



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

OIL CONSERVATION DIVISION  
RECEIVED

JUL 26 AM 8 52  
FAX 915-687-8307

July 25, 1995

State of New Mexico - E,M&NR Dept.  
Attention: Mr. M. E. Stogner  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

Re: Application for Unorthodox Well Location  
Indian Hills Unit No. 8  
Indian Basin - Upper Pennsylvanian Gas Pool  
Eddy County, New Mexico

Dear Mr. Stogner:

Marathon Oil Company respectfully requests authority to drill and complete a new well located in Section 33 of Township 21 South, Range 24 East at an unorthodox surface location of 1182' FSL and 1545' FWL and complete the well in the Indian Basin Upper Pennsylvanian Gas Pool.

This request is necessary due to topographical considerations as covered in the Stipulations For The East Indian Basin Oil Field Development Area.

The orthodox locations available in this 640 acre proration unit are located on the side of hills. On-site inspection of the area with Mr. Barry Hunt, Surface Use Specialist, Carlsbad Resource Area of the Bureau Of Land Management resulted in their encouragement of using the existing pad site at Indian Hills Unit No. 5. This location will allow for testing the Upper Penn with a minimum of disturbance to the surface area in Section 33. A directional well is not economically feasible.

The following items are being submitted, in triplicate, in support of this request:

1. Form 3160-3 - Application for Permit to Drill or Deepen;
2. Form C-102 - Well Location and Acreage Dedication Plat;
3. Map showing Offset Operators;
4. Copy of Certified letter to Offset Operators;
5. Topographic map

State of New Mexico  
Page 2

A copy of this letter and attachments is being furnished to the Offset Operators by Certified Mail as notice of this application.

Marathon Oil Company requests that this unorthodox location be administratively approved. Due to rig scheduling difficulties, we are in hopes of spudding this well by August 1, 1995. Please advise if this is not possible.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "R. A. Biernbaum".

R. A. Biernbaum  
Project Manager  
Indian Basin Asset Team

RAB:R.JF/HU#8/1k

**UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT**

<b>APPLICATION FOR PERMIT TO DRILL OR DEEPEN</b>		5. LEASE DESIGNATION AND SERIAL NO. <b>NM07260</b>
1a. TYPE OF WORK <b>DRILL</b> <input checked="" type="checkbox"/> <b>DEEPEN</b> <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME <b>INDIAN HILLS</b>
b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		7. UNIT AGREEMENT NAME <b>INDIAN HILLS</b>
2. NAME OF OPERATOR <b>Marathon Oil Company</b>		8. FARM OR LEASE NAME, WELL NO. <b>INDIAN HILLS #8</b>
3. ADDRESS AND TELEPHONE NO. <b>P.O. Box 552, Midland, TX 79702</b> <b>915/682-1626</b>		9. API WELL NO.
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)* At surface <b>1182' FSL &amp; 1545' FWL</b> At proposed prod. zone <b>1182' FSL &amp; 1545' FWL</b>		10. FIELD AND POOL, OR WILDCAT <b>INDIAN BASIN/U PENN</b>
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* <b>18 MILES N.W. OF CARLSBAD, N.M.</b>		11. SEC., T., R., M., OR BLM. AND SURVEY OR AREA <b>SEC. 33, T-21-S,R-24-E</b>
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)	16. NO. OF ACRES IN LEASE	17. NO. OF ACRES ASSIGNED TO THIS WELL <b>320 - S / 2</b>
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. *	19. PROPOSED DEPTH <b>8000'</b>	20. ROTARY OR CABLE TOOLS <b>ROTARY</b>
21. ELEVATIONS (Show whether DF, RT, GR, etc.) <b>4090' GR</b>		22. APPROX. DATE WORK WILL START* <b>7-20-95</b>

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8"	48#	40'	CONDUCTOR-REDI MIX TO SURFACE
12 1/4"	9 5/8"	36#	1200'	800 - CIRCULATE
8 3/4"	7"	23#, 26#	8000'	1075-TOC @ +/- 1000'

SEE ATTACHED MULTIPOINT AND DRILLING PROGRAM FOR SPECIFIC DETAILS.

- \* DISTANCE TO IHU #5 @ 1230' FSL & 1470' FWL - 125'
- \* DISTANCE TO IHU #4 @ 1650' FSL & 1650' FWL, SEC. 28 - 5,749'

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, 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 W.J. Queen For D.P. Weber TITLE DRILLING SUPERINTENDENT DATE 6-19-95

(This space for Federal or State office use)

PERMIT NO. \_\_\_\_\_ APPROVAL DATE \_\_\_\_\_

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_

\*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

DISTRICT I  
P.O. Box 1000, Hobbs, NM 88241-1000

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 DD, Artesia, NM 88211-0719

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION

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

DISTRICT IV  
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code <b>79040</b>	Pool Name <b>Indian Basin (Upper Penn Gas)</b>
Property Code	Property Name <b>INDIAN HILLS Unit</b>	Well Number <b>8</b>
OCRID No.	Operator Name <b>MARATHON OIL COMPANY</b>	Elevation <b>4090</b>

Surface Location

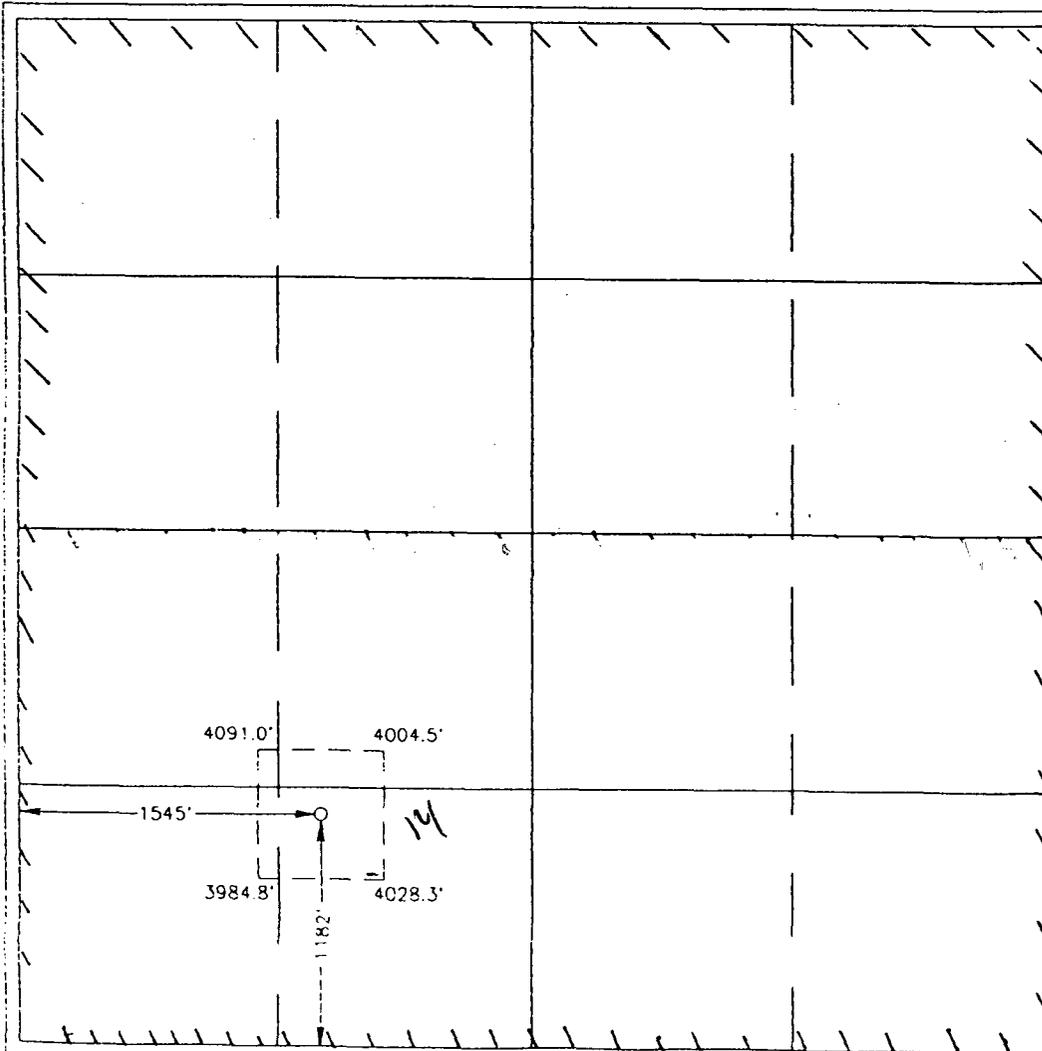
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	33	21 S	24 E		1182	SOUTH	1545	WEST	EDDY

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 <b>640</b>	Joint or Infill	Consolidation Code	Order No.
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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 the the information contained herein is true and complete to the best of my knowledge and belief.

