



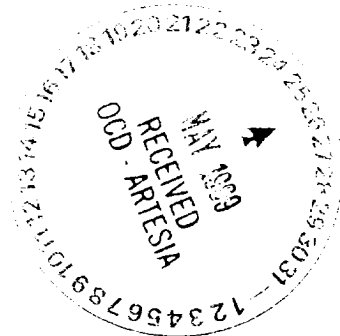
NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

May 24, 1999

Marathon Oil Company
P. O. Box 552
Midland, Texas 79702-1626

Attention: Walter J. Dueease



Re: Administrative application dated May 18, 1999 for Marathon Oil Company's proposed Indian Basin "C" Well No. 3 to be drilled to the Indian Basin-Upper Pennsylvanian Gas Pool at an unorthodox well location 1360 feet from the South line and 2200 feet from the West line (Unit J) of Section 26, Township 21 South, Range 23 East, NMPM, Eddy County, New Mexico. Further, an existing standard 640-acre gas spacing and proration unit comprising all of Section 26 is to be dedicated to this well along with two existing gas producing wells.

Dear Mr. Dueease:

The subject application is within an existing 640-acre gas spacing and proration unit that comprises all of Section 26, Township 21 South, Range 23 East, NMPM, Eddy County, New Mexico, which is currently dedicated to Marathon Oil Company's: (i) Indian Basin "C" Well No. 1 (API No. 30-015-10332), located at a standard gas well location 1650 feet from the North and West line (Unit F) of Section 26; and (ii) Indian Basin "C" Well No. 2 (API No. 30-015-28167), located at an unorthodox gas well location 990 feet from the South line and 660 feet from the West line (Unit M) of Section 26. Please provide me with a copy of the Division's approval for the unorthodox gas well location of the No. 2 well in Unit "M".

Thank you for your cooperation.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
W. Thomas Kellahin, Legal Counsel for Marathon Oil Company - Santa Fe

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]

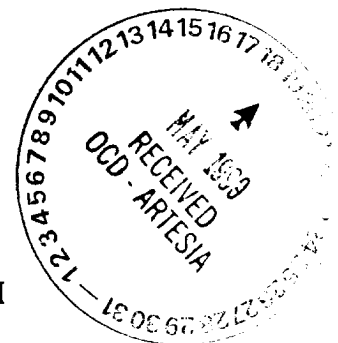
[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[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 DUEEASE
 Print or Type Name

Walter Dueease
 Signature

Title

5/18/99
 Date



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

May 18, 1999

New Mexico Energy, Minerals & Natural Resources Department
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505
Mr. Mike Stogner



Re: ***Indian Basin . C. # 3***
1360' FSL & 2200' FEL
Section 26, T-21-S, R-23-E
Eddy County, New Mexico

Dear Mr. Stogner,

Marathon Oil Company respectfully requests Administrative Approval for a non-standard location pursuant to NMOCD Rule 104.F.(3). The above referenced well is a proposed Indian Basin Upper Pennsylvanian test, which is governed under the Indian Basin Upper Pennsylvanian Gas Pool rules that state wells shall have a 640 acre Gas Proration Unit and be located no closer than 1650 feet from the external boundary of the GPU nor closer than 330 feet from any interior governmental boundary. The proposed location falls within the 330' boundary to the SE/4 and within 1650' of the South section line.

The objective of the Indian Basin .C. # 3 is the Cisco and Canyon dolomite reservoirs. This location is only unorthodox with respect to the south in section 35, a lease that is owned 100% by Marathon Oil Company, such that correlative rights are not an issue with this location. The proposed well is located near the area where the Cisco dolomite becomes limestone and is unproductive (Exhibit 1). By moving the location south and west from a standard location, the probability is increased that the well will be effective at reaching and producing additional reserves from the SE/4 of section 26.

This well shall have a 640 acre Gas Proration Unit as described on the attached C-102. The attached map references offset ownership and other wells producing from the Upper Pennsylvanian reservoir.

