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November 17, 1994

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)

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HAND DELIVERED

Mr. Michael E. Stogner
Chief Hearing Examiner
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Case 11164

NOV 17

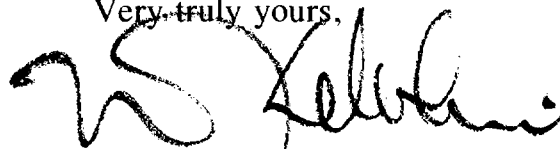
Re: Lea Unit Well No. 17
Application of Marathon Oil Company
for an Unorthodox Oil Well Location,
Lea-Devonian Pool, Lea County, New Mexico

Dear Mr. Stogner:

On behalf of Marathon Oil Company, please find enclosed our application for an unorthodox oil well location for its Lea Unit Well No. 17 which we request be set for hearing on the next available Examiner's docket now scheduled for December 15, 1994. Also enclosed is our proposed advertisement of this case for the NMOCD docket.

By copy of this letter and application, sent certified mail, we are notifying all interested parties 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. 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, December 9, 1994, with a copy delivered to the undersigned.

Very truly yours,



W. Thomas Kellahin

cc: *Marathon Oil Company*
Attn: Dow Campbell

11164

Proposed notification/advertisement for OCD docket

Case _____: Application of Marathon Oil Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to drill its Lea Unit Well No. 17 at an unorthodox oil well location 900 feet from the South line and 1756 feet from the East line (Unit O) of Section 13, Township 20 South, Range 34 East, NMPM. Said well is to be dedicated to a standard 160-acre oil spacing and proration unit consisting of the SE/4 of said Section 13. Said unit is located approximately 3 miles south of a point along U.S Highway 62/180 approximately 12 miles northeast of the intersection of Highway 62/180 and State Highway 176, New Mexico.

11164

NOV 1

INSERT

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

IN THE MATTER OF THE APPLICATION OF
MARATHON OIL COMPANY FOR APPROVAL
OF AN UNORTHODOX OIL WELL LOCATION,
LEA COUNTY, NEW MEXICO

NOV 1
CONSERVATION
CASE: 11164

APPLICATION

Comes now MARATHON OIL COMPANY, by and through its attorneys, KELLAHIN and KELLAHIN, and applies to the New Mexico Oil Conservation Division for approval to drill its Lea Unit Well No. 17 at an unorthodox oil well location 900 feet FSL and 1756 feet FEL (Unit O) Section 13, Township 20 South, Range 34 East, NMPM, Lea County, New Mexico for possible production from the Devonian formation and to be dedicated to a standard 160 acre oil spacing unit consisting of the SE/4 of said Section 13.

In support thereof, Applicant states:

1. Applicant, Marathon Oil Company ("Marathon"), is the operator of the Lea Unit which produces oil from the Lea-Devonian Pool and which includes all of said Section 13. [See Exhibit "A"]

2. Marathon proposes to drill the Lea Unit Well No. 17 within the current boundaries of the Lea-Devonian Pool and therefore is subject to Special Rules and Regulations set forth in Order R-1826-A which provide in Rule 3 that:

"The initial well in any 160-acre unit in said pool shall be located within 150 feet of the center of either the NW/4 or SE/4 of the quarter section on which the well is located."

3. While Rule 2 and Rule 5 of the Pool provide for additional wells within the same 160-acre oil spacing unit, Rule 3 only refers to the initial well.

4. The Lea Unit Well No. 3 was the initial well in the SE/4 of said Section 13 and was drilled 1980 feet from the South line and 1980 feet from the East line of Section 13 which is both a standard footage and an "on-pattern" location.

5. Geologic and engineering evaluations have concluded that the Lea Unit Well No. 3 cannot and will not fully deplete its 160-acre spacing unit and an additional "in-fill" well is necessary in order to effectively and efficiently recovery the reserves under that spacing unit.

6. A 3-D seismic survey indicates that the optimum location in the SE/4 of Section 13 for such an "in-fill" well is at an unorthodox location 915 feet from the South line and 1778 feet from the East line of Section 13.

7. Marathon seeks approval of that unorthodox well location so that it can drilled its proposed Lea Unit Well No. 17.

8. To do so Marathon seeks an exception to Rule 3 of the Special Rules and Regulations for the Lea-Devonian Pool to permit the Lea Unit Well No. 17 to be located at what may be considered to be both an unorthodox "footage" and an "off-pattern" location.

9. The well only encroaches towards spacing units which are also part of the Lea-Unit within Section 36 which has the same ownership as the subject 160-acre spacing unit.

10. Approval of the application will afford the applicant the opportunity to produce its just and equitable share of the hydrocarbons in this portion of the Devonian formation and will otherwise prevent waste and protect correlative rights.

11. In accordance with Division Rule 1207, notification is being sent to those parties listed on Exhibit "B".

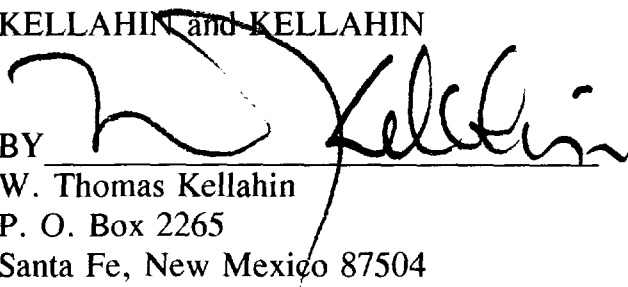
WHEREFORE, Applicant requests that, after notice and hearing, this Application be approved as requested.

