



**Marathon
Oil Company**

OIL CONSERVATION DIVISION
RECEIVED

NOV 18 1996

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

November 13, 1996

State of New Mexico
Energy, Minerals & Natural Resources
Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

Attn: Mr. M. E. Stogner

Re: Application for Administrative Approval of a Directional Wellbore
Silverstrand State #1
SHL: 660' FNL & 1980' FWL
Sec. 2, T-17-S, R-34-E
Lea County, New Mexico
BHL: 1750' FNL & 1865' FWL
Sec. 2, T-17-S, R-34-E
Lea County, New Mexico

Dear Mr. Stogner:

Marathon Oil Company wishes to amend its application to drill an unorthodox Atoka/Morrow well submitted to the NMOCD dated October 28, 1996. Marathon respectfully seeks Administrative Approval pursuant to provisions of NMOCD Rule 111.D. of a directional wellbore to an orthodox location in the Atoka/Lower Morrow portion of a proposed Abo/Atoka/Lower Morrow test to be drilled at 660' FNL & 1980' FWL of Section 2, T-17-S, R-34-E, N.M.P.M., Lea County, New Mexico. The proposed well will be drilled vertically through the Abo formation, then deviated to an orthodox bottom hole location in the Atoka/Lower Morrow.

Marathon believes a narrow Atoka channel runs from North to South across Section 2. Prediction of the location of the channel is extremely risky due to a lack of well control. Because of the risk associated with drilling a stand alone Atoka/Lower Morrow, Marathon has difficulty justifying drilling the well if it will not also have the opportunity to utilize the same wellbore for an Abo completion, which is productive in the area.

This proposed directional wellbore for the Atoka/Lower Morrow shall have a project area of 320 acres or the W/2 of Section 2, being a single drilling unit in the Atoka/Lower Morrow.

To support this request, we submit the following in duplicate:

- 1) Plat indicating well location, project area, producing area, and offsetting drilling units & operators
- 2) Vertical Plan View
- 3) Horizontal Plan View
- 4) Offset Operator List
- 5) Offset Operator Notification
- 6) Type Log of Atoka/Lower Morrow

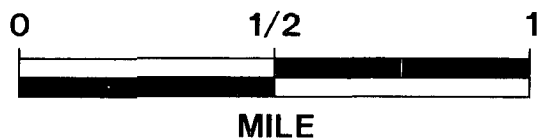
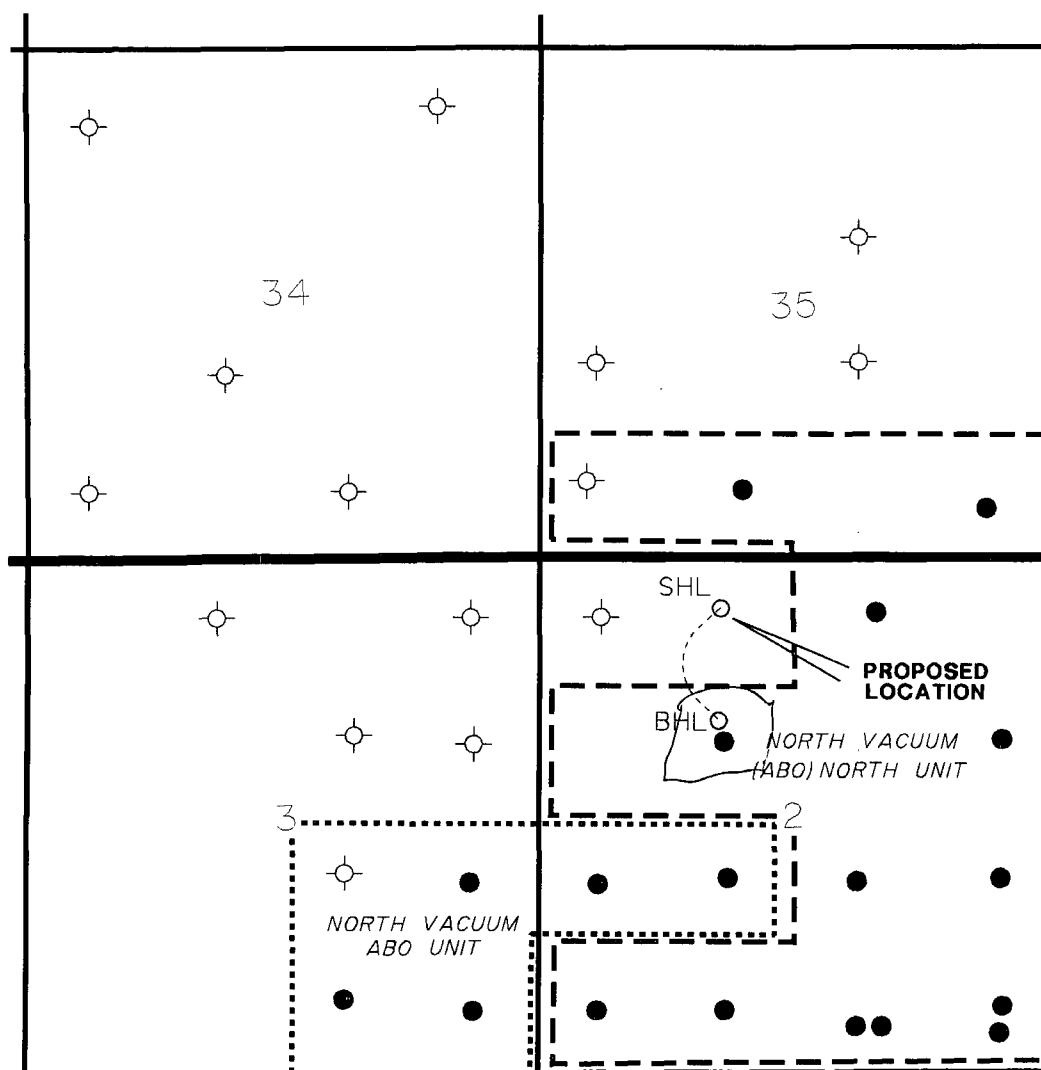
Thank you for your attention to this application.

Very truly yours,

A handwritten signature in cursive script, appearing to read 'Walter J. Dueease'.

Walter J. Dueease
MARATHON OIL COMPANY

xc: Mr. Jerry Sexton
P. O. Box 1988
Hobbs, NM 88241-1980



MARATHON OIL COMPANY
MID-CONTINENT REGION
SILVERSTRAND PROSPECT
LEA COUNTY, NEW MEXICO

ABO FORMATION TESTS

- ABO PRODUCERS
- ⊕ ABO DRY HOLES

R 34 E

T
16
S

MOBIL PROD.
TX. & NM. INC.

INTERCOAST
OIL & GAS

34

35

36

MALLON OIL CO.

C.R. GALLAGHER-
JR. TRUST

80 AC. ABO
PRORATION
UNIT

NORTH VACUUM
(ABO) NORTH UNIT

MOBIL PROD.
TX. & NM. INC.

MALLON OIL CO.
BRIGHTHAWK
RES. INC.
C.R. GALLAGHER-
JR. TRUST

PROPOSED
LOCATION
SHL
BHL
C.R. GALLAGHER-
JR. TRUST

MALLON OIL CO.
BRIGHTHAWK RES. INC.

MARATHON

T

MOBIL PROD.
TX. & NM. INC.

OXY U.S.A. INC.

17

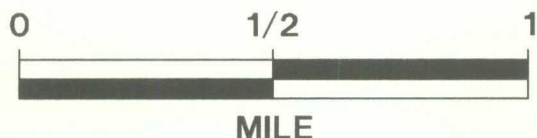
S

MOBIL PROD.
TX. & NM. INC.

320 AC.
MORROW
L/ATOKA
PRORATION
UNIT
(PROJECT AREA)

CHEVRON U.S.A.