*W.J. Nordt FOR DPN*  
Signature  
D. P. Nordt  
Printed Name  
Drilling Superintendent  
Title  
6-19-95  
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.

JUNE 13, 1995  
Date Surveyed SJA  
Signature & Seal of Professional Surveyor  
*Ronald J. Eidson*  
W.O. Num. 95-11-0904  
Certificate No. JOHN W. WEST 676  
RONALD J. EIDSON 3239  
GARY EIDSON 1264

**Thirteen Point Surface Use Plan**  
**MARATHON OIL COMPANY**

**Indian Hills Unit No. 8**  
**Sec. 33, T-21-S, R-24-E**  
**Eddy County, New Mexico**

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1. Existing Roads: Refer to Vicinity Lease Map.

- a. The proposed wellsite is staked and the surveyor's plat is attached.
- b. To reach the location from Carlsbad, New Mexico: Follow Hwy 285 North of 18 miles. Turn West on Queen's highway (NM 137) for 8.8 miles. At the intersection of Queen's Hwy and NM 401, turn South on Queen's Hwy (NM137) for 4.1 miles. Turn left onto existing caliche lease road. Stay on main caliche lease road and bear left whenever possible for 6.1 miles. Turn right on existing lease road for approx. 2000' into location.
- c. Existing roads within a one-mile radius (refer to Vicinity Lease Map).
- d. The existing road will be maintained as necessary to provide access during the drilling operation.

2. Planned Access Road: Refer to Vicinity Lease Map.

Access will be by existing lease roads. Construction plans will require blading and rolling the road and pad. No new access road will be required. The existing road and the East half of the abandoned Indian Hills Unit #5 will be utilized. Roads will be 14' wide with 6" of compacted caliche. The access road will enter the drilling pad on the Northwest corner. The drilling location will have a V-door facing South, Southwest.

3. Location of Existing Wells: See Vicinity Lease Map.

4. Location of Existing and Proposed Production Facilities within a one-mile radius:

- a. Existing: There are three gas wells operated by Marathon Oil Company within a one-mile radius of the proposed location. These locations have production facilities including separators, condensate storage tanks and location drips. Marathon and Santa Fe Energy operate a variety of dehydrators, meter runs, and several gathering lines in the one-mile radius.
- b. New Facilities: The proposed location will have a separator and gas sales line. The actual equipment and its configuration will be determined after the well is completed.
- c. Rehabilitation of disturbed areas no longer needed for operations will be accomplished by grading, levelling and seeding as recommended.

**A. P. D. (cont.)**  
**Thirteen Point Surface Use Plan**  
**Indian Hills Unit No. 8**

5. Location and Type of Water Supply:

- a. Source: Indian Basin Gas Plant, SW/4, NE/4, Sec. 23, T-21-S, R-23-E.
- b. The water will be trucked by a contractor. No new construction will be required on/along the water route.
- c. No water well will be drilled on this location.

6. Source of Construction Materials:

- a. Construction materials will be obtained from the abandoned location.
- b. If production is obtained, native materials will be used on the location and for installation of production facilities.
- c. On-site inspection may dictate any changes in location construction.

7. Methods of Handling Waste Material Disposal:

- a. Cuttings - will be deposited in the reserve pit.
- b. Drilling fluids - contained in reserve pit and allowed to evaporate. Free water will be removed and transported to an approved disposal site to accelerate pit drying.
- c. Produced fluids - none anticipated.
- d. A portable chemical toilet will be provided.
- e. Garbage and other waste material - garbage and trash will be stored in a receptacle on location and periodically hauled to an approved sanitary landfill.
- f. After the rig moves out, all materials not necessary for operations will be removed. Pits will be backfilled and levelled. The location will be cleaned of all trash and debris.

8. Ancillary Facilities: Camp facilities will not be required. Portable trailers will be on location to house a company drilling foreman and contract toolpusher.

9. Wellsite Layout:

- a. The wellpad layout shows the drillsite layout as staked. Cross-sections have been drafted to visualize the planned cuts and fills across the location. Topsoil will be stockpiled per specifications.
- b. The reserve pit will be fenced on three sides before drilling begins. The fourth side will be fenced when the drilling rig leaves location.
- c. The reserve pit will be lined (8 mil material).

A. P. D. (cont.)  
Thirteen Point Surface Use Plan  
Indian Hills Unit No. 8

10. Plans for Restoration of the Surface:

- a. Backfilling, levelling, and contouring are planned as soon as all pits have dried. Waste disposal and spoiled materials will be buried or hauled away immediately after drilling is completed. If production is obtained, the unused area will be restored as soon as possible.
- b. The soil banked material will be spread over the area. Revegetation will be accomplished by planting mixed grasses as per formula by BLM. Revegetation is recommended for road area, as well as around the drill pad.
- c. The reserve pit will be fenced during drilling operations. Fencing will be maintained until levelling and cleanup are accomplished.
- d. If any oil is in the pits and is not immediately removed after operations cease, the pit containing the oil or other adverse substances will be flagged overhead or covered with mesh.
- e. The rehabilitation operations will begin after the drilling rig is removed. Removal of oil or other adverse substances will begin immediately or area will be flagged and fenced. Other cleanup will be done as needed. Planting and revegetation will be done between July 15 and September 15.

11. Other Information:

- a. There are no significant archaeological or cultural sites visible in the area of disturbance. A cultural resource survey was performed by Archaeological Consultants Inc. of Roswell.
- b. General topography: Shown on Vicinity Lease Map. The terrain at the wellsite is gently rolling hills. Vegetation is primarily agave and sotol cactus and natural grasses.
- c. Animal life: Deer, Antelope, domestic livestock, rabbits and native rodents and predators.
- d. Dwellings (nearest): Approximately 6 miles.
- e. General location: Approximately 22 miles Northwest of Carlsbad, New Mexico.
- f. Drainage: Internal
- g. Surface Owner: The surface is owned by the United State Government.

A. P. D. (cont.)  
Thirteen Point Surface Use Plan  
Indian Hills Unit No. 8

12. Operator Representatives:

David Nordt  
Drilling, Completion, & Workover Superintendent  
P. O. Box 552  
Midland, TX 79702  
800/351-1417  
915/682-1626

13. Certification:

I hereby certify that I, or someone under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions that presently exist; that the statements made in this plan are, to the best of my knowledge and belief, 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.

