

27130424

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

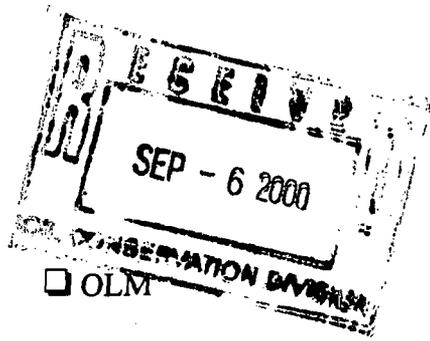
Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement

- DHC CTB PLC PC OLS OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

- WFX PMX SWD IPI EOR PPR



[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.

WALTER DUEASE
Print or Type Name

Walter Duease
Signature

Title

9/11/00
Date

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

September 6, 2000

HAND DELIVERED

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

RE: **Smith Federal Well No. 3**
1514 feet FNL & 870 feet FEL
Section 11, T22S, R23E
Administrative Application of
Marathon Oil Company for Approval
of an Unorthodox Gas Well Location,
Eddy County, New Mexico



Dear Mr. Stogner:

Please find enclosed our administrative application for approval of an unorthodox gas well location for Marathon Oil Company's Smith Federal Well No. 3 which is proposed to be drilled at an unorthodox gas well location 1514 feet FNL and 870 feet FEL of Section 11, T22S, R23E, Eddy County, New Mexico, and to be simultaneously dedicated along with its Smith Federal Wells 1 (API #30-015-10567) and 2 (API #30-015-29789) to a standard 640-acre gas proration and spacing unit ("GPU") consisting of all of this section for production from the Indian Basin Upper Pennsylvanian Gas Pool. **See Enclosure #1 (9 section locator plat)**¹

Because the Smith Federal Well No. 2 was drilled at an unorthodox location, the production from this GPU is subject to an allowable factor of 72.58% (27.42% penalty) **See Division Administrative Order NSL-3855(SD)**. Marathon does not seek to change this penalty with the addition of the Smith Federal Well No 3.

¹ Please note that while the locator plat correctly shows the offsetting operators it does not show all of the wells. The structure map shows the correct number of wells and approximate locations as of 8/10/2000.

The proposed Smith Federal Well No. 3 encroaches towards:

(a) Section 12 which is now operated by Yates Petroleum Corporation as a 640-acre GPU containing two producing gas wells in this pool, and which is subject to an allowable factor of 61 % (31 % penalty) as a result of the Smith Federal Gas Com Well No. 2 unorthodox well location at 2049 feet FNL and 480 feet FWL (Unit E) of Section 12.² **See Division Order R-9487, 9487-A and 9487-B**

(b) Section 1 which is now operated by Yates Petroleum Corporation as a 640-acre GPU containing two producing gas wells in this pool, and which was subject to an allowable factor of 62 % (38 % penalty) as a result of the Smith Federal Well No. 2 unorthodox location at 1650 feet FSL and 330 feet FWL (Unit L) of Section 12. **See Division Administrative Order NSL-2453**. However, my review of Division records to be abandoned with the Zingaro well located at an unorthodox well location in Unit C but **not** subject to a penalty.

(c) Section 2 which is now operated by Kerr-McGee Oil & Gas Onshore LLC as a 640-acre GPU containing three producing gas wells in this pool, and which is subject to an allowable factor of 62 % (38 % penalty) as a result of the Conoco State Gas Com Well No. 2 unorthodox location at 800 feet FWL and 800 feet FSL Unit M) of Section 12. **See Division Orders R-10359 and NSL-4386(SD)**

Marathon desires to drill the Smith Federal Well No. 3 at the proposed unorthodox well location for the following reasons:

(a) the Smith Federal Wells No. 1 and 2 have declined to a combined current producing rate of 2800 MCFPD which is 1900 MCFPD below this GPU's penalized allowable of 4700 MCFPD. The current pool allowable is 6.6 MMCFPD.

² Marathon was advised by Yates that Yates believes this GPU is no longer subject to a penalty but my search of the OCD well files and orders fails to find documentation of the cancellation of the penalty.

