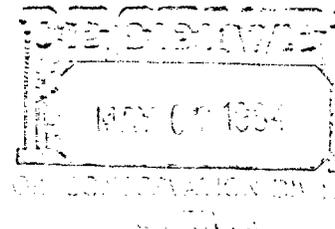


Jason Kellahin
W. Thomas Kellahin
Karen Aubrey
James B. Grant

KELLAHIN and KELLAHIN
Attorneys at Law
El Patio - 117 North Guadalupe
Post Office Box 2265
Santa Fe, New Mexico 87504-2265

Telephone 982-4285
Area Code 505



May 4, 1984

VIA FEDERAL EXPRESS

Marathon Oil Company
C & K Petroleum Building
Midland, Texas 79702

ATTN: Mr. John P. Duddleston
Phone (915) 682-1626

Re: Forced Pooling Application
OGR Operating Co. Inc.,

Dear Mr. Duddleston:

Our firm represents OGR Operating Company, Inc.
before the New Mexico Oil Conservation Division.

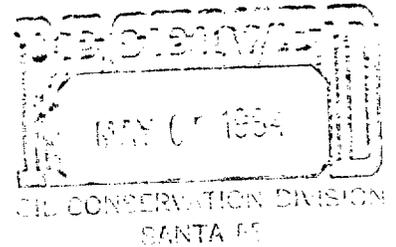
We have docketed for hearing before the
Division's examiner a forced pooling case 8180 which
will pool Marathon's interest in the SE/4 of Section
17, T16S, R34 East, NMPM, Lea County New Mexico to
form a standard E/2 proration and spacing unit for
potential Pennsylvanian production.

The application and Division docket contain an
error in that the Township referred to in the docket
is T6S when in fact it is T16S.

From OGR Operating Company's prior attempts to
obtain voluntary participation from Marathon we
believe that you in fact are and have been aware that
the correct Township is T16S.

A handwritten signature in black ink, appearing to be 'JK' or similar initials, written in a cursive style.

KELLAHIN AND KELLAHIN



Mr. John P. Duddleston
Marathon Oil Company
Page -2-
May 4, 1984

Accordingly, we propose to go forward with the hearing against Marathon on May 9, 1984 unless you call and advise me to the contrary by May 7, 1984 at 10:00 A.M., MDT.

Very truly yours,

W. THOMAS KELLAHIN

WTK:mh

cc: OGR Operating Company, Inc.
Two First City Center
Suite 1140
Midland, Texas 79701
ATTN: Mr. Mitch Ritter

✓ Mr. Joe D. Ramey
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
 OIL CONSERVATION DIVISION

TONY ANAYA
 GOVERNOR

June 15, 1984

POST OFFICE BOX 2088
 STATE LAND OFFICE BUILDING
 SANTA FE, NEW MEXICO 87501
 (505) 827-5800

Mr. Thomas Kellahin
 Kellahin & Kellahin
 Attorneys at Law
 Post Office Box 2265
 Santa Fe, New Mexico

Re: CASE NO. 8180
 ORDER NO. R-7553

Applicant:
OGR Operating Company, Inc.

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Yours very truly,

Joe D. Ramey
 JOE D. RAMEY
 Director

JDR/fd

Copy of order also sent to:

Hobbs OCD x
 Artesia OCD x
 Aztec OCD

Other William F. Carr



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONY ANAYA
GOVERNOR

July 17, 1984

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Mr. Thomas Kellahin
Kellahin & Kellahin
Attorneys at Law
Post Office Box 2765
Santa Fe, New Mexico

Re: CASE NO. 8180
ORDER NO. R-7553-A

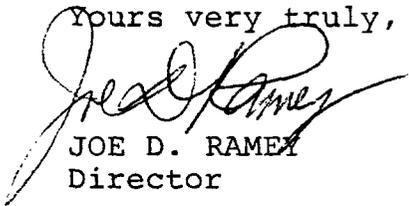
Applicant:

OGR Operating Company, Inc.

