

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)

February 7, 1994

Mr. William J. LeMay  
Oil Conservation Division  
State Land Office Building  
310 Old Santa Fe Trail, 2nd Floor  
Santa Fe, New Mexico 87501

HAND DELIVERED

10922

Re: J. M. Denton Lease  
Application of Marathon Oil Company  
for a High Angle/Horizontal Direction  
Drilling Pilot Project, Special  
Operating Rules Therefor, including  
A Special Project Allowable,  
Lea County, New Mexico

FEB - 7 1994

Dear Mr. LeMay:

On behalf of Marathon Oil Company, please find enclosed our Application for a High Angle/Horizontal Direction Drilling Pilot Project as referenced above, which we request be set for hearing on the next available Examiner's docket now scheduled for March 3, 1994.

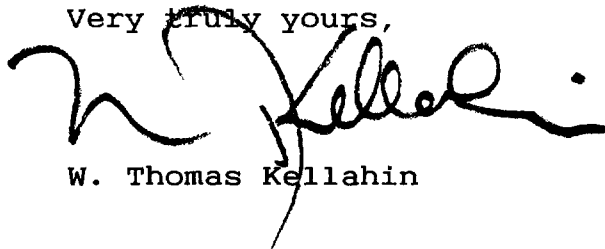
By copy of this letter and application, sent certified mail, we are notifying all interested parties within a 1/2 mile radius of the subject project of their right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application and that failure to appear at the hearing may preclude them from any involvement in this case at a later date.

NMOCD Application  
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, February 25, 1994, with a copy delivered to the undersigned.

Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', with a large, stylized initial 'W' and a long horizontal stroke extending to the right.

W. Thomas Kellahin

WTK/mg  
Enclosure

cc: Dow Campbell, Esq.  
Marathon Oil Company

**By Certified Mail - Return Receipt**

All Parties Listed on Exhibit "C" of Application

FEB 1966

# PROPOSED ADVERTISEMENT

CASE 10922 Application of Marathon Oil Company for a high angle/horizontal directional drilling pilot project and special operating rules therefor, Lea County, New Mexico. Applicant seeks to initiate a high angle/horizontal/directional drilling project in the Denton-Devonian Pool, underlying a Project Area being the SW/4, N/2SE/4 and SE/4SE/4 of Section 11, T15S, R37E. Applicant proposes to re-enter and directionally drilling its J. M. Denton Well No. 5 by commencing at a standard well location in Unit N of Section 11, then kicking-off from vertical in a northeasterly direction commencing to build angle at an appropriate rate to vertically and/or horizontally intersect the proposed producing area such that the producing interval will be located in Unit N of Section 11. Applicant further seeks the promulgation of special operating rules and procedures for wells within said Project Area including provisions for administrative authorization for additional horizontal/high angle/directional wellbores, the formation of oversized and irregular shaped spacing and proration units to accommodate such wellbores, the assignment of a special oil allowable or formula for the project area. Applicant further seeks the designation of a target window such that the horizontal or producing portion of such wellbores shall be no closer than 330 feet to any outer boundary of the project area. Said project is located approximately 4.5 miles south-southeast from Prairieview, New Mexico.

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

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE: 10922

APPLICATION OF MARATHON OIL COMPANY  
FOR A HIGH ANGLE/HORIZONTAL/DIRECTIONAL  
DRILLING PILOT PROJECT, SPECIAL  
OPERATING RULES THEREFOR, INCLUDING  
AND A SPECIAL PROJECT ALLOWABLE,  
LEA COUNTY, NEW MEXICO

A P P L I C A T I O N

Comes Now MARATHON OIL COMPANY, by and through its attorneys, Kellahin & Kellahin, and applies to the New Mexico Oil Conservation Division for approval of a high angle/horizontal directional drilling pilot project and special operating rules therefor, Lea County, New Mexico. Applicant seeks to initiate a high angle/horizontal/directional drilling project in the Denton-Devonian Pool, underlying a Project Area being the SW/4, N/2SE/4 and SE/4SE/4 of Section 11, T15S, R37E. Applicant proposes to re-enter and directionally drilling its J. M. Denton Well No. 5 by commencing at a standard well location in Unit N of Section 11, then kicking-off from vertical in a northeasterly direction commencing to build angle at an appropriate rate to vertically and/or horizontally intersect the proposed producing area such that the producing interval will be located in Unit N of Section 11. Applicant further seeks the promulgation of special operating rules and procedures for wells within said Project Area including provisions for administrative authorization for additional horizontal/high angle/directional wellbores, the formation of oversized and irregular shaped spacing and

proration units to accommodate such wellbores, the assignment of a special oil allowable or formula for the project area. Applicant further seeks the designation of a target window such that the horizontal or producing portion of such wellbores shall be no closer than 330 feet to any outer boundary of the project area.