SEP - 6 2000

Oil Conservation Division

September 6, 2000

-Page 3-

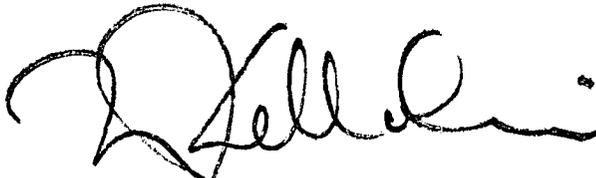
(b) Marathon believes there is a northwest-southeast fracture trend extending into the E/2 of Marathon operated Section 11 which is currently being produced by the offsetting Yates' Smith Federal Well No. 2 in Section 12 which encroaches upon Marathon's Section 11. Marathon's proposed Smith Federal Well No. 3 will afford it the opportunity to protect the correlative rights of the owners in Section 11. **See enclosed cross-section.**

(c) In addition, the proposed location for the Smith Federal Well No. 3 will place it closer to the East Indian Basin pressure regime that has significantly better permeability than can be obtained at the closest standard location in Section 11 thereby allowing Marathon a fair opportunity to produce its share of the remaining gas in the pool.

Marathon has obtained waivers of objection from Yates and Kerr-McGee, copies of which are attached. Please note that Kerr-McGee's waiver dated August 4, 2000 includes a withdrawal of its earlier objection dated July of 2000.

Please call me if you need any additional information.

Very truly yours,



W. Thomas Kellahin

cfx: Marathon Oil Company
Attn: Walter Dueease
fx 915-687-8337
phone 800-351-1417



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, 1984
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

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

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

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

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 79040	Pool Name Indian Basin Upper Penn. (EAS)
Property Code 16958	Property Name SMITH FEDERAL	Well Number 3
OGRID No. 14021	Operator Name MARATHON OIL COMPANY	Elevation 3933

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	11	22 S	23 E		1514	NORTH	870	EAST	EDDY

Bottom Hole Location If Different From Surface

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

Dedicated Acres 640	Joint or Infill	Consolidation Code	Order No.
------------------------	-----------------	--------------------	-----------

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>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Jerry Fletcher</i> Signature</p> <p>Jerry Fletcher Printed Name</p> <p>Engineer Tech. Title</p> <p>7-27-00 Date</p>
	<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>MAY 9, 2000</p> <p>Date Surveyed _____ LMP</p> <p>Signature & Seal of Professional Surveyor <i>Ronald J. Eidson 5/17/00</i> 00-11-0347</p> <p>Certificate No. RONALD J. EIDSON 3239 GARY EIDSON 12641 MAGON McDONALD 12185</p>

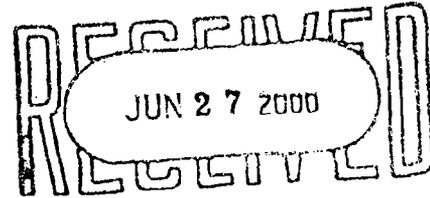
Mid-Continent Region
Production United States

✓ 627.00
Bret



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

June 26, 2000



Yates Petroleum Corp
105 South 4th St.
Artesia, NM 88210

Re: Application of Marathon Oil Company for administrative approval of an unorthodox well location Eddy County, New Mexico.

Enclosed is a copy of a plat for a proposed well to be drilled by Marathon Oil Company seeking approval of an unorthodox well location for an Indian Basin Upper Pennsylvanian Pool well to be drilled at 1514' FNL and 870' FEL of Section 11, Township 22 South, Range 23 East, N.M.P.M., Eddy County, New Mexico. The objective of this proposed well is to intersect a possible fracture zone which trends northwest-south east.

{ There is an acreage factor already in place for this 640 acre unit, which is 0.7258. This acreage factor is consistent with the Kerr-McGee Bogle Flats # 13 (0.695) which was located at 750' FEL and 1020' FNL of Section 13, T-22-S, R-23-E, Eddy County, New Mexico.
 17

As offset operator, you are hereby notified of Marathon's intent to drill the proposed well. If you have an objection to this application, it must be filed in writing with the New Mexico Oil Conservation Division at its Santa Fe office within twenty days from the date of this letter.

Should you have no objections to this request, please signify by signing below and returning one executed copy to me in the envelope provided. Should you have any questions, please contact me at 915-687-8210.

