

Mid-Continent Region
Exploration United States



P.O. Box 552
Midland, Texas 79702-0552
Telephone 915/682-1626

March 22, 1990

State of New Mexico Energy & Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

File 9915

Attention: Division Director

Re: Request for Unorthodox Well Location
Indian Basin Gas Com Well #2
732' FSL & 1173' FWL Section 23, T-21-S, R-23-E,
Our Lease NM-1797 - Indian Basin Unit
NM-1836 - U.S. Lease NM-0384624
NM-1802 - U.S. Lease NM-020342
NM-1546 - U.S. Lease NM-05612-A
NM-1837 - Com Agreement
All of Section 23, T-21-S, R-23-E,
Indian Basin Field
Eddy County, New Mexico

Gentlemen:

Marathon Oil Company hereby request administrative approval to drill a 9500' Penn test at an unorthodox location of 732' FSL & 1173' FWL Section 23, T-21-S, R-23-E, N.M.P.M., Eddy County, New Mexico. Marathon wishes to drill the proposed well to replace the well No. 1 located in the SW/4 NW/4 Section 23, which is uneconomical to produce. Marathon will plug and abandon the well No. 1 after the successful completion of the proposed No. 2 well. Topographic conditions dictate the selection of this unorthodox well location. A Form C-102, Form 9-331C, Multipoint Surface Use and Operations Plan, Additional Information Which Comply with Order #1, Exhibit "A" - Topographic Plat Showing the Location of the Proposed Well as Staked, Exhibit "B" - Plat Showing the Location of All the Wells Within a 1-mile Radius of the Proposed Well, Exhibit "C" - Topographic Plat of the Existing Roads With the Proposed Access Road and Drillsite, Exhibit "D" - Relative Location of the Rig Components and Reserve Pit, Exhibit "E" - Pressure Control and Equipment, and Exhibit "F" - Offset Ownership Plat.

According to State of New Mexico Oil Conservation Division Rules & Regulations, Rule #104.F. Unorthodox Locations, 1. The Division Director has the authority to grant an exception to the well location requirements without notice and hearing, when the necessity for such unorthodox location is based upon topographical conditions. Also, provided that any such unorthodox loca-

March 22, 1990

tion within such project is no closer than 330' to the outer boundary of the lease or the unitized area nor closer than 10' to any quarter/quarter section line or subdivision inner boundary.

Since the proposed well meets these requirements, Marathon Oil Company hereby respectfully requests approval of the unorthodox location as described above.

Marathon would like to spud this well in April; therefore, please advise if you need further data to expedite the approval of this location.

If you have any questions or comments, please call at 1-800-351-1417, extension 326.

Yours very truly,

MARATHON OIL COMPANY



Curtis D. Smith
landman

CDS:mmc'
Attachments

xc: Mr. L. D. Garcia (w/o attachments)
Mr. C. R. Hubacher (w/o attachments)

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

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

RECEIVED

MAR 22 1990

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

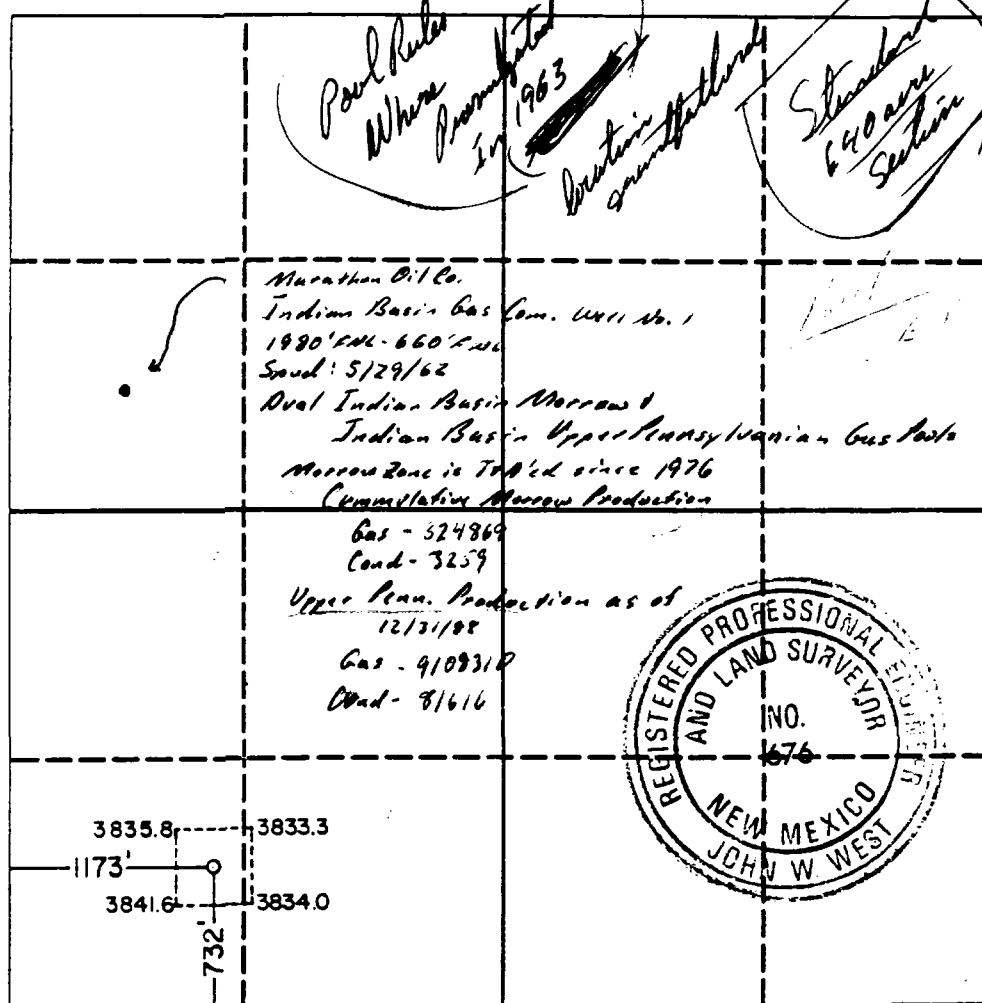
WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

MARATHON OIL COMPANY
LAND DEPARTMENT
MIDLAND, TEXAS

Operator MARATHON OIL CO.			Lease Indian Basin Gas Com.		
Unit Letter M	Section 23	Township 21 South	Range 23 East	County Eddy	
Actual Footage Location of Well: 732 feet from the South line and 1173 feet from the West line					
Ground level Elev. 3838.0	Producing Formation U. Penn, Morrow		Pool Indian Basin	Dedicated Acreage: 640 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hatchure 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, forced-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: *[Signature]*
Printed Name: S. L. Atnipp
Position: Drilling Superintendent
Company: Marathon Oil Company
Date: 3/10/90

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of 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.

