



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

*Case No. 9168*

GARREY CARRUTHERS  
GOVERNOR

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

September 15, 1987

W. Thomas Kellahin,  
Attorney for Marathon Oil Company  
P.O. Box 2264  
Santa Fe, NM 87501

&

Chad Dickerson,  
Attorney for James A. Davidson  
Seventh & Mahome - Suite E  
Artesia, NM 88210

RE: Division Case No. 9168  
Application for Determination  
of Reasonable Well Costs.

Dear Messrs. Kellahin and Dickerson:

I received a copy of Mr. Dickerson's letter to Mr. Kellahin dated September 4, 1987 concerning particular points on the subject case. In this letter there was mention of continuing this case to the Examiner's Hearing scheduled for September 23, 1987.

Per my telephone conversation with Chad Dickerson on Tuesday, September 8, 1987 this case will be continued to the Examiner's Hearing scheduled for October 7, 1987. Thank you for your cooperation in this matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "Michael E. Stogner".

Michael E. Stogner  
Hearing Examiner

MES/ag

cc: Case No. 9168 File

KELLAHIN, KELLAHIN AND AUBREY

*Attorneys at Law*

El Patio - 117 North Guadalupe

Post Office Box 2265

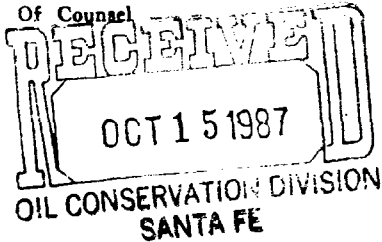
Santa Fe, New Mexico 87504-2265

Telephone 982-4285

Area Code 505

W. Thomas Kellahin  
Karen Aubrey

Jason Kellahin  
Of Counsel



October 12, 1987

"Federal Express"

*Case No. 9168*  
*m. s.*

Chad Dickerson, Esq.  
Dickerson, Fisk & Vandiver  
Attorneys at Law  
Seventh & Mahone, Suite E  
Artesia, New Mexico 88210

Re: Marathon Well Costs Hearing  
James Davidson's Interest

Dear Chad:

The attached exhibits have been prepared by the accounting department of Marathon Oil Company, Midland, Texas, in response to your letter of September 4, 1987, including an exhibit showing the payout status report for August and one for July, 1987.

Exhibit I	Payout Status Report through August, 1987 (July, 1987 shown for comparison)
Exhibit II	COPAS-1984 Accounting Procedure for Joint Operations
Exhibit III	Cost of Wells Statements, August, 1987
Exhibit IV	Schedule of Direct Supervision and Overhead Charges
Exhibit V	Schedule of Tank Facility Charges
Exhibit VI	Schedule of Company Labor for Surface Facilities
Exhibit VII	Schedule of Metering Equipment Charges
Exhibit VIII	Schedule of Material Transfers
Exhibit IX	Schedule of Invoices Detailing Other Charges

By copy of this letter, we are delivering to Mr. McCoy, Santa Fe, New Mexico, a complete set of these exhibits for his review.

KELLAHIN, KELLAHIN & AUBREY

Chad Dickerson, Esq.  
October 12, 1987  
Page 2

As I now understand it, the case is next set for an examiner's hearing on October 21, 1987. After you and Mr. McCoy have reviewed this matter, please let me know if you want to proceed with this case and if so, what specific objections and issues you wish to address at the October 21, 1987 hearing so that we can have the necessary Marathon personnel available to respond to your concerns.

