

**RODDY PRODUCTION COMPANY, INC.**

P. O. BOX 2221 • FARMINGTON, NEW MEXICO 87499

TELEPHONE: (505) 325-5866

*Case file*

NEW MEXICO OIL CONSERVATION DIVISION  
RECEIVED

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*Case 10781*

July 29, 1993

Mr. Bob Stovall, Attorney  
New Mexico Oil Conservation Division  
P. O. Box 2088  
Santa Fe, NM 87504-2088

RE: Marathon Oil Company  
Non-Standard Location for a Basin Fruitland  
Coal Well  
SE/4 Section 17, Township 27 North, Range 11 West  
(Swerdtfeger No.17-2)

Dear Mr. Stovall:

We entered into an agreement to purchase the properties of the Bradley H. Keyes Trust effective May 1, 1993. The closing of the purchase is scheduled for August 15, 1993. We learned of the hearing today on Marathon's proposed non-standard location in the SE/4 of Section 17, Township 27 North, Range 11 West, San Juan County, New Mexico. Since the hearing was today, we did not have a chance to voice our objections. We would appreciate it, if possible, if we could have some time to evaluate the well's effect on our acreage (Section 20, Township 27 North, Range 11 West) before the location is approved.

Sincerely,

RODDY PRODUCTION CO., INC.

*Kenneth E. Roddy*  
Kenneth E. Roddy  
President

**RODDY PRODUCTION COMPANY, INC.**

P. O. BOX 2221 • FARMINGTON, NEW MEXICO 87499

TELEPHONE: (505) 325-5866

August 4, 1993

Mr. Bob Stovall, Attorney  
New Mexico Oil Conservation Division  
P. O. Box 2088  
Santa Fe, NM 87504-2088

RE: Marathon Oil Company  
Non-Standard Location for a Basin  
Fruitland Coal Gas Well  
SE/4 Section 17, T27N, R11W  
San Juan County, New Mexico  
(Swerdtfeger No. 17-2)

Dear Mr. Stovall:

Mr. Lonnie Cunningham, Trustee of the Bradley H. Keyes Trust, has advised us they have no record of receiving a notice from Marathon Oil regarding a non-standard Fruitland Coal location in the SE/4 of 17-T27N-R11W.

Bradley Keyes Trust owns Section 20, T27N-R11W, which will be transferred to us after the title work is completed.

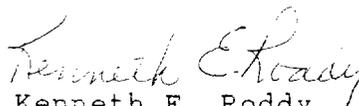
We would appreciate it if you would send copies of Marathon's notification to Bradley Keyes of their intention to drill a non-standard Fruitland Coal well in the SE/4 of 17-T27N-R11W.

If you cannot send the information to the above address, please send it to:

Mr. Lonnie Cunningham  
Trustee of the Bradley Keyes Trust  
P. O. Box 1387  
Aztec, NM 87410

Yours very truly,

RODDY PRODUCTION CO., INC.

  
Kenneth E. Roddy  
President

cc: Mr. Lonnie Cunningham

**KELLAHIN AND KELLAHIN**

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

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

W THOMAS KELLAHIN\*

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

JASON KELLAHIN (RETIRED 1991)

July 6, 1993

**HAND DELIVERED**

Mr. William J. LeMay  
Oil Conservation Division  
310 Old Santa Fe Trail, Room 218  
State Land Office Building  
Santa Fe, New Mexico 87501

RE: Schwerdtfeger Well No 17-2  
E/2 Sec 17, T27N, R11W, NMPM  
Application of Marathon Oil Company  
for Approval of an Unorthodox Coal  
Gas Well Location,  
San Juan County, New Mexico

16  
Jul 6 1993  
SERVAT

10781

Dear Mr. LeMay:

On behalf of Marathon Oil Company, please find enclosed our application for a hearing for its proposed Schwerdtfeger Well No. 17-2. We request that this case be set for hearing on the next available Examiner's Docket now scheduled for July 29, 1993.