Date Surveyed: March 1, 1990
Signature & Seal of Professional Surveyor: *[Signature]*
Certificate No. JOHN W. WEST, 676
RONALD J. EIDSON, 3239

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL ☒ DEEPEN ☐ PLUG BACK ☐			5. LEASE DESIGNATION AND SERIAL NO. See Below *	
b. TYPE OF WELL OIL WELL ☐ GAS WELL ☒ OTHER ☐ SINGLE ZONE ☒ MULTIPLE ZONE ☐			6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
2. NAME OF OPERATOR Marathon Oil Company			7. UNIT AGREEMENT NAME	
3. ADDRESS OF OPERATOR P. O. Box 552, Midland, TX 79702			8. FARM OR LEASE NAME Indian Basin Gas Com	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 732' FSL & 1173' FWL At proposed prod. zone 732' FSL & 1173' FWL			9. WELL NO. 2	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 25 mi. W N W of Carlsbad, NM			10. FIELD AND POOL, OR WILDCAT Indian Basin (Penn)	
13. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 732'			11. SEC., T., R., M., OR BLE. AND SURVEY OR AREA Sec. 23, T-21-S, R-23-	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 2707'			12. COUNTY OR PARISH Eddy	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3838.0' GL			13. STATE NM	
16. NO. OF ACRES IN LEASE 640			17. NO. OF ACRES ASSIGNED TO THIS WELL 640	
19. PROPOSED DEPTH 9500'			20. ROTARY OR CABLE TOOLS Rotary	
22. APPROX. DATE WORK WILL START* May 1, 1990				

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17-1/2"	13-3/8"	48#	250'	275 sx - circ to surface
11"	8-5/8"	24#	2000'	625 sx - circ to surface
7-7/8"	5-1/2"	15.5#, 17.0#	9500'	1200 sx - TOC @ ± 1500'

Propose to drill and complete a 9500' Upper Penn Morrow gas well to replace the Indian Basin Gas Com Well #1.

All casing shall be run and cemented in accordance with regulations and by approved methods.

Pressure Control Equipment will be applied as outlined in Additional Information. See Attached Multipoint Surface Use Plan and Additional Information for specific drilling operations.

* Lease Designation & Serial Nos.

NM-0384624 NM-05612
NM-020342 NM-0384628

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED [Signature] TITLE Drilling Superintendent DATE 3/10/90
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

MULTIPOINT SURFACE USE AND OPERATIONS PLAN

MARATHON OIL COMPANY

INDIAN BASIN GAS COM #2
1173' FWL & 732' TBL
Section 23, T-21-S, R-23-E
Eddy County, New Mexico
Lease: NM-1837

This plan is submitted with the Application for Permit to Drill the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of necessary surface disturbance involved, and the procedure to be followed in rehabilitating the surface after the completion of all operations so that a complete appraisal can be made of the environmental effects associated with the proposed operations.

1. Existing Roads

Exhibit "A" is a portion of a topographic map showing the location of the proposed well as staked. Proceed north of Carlsbad 10 miles on Highway 285 and turn left on Highway 137 for 9 miles. Turn right on Highway 401 or the Marathon road ± 3 miles. Continue past the Indian Basin Gas Plant 1 mile, turn left on caliche road for 1/2 mile, then left 1/2 mile into location.

2. Planned Access Roads

A. Length and Width

The new access road will be 16 feet wide and approximately 3000' feet in length. The center line of the road has been staked and flagged with the stakes being visible from one to the next.

B. Surfacing Material

6 inches of caliche watered, compacted & graded.

C. Maximum Grade

Seven Percent (7%)

D. Turnouts

None Required

E. Drainage Design

Natural drainage.

F. Culverts

None required.

G. Cuts and Fills

As needed.

H. Gates, Cattleguards and Fences

None Required.

3. Location of Existing Wells

Exhibit "B" is a map showing the location of all the wells within a one mile radius of the proposed well.

4. Location of Existing and Proposed Facilities

- A. Exhibit "C" is a topographic map of the existing roads with the proposed access road and drillsite.
- B. In the event of a producible gas well, gas separation facilities will be constructed on the location with gas metered at the wellhead and any condensate transferred to a tank on location. The gas will be piped to existing flowlines in a manner to be determined at a later date.

5. Location and Type of Water Supply

Water will be furnished and trucked by a Contractor.

6. Source of Construction Materials

Caliche for surfacing the road and the pad will be obtained from the construction of the road and the pad.

7. Methods of Handling Waste Disposal

- A. Drill cuttings will be buried in a pit at the wellsite.
- B. Drilling fluids will be hauled away to an approved disposal well.
- C. All cuttings and drilling fluids will be disposed of in the reserve pit. At the end of drilling operations, free water will be vacuumed from the pit and hauled to an approved disposal well.
- D. Water produced during tests will be hauled to an approved salt water disposal well.
- E. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- F. Trash, waste paper, garbage and junk will be stored in a receptacle at location.
- G. All trash and debris will be removed from the wellsite within 30 days after finishing drilling and completion operations.

8. Ancillary Facilities

None required.

9. Wellsite Layout

Exhibit "D" shows the relative location of the rig components and reserve pits.

10. Plans for Restoration of Surface

- A. After finishing drilling and completion operations all equipment and other materials not necessary for operations will be removed. The location will be cleaned of all trash and debris to leave the wellsite in an aesthetically pleasing condition as is possible.
- B. After abandonment of well, equipment will be removed, the location will be cleaned, and the pad and access road will be ripped and returned to as near the original appearance as is possible.
- C. Wellsite is on land owned by the Federal Government.

11. Other Information

A. Topography

The location is situated on a limestone capped ridge.

B. Soil

Ector-Reagan complex

C. Flora and Fauna

The vegetation cover consists of native range grasses with yucca plants, cactus and mesquite. Wild life in the area includes rabbits, dove, quail, and other inhabitants typical of semi-arid climate.

D. Ponds and Streams

Local drainage in this area is internal.

E. Residence and Structures

None.

F. Archaeological, Historical and Cultural Sites

None observed in the area. The Archaeological Inspection Report is being forwarded by Archaeological Consultants, Inc.

G. Land Use

Grazing with hunting in season.

H. Surface Ownership

The well is situated on land owned by the Federal Government.

12. Operators Representative

Stanley L. Atnipp
P. O. Box 552
Midland, TX 79702
(915) 682-1626

13. Certification

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exist, that the statements made in this place are, to the best of my knowledge true and correct; and, that the work associated with the operations proposed herein will be performed by Marathon Oil Company and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.



