

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

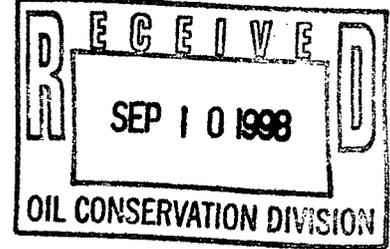
[1] **TYPE OF APPLICATION - Check Those Which Apply for [A].**

- [A] Location - Spacing Unit - Directional Drilling
 NSL NSP DD SD

Check One Only for [B] and [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR



[2] **NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply**

- [A] Working, Royalty or Overriding Royalty Interest Owners
 (none sent--Marathon is offset operator)
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] **INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding**

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

W. T. Kellahan [Signature] Attorney 9/10/98
 Print or Type Name Signature Title Date

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

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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)

September 10, 1998

HAND DELIVERED

Mr. Michael E. Stogner
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87501

RE: **Indian Basin "32" Well No. 3**
950 feet FNL & 1350 feet FEL
Section 32, T21S, R24E
Administrative Application of
Marathon Oil Company for Approval
of an Unorthodox Gas Well Location,
Eddy County, New Mexico

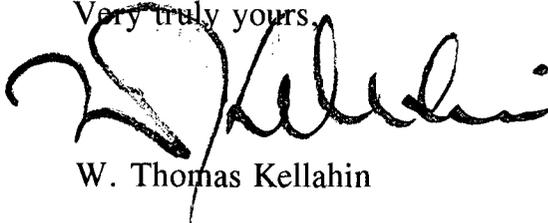
OIL CONSERVATION DIV
98 SEP 10 PM 2:52

Dear Mr. Stogner:

Please find enclosed our administrative application for approval of an unorthodox gas well location for Marathon Oil Company's Indian Basin "32" Well No. 3. This well location is unorthodox because Section 32 is currently included in the Indian Basin-Upper Penn Gas Pool.

This well is also within the proposed expansion area of the Indian Basin-Upper Penn Associated Pool which is the subject of Case 12006 presented to you at the hearing held on July 9, 1998. If an order is entered approving that case, then this proposed well location is no longer unorthodox and will be dedicated to the E/2 of this section.

Very truly yours,



W. Thomas Kellahin

fxc: Marathon Oil Company
Attn: Walter Dueease

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

**IN THE MATTER OF THE ADMINISTRATIVE
APPLICATION OF MARATHON OIL COMPANY
FOR APPROVAL OF AN UNORTHODOX GAS WELL
LOCATION, EDDY COUNTY, NEW MEXICO**

ADMINISTRATIVE APPLICATION

Comes now Marathon Oil Company, by and through its attorneys, Kellahin and Kellahin, and in accordance with Division General Rule 104.F applies to the New Mexico Oil Conservation Division for administrative approval of an unorthodox gas well location for its Indian Basin "32" Well No. 3 ("Well No. 3") which is to be drilled at an unorthodox gas well location 950 feet FNL and 1350 feet FEL of Section 32, T21S, R24E, Eddy County, New Mexico and to be dedicated to a standard 640-acre gas proration and spacing unit consisting of all of this section for production from the Indian Basin Upper Pennsylvanian Gas Pool, and in support states:

(1) Marathon Oil Company ("Marathon") is the proposed operator of the subject well is located. **See Exhibit 1**

(2) Section 32 is within the current boundary of the Indian Basin-Upper Pennsylvanian Gas Pool, the special rules and regulations of which provide, among other things, that:

(a) wells shall be no closer than 1650 feet to an outerboundary of a GPU;

(b) a GPU consisting of 640-acres;

(3) Section 32 is currently dedicated as a 640-acre gas spacing unit in the Indian Basin-Upper Pennsylvanian Gas Pool and contains two wells:

(a) The Getty 32 State Well No 1-Y at an unorthodox gas well location 1270 feet FSL and 660 feet FWL approved by Administrative Order NSL-1960 dated January 30, 1989; and

(b) The 32 State Well No 2 located 2000 feet FSL and 1650 feet FEL.