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Yours very truly,



JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD
Artesia OCD
Aztec OCD

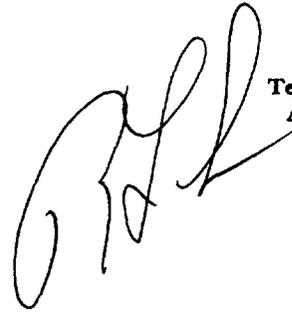
Other William F. Carr

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

KELLAHIN and KELLAHIN
Attorneys at Law
El Patio - 117 North Guadalupe
Post Office Box 2265
Santa Fe, New Mexico 87504-2265

Telephone 982-4285
Area Code 505

June 18, 1984



Case 8180

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

"CERTIFIED"
Return Receipt Requested

Attn: Mr. John P. Duddleston

Re: OGR Operating Company, Inc.
Compulsory Pooling Notification
Order R-7553

Dear Mr. Duddleston:

Our firm represents OGR Operating Company, Inc. We have obtained from the New Mexico Oil Conservation Division, Order R-7553, a copy of which is enclosed.

Pursuant to this order, Marathon Oil Company is hereby notified that you have 30 days from receipt of this notice to prepay your proportionate share of the estimated well costs as set forth on the enclosed AFE.

In the event you fail to make that payment you will be considered to have elected to go non-consent and be subject to the 200% risk factor penalty.

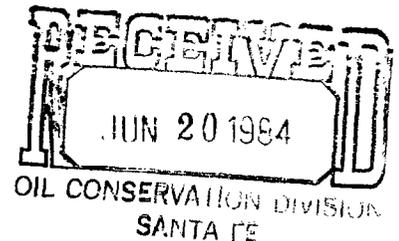
You should make payment to Mr. Tom O'Brien, OGR Operating Company, Inc., Two First City Center, Suite 1140, Midland, Texas 79701.

Very truly yours,

Original signed by
W. THOMAS KELLAHIN
W. Thomas Kellahin

WTK:ca
Enc.

cc: OGR Operating Company, Inc.
William F. Carr - Atty for Marathon
✓ Joe D. Ramey - OCD



OGE DRILLING, INC.

DRILLING OR WORKOVER AFE

AFE NO. _____

- | | | |
|--|--|---|
| <p><input type="checkbox"/> WILDCAT</p> <p><input type="checkbox"/> DRILLING</p> <p><input type="checkbox"/> COMPLETION</p> <p><input type="checkbox"/> RE-ENTRY</p> | <p><input checked="" type="checkbox"/> DEVELOPMENT</p> <p><input checked="" type="checkbox"/> DRILLING</p> <p><input type="checkbox"/> COMPLETION</p> <p><input type="checkbox"/> RE-ENTRY</p> | <p><input type="checkbox"/> WORKOVER</p> <p><input type="checkbox"/> SAME ZONE</p> <p><input type="checkbox"/> NEW ZONE</p> <p><input type="checkbox"/> P & A</p> |
|--|--|---|

LSE. NO. _____

W. I. _____

EST. NET COST _____

AFE DATE 2-7-84

WELL NO. <u>OGR Mitchie 9-1</u>	DEPTH & FORM <u>8200' Fusselman</u>
LOCATION <u>1980' FNL & 990' FWL of Sec 9, T-6-S, R-34-E</u>	
COUNTY <u>Roosevelt County, New Mexico</u>	FIELD <u>Mitchie Fusselman</u>
OPERATOR <u>OGR Operating Co., Inc.</u>	SPUD DATE <u>April 25, 1984</u>

INTANGIBLE WELL COST				
	DESCRIPTION	DRILLING	COMPLETION	TOTAL
1	Access, Location & Roads	8,000	3,000	
2	Rig Move			
3	Footage Cost 8200' @ 16.45	134,900		
4	Day Work Cost 3 days at 4200	12,600		
5	Bits & Reamers			
6	Fuel			
7	Water	8,500	1,500	
8	Mud & Chemicals	16,000		
9	Cementing & Service	20,000	4,500	
10	Coring			
11	Surveying & Testing	28,000		
12	Mud Logging	4,500		
13	Perforating		5,500	
14	Stimulation		7,000	
15	Transportation	1,000	1,000	
16	Drilling Overhead & Supervision	12,000	7,200	
17	Equipment Rental	2,000	2,000	
18	Completion Rig 12 days at 1300		15,600	
19	Other Drilling Expense	7,500	3,000	
20	Contingencies (10% of Intangibles)	25,500	5,000	
21				
22				
23	TOTAL INTANGIBLES	280,500	55,300	335,800

