

CASE 6269: MARATHON OIL COMPANY FOR  
COMPULSORY POOLING, LEA COUNTY, NEW  
MEXICO

CASE NO.

6769

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APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,  
ETC.



**Marathon  
Oil Company**

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

*Nutton*

February 27, 1979

Mr. Joe D. Ramey, Director  
Oil Conservation Division  
Energy and Mineral Department  
State of New Mexico  
P. O. Box 2088  
Santa Fe, New Mexico 87501

*File  
Case 6269*

Dear Mr. Ramey:

Re: Case No. 6269, Order No. R-5766  
Lea County, New Mexico

Under the subject Order, Marathon Oil Company has drilled its No. 1-Y Aetna Eaves well located 660' FNL and 2130' FWL of Section 25, T-16-S, R-38-E, N.M.P.M., Lea County, New Mexico.

After being spudded on September 6, 1978, this well was drilled to a total depth of 8,505'; 5 1/2" casing set at 8348'; Drinkard encountered and Perforated 8068-8226' and after acid this well produced a total of approximately 180 BO. After treating, a total of 165 BO were sold.

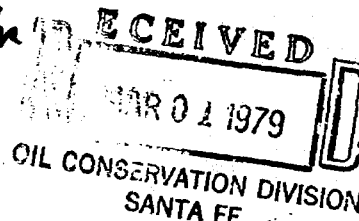
This well was plugged and abandoned on February 20, 1979, and a copy of the Form C-103 is attached hereto. Since this well was not completed as a producer, no schedule of actual well costs will be furnished.

Yours very truly,

MARATHON OIL COMPANY

*A. W. Hanley*  
A. W. Hanley  
District Landman

AWH:dr  
Encl.



cc: Amoco Production Company - w/encl.  
Mr. Roy G. Barton, Jr. - w/encl.  
Mr. Richard L. Moore - w/encl.  
Mr. Michael H. Moore - w/encl.  
Mr. Stephen S. Moore - w/encl.  
Ms. Neva L. Harris - w/encl.  
Mr. Jerry L. Hooper - w/encl.

20. RECEIVED RECEIVED	
DISTRICT	
SANTA FE	
FILE	
U.S.G.S.	
LAND OFFICE	
OPERATOR	

# NEW MEXICO OIL CONSERVATION COMMISSION

Form C-103  
Supersedes Old  
C-102 and C-103  
Effective 1-1-65

5a. Indicate Type of Lease	
State <input type="checkbox"/> Fed <input checked="" type="checkbox"/>	
5. State Oil & Gas Lease No.	

**SUNDRY NOTICES AND REPORTS ON WELLS**  
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR FILL BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

**RECEIVED**

FEB 26 1979

LAND DEPARTMENT  
MIDLAND, TEXAS

1. <input checked="" type="checkbox"/> OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER	7. Unit Agreement Name
2. Name of Operator Marathon Oil Company	8. Firm or Lease Name Actna Eaves
3. Address of Operator P.O. Box 2409 Hobbs, NM 88240	9. Well No. 1-Y
4. Location of Well UNIT LETTER <u>C</u> <u>2130</u> FEET FROM THE <u>West</u> LINE AND <u>660</u> FEET FROM THE <u>North</u> LINE, SECTION <u>25</u> TOWNSHIP <u>16-S</u> RANGE <u>38-E</u> N.M.P.M.	10. Field and Pool, or Wildcat Wildcat
15. Elevation (Show whether DF, RT, GR, etc.) 3685.5' GL 3696.5' KB	12. County Lea

16. Check Appropriate Box To Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input checked="" type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	OTHER <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>	

17. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1102.

2-13-79 Rigged up pulling unit. Pulled 165 rods and shut down for the night.

2-14-79 Finished pulling rods and pump. Removed wellhead and installed BOP's. Pulled tubing and Baker Anchor Catcher. Ran permanent bridge plug on wireline and set @ 8000'. Ran in hole with 2 3/8" tubing. Shut down for the night.

2-15-79 Spotted 15 sks. cement plug on top of bridge plug @ 8000'. Mixed mud and circ. hole w/10# mud laden brine. POH w/2 3/8" tubing. Welded on to 5 1/2" casing. Shut down for the night.

2-16-79 Took stretch on 5 1/2" casing. Cut casing @ 6032'. Pulled 150 jts. 5 1/2" casing. Shut down for the night.

2-17-79 Ran 2 3/8" tubing to 6080'. Spotted 50 sks plug over casing, cut off WOC 3 hrs. Ran tubing back to 6080' could not tag plug. Spotted 100 sk. plug @ 6080'. Shut down for the night. WOC.

OIL CONSERVATION DIVISION  
(Continued on next sheet.)

18. I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNED Michael D. Anderson TITLE Production Engineer DATE 2-22-79

APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_

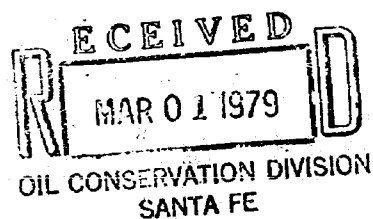
CONDITIONS OF APPROVAL, IF ANY:



- 2-18-79 Ran 2 3/8" tubing and tagged cement plug at 5732' (300' plug). POH to 4800'. Spotted 100 sk. plug. WOC 3 hrs. ran tubing and tagged cement plug at 4470' (330' plug). POH to 2150' spotted 50 sk cement plug at 2150'. WOC Shut down for night.
- 2-20-79 Ran 2 3/8" tubing and tagged cement plug at 2110' (140' plug). POH w/2 3/8" tubing. Removed wellhead, BOP's, and bradenhead. Cut-off 8 5/8" head. Spotted 10' plug at surface, welded on plate and dry-hole marker on casing.

Class "C" cement was used for plugging operation. 298' of 13 3/8 casing set at 310' and 4635' of 8 5/8" casing set at 4647' were left in hole.

Waiting on pits to dry out before leveling and inspection.





**Marathon  
Oil Company**

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

July 24, 1978

Mr. Jerry L. Hooper  
P. O. Drawer 2086  
Midland, Texas 79702

Dear Sir:

Re: Our No. Aetna Eaves  
660' FNL & 1980' FWL of  
Sec. 25, T-16-S, R-3 E,  
N.M.P.M., Lea County, New Mexico

In accordance with Order #R-5766 (Case #6269), a copy of which is enclosed, Marathon Oil Company, as Operator of the subject well, is hereby presenting to you the schedule of estimated well costs provided for in Order (3) thereof.

Yours very truly,  
ORIGINAL SIGNED BY  
A. W. HANLEY

AUG - 2 1978

A. W. Hanley  
District Landman

AWH:dr  
Encls.

cc: State of New Mexico Oil Conservation Commission

Received this 24th day of July, 1978, at \_\_\_\_\_ A.M.

7/26  
Please attach  
a copy of the  
schedule of estimated  
well costs and return  
to the Commission

By: \_\_\_\_\_  
P.S. This is necessary when thought  
you did recently furnish  
the schedule of est. well costs  
at the hearing.

7-31-78  
ATTACHED WITH  
COPY OF LETTER TO  
REMAINING OWNERS.  
THIS DELIVERY WAS  
COMPLETELY UNINTENDED  
A.W.H.



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

July 24, 1978

AUG - 2 1978

Amoco Production Company  
P. O. Box 3092  
Houston, Texas 77001  
Attention: Mr. John Atkinson

Mr. Michael H. Moore  
P. O. Box 1733  
Midland, Texas 79702

Mr. Roy G. Barton, Jr.  
P. O. Box 968  
Hobbs, New Mexico 88240

Mr. Stephen S. Moore  
P. O. Box 1733  
Midland, Texas 79702

Mr. Richard L. Moore  
P. O. Box 1733  
Midland, Texas 79702

Ms. Neva L. Harris  
P. O. Box 20767  
Oklahoma City, Oklahoma 73156

Gentlemen:

Re: East Garrett Working Interest Unit  
T-16-S, R-38&39-E, N.M.P.M.  
Lea County, New Mexico

In connection with the test well to be drilled under the terms of the Operating Agreement dated May 4, 1978, covering the subject Unit which was previously furnished you, attached is copy of Oil Conservation Division Order #R-5766 (Case #6269) covering all mineral interests in all formations from the top of the San Andres through the Abo underlying the NE $\frac{1}{4}$  of Section 25, T-16-S, R-38-E, N.M.P.M., Lea County, New Mexico. This action was taken to commit the undivided 1/24th mineral interest owned by Jerry L. Hooper in that tract.

To conform with the terms of this Order, we are attaching a schedule of estimated well costs as provided in the Order, although each of you has agreed to participate in this well in the percentages shown in Exhibit "A" of said Operating Agreement.

We would appreciate each of you acknowledging receipt of this Order on the enclosed copy of this letter before returning same for our files.

Yours very truly,  
ORIGINAL SIGNED BY  
A. W. HANLEY

A. W. Hanley  
District Landman

AWH:dr  
Encls.

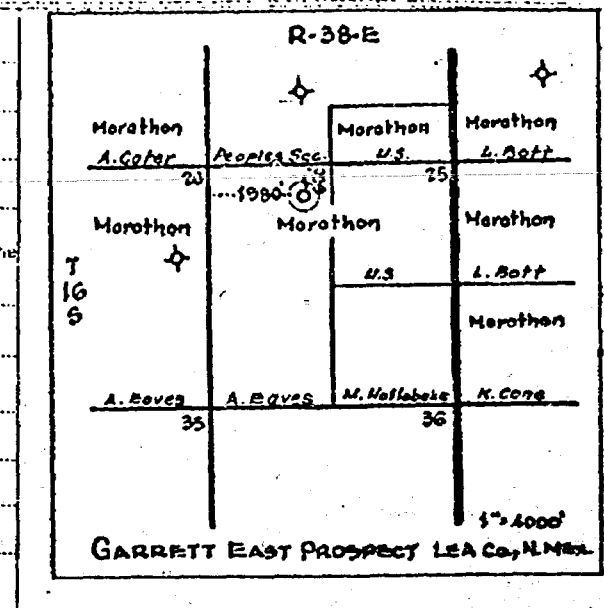
cc: State of New Mexico Oil Conservation Commission - w/encl.  
Received this \_\_\_\_\_ day of \_\_\_\_\_, 1978, at \_\_\_\_\_.