NORTH VACUUM
ABO UNIT



MARATHON OIL COMPANY
MID-CONTINENT REGION

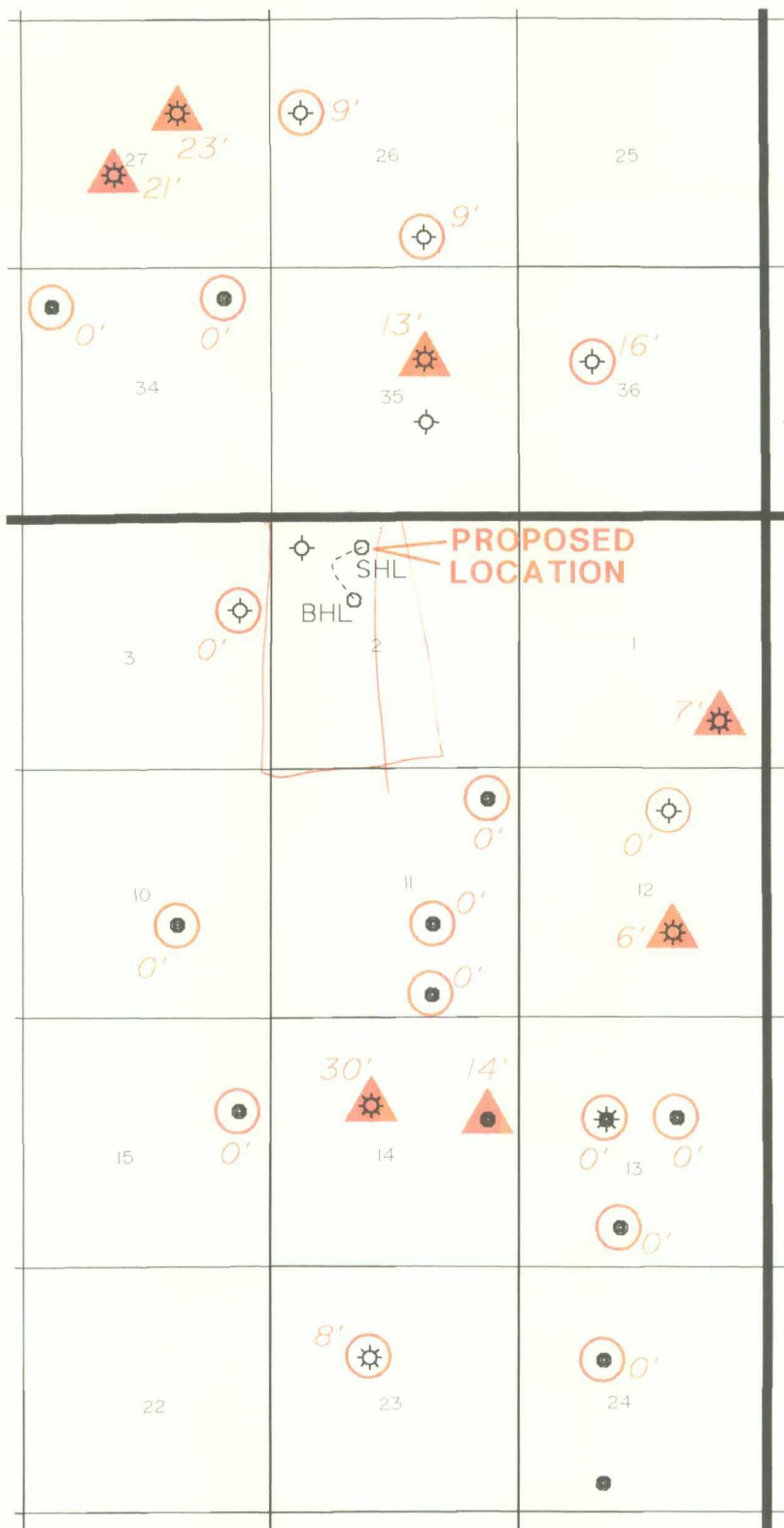
SILVERSTRAND PROSPECT
LEA COUNTY, NEW MEXICO

OFFSET OWNERS/OPERATORS

R 34 E

T
16
S

T
17
S



MARATHON OIL COMPANY
MID-CONTINENT REGION

SILVERSTRAND PROSPECT
LEA COUNTY, NEW MEXICO



ATOKA PRODUCER



ATOKA PENETRATION

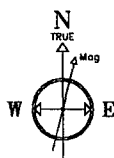
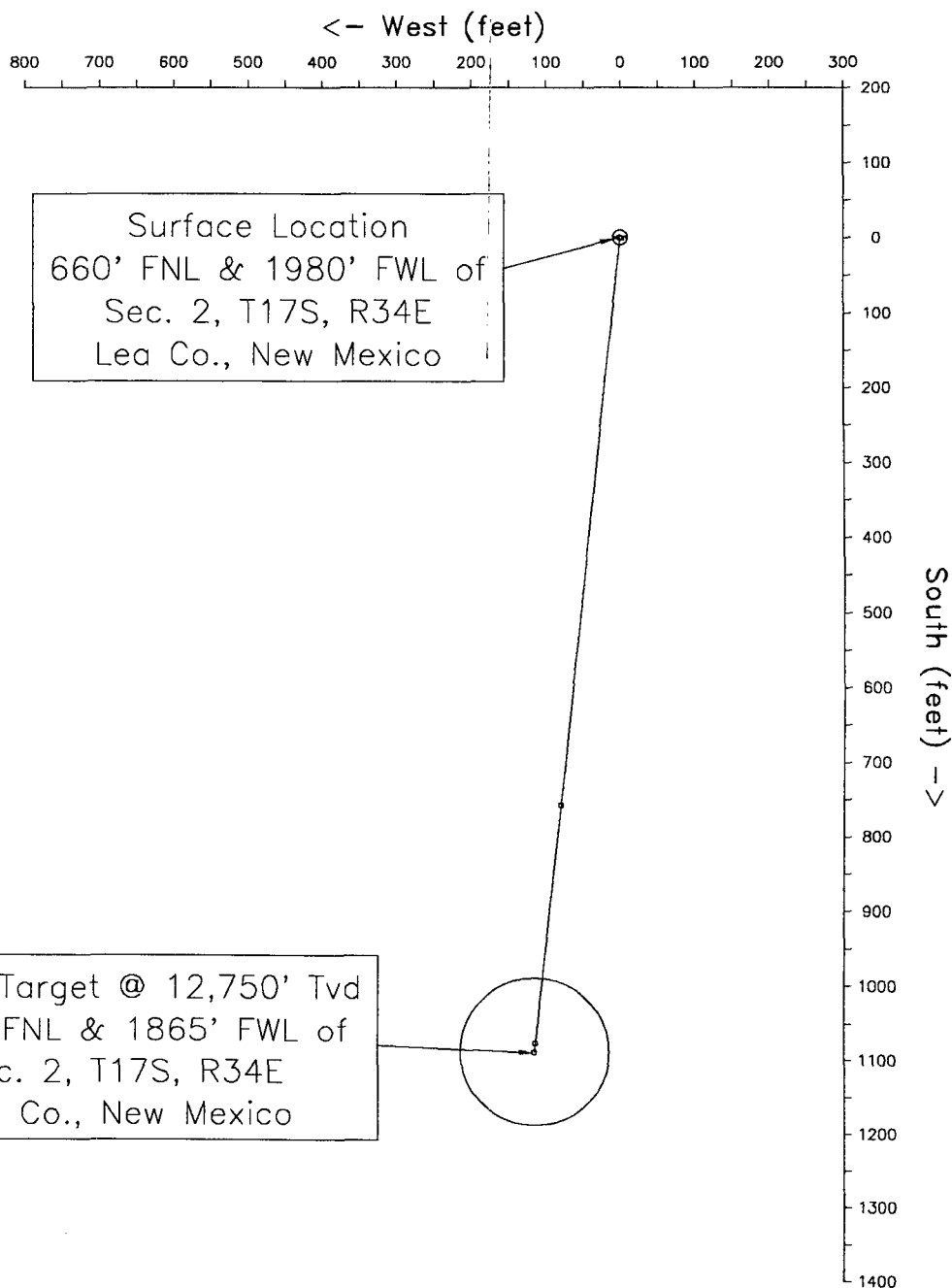
MARATHON OIL COMPANY

Structure : SILVERSTRAND STATE NO. 1

Slot : slot #1

Field : VACUUM

Location : LEA COUNTY, NEW MEXICO



7-Nov-06
Magnetic North is 9.32 degrees East of TRUE North
To correct azimuth from Magnetic to TRUE add 9.32 deg



These Coordinates are from surface

T. OF ATOKA LM - 11553.99 Tvd, 1077.89 S, 113.72 W

T. OF ATOKA SD - 11918.59 Tvd, 1090.00 S, 115.00 W

B. OF ATOKA SD - 11993.59 Tvd, 1090.00 S, 115.00 W

U. MORROW - 12003.59 Tvd, 1090.00 S, 115.00 W

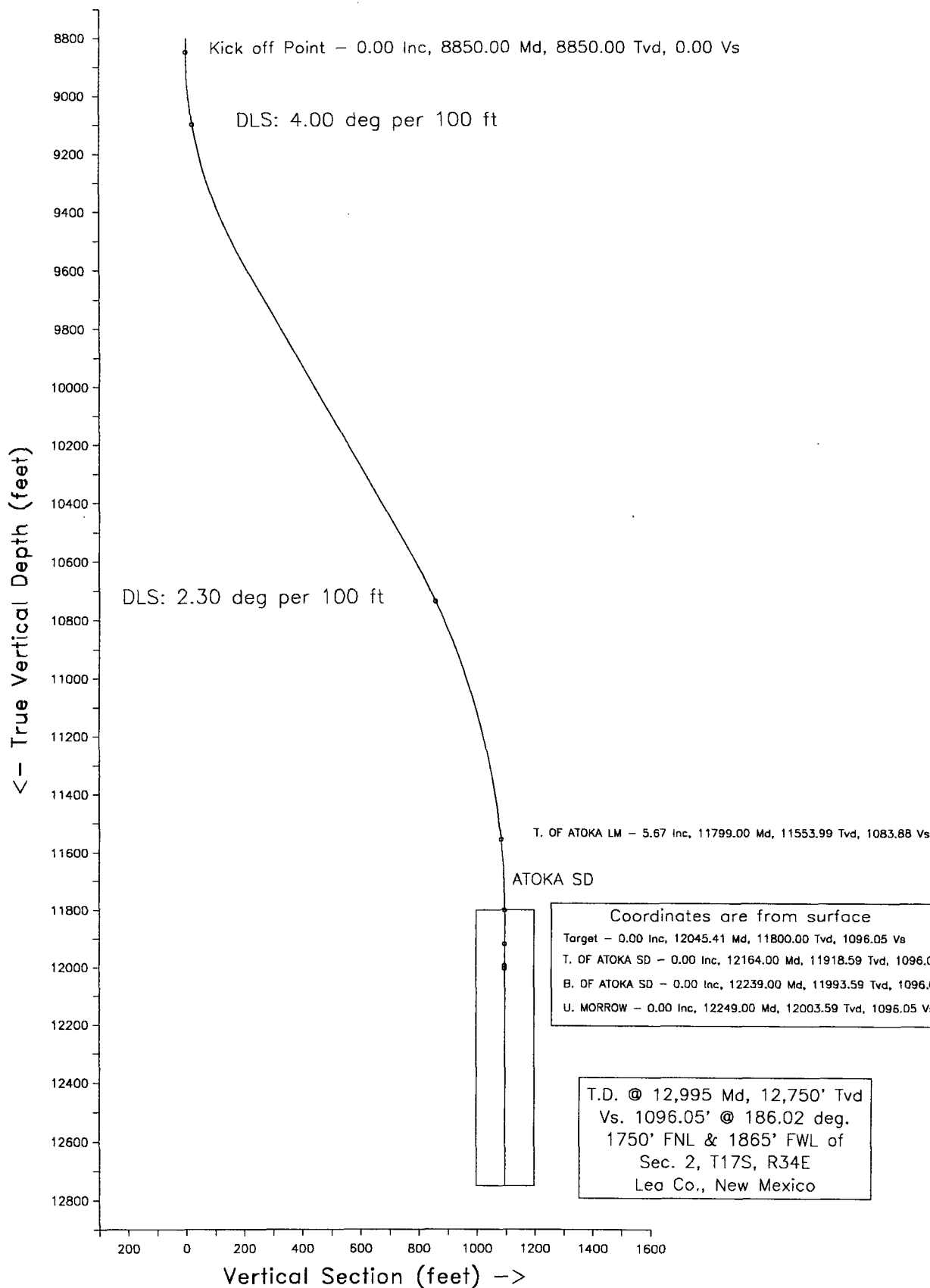
MARATHON OIL COMPANY

Structure : SILVERSTRAND STATE NO. 1

Slot : slot #1

Field : VACUUM

Location : LEA COUNTY, NEW MEXICO



Azimuth 186.02 with reference 0.00 N, 0.00 E from slot #1



SILVERSTRAND STATE
W/2 Section 2, T-17-S, R-23-E
Lea County, New Mexico

OFFSET OPERATOR LIST

Mallon Oil Company
999 18th Street, Suite 1700
Denver, CO 80202

Bright Hawk Resources, Inc.
700 Louisiana, Suite 2480
Houston, TX 77002

C. R. Gallagher, Jr. Trust
P. O. Box 628
Pass Christian, MS 39571

OXY USA, Inc.
P. O. Box 50250
Midland, TX 79710

Mobil Producing Texas & New Mexico, Inc.
P. O. Box 633
Midland, TX 79702-0633

Chevron USA, Inc.
P. O. Box 1150
Midland, TX 79707-1150

Intercoast Oil & Gas
2709 N. Big Spring Street, Suite 202
Midland, TX 79707



**Marathon
Oil Company**

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

November 13, 1996

Mallon Oil Company
999 18th Street, Suite 1700
Denver, CO 80202

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Re: Application for Administrative Approval of a
Directional Wellbore
Silverstrand State #1
SHL: 660' FNL & 1980' FWL
Sec. 2, T-17-S, R-34-E
Lea County, New Mexico
BHL: 1750' FNL & 1865' FWL
Sec. 2, T-17-S, R-34-E
Lea County, New Mexico

Gentlemen:

Enclosed is a copy of Marathon Oil Company's request seeking Administrative Approval for a directional wellbore to be drilled to an orthodox location in the Atoka/Lower Morrow portion of a proposed Abo/Atoka/Lower Morrow test.