6-20-95  
Date

W.J. Amare For D.P.N.  
D. P. Nordt

**DRILLING PROGRAM  
MARATHON OIL COMPANY**

**Indian Hills Unit No. 8**

1. Estimated KB Elevation: 4090'

<u>FORMATION</u>	<u>-----TOP-----</u>		<u>-----BASE-----</u>		<u>FLUID</u>
	<u>MEASURED</u>	<u>SUBSEA</u>	<u>MEASURED</u>	<u>SUBSEA</u>	
Queen	Surface	+4090'	650'	+3440'	water
San Andres	650'	3440'	2250'	1840'	water
Glorietta	2250'	1840'	2355'	790'	
Delaware	3300'	790'	4300'	-210'	
Bone Spring	4300'	-210'	5950'	-1860'	oil gas
Wolfcamp	5950'	-1860'	7520'	-3370'	oil gas
B/Permian Sh.	7520'	-3370'	7530'	-3440'	
U. Penn	7530'	-3440'	7550'	-3460'	gas, oil, water
Penn Dolomite	7550'	-3460'	8000'	-3910'	gas, oil, water

<u>FORMATION</u>	<u>---EST PSIG</u>	<u>SBHP--- PPG EMW</u>	<u>EST SBHT DEG f</u>	<u>PPM</u>	<u>H2S (obj, marker, etc.)</u>	<u>---SIGNIFICANCE---</u>
Bone Springs	1210	8.5			500	marker
Wolfcamp	1680	9.0				marker
B/Permian Shale	1810	9.0				marker
U. Penn	2050	9.0			5000	objective pay
Penn Dolomite	2164	9.0			5000	objective

2. See (1) above.

If any unexpected water or mineral bearing zones are encountered, they will be reported, evaluated, and protected as circumstances and regulations require.

3. **Pressure Control Equipment:**

9 5/8" Surface: 11" 3M annular tested to 200#/2000#, 11" 3M dual rams, choke manifold and mud cross, tested to 300#/3000#.

Auxiliary Equipment:

Surface Hole: N/A

Intermediate Hole: None

Production Hole: Flow indicator, PVT, H<sub>2</sub>S Sensors, air packs, stroke counter, rotating head.

BOP systems will be consistent with API RP 53. Blowout preventers will be installed prior to drilling the surface casing plug and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated at least daily to ensure good mechanical working order, and this inspection recorded on the daily drilling report. Preventers and casing will be pressure tested before drilling casing cement plugs.

Upper and lower kelly cocks with valve handle and safety valve and subs to fit all drillstring connections in use will be available on rig floor.

A. P. D. (cont.)  
 Thirteen Point Surface Use Plan  
 Indian Hills Unit No. 8

Test Frequency

1. When installed.
2. Anytime a pressure seal is broken (test confined only to affected equipment).
3. At least every 20 days.
4. Blind and pipe rams shall be activated each trip but not more than once/day.

4. Casing and Cement Program:

<u>---DEPTH---</u> <u>FROM TO</u>	<u>SECTION</u> <u>LENGTH</u>	<u>HOLE</u> <u>SIZE</u>	<u>CSG</u> <u>SIZE</u>	<u>WT.</u> <u>PPF</u>	<u>GRADE</u>	<u>THREADS</u> <u>COUPLINGS</u>	<u>NEW</u> <u>USED</u>
0 1200'	1200'	12.25"	9.625"	36	K-55	8rd, STC	New
0 2800'	2800'	8.75"	7"	23	K-55	8rd, LTC	New
2800' 8000'	5200'	8.75"	7"	26	K-55	8rd, LTC	New

<u>CASING</u> <u>STRING</u>	<u>DV</u> <u>DPTH</u>	<u>STG</u>	<u>LEAD</u> <u>TAIL</u>	<u>AMT</u> <u>SXS</u>	<u>TYPE</u> <u>CEMENT</u>	<u>YIELD</u> <u>CF/SX</u>	<u>WT.</u> <u>PPG.</u>	<u>TOC</u>	<u>ADDITIVES</u>
9.625"	None	1	L	600	"C" Lite		1.99	12.4	10#/SK.Gilsonite, 3% CaCl <sub>2</sub> , 1/4# cello
9.625"			T	200	"C" Neat	1.32	14.8	surf	2% CaCl, 1/4# cello
7"	±5600'	1	L	400	"C" Lite	1.8	13.6	5600'	8 pps Silica, .6% Halad 9, 3% salt, 5 pps Gilsonite
7"		2	L	575	"C" Lite	1.91	12.8	1000'	5 pps, salt, 5 pps Gilsonite, 1/4 pps Cello
7"		2	T	100	"C" Neat	1.32	14.8	5500'	

*Each stage will be preceded by an appropriate mud flush. Actual production hole volumes will be based on the caliper volume plus 15% excess.*

**A. P. D. (cont)**  
**Thirteen Point Surface Use Plan**  
**Indian Hills Unit No. 8**

**Centralizer Program:**

9 5/8" Conventional centralizers. Bottom 3 joints and every fourth joint to surface.

7" Conventional centralizers middle of 1st joint, then every joint to 7500', and 1 centralizer every 4th joint thereafter to 1100'.

**5. Mud Program:**

<u>---DEPTH---</u>		<u>MUD TYPE</u>	<u>WEIGHT</u>		<u>WL</u>	<u>ADDITIVES</u>	<u>VISUAL MONTR</u>
<u>FROM</u>	<u>TO</u>		<u>(PPG)</u>	<u>VIS</u>	<u>CC</u>		
0	1200'	fresh	N/A	N/A	N/A	Soap for mist	Reserve
1200'	5000'	fresh	8.5	28-32	N/C	Gel, caustic, H <sub>2</sub> S Scavenger	Reserve
5000'	7200'	cut brine	9.0	32-36	N/C	Saturated brine	Reserve
7200'	8000'	cut brine	9.0	32-36	<20	Salt gel, starch, caustic	Steel Pits
8000'	9500'	cut brine	9.2	36	<20	Salt gel, MF-55	Steel Pits

*Sufficient quantities of additives will be on location to maintain above mud properties for any anticipated well conditions.*

**6. Logging, Testing & Coring Programs:**

<u>LOG/TEST/CORE/MUDLOG/OTHER</u>	<u>--INTERVAL--</u>		<u>REMARKS</u>
	<u>FROM</u>	<u>TO</u>	
DLL/MSFL/GR	TD	5000'	
LDT/CNL/GR/CAL	TD	surf casing	
MUD LOGGER			ROP, Lithology, Gas Analysis, Chromatograph
NO CORES OR DST'S			

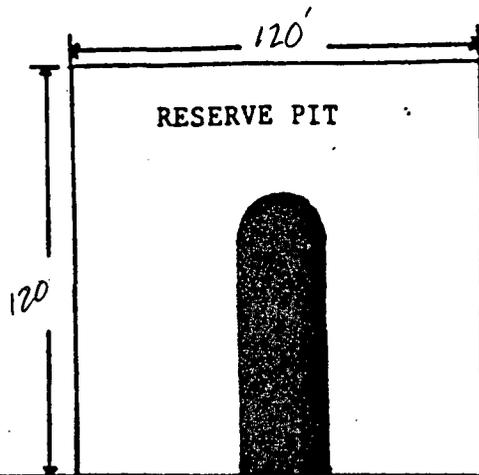
**7. Abnormal Pressures, Temperatures or Potential Hazards:**

None anticipated. Possible H<sub>2</sub>S in Cisco & Upper penn. See H<sub>2</sub>S Drilling Operations Plan.