Very truly yours,

Original signed by  
W. THOMAS KELLAHIN  
W. Thomas Kellahin

WTK:ca

cc: Michael E. Stogner  
Lawrence Garcia, Esq.  
Steve Daniels

OIL CONSERVATION DIVISION  
P.O. BOX 2088  
SANTA FE, NEW MEXICO 87501Form C-104  
Revised 10-1-78REQUEST FOR ALLOWABLE  
AND  
AUTHORIZATION TO TRANSPORT OIL AND NATURAL GAS

AS OF OFFICE RECEIVED	
DISTRIBUTION	
SALES & MARKETING	
FILE	
U.S.O.E.	
LAND OFFICE	
TRANSPORTER	<input checked="" type="checkbox"/> OIL
OPERATION	<input checked="" type="checkbox"/> GAS
PRODUCTION OFFICE	
REGISTRATION	

Marathon Oil Company	
Address P.O. Box 2409, Hobbs, New Mexico 88240	
Reason(s) for filing (Check proper box)	Other (Please explain)
New Well <input checked="" type="checkbox"/>	CASINGHEAD GAS MUST NOT BE FLARED AFTER 4-11-87 UNLESS AN EXCEPTION TO R-4870 IS OBTAINED.
Recompletion <input type="checkbox"/>	
Change in Ownership <input type="checkbox"/>	
Change in Transporter of: Oil <input type="checkbox"/> Dry Gas <input type="checkbox"/> Casinghead Gas <input type="checkbox"/> Condensate <input type="checkbox"/>	

If change of ownership give name  
and address of previous owner \_\_\_\_\_

## II. DESCRIPTION OF WELL AND LEASE

Lease Name Benson	Well No. 1	Pool Name, including Formation Undesignated Devonian	Kind of Lease State, Federal or Fee	Fee	Lease No.
Location Unit Letter P 330 Feet From The South Line and 990 Feet From The East					
Line of Section 14 Township 16S Range 38E, NMPM, Lea County					

## III. DESIGNATION OF TRANSPORTER OF OIL AND NATURAL GAS

Name of Authorized Transporter of Oil <input checked="" type="checkbox"/> or Condensate <input type="checkbox"/>	Address (Give address to which approved copy of this form is to be sent)
The Permian Corp.	P.O. Box 1183, Houston, Texas 77251-1183
Name of Authorized Transporter of Casinghead Gas <input type="checkbox"/> or Dry Gas <input type="checkbox"/>	Address (Give address to which approved copy of this form is to be sent)
None	
If well produces oil or liquids, give location of tanks.	Unit Sec. Twp. Rge. Is gas actually connected? When
P 14 16S 38E	No

If this production is commingled with that from any other lease or pool, give commingling order number: \_\_\_\_\_

## COMPLETION DATA

Designate Type of Completion - (X)	Oil well <input checked="" type="checkbox"/> Gas well <input type="checkbox"/> New well <input type="checkbox"/> Workover <input type="checkbox"/> Deepen <input type="checkbox"/> Plug Pack <input type="checkbox"/> Same Hole <input type="checkbox"/> Diff. Resv. <input type="checkbox"/>		
Date Spudded 11-15-86	Date Compl. Ready to Prod. 2-11-87	Total Depth 13345	P.B.T.D. 13248
Elevations (DF, RLB, RT, GR, etc.) GL 3898	Name of Producing Formation Undesignated Devonian	Top Oil/Gas Pay 13118	Tubing Depth 9035
Perforations 13120 - 13150		Depth Casing Shoe 13344	
TUBING, CASING, AND CEMENTING RECORD			
HOLE SIZE	CASING & TUBING SIZE	DEPTH SET	SACKS CEMENT
17 1/2	13 3/8 48 & 54 1/2 #	319'	430 Class C
12 1/4	9 5/8 36 & 40 #	5017'	765 light & 250 Class H
8 3/4	5 1/2 17 & 20 #	13344'	1800 Class H w/ 50/50 Poz
	2 7/8 6.5 #	9035'	

## IV. TEST DATA AND REQUEST FOR ALLOWABLE OIL WELL

(Test must be after recovery of total volume of load oil and must be equal to or exceed top allowable for this depth or be for full 24 hours)