As an offset operator, you are hereby notified of Marathon's intent to drill the above referenced directional well to an orthodox bottom hole location in the Atoka/Lower Morrow. Should you have objection, you must file a protest in writing with the New Mexico Oil Conservation Division at its Santa Fe office within 20 days of the date of this notice.

If you have no objection to this request, please signify by signing below and returning one executed copy to me in the envelope provided.

Also enclosed please find a copy of the Application to Drill as submitted to the NMOCD. Should you have any questions, please feel free to call me at 1-800-351-1417.

Very truly yours,

A handwritten signature in cursive script, appearing to read 'Walter J. Dueease', followed by a horizontal line.

Walter J. Dueease
MARATHON OIL COMPANY

MALLON OIL COMPANY has no objection to Marathon's intent to drill a directional well to an orthodox Bottom Hole Location in the Atoka/Lower Morrow at 1750' FNL & 1865' FWL, Section 2, T-17-S, R-34-E, Lea County, New Mexico.

MALLON OIL COMPANY

By: _____

Title: _____

Date: _____



**Marathon
Oil Company**

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

November 13, 1996

Bright Hawk Resources, Inc.
700 Louisiana, Suite 2480
Houston, TX 77002

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Directional Wellbore
Silverstrand State #1
SHL: 660' FNL & 1980' FWL
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Very truly yours,

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Walter J. Dueease
MARATHON OIL COMPANY

BRIGHT HAWK RESOURCES, INC. has no objection to Marathon's intent to drill a directional well to an orthodox Bottom Hole Location in the Atoka/Lower Morrow at 1750' FNL & 1865' FWL, Section 2, T-17-S, R-34-E, Lea County, New Mexico.

BRIGHT HAWK RESOURCES, INC.

By: _____

Title: _____

Date: _____



**Marathon
Oil Company**

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

November 13, 1996

C. R. Gallagher, Jr. Trust
P. O. Box 628
Pass Christian, MS 39571

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Directional Wellbore
Silverstrand State #1
SHL: 660' FNL & 1980' FWL
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Lea County, New Mexico
BHL: 1750' FNL & 1865' FWL
Sec. 2, T-17-S, R-34-E
Lea County, New Mexico

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As an offset operator, you are hereby notified of Marathon's intent to drill the above referenced directional well to an orthodox bottom hole location in the Atoka/Lower Morrow. Should you have objection, you must file a protest in writing with the New Mexico Oil Conservation Division at its Santa Fe office within 20 days of the date of this notice.

If you have no objection to this request, please signify by signing below and returning one executed copy to me in the envelope provided.

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Very truly yours,

Walter J. Dueease
MARATHON OIL COMPANY

C. R. GALLAGHER, JR. TRUST has no objection to Marathon's intent to drill a directional well to an orthodox Bottom Hole Location in the Atoka/Lower Morrow at 1750' FNL & 1865' FWL, Section 2, T-17-S, R-34-E, Lea County, New Mexico.

C. R. GALLAGHER, JR. TRUST

By: _____

Title: _____

Date: _____



**Marathon
Oil Company**

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

November 13, 1996

OXY USA, Inc.
P. O. Box 50250
Midland, TX 79710

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Re: Application for Administrative Approval of a
Directional Wellbore
Silverstrand State #1
SHL: 660' FNL & 1980' FWL
Sec. 2, T-17-S, R-34-E
Lea County, New Mexico
BHL: 1750' FNL & 1865' FWL
Sec. 2, T-17-S, R-34-E
Lea County, New Mexico

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As an offset operator, you are hereby notified of Marathon's intent to drill the above referenced directional well to an orthodox bottom hole location in the Atoka/Lower Morrow. Should you have objection, you must file a protest in writing with the New Mexico Oil Conservation Division at its Santa Fe office within 20 days of the date of this notice.

If you have no objection to this request, please signify by signing below and returning one executed copy to me in the envelope provided.

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Very truly yours,

Walter J. Dueease
MARATHON OIL COMPANY

OXY USA, Inc. has no objection to Marathon's intent to drill a directional well to an orthodox Bottom Hole Location in the Atoka/Lower Morrow at 1750' FNL & 1865' FWL, Section 2, T-17-S, R-34-E, Lea County, New Mexico.

OXY USA, Inc.

By: _____

Title: _____

Date: _____



**Marathon
Oil Company**

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

November 13, 1996

Chevron USA, Inc.
P. O. Box 1150
Midland, TX 79702-1150

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If you have no objection to this request, please signify by signing below and returning one executed copy to me in the envelope provided.

Also enclosed please find a copy of the Application to Drill as submitted to the NMOCD. Should you have any questions, please feel free to call me at 1-800-351-1417.

Very truly yours,

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Walter J. Dueease
MARATHON OIL COMPANY

CHEVRON USA, INC. has no objection to Marathon's intent to drill a directional well to an orthodox Bottom Hole Location in the Atoka/Lower Morrow at 1750' FNL & 1865' FWL, Section 2, T-17-S, R-34-E, Lea County, New Mexico.

CHEVRON USA, INC.

By: _____

Title: _____

Date: _____



**Marathon
Oil Company**

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

November 13, 1996

Mobil Producing Texas & New Mexico, Inc.
P. O. Box 633
Midland, TX 79702-0633

**CERTIFIED MAIL
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Directional Wellbore
Silverstrand State #1
SHL: 660' FNL & 1980' FWL
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Sec. 2, T-17-S, R-34-E
Lea County, New Mexico

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Very truly yours,

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Walter J. Dueease
MARATHON OIL COMPANY

MOBIL PRODUCING TEXAS & NEW MEXICO, INC. has no objection to Marathon's intent to drill a directional well to an orthodox Bottom Hole Location in the Atoka/Lower Morrow at 1750' FNL & 1865' FWL, Section 2, T-17-S, R-34-E, Lea County, New Mexico.

MOBIL PRODUCING TEXAS & NEW MEXICO, INC.

By: _____

Title: _____

Date: _____



**Marathon
Oil Company**

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

November 13, 1996

Intercoast Oil & Gas
2709 N. Big Spring, Suite 202
Midland, TX 79707

**CERTIFIED MAIL
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Re: Application for Administrative Approval of a
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SHL: 660' FNL & 1980' FWL
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Lea County, New Mexico
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Sec. 2, T-17-S, R-34-E
Lea County, New Mexico

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As an offset operator, you are hereby notified of Marathon's intent to drill the above referenced directional well to an orthodox bottom hole location in the Atoka/Lower Morrow. Should you have objection, you must file a protest in writing with the New Mexico Oil Conservation Division at its Santa Fe office within 20 days of the date of this notice.

If you have no objection to this request, please signify by signing below and returning one executed copy to me in the envelope provided.

Also enclosed please find a copy of the Application to Drill as submitted to the NMOCD. Should you have any questions, please feel free to call me at 1-800-351-1417.

Very truly yours,

A handwritten signature in cursive script, appearing to read 'Walter J. Dueease'.

Walter J. Dueease
MARATHON OIL COMPANY

INTERCOAST OIL & GAS has no objection to Marathon's intent to drill a directional well to an orthodox Bottom Hole Location in the Atoka/Lower Morrow at 1750' FNL & 1865' FWL, Section 2, T-17-S, R-34-E, Lea County, New Mexico.

INTERCOAST OIL & GAS

By: _____

Title: _____

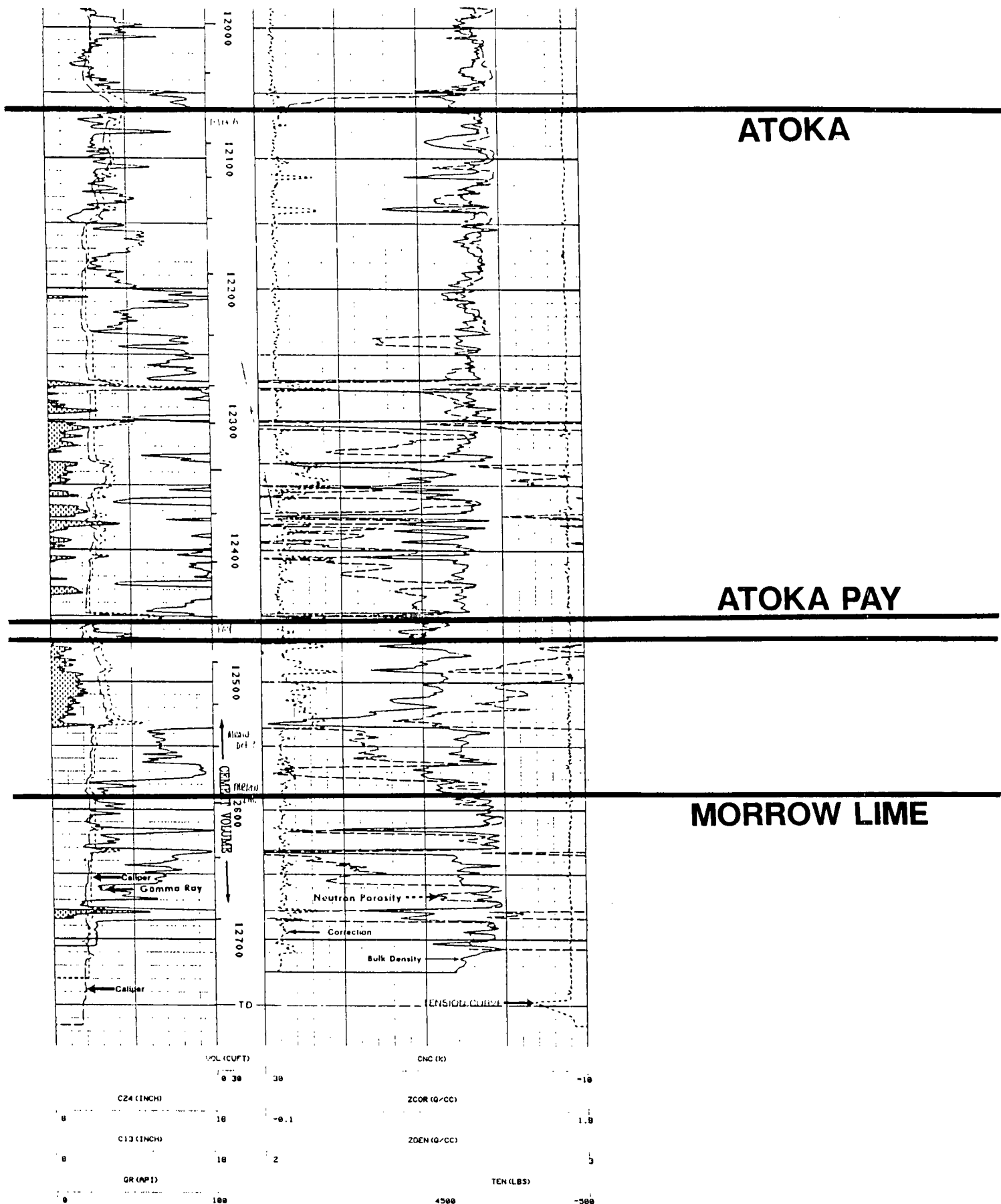
Date: _____

TYPE LOG

MEDALLION PRODUCTION CO.