S. L. Atnipp
Drilling Superintendent
Marathon Oil Company



Date

MARATHON OIL COMPANY

INDIAN BASIN GAS COM #2

ADDITIONAL INFORMATION

Comply with Order 1

In conjunction with Form 9-331C, Application to drill subject well, Marathon Oil Company submits the following items of information in accordance with BLM requirements:

1. Geological Name of Surface Formation

Quaternary Alluvium

2. Estimated Tops of Important Geological Markers

Grayburg	175'	L. Bone spring	5760'
San Andres	475'	Wolfcamp	6120'
Glorietta	2025'	U. Penn	7330'
U. Bone Spring	3140'	Strawn	7950'
Atoka	8500'	Morrow	9000'

3. Estimated Depths of Anticipated Water, Oil or Gas Bearing Formations

Grayburg (water)	175'	L. Bone spring (water/oil)	5760'
San Andres (water)	475'	Wolfcamp (oil/gas)	6120'
Glorietta (water)	2025'	U. Penn (gas)	7330'
U. Bone Spring (water/oil)	3140'	Strawn	7950'
Atoka	8500'	Morrow	9000'

4. Casing and Cementing Program

13 3/8" Surface to 250': Cement to surface with 275 sxs Class "C" with 2% CaCl₂

8 5/8" Intermediate to 2000': Cement to surface with 425 sx "C" Lite + 10 #/sk salt + 1/4 #/sk cello-flake. Tail in with 200 sx Class "C" + 2% CaCl₂

5 1/2" Production to 9000': Cement 1st stage with 500 sacks Class "H" + 3% KCl. Cement 2nd stage w/ 600 sacks Class "H" lite w/ 5 #/sk salt, tail in w/ 100 sacks Class "H" + 2% gel. Volumes are calculated to bring cement up to ± 1500'. Stage tool to be set @ ± 6800'.

5. Pressure Control Equipment (Exhibit E)

20" Conductor	Rotating Head for Diverter System
13 3/8" Surface	13 5/8" 3M Annular tested to 1500 psi 13 5/8" 3M Dual Ram tested to 3000 psi 3M Choke Manifold tested to 3000 psi
8 5/8" Intermediate	11" or 13 5/8" 3M Annular tested to 1500 psi 11" or 13 5/8" 3M Dual Ram tested to 3000 psi 3M Choke Manifold tested to 3000 psi

6. Proposed Mud Program

0 - 250	Native; Mud Wt: 8.3 - 9.2, Viscosity 35 - 40 Sec
250 - 2,000	Fresh Water; Mud Wt: 8.4 - 8.6, Viscosity 28 - 36 Sec
2,000 - 6,000	Fresh Water; Mud Wt: 8.4 - 8.8, Viscosity 36 - 40 Sec
6,000 - 7,200	K+ Polymer; Mud Wt: 8.5 - 8.9, Viscosity 30 - 34 Sec
7,200 - 9,000	K+ Polymer; Mud Wt: 8.5 - 8.9, Viscosity 30 - 34 Sec, Filtrate < 20

7. Auxiliary Equipment

A stabbing valve will be kept on the floor to be used when the kelly is not in the string.

8. Testing, Logging, and Coring Programs

A. Coring Program:

None Anticipated

B. Testing Program:

None Anticipated

C. Logging Program:

NGT, LDT CNL / GR SP DLL MSFL
TD-Surf

9. Abnormal Pressures, Temperatures or Potential Hazards

The potential for H2S exists in the Upper Penn. H2S and mud monitoring equipment will be functional by 5000'.

10. Anticipated Starting Date

As soon as possible

BANDANNA POINT QUAD.

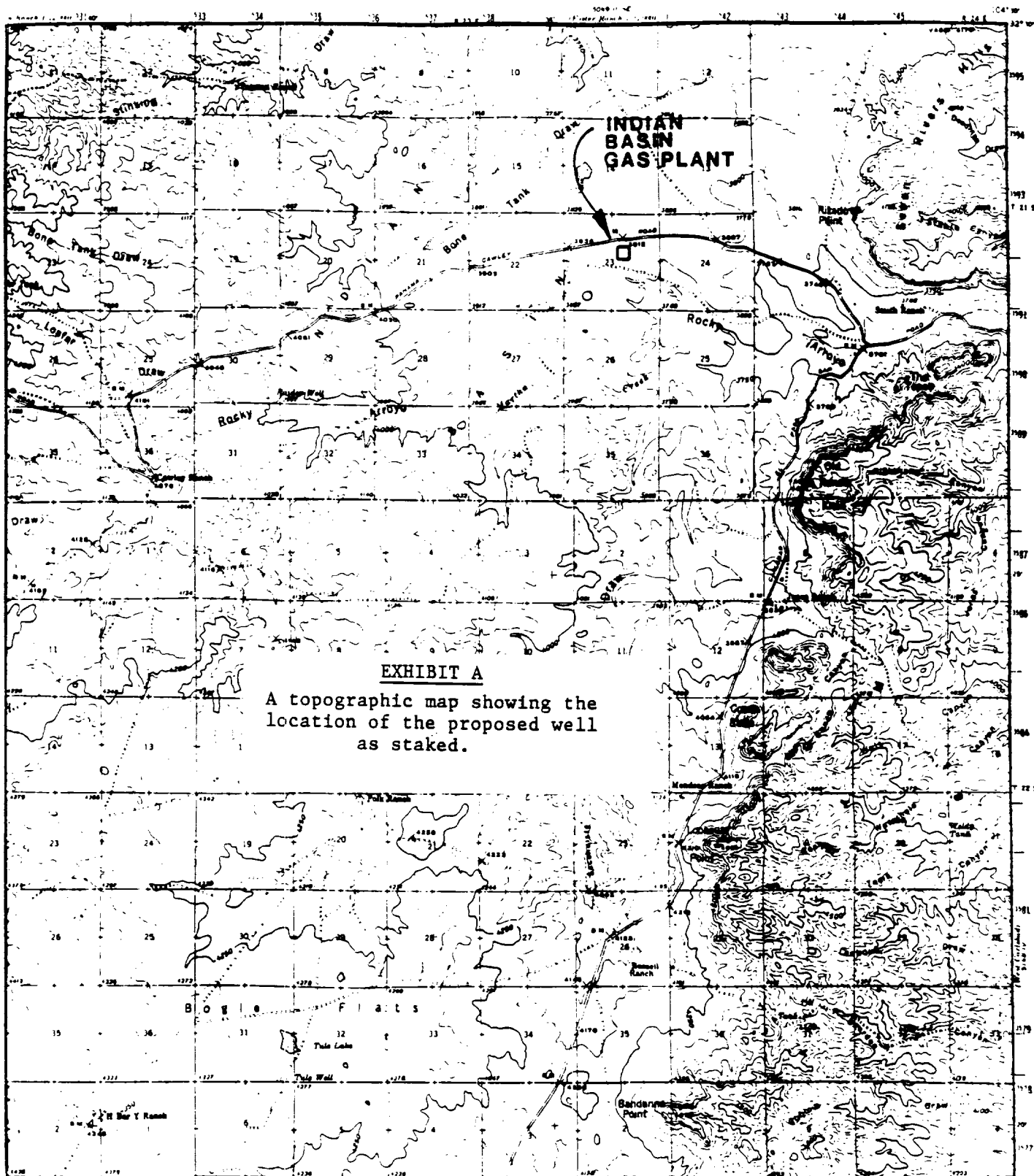


EXHIBIT A
A topographic map showing the location of the proposed well as staked.