**Administrative Application of
Marathon Oil Company
Page 2**

(4) Section 32 is also included within the area which is the subject of Division Case 12006 in which Marathon has sought to delete from the Indian Basin-Upper Penn Gas Pool and to add to the Indian Basin Upper Penn Associated Pool, the special rules and regulations of which provide, among other things, that:

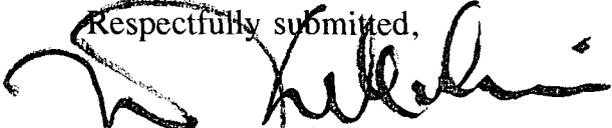
- (a) wells shall be no closer than 660 feet to an outerboundary of a GPU;
- (b) a GPU consisting of 320-acres;
- (c) multiple wells can be drilled within a GPU limited however to no more than one well per 80 acre tract;
- (d) a maximum oil allowable of 1400 BOPD;
- (e) a maximum gas allowable of 9.8 MMCFPD; and
- (f) a GOR of 7,000 to 1.

(5) In the event an order is entered in Case 12006 approving that application then this requested unorthodox well location will be "standard" and Marathon will dedicate a 320-acre GPU consisting of the E/2 of this section to this well.

(6) Marathon desires to locate this well in the NE/4 of this section but is precluded from drilling at a standard location for the Indian Basin Upper Penn Gas Pool because the BLM regards any standard location in the NE/4 of this section as one which would interfere with the Scenic Byways Visual Resources of State Highway 137 which is visible 0.2 miles to the north. **See Exhibit 2.**

(7) No notification of this application is required because encroachment is towards spacing units in Sections 27, 28 and 34 all operated by Marathon. **See Exhibit 3**

WHEREFORE, Marathon Oil Company requests that this matter be approved administratively by the Division.

Respectfully submitted,

W. Thomas Kellahin
Kellahin and Kellahin
P.O. Box 2265
Santa Fe, New Mexico 87504-2265
(505) 982-4285
Attorneys for Applicant

DISTRICT I
P.O. Box 1840, Hobbs, NM 88241-1800

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer 22, Artesia, NM 88211-0716

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

DISTRICT III
1000 Rio Pecos Rd., Artes, NM 87410

AMENDED REPORT

DISTRICT IV
P.O. Box 2000, Santa Fe, NM 87504-2008

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name
Property Code		Property Name	
OGRD No. 14021		Operator Name	
		Well Number	
		Elevation	

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	32	21 S	24 E		950	NORTH	1250	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
640			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT 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.

Walter Duncan
Signature

D. R. Hall
Printed Name

Drilling Superintendent
Title

2/24/98
Date

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 belief.