STATE OF N.M. "35" NO. 1

1980' FN & EL SEC 35 16S 34E



DATE 10/28/96	DATE 11/18/96	MS	KW	NSL
---------------	---------------	----	----	-----

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] or [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

NSL-TEST

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

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
- [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 further verify that all applicable API Numbers are included. 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.

Print or Type Name

Signature

Title

Date

Walter J. Duncan

Engineering Tech

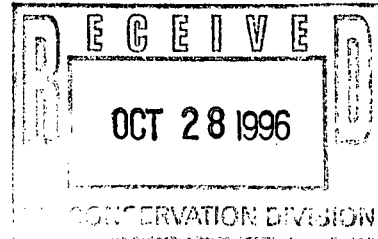
10/28/96



**Marathon
Oil Company**

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

October 28, 1996



Mr. M.E. Stogner
New Mexico Department of Energy
Minerals and Natural Resources
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

**Re: Application for Administrative Approval of an Unorthodox Well Location
Lea County, New Mexico**

Dear Mr. Stogner:

Marathon Oil Company respectfully seeks Administrative Approval pursuant to provisions of NMOCD Rule 104.F.(2), of an unorthodox location for the Atoka/Lower Morrow part of a proposed Abo/Atoka/Lower Morrow test to be drilled at 660' FNL & 1980' FWL of Section 2, T-17-S, R-34-E, N.M.P.M., Lea County, New Mexico.

This unorthodox location in the Atoka/Lower Morrow is necessary for geologic reasons. Marathon believes a narrow Atoka channel runs from north to south across Section 2. Prediction of the location of the channel is extremely risky due to lack of well control. Because of the risk associated with drilling to the Atoka/Lower Morrow, Marathon will have difficulty justifying drilling the well if it will not also have the opportunity to produce the well from the Abo formation, which is productive in the area.

There are only two remaining legal Abo locations within the proposed Atoka/Lower Morrow production unit (W/2 Section 2), the SW/4 NW/4 of Section 2, and the NE/4 NW/4 of Section 2 (see Attachment "B" attached). All other legal Abo locations in the production unit contain Abo producers or Abo dry holes. The SW/4 NW/4 of Section 2 is much riskier in the Abo than the NE/4 NW/4 of Section 2, in that it is offset to the North, Northwest and West by dry holes, whereas the NE/4 NW/4 of Section 2 is offset to the North, East and South by producing wells and only to the West by a dry hole. Further, the SW/4 NW/4 of Section 2 is in the North Vacuum (Abo) North Unit operated by Sage in which Marathon owns only an 8.3% net revenue interest, while Marathon owns a 100% of the leasehold in the Abo in the NE/4 NW/4 of Section 2.

Mr. M.E. Stogner
October 28, 1996
Page 2

This unorthodox Atoka/Lower Morrow location encroaches on Section 35, T-16-S, R-34-E, Lea County, New Mexico. A plat showing the offsetting ownership to the proposed well is attached as Attachment "A". On this date, a copy of the application, and the plat required by Rule 104.F.(3) attached have been sent by certified mail to the following affected parties:

Mallon Oil Company
999 18th Street
Denver, Colorado 80202

Intercoast Oil & Gas
2709 N. Big Spring
Suite 202
Midland, Texas 79702

Each of these affected parties has been advised that if they have an objection to this application, it must be filed in writing with the Division within twenty (20) days from this date.

Thank you for your attention to this application.

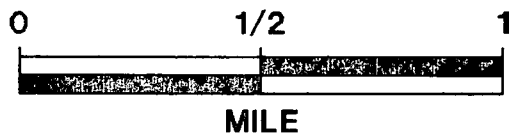
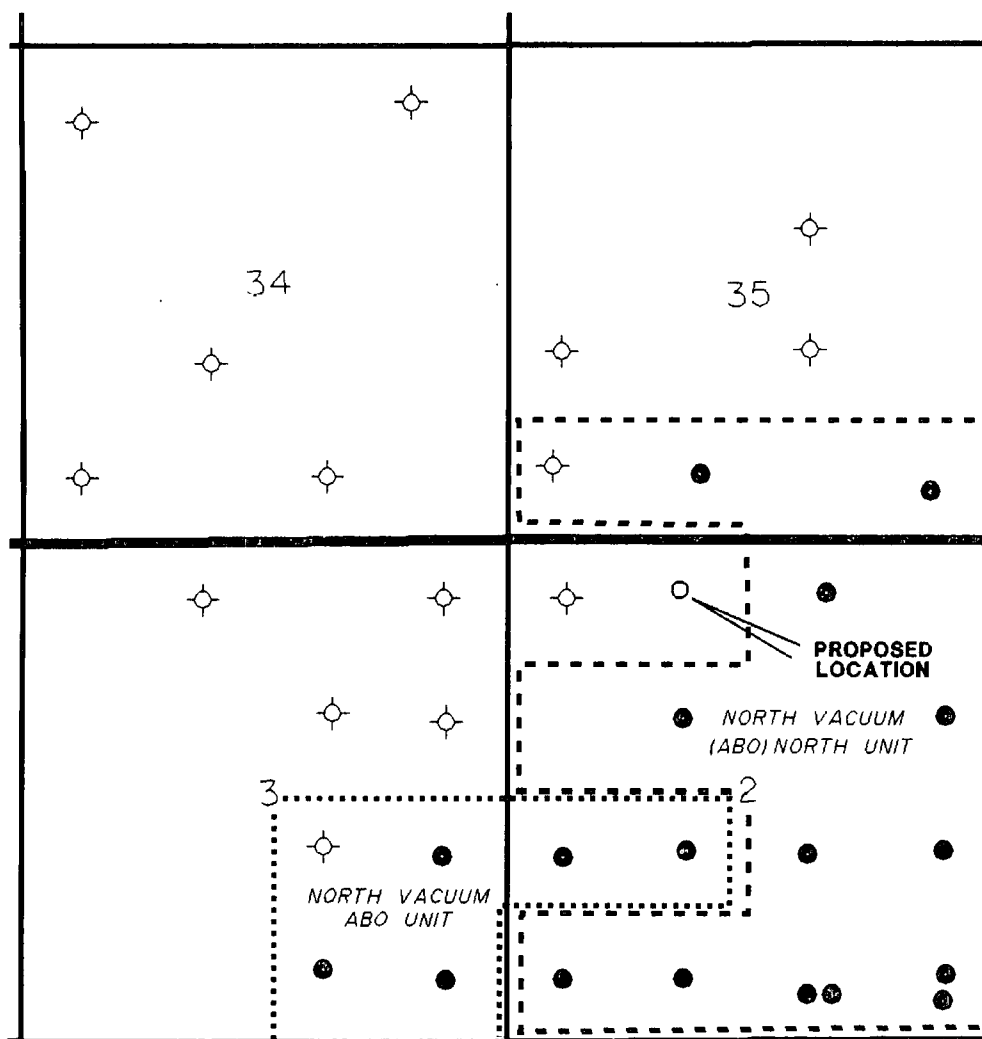
Very truly yours,