C.L. : 50'

0 1 2
SCALE : MILES

U.S.G.S. (1940)

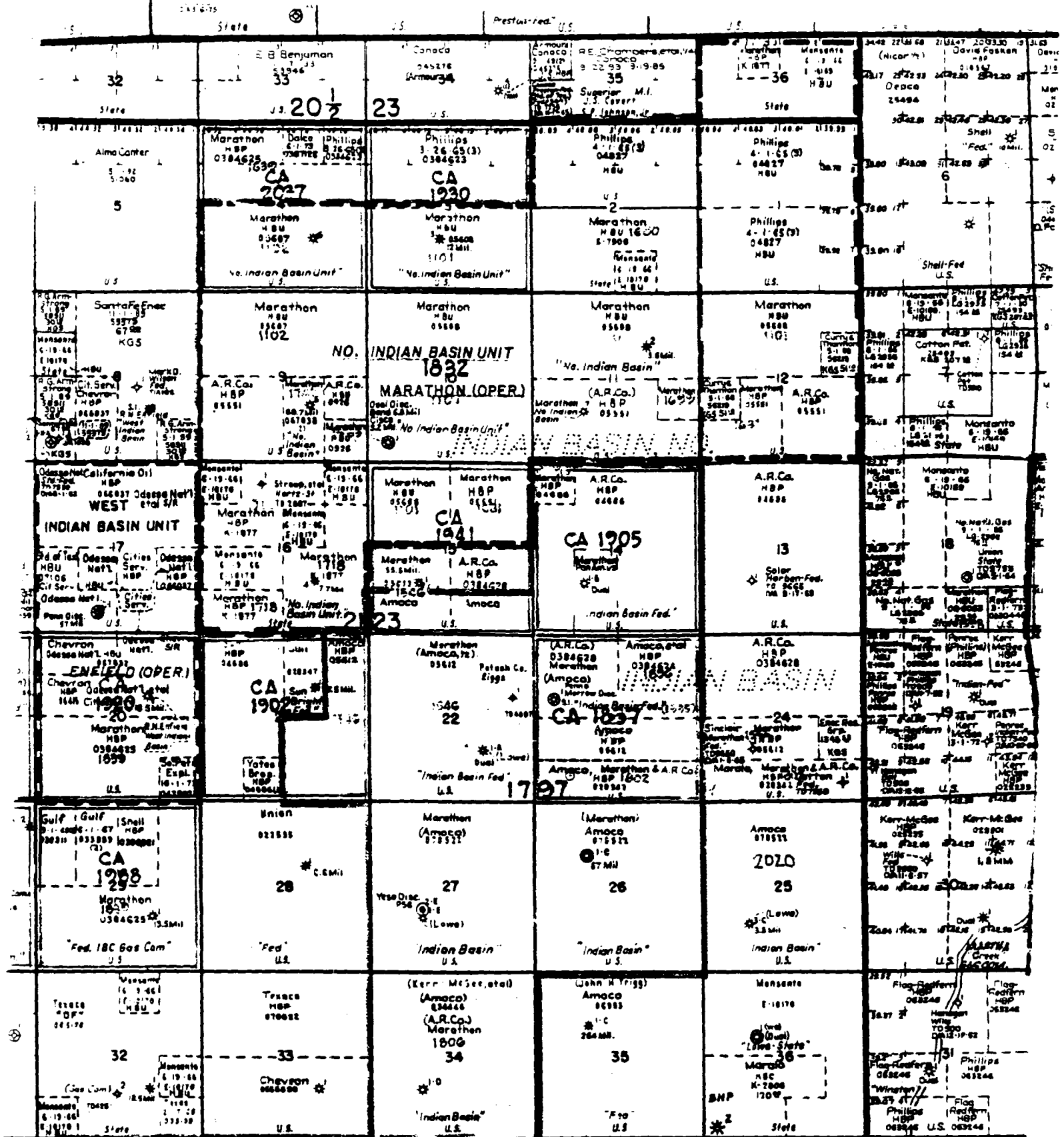
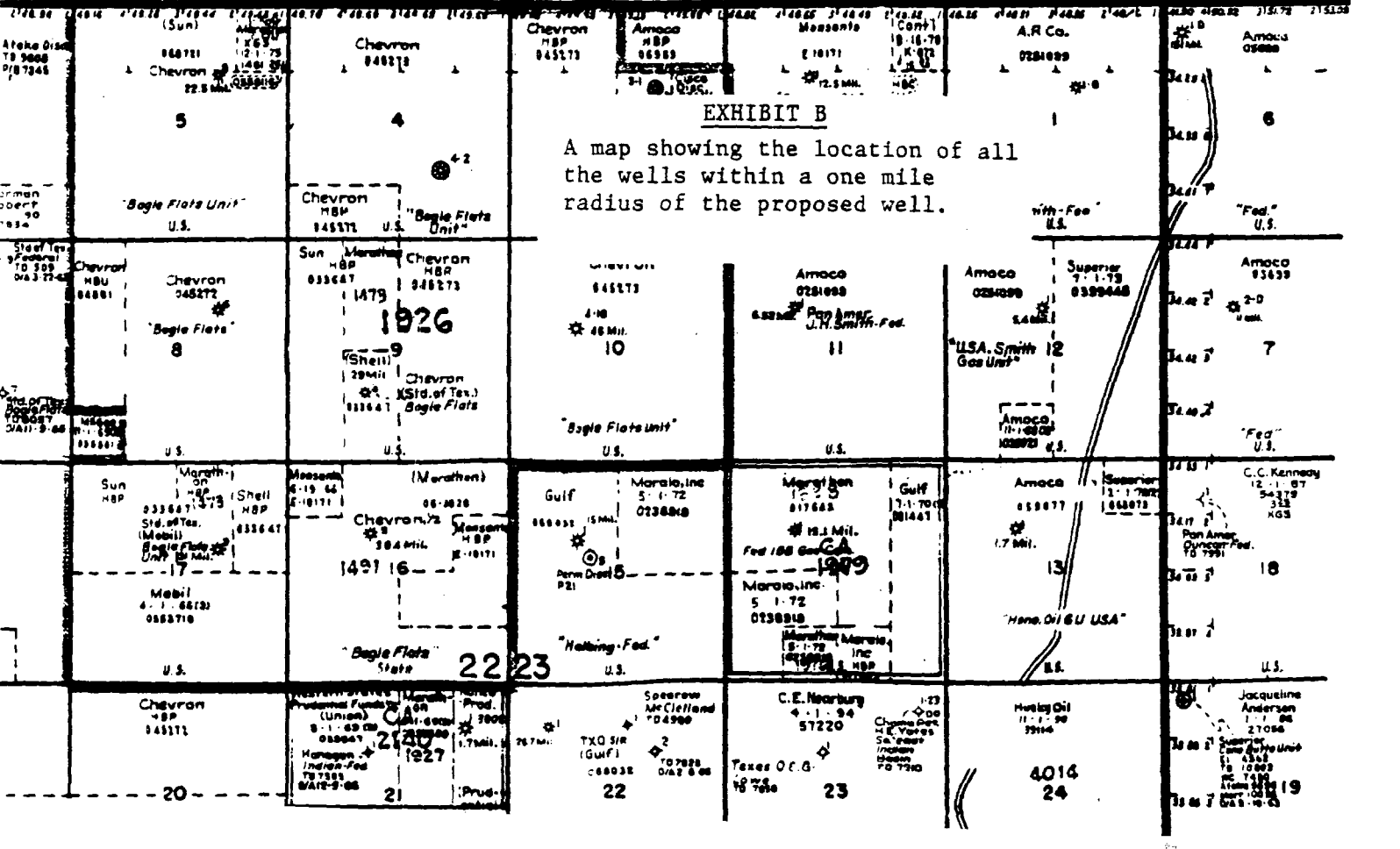


EXHIBIT B

A map showing the location of all the wells within a one mile radius of the proposed well.