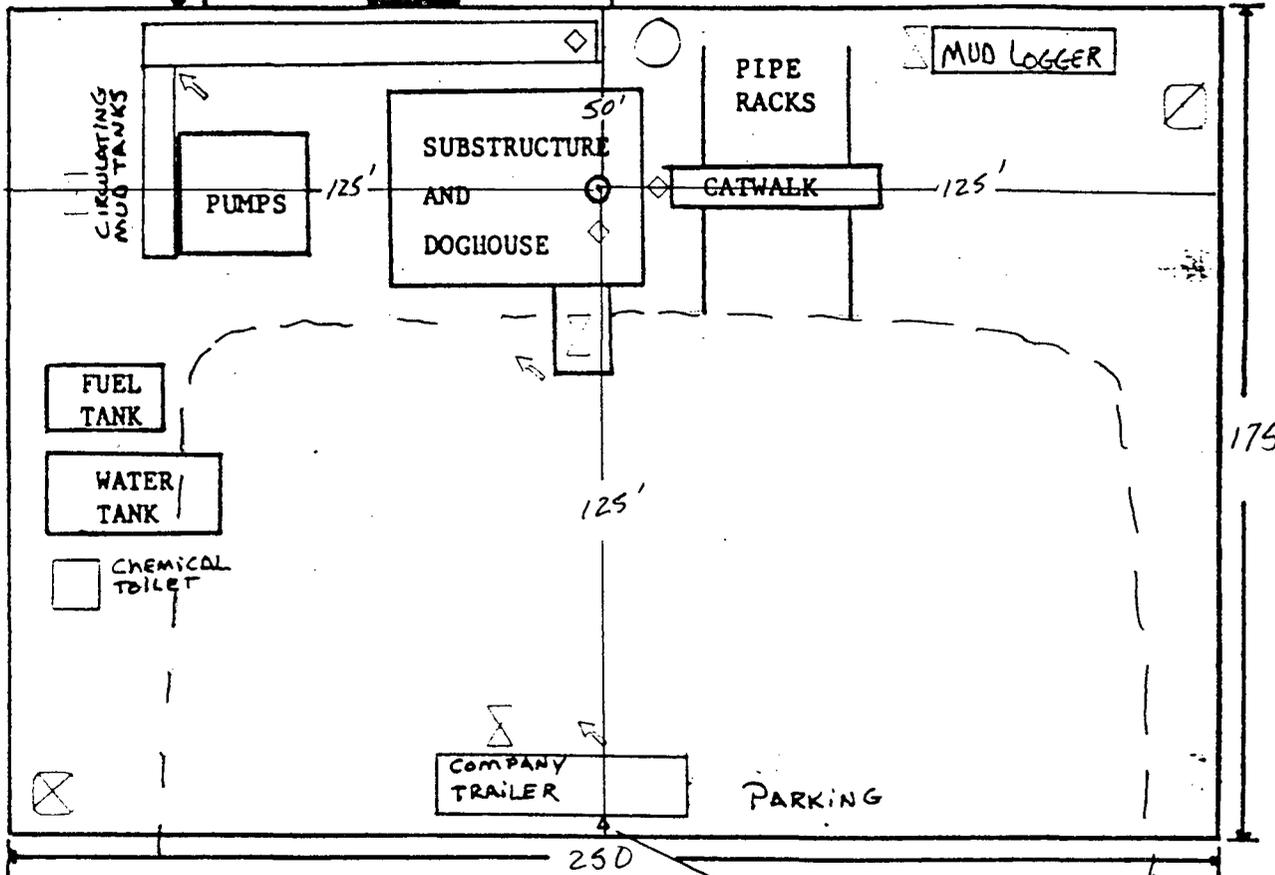
**8. Other Information:**

Anticipated Starting Date: As soon as possible.

Duration of Well: drilling - 18 days, completion - 10 days.



- ◇ H2S Detection Equipment
- ↗ Wind Direction Indicator
- △ Self Contained Breathing Equip.
- ⊗ Briefing Area



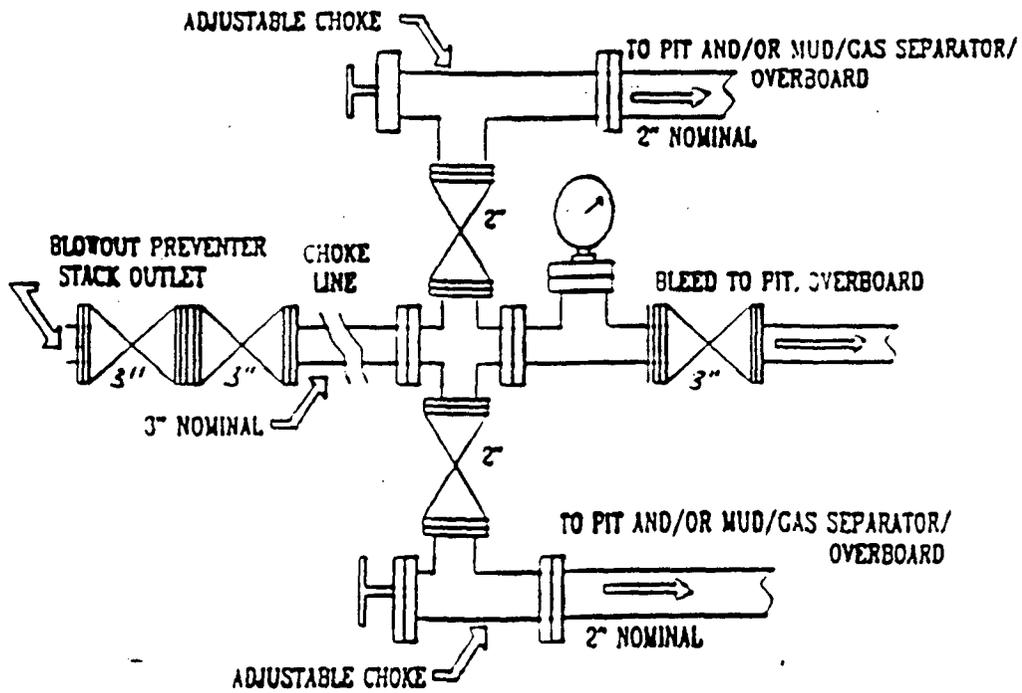
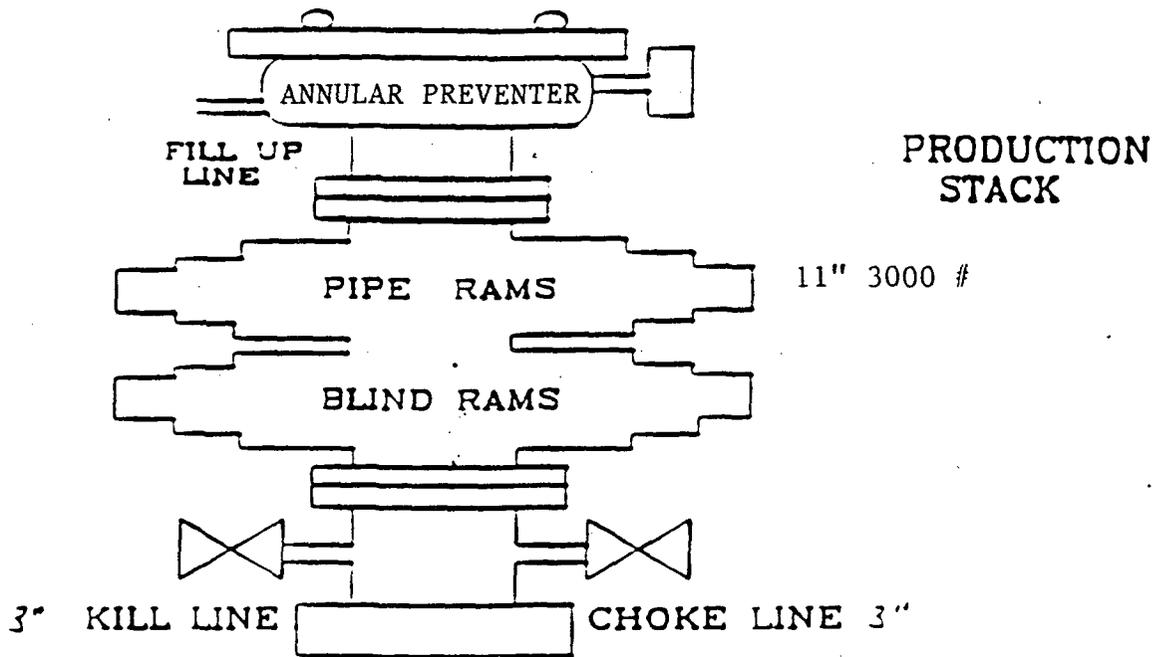
2 APPROXIMATE  
AREA OF  
EXISTING DRY  
HOLE LOCATION

Prevailing Wind Direction  
Southwest

Foot-path for emergency  
egress

DRY HOLE MARKER FOR  
IHU #5





# MARATHON OIL COMPANY

## H2S DRILLING OPERATIONS PLAN

### *I. HYDROGEN SULFIDE TRAINING*

All contractors and subcontractors employed by Marathon Oil Company will receive or have received training from a qualified instructor within the last twelve months in the following areas prior to commencing drilling operations on this well.