MARATHON OIL COMPANY

By: Walter J. Dueease
Walter J. Dueease

Enclosure

xc: Mr. Jerry Sexton
P. O. Box 1980
Hobbs, New Mexico 88241-1980

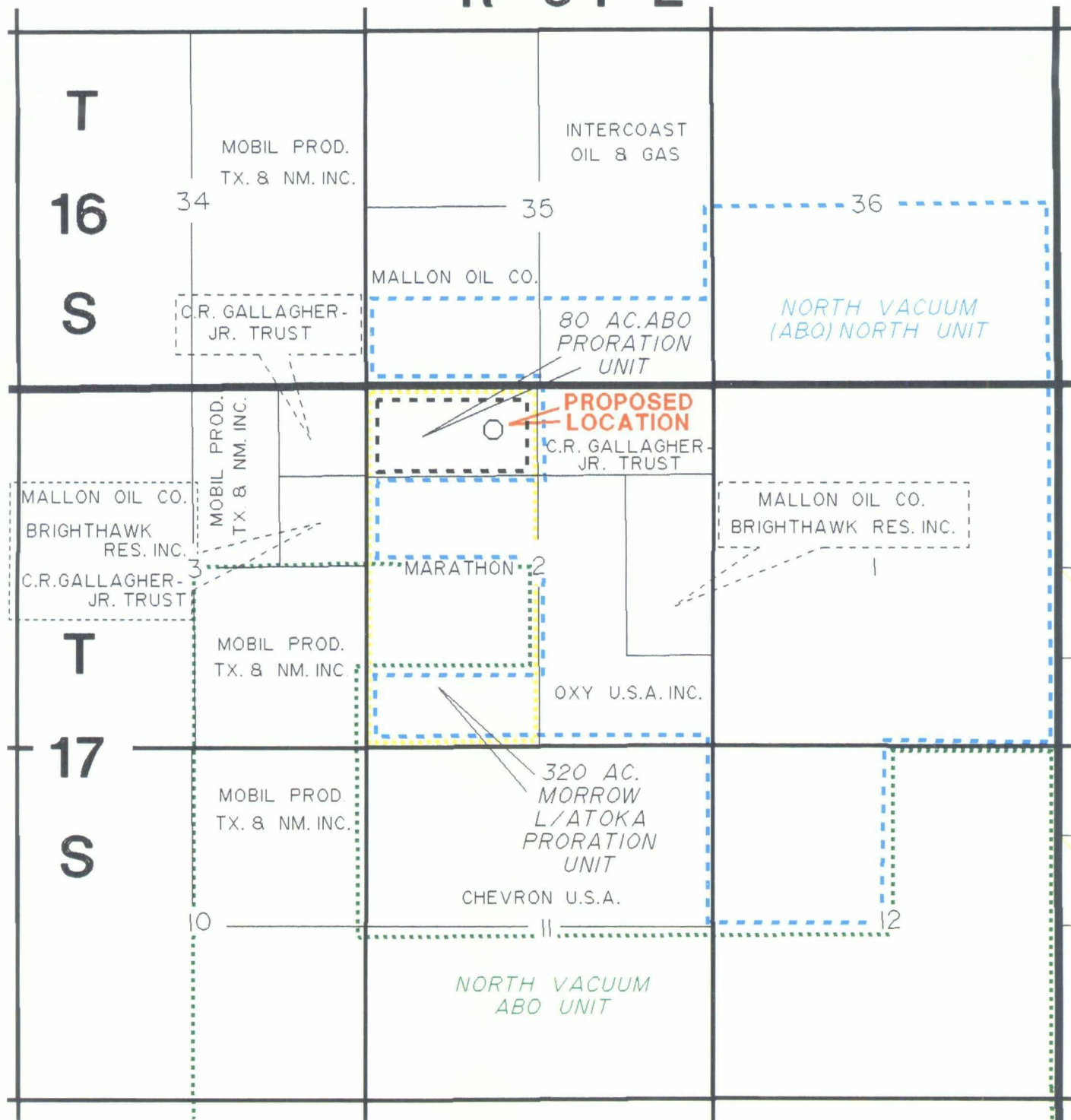


MARATHON OIL COMPANY
MID-CONTINENT REGION
SILVERSTRAND PROSPECT
LEA COUNTY, NEW MEXICO

ABO FORMATION TESTS

- ABO PRODUCERS
- ⊙ ABO DRY HOLES

R 34 E



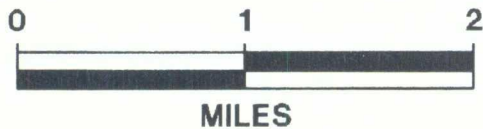
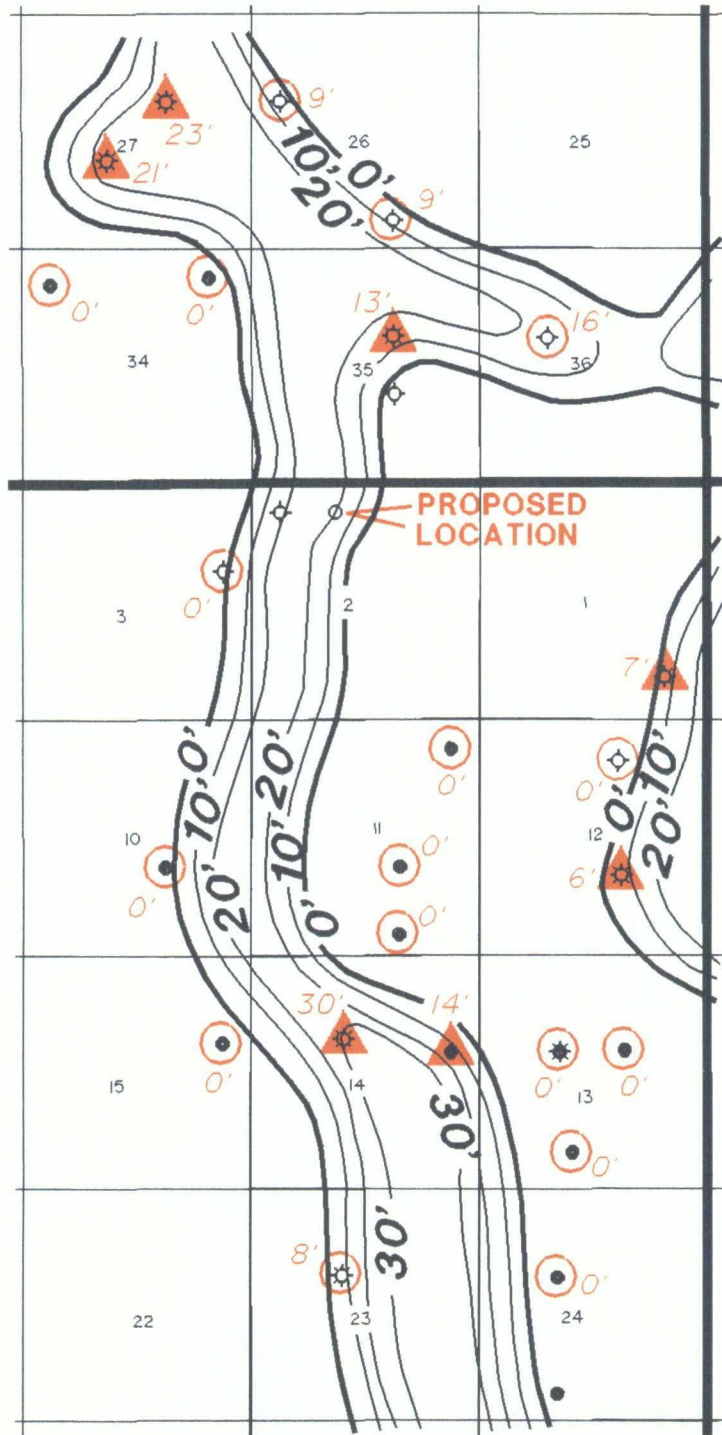
MARATHON OIL COMPANY
MID-CONTINENT REGION
SILVERSTRAND PROSPECT
LEA COUNTY, NEW MEXICO

OFFSET OWNERS/OPERATORS

R 34 E

T
16
S

T
17
S



-  ATOKA PRODUCER
-  ATOKA PENETRATION

MARATHON OIL COMPANY
MID-CONTINENT REGION
SILVERSTRAND PROSPECT
LEA COUNTY, NEW MEXICO

ATOKA CHANNEL
NET POROUS SAND ISOPACH

$\geq 8\% \emptyset$
C.I.: 10'

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
811 S. 1st Street, Artesia, NM 88210-2834
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

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

Form C-101
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator name and Address Marathon Oil Company P.O. Box 552 Midland, Texas 79702		² OGRID Number 14021
		³ API Number 30-0
⁴ Property Code	⁵ Property Name SILVERSTRAND STATE	⁶ Well Number 1

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South Line	Feet from the	East/West line	County
3	2	17-S	34-E		660	NORTH	1980	WEST	LEA

⁸ Proposed 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
⁹ Proposed Pool 1 NORTH VACUUM (ABO)					¹⁰ Proposed Pool 2 WILDCAT - ATOKA, 1/MORROW				

¹¹ Work Type Code N	¹² Well Type Code O	¹³ Cable/Rotary ROTARY	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 4049
¹⁶ Multiple NO	¹⁷ Proposed Depth 12,700'	¹⁸ Formations ATOKA, 1/MORROW	¹⁹ Contractor UNKNOWN	²⁰ Spud Date 11/18/96

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17 1/2"	13 3/8"	48	450	495	SURFACE
11"	8 5/8"	24.32	4800	1315	SURFACE
7 7/8"	5 1/2"	17.23.26	12,700	1360	+/- 4600'

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary

Proposed BOPE: 13 5/8" 5M DUAL RAM, ANNULAR & ROTATING HEAD. ALL BOPE SHALL BE INSTALLED AND OPERATED IN ACCORDANCE WITH OCD RULES #109 & #114.

ALL CASING SHALL BE RUN AND CEMENTED IN ACCORDANCE WITH RULE #107.

PROPOSE TO USE DV TOOL @ +/- 9000'.

A REQUEST FOR ADMINISTRATIVE APPROVAL FOR THIS UNORTHODOX ATOKA/MORROW LOCATION HAS BEEN MADE TO THE OCD DIVISION DIRECTOR.

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature:

Printed name: D. P. Nordt

Title: Drilling Superintendent

Date: Oct. 18, 1996

Phone: 915/687-8344

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date:

Expiration Date:

Conditions of Approval:

Attached ☐

DISTRICT I

P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II

P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

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

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

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name North Vacuum ABO
Property Code	Property Name SILVERSTRAND STATE	Well Number 1
OGRID No.	Operator Name MARATHON OIL COMPANY	Elevation 4049'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
3	2	17 S	34 E		660	NORTH	1980	WEST	LEA

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.						
80-N/2, NW/4									

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. Signature D. P. Nordt Printed Name Drilling Superintendent Title October 18, 1996 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. OCTOBER 10, 1996 Date Surveyed Signature of State Professional Surveyor JOHN W. WEST 676 RONALD D. LEIDSON 3239 CARY LEIDSON 12641				CDG 10-11-96	

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

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
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DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

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

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

OIL CONSERVATION DIVISION

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
		Wildcat Atoka, L/Morrow
Property Code	Property Name	Well Number
	SILVERSTRAND STATE	1
OGRID No.	Operator Name	Elevation
	MARATHON OIL COMPANY	4049'

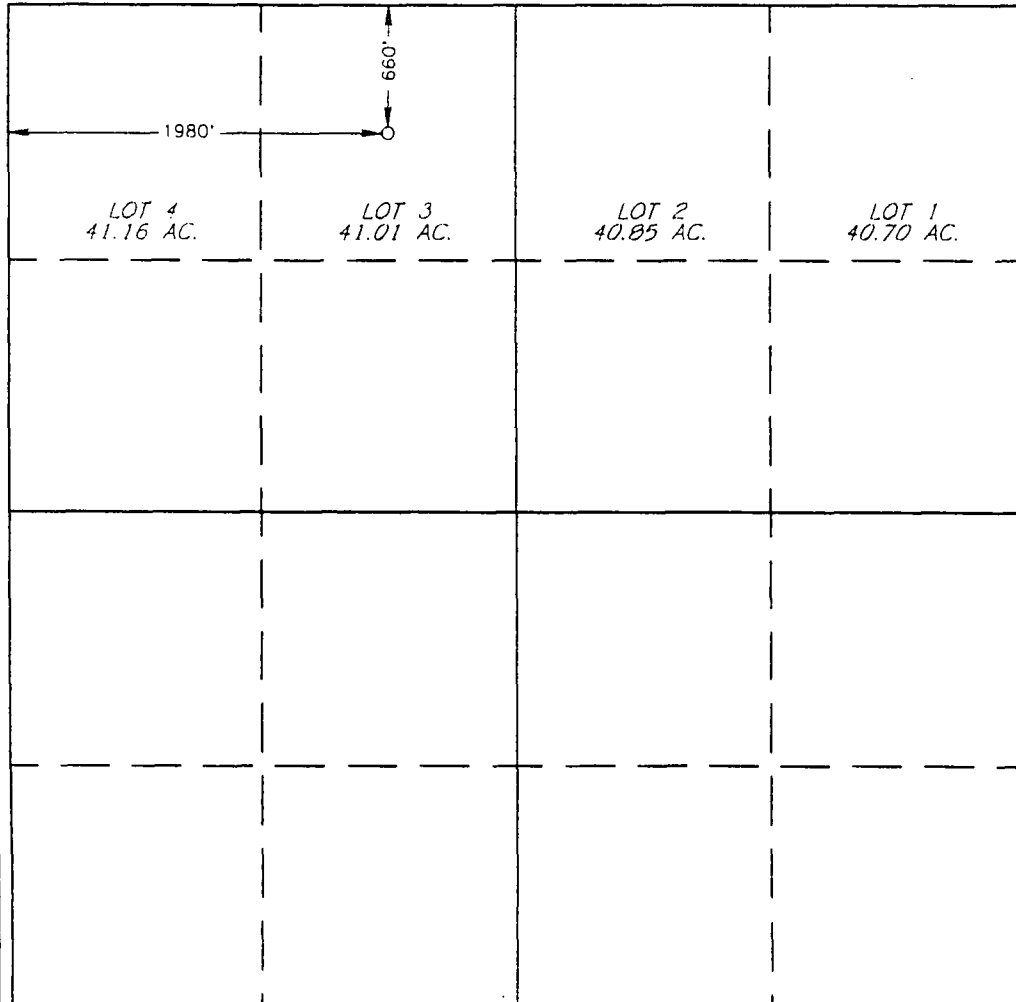
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
3	2	17 S	34 E		660	NORTH	1980	WEST	LEA

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.						
320 - W/2									

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

 <p>LOT 4 41.16 AC.</p> <p>LOT 3 41.01 AC.</p> <p>LOT 2 40.85 AC.</p> <p>LOT 1 40.70 AC.</p>				OPERATOR CERTIFICATION <i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i> _____ Signature David P. Nordt Printed Name Drilling Superintendent Title October 18, 1996 Date	
				SURVEYOR CERTIFICATION <i>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.</i> OCTOBER 10, 1996 Date Surveyed _____ Signature & Seal of Professional Surveyor RONALD W. EIDSON NEW MEXICO 10-11-96 106-11-1609 CDG	
				Certificate No. JOHN W. WEST 676 RONALD W. EIDSON 3239 CDG EIDSON 12641	

Mid-Continent Region
Production United States



**Marathon
Oil Company**

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

October 28, 1996

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Mallon Resources
999 18th Street, Suite 1700
Denver, CO 80202

Attn: Mr. Randy Stallcap

Re: Application for Administrative Approval of
An Orthodox Well Location
Silverstrand #1, 660' FNL & 1980' FWL,
Sec. 2, T-17-S, R-34-E,
Lea County, New Mexico

Dear Mr. Stallcap:

Enclosed is a copy of Marathon Oil Company's request seeking Administrative Approval of an unorthodox location for an Atoka well to be drilled at the above referenced footage calls.