By: \_\_\_\_\_

# MARATHON OIL COMPANY APPROPRIATION FOR WELL TO BE DRILLED

FIELD OR PROSPECT ... Garrett East Unit  
BUDGET NO. ....  
DATE ... 5-15-78

Form Aetna Eaves Well No. 1 Lse. No. NM-2993  
State New Mexico County Lea  
Sec. 25 Twp. -16-S Range -38-E Block  
Survey  
Location 660 ft. from N Line, 1980 ft. from W Line  
Est. starting date 7-1-78 Est. completion date 8-1-78  
Marathon W. I. 53.305950 % ; 42.931768% N.I.  
(See Sheet 5 - 4)  
Operator: Marathon  
Name of other W. I. owners: (See Sheet 5 - 1)



Wildcat ☒ Development ☐ Est. Total Depth 8500'

Offset Requirement ☐ Lease Requirement ☐

## DATA ON WELL TO BE OFFSET:

Operator and Well Name Wildcat Well Completion date  
Pay Zone Depth Initial Production Present Production

SUMMARY OF ESTIMATED COSTS	Material on Hand	Cash Expenditure	Total Cost	Marathon's Share (53.305950%)
A. Total Drilling Costs		\$258,440	\$258,440	\$137,764
B. Total Completion Costs		\$108,610	\$108,610	\$ 57,896
C. Total Surface Equipment		\$ 42,000	\$ 42,000	\$ 22,388
D. Grand Total Cost		\$409,050	\$409,050	\$218,048
E. Marathon's Share of Grand Total Cost				\$218,048
F. Marathon's Share of Grand Total Cost to be Booked this Year.				\$218,048
G. If Wildcat Well, Give Marathon's Share of Dry-Hole Cost.				\$137,764
H. If Wildcat Well, Give Marathon's Share of Dry-Hole Cost to be Booked this Year.				\$137,764

JOINT OWNERS APPROVAL  
COMPANY \_\_\_\_\_

TITLE \_\_\_\_\_

DATE \_\_\_\_\_

# MARATHON OIL COMPANY

## DETAIL OF APPROPRIATION FOR WELL TO BE DRILLED

Form Aetna Eaves Well No. 1 State New Mexico County Lea

Location 1980' FWL & 660' ENL, Sec. 25, T-16-S, R-38-E

Field or Prospect Garrett East Unit Date 5-15-78

	CLASSIFICATION OF ITEMS	Quantity	Material on Hand	Cash Expenditure	Total Cost
A.	<b>DRILLING COSTS</b>  <b>DRILLING COSTS—TANGIBLE</b>  <b>1. CASING</b>  A. Conductor  B. Surface 13 3/8 300'  C. Intermediate 8 5/8 5000'  <b>2. OTHER EQUIPMENT</b> A. Casinghead 2,000 B. Miscellaneous Rat hole & conductor 2,000 (Includes Water Well Equipment and Building Material)				
	<b>TOTAL DRILLING COSTS—TANGIBLE</b>				60,794
	<b>DRILLING COSTS—INTANGIBLE</b> <b>1. LOCATION AND ROADS, Damage &amp; cleanup</b> 10,000 <b>2. CONTRACT DRILLING</b> A. Footage Basis _____ Feet @ _____ B. Day Work 25 Days @ \$3650/Day 91,250 C. Company Supervision Salary _____ Expenses _____ 2,500  <b>3. COMPANY DRILLING</b> A. Footage Basis _____ Feet @ _____ B. Day Work _____ C. _____ 25 Days @ \$350/Day 8,750 <b>5. WATER</b> 10,000 <b>6. MUD AND WEIGHT MATERIALS</b> <b>7. BITS AND REAMERS</b> 29,646 Core Bits _____ Other _____ 1,000 <b>8. SUPPLIES</b> <b>9. FISHING</b>  <b>10. SPECIALIZED SERVICES</b> A. Cement and Cementing 13,000 B. Geological and Engineering Mud Logger 4,000 Core Analysis _____ Other _____ C. Well Log Service 7,500 D. Formation Tests 4 DST's 8,000 E. Directional Surveys F. Rentals—Equipment and Tools Shock Sub, Misc. 5,000 G. Miscellaneous Casing Crew, Welders 5,000  <b>11. TRUCKING AND TRANSPORTATION</b> A. Pipe Trucking 1,500 B. Other Trucking 500 <b>12. FLOAT EQUIPMENT</b> (Including float shoes, float collars, cement retainers, and guide shoes) <b>13. MISCELLANEOUS INTANGIBLE COSTS</b> <b>14. PAYROLL BURDENS</b> (If not directly applied) <b>15. ABANDONING</b> (Dry Hole) <b>16. LESS: DRY HOLE CONTRIBUTIONS</b>				
	<b>TOTAL DRILLING COSTS—INTANGIBLE</b>				197,646
	<b>TOTAL DRILLING COSTS</b>				258,440

	CLASSIFICATION OF ITEMS	Quantity	Material on Hand	Cash Expenditure	Total Cost
8.	COMPLETION COSTS				
	COMPLETION COSTS—TANGIBLE				
	1. CASING AND TUBING				
	A. Production Casing 5 1/2"	8500'			46,600
	B. Liners				
	C. Tubing 2 3/8"	8500'			17,510
	2. OTHER EQUIPMENT				
	A. Christmas Tree				8,000
	B. Tubinghead				
	C. Packers				
	D. Gas Lift Equipment				
	E. Sucker Rods				
	F. Sub-Surface Pumping Equipment				
	G. Miscellaneous				2,000
	TOTAL COMPLETION COSTS—TANGIBLE				74,110
	COMPLETION COSTS—INTANGIBLE				
	1. CONTRACT DRILLING				
	A. Day Work				8,000
	B. Standby & Miscellaneous				2,500
	2. COMPANY DRILLING				
	A. Day Work				
	3. SPECIALIZED SERVICES				
	A. Cement and Cementing				8,500
	B. Geological & Engineering				
	C. Acidizing				5,000
	D. Fracing				
	E. Nitro Shots				
	F. Perforating				2,000
	G. Swabbing				
	H. Miscellaneous				
	4. TRUCKING AND TRANSPORTATION				
	A. Pipe Trucking				1,500
	B. Other Trucking				1,000
	5. INTANGIBLE MATERIAL				
	A. Scratchers and Centralizers				1,000
	B. Float Equipment				
	6. PAYROLL BURDENS (if not directly applied)				
	7. MISCELLANEOUS INTANGIBLE COSTS				5,000
	TOTAL COMPLETION COSTS—INTANGIBLE				34,500
	TOTAL COMPLETION COSTS				108,610

	CLASSIFICATION OF ITEMS	Quantity	Material on Hand	Cash Expenditure	Total Cost
C.	<b>SURFACE EQUIPMENT</b>  <b>SURFACE EQUIPMENT—TANGIBLE</b>  <b>1. PUMPING EQUIPMENT</b> A. Pumping Unit B. Engine & Accessories C. Electric Motor & Equipment D. Hydraulic Pump Installation E. Pumping Jack—Pumping Power  <b>2. TANKS AND RELATED EQUIPMENT</b>  <b>3. OTHER EQUIPMENT</b> A. Heater—Treater B. Separator—Trap C. Dehydrating Equipment D. Surface Rods E. Metering Equipment F. Line Pipe  G. Connections H. Miscellaneous  <b>4. INSTALLATION COSTS</b> A. Contract Labor B. Company Labor C. Trucking and Transportation D. Payroll Burdens (if not directly applied) E. Miscellaneous Supplies				
					10,000
					4,500
					5,000
					6,000
					3,000
					10,000
					2,000
					1,500
	<b>TOTAL SURFACE EQUIPMENT—TANGIBLE</b>				<b>42,000</b>

HILLIARD OIL & GAS  
BONDS WELL NO. 1  
LEA COUNTY, NEW MEXICO

GYROSCOPIC MULTIPLE SHOT  
MAGNETIC MULTIPLE SHOT

WT-879 G-2120  
WT-879 S-2121

PLANE OF PROPOSED DIRECTION IS N 3 DEG. 31 MIN. W

RECORD OF SURVEY

RADIUS OF CURVATURE METHOD



MEASURED DEPTH FEET	DRIFT ANGLE D M	DRIFT DIRECTION D	TRUE VERTICAL DEPTH FEET	VERTICAL SECTION FEET	R E C T A N G U L A R C O O R D I N A T E S FEET		DOG LEG SEVERITY DEG/100FT
0.	0 0	0	0.00	0.00	0.00	0.00	0.0
100.	0 15	N 30 E	100.00	0.18	0.19 N	0.11 E	0.2
200.	0 15	N 68 W	200.00	0.55	0.55 N	0.02 W	0.4
300.	0 45	N 12 W	299.99	1.23	1.20 N	0.56 W	0.6
400.	0 45	N 9 W	399.99	2.53	2.48 N	0.79 W	0.0
500.	0 45	N 3 W	499.98	3.83	3.78 N	0.93 W	0.1
600.	0 30	N 25 W	599.97	4.90	4.83 N	1.19 W	0.3
700.	0 30	N 12 W	699.97	5.74	5.66 N	1.47 W	0.1
800.	0 30	N 10 W	799.96	6.60	6.52 N	1.64 W	0.0
900.	0 30	N 6 E	899.96	7.47	7.39 N	1.67 W	0.1
1000.	0 30	N 1 W	999.96	8.34	8.26 N	1.63 W	0.1
1100.	0 30	N 46 E	1099.95	9.10	9.04 N	1.30 W	0.4
1200.	0 15	N 53 E	1199.95	9.50	9.46 N	0.81 W	0.3
1300.	0 30	N 57 E	1299.95	9.84	9.84 N	0.27 W	0.3
1400.	0 15	N 85 E	1399.94	10.01	10.05 N	0.34 E	0.3
1500.	0 15	N 64 E	1499.94	10.10	10.17 N	0.76 E	0.1
1600.	0 15	N 80 W	1599.94	10.43	10.49 N	0.71 E	0.5
1700.	0 15	N 32 W	1699.94	10.69	10.73 N	0.36 E	0.2
1800.	0 30	N 6 W	1799.94	11.32	11.35 N	0.15 E	0.3
1900.	0 45	N 7 E	1899.93	12.40	12.44 N	0.16 E	0.3
2000.	0 30	N 55 E	1999.93	13.27	13.34 N	0.71 E	0.6
2100.	0 45	N 55 E	2099.92	13.85	13.97 N	1.60 E	0.2
2200.	0 30	N 78 E	2199.91	14.21	14.40 N	2.59 E	0.3
2300.	0 30	N 69 E	2299.91	14.41	14.65 N	3.43 E	0.1
2400.	0 15	N 80 E	2399.91	14.55	14.82 N	4.06 E	0.3
2500.	0 0	0	2499.91	14.57	14.86 N	4.27 E	0.2
2600.	0 30	N 32 W	2599.91	14.95	15.23 N	4.04 E	0.5
2700.	0 30	N 28 W	2699.90	15.74	15.99 N	3.60 E	0.0
2800.	0 30	N 28 W	2799.90	16.53	16.76 N	3.19 E	0.0
2900.	0 15	N 36 W	2899.90	17.10	17.31 N	2.85 E	0.3

