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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)

October 17, 1994

**HAND DELIVERED**

Mr. Michael E. Stogner  
Chief Hearing Examiner  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

7 001

Re: J. M. Denton Well Nos. 4 and 6  
Application of Marathon Oil Company  
to Amend Division Order R-10082  
which Provides for a High Angle/Horizontal/  
Directional Drilling Pilot Project,  
Lea County, New Mexico

111-11

Dear Mr. Stogner:

On behalf of Marathon Oil Company, please find enclosed our Application to amend Order R-10082 to establish a special oil allowable including simultaneous dedication and to substitute the J. M. Denton Well No. 4 and J. M. Denton Well No. 6 for the previously approved J. M. Denton Well No. 5 as the horizontal wells in the High/Angle/Horizontal Direction Drilling Pilot Project as referenced above, which we request be set for hearing on the next available Examiner's docket now scheduled for November 10, 1994.

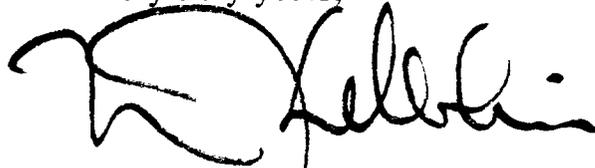
By copy of this letter and application, sent certified mail, we are notifying all interested parties within a 1/2 mile radius of the subject project of their right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application and that failure to appear at the hearing may preclude them from any involvement in this case at a later date.

Mr. Michael E. Stogner  
October 17, 1994  
Page 2

Pursuant to the Division's Memorandum 2-90, all parties are hereby informed that if they appear in this case, then they are requested to file a Pre-Hearing Statement with the Division not later than 4:00 PM on Friday, November 4, 1994, with a copy delivered to the undersigned.

Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,

A handwritten signature in black ink, appearing to read "W. Thomas Kellahin". The signature is fluid and cursive, with a large initial "W" and a long horizontal stroke extending to the right.

W. Thomas Kellahin

Enclosure

cc: Dow Campbell, Esq.  
Marathon Oil Company

**By Certified Mail - Return Receipt**

All Parties Listed on Exhibit "C" of Application

PROPOSED ADVERTISEMENT

CASE 11141 Application of Marathon Oil Company to amend Division Order R-10082, Lea County, New Mexico. Applicant, in the above styled-cause, seeks to amend Division Order R-10082 to establish a special oil allowable including simultaneous dedication and to authorize the applicant to substitute its J. M. Denton Well No. 4 located in Unit K of Section 11 and its J. M. Denton Well No. 6 located in Unit P of Section 11, for the previously approved J. M. Denton Well No. 5 (Unit N) as high angle/horizontal/directional wells in its previously approved high angle/horizontal/ directional drilling project in the Denton-Devonian Pool underlying a Project Area being the SW/4, N/2SE/4 and SE/4SE/4 of Section 11, T15S, R37E. Applicant proposes to re-enter and directionally drill its J. M. Denton Well No. 4 located in Unit K of Section 11, and then its J. M. Denton Well No. 6 located in Unit P of Section 11, T15S, R37E, NMPM, then kicking-off from vertical in a southeasterly direction for the J. M. Denton Well No. 4 and in a northeasterly direction for the J. M. Denton Well No. 6, commencing to build angle at an appropriate rate to vertically and/or horizontally intersect the proposed producing area such that the producing portion of said wellbores shall be no closer than 330 feet to any outer boundary of the project area.

Said project is located approximately 4.5 miles south-southeast from Prairieview, New Mexico.

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

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE: 11141

APPLICATION OF MARATHON OIL COMPANY  
TO AMEND DIVISION ORDER R-10082, A  
PREVIOUSLY APPROVED HIGH ANGLE/HORIZONTAL/  
DIRECTIONAL DRILLING PILOT PROJECT,  
LEA COUNTY, NEW MEXICO