TANGIBLE WELL COST				
	DESCRIPTION	DRILLING	COMPLETION	TOTAL
24	Of " Conductor Casing			
25	375' Of 13-3/8 " Surface Casing	4,900		
26	3400' Of 8-5/8 " Intermediate Casing	26,300		
27	Of " Intermediate Casing			
28	Of " Intermediate Casing			
29	8200' Of 5-1/2 " Production Casing		38,500	
30	Of " Tie-Back Casing			
31	8200' Of 2-7/8 " Tubing		18,000	
32	Of " Tubing			
33	Of " Tubing			
34	Liner Equipment			
35	Wellhead Equipment	1,200	1,500	
36	Producing Facilities, Tank Battery, Flowline		81,000	
37	Packers & Other Subsurface Tools			
38	Contingencies (10% of Tangibles)	3,300	13,900	
39				
40				
41	TOTAL TANGIBLES	35,700	152,900	188,600
42	TOTAL WELL COST	316,200	208,200	524,400

COMPANY APPROVAL

Date	By	Date	By	Date	By	Date	By

JOINT OPERATOR APPROVAL

KELLAHIN and KELLAHIN
Attorneys at Law
El Patio - 117 North Guadalupe
Post Office Box 2265
Santa Fe, New Mexico 87504-2265

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

Telephone 982-4285
Area Code 505

July 18, 1984

Marathon Oil Company
C & K Petroleum Building
Midland, Texas 79702

Attn: Mr. John P. Duddleston

Re: Forced Pooling Order
NMOCD Case 8180
Order R-7553 and R-5773-A

Dear Mr. Duddleston:

Our firm represents OGR Operating Company Inc.

By my letter dated June 18, 1984, which you received on June 20, 1984, I notified Marathon Oil Company of the pooling of its interests in the Wolfcamp and Pennsylvanian formations in the E/2 of Section 17, T16S, R34E, NMPM, Lea County, New Mexico, as set forth in New Mexico Oil Conservation Division Order R-7553.

In addition, by Federal Express, I notified you on May 5, 1984, that the area to be pooled has been mis-identified as being in Township 6 South when in fact it is Township 16 South.

On July 12, 1984, I received a copy of a letter dated July 9, 1984, written to the Oil Conservation Division by Mr. Robert J. Pickens of Marathon Oil Company - Houston.

In order to avoid any doubt that Marathon Oil Company has been properly notified pursuant to the referenced Order we are by this letter again notifying you that:

(a) New Mexico Oil Conservation Division Order R-7553 as corrected by Nunc Pro Tunc Order dated July 17, 1984, (copies of both are enclosed) pools Marathon's acreage;

KELLAHIN AND KELLAHIN

Marathon Oil Company
July 18, 1984
Page 2

(b) Marathon has thirty days from receipt of this letter within which to tender in full its share of the costs of the Kemnitz Well No. 1. An AFE in the total amount of \$1,102,900 (completed well) dated December 7, 1983, is enclosed.

(c) We are serving you by Federal Express so that you will receive this notice on Thursday, July 19, 1984, and your thirty days will expire on August 13, 1984, at 5:00 P.M.

(d) If you desire to make your election to participate and avoid the penalty factor under the pooling order, you must submit your cashier's check in the appropriate amount so that it is received by Mr. Tom O'Brien, OGR Operating Company Inc., Two First City Center, Suite 1140, Midland, Texas 79701, within the time allowed.