In support thereof states:

(1) Applicant is the operator for of the J. M. Denton lease consisting of the SW/4, N/2SE/4 and SE/4SE/4 of Section 11, T15S, R37E, NMPM, Lea County, New Mexico as shown on Exhibit "A" attached.

(2) Applicant proposes to designate an initial Project Area consisting of the above described lease for the re-entering the J. M. Denton Well No. 5 located in Unit N and drilling an initial high angle/horizontal/directional well by kicking said well off at a depth of approximately 11,400 feet (+ or - 100 feet) at which point the applicant will kick the well off in a northeasterly direction and drill said well as approximated on Exhibit "B" attached.

(3) Applicant requests authorization for an administrative approval procedure for any future high/angle (short radius or medium radius curve), horizontal and/or directionally drilled wells within the Project Area.

(4) Applicant request approval to drill up to or cross quarter-quarter section lines within the Project Area if necessary to properly develop the project area within this pool, BUT all said wells would be controlled such that all producing portions of any such well would be no closer than 330 feet to the outer boundary of the Project Area.

(5) Applicant requests that the Project Area is assigned a top allowable for the Denton-Devonian Pool based upon 365 barrels of oil per day for each 40-acre spacing unit within the project area; that the producing portion of any well with the vertical limits of this pool which extends into more than one quarter-quarter section be assigned an allowable of up to 365 barrels of oil per day for each additional quarter-quarter section penetrated by said well; and that each 40-acre quarter-quarter section should provide a total allowable of no more than 365 barrels of oil per day to all wells which have penetrated and are producing within the vertical limits of the pool from that quarter-quarter section.

(6) By drilling a high angle/horizontal/directional drilled wellbore, the applicant is attempting to increase the probability of encountering portions of the Denton-Devonian Pool which have not been adequately produced with existing vertical wells resulting in the recovery of a greater amounts of gas and oil, thereby preventing waste.

(7) In as much as the exact distance and direction of the lateral portion of the wellbore is not known at this time, the Applicant seeks approval to be allowed to drill and produce said lateral portion anywhere within an area designated a target window as follows: commencing at a distance not closer than 330 feet from any of the side boundaries of the proposed spacing unit so that within the drilling window no portion of the wellbore open for production shall be closer than 330 feet to the outer boundary of the spacing unit.

(8) As required, notice is provided to those offsetting operators as listed on Exhibit "C."

Application of Marathon Oil Company  
Page 4

(10) The granting of this Application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Applicant requests that this matter be set for hearing on March 3, 1994 before a duly appointed Examiner of the Oil Conservation Division and, after notice and hearing as required by law, the Division enter its Order granting this application.

Respectfully submitted,

KELLAHIN and KELLAHIN

By: 