A P P L I C A T I O N

Comes Now MARATHON OIL COMPANY ("Marathon"), by and through its attorneys, Kellahin & Kellahin, and applies to the New Mexico Oil Conservation Division to amend Division Order R-10082 to establish a special oil allowable including simultaneous dedication and to authorize the applicant to substitute its J. M. Denton Well No. 4 located in Unit K of Section 11 and its J. M. Denton Well No. 6 located in Unit P of Section 11, for the previously approved J. M. Denton Well No 5 (Unit N) as high angle/horizontal/directional wells in its previously approved high angle/horizontal/ directional drilling project in the Denton-Devonian Pool underlying a Project Area being the SW/4, N/2SE/4 and SE/4SE/4 of Section 11, T15S, R37E. Applicant proposes to re-enter and directionally drill its J. M. Denton Well No. 4 located in Unit K of Section 11, and then its J. M. Denton Well No. 6 located in Unit P of Section 11, T15S, R37E, NMPM, then kicking-off from vertical in a southeasterly direction for the J. M. Denton Well No. 4 and in a northeasterly direction for the J. M. Denton Well No. 6, commencing to build angle at an appropriate rate to vertically and/or horizontally intersect the proposed producing area such that the producing portion of said wellbores shall be no closer than 330 feet to any outer boundary of the project area.

In support thereof states:

(1) Marathon is the operator of the J. M. Denton lease (the "Project") consisting of the SW/4, N/2SE/4 and SE/4SE/4 of Section 11, T15S, R37E, NMPM, Lea County, New Mexico as shown on Exhibit "A" attached.

(2) Division Order R-10082, entered March 15, 1994, approved a high angle/horizontal/directional drilling pilot project consisting of the above described acreage and granted Marathon's request to use the J. M. Denton Well No. 5 located in Unit N of said Section 11 as the initial project well to be re-entered and drilled as a high angle/horizontal/directional well by kicking said well off at a depth of approximately 11,400 feet (+ or - 100 feet) at which point the applicant would have kicked the well off in a northeasterly direction.

(3) This project is an attempt to test the feasibility of improving ultimate recovery from the Denton-Devonian Pool by placing the producing lateral of the horizontal wells at a high structural point of greatest reservoir thickness within the separate fault blocks in the project area between existing or formerly producing oil wells to produce remaining oil that may not have been recovered by any prior well.

(4) By drilling high angle/horizontal/directional drilled wellbores, the applicant is attempting to increase the probability of encountering portions of the Denton-Devonian Pool which have not been adequately produced with existing vertical wells resulting in the recovery of a greater amounts of gas and oil, thereby preventing waste.

(5) The point within the project area with the highest structure position and the greatest reservoir thickness is slightly south of and between J. M. Denton Well No. 3 and Well No. 4.

(6) Marathon's original selection of the J. M. Denton Well No. 5 as the initial project well is an attempt to use an inactive Devonian well as the horizontal well rather than any either the J. M. Denton Well No. 3 or Well No. 4 because both were then producing oil wells.

(7) Marathon now requests authorization to utilize at its J. M. Denton Well No. 4 located 1980 feet from the South line and 2080 feet from the West line (Unit K) of said Section 11 and then its J. M. Denton Well No. 6 located 660 feet from the South line and 990 feet from the West line (Unit P) of said Section 11 for the subject high angle/horizontal/directional drilling pilot project. See Exhibit "A"

(8) Marathon seeks to use the J. M. Denton Well No. 4 because it is not capable of producing at economic rates and is located closer to the top of the structure and at a point of greater reservoir thickness than the previously approved J. M. Denton Well No. 5.

(9) Marathon seeks to use the J. M. Denton Well No. 6 because it is close to its economic limit and is located close to the top of the structure of a separate fault block from the J. M. Denton Well No. 4.

(10) In addition, Marathon seeks a special oil allowable equal to the depth bracket allowable for a 40-acre spacing unit times the number of spacing unit intersected by the horizontal well and the authority to simultaneously produce said allowable with any existing vertical well which may also be producing on any such unit.

(10) In as much as the exact distance and direction of the lateral portion of the J. M. Denton Well No. 4 and J. M. Denton Well No. 6 are not known at this time, the Applicant seeks approval to be allowed to drill and produce said lateral portion anywhere within an area designated a target

window as follows: commencing at a distance not closer than 330 feet from any of the side boundaries of the proposed project area so that within the drilling window no portion of the wellbore open for production shall be closer than 330 feet to the outer boundary of the project area. See Exhibits "B" and "C".

(11) As required, notice is provided to those offsetting operators as listed on Exhibit "D".