Very truly yours,

Walter Dueease

Walter Dueease
Marathon Oil Company

Smith had penalty factor

6/27/00 Dueease checking if extra will call us back

Yates Petroleum Corporation
Application of Marathon Oil Company for administrative
approval of an unorthodox well location Eddy County, New Mexico
Page No. 2

WE AS OFFSET OPERATOR, WAIVE OBJECTION TO MARATHON'S INTENT TO
DRILL ITS SMITH FEDERAL NO. 3 WELL AT 1,514' FNL AND 870' FEL OF SECTION
11, T-22-S, R-23-E, EDDY COUNTY, NEW MEXICO.

Yates Petroleum Corp

By: *Peyton Yates* *

Peyton Yates

Title: Attorney-in-Fact

* Subject to Yates Petroleum Corporation having
the right to locate a reciprocal well on its
acreage in the W/2 of Section 12, T22S,R23E,
with no objection from Marathon.

Date: 7/6/00

Mid-Continent Region
Production United States



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

June 26, 2000

Chevron USA Inc.
P. O. Box 1150
15 Smith Road
Midland, TX 79702

Re: Application of Marathon Oil Company for administrative
approval of an unorthodox well location Eddy County, New Mexico.

Enclosed is a copy of a plat for a proposed well to be drilled by Marathon Oil Company seeking approval of an unorthodox well location for an Indian Basin Upper Pennsylvanian Pool well to be drilled at 1514' FNL and 870' FEL of Section 11, Township 22 South, Range 23 East, N.M.P.M., Eddy County, New Mexico. The objective of this proposed well is to intersect a possible fracture zone which trends northwest-south east.

There is an acreage factor already in place for this 640 acre unit, which is 0.7258. This acreage factor is consistent with the Kerr-McGee Bogle Flats # 13 (**0.695**) which was located at **750' FEL** and 1020' FNL of Section 13, T-22-S, R-23-E, Eddy County, New Mexico.

As offset operator, you are hereby notified of Marathon's intent to drill the proposed well. If you have an objection to this application, it must be filed in writing with the New Mexico Oil Conservation Division at its Santa Fe office within twenty days from the date of this letter.

Should you have no objections to this request, please signify by signing below and returning one executed copy to me in the envelope provided. Should you have any questions, please contact me at 915-687-8210.

Very truly yours,

A handwritten signature in cursive script that reads 'Walter Dueease'.

Walter Dueease
Marathon Oil Company

Chevron USA
Application of Marathon Oil Company for administrative
approval of an unorthodox well location Eddy County, New Mexico
Page No. 2

WE AS OFFSET OPERATOR, WAIVE OBJECTION TO MARATHON'S INTENT TO
DRILL ITS SMITH FEDERAL NO. 3 WELL AT 1,514' FNL AND 870' FEL OF SECTION
11, T-22-S, R-23-E, EDDY COUNTY, NEW MEXICO.

Chevron USA Inc.

By: Scott M. Ingram

Title: Geologist

Date: 7/3/00

**KERR-MCGEE OIL & GAS ONSHORE LLC**

P.O. BOX 809004 • DALLAS, TEXAS 75380-9004 • PH (972) 715-4000
14311 WELCH ROAD • DALLAS, TEXAS 75244-3934 • FAX (972) 715-4069

August 4, 2000

Sent Via Fax at 915/687-8431 (1 Page)

Mr. John Kloosterman
Marathon Oil Company
PO Box 552
Midland, Texas 79702

RE: Marathon's Smith Federal No. 3
Unorthodox Location 1,514' FNL &
870' FEL, Section 11, T22S-R23E,
Eddy County, New Mexico

Gentlemen:

Kerr-McGee Oil & Gas Onshore LLC will withdraw its objection to the unorthodox well location for the captioned well from the OCD provided Marathon agrees to and obtains from the OCD an acreage factor for this unit of a 0.7258.

If the foregoing is acceptable, please sign and date this letter in the space provided below and return it to me via FAX at 972/715-4012.

Thank you and should you need to reach me, my phone number is 972/715-4608.

Sincerely,

A handwritten signature in black ink, appearing to read 'Steve Foerster', written over a horizontal line.