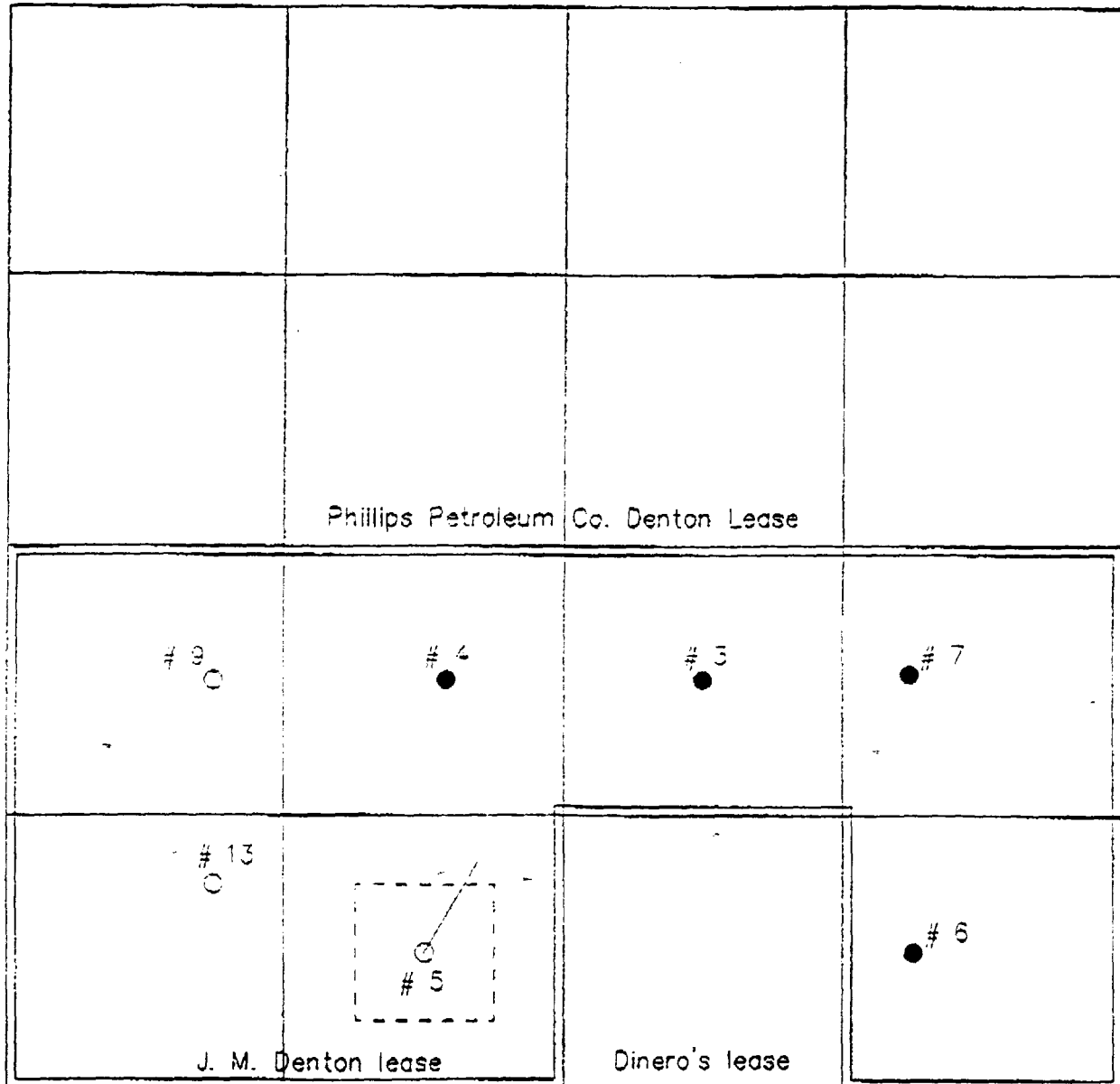
W. Thomas Kellahin  
Post Office Box 2265  
Santa Fe, New Mexico 87504  
(505) 982-4285

Dow Campbell, Esq.  
Marathon Oil Company  
P. O. Box 552  
Midland, Texas 79702

ATTORNEYS FOR APPLICANT

EXHIBIT "A"

T-15-S, R-37-E  
Section 11



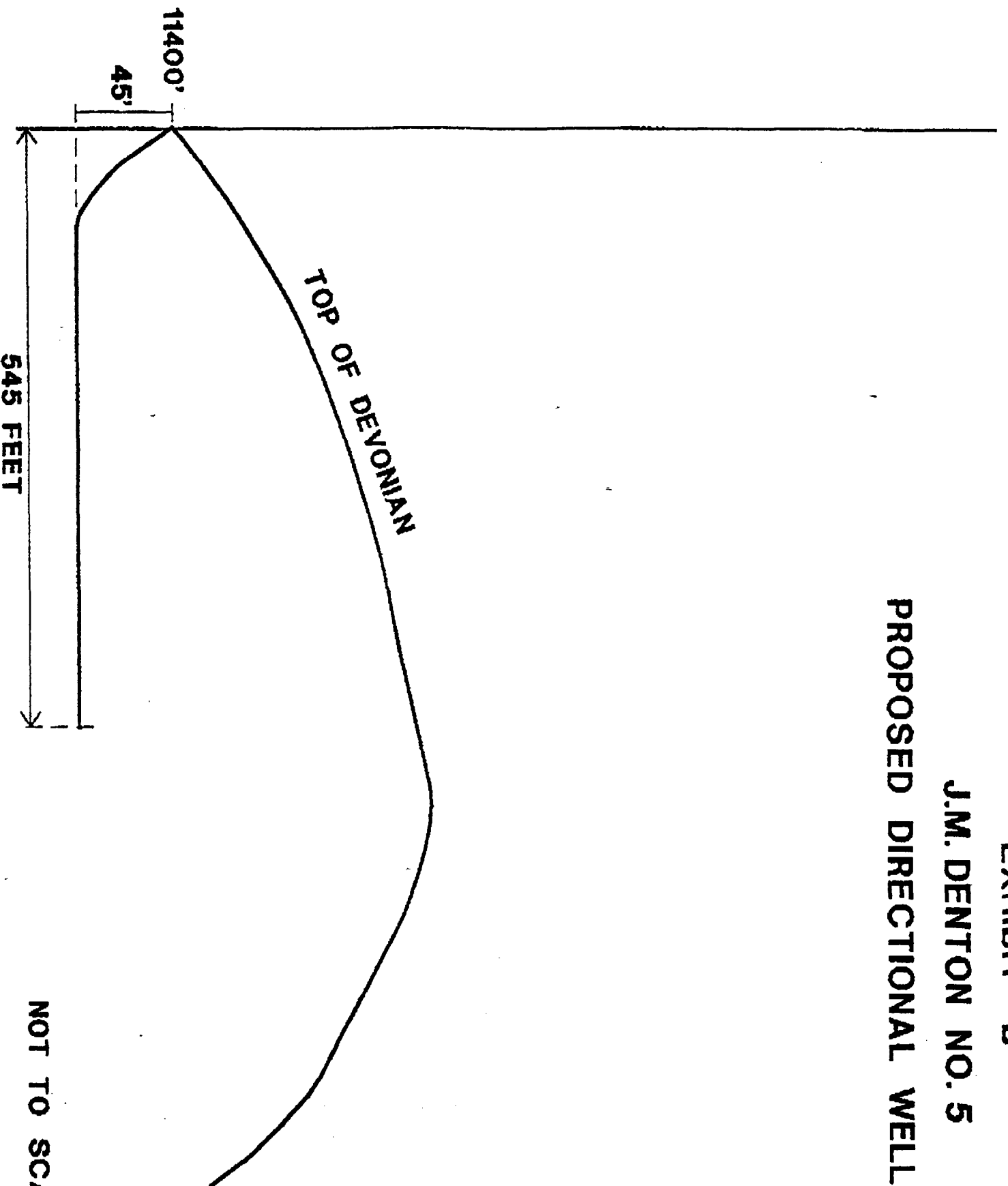
Marathon's J. M. Denton Lease  
SW/4, N/2 SE/4, SE/4 SE/4 of Section 11  
T-15-S, R-37-E