Very truly yours,

Original signed by
W. THOMAS KELLAHIN

W. Thomas Kellahin

WTK:ca
Enc.

cc: OGR Operating Company Inc.
William F. Carr - Attorney for Marathon
✓ Mr. Joe D. Ramey - OCD
Mr. Robert J. Pickens, Esq. - Marathon - Houston

KELLAHIN and KELLAHIN
Attorneys at Law

El Patio - 117 North Guadalupe
Post Office Box 2265
Santa Fe, New Mexico 87504-2265

Telephone 982-4285
Area Code 505

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey
James B. Grant

July 12, 1984

RECEIVED

JUL 12 1984

OIL CONSERVATION DIVISION

Mr. Joe D. Ramey
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

"Hand Delivered"

Re: Case 8180; Order R-7553
Application of OGR Operating Company, Inc.
for Compulsory Pooling, Lea County,
New Mexico

Dear Mr. Ramey:

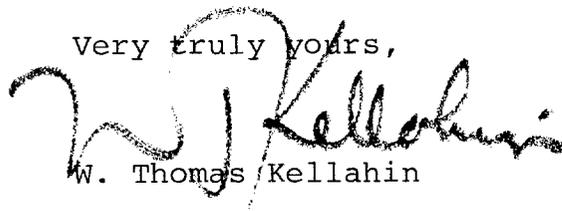
Today, I have received a copy of a letter dated July 9, 1984, from Marathon Oil Company to you concerning an error in the description in the referenced order.

The Division, Marathon Oil Company, and OGR Operating Company, at all times material hereto have known that the subject tract to be pooled was in fact the E/2 of Section 17, T16S, R34E, Lea County, New Mexico.

We feel that Marathon Oil Company has been properly pooled and provided with an opportunity to join in the subject Kemnitz Well No. 1 located in the E/2 of Section 17, T16S, R34E, Lea County, New Mexico.

However, Order R-7553 does contain the typographical error and we would request that you issue to us an Order Nunc Pro Tunc. Upon receipt, we will make a determination of whether Marathon is entitled to any further notifications.

Very truly yours,



W. Thomas Kellahin

WTK:ca

cc: William F. Carr, Esq.
Tom O'Brien - OGR
Robert J. Pickens, Esq. - Marathon

Robert J. Pickens
Attorney
Houston Division
Production, U.S. & Canada



P.O. Box 3128
Houston, Texas 77001
Telephone 713/629-6600

July 9, 1984

Mr. Joe D. Ramey, Director
Oil Conservation Division
Energy & Minerals Department
State of New Mexico
Post Office Box 2088
Santa Fe, New Mexico 87501

Re: Case No. 8180, Order No. R-7553
Application of OGR Operating Company, Inc.
for Compulsory Pooling,
Lea County, New Mexico

Dear Mr. Ramey:

On May 9, 1984, the above-referenced case was heard before Examiner, Richard L. Stamets, of your staff. The advertised location was the E/2 of Section 17, T-6-S, R-34-E, Lea County, New Mexico. At said hearing it was determined that the correct location was in fact the E/2 of Section 17, P-16-S, R-34-E, Lea County, New Mexico and the case was then continued to June 6, 1984 for readvertising. Marathon Oil Company, as the lessee of the SE/4 of Section 17, T-16-S, R-34-E, Lea County, New Mexico was interested in the readvertised hearing held on June 6, 1984.

On June 14, 1984, by the above-referenced order, you as Director of the Oil Conservation Division, through either the inadvertence or oversight of the applicant used the wrong location and compulsory pooled the E/2 of Section 17, T-6-S, R-34-E, Lea County, New Mexico, which was the original erroneously advertised location. This error in the order is called to your attention in order that Marathon may know the proper status of its lease in regard to the hearing of June 6, 1984, as no order pooling the E/2 of Section 17, T-16-S, R-34-E, Lea County, New Mexico has been issued at this time.