(12) The granting of this Application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Applicant requests that this matter be set for hearing on November 10, 1994 before a duly appointed Examiner of the Oil Conservation Division and, after notice and hearing as required by law, the Division enter its Order granting this application.

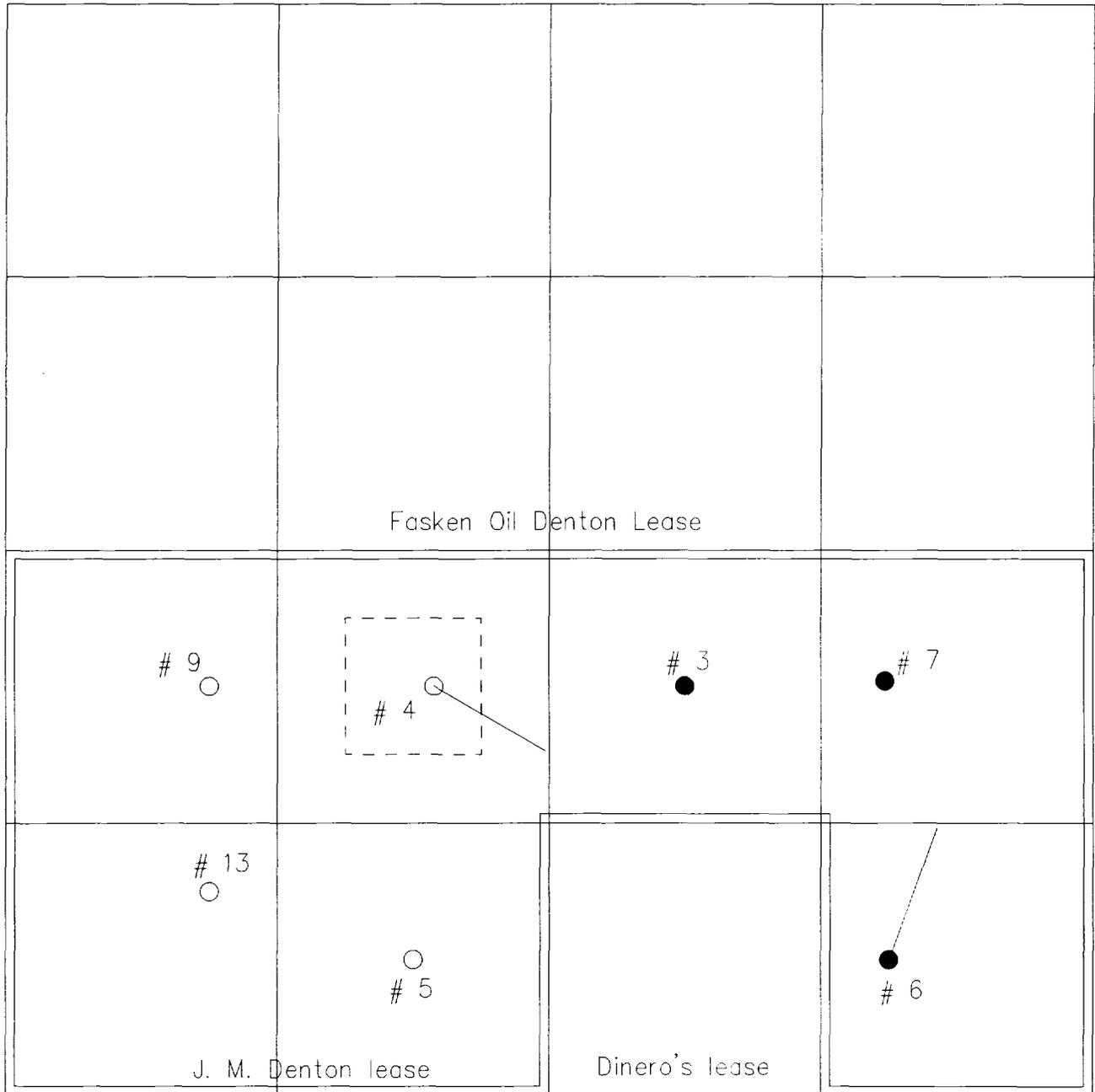
Respectfully submitted,

ATTORNEYS FOR APPLICANT

By:  Dow Campbell, Esq.  
W. Thomas Kellahin  
Post Office Box 2265  
Santa Fe, New Mexico 87504  
Marathon Oil Company  
P. O. Box 522  
Midland, Texas 79702