As an offset operator, you are hereby notified of Marathon's intent to drill the above referenced well. Should you have any objection, you must file a protest in writing with the New Mexico Oil Conservation Division at its Santa Fe office within twenty (20) days of the date of this notice.

If you have no objection to this request, please signify by signing below and returning one executed copy to me in the envelope provided.

Enclosed please find a copy of the Application to Drill as submitted to the New Mexico Oil Conservation Division. Should you have any questions, please feel free to call me at (800) 351-1417.

Very truly yours,

Walter J. Duee
MARATHON OIL COMPANY

MALLON RESOURCES HAS NO OBJECTION TO MARATHON OIL COMPANY'S INTENT TO DRILL THE PROPOSED ATOKA TEST - SILVERSTRAND #1, 660' FNL & 1980' FWL, SEC. 2, T-17-S, R-34-E, LEA COUNTY, NEW MEXICO.

MALLON RESOURCES

By: _____
Title: _____
Date: _____

Mid-Continent Region
Production United States



**Marathon
Oil Company**

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

October 28, 1996

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Intercoast Oil & Gas
7130 South Lewis, Suite 700
Tulsa, OK 74136

Attn: Mr. Rick Deffenbaugh

Re: Application for Administrative Approval of
An Orthodox Well Location
Silverstrand #1, 660' FNL & 1980' FWL,
Sec. 2, T-17-S, R-34-E,
Lea County, New Mexico

Dear Mr. Deffenbaugh:

Enclosed is a copy of Marathon Oil Company's request seeking Administrative Approval of an unorthodox location for an Atoka well to be drilled at the above referenced footage calls.

As an offset operator, you are hereby notified of Marathon's intent to drill the above referenced well. Should you have any objection, you must file a protest in writing with the New Mexico Oil Conservation Division at its Santa Fe office within twenty (20) days of the date of this notice.

If you have no objection to this request, please signify by signing below and returning one executed copy to me in the envelope provided.

Enclosed please find a copy of the Application to Drill as submitted to the New Mexico Oil Conservation Division. Should you have any questions, please feel free to call me at (800) 351-1417.

Very truly yours,

Walter J. Dueease
MARATHON OIL COMPANY

INTERCOAST OIL & GAS HAS NO OBJECTION TO MARATHON OIL COMPANY'S INTENT TO DRILL THE PROPOSED ATOKA TEST - SILVERSTRAND #1, 660' FNL & 1980' FWL, SEC. 2, T-17-S, R-34-E, LEA COUNTY, NEW MEXICO.

INTERCOAST OIL & GAS

By: _____
Title: _____
Date: _____

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

10/31/96 15:15:41
OGOMES -EMGY
PAGE NO: 1

Sec : 02 Twp : 17S Rng : 34E Section Type : NORMAL

4 41.16 CS E00619 5 11/55 YATES DRILLING CO U A	3 41.01 CS E00619 5 11/55 YATES DRILLING CO U A	2 40.85 CS E01816 3 04/58 C R GALLAGHER JR U A	1 40.70 CS E01816 3 04/58 C R GALLAGHER JR U A
E 40.00 CS E00619 5 11/55 YATES DRILLING CO U A	F 40.00 CS E00619 5 11/55 YATES DRILLING CO U A	G 40.00 CS E00754 5 02/56 YATES DRILLING CO U A	H 40.00 CS K05029 3 05/75 MALLON OIL CO U A A

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

82.17 acres

CMD :
OG5SECT

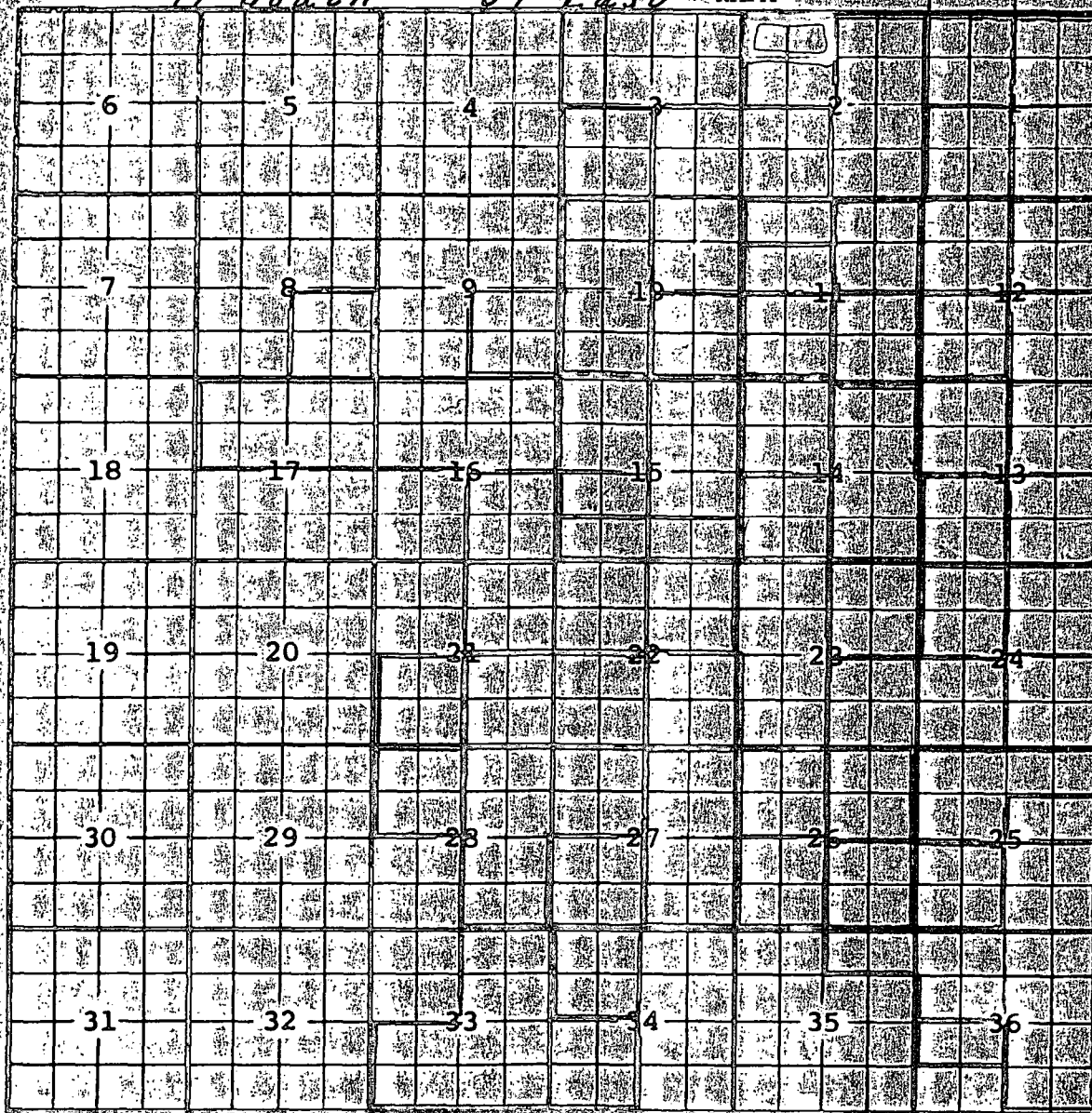
ONGARD
INQUIRE LAND BY SECTION

10/31/96 15:15:49
OGOMES -EMGY
PAGE NO: 2

Sec : 02 Twp : 17S Rng : 34E Section Type : NORMAL

L 40.00 CS E00619 5 11/55 YATES DRILLING CO U A	K 40.00 CS E00619 5 11/55 YATES DRILLING CO U A	J 40.00 CS E00754 5 02/56 YATES DRILLING CO U A	I 40.00 CS K05029 3 05/75 MALLON OIL CO U A
M 40.00 CS E00619 5 11/55 YATES DRILLING CO U A	N 40.00 CS E00619 5 11/55 YATES DRILLING CO U A	O 40.00 CS E00754 5 02/56 YATES DRILLING CO U A	P 40.00 CS E00754 5 02/56 YATES DRILLING CO U P A

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

COUNTY LeaPOOL North Vacuum - AboTOWNSHIP 17-South RANGE 34-East NMPM

Description: $\frac{SE}{4}$ Sec. 26 (R-2421, 2-13-63).
Ext: $\frac{SW}{4}$ Sec. 25; $\frac{NE}{4}$ Sec. 26 (R-2527, 8-1-63) - $\frac{SE}{4}$ Sec. 25; $\frac{N}{2}$ $\frac{NE}{4}$ Sec. 35;
 $\frac{NW}{4}$ $\frac{E}{2}$ $\frac{1}{2}$ Sec. 36 (R-2569, 10-1-63) - $\frac{S}{2}$ $\frac{NE}{4}$ Sec. 25; $\frac{N}{2}$ $\frac{SW}{4}$ Sec. 36 (R-2771, 10-1-64)
- $\frac{N}{2}$ $\frac{NE}{4}$ $\frac{1}{2}$ $\frac{NW}{4}$ Sec. 25 (R-2985, 11-1-65) - $\frac{SE}{4}$ Sec. 23; $\frac{SW}{4}$ Sec. 24 (R-3182, 2-1-67)
- $\frac{NW}{4}$ Sec. 24 (R-3280, 8-1-67) - $\frac{SW}{4}$ Sec. 23; $\frac{NE}{4}$ Sec. 24 (R-3329, 11-1-67) - $\frac{SE}{4}$ Sec. 13;
 $\frac{E}{2}$ Sec. 14 (R-3411, 6-1-68) - $\frac{SE}{4}$ Sec. 11 (R-3530, 11-1-68) - $\frac{NE}{4}$ Sec. 23; $\frac{SE}{4}$ Sec. 24 (R-3681, 3-1-69)
- $\frac{NE}{4}$ Sec. 11; $\frac{SW}{4}$ Sec. 12; $\frac{NW}{4}$ Sec. 26 (R-3979, 7-1-70) - $\frac{SW}{4}$ Sec. 11; $\frac{SW}{4}$ Sec. 14;
 $\frac{SW}{4}$ Sec. 26 (R-4032, 10-1-70) - $\frac{NW}{4}$ Sec. 14; $\frac{S}{2}$ $\frac{SE}{4}$ Sec. 15; $\frac{E}{2}$ Sec. 27 (R-4063, 12-1-70)
- $\frac{NW}{4}$ Sec. 3 (R-4086, 2-1-71) - $\frac{SE}{4}$ Sec. 10; $\frac{S}{2}$ $\frac{NW}{4}$ Sec. 11; $\frac{NW}{4}$ Sec. 12;
 $\frac{NE}{4}$ Sec. 22 (R-4132, 5-1-71) - $\frac{N}{2}$ $\frac{NW}{4}$ Sec. 11; $\frac{SE}{4}$ Sec. 12; $\frac{NE}{4}$ Sec. 13; $\frac{S}{2}$ $\frac{SW}{4}$ Sec. 15;
 $\frac{W}{2}$ Sec. 23 (R-4155, 7-1-71) - $\frac{NE}{4}$ Sec. 12; $\frac{SE}{4}$ Sec. 22 (R-4184, 9-1-71) - $\frac{SW}{4}$ Sec. 2; $\frac{SE}{4}$ Sec. 3;
 $\frac{NE}{4}$ Sec. 10 (R-4194, 10-1-71) - $\frac{NE}{4}$ $\frac{1}{2}$ $\frac{N}{2}$ $\frac{SE}{4}$ Sec. 15; $\frac{NW}{4}$ Sec. 27; $\frac{E}{2}$ Sec. 28 (R-4219, 12-1-71)
 $\frac{SW}{4}$ Sec. 1; $\frac{W}{2}$ Sec. 10; $\frac{NE}{4}$ Sec. 21; $\frac{NW}{4}$ Sec. 22; $\frac{SW}{4}$ Sec. 27 (R-4279, 4-1-72) - $\frac{SE}{4}$ Sec. 21;
 $\frac{SW}{4}$ Sec. 22; $\frac{NW}{4}$ Sec. 28; $\frac{NW}{4}$ Sec. 34 (R-4304, 6-1-72)