1. The hazards and characteristics of hydrogen sulfide (H<sub>2</sub>S)
2. Safety precautions
3. Operations of safety equipment and life support systems

In addition, contractor supervisory personnel will be trained or prepared in the following areas:

1. The effect of H<sub>2</sub>S on metal components in the system. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
2. Corrective action and shut-down procedures when drilling or reworking a well, blowout prevention and well control procedures, if the nature of work performed involves these items.
3. The contents and requirements of the contingency plan when such plan is required.

All personnel will be required to carry documentation of the above training on their person.

### **II. H2S EQUIPMENT AND SYSTEMS**

#### **1. Safety Equipment**

The following safety equipment will be on location.

- A. Wind direction indicators as seen in attached diagram.
- B. Automatic H<sub>2</sub>S detection alarm equipment (both audio and visual).
- C. Clearly visible warning signs as seen on the attached diagram. Signs will use the words "POISON GAS" and "CAUTION" with a strong color contrast.
- D. Protective breathing equipment will be located in the dog house and at briefing areas as seen in the attached diagram.

## 2. WELL CONTROL SYSTEMS

### A. Blowout Prevention Equipment

Equipment includes but is not limited to:

- a. pipe rams to accomodate all pipe sizes
- b. blind rams
- c. choke manifold
- d. closing unit

Auxillary equipment added as appropriate includes:

- a. annular preventor \_\_\_\_\_
- b. rotating head \_\_\_\_\_
- c. mud- gas separator \_\_\_\_\_
- d. flare line and means of ignition \_\_\_\_\_
- e. remote operated choke \_\_\_\_\_

### B. Communication

The rig contractor will be required to have two-way communication capability. Marathon Oil Company will have either land-line or mobile telephone capabilities.

### C. Mud Program

The mud program has been designed to minimize the volume of H<sub>2</sub>S circulated to surface. Proper mud weight, safe drilling practices, and the use of H<sub>2</sub>S scavengers when appropriate will minimize hazards when penetrating H<sub>2</sub>S bearing zones.

D. Drill Stem Test intervals are as follows:

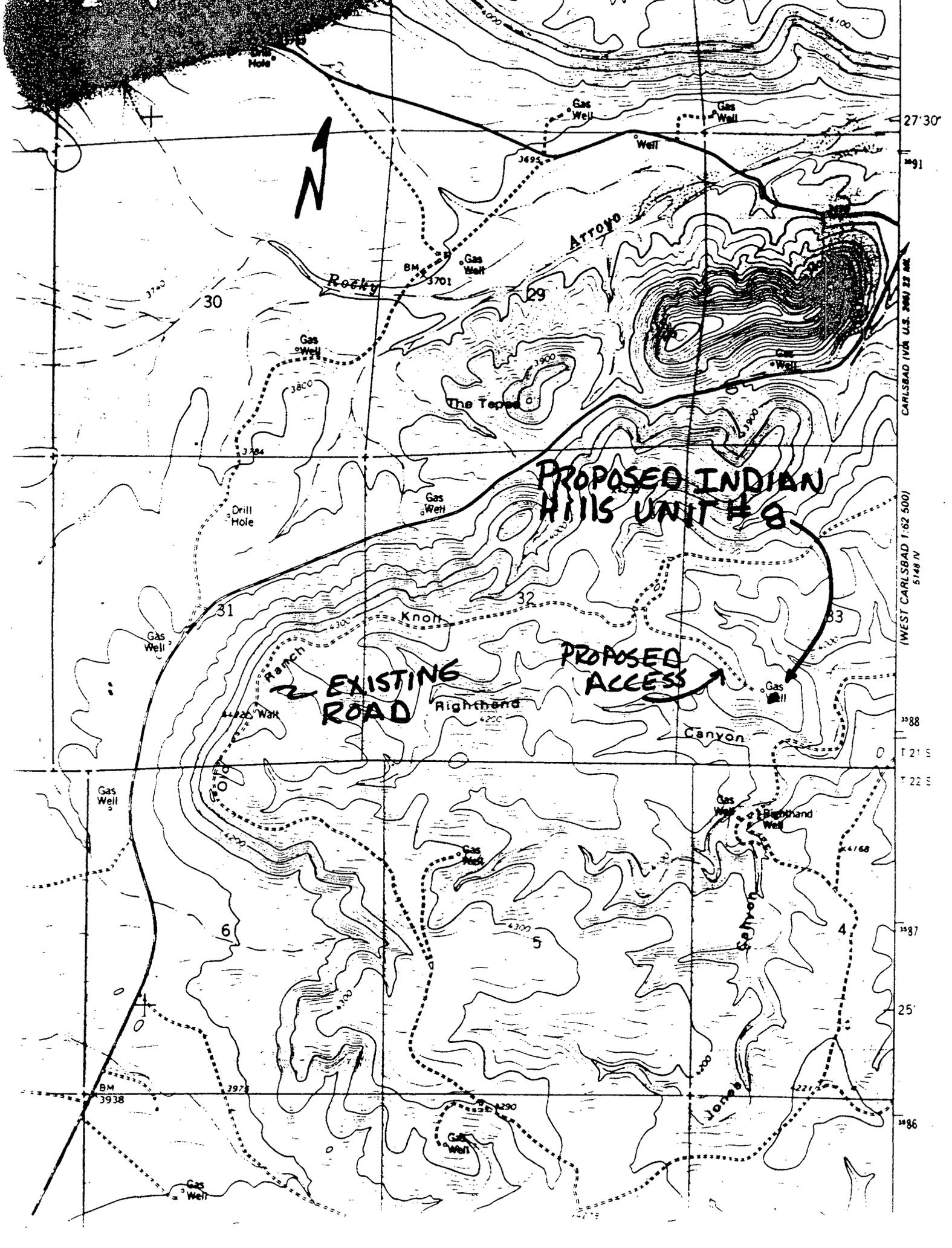
DST No. 1	_____ ft.	to	_____ ft.
DST No. 2	_____ ft.	to	_____ ft.
DST No. 3	_____ ft.	to	_____ ft.

Drill Stem Testing Safety Rules are attached.

## III. WELL SITE DIAGRAM

A complete well site diagram including the following information is attached.