FEBRUARY 24, 1998
Date Surveyed

Ronald S. Eidson
Signature & Seal of Professional Surveyor

W.O. Num. 98-13-0100

Certificate No. RONALD S. EIDSON, 3258
GARY S. EIDSON, 12041
McDONALD, 12180

EXHIBIT
1

Arroyo

BM

Gas Well

3701

29

4123

The Tepee

TEEPER
ST. #1
Gas Well

X4232
#3
950' FNL
1350' FEL

2475' FNL
1975' FNL
2560' FNL
1200' FEL

32

Knoll #4

2175' FNL
1625' FEL
#2
2000' BS
1250' FE

Righthand

Canyon

EXHIBIT

2

ky

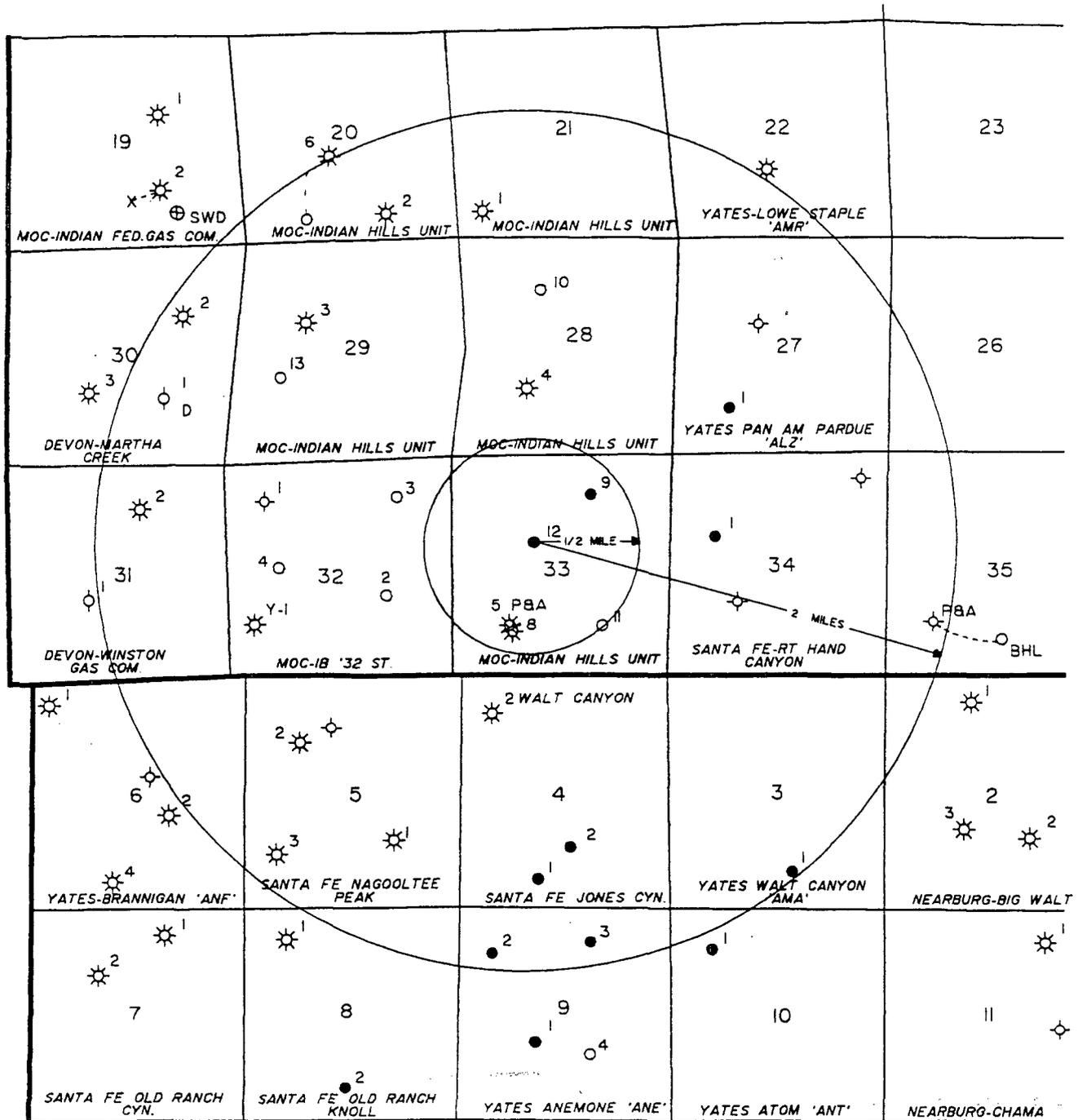
G
W

Gas Well

1000' BS
1000' FE

1410' BS
1250' FE

Indian Hills Unit Well No. 12
Proposed Downhole Separation and Disposal
Attachment to C-108
(Part V)



**MARATHON OIL COMPANY
MID-CONTINENT REGION**

INDIAN BASIN

EDDY COUNTY, NEW MEXICO