EXHIBIT "A"

T-15-S, R-37-E  
Section 11



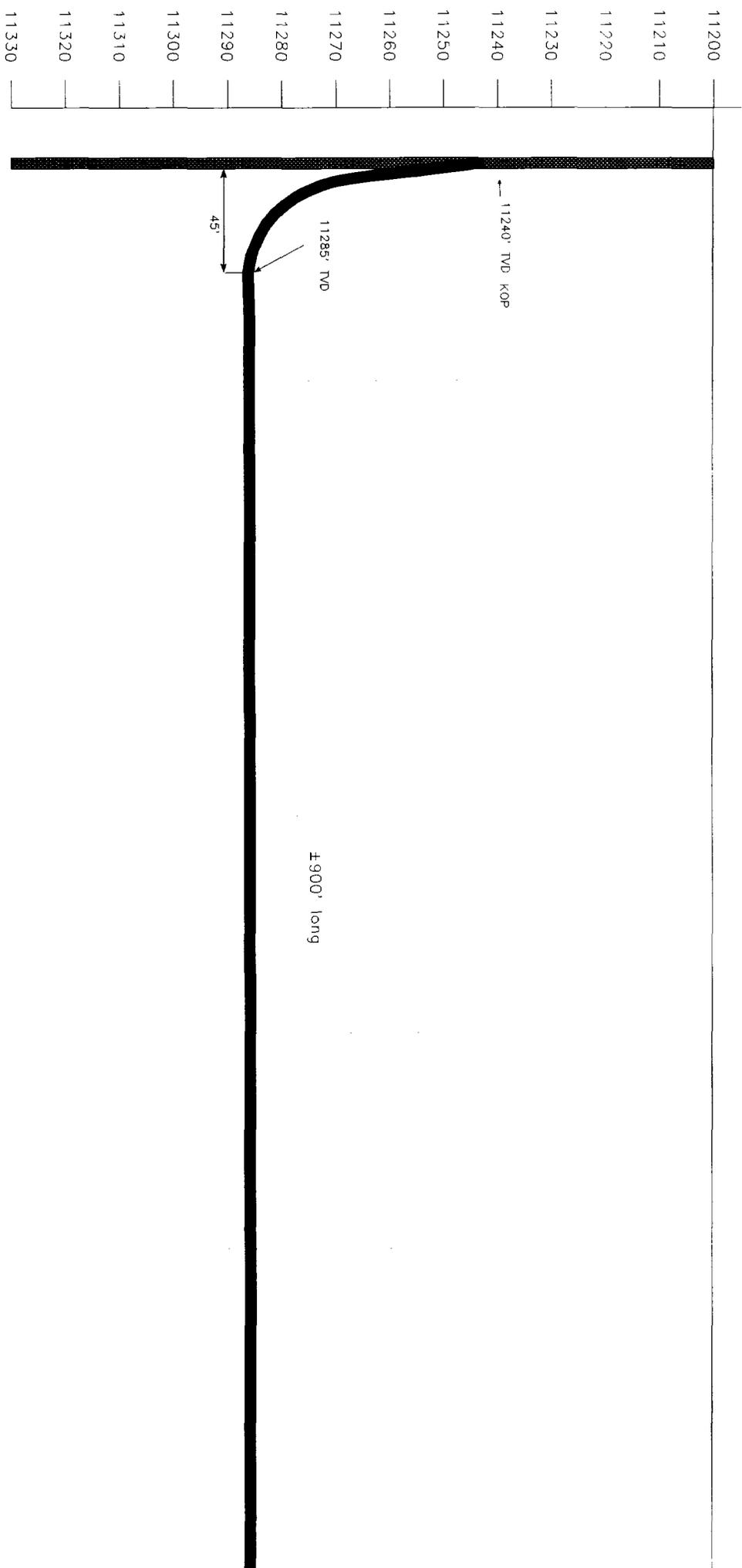
Marathon's J. M. Denton Lease  
SW/4, N/2 SE/4, SE/4 SE/4 of Section 11  
T-15-S, R-37-E