1. Rig orientation
2. Terrain
3. Briefing areas
4. Ingress and egress
5. Pits and flare lines
6. Caution and danger signs
7. Wind indicators and prevailing wind direction



**PROPOSED INDIAN HILLS UNIT # 8**

**EXISTING ROAD**

**PROPOSED ACCESS**

27° 30'

391

CARLSBAD (VIA U.S. 200) 23 AK

(WEST CARLSBAD 1:62 500)

5148 N

3588

T 21 S

T 22 S

3597

25

3586

30

29

31

32

33

6

5

4

Drill Hole

Gas Well

Right Hand Well

Rocky

Arroyo

The Tepee

Knoll

Ranch

Right Hand

Canyon

Canyon

BM 3938

BM 3973

BM 4168

3700

3900

3800

4300

4400

4300

4168

3973

4290

4225

3695

Well

BM 3701

3800

3784

Drill Hole

3800

4420

4200

4100

4168

3973

4290

4225

4225



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

July 25, 1995

**CERTIFIED MAIL RETURN RECEIPT REQUESTED**

Citation Oil & Gas Corporation  
8223 Willow Place South, Suite 250  
Houston, Texas 77070

Attn: Land Department

**UNORTHODOX WELL LOCATION  
INDIAN HILLS UNIT NO. 8  
INDIAN BASIN UPPER PENNSYLVANIAN GAS POOL  
EDDY COUNTY, NEW MEXICO**

Marathon Oil Company is requesting authority to drill Indian Hills Unit No. 8 on an unorthodox location, under the provisions of Rule 104 (F). Attached to this letter is a copy of the application to drill and corresponding plats, showing the exact location of the subject well. The previous application dated June 27, 1995 was incorrectly filed.

If you have no objection to this application, please sign the attached waiver and mail two copies to Marathon. An addressed, stamped envelop is enclosed for your convenience.

Please call R. J. Folsie at (915) 687-8438 if any further information is needed.

Yours very truly,

A handwritten signature in cursive script, appearing to read 'R. A. Biernbaum'.

R. A. Biernbaum  
Indian Basin Asset Team Manager

xc: Oil Conservation Division - Santa Fe

RAB:R.JF/hu8Civ/k



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

July 25, 1995

**CERTIFIED MAIL RETURN RECEIPT REQUESTED**

Santa Fe Energy Resources, Inc.  
550 West Texas, Suite 1330  
Midland, Texas 79701

Attn: Land Department

**UNORTHODOX WELL LOCATION  
INDIAN HILLS UNIT NO. 8  
INDIAN BASIN UPPER PENNSYLVANIAN GAS POOL  
EDDY COUNTY, NEW MEXICO**

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If you have no objection to this application, please sign the attached waiver and mail two copies to Marathon. An addressed, stamped envelop is enclosed for your convenience.

Please call R. J. Folsie at (915) 687-8438 if any further information is needed.

Yours very truly,

A handwritten signature in cursive script, appearing to read 'R. A. Biernbaum'.

R. A. Biernbaum  
Project Manager  
Indian Basin Asset Team

xc: Oil Conservation Division - Santa Fe



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

July 25, 1995

**CERTIFIED MAIL RETURN RECEIPT REQUESTED**

Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210

Attn: Land Department

**UNORTHODOX WELL LOCATION  
INDIAN HILLS UNIT NO. 8  
INDIAN BASIN UPPER PENNSYLVANIA GAS POOL  
EDDY COUNTY, NEW MEXICO**

Marathon Oil Company is requesting authority to drill Indian Hills Unit No. 8 on an unorthodox location, under the provisions of Rule 104 (F). Attached to this letter is a copy of the application to drill and corresponding plats, showing the exact location of the subject well. The previous application dated June 27, 1995 was incorrectly filed.

If you have no objection to this application, please sign the attached waiver and mail two copies to Marathon. An addressed, stamped envelop is enclosed for your convenience.

Please call R. J. Folsie at (915) 687-8438 if any further information is needed.

Yours very truly,

A handwritten signature in cursive script, appearing to read 'R. A. Biernbaum'.

R. A. Biernbaum  
Indian Basin Asset Team Manager

xc: Oil Conservation Division - Santa Fe

**WAIVER**

Marathon Oil Company  
P. O. Box 552  
Midland, Texas 79702-0552

Attn: R. P. Wilson

UNORTHODOX WELL LOCATION  
INDIAN HILLS UNIT NO. 8  
INDIAN BASIN UPPER PENNSYLVANIAN GAS POOL  
EDDY COUNTY, NEW MEXICO

We, the undersigned, have been furnished a copy of Marathon Oil Company's application to drill and complete the subject well at an unorthodox location under the provisions of Rule 104 (F). Please be informed that we, as an offset operator, have no objection to the drilling and completion of this well as set forth in Marathon's application dated July 25, 1995.

Yours truly,

Company: \_\_\_\_\_

Representative: \_\_\_\_\_

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

OIL CONSERVATION DIVISION

FAXED MEMORANDUM

**Date:** July 18, 1995

**To:** Marathon Oil Company  
Attention: R. E. Biernbaum  
Telefax No. (915) 687-8307

**CC:** Tim Gumm, Supervisor  
Artesia District Office - O.C. D.  
Telefax No. (505) 748-9720

**From:** Michael E. Stogner, Chief Hearing Officer/Engineer

**Subject:** Administrative application for an unorthodox gas well location:  
Indian Hills Unit Well No. 8; 1182' FSL & 1545' FWL (Unit N)  
Section 33, Township 21 South, Range 24 East, NMPM, Indian  
Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico.

---

**Message:** I received the subject application this afternoon and have reviewed its contents, everything appears to be in order. However, the "*Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Gas Pool*", as promulgated by Division Order No. R-2440, as amended, require a 20-day waiting period if no waivers from the off-setting operators are filed with the Division (see RULE 5 of said order). Unless said waivers are received the release date for "official" approval of this application will not be until August 15, 1995.

\*\*\*\*\*  
 \* - P. 01 \*  
 \* TRANSACTION REPORT \*  
 \* JUL-26-95 WED 8:10 PM \*  
 \* FOR: OIL CONSERVATION DIV. SIO 5058278177 \*  
 \*-----\*  
 \* DATE START RECEIVER TX TIME PAGES TYPE NOTE \*  
 \*-----\*  
 \* JUL-26 8:09 PM 919156878307 52" 1 SEND OK \*  
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\* P. 01 \*  
\* TRANSACTION REPORT \*  
\* JUL-26-95 WED 8:11 PM \*  
\* FOR: OIL CONSERVATION DIV. SIO 5058278177 \*  
\*\*\*\*\*

DATE	START	RECEIVER	TX TIME	PAGES	TYPE	NOTE
JUL-26	8:10 PM	9-1-5057489720	51"	1	SEND	OK

CMD :  
OG6IWCM

ONGARD  
INQUIRE WELL COMPLETIONS

07/26/95 19:36:06  
OGOMES -EMEY

API Well No : 30 15 10767 Eff Date : 01-01-1900 WC Status : A  
Pool Idn : 79040 INDIAN BASIN;UPPER PENN (PRO GAS)  
OGRID Idn : 14021 MARATHON OIL CO  
Prop Idn : 6409 INDIAN HILLS UNIT

Well No : 005  
GL Elevation: 99999

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
B.H. Locn	: 14	33	21S	24E	FTG 999 F S	FTG 999 F E	P

Lot Identifier:  
Dedicated Acre: 640.00

Lease Type : F

Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC

CMD :  
OG6CLOG

ONGARD  
C105-WELL COMPLETION OR RECOMP CASING LOG

07/26/95 19:36:53  
OGOMES -EMEY

OGRID Identifier : 14021 MARATHON OIL CO  
Prop Identifier : 6409 INDIAN HILLS UNIT  
API Well Identifier : 30 15 28590 Well No : 8  
Surface Locn - UL : 14 Sec : 33 Twp : 21S Range : 24E Lot Idn :  
Multiple comp (S/M/C): N TVD Depth (Feet) : MVD Depth (Feet):  
Spud Date : P/A Date :  
Casing/Linear Record:

-----  
S Size Grade Weight Depth(ft) Depth(ft) Hole Size Cement ---- TOC ----  
(inches) (lb/ft) Top-Liner Bot-Liner (inches) (Sacks) (feet) Code  
-----

E0004: No matching record found. Enter data to create.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM  
PF07 PF08 PF09 COMMENT PF10 TLOG PF11 PF12