MEASURED DEPTH FEET	DRIFT ANGLE D M	DRIFT DIRECTION D	TRUE VERTICAL DEPTH FEET	VERTICAL SECTION FEET	R E C T A N G U L A R C O O R D I N A T E S FEET		DOG LEG SEVERITY DEG/100FT
3000.	0 15	N 1 W	2999.89	17.52	17.72 N	2.71 E	0.2
3100.	0 15	N 29 E	3099.89	17.93	18.14 N	2.81 E	0.1
3200.	0 15	N 18 E	3199.89	18.32	18.54 N	2.99 E	0.0
3300.	0 15	S 15 E	3299.89	10.29	18.53 N	3.31 E	0.5
3400.	0 15	S 8 W	3399.89	17.86	18.09 N	3.34 E	0.1
3500.	0 30	S 5 E	3499.89	17.20	17.44 N	3.32 E	0.3
3600.	0 30	S 27 W	3599.88	16.37	16.59 N	3.16 E	0.3
3700.	0 30	S 28 W	3699.88	15.62	15.82 N	2.76 E	0.0
3800.	0 30	S 26 W	3799.88	14.87	15.04 N	2.36 E	0.0
3900.	0 30	S 54 W	3899.87	14.24	14.38 N	1.80 E	0.2
4000.	0 15	S 26 W	3999.87	13.77	13.89 N	1.39 E	0.3
4119.	0 30	N 79 W	4118.87	13.49	13.56 N	0.74 E	0.4
4213.	0 15	N 14 W	4212.86	13.92	13.96 N	0.32 E	0.5
4308.	0 30	N 66 W	4307.86	14.40	14.42 N	0.07 W	0.4
4402.	0 15	N 84 W	4401.86	14.59	14.58 N	0.66 W	0.3
4497.	0 30	N 15 W	4496.85	15.00	14.96 N	1.11 W	0.5
4591.	0 15	N 38 E	4590.85	15.57	15.54 N	0.99 W	0.4
4686.	0 15	N 64 E	4685.85	15.81	15.80 N	0.67 W	0.1
4780.	0 30	N 40 E	4779.85	16.16	16.18 N	0.19 W	0.3
4875.	0 15	N 33 E	4874.84	16.64	16.68 N	0.18 E	0.3
4969.	0 30	N 4 W	4968.84	17.21	17.26 N	0.33 E	0.4
5064.	0 15	N 41 E	5063.84	17.77	17.84 N	0.53 E	0.4
5158.	0 15	N 36 W	5157.84	18.15	18.22 N	0.54 E	0.3
5253.	0 0	0	5252.84	18.32	18.38 N	0.42 E	0.3
5347.	0 15	N 39 E	5346.84	18.47	18.54 N	0.55 E	0.3
5442.	0 15	N 1 E	5441.83	18.85	18.93 N	0.69 E	0.2
5536.	0 15	N 75 E	5535.83	19.13	19.23 N	0.92 E	0.3
5631.	1 0	N 79 E	5630.83	19.30	19.46 N	1.93 E	0.8
5725.	1 0	N 44 E	5724.81	19.99	20.23 N	3.35 E	0.6
5820.	1 15	N 47 E	5819.79	21.21	21.54 N	4.69 E	0.3

MEASURED DEPTH FEET	DRIFT ANGLE D M	DRIFT DIRECTION D	TRUE VERTICAL DEPTH FEET	VERTICAL SECTION FEET	RECTANGULAR COORDINATES FEET	DOG LEG SEVERITY DEG/100FT
5914.	1 30	N 44 E	5913.77	22.69	23.12 N 6.29 E	0.3
6009.	1 30	N 51 E	6008.73	24.25	24.80 N 8.13 E	0.2
6103.	1 30	N 55 E	6102.70	25.61	26.28 N 10.09 E	0.1
6198.	1 0	N 34 E	6197.68	26.99	27.75 N 11.54 E	0.7
6292.	1 0	N 50 E	6291.66	28.14	28.96 N 12.63 E	0.3
6387.	1 0	N 45 E	6386.65	29.18	30.08 N 13.85 E	0.1
6481.	1 15	N 64 E	6480.63	30.15	31.15 N 15.35 E	0.5
6576.	1 0	N 60 E	6575.61	30.92	32.03 N 17.00 E	0.3
6670.	0 45	N 19 E	6669.60	31.95	33.11 N 17.89 E	0.7
6765.	0 30	N 79 E	6764.59	32.55	33.76 N 18.63 E	0.7
6859.	0 45	N 31 E	6858.59	33.07	34.33 N 19.45 E	0.6
6954.	1 0	N 62 E	6953.58	33.99	35.32 N 20.49 E	0.6
7048.	0 45	N 83 E	7047.56	34.34	35.75 N 21.85 E	0.4
7143.	0 45	N 89 E	7142.55	34.35	35.83 N 23.09 E	0.1
7237.	0 15	N 80 E	7236.55	34.38	35.91 N 23.91 E	0.5
7332.	0 30	N 84 E	7331.55	34.43	36.00 N 24.52 E	0.3
7426.	0 15	S 61 E	7425.54	34.27	35.88 N 25.12 E	0.3
7521.	0 15	N 80 E	7520.54	34.18	35.81 N 25.52 E	0.2
7615.	0 15	N 56 E	7614.54	34.31	35.96 N 25.90 E	0.1
7710.	0 30	N 80 E	7709.54	34.50	36.20 N 26.47 E	0.3
7804.	0 30	N 79 E	7803.54	34.60	36.35 N 27.28 E	0.0
7899.	0 15	N 89 E	7898.53	34.63	36.41 N 27.89 E	0.3
7993.	0 15	N 60 E	7992.53	34.71	36.52 N 28.28 E	0.1
8088.	0 0	0	8087.53	34.81	36.62 N 28.46 E	0.3
8182.	0 15	N 24 E	8181.53	34.99	36.81 N 28.54 E	0.3
8277.	0 15	S 15 E	8276.53	34.94	36.78 N 28.86 E	0.5
8371.	0 15	S 47 W	8370.53	34.58	36.41 N 28.75 E	0.3
8466.	0 30	S 23 E	8465.52	34.01	35.83 N 28.63 E	0.5
8560.	0 45	S 16 W	8559.52	33.00	34.83 N 28.69 E	0.5
8655.	0 45	S 1 W	8654.51	31.79	33.60 N 28.51 E	0.2

MEASURED DEPTH FEET	DRIFT ANGLE D M	DRIFT DIRECTION D	TRUE VERTICAL DEPTH FEET	VERTICAL SECTION FEET	R E C T A N G U L A R C O O R D I N A T E S FEET		DOG LEG SEVERITY DEG/100FT
8749.	1 0	S 14 W	8748.49	30.38	32.18 N	28.32 E	0.3
8844.	1 0	S 10 W	8843.48	28.79	30.56 N	27.98 E	0.1
8938.	0 30	S 2 W	8937.47	27.58	29.34 N	27.85 E	0.5
9033.	0 15	S 1 W	9032.46	26.96	28.72 N	27.83 E	0.3
9127.	0 30	S 34 W	9126.46	26.39	28.14 N	27.65 E	0.3
9222.	0 45	S 23 W	9221.46	25.51	27.23 N	27.16 E	0.3
9316.	0 45	S 81 W	9315.45	24.84	26.50 N	26.23 E	0.8
9411.	0 15	S 76 W	9410.44	24.73	26.34 N	25.42 E	0.5
9505.	0 45	S 83 W	9504.43	24.63	26.19 N	24.61 E	0.5
9600.	0 45	S 78 W	9599.42	24.50	25.98 N	23.38 E	0.1
9694.	0 30	S 51 W	9693.42	24.12	25.55 N	22.47 E	0.4
9789.	0 45	S 84 W	9788.41	23.79	25.15 N	21.52 E	0.5
9883.	0 45	S 58 W	9882.40	23.46	24.76 N	20.37 E	0.4
9978.	0 45	S 43 W	9977.39	22.73	23.97 N	19.41 E	0.2
10072.	0 30	S 32 W	10071.39	21.96	23.16 N	18.79 E	0.3
10167.	0 30	S 57 W	10166.38	21.41	22.57 N	18.21 E	0.2
10261.	0 30	S 71 W	10260.38	21.10	22.21 N	17.48 E	0.1
10356.	0 15	S 79 W	10355.38	20.97	22.05 N	16.88 E	0.3
10450.	0 15	S 60 W	10449.37	20.85	21.91 N	16.50 E	0.1
10545.	0 15	N 52 W	10544.37	20.91	21.94 N	16.11 E	0.3
10639.	0 45	N 49 W	10638.37	21.47	22.46 N	15.47 E	0.5
10734.	0 30	S 84 W	10733.36	21.83	22.76 N	14.51 E	0.6
10828.	0 45	S 81 W	10827.35	21.76	22.63 N	13.50 E	0.3
10923.	0 30	S 86 W	10922.35	21.70	22.51 N	12.47 E	0.3
11017.	1 0	S 80 W	11016.34	21.63	22.36 N	11.25 E	0.5
11112.	1 15	S 35 W	11111.32	20.75	21.38 N	9.71 E	0.9
11206.	1 15	S 32 W	11205.29	19.11	19.67 N	8.58 E	0.1
11301.	1 45	S 40 W	11300.26	17.19	17.66 N	7.12 E	0.6
11395.	2 30	S 21 W	11394.20	14.31	14.67 N	5.36 E	1.1
11490.	3 15	S 51 W	11489.07	10.68	10.86 N	2.59 E	1.7