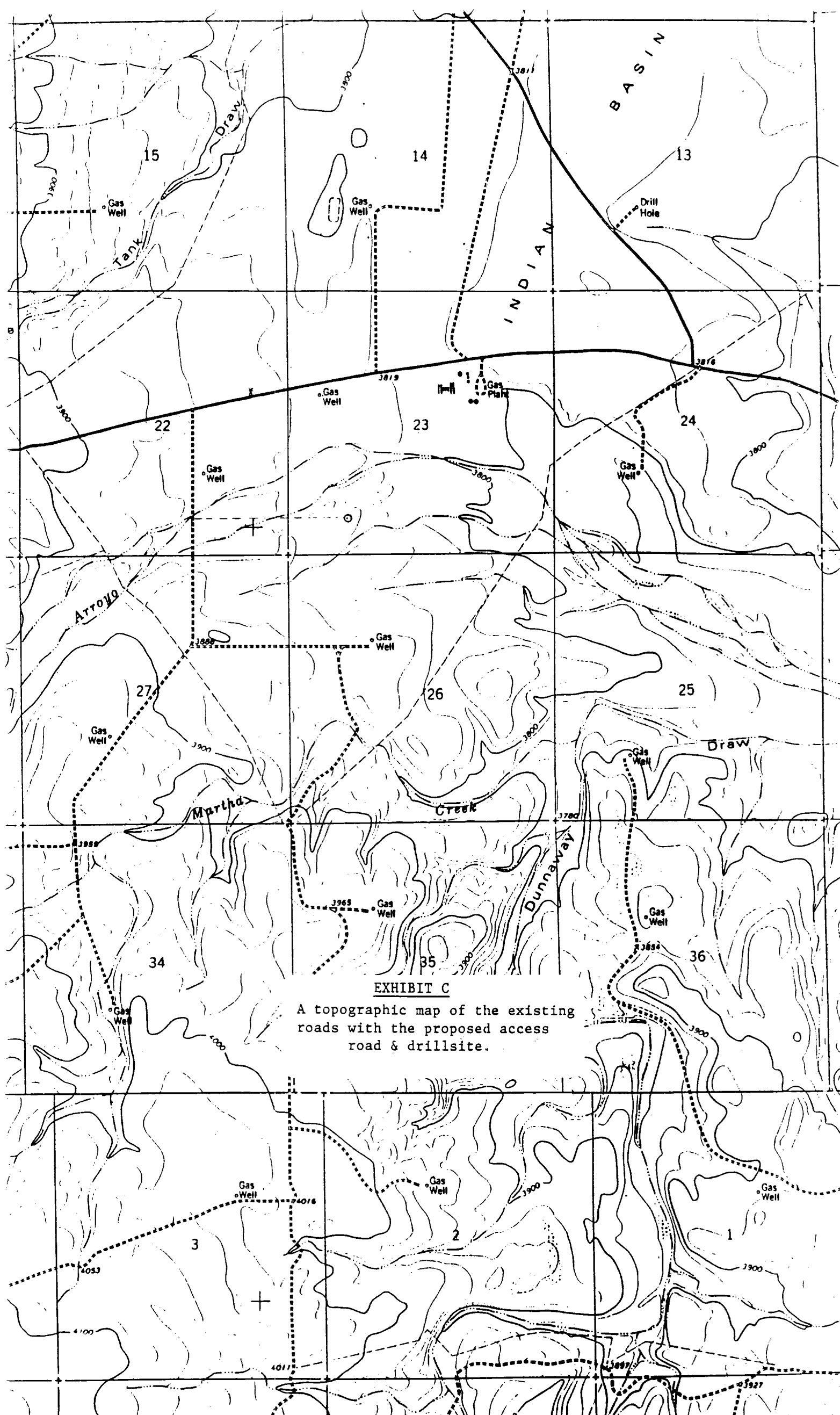


EXHIBIT C

A topographic map of the existing roads with the proposed access road & drillsite.