○ Inactive Devonian Well  
● Active Devonian Well

# EXHIBIT "B"

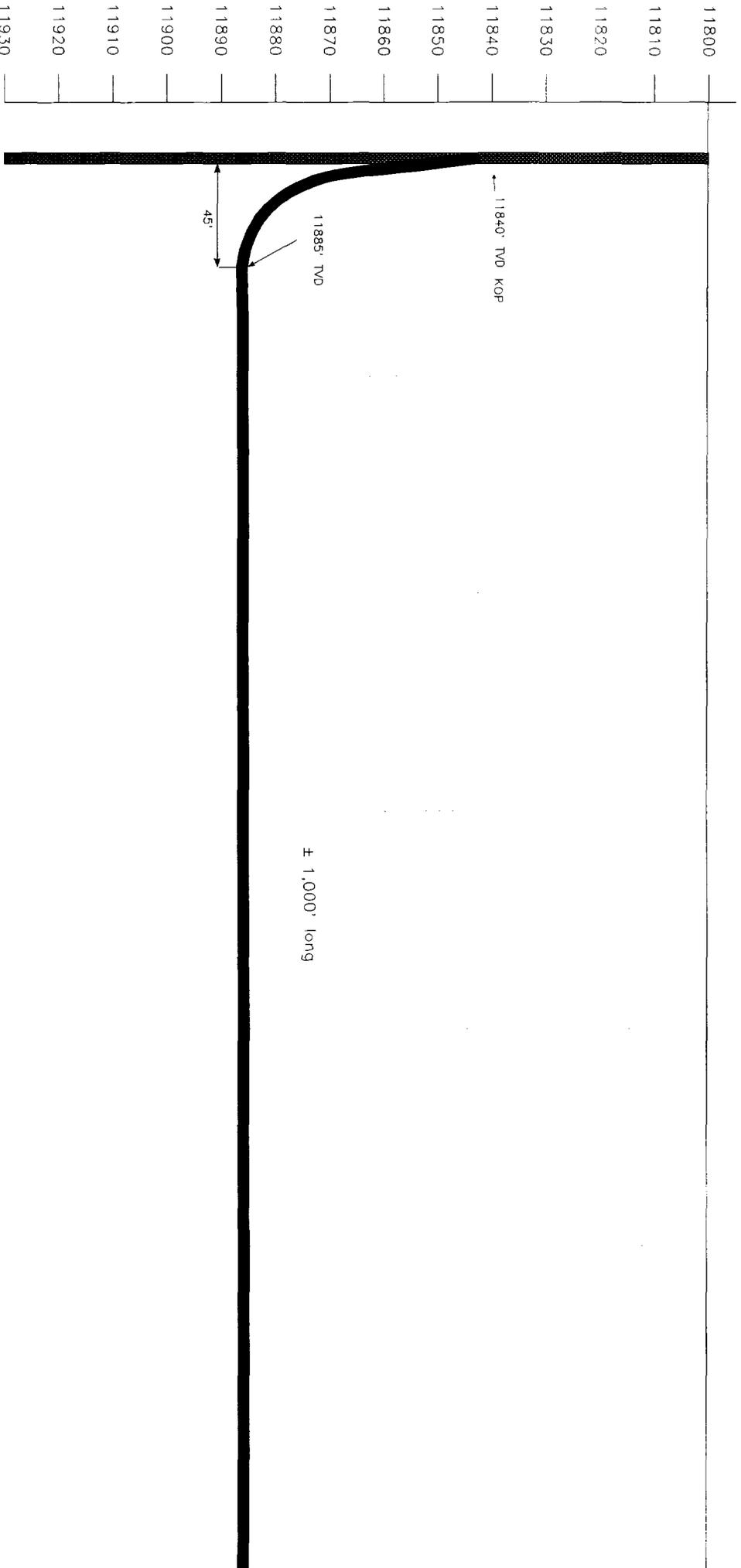
## J. M. DENTON No. 4 PROPOSED DIRECTIONAL WELL PLAN



NOT TO SCALE

EXHIBIT "C"