Date First New Oil Run To Tanks 2-11-87	Date of Test 2-22-87	Producing Method (Flow, pump, gas lift, etc.) Pump	
Length of Test 24 hrs.	Tubing Pressure 20	Casing Pressure 20	Choke Size -
Actual Prod. During Test 562 BBLS	Oil-Bbls. 301 BBLS	Water-Bbls. 261 BBLS	Gas-MCF TSTM

## GAS WELL

Actual Prod. Test-MCF/D	Length of Test	Bbls. Condensate/ADCF	Gravity of Condensate
Testing Method (prior, back pr.)	Tubing Pressure (Shot-in)	Casing Pressure (Shot-in)	Choke Size

## V. CERTIFICATE OF COMPLIANCE

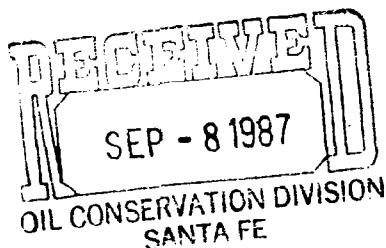
I hereby certify that the rules and regulations of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

*Tom Hallum*  
(Signature)  
Engineering Technician  
(Title)  
2-23-87  
(Date)

## OIL CONSERVATION DIVISION

APPROVED **FEB 27 1987**, 19\_\_\_\_  
BY *[Signature]*  
TITLE **DISTRICT 1 SUPERVISOR**

This form is to be filed in compliance with NULE 1104.  
If this is a request for allowable for a newly drilled or deepened well, this form must be accompanied by a tabulation of the deviation tests taken on the well in accordance with NULE 111.  
All sections of this form must be filled out completely for allowable on new and recompleted wells.  
Fill out only Sections I, II, III, and VI for changes of owner, well name or number, or transporter, or other such change of condition.  
Separate Forms C-104 must be filed for each pool in multiply completed wells.



September 4, 1987

*M.S.  
Cont to Oct 7, 1987  
per my phone conversation  
w/ Chad on 9/8/87*

Mr. W. Thomas Kellahin  
Kellahin and Kellahin  
P. O. Box 2265  
Santa Fe, New Mexico 87504-2265

Re: NMOCD Case No. 9168  
Benson No. 1 Well Costs

Dear Tom:

This confirms our agreement to continue the hearing on this case until the Examiner Hearing of September 23, 1987, at which time, or prior to it, we may be able to agree upon a resolution of the issues involved.

I request that Marathon furnish to William G. McCoy, P.E., P. O. Box 9730, Santa Fe, New Mexico, 87504, any additional production data it has collected and is willing to produce, from which Mr. McCoy can make an independent review of the probable ultimate production of the Benson No. 1 Well.

In addition, I request that the following information be furnished, with reference to costs reflected on Marathon Exhibits 2 and 3 introduced at the previous hearing:

(a) From Exhibit 2:

(i) invoices or other documentation detailing the "direct supervision" charges of \$16,643 and \$19,054 on Pages 1 and 2, respectively; and

(ii) invoices detailing the charges on Page 3:

(1)	"Tanks"	\$42,496
(2)	"Co. Labor"	\$ 9,920
(3)	"Metering"	\$13,952.

Mr. W. Thomas Kellahin  
-2-

September 4, 1987

(b) From Exhibit 3:

- (i) documentation reflecting the basis of all charges made for material transfers made from inventory; and
- (ii) invoices detailing charges made under:
  - (1) Feature 084, Page 9, totaling \$23,893.47
  - (2) Feature 091, Page 10, totaling \$30,548.15
  - (3) Feature 049, Page 11, totaling \$34,585.07.

We calculate \$35,697 in charges for supervision made, and \$9,920 for company labor. The overhead rate under the pooling order in effect authorizes \$13,310 by our calculation. We invite any discussion regarding these costs.

Please provide us with additional costs paid since the time your client's information was last current, which I understand to be May 31, 1987. We also request that monthly operating statements have attached to them the actual invoices for review. A statement showing revenue attributable to the pooled interest and applied toward payout would be appreciated.