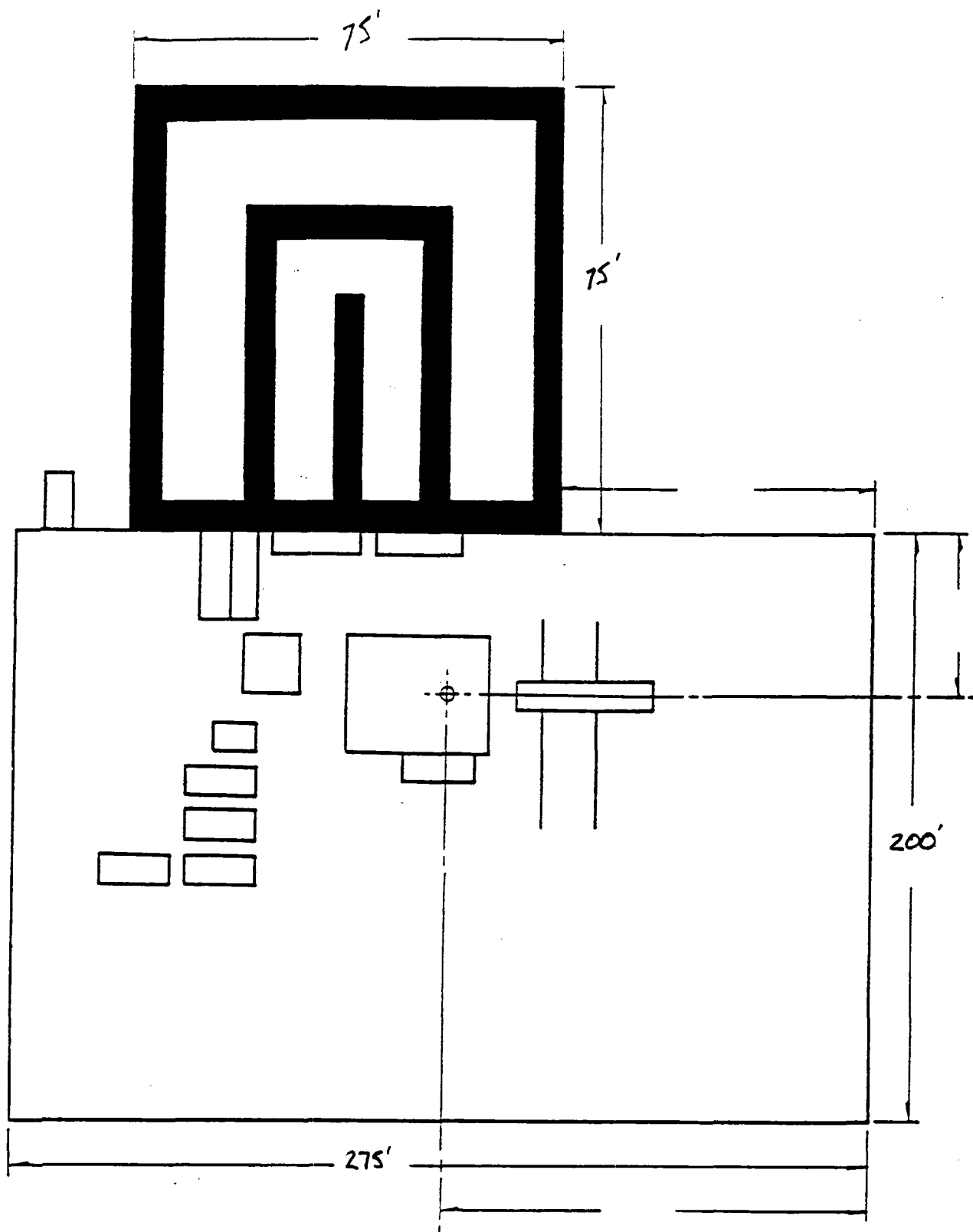


EXHIBIT D
Relative location of the rig
components & reserve pit.

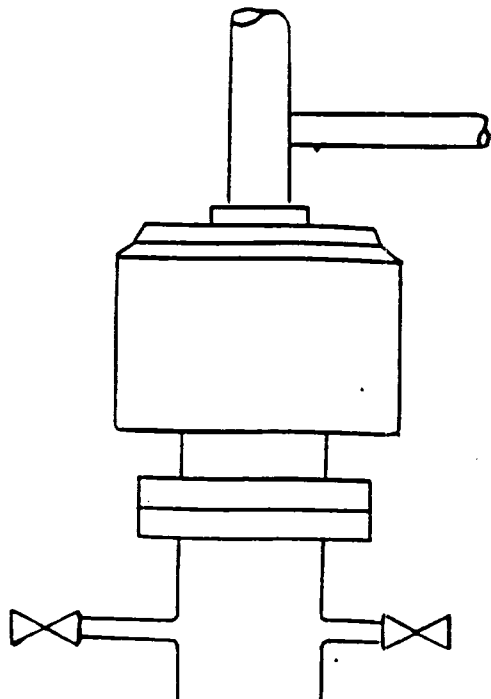
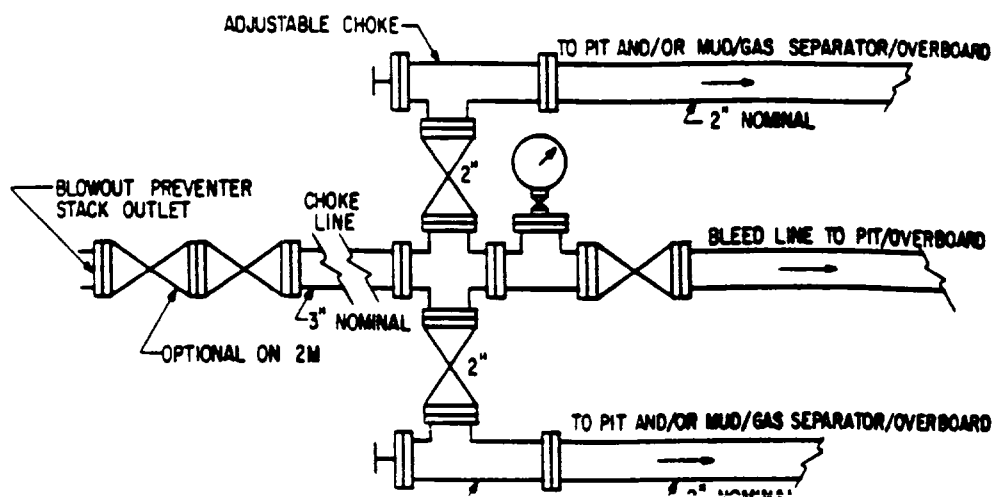
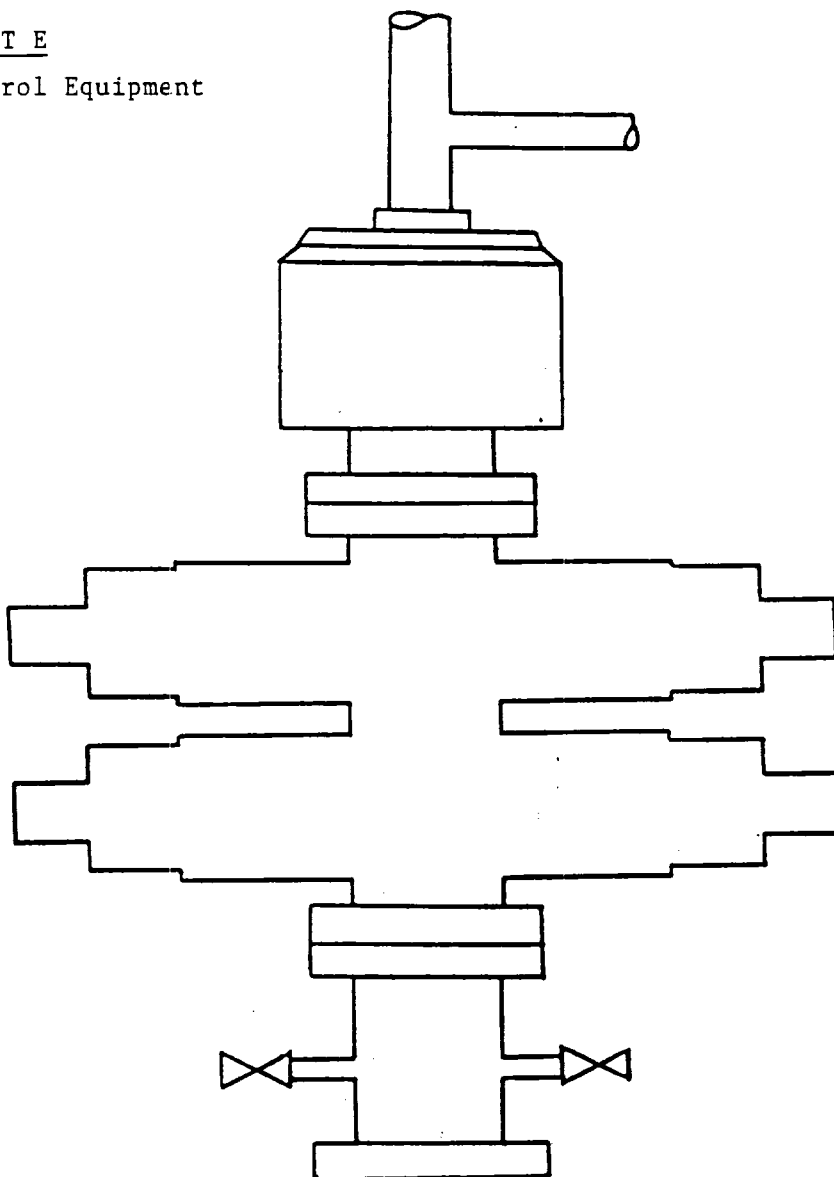