Steve Foerster
Landman

Agreed to and accepted:

Marathon Oil Company

By: A handwritten signature in black ink, appearing to read 'V. Jaloz', written over a horizontal line.

Title: Manager IB

Date: 8-4-00

CMD : ONGARD 09/19/00 12:57:09
OG6IWCM INQUIRE WELL COMPLETIONS OGOMES -TPKU

API Well No : 30 15 29789 Eff Date : 08-07-1997 WC Status : A
Pool Idn : 79040 INDIAN BASIN;UPPER PENN (PRO GAS)
OGRID Idn : 14021 MARATHON OIL CO
Prop Idn : 16958 SMITH FEDERAL

Well No : 002
GL Elevation: 3952

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
B.H. Locn	: L	11	22S	23E	FTG 1465 F S FTG	800 F W	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 :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

09/19/00 12:56:51
OGOMES -TPKU
PAGE NO: 1

Sec : 11 Twp : 22S Rng : 23E Section Type : NORMAL

D 40.00 Federal owned	C 40.00 Federal owned	B 40.00 Federal owned	A 40.00 Federal owned
E 40.00 Federal owned	F 40.00 Federal owned A	G 40.00 Federal owned	H 40.00 Federal owned

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

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

09/19/00 12:57:01
OGOMES -TPKU
PAGE NO: 2

Sec : 11 Twp : 22S Rng : 23E Section Type : NORMAL

L 40.00 Federal owned A	K 40.00 Federal owned	J 40.00 Federal owned	I 40.00 Federal owned
M 40.00 Federal owned	N 40.00 Federal owned	O 40.00 Federal owned	P 40.00 Federal owned

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

CMD : ONGARD 09/19/00 12:57:42
OG6IWCM INQUIRE WELL COMPLETIONS OGOMES -TPKU

API Well No : 30 15 10567 Eff Date : 04-01-1995 WC Status : A
Pool Idn : 79040 INDIAN BASIN;UPPER PENN (PRO GAS)
OGRID Idn : 14021 MARATHON OIL CO
Prop Idn : 16958 SMITH FEDERAL

Well No : 001
GL Elevation: 3981

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
B.H. Locn	: F	11	22S	23E	FTG 1650 F N	FTG 1650 F W	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

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA
HYDE PARK ESTATES
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

July 14, 2000

Via Fax and U.S. Mail

Michael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Administrative application for an unorthodox gas well
location (Operator: Marathon Oil Company)

Smith Fed. Well No. 3; Section 11, Township 22 South,
Range 23 East, N.M.P.M., Eddy County, New Mexico

Dear Mr. Stogner:

Kerr-McGee Oil & Gas Onshore LLC, an offset operator and interest
owner, hereby objects to the above unorthodox location.

Very truly yours,



James Bruce

Attorney for Kerr-McGee
Oil & Gas Onshore LLC

RECEIVED
JUL 17 2000

JAMES BRUCE
Attorney at Law
Post Office Box 1056
Santa Fe, New Mexico 87504
Telephone: (505) 982-2043
Fax: (505) 982-2151

FAX COVER SHEET

DELIVER TO: Michael E. Stogner
COMPANY: Oil Conservation Division
CITY: Santa Fe, New Mexico
FAX NUMBER: 827-1389
NUMBER OF PAGES: 2 (Including Cover Sheet)
DATE SENT: 7/14/00
MEMO:

CONFIDENTIALITY NOTICE

This transmission contains information which may be confidential and/or legally privileged. The information is intended only for the above-named recipient. If you are not the intended recipient, any copying or distribution of the information is prohibited. If you have received this transmission in error, please call us at the above number and return the document by United States mail. Thank you.