Continued Next Page

COUNTY Lea

POOL

North Vacuum - Morrow Gas

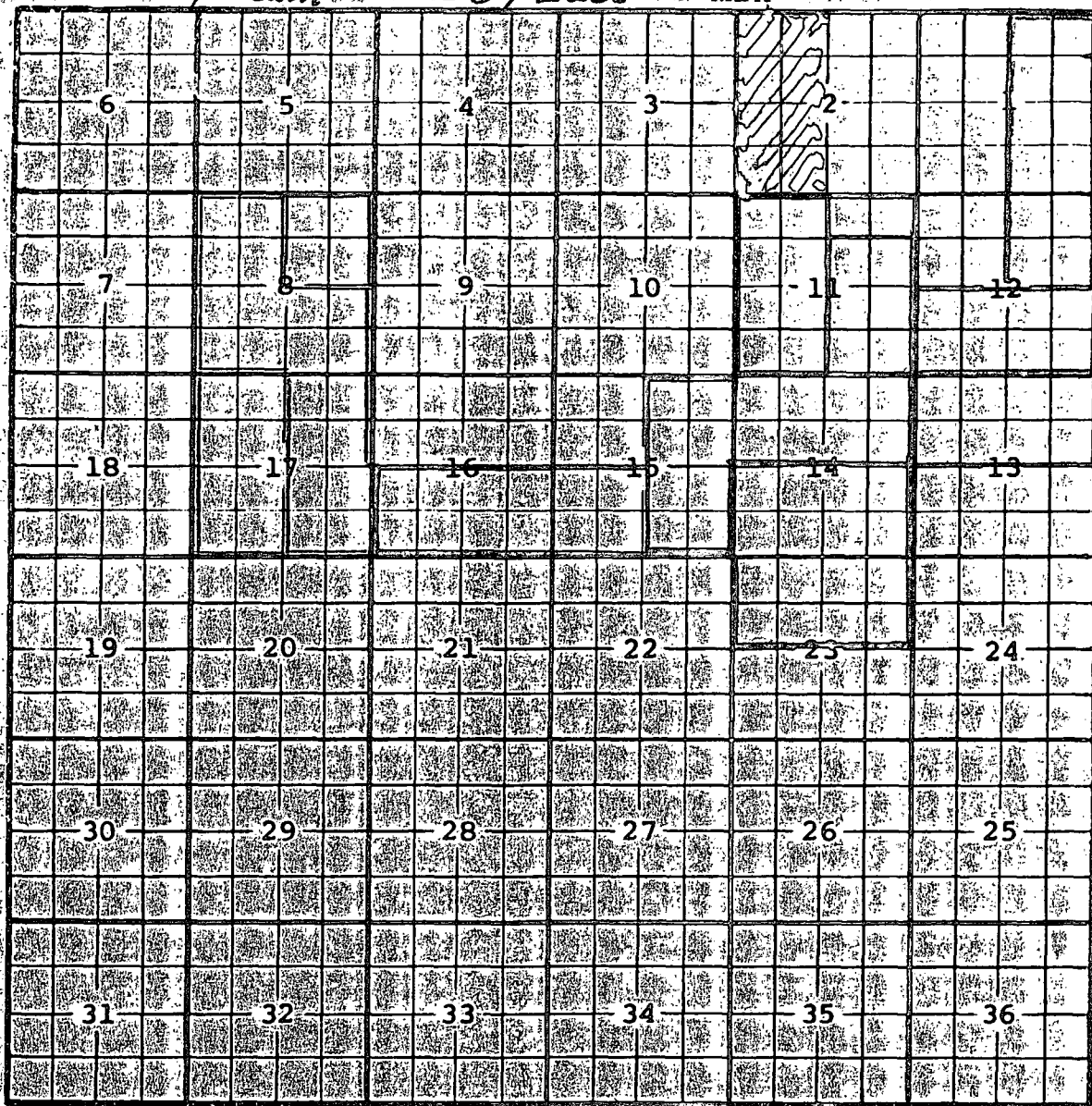
Atoka - Morrow Gas 320

TOWNSHIP 17 South

RANGE

34 East

NMPM



Description: $\frac{N}{2} \frac{NE}{4}$ Sec. 11 (R. 3084, 6-30-66)

Ext.: $\frac{S}{2} \frac{NE}{4} \frac{SE}{4}$ Sec. 11 (R. 3562, 12-1-68)

Reclassified & Redefined: Reclassified as a gas pool and redesignated North Vacuum - Morrow Gas Pool comprising All Sec. 11 (R. 3792, 7-15-69)

Ext.: $\frac{N}{2}$ Sec. 14; $\frac{E}{2}$ Sec. 15 (R. 4032, 10-1-70) - $\frac{S}{2}$ Sec. 12; $\frac{E}{2}$ Sec. 14; $\frac{N}{2}$ Sec. 23 (R. 4194, 10-1-71)

- $\frac{N}{2}$ Sec. 13; $\frac{SW}{4}$ Sec. 15; $\frac{S}{2}$ Sec. 16 (R. 4351, 8-1-72)

Ext.: $\frac{W}{2} \frac{SE}{4}$ Sec. 8; $\frac{E}{2}$ Sec. 17 (R. 5215, 6-1-76)

Vertical limits extended to include Atoka formation and pool redesignated North Vacuum - Atoka - Morrow Gas (R. 5334, 12-1-76)

Ext.: $\frac{NE}{4}$ Sec. 8; $\frac{W}{2}$ Sec. 17 (R. 5511, 9-1-77)

Ext.: $\frac{E}{2}$ Sec. 1; $\frac{NE}{4}$ Sec. 12 (R. 7307, 6-14-83)

NORTH VACUUM-ABO POOL
Lea County, New Mexico

Order No. R-2421, Creating and Adopting Temporary Operating Rules for the North Vacuum-Abo Pool, Lea County, New Mexico, March 1, 1963.

Order No. R-2421-A, March 13, 1964, makes permanent the temporary rules adopted in Order No. R-2421.

Application of Socony Mobil Oil Company, Inc., to create a New Pool for Abo production and for Special Pool Rules, Lea County, New Mexico.

CASE NO. 2739
Order No. R-2421

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 o'clock a.m. on January 23, 1963, at Santa Fe, New Mexico, before Elvis A. Utz, 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 13th day of February, 1963, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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, Socony Mobil Oil Company, Inc., seeks the creation of a new pool for Abo production and the promulgation of temporary special rules and regulations governing said pool, including a provision for 80-acre spacing units.

(3) That a new oil pool for Abo production should be created and designated the North Vacuum-Abo Oil Pool. This pool was discovered by the Socony Mobil State Bridges Well No. 95, located in Unit P of Section 26, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico. The top of the perforations in the Abo formation is at 9070 feet.

(4) That temporary special rules and regulations establishing 80-acre spacing 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 the temporary special rules and regulations should be established for a one-year period and that during this one-year 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 in February, 1964, at which time the operators in the subject pool should appear and show cause why the North Vacuum-Abo Oil Pool should not be developed on 40-acre proration units.

IT IS THEREFORE ORDERED:

(1) That a new pool in Lea County, New Mexico, classified as an oil pool for Abo production is hereby created and designated the North Vacuum-Abo Oil Pool, consisting of the following-described area:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM
Section 26: SE/4

(2) That special rules and regulations for the North Vacuum-Abo Oil Pool are hereby promulgated as follows, effective March 1, 1963.

**SPECIAL RULES AND REGULATIONS
FOR THE
NORTH VACUUM-ABO OIL POOL**

RULE 1. Each well completed or recompleted in the North Vacuum-Abo Oil Pool or in the Abo formation within one mile of the North Vacuum-Abo Oil Pool, and not nearer to or within the limits of another designated Abo 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 North Vacuum-Abo Oil Pool shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a single governmental quarter section; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

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 comprising a single quarter-quarter section or lot. All operators offsetting the proposed non-standard unit 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 formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. The first well drilled on every standard or non-standard unit in the North Vacuum-Abo Oil Pool shall be located within 200 feet of the center of either the NW/4 or the SE/4 of a governmental quarter section.

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

(NORTH VACUUM-ABO POOL - Cont'd.)

objection to the unorthodox location within 20 days after the Secretary-Director has received the application.

RULE 6. A standard proration unit (79 through 81 acres) in the North Vacuum-Abo Oil Pool shall be assigned an 80-acre proportional factor of 4.77 for allowable purposes, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable in the North Vacuum-Abo Oil Pool as the acreage in such non-standard unit bears to 80 acres.

IT IS FURTHER ORDERED:

(1) That any well presently drilling to or completed in the Abo formation within the North Vacuum-Abo Oil Pool or within one mile of the North Vacuum-Abo Oil 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 shall notify the Hobbs 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 80 acres to a well presently drilling or completed in the North Vacuum-Abo Oil 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 in February, 1964, at which time the operators in the subject pool may appear and show cause why the North Vacuum-Abo Oil Pool should not be developed on 40-acre proration units.

(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.

SIMPSON-GALLUP POOL
San Juan County, New Mexico

Order No. R-2375, Creating and Adopting Temporary Operating Rules for the Simpson-Gallup Pool, San Juan County, New Mexico, December 1, 1962, Made Permanent by Order No. R-2375-A, January 29, 1964.

Application of Pan American Petroleum Corporation for the creation of a new Oil Pool and the establishment of Special Rules and Regulations, San Juan County, New Mexico.

CASE NO. 2682
Order No. R-2375

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 o'clock a.m. on November 8, 1962, at Santa Fe, New Mexico, 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 21st day of November, 1962, 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, Pan American Petroleum Corporation, seeks an order creating a new oil pool for Gallup production to be designated the Simpson-Gallup Oil Pool consisting of the following-described acreage in San Juan County, New Mexico:

TOWNSHIP 28 NORTH, RANGE 12 WEST, NMPM
Section 23: S/2 Section 25: N/2
Section 24: SW/4 Section 26: NE/4

(3) That the applicant proposes the promulgation of special rules and regulations to govern said pool with a provision for 80-acre oil proration units.