EXHIBIT E

Pressure Control Equipment



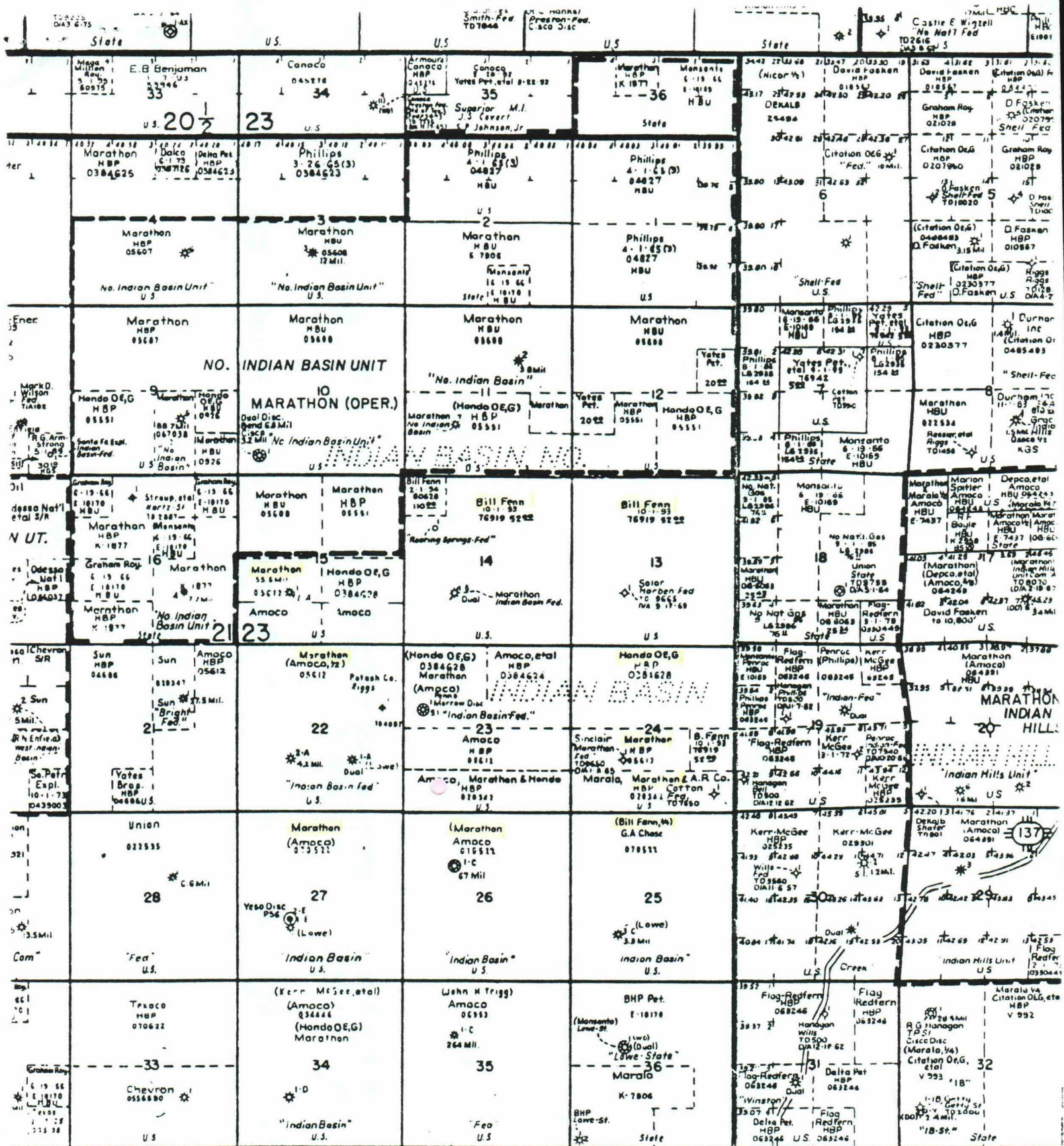
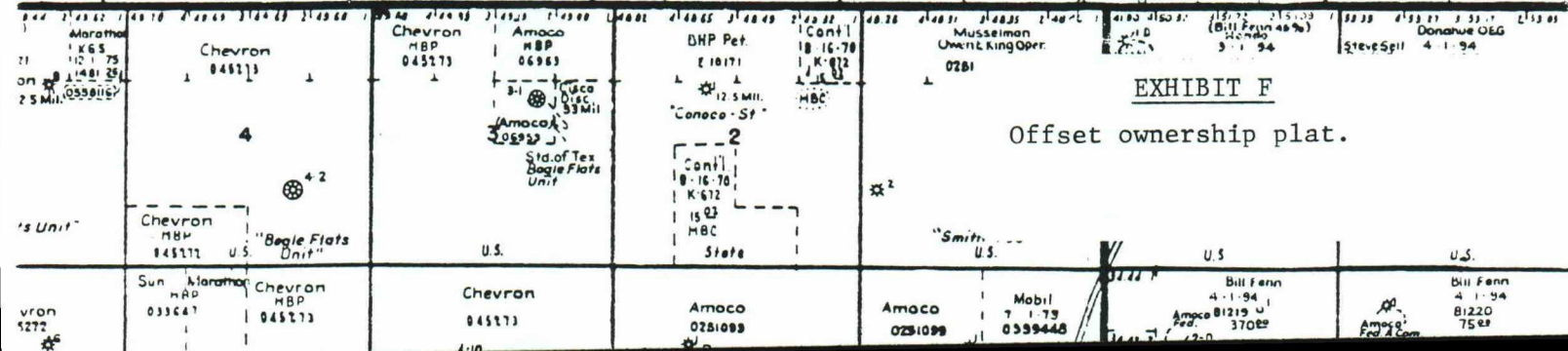


EXHIBIT F

Offset ownership plat.