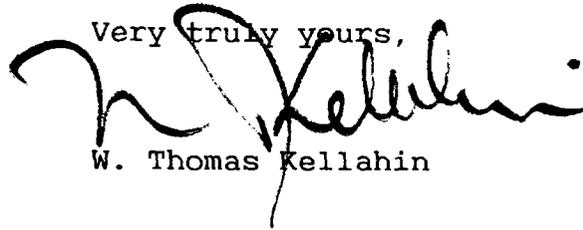
By copy of this letter and application, sent certified mail-return receipt requested, we are notifying all interested parties offsetting the subject well and its proposed spacing and proration unit of their right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application and that failure to appear at the hearing may preclude them from any involvement in this case at a later date.

Marathon Oil Company  
July 6, 1993  
Page 2.

Pursuant to the Division's Memorandum 2-90, all parties are hereby informed that if they appear in this case, then they are requested to file a Pre-Hearing Statement with the Division not later than 4:00 PM on Friday July 23, 1993 with a copy delivered to the undersigned.

Also enclosed is our suggested advertisement for the NMOCD docket.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over the typed name below.

W. Thomas Kellahin

Enclosure

cc: Marathon Oil Company

cc: BY CERTIFIED MAIL-RETURN RECEIPT TO:  
All parties listed on Exhibit "C"  
of the Application

**KELLAHIN AND KELLAHIN**

ATTORNEYS AT LAW

EL PATIO BUILDING

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W THOMAS KELLAHIN\*

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RECOGNIZED SPECIALIST IN THE AREA OF  
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

August 4, 1993

VIA FACSIMILE  
(505) 827-5741

Mr. Robert G. Stovall, Esq.  
Oil Conservation Division  
310 Old Santa Fe Trail  
Santa Fe, New Mexico 87501

Re: NMOCD Case 10781  
Schwerdtfeger 17-2 Well  
Marathon Oil Company

Dear Mr. Stovall:

In response to your telephone request today, I am enclosing the supporting documentation upon which my Certificate of Mailing was based.

Pursuant to Division Rule 1207(A)(5) and because Section 20, T27N, R11W did not have a Basin Fruitland Coal Gas well, I requested Marathon to provide me with the names and addresses of the owners of the undrilled lease(s) in this section. In response, on July 1, 1993 Marathon provided me with a "take-off" sheet prepared by Schutz Abstract Company which I have enclosed. It shows that Section 20 is subject to Federal Oil & Gas Lease NM-020496 and that El Paso Production Company held 100% of both the record title and the operating rights. You will note that the return receipt card shows delivery of notice to El Paso Production Company on July 12, 1993.

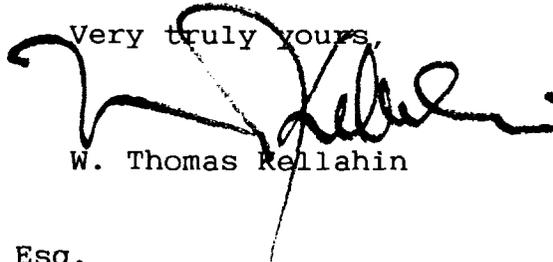
Oil Conservation Division  
August 4, 1993  
Page 2.

If the Schutz Abstract Company's information is accurate then Marathon is in full compliance with the notice requirements of the Division. It was not until after this case was presented at the hearing did I first become aware that Mr. Kenneth Roddy was claiming some interest in Section 20.

As you know, Mr. Roddy must have a property interest of record at the time of filing of the application in order to be entitled to notification and participation in this matter.

Marathon is contacting both Mr. Roddy and Schutz Abstract in order to verify the accuracy of the notice information upon which we relied.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over the typed name below. The signature is fluid and cursive, with a prominent initial 'W' and a long, sweeping tail.