Sec : 33 Twp : 21S Rng : 24E Section Type : NORMAL

4 42.16  Federal owned U	3 42.38  Federal owned U	2 42.59  Federal owned U	1 42.81  Federal owned U
5 42.29  Federal owned U	6 42.51  Federal owned U	7 42.72  Federal owned U	8 42.94  Federal owned U

M0002: This is the first page

PF01 HELP    PF02            PF03 EXIT    PF04 GoTo    PF05            PF06  
PF07 BKWD   PF08 FWD      PF09 PRINT   PF10 SDIV     PF11            PF12

1-4

169.94

5-8

170.46  

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340.40

Sec : 33 Twp : 21S Rng : 24E Section Type : NORMAL

12 42.42  Federal owned U	11 42.64  Federal owned U	10 42.85  Federal owned U	9 43.07  Federal owned U
13 42.55  Federal owned U	14 42.77  Federal owned U A A	15 42.98  Federal owned U	16 43.20  Federal owned U

M0001: This is the last page

PF01 HELP    PF02            PF03 EXIT    PF04 GoTo    PF05            PF06  
PF07 BKWD   PF08 FWD      PF09 PRINT   PF10 SDIV     PF11            PF12

9-12 = 170.98  
 13-16 = 171.50  


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 342.48  
 340.40  


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 682.88



Thomas C. Lowry  
Region Counsel



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

August 7, 1995

**Via Telecopy Only: (505) 827-8177**

Mr. Michael E. Stogner  
Chief Hearing Officer/Engineer  
New Mexico Oil Conservation Division  
Post Office Box 4429  
Santa Fe, New Mexico 87505

**Re: Administrative Application for an Unorthodox Gas Well Location  
Indian Hills Unit Well No. 8; 1182' FSL & 1545' FWL (Unit N)  
Section 33, Township 21 South, Range 24 East, NMPM  
Indian Basin-Upper Pennsylvanian Gas Pool  
Eddy County, New Mexico**

Dear Mr. Stogner:

In response to your Faxed Memorandum dated July 18, 1995, please find attached waivers executed by the three offset operators to the Indian Hills Unit Well No. 8. Hopefully these waivers are all that you need in order to release your approval of the application. If I am incorrect in this understanding, I would appreciate your giving me a call at (915) 687-8144, or sending a fax to (915) 687-8171.

I thank you very much for your help in this matter.

Sincerely,

A handwritten signature in cursive script that reads 'Thomas C. Lowry'.

Thomas C. Lowry

TCL\IBUNIT\STOGNER\mlv

Attachments

xc: W. Thomas Kellahin (w/Attachments)  
Via Telecopy Only: (505) 982-2047

MARTIN YATES, III  
1913 - 1985  
FRANK W. YATES  
1936 - 1986



105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210  
TELEPHONE (505) 748-1471

S. P. YATES  
CHAIRMAN OF THE BOARD  
JOHN A. YATES  
PRESIDENT  
PEYTON YATES  
EXECUTIVE VICE PRESIDENT  
RANDY G. PATTERSON  
SECRETARY  
DENNIS G. KINSEY  
TREASURER

August 4, 1995

Marathon Oil Company  
P. O. Box 552  
Midland, Texas 79702-0552

Attention: R. P. Wilson

RE: Unorthodox Well Location  
Indian Hills Unit No. 8  
Indian Basin Upper Pennsylvanian Gas Pool  
Eddy County, New Mexico

Dear Mr. Wilson:

Yates Petroleum Corporation has been furnished a copy of Marathon Oil Company's application to drill and complete the subject well at an unorthodox location under the provisions of Rule 104(F). We have no objections, subject to like approval and consideration from Marathon if we decide to drill and complete a well in the area, to the drilling and completion of the well pursuant to Marathon's applications dated July 25, 1995.

Very truly yours,

YATES PETROLEUM CORPORATION

Randy G. Patterson  
Land Manager

RGP:tmr

RECEIVED  
AUG 07 1995  
MARATHON OIL COMPANY  
LAND DEPARTMENT  
MIDLAND, TEXAS

**WAIVER**

Marathon Oil Company  
P. O. Box 552  
Midland, Texas 79702-0552

Attn: R. P. Wilson

UNORTHODOX WELL LOCATION  
INDIAN HILLS UNIT NO. 8  
INDIAN BASIN UPPER PENNSYLVANIAN GAS POOL  
EDDY COUNTY, NEW MEXICO

We, the undersigned, have been furnished a copy of Marathon Oil Company's application to drill and complete the subject well at an unorthodox location under the provisions of Rule 104 (F). Please be informed that we, as an offset operator, have no objection to the drilling and completion of this well as set forth in Marathon's application dated July 25, 1995.

Yours truly,

Company: SANTA FE ENERGY RESOURCES, INC.

Representative: \_\_\_\_\_

Signature:  GMD DLR  
Paul R. Baker

Title: Division Production Manager

Date: 7/28/95

**WAIVER**

Marathon Oil Company  
P. O. Box 552  
Midland, Texas 79702-0552

Attn: R. P. Wilson

**UNORTHODOX WELL LOCATION  
INDIAN HILLS UNIT NO. 8  
INDIAN BASIN UPPER PENNSYLVANIAN GAS POOL  
EDDY COUNTY, NEW MEXICO**

We, the undersigned, have been furnished a copy of Marathon Oil Company's application to drill and complete the subject well at an unorthodox location under the provisions of Rule 104 (F). Please be informed that we, as an offset operator, have no objection to the drilling and completion of this well as set forth in Marathon's application dated July 25, 1995.

Yours truly,

Company: CITATION OIL & GAS CORP.

Representative: Steve K. Anna

Signature: *\*Print*  
Steve K. Anna

Title: Vice President of Geological & Reservoir  
Engineering

Date: July 31, 1995

\*In acceptance of Citation's granting Marathon Oil Company this unorthodox well location, Marathon agrees to supply Citation with copies of all open hole logs and tests along with production tests and any production information on a monthly basis.

R.P. Wilson

**CEMETARY-MORROW GAS POOL**  
(320-Acre Spacing)  
Eddy County, New Mexico

Order No. R-3194, Adopting 320-Acre Spacing for Wells in the Cemetary-Morrow Gas Pool, Eddy County, New Mexico, February 15, 1967.

Application of Mobil Oil Company for 320-Acre Spacing, Eddy County, New Mexico.

CASE NO. 3526  
Order No. R-3194

**ORDER OF THE COMMISSION**

BY THE COMMISSION: This cause came on for hearing at 9 a. m. on February 8, 1967, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 15th day of February, 1967, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

**FINDS:**

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Mobil Oil Company, seeks 320-acre spacing for the Cemetary-Morrow Gas Pool, Eddy County, New Mexico.

(3) That by Order No. R-2679, dated March 31, 1964, as amended by Order No. R-3139, dated October 26, 1966, the Cemetary-Morrow Gas Pool, Eddy County, New Mexico, was created and classified as a gas pool for Morrow production.

(4) That by Order No. R-2707, dated May 25, 1964, Rule 104 of the New Mexico Oil Conservation Commission Rules and Regulations was amended in order to provide for 320-acre spacing for gas pools in Lea, Chaves, Eddy, and Roosevelt Counties of Pennsylvanian age or older and created and defined after June 1, 1964.

(5) That said Order No. R-2707 found that in Lea, Chaves, Eddy, and Roosevelt Counties, New Mexico, a gas well completed in the Pennsylvanian formation or a deeper formation will efficiently and economically drain and develop a 320-acre tract.

(6) That the Morrow formation is a part of the Pennsylvanian formation.

(7) That, in the absence of evidence to the contrary, as prescribed by the notice of this case, the Commission finds that one well can efficiently and economically drain and develop 320 acres in the said Cemetary-Morrow Gas Pool.