MEASURED DEPTH FEET	DRIFT ANGLE D M	DRIFT DIRECTION D	TRUE VERTICAL DEPTH FEET	VERTICAL SECTION FEET	R E C T A N G U L A R C O O R D I N A T E S FEET		DOG LEG SEVERITY DEG/100FT
11584.	5 0	S 65 W	11582.83	7.46	7.29 N	3.13 W	2.1
11679.	6 30	S 61 W	11677.34	3.67	2.97 N	11.61 W	1.6
11773.	6 45	S 57 W	11770.71	-1.33	2.62 S	20.90 W	0.6

FINAL CLOSURE - DIRECTION: S 82 DEGS 51 MINS 31 SECS W  
 DISTANCE: 21.07 FEET



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

April 7, 1978

ALL INTEREST OWNERS

Gentlemen:

Re: Proposed East Garrett Working Interest Unit  
Lea County, New Mexico

Marathon Oil Company, as Operator, proposes forming a 1,440 acre working interest unit for the drilling of an 8,500 foot Abo test located in the NE $\frac{1}{4}$ NW $\frac{1}{4}$  of Sec. 25, T-16-S, R-38-E, N.M.P.M., Lea County, New Mexico, for a July 1, 1978 commencement. Estimated costs are \$409,050.00 for a completed producer and \$258,440.00 for a dry hole. The unit area consists of SE $\frac{1}{4}$  Sec. 23, S $\frac{1}{2}$  Sec. 24, N $\frac{1}{2}$  and SE $\frac{1}{4}$  Sec. 25, and NE $\frac{1}{4}$  Sec. 26, T-16-S, R-38-E, and the W $\frac{1}{2}$  Sec. 30, T-16-S, R-39-E (see attached plat), with the following ownership:

Marathon Oil Company	760.50 net acres	52.812500%
Amoco Production Company	601.17 " "	41.747685%
Roy G. Barton, Jr. (minerals)	25.00 " "	1.736111%
Jerry Lee Hooper (minerals)	13.33 " "	.925926%
Richard L. Moore (minerals)	10.00 " "	.694445%
Michael H. Moore (minerals)	10.00 " "	.694444%
Stephen S. Moore (minerals)	10.00 " "	.694444%
Neva L. Harris (minerals)	10.00 " "	.694445%
	1,440.00 net acres	100.000000%

40 ac interest  
on  
Dry hole  
149,412 236,482  
53,842 85,219  
20,190 31,957  
10,768 17,044  
ca 8076 net acres

Your joinder in this proposal is requested either by (1) participating in the drilling of such a test well, or (2) leasing your mineral interests, or (3) committing your acreage on farmout terms.

Your prompt response to this proposal is requested.

Yours very truly,

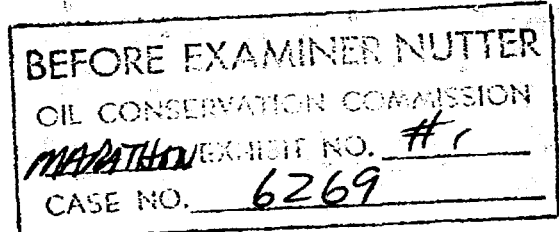
MARATHON OIL COMPANY

*A. W. Hanley*

A. W. Hanley  
District Landman

AWH-RLM:dr  
Encl.

Addressee list attached



ADDRESSEE LIST

EAST GARRETT W. I. UNIT

Amoco Production Company  
P. O. Box 3092  
Houston, Texas 77001  
Attention: Mr. John Atkinson

Roy G. Barton, Jr.  
P. O. Box 968  
Hobbs, New Mexico 88240

Jerry L. Hooper  
P. O. Drawer 2086  
Midland, Texas 79702

Richard L. Moore  
P. O. Box 1733  
Midland, Texas 79702

Michael H. Moore  
P. O. Box 1733  
Midland, Texas 79702

Stephen S. Moore  
P. O. Box 1733  
Midland, Texas 79702

Neva L. Harris  
P. O. Box 20767  
Oklahoma City, Oklahoma 73120

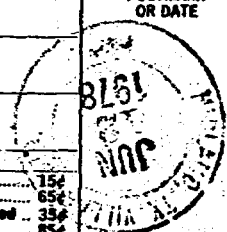
Received 6-14-78 DE

INSTRUCTIONS TO DELIVERING EMPLOYEE	
Show to whom, date, and address where delivered	<input type="checkbox"/> Deliver ONLY to addressee
(Additional charges required for these services)	

RECEIPT	
Received the numbered article described below.	
REGISTERED NO.	SIGNATURE OR NAME OF ADDRESSEE (Name always to filled in)
CERTIFIED NO.	SIGNATURE OF ADDRESSEE'S AGENT, IF ANY
INSURED NO.	
DATE DELIVERED	SHOW WHERE DELIVERED (only if requested)

6-12-78

No. 103219

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)	
SENT TO	POSTMARK OR DATE
Jerry L. Hooper	
STREET AND NO.	
P. O. Drawer 2086	
P.O., STATE AND ZIP CODE	
Midland, Texas 79702	
OPTIONAL SERVICES FOR ADDITIONAL FEES	
RETURN RECEIPT SERVICES	1. Shows to whom and date delivered ..... 15¢ With delivery to addressee only ..... 65¢ 2. Shows to whom, date and where delivered ..... 35¢ With delivery to addressee only ..... 85¢
DELIVER TO ADDRESSEE ONLY	50¢
SPECIAL DELIVERY (2 pounds or less)	45¢
POD Form 3800 July 1969 NO INSURANCE COVERAGE PROVIDED—NOT FOR INTERNATIONAL MAIL (See other side) * GPO : 1969 O-300-312	



MARATHON OIL COMPANY  
DETAIL OF APPROPRIATION FOR WELL TO BE DRILLED

Farm Aetna Faves Well No. 1 State New Mexico County Lea

Location 1980' FWL & 660' FNL, Sec. 25, T-16-S, R-38-E

Field or Prospect Garrett East Unit Date 5-15-78

	CLASSIFICATION OF ITEMS	Quantity	Material on Hand	Cash Expenditure	Total Cost
A.	DRILLING COSTS				
	DRILLING COSTS—TANGIBLE				
	1. CASING				
	A. Conductor				
	B. Surface 13 3/8	300'			4,644
	C. Intermediate 8 5/8	5000'			52,150
	2. OTHER EQUIPMENT				
	A. Casinghead				2,000
	B. Miscellaneous Rat hole & conductor (Include Water Well Equipment and Building Material)				2,000
	TOTAL DRILLING COSTS—TANGIBLE				60,794
	DRILLING COSTS—INTANGIBLE				
	1. LOCATION AND ROADS, Damage & cleanup				10,000
	2. CONTRACT DRILLING				
	A. Footage Basis _____ Feet @ _____				
	B. Day Work 25 Days @ \$3650/Day				91,250
	C. Company Supervision Salary _____ Expenses _____				2,500
	3. COMPANY DRILLING				
	A. Footage Basis _____ Feet @ _____				
	B. Day Work				
	4. FUEL 25 Days @ \$350/Day				8,750
	5. WATER				10,000
	6. MUD AND WEIGHT MATERIALS				
	7. BITS AND REAMERS				
	Core Bits _____ Other _____				29,646
	8. SUPPLIES				1,000
	9. FISHING				
	10. SPECIALIZED SERVICES				
	A. Cement and Cementing				13,000
	B. Geological and Engineering Mud Logger Core Analysis _____ Other _____				4,000
	C. Well Log Service				7,500
	D. Formation Tests 4 DST's				8,000
	E. Directional Surveys				
	F. Rentals—Equipment and Tools Shock Sub, Misc.				5,000
	G. Miscellaneous Casing Crew, Welders				5,000
	11. TRUCKING AND TRANSPORTATION				
	A. Pipe Trucking				1,500
	B. Other Trucking				500
	12. FLOAT EQUIPMENT (Including float shoes, float collars, cement retainers, and guide shoes)				
	13. MISCELLANEOUS INTANGIBLE COSTS				
	14. PAYROLL BURDENS (If not directly applied)				
	15. ABANDONING (Dry Hole)				
	16. LESS: DRY HOLE CONTRIBUTIONS				
	TOTAL DRILLING COSTS—INTANGIBLE				197,646
	TOTAL DRILLING COSTS				258,440

	CLASSIFICATION OF ITEMS	Quantity	Material on Hand	Cash Expenditure	Total Cost
8.	COMPLETION COSTS				
	COMPLETION COSTS—TANGIBLE				
	1. CASING AND TUBING				
	A. Production Casing 5 1/2"	8500'			46,600
	B. Liners				
	C. Tubing 2 3/8"	8500'			17,510
	2. OTHER EQUIPMENT				
	A. Christmas Tree				8,000
	B. Tubinghead				
	C. Packers				
	D. Gas Lift Equipment				
	E. Sucker Rods				
	F. Sub-Surface Pumping Equipment				
	G. Miscellaneous				2,000
	TOTAL COMPLETION COSTS—TANGIBLE				74,110
	COMPLETION COSTS—INTANGIBLE				
	1. CONTRACT DRILLING				
	A. Day Work				8,000
	B. Standby & Miscellaneous				2,500
	2. COMPANY DRILLING				
	A. Day Work				
	3. SPECIALIZED SERVICES				
	A. Cement and Cementing				8,500
	B. Geological & Engineering				
	C. Acidizing				5,000
	D. Fracing				
	E. Nitro Shots				
	F. Perforating				2,000
	G. Swabbing				
	H. Miscellaneous				
	4. TRUCKING AND TRANSPORTATION				
	A. Pipe Trucking				1,500
	B. Other Trucking				1,000
	5. INTANGIBLE MATERIAL				
	A. Scratchers and Centralizers				1,000
	B. Float Equipment				
	6. PAYROLL BURDENS (if not directly applied)				
	7. MISCELLANEOUS INTANGIBLE COSTS				5,000
	TOTAL COMPLETION COSTS—INTANGIBLE				34,500
	TOTAL COMPLETION COSTS				108,610

APPROVED this \_\_\_\_\_ day of June, 1978.