W. Thomas Kellahin

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

NM-020496

T. 27 North - R. 11 West  
Section 20: All

✓ Lessee: El Paso Production Company  
801 Cherry St.  
Ft. Worth, Texas 76102

Operating Rights Owners: Lessee All

SF-078895 T. 27 North - R. 11 West  
Section 07: SE1/4  
18: E1/2

Lessee: Marathon Oil Company 50%  
Louis Dreyfus Gas Holdings, Inc. 50%

Operating Rights Owners: Louis Dreyfus Gas Holdings, Inc.  
Conoco Inc.  
El Paso Production Company  
Marathon Oil Company

NM-029145 T. 27 North - R. 11 West  
Section 19: NE1/4

Lessee: Floyd Oil Company  
711 Louisiana, #1740  
Houston, Texas 77002

Operating Rights Owners: W.M. Fuller  
2020 Team Bank Bldg.  
500 Throckmorton St.  
Ft. Worth, Texas 76102  
Pevehouse Oil Company  
300 W. Texas, Suite 1100  
Midland, Texas 79701



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



August 13, 1993

BRUCE KING  
GOVERNOR

ANITA LOCKWOOD  
CABINET SECRETARY

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

Mr. Kenneth Roddy, President  
Roddy Production Company  
P. O. Box 2221  
Farmington, New Mexico 87499

Re: Marathon Oil Company  
Unorthodox Well Location Application  
Schwerdtfeger 17-2 Well  
San Juan County, New Mexico

Dear Mr. Roddy:

I received your letter of August 4, 1993, informing the Division that Bradley Keyes Trust has received no notice from Marathon concerning the unorthodox Fruitland Coal location in the SE/4 of Section 17, T-27-N, R-11-W. According to W. Thomas Kellahin, Attorney for Marathon Oil Company, Marathon obtained a title take-off showing ownership in Section 20 of Township 27 North, Range 11 West to be an El Paso Production Company who was properly notified of this application. If you have information which will verify that the Bradley Keyes Trust interest was of record as of July 1, 1993, unless there was recorded notice of the Keyes Trust Interest in either the Federal lease records or San Juan County, there would be no way for Marathon to know to notify the trust and therefore their notice to El Paso was sufficient.

Please provide me any information you or the Keyes Trust may have regarding their ownership. If I have not received the information by 12:00 noon on August 25, 1993, I will instruct the examiner to proceed to issue whatever order he is planning to issue in this case.

Sincerely,

A handwritten signature in cursive script that reads "Robert G. Stovall".

ROBERT G. STOVALL,  
Division Counsel

cc: W. Thomas Kellahin



# TULLY & JOLLEY

ATTORNEYS AT LAW

RICHARD T.C. TULLY, P.A.

RICHARD T.C. TULLY  
MICHAEL W. CUNNINGHAM

111 NORTH ORCHARD AVENUE

POST OFFICE BOX 268

FARMINGTON, NEW MEXICO 87499-0268

(505) 327-3388 • FAX: (505) 325-8232

VAL R. JOLLEY, P.A.

VAL R. JOLLEY

August 20, 1993

Robert G. Stovall, Esq.  
Division Counsel  
New Mexico Oil Conservation Division  
P. O. Box 2088  
Santa Fe, NM 87504

Re: Marathon Oil Company  
Schwerdtfeger #17-2 Well  
San Juan County, New Mexico

*Case 10781*

Dear Bob:

Your letter dated August 13, 1993 to Kenneth Roddy, President, Roddy Production Company, received by our client on August 19, 1993, has been referred to this lawfirm for reply.

The following instruments have been filed in the records of San Juan County, New Mexico showing the ownership of Bradley H. Keyes and Margaret N. Keyes, Trustees, in all of Section 20, T-27-N, R-11-W, N.M.P.M., San Juan County, New Mexico from the surface to the base of the Pictured Cliffs Formation:

1. Agreement dated August 19, 1965 from Frank Yockey to Bradley H. Keyes et ux. (Margaret N.) filed in Book 609, Page 143 of the records of San Juan County, New Mexico.

2. Agreement dated March 11, 1968 from Frank Yockey to Bradley Keyes filed in Book 662, Page 61 of the records of San Juan County, New Mexico.

3. Assignment dated May 17, 1968 from Frank Yockey to Bradley Keyes filed in Book 662, Page 352 of the records of San Juan County, New Mexico.

4. Assignment and Release dated March 17, 1969 from James L. Brown to Bradley Keyes filed in Book 673, Page 55 of the records of San Juan County, New Mexico.