J. M. DENTON No. 6  
PROPOSED DIRECTIONAL WELL PLAN



NOT TO SCALE

**EXHIBIT "D"**  
**Offset to Denton Lease**  
**Lea County, New Mexico**

Offset Operators

Pennzoil Petroleum Company  
4000 N. Big Spring, Ste. 325  
Midland, TX 79705

Cody Energy Inc.  
Attn: Mr. Alan Bravo  
7555 E. Hampden Ave., Ste. 600  
Denver, CO 80231

Polaris Production Corp.  
P. O. Box 1749  
Midland, TX 79702-1749

Phillips Petroleum Co.  
4001 Penbrook  
Odessa, TX 79762

Dinero Operating Co.  
P. O. Box 10505  
Midland, TX 79702

Fasken Oil  
303 W. Wall St.  
Midland, TX 79701

Offset Unleased Mineral Owners

Dickinson Mineral Trust  
P. O. Box 247  
Roswell, NM 88202

First National Bank of West Texas  
Successor Trustee of the J. E. Simmons Trust A-JSS  
J. E. Simmons Trust B-MJH, Beulah H. Simmons Trust A-J55,  
Beulah H. Simmons Trust B-MJH  
P. O. Box 1241  
Lubbock, TX 79408

Hugh H. Sprunt  
Trustee of the Barbara H. Sprunt Trust  
U/A Dated 11-8-90  
3508 Watercrest Court  
Farmers Branch, TX 75234

Virginia Howe Smith  
c/o Raymond B. Keating, III  
806 Main St., Ste. 960  
Houston, TX 77002

Raymond B. Keating, III  
Trustee for the Robert K. Smith Trust  
c/o Raymond B. Keating, III  
806 Main St., Ste. 960  
Houston, TX 77002

Mary Jane Hand  
c/o Trust Department  
P. O. Box 1241  
Lubbock, TX 79408-1241

June D. Speight  
P. O. Drawer 1687  
Lovington, NM 88260

Carlsbad National Bank  
Trustee of the Jean S. Sullivan Trust  
U/A Dated 9-1-77  
P. O. Box 1359  
Carlsbad, NM 88220

William Noble Smith, Jr.  
1984 Trust by Raymond B. Keating, III  
Successor Trustee  
806 Main St., Ste. 960  
Houston, TX 77002

R. J. St. Germain, Jr.  
c/o Raymond B. Keating, III  
806 Main St., Ste. 960  
Houston, TX 77002

Raymond B. Keating, III  
Trustee for the Campbell Smith Trust  
c/o Raymond B. Keating, III  
806 Main St., Ste. 960  
Houston, TX 77002

Sidney Davis Smith  
c/o Raymond B. Keating, III  
806 Main St., Ste. 960  
Houston, TX 77002

Beverly JeAnne St. Germain Fadrique, Lloyd P. Fadrique,  
Robert M. Kurtzs, Trustee of the Fadrique Trust Created  
under Indenture of Trust Dated 10-24-87  
c/o Raymond B. Keating, III  
806 Main St., Ste. 960  
Houston, TX 77002

First National Bank of Abilene Texas  
Independent Executor and Trustee U/W/O  
William W. Davis  
P. O. Box 701  
Abilene, TX 79604

Producing Royalties, Inc.  
P. O. Box 1071  
Lubbock, TX 79408

Sharon Tais Stubblefield  
P. O. Box 391  
Evergreen, CO 80439

Roco Resources  
P. O. Box 1981  
Midland, TX 79702-1981

Bettis Bros.  
500 W. Texas, Ste. 830  
Midland, TX 79701

Julia F. Hutchinson Estate  
by Raymond B. Keating, III  
Attorney-in-Fact for Sandra Buell  
c/o Raymond B. Keating, III  
806 Main St., Ste. 960  
Houston, TX 77002

Roger H. Davis Family Trust  
c/o Raymond B. Keating, III  
806 Main St., Ste. 960  
Houston, TX 77002

Beverly Tucker  
12511 Ladbroke Lane  
Houston, TX 77039

L. E. Opperman  
500 W. Texas, Ste. 830  
Midland, TX 79701

C. E. Oberholtzer  
P. O. Box 188  
Marble Falls, TX 78654-0188

Bachburg Exploration Inc.  
14875 Landmark Blvd., Ste. 216  
Dallas, TX 75240

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