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

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HYDE PARK ESTATES
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Very truly yours,



James Bruce

Attorney for Kerr-McGee
Oil & Gas Onshore LLC

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

07/25/00 17:51:38
OGOMES -TPEZ
PAGE NO: 1

Sec : 11 Twp : 22S Rng : 23E Section Type : NORMAL

D 40.00 Federal owned	C 40.00 Federal owned	B 40.00 Federal owned	A 40.00 Federal owned
E 40.00 Federal owned	F 40.00 Federal owned A	G 40.00 Federal owned	H 40.00 Federal owned

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

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

07/25/00 17:51:42
OGOMES -TPEZ
PAGE NO: 2

Sec : 11 Twp : 22S Rng : 23E Section Type : NORMAL

L 40.00 Federal owned A	K 40.00 Federal owned	J 40.00 Federal owned	I 40.00 Federal owned
M 40.00 Federal owned	N 40.00 Federal owned	O 40.00 Federal owned	P 40.00 Federal owned

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

CMD :
OG6IWCM

ONGARD
INQUIRE WELL COMPLETIONS

07/25/00 17:51:59
OGOMES -TPEZ

API Well No : 30 15 29789 Eff Date : 08-07-1997 WC Status : A
Pool Idn : 79040 INDIAN BASIN;UPPER PENN (PRO GAS)
OGRID Idn : 14021 MARATHON OIL CO
Prop Idn : 16958 SMITH FEDERAL

Well No : 002
GL Elevation: 3952

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
B.H. Locn	: L	11	22S	23E	FTG 1465 F S FTG	800 F W	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 :
OG6IWCM

ONGARD
INQUIRE WELL COMPLETIONS

07/25/00 17:52:18
OGOMES -TPEZ

API Well No : 30 15 10567 Eff Date : 04-01-1995 WC Status : A
Pool Idn : 79040 INDIAN BASIN;UPPER PENN (PRO GAS)
OGRID Idn : 14021 MARATHON OIL CO
Prop Idn : 16958 SMITH FEDERAL

Well No : 001
GL Elevation: 3981

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
B.H. Locn	: F	11	22S	23E	FTG 1650 F N	FTG 1650 F W	P

Lot Identifier:

Dedicated Acre: 640.00

Lease Type : F

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

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

JAMES BRUCE
ATTORNEY AT LAW

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3304 CAMINO LISA
HYDE PARK ESTATES
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

AUG 14 2000

August 12, 2000

Michael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

By letters dated July 14, 2000 (copies enclosed), Kerr-McGee Oil & Gas Onshore LLC ("Kerr-McGee") objected to two administrative applications for unorthodox gas well locations filed by Marathon Oil Company. Kerr-McGee hereby withdraws those two letters.

Very truly yours,



James Bruce

Attorney for Kerr-McGee
Oil & Gas Onshore LLC

cc: John Kloosterman (Marathon Oil Company)
Steve Foerster (Kerr-McGee Oil & Gas Onshore LLC)

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

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HYDE PARK ESTATES
SANTA FE, NEW MEXICO 87501

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(505) 982-2151 (FAX)

July 14, 2000

Via Fax and U.S. Mail

Michael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Administrative application for an unorthodox gas well
location (Operator: Marathon Oil Company)

Smith Fed. Well No. 3; Section 11, Township 22 South,
Range 23 East, N.M.P.M., Eddy County, New Mexico

Dear Mr. Stogner:

Kerr-McGee Oil & Gas Onshore LLC, an offset operator and interest
owner, hereby objects to the above unorthodox location.

Very truly yours,


James Bruce

Attorney for Kerr-McGee
Oil & Gas Onshore LLC

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ATTORNEY AT LAW

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July 14, 2000

Via Fax and U.S. Mail

Michael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Administrative application for an unorthodox gas well
location (Operator: Marathon Oil Company)

Mershon Gas Com. Well No. 2; Section 21, Township 22
South, Range 23 East, N.M.P.M., Eddy County, New Mexico

Dear Mr. Stogner:

Kerr-McGee Oil & Gas Onshore LLC, an offset operator, hereby
objects to the above unorthodox location.

Very truly yours,



James Bruce

Attorney for Kerr-McGee
Oil & Gas Onshore LLC

TRANSMITTAL COVER SHEET

**OIL CONSERVATION DIVISION
ENGINEERING BUREAU
(505) 827-7131 (OFFICE)
(505) 827-1389 (FAX)**

PLEASE DELIVER THIS FAX TO:

TO: Walter Sweeney - Marathon
FROM: Kathy Valdes
SUBJECT: NSL-3855-A(SD)
DATE: 9/26/00
PAGES: 3

IF YOU HAVE ANY PROBLEMS RECEIVING THIS FAX, PLEASE CALL THE OFFICE NUMBER ABOVE.