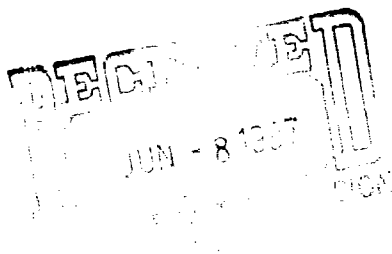
Thank you for your cooperation in this matter.

DICKERSON, FISK & VANDIVER

  
Chad Dickerson

CD:pv

cc: Mr. J. A. Davidson  
✓ Mr. Michael Stogner  
Mr. William G. McCoy



June 4, 1987

Energy and Minerals Department  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

*Case 9168*

Re: Marathon Oil Company No. 1 Benson Well  
Township 16 South, Range 38 East, NMPM  
Section 14: SE/4 SE/4 (Unit P)  
Lea County, New Mexico

Gentlemen:

*Re Case 9146*

On behalf of J. A. Davidson, objection is hereby made to the actual well costs allegedly incurred by Marathon Oil Company in drilling and completing the captioned well. Please set for hearing and advise the parties of the date thereof.

By copy hereof to Mr. Kellahin, we request that Marathon provide us with an indexed, classified schedule of well costs and supporting invoices at least 10 days prior to hearing.

DICKERSON, FISK & VANDIVER

Chad Dickerson

CD:pv

cc: Mr. J. A. Davidson  
Mr. W. Thomas Kellahin

*Continue Case No.  
9168 to 7/15/87*

June 23, 1987

Oil Conservation Division  
P.O. Box 2088  
Santa Fe, NM 87501

ATTENTION: MICHAEL STOGNER

Gentlemen:

Case 9162, application of Amerind for compulsory pooling and a non-standard spacing unit is set for the examiner hearing on July 1, 1987. I represent Rio Pecos Corporation in that case. Two cases involving Marathon Oil Company and J. A. Davidson are set for the same day, for which I do not have the case numbers assigned. One is the objection filed to the well costs in SE/4 SE/4 Section 14-16-88. The other involves surface co-mingling of production from the same well with an offset well in NE/4 NE/4 Section 23-16-38.


I have long been scheduled to be in Alaska fishing from June 28 until July 14. I cannot be in Santa Fe on July 1.

I sought from William F. Carr his client's concurrence in case 9162. It was denied on the basis of a lease expiration on July 16. Rio Pecos Corporation does not oppose the force pooling case, only the non-standard unit sought. I have not at this writing contacted Mr. Kellahin, who represents Marathon, but will do so by telephone on Wednesday, June 24. It is my opinion that no prejudice to any party will result by a continuance. In none of the cases has a previous delay been sought.

I respectfully request that each of the above cases be continued until the Examiner hearings on ~~July 15~~. Please advise promptly of the Division's ruling so that my clients can make other arrangements if the continuances are denied. Thank you.

Sincerely yours,

DICKERSON, FISK & VANDIVER

*Talked w/  
Tom Kellahin,  
will continue  
to 1st hearing  
in August*  
  
Chad Dickerson

CD:bh

cc: Rio Pecos Corporation  
J. A. Davidson  
William F. Carr

Chad Dickerson      John Fisk      David R. Vandiver      Rebecca Reese Dickerson

Seventh & Mahone / Suite E / Artesia, New Mexico 88210 / (505) 746-9841

DICKERSON, FISK & VANDIVER  
ATTORNEYS AT LAW





STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS  
GOVERNOR

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

September 15, 1987

W. Thomas Kellahin,  
Attorney for Marathon Oil Company  
P.O. Box 2264  
Santa Fe, NM 87501

&

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RE: Division Case No. 9168  
~~Application for Determination~~  
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Michael E. Stogner  
Hearing Examiner

MES/ag

cc: Case No. 9168 File