CLASSIFICATION OF ITEMS	Quantity	Material on Hand	Cash Expenditure	Total Cost
SURFACE EQUIPMENT				
SURFACE EQUIPMENT—TANGIBLE				
1. PUMPING EQUIPMENT				
A. Pumping Unit				
B. Engine & Accessories				
C. Electric Motor & Equipment				
D. Hydraulic Pump Installation				
E. Pumping Jack—Pumping Power				
2. TANKS AND RELATED EQUIPMENT				10,000
3. OTHER EQUIPMENT				
A. Heater—Treater				
B. Separator—Trap				4,500
C. Dehydrating Equipment				
D. Surface Rods				
E. Metering Equipment				
F. Line Pipe				5,000
G. Connections				6,000
H. Miscellaneous				3,000
4. INSTALLATION COSTS				
A. Contract Labor				10,000
B. Company Labor				
C. Trucking and Transportation				2,000
D. Payroll Burdens (if not directly applied)				
E. Miscellaneous Supplies				1,500
TOTAL SURFACE EQUIPMENT—TANGIBLE				42,000

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
State Land Office Building  
Santa Fe, New Mexico  
6 July 1978

EXAMINER HEARING

IN THE MATTER OF:

Application of Marathon Oil Company  
for compulsory pooling, Lea County,  
New Mexico.

CASE  
6269

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Lynn Teschendorf, Esq.  
Legal Counsel for the Division  
State Land Office Building  
Santa Fe, New Mexico 87501

For the Applicant:

Robert J. Pickens, Esq.  
Post Office Box 3128  
Houston, Texas 77001

and

William F. Carr, Esq.  
CATRON, CATRON, & SAWTELL  
Old Santa Fe Trail  
Santa Fe, New Mexico 87501

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
730 Bishop's Lodge Road • Phone (505) 988-3404  
Santa Fe, New Mexico 87501

I N D E X

A. W. HANLEY

Direct Examination by Mr. Pickens 3

Cross Examination by Mr. Nutter 11

GEORGE DEGENFELDER

Direct Examination by Mr. Pickens 13

Cross Examination by Mr. Nutter 18

E X H I B I T S

Applicant Exhibit One, Document 20

Applicant Exhibit Two, Plat 20

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1 MR. NUTTER: Call Case 6269.

2 MS. TESCHENDORF: Case 6269. Application of  
3 Marathon Oil Company for compulsory pooling, Lea County,  
4 New Mexico.

5 MR. CARR: Mr. Examiner, I'm William F. Carr,  
6 Catron, Catron, & Sawtell, Santa Fe, appearing on behalf  
7 of the applicant.

8 I'm appearing in association with Robert J.  
9 Pickens, attorney for Marathon from Houston, who will  
10 present the applicant's case.

11 MR. PICKENS: We have two witnesses.

12 (Witnesses sworn.)

13 MR. PICKENS: Mr. Examiner, I'm Robert Pickens,  
14 an attorney with Marathon Oil Company, and I would like  
15 for the record to state that the application which was  
16 filed in this matter has been amended to apply only to  
17 the northeast quarter of the northwest quarter of Section  
18 25, Township 16, Range 38 East.

19 MR. NUTTER: And the advertisement reflects  
20 that amendment, is that correct?

21 MR. PICKENS: Yes, it does, Mr. Examiner.

22 MR. NUTTER: Thank you.

23 MR. PICKENS: Call first Mr. A. W. Hanley.  
24  
25

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A. W. HANLEY

being called as a witness and having been duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. PICKENS:

Q Mr. Hanley, will you please state your name, where you reside, and by whom you're employed in the position you hold?

A My name is A. W. Hanley. I live in Midland, Texas. I'm employed as District Land Man for Marathon Oil Company.

Q Have you previously testified before the Oil Conservation Division of the State of New Mexico?

A Yes, sir, I have.

Q And have your qualifications been accepted as a land man witness?

A Yes, sir.

MR. PICKENS: Is the witness acceptable as an expert in land area?

MR. NUTTER: Yes, he is. Please proceed.

Q (Mr. Pickens continuing) Mr. Hanley, what is the purpose of Marathon's application in Case 6269?

A To -- we want to drill a well on the 40-acre tract and to get all interests committed to that well.

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1 Q We have requested compulsory pooling?

2 A Yes, sir, we have requested compulsory pooling  
3 of that 40-acre drill site.

4 Q All right. As District Land Man for Marathon  
5 are you familiar with the leases and the land situation  
6 in the East Garrett prospect area which includes the 40-  
7 acre drill site?

8 A Yes, sir.

9 Q And will you briefly state the lease situation  
10 and ownership of unleased minerals within the 40-acre  
11 tract?

12 A Within the -- Marathon owns 92-1/2 net acres  
13 within -- pardon me.

14 Marathon owns 23-1/8 net acres within the  
15 40-acre tract, which is 57.8 percent.

16 Amoco Production owns 8-1/3 acres for a 20.8  
17 percent.

18 Roy G. Barton, Junior, owns 3-1/8 acres for  
19 7.8 percent.

20 Richard L. Moore, Michael H. Moore, and  
21 Stephen S. Moore, each own 1-1/4 acres for an ownership  
22 each of 3-1/8 percent, and Jerry L. Hooper owns 1-1/6  
23 unleased acres for 4.17 percent.

24 Q And these parties who have just shown as  
25 owning an interest in this 40-acre tract are the parties



1 who are listed on the address list which we filed with  
2 our application?

3 A Yes, sir, and I might add that Marathon and  
4 Amoco own leasehold interests and the other five interests  
5 are unleased mineral interests.

6 Q Has Marathon approached the other interest  
7 owners with a well proposal for said tract?

8 A Yes, sir, we have and we have approval from  
9 all -- verbal -- oral approval from all parties with the  
10 exception of Jerry L. Hooper, to join in this well.

11 Q Mr. Hanley, I will show you what has been  
12 marked as Marathon's Exhibit Number One and ask that you  
13 identify this document.

14 A It is a letter dated April the 7th, 1978,  
15 directed by Marathon to all interest owners within the  
16 proposed East Garret Working Interest Unit, covering 1440  
17 acres, which includes the 40-acres on which we are seeking  
18 compulsory pooling.

19 Q All right, sir. What was --

20 MR. NUTTER: Just one second.

21 MR. PICKENS: Surely.

22 MR. NUTTER: This breakdown here of this 1440  
23 net acres, is this an identical breakdown to the 40-acre  
24 tract --

25 A No, sir, this is within the 1440-acre unit

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1 area.

2 MR. NUTTER: And the ownership is not uniform  
3 throughout that 1440 acre --

4 A No, sir, it is not.

5 MR. NUTTER: Okay.

6 A As you can see there, Jerry Hooper owns more  
7 net acres within the unit area than within the drill site  
8 area. Yes, sir, he owns an interest in acreage both out-  
9 side the drill site and also adjoining the unit on the  
10 south.

11 Q (Mr. Pickens continuing) Will you state what  
12 the results of this communication was from the -- in other  
13 words, what replies did you receive from the other interest  
14 owners?

15 A All parties, with the exception of Jerry Hooper,  
16 have agreed to join in this unit and the drilling of this  
17 well, and to date we have one executed operating agreement  
18 and AFE, and the other parties advise us that similar  
19 approval is now being obtained.

20 Q Is also attached to this letter an estimate of  
21 well cost of this proposed well?

22 A Yes, an AFE showing the estimated -- current  
23 estimated well costs of \$258,440 for a dry hole and \$409,050  
24 for a completed producing well cost.

25 Q And have you allocated these proposed or esti-

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Santa Fe, New Mexico 87501

1 mated well costs to the interest owners in the 40-acre  
2 tract?

3 A. Yes, sir, I have.

4 Q. Would you read those for the record?

5 A. Share of dry hole cost to Marathon Oil Company,  
6 \$149,412. Amoco, \$53,842. Roy G. Barton, Junior, \$20,190.  
7 Richard L. Moore, Michael H. Moore, and Stephen S. Moore,  
8 each own identical interests, and each party's share would  
9 be \$8,076. Jerry L. Hooper's share would be \$10,768.

10 Of the completed producing well costs, Mara-  
11 thon's share would be \$236,482. Amoco's would be \$85,219.  
12 Roy G. Barton, Junior, would be \$31,957. Richard L.  
13 Moore, Michael H. Moore, and Stephen S. Moore each would  
14 have a share of \$12,783, and Jerry L. Hooper, \$17,044.

15 Q. These are estimated costs and Marathon would  
16 be willing to revise these estimated costs after the well  
17 is drilled to actual costs?

18 A. Yes, sir, these are the costs shown on the  
19 AFE as submitted to our partners for acceptance.

20 Q. Have you also, in connection with this pro-  
21 posed working interest unit, prepared a Unit Operating  
22 Agreement?

23 A. Yes, sir, it has been prepared, submitted to  
24 our partners, and we have that executed by Roy Barton has  
25 been returned to us with the approved AFE.

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1 Q And did such proposed Unit Operating Agreement  
2 contain charges for supervision or overhead of the drilling  
3 and operating the proposed well?

4 A Yes, sir, the cost provided for in the accounting  
5 procedure exhibit attached to the Operating Agreement pro-  
6 vides for a drilling well cost of \$2,840 per month and a  
7 producing well cost of \$284 per month.

8 Q And you --

9 MR. NUTTER: Would you give me those figures  
10 again, please?

11 A Drilling well cost, \$2,840; producing well  
12 cost, \$284 per month.

13 Q (Mr. Pickens continuing) And these figures  
14 have been presented to all interest owners?

15 A Yes, sir.

16 Q All indicated --

17 A All indicated acceptance.

18 Q Except Mr. Hooper, is that correct?

19 A Right. Actually, these costs were not sub-  
20 mitted to Mr. Hooper because he has never indicated he  
21 would even entertain joining in this unit, but the well  
22 costs have been submitted to him.

23 Q Mr. Hanley, would the information you have  
24 available from working in this area and your knowledge  
25 of the statewide rules, do you have an opinion as to the

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Santa Fe, New Mexico 87501

1 classification under the spacing and proration rules of  
2 this well?

3 A. It's definitely a wildcat location.

4 Q. And in your opinion do you consider wildcat  
5 wells, and specifically the proposed well, as a high risk  
6 well?

7 A. Yes, sir.

8 Q. And do you have an opinion as to a risk factor  
9 which would be appropriate to charge in a situation like  
10 this?