**IT IS THEREFORE ORDERED:**

(1) That effective immediately, the Cemetary-Morrow Gas Pool, Eddy County, New Mexico, shall be governed by all Commission Rules and Regulations applicable to gas pools in Lea, Chaves, Eddy, and Roosevelt Counties of Pennsylvanian age or older the same as if the subject pool had been created and defined by the Commission after June 1, 1964.

(2) That any well presently drilling to or completed in the Morrow formation within the Cemetary-Morrow Gas Pool or within one mile of the Cemetary-Morrow Gas Pool that will not comply with the well location requirements governing gas pools in Lea, Chaves, Eddy, and Roosevelt Counties of Pennsylvanian age or older created and defined after June 1, 1964, is hereby granted an exception to such location requirement. The operator shall notify the Artesia District Office of the Commission in writing of the name and location of the well on or before March 1, 1967.

(3) That any operator desiring to dedicate 320 acres to a well presently drilling to or completed in the Cemetary-Morrow Gas Pool shall file a new Form C-102 with the Commission on or before March 1, 1967.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

**INDIAN BASIN-UPPER PENNSYLVANIAN GAS POOL**  
Eddy County, New Mexico

Order No. R-2440, Creating and Adopting Temporary Operating Rules for the Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico, March 1, 1963.

Order No. R-2440-A, February 13, 1967, makes permanent the temporary rules adopted in Order No. R-2440.

Order No. R-4985, March 25, 1975, suspends Rules 14(A) and 15(A) of the General Rules and Regulations for Prorated Gas Pools of Southeastern New Mexico, adopted by Order No. R-1670, as amended, in the Indian Basin-Upper Pennsylvanian Gas Pool for a period of one year (until April 1, 1976); Rules 14(A) and 15(A) suspended for an additional year (through March 31, 1977), Order No. R-5187, March 17, 1976.

Application of Ralph Lowe to create a New Pool for Upper Pennsylvanian Gas Production and for Special Pool Rules, Eddy County, New Mexico.

CASE NO. 2740  
Order No. R-2440

**ORDER OF THE COMMISSION**

BY THE COMMISSION: This cause came on for hearing at 9 o'clock a. m. on February 6, 1963, at Santa Fe, New Mexico.

**(INDIAN BASIN-UPPER PENNSYLVANIAN GAS POOL - Cont'd.)**

before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 28th day of February, 1963, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises,

**FINDS:**

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Ralph Lowe, seeks the creation of a new gas pool for Upper Pennsylvanian production and the promulgation of temporary special rules and regulations governing said pool, including a provision for 640-acre spacing units.

(3) That a new gas pool for Upper Pennsylvanian production should be created and designated the Indian Basin-Upper Pennsylvanian Gas Pool. This pool was discovered by the Ralph Lowe Indian Basin Well No. 1, located in Unit E of Section 23, Township 21 South, Range 23 East, NMPM, Eddy County, New Mexico. The top of the perforations in the Upper Pennsylvanian formation is at 7376 feet.

(4) That temporary special rules and regulations establishing 640-acre spacing units should be promulgated for the subject pool in order to prevent the possibility of economic loss resulting from the drilling of unnecessary wells and in order to allow the operators in the subject pool to gather information concerning the reservoir characteristics of the pool.

(5) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(6) That special rules and regulations should be established for a temporary period to expire one year from the date that a pipeline connection is first obtained for a well in the pool; that during this temporary period all operators in the subject pool should gather all available information relative to drainage and recoverable reserves.

(7) That this case should be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained for a well in the Indian Basin-Upper Pennsylvanian Gas Pool, at which time the operators in the subject pool should

appear and show cause why the Indian Basin-Upper Pennsylvanian Gas Pool should not be developed on 160-acre spacing units.

(8) That the first operator to obtain a pipeline connection for a well in the Indian Basin-Upper Pennsylvanian Gas Pool should notify the Commission in writing of such fact, and that the Commission should thereupon issue a supplemental order designating an exact date for reopening this case.

**IT IS THEREFORE ORDERED:**

(1) That a new pool in Eddy County, New Mexico, classified as a gas pool for Upper Pennsylvanian production is hereby created and designated the Indian Basin-Upper Pennsylvanian Gas Pool, consisting of the following-described area:

TOWNSHIP 21 SOUTH, RANGE 23 EAST, NMPM  
Section 22: All  
Section 23: All

(2) That Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Gas Pool are hereby promulgated as follows, effective March 1, 1963.

**SPECIAL RULES AND REGULATIONS  
FOR THE  
INDIAN BASIN-UPPER PENNSYLVANIAN GAS POOL**

**RULE 1.** Each well completed or recompleted in the Indian Basin-Upper Pennsylvanian Gas Pool or in the Upper Pennsylvanian formation within one mile of the Indian Basin-Upper Pennsylvanian Gas Pool, and not nearer to or within the limits of another designated Upper Pennsylvanian pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

**RULE 2.** Each well completed or recompleted in the Indian Basin-Upper Pennsylvanian Gas Pool shall be located on a standard unit containing 640 acres, more or less, consisting of a single governmental section.

**RULE 3.** The Secretary-Director may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size and shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Lands Survey, or the following facts exist and the following provisions are complied with:

(a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.

(b) The non-standard unit lies wholly within a single governmental section and contains less acreage than a standard unit.

**(INDIAN BASIN-UPPER PENNSYLVANIAN GAS POOL - Cont'd.)**

(c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.

(d) In lieu of Paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

**RULE 4.** Each well completed or recompleted in the Indian Basin-Upper Pennsylvanian Gas Pool shall be located no nearer than 1650 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section line.

**RULE 5.** The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed unorthodox location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the unorthodox location within 20 days after the Secretary-Director has received the application.

**IT IS FURTHER ORDERED:**

(1) That any well presently drilling to or completed in the Upper Pennsylvanian formation within the Indian Basin-Upper Pennsylvanian Gas Pool or within one mile of the Indian Basin-Upper Pennsylvanian Gas Pool that will not comply with the well location requirements of Rule 4 is hereby granted an exception to the requirements of Rule 4. The operator of any such well shall notify the Artesia District Office in writing of the name and location of the well on or before March 1, 1963.

(2) That any operator desiring to dedicate 640 acres to a well presently drilling to or completed in the Indian Basin-Upper Pennsylvanian Gas Pool shall file a new Form C-128 with the Commission on or before March 1, 1963.

(3) That this case shall be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained for a well in the Indian Basin-Upper Pennsylvanian Gas Pool, at which time the operators in the subject pool may appear and show cause why the Indian Basin-Upper Pennsylvanian Gas Pool should not be developed on 160-acre spacing units.

(4) That the first operator to obtain a pipeline connection for a well in the Indian Basin-Upper Pennsylvanian Gas Pool shall notify the Commission in writing of such fact, and that the Commission will thereupon issue a supplemental order designating an exact date for reopening this case.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

**DONE** at Santa Fe, New Mexico, on the day and year hereinabove designated.

**EAST HIGH HOPE-ABO GAS POOL**  
(Rules Rescinded)  
Eddy County, New Mexico

Order No. R-5875-B, Rescinding the Temporary Operating Rules Adopted for the East High Hope-Abo Gas Pool, Eddy County, New Mexico, April 1, 1982.

In the Matter of Case 6373 Being Reopened Pursuant to the Provisions of Orders Nos. R-5875 and R-5875-A Which Created the East High Hope-Abo Gas Pool in Eddy County, New Mexico and Promulgated Special Rules Therefor, Including a Provision for 320-Acre Spacing Units.

CASE NO. 6373  
Order No. R-5875-B

**ORDER OF THE DIVISION**

**BY THE DIVISION:** This cause came on for hearing at 9 a.m. on February 17, 1982, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

**NOW,** on this 5th day of March, 1982, the Division Director having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,