

KELLAHIN & KELLAHIN
ATTORNEY AT LAW

W. THOMAS KELLAHIN
NEW MEXICO BOARD OF LEGAL
SPECIALIZATION RECOGNIZED SPECIALIST
IN THE AREA OF NATURAL RESOURCES-
OIL AND GAS LAW

P.O. BOX 2265
SANTA FE, NEW MEXICO 87504
117 NORTH GUADALUPE
SANTA FE, NEW MEXICO 87501

TELEPHONE 505-982-4285
FACSIMILE 505-982-2047
TKELLAHIN@AOL.COM

November 7, 2002

**URGENT
HAND DELIVERED**

Ms. Lori Wrotenbery, Director
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

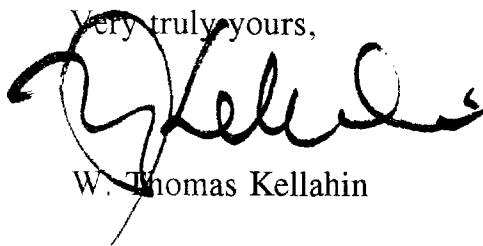
**Re: REQUEST OF MARATHON OIL COMPANY FOR AN
EMERGENCY ORDER VACATING ADMINISTRATIVE
ORDER SWD-852 AND STAYING YATES PETROLEUM
CORPORATION FROM DRILLING AND OPERATING A SALT
WATER DISPOSAL WELL, EDDY COUNTY, NEW MEXICO**

Dear Ms. Wrotenbery:

On behalf of Marathon Oil Company, and in accordance with
Division Rule 1202, please find enclosed our application for an Emergency
Order.

I have enclosed a proposed Order for your consideration.

Very truly yours,



W. Thomas Kellahin

via hand delivery:

David Brooks, Attorney OCD
Will Jones, OCD Examiner
William F. Carr, Esq.
Attorney for Yates Petroleum Corporation

via Facsimile:

Marathon Oil Company
Attn: Thomas C. Lowry, Esq.

Via Federal Express:

Yates Petroleum Corporation

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

IN THE MATTER OF THE APPLICATION OF
MARATHON OIL COMPANY FOR AN ORDER
VACATING ADMINISTRATIVE ORDER SWD-852
AND STAYING YATES PETROLEUM CORPORATION
FROM RECOMPLETING AND OPERATING A SALT
WATER DISPOSAL WELL, EDDY COUNTY, NEW MEXICO

Case 12991

APPLICATION

Marathon Oil Company ("Marathon") by its attorneys, Kellahin & Kellahin, applies to the New Mexico Oil Conservation Division for an order vacating Division Administrative Order SWD-852, dated October 5, 2002, and staying Yates Petroleum Corporation ("Yates") from recompleting and operating its Archimedes "ARE" State Well No. 1 located in Unit J of Section 18, T21S, R24E, NMPM, Eddy County New Mexico, as a salt water disposal well;

And in support states:

(1) On September 13, 2002, Yates Petroleum Corporation ("Yates") filed an administrative application with the New Mexico Oil Conservation Division ("Division") requesting approval to re-complete for salt water disposal its Archimedes "ARE" State Well No 1, located 1650 feet from the South line and 1980 feet from the East Line (Unit J) of Section 18, Township 21 South, Range 24 East, NMPM, Eddy County, New Mexico.

(2) Marathon is an adversely affected offset operator and entitled to notice of the Yates' application

(3) Division Rule 701.B (Form C-108) provides that the applicant shall send a complete copy of Form C-108 as notice to affected parties by certified or registered mail.

(4) Division Rule 701.C(2) provides that "No application for administrative approval may be approved until 15 days following receipt by the Division of Form C-108 complete with all attachments including evidence of mailing as required under Subsection B, Paragraph (2) above of 19.15.9.701 NMAC and proof of publication as required by Subsection C, Paragraph (1) above of 19.15.9.701."

(5) By letter dated September 14, 2002, the Division advised Yates that its application was incorrect and incomplete.

(6) On September 27, 2002, the Division received Yates' corrected application.

(7) In violation of Division Rule 701.B(2), Yates failed to send Marathon a copy of the cross-section Yates had filed with the Division as an attachment to Yates' C-108.

(8) Yates failed to send any of the supplemental documents to Marathon

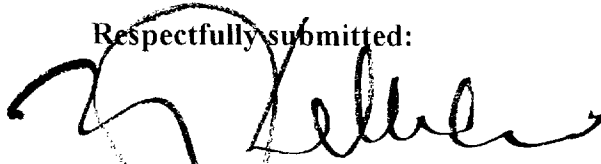
(9) On October 1, 2002, the Division received the geologic summary it had requested from Yates and for the first time now had a complete application from Yates.

(10) In violation of Rule 701.C(2), on October 5, 2002, the Division approved Yates's application and issued Administrative Order SWD-852.

(11) Marathon has been denied procedural due process by the actions of Yates and the Division.

Wherefore, Marathon requests that the Division enter an Emergency Order vacating Division Administrative Order SWD-852 and staying Yates from proceeding to re-complete and disposing water into Yates' Archimedes "ARE" State Well No. 1 located in Unit J of Section 18, T21S, R24E, Eddy County, New Mexico.

Respectfully submitted:



W. Thomas Kellahin, Esq.
Kellahin & Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504

Thomas C. Lowry, Esq.
Marathon Oil Company
P. O. Box 552
Midland, Texas 79702

Attorneys for Marathon Oil Company

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 No. _____

APPLICATION OF MARATHON OIL COMPANY
FOR AN ORDER VACATING ADMINISTRATIVE
ORDER SWD-852 AND STAYING YATES
PETROLEUM CORPORATION FROM DRILLING
AND OPERATING A SALT WATER DISPOSAL WELL
EDDY COUNTY, NEW MEXICO

ORDER OF THE DIVISION
STAYING ADMINISTRATIVE ORDER SWD-852

BY THE DIVISION:

This matter having come before the Division upon the request of Marathon Oil Company for a Stay of Division Administrative Order SWD-852 and the Division Director having considered the Request and being fully advised in the premises,

NOW, on this _____ day of November, 2002, the Division Director:

FINDS:

(1) That Division Administrative Order SWD-852 was entered on October 5, 2002, in violation of Division Rule 701.C(2) which provides that "no application for administrative approval may be approved until 15 days following receipt by the Division of Form C-108 complete with all attachments including..."

(2) Yates Petroleum Corporation's application was not complete until October 1, 2002.

IT IS THEREFORE ORDERED:

(1) That Division Administrative Order SWD-852 dated October 5, 2002 is hereby stayed pending further order of this Division.

(2) That this matter shall be placed for hearing on Division Examiner's docket for January 23, 2003 at which time Marathon Oil Company shall to appear and show cause why this Stay Order should not be vacated.

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

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

OIL CONSERVATION DIVISION

LORI WORTENBRY
Director