11 A. I think the minimum of the statutory allowable  
12 of 200 percent would definitely be applicable.

13 Q. What interest does Marathon have in the pro-  
14 posed drill site tract?

15 A. We have 57.8125 percent.

16 Q. And we have requested that we be named as  
17 operator --

18 A. Yes, sir.

19 Q. -- in this order. We are the largest interest  
20 owner?

21 A. Interest owner, yes, sir.

22 MR. PICKENS: I have no further questions of  
23 the witness at this particular point.

24  
25 CROSS EXAMINATION

1 BY MR. NUTTER:

2 Q Mr. Hanley, would you repeat the net acres  
3 and percent ownership in the 40-acre tract only, sir?

4 A All right. Marathon, 23.125 for a 57.8125  
5 percent. Amoco Production Company, 8-1/3 acres for a  
6 20.8333 percent. Roy G. Barton, Junior, 3.125 net acres  
7 for a 7.8125 percent. Richard L. Moore, Michael H. Moore,  
8 and Stephen S. Moore each own a 1.25 net acre interest for  
9 a 3.125 percent interest for each of those three.

10 Q 3.125.

11 A Yes, sir. And Jerry L. Hooper owns a 1.67  
12 acres for a 4.1667 percent. He owns an unleased -- an  
13 undivided 1/24th mineral interest.

14 Q Now these costs that you gave for the dry  
15 hole and the completed well for each of these parties are  
16 based on these figures here that you just gave me and  
17 not on the figures that are shown on Exhibit One?

18 A That's right. The figures I gave are based  
19 on the 40-acre drill site, yes, sir.

20 Q On the 40-acre tract only. Okay.

21 A I don't know if it's worth mentioning, but  
22 as far as Mr. Hooper's interest goes, in the unit he would  
23 own a .9259 percent interest, which would lower his share  
24 of these costs considerably in contrast to what his al-  
25 located share is on the 40-acre drill site.

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1 Q Yeah. Well, Amoco's percentage goes up when  
2 you talk about the --

3 A The others are adjusted, yes, sir.

4 Q And the others are diluted.

5 A Yeah, correct.

6 Q Of course we're talking about the 40-acre  
7 tract only.

8 A Correct, yes, sir.

9 MR. PICKENS: Yes, sir, that is all we're  
10 concerned with today.

11 Q Now, you mentioned that your recommendation  
12 for supervision fees would be \$2840 per month while  
13 drilling and \$284 per month while producing.

14 Has Amoco agreed to those figures?

15 A We do not yet have Amoco's signed approval  
16 but they -- I talked to them yesterday and they said they  
17 are processing the operation agreement and as far as they  
18 could see, everything looked all right.

19 Q The reason I asked is because this \$2840 per  
20 month while drilling is extremely high, as far as --

21 A Well --

22 Q -- what we have seen come in here in previous  
23 forced pooling cases.

24 A I've seen higher and lower, yes, sir, but  
25 I'm sure you're more aware of your -- or acquainted with

1 your forced pooling.

2 That cost is based -- we take the producing  
3 well cost of \$284 --

4 Q And multiple it by 10.

5 A -- and that's based -- yes, sir. Some com-  
6 panies use 8, I've been told, but ours has always been  
7 10 and we've had no problem with other companies.

8 Q I might observe here that normally supervisory  
9 costs in these forced pooling cases run from \$1500 to  
10 \$1800 a month.

11 A Well.

12 Q In most of these cases that we have here.

13 MR. NUTTER: Are there any further questions  
14 of Mr. Hanley?

15 He may be excused.

16 MR. PICKENS: Call Mr. Degenfelder.

17  
18 GEORGE DEGENFELDER

19 being called as a witness and having been duly sworn upon  
20 his oath, testified as follows, to-wit:

21  
22 DIRECT EXAMINATION

23 BY MR. PICKENS:

24 Q For the record will you please state your name,  
25 where you reside, by whom you're employed in the position

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730 Bishop's Lodge Road • Phone (505) 628-3404  
Santa Fe, New Mexico 87501

1 you hold?

2 A. My name is George Degenfelder. I live in Mid-  
3 land, Texas. I work for Marathon Oil Company, and I'm a  
4 Senior Geologist.

5 Q. Mr. Degenfelder, have you previously testified  
6 before the Oil Conservation Division of the State of New  
7 Mexico?

8 A. No, I have not.

9 Q. Would you please state your education and work  
10 experience background for the Examiner, in order that he  
11 may consider your qualifications as an expert witness in  
12 the field of geology?

13 A. I have a Bachelor's degree in geology from  
14 Augustana College and a Master's degree in geology from  
15 the University of Iowa, and I have worked for Marathon  
16 for twenty-five years.

17 Q. As a geologist?

18 A. As a geologist, yes, sir.

19 Q. What areas have you worked in for Marathon  
20 Oil Company?

21 A. I have worked in the Appalachian Basin, the  
22 Michigan Basin, the Illinois Basin, and the Permian Basin  
23 of Texas - New Mexico.

24 Q. How long have you worked in the Permian Basin?

25 A. For the past fourteen years.

1 Q And does that include the area which is the  
2 subject of this application?

3 A Yes, it does.

4 MR. PICKINS: Do you consider the witness  
5 qualified as an expert in the field of geology?

6 MR. NUTTER: Yes, he is. Please continue.

7 Q (Mr. Pickins continuing) Mr. Degenfelder,  
8 I'll show you what has been marked as Marathon's Exhibit  
9 Number Two, which is a plat of the East Garrett Prospect  
10 Area in Lea County, New Mexico, including the tract being  
11 considered in this application, and will ask if this ex-  
12 hibit was prepared by you or under your supervision and  
13 direction?

14 A Yes, it was.

15 Q Will you briefly state in your own words what  
16 this plat shows and Marathon's geological interpretation  
17 as to why the northeast quarter of the northwest quarter  
18 of Section 25 is a logical location for the proposed well?

19 A This plat shows by the red arrow the proposed  
20 location. The Drinkard production, the Drinkard, which  
21 is the primary objective in this area, produces on the  
22 western edge of the map in the Garrett Field, and the  
23 geologic interpretation is that there is a porosity trend  
24 in the Drinkard that should be productive along and between  
25 the outlines of those purple lines shown on the map.

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1 The well in Section 24 and the well in Section  
 2 26 are key wells so far as locating the wellsite, and we  
 3 think that the location shown on the map should be the  
 4 best location for testing this trend of Drinkard production.

5 Q In other words, the wells you refer to in  
 6 Section 24 and Section 26, the two dry holes --

7 A Right.

8 Q -- that are shown just outside the purple --

9 A Right.

10 Q -- line?

11 A The well in Section 24, I might add, had a  
 12 slight show of porosity in logs and also in the samples,  
 13 and we believe this well is quite near the upper limit of  
 14 porosity in the Drinkard.

15 Q And is it your opinion and belief that this  
 16 location will adequately test the proposed unit area and  
 17 the leases that we have on the prospect, is that correct?

18 A Yes, I do.

19 Q What is the well location? Could you give  
 20 the dimensions?

21 A The well location is 660 from the north and  
 22 1980 from the west of Section 25, Township 16 South,  
 23 Range 38 East.

24 Q And is this a standard location?

25 A It is.

1 Q When will this well probably be commenced if  
2 we get the -- all the necessary paperwork and approvals  
3 accomplished?

4 A We are hoping to drill this in the third  
5 quarter of this year.

6 Q We're ready to go pretty quick?

7 A We're ready to go as soon as we --

8 Q What depth do we propose to drill the subject  
9 well?

10 A We're proposing 8500-foot test.

11 Q And what formations do we anticipate testing  
12 in the drilling to such depth?

13 A We'll test the San Andres and the Paddock, the  
14 Drinkard and the Abo.

15 Q In other words, this is a wildcat well and  
16 we're going to look at everything?

17 A That's right.

18 Q Mr. Degenfelder, as a geologist, do you have  
19 an opinion as to whether the proposed well on this tract  
20 at this location would be in the interest of conservation  
21 and prevent the drilling of unnecessary wells?

22 A Yes, sir, I do. I think this location will  
23 adequately test the prospect.

24 Q And it will evaluate the hydrocarbon potential  
25 of the prospect area?

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1 A. That is right.

2 Q. And prevent waste?

3 A. Yes, sir.

4 MR. PICKENS: I have no further questions,  
5 Mr. Examiner.

6

7

CROSS EXAMINATION

8 BY MR. NUTTER:

9 Q. Mr. Degenfelder, I see the Garrett Drinkard  
10 Pool over here to the west.

11 A. Uh-huh.

12 Q. Is there any Drinkard production to the east?

13 A. Yes, there is, right across the Texas line  
14 there's a field called the TexPac.

15 Q. And how close to the Texas line is this?

16 A. I would say it's no more than a mile over  
17 here on the other side. I have another map if you're  
18 interested, I could show it to you.

19 Q. Well, no, I just wondered what --

20 A. But there is --

21 Q. -- Drinkard production was in the --

22 A. Yes, sir, there is Drinkard production to the  
23 east and I would say approximately a mile or a mile and  
24 a half off the end of this map.

25 Q. And you think there's a skinny little trend

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Santa Fe, New Mexico 87501

1 that runs in through here --

2 A. Yes, sir.

3 Q. -- that connects this two productive --

4 A. And there's Drinkard production about three  
5 or four miles to the west in the Knowles Field, which is  
6 another, and these fields run along the edge of the basin  
7 right here.

8 Q. Well, now you heard Mr. Hanley suggest that  
9 the penalty here for nonparticipants should be the maximum  
10 statutory penalty of 200 percent. Do you concur with  
11 that?

12 A. Yes, sir, I do.

13 Q. Based on this --

14 A. Yes.

15 Q. -- possible skinny little field that goes  
16 through?

17 A. That's right. You can see the -- looks like  
18 a snake that kind of swallowed a bunch of eggs, I guess,  
19 but we hope to get a spot in there that's at least a half  
20 or three-quarters of a mile wide and we can go on from  
21 there.

22 MR. NUTTER: Okay, are there any further  
23 questions of Mr. Degenfelder?

24 He may be excused. Do you have anything  
25 further, Mr. Pickens?

1 MR. PICKENS: We only offer the two exhibits  
2 in evidence and request that the application be approved.

3 MR. NUTTER: Marathon Exhibits One and Two  
4 will be admitted in evidence.

5 Does anyone have anything they wish to offer  
6 in Case Number 6269?

7 We'll take the case under advisement.

8 (Hearing concluded.)  
9  
10  
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25

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REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Court Reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability, knowledge, and skill from notes taken by me at the time of the hearing.

Sally Walton Boyd CSR  
Sally Walton Boyd, C.S.R.