5. Assignment of Operating Rights dated July 20, 1977 from Murray M. Dickson et al. to Bradley H. Keyes and Margaret N. Keyes filed in Book 784, Page 258 of the records of San Juan County, New Mexico.

Robert G. Stovall, Esq.  
Division Counsel  
August 20, 1993  
PAGE TWO

6. Assignment of Operating Rights dated November 1, 1977 from Murray M. Dickson et al. to Bradley H. Keyes et ux. (Margaret N.) filed in Book 797, Page 86 of the records of San Juan County, New Mexico.

7. Assignment of Working Interest-Assignment of Operating Agreement dated December 1, 1978 from Bradley H. Keyes et ux. (Margaret N.) to Bradley H. Keyes and Margaret N. Keyes, Trustees under Trust Agreement dated September 21, 1978 filed in Book 840, Page 95 of the records of San Juan County, New Mexico. A copy of this Assignment is enclosed herein.

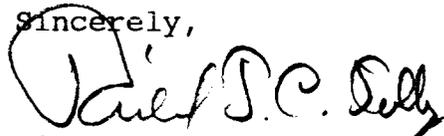
In addition, the District Office of the New Mexico Oil Conservation Division in Aztec, New Mexico shows Bradley H. Keyes and Margaret N. Keyes, Trustees, to be the operator of the following Pictured Cliffs wells located in Section 20, T-27-N, R-11-W, N.M.P.M.:

Yockey #1 Well - SE/4  
Yockey #2 Well - NW/4  
Yockey #3 Well - NE/4  
Yockey #4 Well - SW/4

It will be greatly appreciated if you will also advise whether the Schwerdtfeger #19-2 Well has already been drilled, completed, and is producing from the Fruitland Coal Formation at this time.

If you need further information or assistance, please advise.

Sincerely,



Richard T. C. Tully

RTCT:sak

Enclosure

cc w/encl.

Robert G. Stovall, Esq.  
Division Counsel  
August 20, 1993  
PAGE THREE

Kenneth E. Roddy, President  
Roddy Production Company, Inc.  
P. O. Box 2221  
Farmington, NM 87499

Margaret N. Keyes and  
Lonnie Cunningham, Co-Trustees  
P. O. Box 1387  
Aztec, NM 87410

W. Thomas Kellahin, Esq.  
Kellahin & Kellahin  
P. O. Box 2265  
Santa Fe, NM 87504-2265

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STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



August 24, 1993

BRUCE KING  
GOVERNOR

ANITA LOCKWOOD  
CABINET SECRETARY

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

Mr. Richard T. C. Tully  
Tully & Jolley  
P. O. Box 268  
Farmington, New Mexico 87499-0268

Re: Marathon Oil Company  
Schwerdtfeger #17-2 Well  
San Juan County, New Mexico

Dear Rick:

I received your letter of August 20, 1993, regarding the interest of Bradley Keyes Trust in Section 20, Township 27 North, Range 11 West, NMPM, San Juan County. I see by your letter you have forwarded a copy to Tom Kellahin and by copy of this letter I will advise him that the Division will not issue an order in this case until questions regarding the Keyes Trust operating rights and right to receive notice have been resolved.

I therefore request that each of you keep me informed as to the most current status of the matter.

Sincerely,

ROBERT G. STOVALL,  
Division Counsel

RGS/dr

cc: W. Thomas Kellahin  
Kellahin & Kellahin  
P. O. Box 2265  
Santa Fe, New Mexico 87504-2265

**KELLAHIN AND KELLAHIN**

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN\*

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

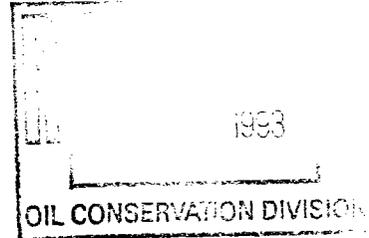
TELEPHONE (505) 982-4285  
TELEFAX (505) 982-2047

JASON KELLAHIN (RETIRED 1991)

August 31, 1993

HAND DELIVERED

Mr. William J. LeMay  
Oil Conservation Division  
310 Old Santa Fe Trail, Room 218  
State Land Office Building  
Santa Fe, New Mexico 87501



Re: Application of Marathon Oil Company to Reopen  
Division Case 10781 for purposes of considering  
objections to Marathon's proposed Schwedtfeger Well  
No. 17-2 to be drilled at an unorthodox coal gas  
well location, San Juan County, New Mexico.