Mid-Continent Region
Production United States



Marathon
Oil Company

P.O. Box 552
Midland, Texas 79702
Telephone 915/682-1626

March 27, 1990

State of New Mexico
Energy & Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

*Case No.
99/5*

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732' FSL & 1173' FWL Section 23, T-21-S, R-23-E,
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NM-1802 - U.S. Lease NM-020342
NM-1546 - U.S. Lease NM-05612-A
NM-1837 - Com Agreement
All Section 23, T-21-S, R-23-E,
Indian Basin Field
Eddy County, New Mexico

Gentlemen:

Marathon Oil Company hereby requests this application for the Indian Basin Gas Com well #2, located 732' FSL & 1173' FWL Section 23, T-21-S, R-23-E, Eddy County, New Mexico, to be set for hearing April 18, 1990, before a Division Examiner. Marathon wishes to drill the proposed well to replace the well #1 located in the SW/4 NW/4 of Section 23 which is uneconomical to produce. Marathon will plug and abandon the well #1 after the successful completion of the proposed #2 well. Enclosed for your review are Form C-102 and Form 9-331C along with a plat showing the offset operators.

Marathon appreciates your consideration of this application and if you have any questions concerning this application, please call at 1-800-351-1417, extension 326.

Yours very truly,

MARATHON OIL COMPANY

A handwritten signature in cursive script that reads 'Curtis D. Smith'.

Curtis D. Smith
Landman

CDS;mmc'
Attachments

xc: Mr. L. D. Garcia
Mr. C. R. Hubacher
Mr. R. J. Bruner

A subsidiary of USX Corporation

Submit to Appropriate
District Office
State Lease - 4 copies
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State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

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

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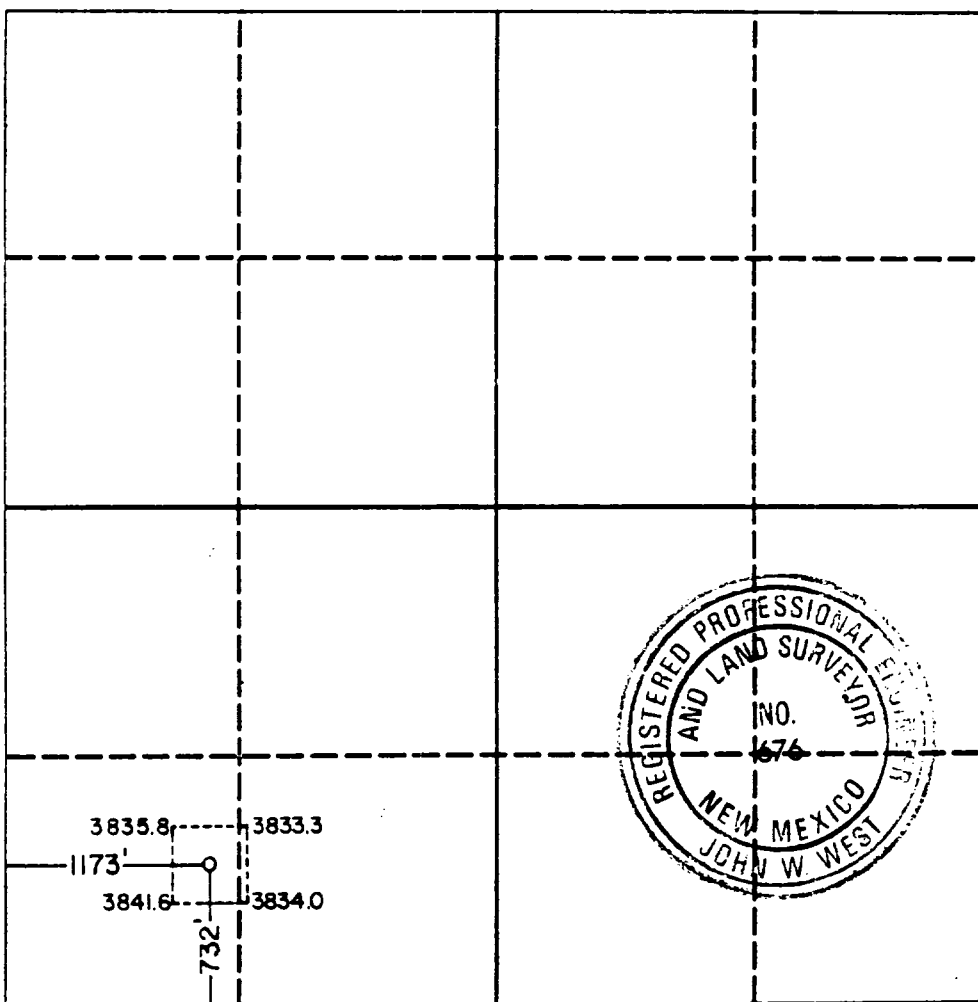
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Signature [Signature]
Printed Name S. L. Atnipp
Position Drilling Superintendent
Company Marathon Oil Company
Date 3/10/90

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I hereby certify that the well location shown on this plat was plotted from field notes of 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.

Date Surveyed March 1, 1990
Signature & Seal of Professional Surveyor [Signature]
Certificate No. JOHN W. WEST, 676
RONALD J. EIDSON, 3239

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24. SIGNED [Signature] TITLE Drilling Superintendent DATE 3/10/90

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

[illegible]

MARATHON OIL COMPANY

OFFSET OPERATORS

Indian Basin Gas Com Well No. 2
732' FSL & 1173' FWL Sec. 23
T-21-S, R-23-E
Eddy County, New Mexico

Hondo Oil & Gas Company
P. O. Box 2208
Roswell, New Mexico 88201

N/2 Section 24
T-21-S, R-23-E

Bill Fenn, Inc.
P. O. Drawer 569
Giddings, TX 78942

All Sec. 13, 14
and 25
T-21-S, R-23-E



**Marathon
Oil Company**

P.O. Box 552
Midland, Texas 79702
Telephone 915/682-1626

March 27, 1990

Hondo Oil & Gas Company
P. O. Box 2208
Roswell, New Mexico 88201-2208

CERTIFIED MAIL & RETURN
RECEIPT REQUESTED

Bill Fenn, Inc.
P. O. Drawer 569
Giddings, Texas 78942-0569

Re: Application for Unorthodox Location
Indian Basin Gas Com Well #2
732' FSL & 1173' FWL Section 23, T-21-S, R-23-E,
Our Lease NM-1797 - Indian Basin Unit
NM-1836 - U.S. Lease NM-0384624
NM-1802 - U.S. Lease NM-020342
NM-1546 - U.S. Lease NM-05612-A
NM-1837 - Com Agreement
All Section 23, T-21-S, R-23-E,
Indian Basin Field
Eddy County, New Mexico

Gentlemen:

Attached please find a complete copy of our application filed with the State of New Mexico Oil Conservation Division. We have requested a hearing be set for April 18, 1990, before a Division Examiner. You are not required to attend this hearing but you may appear and present testimony as an owner of an interest that may be effected by this unorthodox location. Failure to appear at the hearing and become a party of record will preclude you from challenging this application at a later date.

Should you have any questions, please call at 915-687-8326.

Yours very truly,

MARATHON OIL COMPANY

A handwritten signature in cursive script that reads 'Curtis D. Smith'.

Curtis D. Smith
Landman

CDS:mmc'
Attachments

xc: Mr. L. D. Garcia
Mr. C. R. Hubacher
Mr. R. J. Bruner