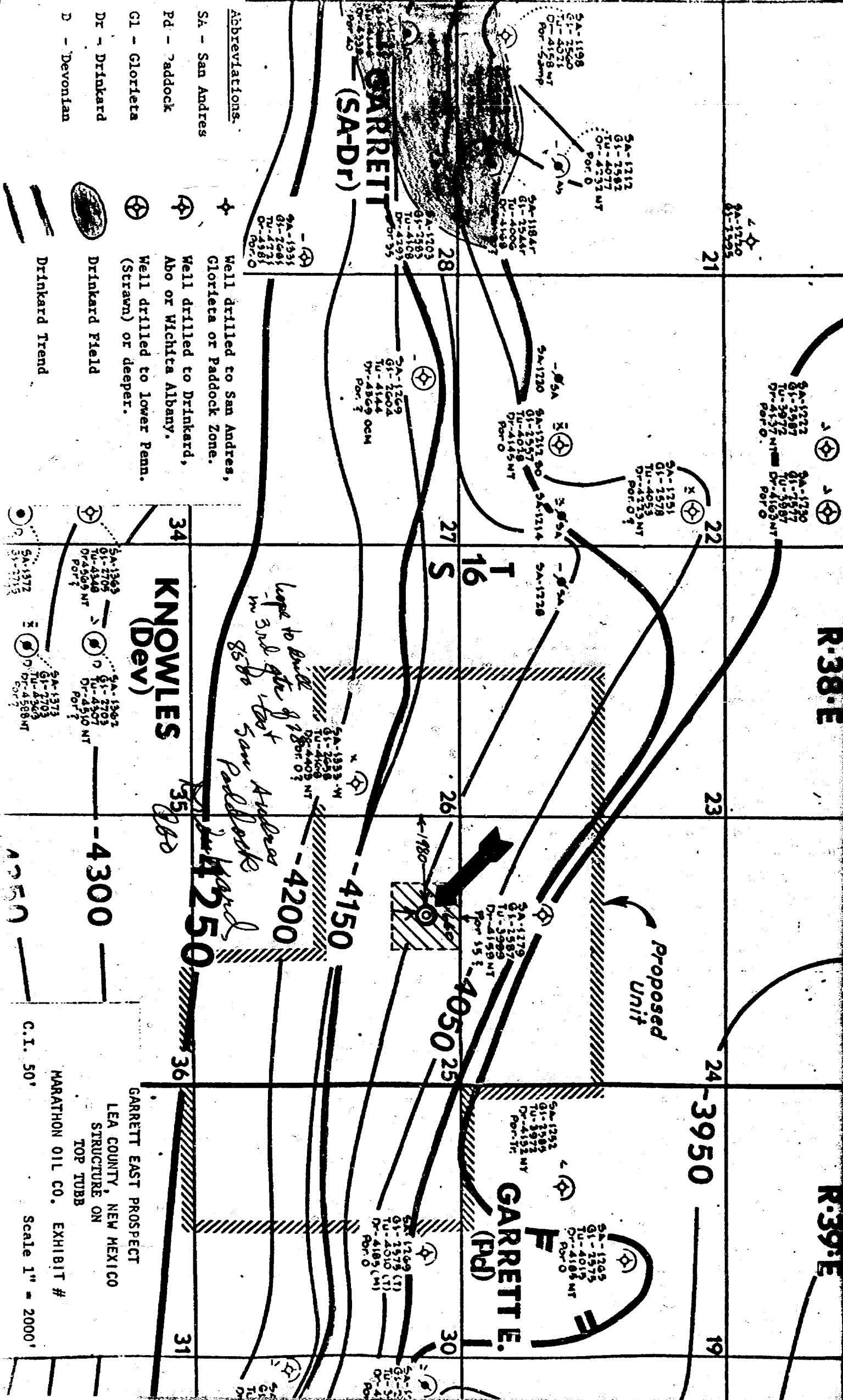
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Santa Fe, New Mexico 87501

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 6269  
heard by me on 7/6, 1978  
Examiner  
New Mexico Oil Conservation Commission



R-38-E

R-39-E



Abbreviations.

- SA - San Andres
- Pd - Paddock
- GI - Glorieta
- Dr - Drinkard
- D - Devonian

- Well drilled to San Andres, Glorieta or Paddock Zone.
- Well drilled to Drinkard, Abo or Wichita Albany.
- Well drilled to lower Penn. (Strawn) or deeper.
- Drinkard Field
- Drinkard Trend

GARRETT EAST PROSPECT  
LEA COUNTY, NEW MEXICO  
STRUCTURE ON  
TOP TUBB  
MARATHON OIL CO. EXHIBIT #  
Scale 1" = 2000'

OIL CONSERVATION DIVISION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

August 22, 1978

Marathon Oil Company  
P. O. Box 3128  
Houston, Texas 77001

Attention: Mr. Robt. J. Pickens

Re: Extension: Order No. R-5766

Gentlemen:

Reference is made to your letter dated August 16, 1978, wherein you have requested an extension of time in which to commence the drilling of the unit well on the lands pooled by Order No. R-5766, being the NE/4 NW/4 of Section 25, Township 16 South, Range 38 East, NMPM, Lea County, New Mexico.

The order requires that the unit well be commenced on or before September 1, 1978, and it is our understanding that the rig which will drill the well has encountered difficulty on the hole it is presently drilling, thereby causing a delay in moving on to the subject well.

The deadline for commencement of operations on the unit pooled by Order No. R-5766 is hereby extended to September 15, 1978.

Very truly yours,

JOE D. RAMEY  
Director

JDR/DSN/fd

cc: OCD Hobbs  
✓ Case File 6269

C  
O  
P  
Y

Robert J Pickens  
Attorney  
Houston Division  
Production US & Canada



August 16, 1978

PO Box 3128  
Houston Texas 77001  
Telephone 713/629 6600

RECEIVED  
AUG 21 1978

Oil Conservation Commission

Mr. Joe D. Ramey, Director  
Oil Conservation Division  
Energy and Minerals Department  
State of New Mexico  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Re: Case No. 6269, Order No. R-5766  
Applicant--Marathon Oil Company

Dear Mr. Ramey:


The above mentioned case was heard on July 6, 1978 before Examiner Daniel S. Nutter and the Order of the Division was entered on July 17, 1978. Said Order provides that the well to be drilled in the NE/4 of the NW/4 of Section 25, T-16-S, R-38-E, N.M.P.M., Lea County, New Mexico, said well to be known as the Marathon, et al, Aetna Eaves Well No. 1, is to be commenced on or before September 1, 1978, or the compulsory pooling order would become null and void unless a time extension is obtained from the Division for good cause shown.

This is a request for such an extension of time and in support thereof, Marathon would show that it presently has under contract Rig No. 4 of Tom Brown, Inc., which rig is scheduled to drill the Aetna Eaves Well No. 1. Said rig will move to the proposed location upon completion of the drilling of the Marathon-McDonald State A/C 2 Well No. 33, a Drinkard development well in the Arrowhead Field of Lea County, New Mexico. The McDonald Well No. 33 was spudded on July 29, 1978, and is projected to a total depth of 6800'. On August 6, 1978, said well encountered drilling problems at 3919' when circulation was lost and again on August 10 at 4095' when the drill string became stuck. Said pipe has now been recovered and a secondary casing string has been set. At the present time the well is at 4724' and preparing to drill cement out of the casing. Because of these unanticipated difficulties and delays, it may not be possible to commence the Aetna Eaves Well No. 1 on or before September 1. Marathon therefore requests that it be granted an extension

Mr. Joe D. Ramey, Director  
August 16, 1978  
Page 2

of time in Order No. R-5766 until September 15, 1978 to  
commence the drilling of said Aetna Eaves Well No. 1 in  
the NE/4 of the NW/4 of said Section 25, T-16-S, R-38-E,  
N.M.P.M., Lea County, New Mexico.

Yours very truly,



ROBERT J. PICKENS

RJP/bt

Robert J Pickens  
Attorney  
Houston Division  
Production US & Canada

Case 6269



Marathon  
Oil Company

PO Box 3128  
Houston Texas 77001  
Telephone 713/629 6600

June 10, 1978

JUN 12 1978

Santa Fe

Oil Conservation Division  
Energy and Minerals Department  
State of New Mexico  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Attention: Mr. Joe D. Ramey, Secretary-Director

Dear Sir:

Enclosed herewith, in triplicate, is the application of Marathon Oil Company for compulsory pooling of the Northwest Quarter (NW/4) of Section 25, Township 16 South, Range 38 East, N.M.P.M., Lea County, New Mexico.

Marathon requests that this matter be set down on the Docket No. 22-78 for Examiner's Hearing on July 6, 1978.

Yours very truly,

ROBERT J. PICKENS

RJP:gt  
Encls.

Robert J Pickens  
Attorney  
Houston Division  
Production US & Canada



PO Box 3128  
Houston Texas 77001  
Telephone 713/629 6600

June 10, 1978

Oil Conservation Division  
Energy and Minerals Department  
State of New Mexico  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Re: Application of Marathon Oil Company for  
Compulsory Pooling, Lea County, New Mexico

Gentlemen:

Marathon Oil Company, by its undersigned attorney, hereby makes application for an order pooling all mineral interests in the Permian Formation underlying the Northwest Quarter (NW/4) Section 25, Township 16 South, Range 38 East, N.M.P.M., Lea County, New Mexico, and in support thereof would show the following:

1. Applicant is the owner of oil and gas leasehold interests in the Northwest Quarter (NW/4) of Section 25, Township 16 South, Range 38 East, N.M.P.M., and Amoco Production Company, Roy E. Barton, Jr., Neva L. Harris, Richard Lyons Moore, Michael Harrison Moore, Stephen Scott Moore and Jerry L. Hooper are the owners of the remaining oil and gas leasehold and mineral interest in the Northwest Quarter (NW/4) of Section 25, Township 16 South, Range 38 East, N.M.P.M.

2. Applicant proposes to drill a well in the approximate center of the Northeast Quarter (NE/4) of the Northwest Quarter (NW/4) of Section 25, being 660 feet from the North line and 1,980 feet from the West line of Section 25, to a sufficient depth to test the Permian Formation, including the San Andres, the Paddock, the Glorieta, the Clear Fork, the Tubb, the Drinkard and the Abo intervals therein, and seeks to dedicate the ~~Northwest Quarter (NW/4)~~ of said Section 25 to the well. Applicant has requested owners of the other oil and gas interests to join in the drilling of the well, but they have so far refused to do so.