Should anything additional be required, please contact me at (800) 351-1417.

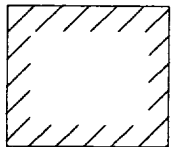
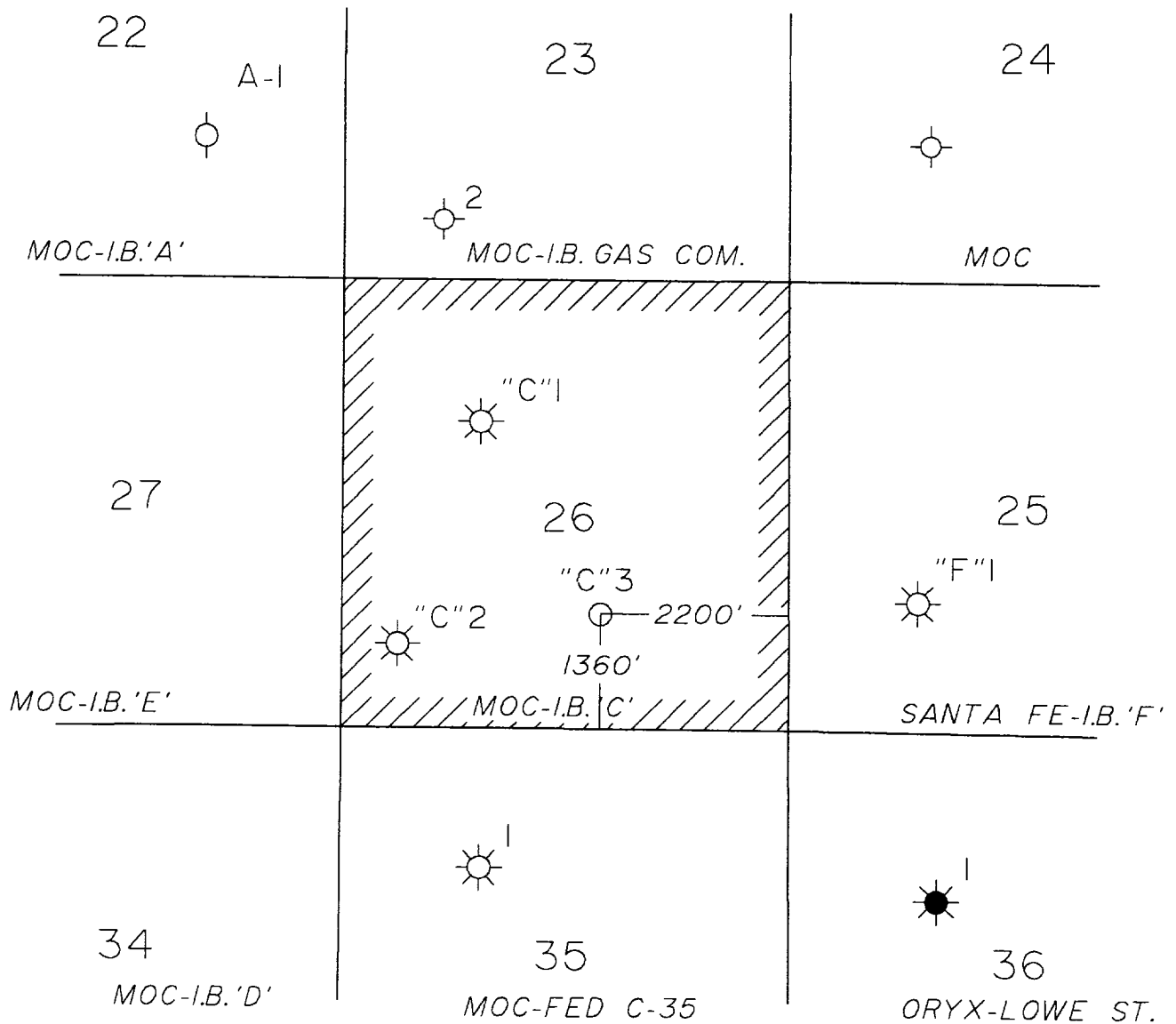
Very truly yours,