MARATHON OIL COMPANY

Dow Campbell, Esq.

and

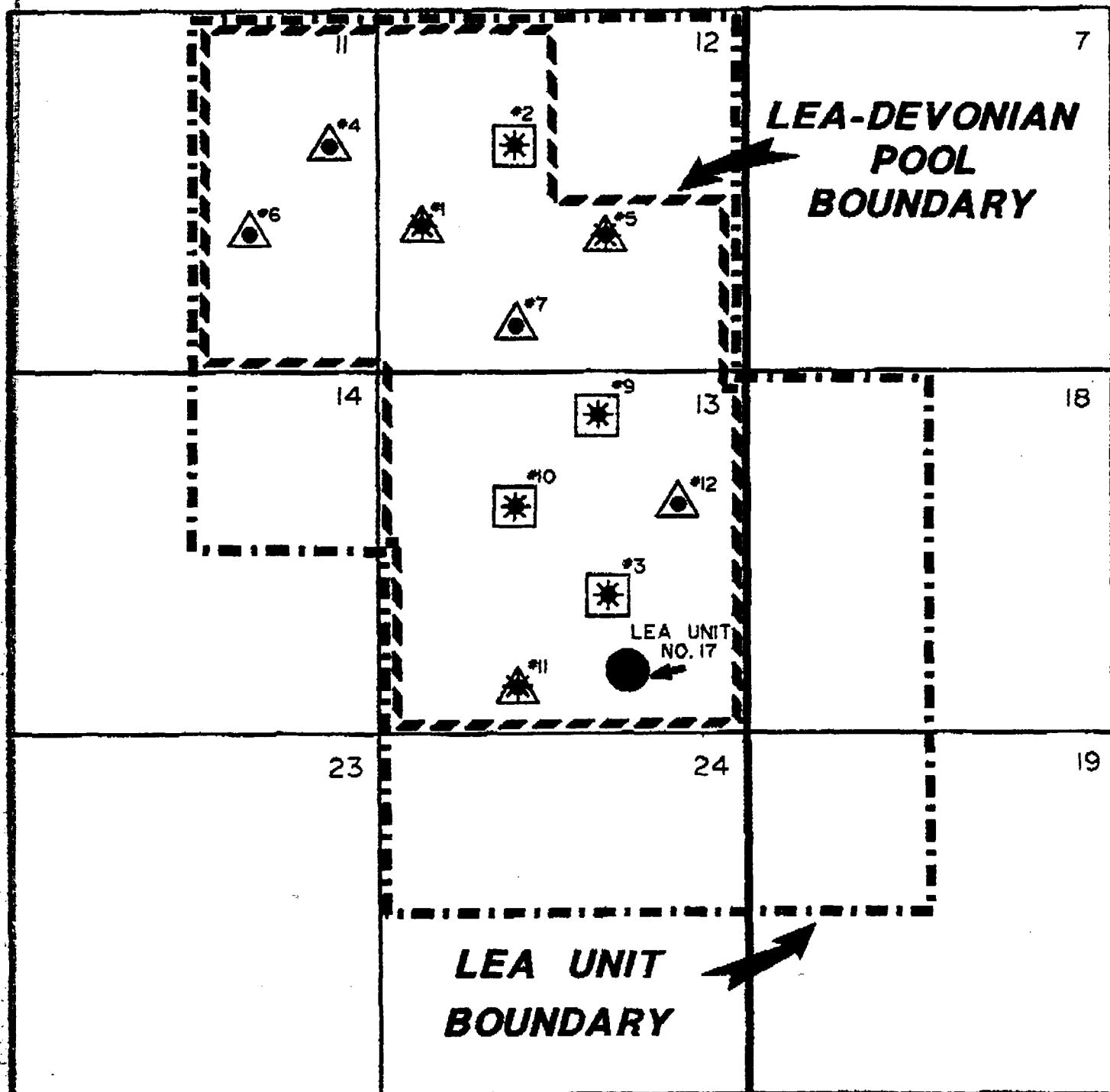
~~KELLAHIN and KELLAHIN~~

BY 

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P. O. Box 2265
Santa Fe, New Mexico 87504
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Attorneys for Applicant

11-01-94

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PROPOSED LOCATION

ACTIVE DEVONIAN PRODUCER

HISTORIC DEVONIAN PRODUCER

MARATHON OIL COMPANY
MID-CONTINENT REGION

LEA UNIT
LEA COUNTY, NEW MEXICO

**LEA-DEVONIAN
POOL**

EXHIBIT "A"

EXHIBIT " B "

Devon Energy Corporation
1500 Mid-America Tower
20 North Broadway
Oklahoma City, OK 73102-8260
Attn: Steve Blair

Pennzoil Petroleum Company
P. O. Box 2967
Houston, TX 77252-2967
Attn: Wayne Wisniewski

Unocal Energy Resources
Division Unocal Corporation
1004 North Big Spring, Suite 300
Midland, TX 79702
Attn: Scott Gutberlet

Hamon Operating Company
8411 Preston Rd., Suite 800
Lock Box 33
Dallas, TX 75225
Attn: Steve Flynn

Ross Family Trust
P. O. Box 86
Midland, TX 79702