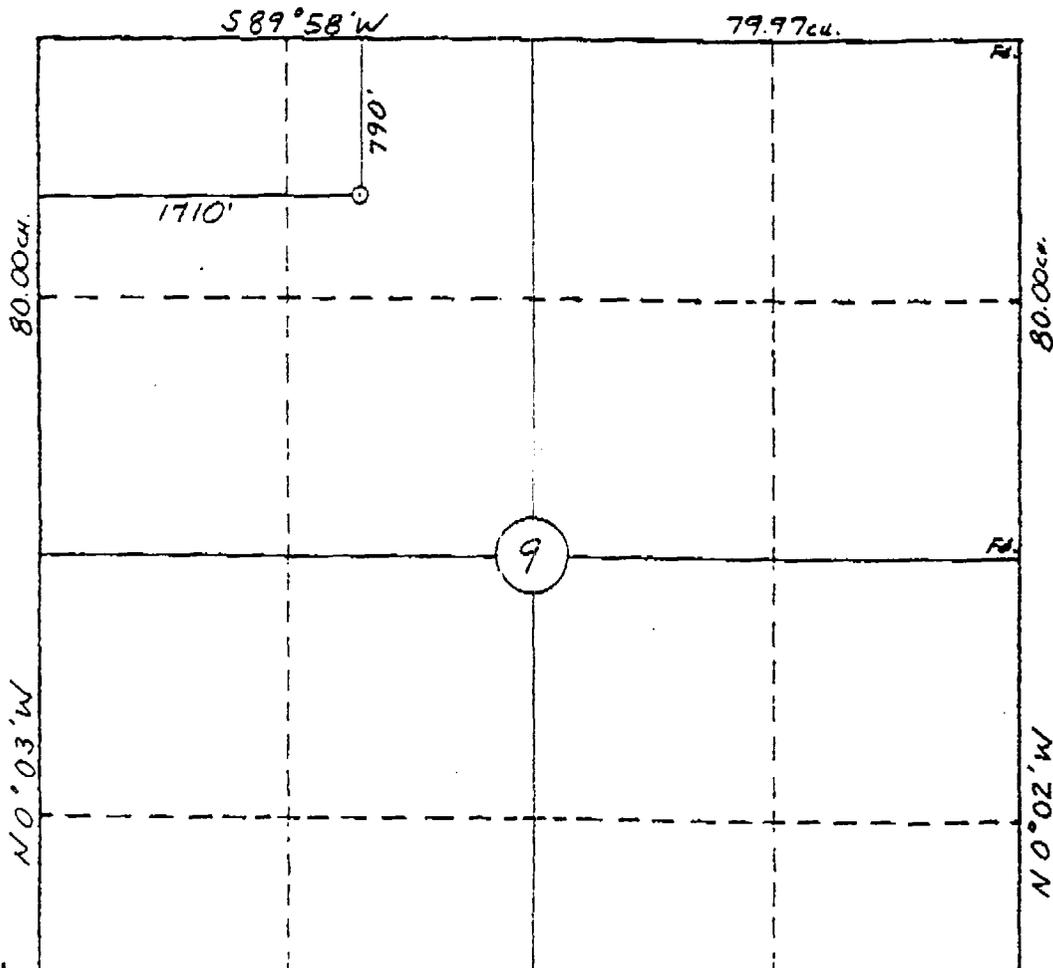
**DISTRICT III**  
 1000 Rio Grande Rd., Aztec, NM 87410

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

All Distances must be from the outer boundaries of the section

Operator <b>MARATHON OIL COMPANY</b>			Lease <b>BOLACK</b>		Well No. <b>9-3</b>
U.S. Letter <b>C</b>	Section <b>9</b>	Township <b>27 N</b>	Range <b>11 W</b>	County <b>San Juan</b>	NM/PM
Actual Footage Location of Well: <b>790</b> feet from the <b>North</b> line and <b>1710</b> feet from the <b>West</b> line					
Ground level Elev. <b>6178</b>	Producing Formation		Pool	Dedicated Acreage:  Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
  - Yes       No      If answer is "yes" type of consolidation \_\_\_\_\_
 If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)  
 No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, force-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



**OPERATOR CERTIFICATION**

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature \_\_\_\_\_  
 Printed Name \_\_\_\_\_  
 Position \_\_\_\_\_  
 Company \_\_\_\_\_  
 Date \_\_\_\_\_

**SURVEYOR CERTIFICATION**

I hereby certify that the well location shown on this plat was placed from field notes or actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

16 June 1993

Date Surveyed \_\_\_\_\_  
 Signature of Surveyor **William E. Mahnke II**  
 Professional Surveyor

EXHIBIT "B"