(4) That the Simpson-Gallup Oil Pool was discovered by the Pan American Gallegos Canyon Unit Well No. 83, located in Unit A of Section 26, Township 28 North, Range 12 West, NMPM, San Juan County, New Mexico. This well was completed February 29, 1959. The top of the perforations is at 5548 feet.

(5) That the evidence presently available establishes that the Simpson-Gallup Oil Pool can be efficiently and economically drained and developed on 80-acre oil proration units.

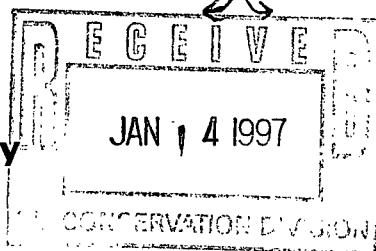
(6) That during the temporary period in which this order will be in effect, all operators in the subject pool should gather all available information relative to drainage and recoverable reserves in said pool.

[illegible]



**Marathon
Oil Company**

y 10, 1996



Mid-Continent Region
Production United States

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

New Mexico Dept. of Energy, Minerals
and Natural Resources
Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

Attention: Mr. M.E. Stogner

Re: Amended Request for Administrative Approval
of Unorthodox Location
Silverstrand State #1
660' FNL & 1980' FWL
Sec. 2, T-17-S, R-34-E
Lea County, New Mexico

Dear Mr. Stogner:

Marathon Oil Company wishes to amend its application to drill a directional wellbore submitted to the NMOCD dated 11/13/96.

Marathon spudded the Silverstrand #1 on 12/7/96 and is currently drilling at 10,200'. On 12/5/96, Intercoast Oil & Gas plugged and abandoned an offset Lower Atoka/Morrow test at 1980' FNL & 972' FEL, Sec. 2, T-17-S, R-34-E, Lea County, New Mexico.

Pursuant to our conversation on 12/23/96, Marathon wishes to amend its previous request to drill a directional well to a standard Lower Atoka/Morrow BHL at 1750' FNL & 1865' FWL, Sec. 2, T-17-S, R-34-E, and now intends to drill vertically to an unorthodox Lower Atoka/Morrow location at 660' FNL & 1980' FWL, Sec. 2, T-17-S, R-34-E. This location is standard for the secondary objective in the Abo formation, but is non-standard for the Lower Atoka/Morrow. As this location is less than 1980' from the end of the 320 acre proration unit, it encroaches on acreage held by Mallon Oil Co., SW/4 Sec. 35, T-16-S, R-34-E, and Intercoast Oil & Gas, E/2 Sec. 35, T-16-S, R-34-E.

Attached please find signed waivers from the affected offset operators agreeing to Marathon's intent to drill this well vertically to a non-standard Lower Atoka/Morrow location. You have sufficient leasehold and geological data to reference this request from the previous applications filed for this well. Should anything additional be needed, please call me at 1-800-351-1417.

Thank you for your attention to this application.

Very truly yours,

Walter J. Dueease
MARATHON OIL COMPANY

WJD/dlt
enclosures

cc: Jerry Sexton w/enclosures



**Marathon
Oil Company**

P.O. Box 552
Midland, TX 79702-0552
Telephone 915/882-1826

January 3, 1997

Attn: Mr. Randy Stallcup
MALLON OIL COMPANY
999 18th St, Ste 1700
Denver, CO 80202

Re: Waiver of Protest for Unorthodox Gas Well Location
Silverstrand SL No. 1, 660' FNL & 1980' FWL of
Section 2, T-17-S, R-34-E, Lea County, New Mexico
North Vacuum Atoka, Lower Morrow, Pool

Dear Randy:

Pursuant to our telephone conversation of yesterday's date, Marathon respectfully requests Mallon's waiver of protest to the above referenced well which is located at an unorthodox location for the referenced pool. In return for granting Marathon this waiver, Marathon agrees to grant Mallon a similar waiver if requested.

If the foregoing is acceptable, please sign one (1) copy of this letter in the space provided below and return it to the attention of the undersigned in the enclosed envelope. If you have any questions, please don't hesitate to give me a call at (915) 687-8480. Thank you for your cooperation in this matter.

Yours very truly,

J. F. Rusnak
Advanced Landman

JFR:mmc'

As an offset leasehold owner, the undersigned has no objection to Marathon Oil Company's application to drill and complete the Silverstrand State No.1 well at the above referenced location in the N. Vacuum Atoka, Lower Morrow, Pool.

Approved By:
Representing: Marathon Oil Company
Date: 1-3-97

Mid-Continent Region
Production United States



**Marathon
Oil Company**

P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1826

January 3, 1997

Attn: Mr. Rick Deffenbaugh
INTERCOAST OIL AND GAS
7130 S. Lewis, Ste. 700
Tulsa, OK 74136

Re: Waiver of Protest for Unorthodox Gas Well Location
Silverstrand St. No. 1, 660' FNL & 1980' FWL of
Section 2, T-17-S, R-34-E, Lea County, New Mexico
North Vacuum Atoka, Lower Morrow, Pool

Dear Rick:

Pursuant to our telephone conversation of today's date, Marathon respectfully requests Intercoast's waiver of protest to the above referenced well which is located at an unorthodox location for the referenced pool. In return for granting Marathon this waiver, Marathon agrees to grant Intercoast a similar waiver if requested.

If the foregoing is acceptable, please sign one (1) copy of this letter in the space provided below and return it to the attention of the undersigned in the enclosed envelope. If you have any questions, please don't hesitate to give me a call at (915) 687-8410. Thank you for your cooperation in this matter.

Yours very truly,

J.F. Rusnak
Advanced Landman

JFR:mmc'

As an offset operator, the undersigned has no objection to Marathon Oil Company's application to drill and complete the Silverstrand State No.1 well at the above referenced location in the N. Vacuum Atoka, Lower Morrow, Pool.

Approved By:

Representing: Intercoast Oil and Gas Company

Date: _____

A subsidiary of USX Corporation

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

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

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

OIL CONSERVATION DIVISION

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

☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-33659	Pool Code <i>868017</i>	Pool Name N. Vacuum Atoka, Lower Morrow
Property Code 19741	Property Name SILVER STRAND STATE	Well Number 1
OCRID No. 14021	Operator Name MARATHON OIL COMPANY	Elevation 4049'

Surface Location

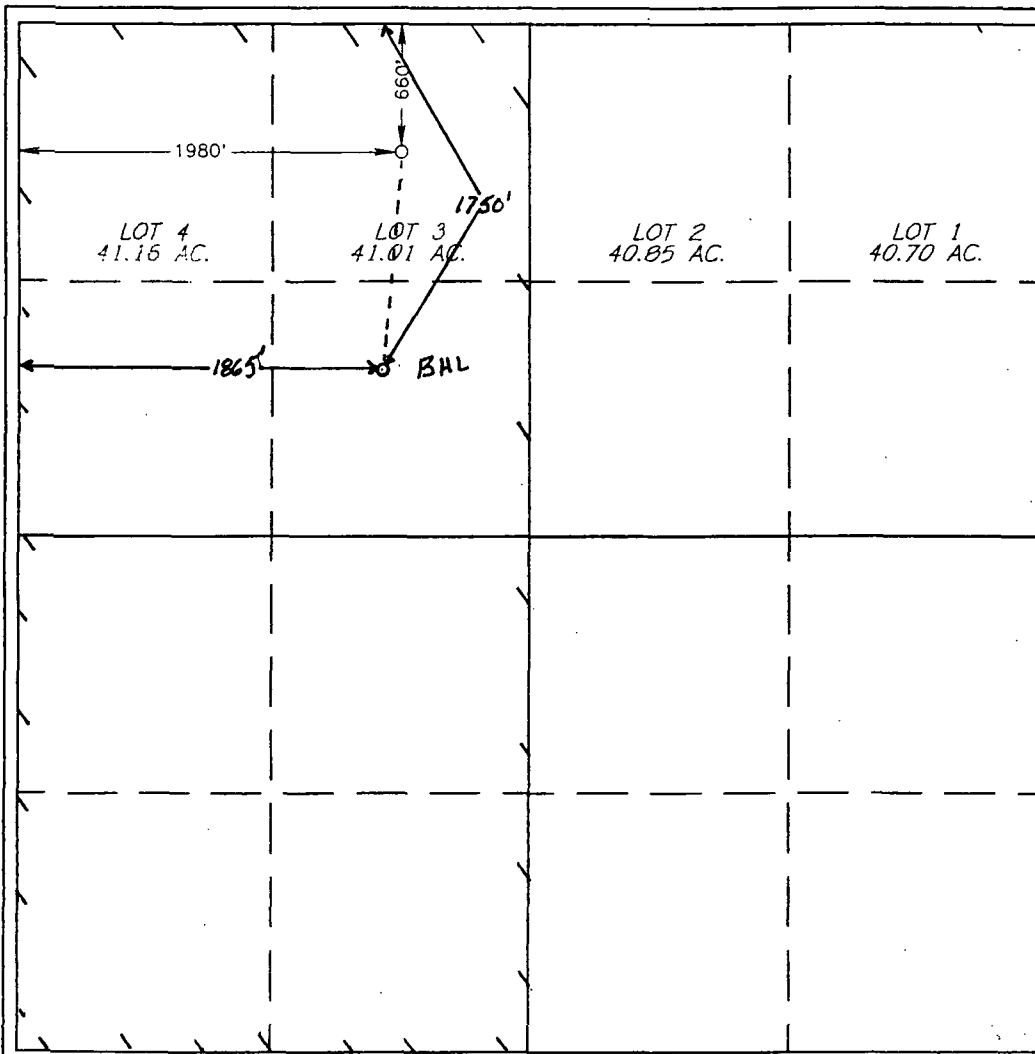
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
3	2	17 S	34 E		660	NORTH	1980	WEST	LEA

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
F	2	17 S	34 E		1750'	North	1865	West	Lea

Dedicated Acres <i>320 - w/2</i>	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.

Walter J. Nordt
Signature

D. P. Nordt
Printed Name

Drilling Superintendent
Title

11/13/96
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.

OCTOBER 10, 1996

Date Surveyed CDG

Signature & Seal of
Professional Surveyor

Ronald J. Eidson
10-11-96
06-11-1382

Certificate No. JOHN W. WEST 676
RONALD J. EIDSON 3239
CARL EIDSON 12641

NSL-3764



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

RECEIVED

OIL CONSERVATION DIVISION

HOBBS DISTRICT OFFICE

'96 NOV 4 AM 8 52

10/31/96

GOVERNOR

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

RE: Proposed:

MC _____
DHC _____
NSL X _____
NSP _____
SWD _____
WFX _____
PMX _____

Gentlemen:

I have examined the application for the:

Marathon Oil Co. Silverstrand State #7-C 2-175-34e
Operator Lease & Well No. Unit S-T-R

and my recommendations are as follows:

OK

Yours very truly,

Jerry Sexton
Supervisor, District 1

/ed