To further complicate this case, W. Thomas Kellahin of the firm of Kellahin and Kellahin, as attorney for the applicant, and allegedly pursuant to item 3 of the above-

Mr. Joe D. Ramey, Director
July 9, 1984
Page Two

referenced order, by letter dated June 18, 1984 furnished to Marathon Oil Company the attached schedule of estimated well costs. As can be seen, the attached schedule relates to OGR Operating Company, Inc.'s Mitchie 9-1 Well in Section 9, T-6-S, R-34-E, Roosevelt County, New Mexico which is to be drilled to the Fussleman formation. Marathon has no interest in this well and it is not the proposed well on which the hearing was held to be drilled in the E/2 of Section 17, T-16-S, R-34-E, Lea County, New Mexico, known as the Kemnitz Well No. 1, which is to be drilled to the Pennsylvanian formation. Marathon does not feel that it has yet been properly advised of estimated well costs by the applicant, and therefore is not forced to make the election provided for in item 4 of the alleged order, until such time as a corrected order is entered and it is provided with the correct schedule of costs for the actual well to be drilled.

Yours very truly,



ROBERT J. PICKENS
Attorney

RJP:pas

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

William F. Carr, Esq.
Campbell, Byrd & Black, P.A.
P. O. Box 2208
Santa Fe, New Mexico 87501

Mr. John P. Duddleston
Marathon Oil Company/Midland

OIL DRILLING, INC.

DRILLING OR WORKOVER AFE

AFE NO. _____

WILDCAT

DEVELOPMENT

WORKOVER

LSE. NO. _____

DRILLING

DRILLING

SAME ZONE

W. I. _____

COMPLETION

COMPLETION

NEW ZONE

EST. NET COST _____

RE-ENTRY

RE-ENTRY

P & A

AFE DATE 12-7-83

LEASE & WELL NO. <u>Kemnitz State 17 #1</u>	DEPTH & FORM <u>14,000' Devonian</u>
LOCATION <u>1980' FNL & 660' FEL Sec 17, T-16-S, R-34-E</u>	
COUNTY & STATE <u>Lea Co., New Mexico</u>	FIELD <u>Kemnitz, North</u>
OPERATOR <u>OGR Operating Co., Inc.</u>	SPUD DATE <u>2-1-84</u>

INTANGIBLE WELL COST				
	DESCRIPTION	DRILLING	COMPLETION	TOTAL
1	Access, Location & Roads	18,500	5,000	
2	Rig Move	35,000		
3	Footage Cost			
4	Day Work Cost <u>65 days at 4300</u>	279,500		
5	Bits & Reamers	49,300		
6	Fuel			
7	Water	12,000	3,000	
8	Mud & Chemicals	40,000	2,000	
9	Cementing & Service	24,000	32,000	
10	Coring			
11	Surveying & Testing	49,500		
12	Mud Logging	14,700		
13	Perforating		7,500	
14	Stimulation		10,000	
15	Transportation	3,000		
16	Drilling Overhead & Supervision	45,000	5,200	
17	Equipment Rental	8,000	3,100	
18	Completion Rig <u>8 days at 1200</u>		9,600	
19	Other Drilling Expense	9,200	5,700	
20	Contingencies (10% of Intangibles)	58,800	8,300	
21				
22				
23	TOTAL INTANGIBLES	646,500	91,400	737,900

TANGIBLE WELL COST				
24	' Of " Conductor Casing			
25	<u>350</u> ' Of <u>13-3/8"</u> Surface Casing	4,600		
26	<u>4500</u> ' Of <u>8-5/8"</u> Intermediate Casing	40,900		
27	' Of " Intermediate Casing			
28	' Of " Intermediate Casing			
29	<u>14000</u> ' Of <u>5-1/2"</u> Production Casing		104,000	
30	' Of " Tie-Back Casing			
31	<u>14000</u> ' Of <u>2-7/8"</u> Tubing		48,000	
32	' Of " Tubing			
33	' Of " Tubing			
34	Liner Equipment			
35	Wellhead Equipment	2,300	13,000	
36	Producing Facilities, Tank Battery, Flowline		115,000	
37	Packers & Other Subsurface Tools		4,000	
38	Contingencies (10% of Tangibles)	4,800	28,400	
39				
40				
41	TOTAL TANGIBLES	52,600	312,400	365,000
42	TOTAL WELL COST	699,100	403,800	1,102,900

COMPANY APPROVAL

By	Date								

JOINT OPERATOR APPROVAL

Firm _____ By _____ Title _____ Date _____

AFE No. _____