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

Walter Duease

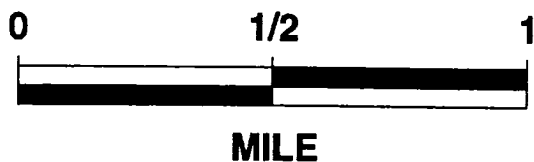
R 23 E

**T
21
S**



**640 ACRE
PRORATION UNIT**

**MARATHON OIL COMPANY
MID-CONTINENT REGION**



**INDIAN BASIN "C"3
INDIAN BASIN UPPER PENN.
GAS POOL**

1360' FSL & 2200' FEL
SEC. 26, T-21-S, R-23-E
EDDY COUNTY, NEW MEXICO

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒DEEPEN ☐

b. TYPE OF WELL

OIL
WELL ☐GAS
WELL ☒OTHER ☐SINGLE
ZONE ☒MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

Marathon Oil Company

3. ADDRESS AND TELEPHONE NO.

P.O. Box 552 Midland, TX 79702

915/687-8356

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
At surface1360' FSL & 2200' FEL
proposed prod. zone

1360' FSL & 2200' FEL

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

15 MILES NW OF CARLSBAD

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. unit line, if any) 1360'

16. NO. OF ACRES IN LEASE

4680

17. NO. OF ACRES ASSIGNED
TO THIS WELL

640

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT. 2448'

19. PROPOSED DEPTH

7800'

20. ROTARY OR CABLE TOOLS

ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

3846' GL, 3862 KB

22. APPROX. DATE WORK WILL START*

6/10/99

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	K-55, 9 5/8"	36#	1200'	800 CIRCULATE
8 3/4"	L-80, K-55, 7"	23, 26	7800'	945 CIRCULATE

WELL IS A PROPOSED INDIAN BASIN UPPER PENN GAS TEST.

Well is a non-standard location to the South Section Line due to surface constraints of Floodplains and minimizing cut & fill.

Marathon Oil Company proposes to install two flowlines for IB "C" Well No. 3. The proposed flowlines will be 4" Schedule 40, Grade B welded steel line pipe installed on the surface. They will transport produced fluids at rates of 3 MMCFPD, 20 BOPD, and 1,000 BWPD to production facility Station 226 at the IB "C" Well No. 1 location.

The proposed route is shown on the attached plat for a distance of 2,568'. An archaeological survey for the route has been completed. The report will be forwarded when received.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED



TITLE DRILLING SUPERINTENDENT

DATE 5/3/99

(This space for Federal or State office use)

PERMIT NO. _____

APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY _____

TITLE _____

DATE _____

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

TRICT I

Box 1980, Hobbs, NM 88241-1980

DISTRICT II

P.O. Drawer 80, Artesia, NM 88211-0710

DISTRICT III

1000 Rio Brazos Ed., Aztec, NM 87410

DISTRICT IV

P.O. Box 2088, Santa Fe, NM 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 V	Pool Code 79040	Pool Name Indian Basin - U. Penn
Property Code 169570	Property Name INDIAN BASIN "C"	Well Number 3
OGRID No. 14021	Operator Name MARATHON OIL COMPANY	Elevation 3846

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	26	21 S	23 E		1360	SOUTH	2200	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.
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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

	<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>R. J. Longmire</i> Signature R. J. Longmire Printed Name Drilling Superintendent Title 5/3/99 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><i>Ronald J. Eidson</i> Signature & Seal of Professional Surveyor Date Surveyed 31-99 JLP</p>
	<p>W.O. PROFESSIONAL SURVEYOR</p> <p>0169</p>
	<p>Certificate No. RONALD J. EIDSON, 3239 GARY G. EIDSON, 12841 MACON McDONALD, 12185</p>

