

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

10782

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

OIL CONSERVATION DIVISION

A P P L I C A T I O N

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. 9-4 to be drilled at an unorthodox well location 1100 feet FEL and 1700 feet FSL of Section 9, T27N, R11W, NMPM, San Juan County, New Mexico and to be dedicated to a 320 acre spacing unit consisting of the E/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 9-2 Well which is an existing coal gas well located 790 feet FNL and 1625 feet FEL (Unit B) of said Section 9.

(2) On September 25, 1990, Marathon completed its Bolack No. 9-2 Well at a standard location in the NE/4 of Section 9 and dedicated the E/2 of Section 9 to the well. See Exhibit "A" and Exhibit "B" attached.

(3) The Bolack No. 9-2 Well was completed by setting 5-1/2" casing and sand fracturing the Fruitland Coal. On initial gauge, the well produced a volume of gas too small to measure. A wellhead compressor was placed on the well in January, 1991 when the well was connected to sales. Production increased to about 150 MCFPD over the first three months, but by June, 1992, the well had declined to 40 MCFPD and was temporarily shut in. In September, 1992, the well was acidized and placed on gas-lift and returned to production at a rate of 30 MCFPD. In April, 1993, the well was evaluated for re-stimulation, but it was decided not to refracture the well because of the poor result obtained on offsetting Bolack 9-1 Well and the Schwerdtfeger No 17-1 Well. In June, 1993, the well was shut-in due to uneconomic production.

(4) While the entire E/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 W/2 of Section 9 is already dedicated to a Fruitland Coal Gas well located in the SW/4 of Section 9 and Marathon's only remaining alternative is to attempt to locate a well in the SE/4 of Section 9.

(6) Marathon seeks to drill its Bolack Well No 9-4 in the Basin Fruitland Coal Gas Pool at an unorthodox location in the SE/4 being 1100 feet FEL and 1710 feet FSL of Section 9 as a replacement well for its existing Bolack 9-2 Well located in the NE/4 being 790 feet FNL and 1625 feet FEL 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

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

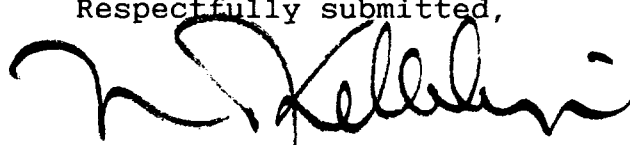
(9) The proposed unorthodox location is necessary in order for the applicant to economically recover Basin-Fruitland Coal Gas Pool reserves that are present in the E/2 of Section 9 and to avoid having this acreage drained by offsetting Basin Fruitland Coal Gas wells.

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

(11) In accordance with Division notice rules, a copy of this application has been sent to all offsetting operators and interested parties who might be affected by this application, said parties are listed on Exhibit "C" attached.

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,

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






















W. Thomas Kellahin
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(505) 982-4285

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

Attorneys for Applicant

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

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form 6-102
Revised 1-1-89

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 Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator MARATHON OIL COMPANY			Lease BOLACK		Well No. 9-4
Unit Letter I	Section 9	Township 27 N	Range 11 W	County San Juan	
Actual Footage Location of Well: 1700 feet from the South line and 1100 feet from the East line					
Ground level Elev. 6231	Producing Formation			Pool	Dedicated Acreage Acres
<p>1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.</p> <p>2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).</p> <p>3. 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.?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No If answer is "yes" type of consolidation _____</p> <p>If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____</p> <p>No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.</p>					

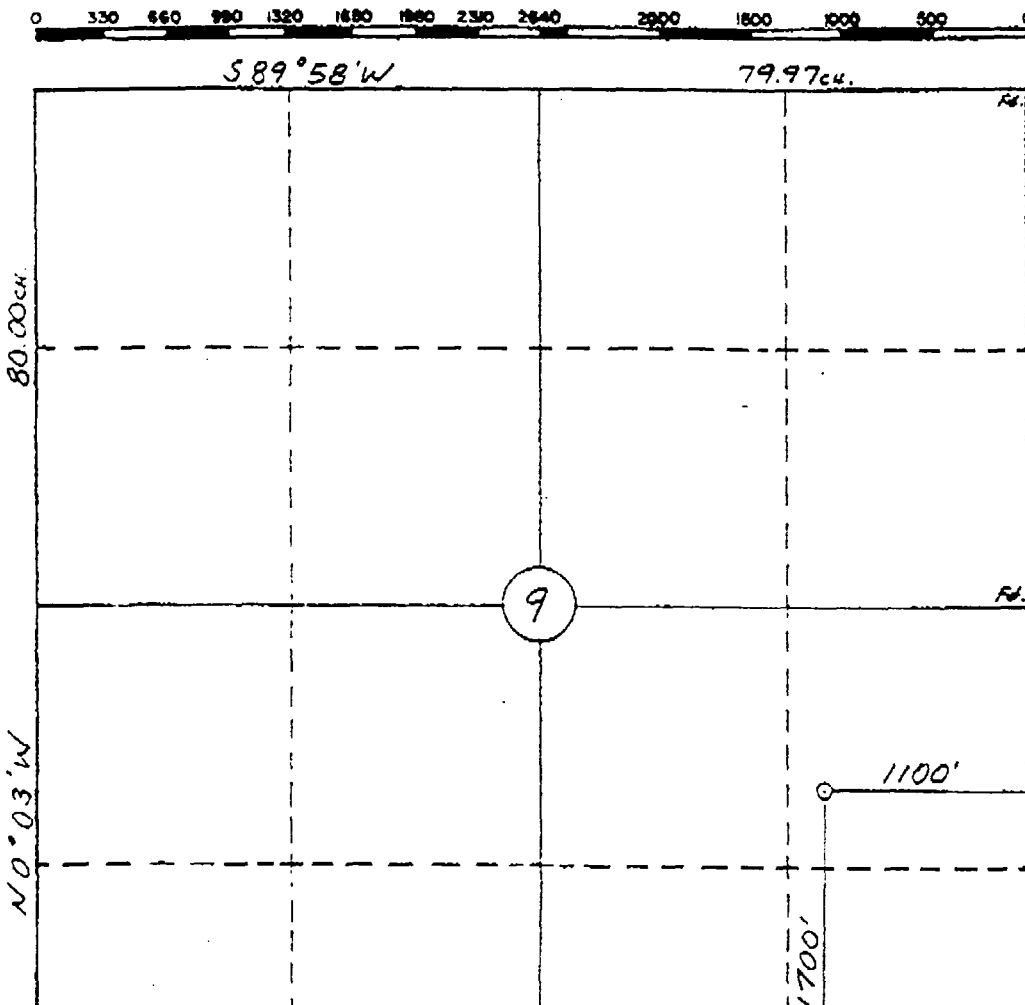


EXHIBIT "C"

OFFSET INTEREST OWNER NOTICE LIST

Atlantic Richfield Company
P. O. Box 2819
Dallas Texas 75221

Amoco Production Company
P. O. Box 800
Denver, Colorado
Attn: Mr. Bill Hawkins

Conoco Inc.
P. O. Box 1150
Midland, Texas 79702
Attn: Mr. Jerry Hoover

Meridian Oil Inc.
P. O. Box 4289
Farmington, New Mexico 87499
Attn: Mr. Alan Alexander

R & G Drilling Company, Inc.
P. O. Box 1848
Farmington, New Mexico 87401

Bradley H. Keys
P. O. Box 842
Aztec, New Mexico 87410

Margaret H. Keys
P. O. Box 842
Aztec, New Mexico 87410