Dear Mr. LeMay:

Our firm represents Marathon Oil Company which  
presented this case to the Division at a hearing held on  
July 29, 1993. Subsequent to that hearing, Kenneth Roddy  
and Roddy Production Company have objected to this well  
location. Accordingly, we request that this case be  
reopened and that any objections be heard at the next  
available Examiner's Docket now scheduled for September  
23, 1993.

By copy of this letter including a copy of the  
original application which are being sent certified mail-  
return receipt requested, we are providing supplemental  
notification to the following additional parties  
offsetting the subject well and advising each of them of  
their right to appear at the hearing and present their  
objections if any:

Oil Conservation Division  
August 31, 1993  
Page 2.

Kenneth E. Roddy  
Roddy Production Company  
P. O. Box 2221  
Farmington, New Mexico 87499

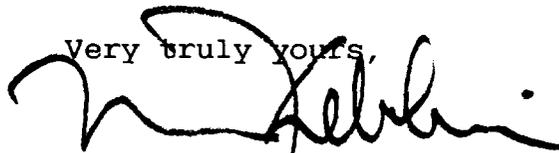
Margaret N. Keyes and  
Lonnie Cunningham, Co-Trustees  
P. O. Box 1387  
Aztec, New Mexico 87410

Bradley H. Keyes and  
Margaret N. Keyes, Trustees  
P. O. Box 1387  
Aztec, New Mexico 87410

Pursuant to the Division's Memorandum 2-90, all parties are hereby informed that if they appear in this case, then they are requested to file a Pre-Hearing Statement with the Division not later than 4:00 PM on Friday, September 17, 1993, with a copy delivered to the undersigned.

Also enclosed is our suggested advertisement for the NMOCD docket.

Very truly yours,



W. Thomas Kellahin

cc: Hand Delivered:  
Robert G. Stovall, Esq (OCD)  
Michael E. Stogner (OCD)

cc: Via Facsimile:  
Thomas C. Lowry (Marathon)  
Richard T. C. Tully, Esq

*ms.*

**KELLAHIN AND KELLAHIN**

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285

TELEFAX (505) 982-2047

W. THOMAS KELLAHIN\*

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

JASON KELLAHIN (RETIRED 1991)

September 21, 1993

VIA FACSIMILE  
(505) 827-5741

Mr. Michael E. Stogner  
Hearing Examiner  
Oil Conservation Division  
310 Old Santa Fe Trail  
Santa Fe, New Mexico 87501

Re: NMOCD Case 10781 (Reopened)  
Application of Marathon Oil Company for  
an unorthodox coal gas well location for  
its Schwerdtfeger Well No 17-2,  
San Juan County, New Mexico

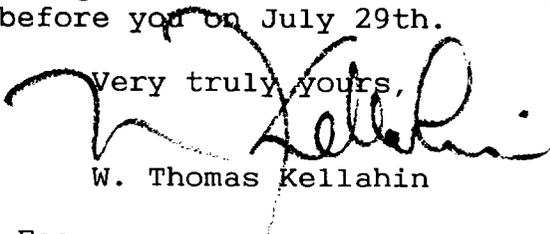
Dear Mr. Stogner:

The referenced case was originally heard by you on July 29, 1993. It has been placed on the Division hearing docket for September 23, 1993 for another hearing to consider the standing and objection of certain parties.

On behalf of Marathon Oil Company, we would appreciate this case being continued to the Division docket now scheduled for October 7, 1993.

In addition, while this continuance will be to Mr. Catanach's hearing docket, we would request that you again preside as Hearing Examiner over the same case which was commenced before you on July 29th.

Very truly yours,



W. Thomas Kellahin

Via Facsimile:

- cc: Thomas C. Lowry, Esq
- cc: William F. Carr, Esq.
- cc: Richard T. C. Tully, Esq.