**EXHIBIT "B"**

**J.M. DENTON NO. 5**

**PROPOSED DIRECTIONAL WELL PLAN**



**NOT TO SCALE**

## **EXHIBIT "C"**

### **OFFSET OPERATORS**

#### **Marathon's Proposed Project Area**

##### **Lea County, New Mexico**

Pennzoil Exploration & Production Company  
P. O. Box 2967  
Houston, Texas 77252-2967

Cody Energy, Inc.  
16825 Northchase Drive, Suite 1200  
Houston, Texas 77060-6030

Polaris Production Corporation  
P. O. Box 1749  
Midland, Texas 79702-1749

Phillips Petroleum Company  
4001 Penbrook  
Odessa, Texas 79762

Dinero Operating Company  
P. O. Box 10505  
Midland, Texas 79702



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

December 20, 1996

The Wiser Oil Company  
P.O. Box 3232  
Carlsbad, New Mexico 88221-3232

Attn: Mr. Stephen C. Gilbert

*RE: Injection Pressure Increase,  
Caprock Maljamar Unit Waterflood Project,  
Lea County, New Mexico*

Dear Mr. Gilbert:

Reference is made to your request dated November 22, 1996 to increase the surface injection pressure on 5 wells. This request is based on step rate tests conducted on these wells between October 22 and 25, 1994. The results of the tests have been reviewed by my staff and we feel an increase in injection pressure on these wells is justified at this time.

You are therefore authorized to increase the surface injection pressure on the following five wells:

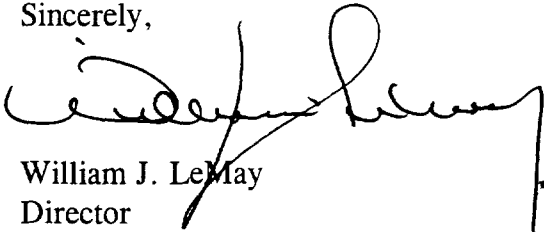
<i>Well</i>	<i>Maximum Injection Pressure</i>
Caprock Maljamar Unit Well No.13	2187 PSIG
Caprock Maljamar Unit Well No.23	2309 PSIG
Caprock Maljamar Unit Well No.24	2063 PSIG
Caprock Maljamar Unit Well No.25	1932 PSIG
Caprock Maljamar Unit Well No.67	1962 PSIG
All wells located in Lea County, New Mexico.	

The Division Director may rescind this injection pressure increase if it becomes apparent that the injected water is not being confined to the injection zone or is endangering any fresh water aquifers.

*Injection Pressure Increase*  
*The Wiser Oil Company*  
*December 20, 1996*  
*Page 2*

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Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

William J. LeMay  
Director

WJL/BES

cc: Oil Conservation Division - Hobbs  
File: 1st 97 Quarter PSI-X; Case File No.10932 ✓