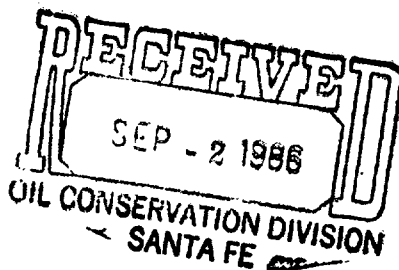




Union Texas Petroleum

August 29, 1986



1330 Post Oak Blvd
P.O. Box 2120
Houston, Texas 77252-2120
(713) 623-6544

State of New Mexico
Energy and Minerals Department
Oil Conversation Division
Post Office Box 2088
State Land Office Building
Santa Fe, New Mexico 87501

ATTENTION: Mr. Michael E. Stogner

Re: Case No. 8969

Dear Mike:

Pursuant to your letter of August 22, 1986, returned herewith
are Exhibits No. 14 and 15 under the subject case.

I sincerely appreciate your cooperation in lending these exhibits
to Union Texas Petroleum.

Yours very truly,

Lael E. Henning
Senior Landman

LEH:fgb
Enclosures

BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION
OF MARATHON OIL COMPANY FOR A UNIT
AGREEMENT, CHAVES COUNTY, NEW MEXICO.

Case 8969

RECEIVED

AUG 19 1986

ENTRY OF APPEARANCE

OIL CONSERVATION DIVISION

Comes now, CAMPBELL & BLACK, P.A., and hereby enters its
appearance in the above-referenced cause for Amoco Production
Company.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By



J. Scott Hall
Post Office Box 2208
Santa Fe, New Mexico 87501
(505) 988-4421

ATTORNEYS FOR AMOCO PRODUCTION
COMPANY



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONEY ANAYA
GOVERNOR

September 4, 1986

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. 8969
ORDER NO. R-3293

Applicant:

Marathon Oil Company

Dear Sir:

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

Sincerely,

R. L. STAMETS
Director

RLS/fd

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD

Other Xcott Hall

State of New Mexico

#8969



JIM BACA
COMMISSIONER

Commissioner of Public Lands

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

September 10, 1986

REGISTERED MAIL RETURN RECEIPT REQUESTED

Marathon Oil Company

ATTN: Mr. L. M. Bullock, III

P. O. Box 552

Midland, Texas 79702

Re: Proposed North Park Deep Unit
Chaves County, New Mexico

Gentlemen:

Upon further reviewing your proposed North Park Deep Unit Agreement the Commissioner of Public Lands feels that a commitment for further development on State owned lands within the proposed North Park Deep Unit should be addressed.

Before coming in for final approval please contact this office so that our position may be clarified.

Your prompt consideration in regards to this matter will be greatly appreciated.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY:

Floyd O. Prando
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

JB/FOP/pm

encls.

cc: OCD-Santa Fe, New Mexico

BLM-Roswell, New Mexico Attn: Mr. Armando Lopez

State of New Mexico



JIM BACA
COMMISSIONER

Commissioner of Public Lands

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

August 26, 1986

Marathon Oil Company
ATTN: Mr. L. M. Bullock, III
P. O. Box 552
Midland, Texas 79702

Re: Proposed North Park Deep Unit
Chaves County, New Mexico

Gentlemen:

This office has reviewed the unexecuted copy of unit agreement for the proposed North Park Deep Unit Area, Chaves County, New Mexico. This agreement meets the general requirements of the Commissioner of Public Lands and has this date granted you preliminary approval as to form and content.

Preliminary approval shall not be construed to mean final approval of this agreement in any way and will not extend any short term leases, until final approval and an effective date have been given. Also, any well commenced prior to the effective date of this agreement which penetrates its objective horizon prior to said effective date shall not be construed as the initial test well.

When submitting your agreement for final approval please submit the following:

1. Application for formal approval by the Commissioner setting forth the tracts that have been committed and the tracts that have not been committed.
2. All ratifications from the lessees of Record and Working Interest Owners. All signatures should be acknowledged by a notary and one set must contain original signatures.
3. Order of the New Mexico Oil Conservation Division and the Designation from the Bureau of Land Management. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.
4. Article 3 of the unit agreement should be revised to reflect the correct unitized formations and intervals as described in Article 9.

Marathon Oil Company
August 26, 1986
Page 2

5. On Exhibits "A" and "B". Tract No. 10, our records indicate that the lessee of record for State Lease No. E-8754 should be changed to Ernest A. Hanson. Our statutes require that we use the information as reflected on our records. We have no record that Hanson-McBride Petroleum Company is the record title owner for this lease.

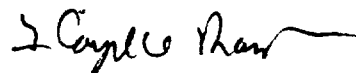
Your filing fee in the amount of \$180.00 Dollars has been received.

If we may be of further help please do not hesitate to call on us.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY:



FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

JB/FOP/pm

OCD-Santa Fe, New Mexico



JIM BACA
COMMISSIONER

State of New Mexico
OFFICE OF THE
Commissioner of Public Lands
Santa Fe

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

October 14, 1986

Marathon Oil Company
ATTENTION: Mr. Steve Daniels
P. O. Box 552
Midland, Texas 79702

Re: Proposed North Park Deep Unit
Chaves County, New Mexico

Gentlemen:

In response to your letter dated October 6, 1986, after carefully examining the above proposed unit it has been determined that approval thereof will not be in the best interest of the State of New Mexico. Before the Land Commissioner can proceed to approve any unit agreement three legal tests must be met.

- A. Such agreement will tend to promote the conservation of oil or gas and the better utilization of reservoir energy;
- B. Under the operations proposed the State and each beneficiary of the lands involved will receive its fair share of the recoverable oil or gas in place under its lands in the area affected; and
- C. The agreement is in other respects for the best interest of the State.

Since Marathon cannot make a commitment to drill a second (2nd) exploratory well on State Lands, the Federal method of determining participation would leave the State contributing "Protection" acreage without compensation. Additionally, the following observations, made by our geologist, influenced our decision:

- 1. A Truncated Lower Paleozoic wedge does exist in the area. Oil and gas shows are recorded along this wedge.
- 2. Marathon has not demonstrated the existence of a meritorious structure in this area.
- 3. Marathon has not demonstrated the Geologic need for a six section unit. In fact, their geologic evidence is inadequate.

Marathon Oil Company
October 14, 1986
Page 2

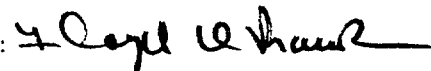
4. Without Amoco's Participation the unit is gutted and no down-dip protective buffer exists... Amoco is free to drill in the event of a discovery, a definite advantage to the State.
5. The bulk of closure (\pm 200 Feet) is on Federal leases. Sections 16 and 28 do not appear to serve any useful purpose without the inclusion of Section 21. A three section Federal unit would appear to be more in line with Marathon's needs.

We have weighed the many factors which have significance in unit approval and it has been determined that your proposed unit does not meet the requirements necessary for approval.

For this reason, Sections 16 and 28 both in Township 11 South, Range 27 East, are hereby excluded from your proposed unit area.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY: 

FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

JB/FOP/pm

cc: OCD-Santa Fe, New Mexico
BLM-Roswell, New Mexico Attn: Mr. Armando Lopez

7/17/86 (Steven Ramirez)

Marathon Oil Company
North Park Deep Unit Area
Top
Deep San Andres to etc
1500' - 7700'

(Fossiliferous
Bedrock)

7

top of the Cambrian
(Base)

3840, acres

11 South, 27 East,

16
17
20
21

28: = (All of
29: said Section
Chinle