*Talked to Bob Pickens today, 6/14*

*Advised him that since this is a wildcat,  
all we can consider pooling is the 40 where  
the well is. He agrees to that*

*Wm*

*amended  
to NE/4 NW/4  
only*

Oil Conservation Division  
June 10, 1978  
Page 2

3. The pooling of all mineral interests in the Permian Formation in the Northwest Quarter (NW/4) of said Section 25 will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

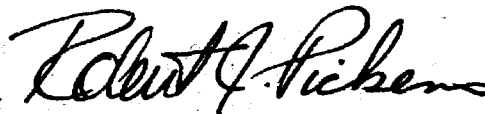
4. Applicant requests that the Oil Conservation Division consider the cost of drilling and completing said well, the proper allocation of said costs, as well as actual operating costs, charges for supervision and charges for the risk involved in drilling a well. Applicant also requests that it be designated as the Operator of said well.

5. A list of all interested parties known to Applicant is attached hereto.

Applicant respectfully requests that this application be set for hearing before a duly appointed examiner of the Oil Conservation Division on Docket 22-78 on July 6, 1978 or at the earliest possible date.

Respectfully submitted,

MARATHON OIL COMPANY

By 

Robert J. Pickens  
P. O. Box 3128  
Houston, Texas 77001  
Attorney for Marathon Oil Company

RJP:gt  
Attach.



LIST OF INTERESTED PARTIES  
EAST GARRETT AREA  
LEA COUNTY, NEW MEXICO

Amoco Production Company  
P. O. Box 3092  
Houston, Texas 77001  
Attention: Mr. John Atkinson

Roy G. Barton, Jr.  
P. O. Box 968  
Hobbs, New Mexico 88240

Richard L. Moore  
P. O. Box 1733  
Midland, Texas 79702

Michael H. Moore  
P. O. Box 1733  
Midland, Texas 79702

Stephen S. Moore  
P. O. Box 1733  
Midland, Texas 79702

Neva L. Harris  
P. O. Box 20767  
Oklahoma City, Oklahoma 73120

Jerry L. Hooper  
(Address to be furnished)

*P.O. Drawer 2086  
Midland, Texas 79702  
(see letter of 6/12)*



Robert J. Pickens  
Attorney  
Houston Division  
Production, U.S. & Canada



P.O. Box 3128  
Houston, Texas 77001  
Telephone 713/629-6600

June 10, 1978

Case 6269

Oil Conservation Division  
Energy and Minerals Department  
State of New Mexico  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Re: Application of Marathon Oil Company for  
Compulsory Pooling, Lea County, New Mexico

Gentlemen:

Marathon Oil Company, by its undersigned attorney, hereby makes application for an order pooling all mineral interests in the Permian Formation underlying the Northwest Quarter (NW/4), Section 25, Township 16 South, Range 38 East, N.M.P.M., Lea County, New Mexico, and in support thereof would show the following:

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Oil Conservation Division  
June 10, 1978  
Page 2

3. The pooling of all mineral interests in the Permian Formation in the Northwest Quarter (NW/4) of said Section 25 will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

4. Applicant requests that the Oil Conservation Division consider the cost of drilling and completing said well, the proper allocation of said costs, as well as actual operating costs, charges for supervision and charges for the risk involved in drilling a well. Applicant also requests that it be designated as the Operator of said well.

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Applicant respectfully requests that this application be set for hearing before a duly appointed examiner of the Oil Conservation Division on Docket 22-78 on July 6, 1978 or at the earliest possible date.

Respectfully submitted,

MARATHON OIL COMPANY

By 

Robert J. Pickens  
P. O. Box 3128  
Houston, Texas 77001  
Attorney for Marathon Oil Company

RJP:gt  
Attach.

LIST OF INTERESTED PARTIES  
EAST GARRETT AREA  
LEA COUNTY, NEW MEXICO

Amoco Production Company  
P. O. Box 3092  
Houston, Texas 77001  
Attention: Mr. John Atkinson

Roy G. Barton, Jr.  
P. O. Box 968  
Hobbs, New Mexico 88240

Richard L. Moore  
P. O. Box 1733  
Midland, Texas 79702

Michael H. Moore  
P. O. Box 1733  
Midland, Texas 79702

Stephen S. Moore  
P. O. Box 1733  
Midland, Texas 79702

Neva L. Harris  
P. O. Box 20767  
Oklahoma City, Oklahoma 73120

Jerry L. Hooper  
(Address to be Furnished)



Marathon  
Oil Company

P.O. Box 3128  
Houston, Texas 77001  
Telephone 713/629-6600

June 10, 1978

Oil Conservation Division  
Energy and Minerals Department  
State of New Mexico  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Re: Application of Marathon Oil Company for  
Compulsory Pooling, Lea County, New Mexico

Gentlemen:

Marathon Oil Company, by its undersigned attorney, hereby makes application for an order pooling all mineral interests in the Permian Formation underlying the Northwest Quarter (NW/4), Section 25, Township 16 South, Range 38 East, N.M.P.M., Lea County, New Mexico, and in support thereof would show the following:

1. Applicant is the owner of oil and gas leasehold interests in the Northwest Quarter (NW/4) of Section 25, Township 16 South, Range 38 East, N.M.P.M., and Amoco Production Company, Roy E. Barton, Jr., Neva L. Harris, Richard Lyons Moore, Michael Harrison Moore, Stephen Scott Moore and Jerry L. Hooper are the owners of the remaining oil and gas leasehold and mineral interest in the Northwest Quarter (NW/4) of Section 25, Township 16 South, Range 38 East, N.M.P.M.
2. Applicant proposes to drill a well in the approximate center of the Northeast Quarter (NE/4) of the Northwest Quarter (NW/4) of Section 25, being 660 feet from the North line and 1,980 feet from the West line of Section 25, to a sufficient depth to test the Permian Formation, including the San Andres, the Paddock, the Glorieta, the Clear Fork, the Tubb, the Drinkard and the Abo intervals therein, and seeks to dedicate the Northwest Quarter (NW/4) of said Section 25 to the well. Applicant has requested owners of the other oil and gas interests to join in the drilling of the well, but they have so far refused to do so.

3. The pooling of all mineral interests in the Permian Formation in the Northwest Quarter (NW/4) of said Section 25 will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

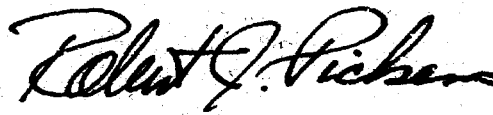
4. Applicant requests that the Oil Conservation Division consider the cost of drilling and completing said well, the proper allocation of said costs, as well as actual operating costs, charges for supervision and charges for the risk involved in drilling a well. Applicant also requests that it be designated as the Operator of said well.

5. A list of all interested parties known to Applicant is attached hereto.

Applicant respectfully requests that this application be set for hearing before a duly appointed examiner of the Oil Conservation Division on Docket 22-78 on July 6, 1978 or at the earliest possible date.

Respectfully submitted,

MARATHON OIL COMPANY

By 

Robert J. Pickens  
P. O. Box 3128  
Houston, Texas 77001  
Attorney for Marathon Oil Company

RJP:gt  
Attach.

LIST OF INTERESTED PARTIES  
EAST GARRETT AREA  
LEA COUNTY, NEW MEXICO

Amoco Production Company  
P. O. Box 3092  
Houston, Texas 77001  
Attention: Mr. John Atkinson

Roy G. Barton, Jr.  
P. O. Box 968  
Hobbs, New Mexico 88240

Richard L. Moore  
P. O. Box 1733  
Midland, Texas 79702

Michael H. Moore  
P. O. Box 1733  
Midland, Texas 79702

Stephen S. Moore  
P. O. Box 1733  
Midland, Texas 79702

Neva L. Harris  
P. O. Box 20767  
Oklahoma City, Oklahoma 73120

Jerry L. Hooper  
(Address to be furnished)

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

JUL - 8 1978

APPLICATION OF ATLANTIC RICHFIELD )  
COMPANY FOR COMPULSORY POOLING, )  
LEA COUNTY, NEW MEXICO )

Atlantic Richfield Company, by its undersigned attorneys, hereby makes application for an order pooling all royalty interests in the Ellenburger, McKee and Devonian formations underlying the S $\frac{1}{2}$  of Section 21, Township 22 South, Range 36 East, N.M.P.M., Lea County, New Mexico, and in support thereof would show:

1. Applicant is the owner of the oil and gas leasehold in the S $\frac{1}{2}$  of Section 21, Township 22 South, Range 36 East, N.M.P.M. Peter Francis Jones, et al, are the owners of the royalty interests in the S $\frac{1}{2}$  of Section 21, Township 22 South, Range 36 East, N.M.P.M.

2. Applicant proposes to drill a well 1,980 feet from the South line and 1,980 feet from the West line of Section 21 to a depth sufficient to test the Ellenburger, McKee and Devonian formations and seeks to dedicate the S $\frac{1}{2}$  of said Section 21 to the well. Applicant has requested Peter Francis Jones, et al, as owners of royalty interests to agree to pool or combine their respective interests under the well, but they have so far refused to do so.

3. The pooling of all interests in the Ellenburger, McKee and Devonian formations in the S $\frac{1}{2}$  of said Section 21 will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

4. Applicant requests that this matter be heard at the June 21, 1978 examiner's hearing.

HINKLE, COX, EATON,  
COFFIELD & HENSLEY

By: 

Conrad E. Coffield  
Post Office Box 3580  
Midland, Texas 79702  
Attorneys for Atlantic  
Richfield Company





STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

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

CASE NO. 6269  
Order No. R-5766

APPLICATION OF MARATHON OIL COMPANY  
FOR COMPULSORY POOLING, LEA COUNTY,  
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on July 6, 1978, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 17th day of July, 1978, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Marathon Oil Company, seeks an order pooling all mineral interests in all formations from the top of the San Andres formation through the Abo formation underlying the NE/4 NW/4 of Section 25, Township 16 South, Range 38 East, NMPM, Lea County, New Mexico.

(3) That the applicant has the right to drill and proposes to drill a well at a standard location thereon.

(4) That there are interest owners in the proposed proration unit who have not agreed to pool their interests.

(5) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the oil and gas underlying said unit, the subject application should be approved by pooling all mineral interests, whatever they may be, within the unit.

(6) That the applicant should be designated the operator of the subject well and unit.

(7) That any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(8) That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 200 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

(9) That any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but that actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(10) That following determination of reasonable well costs, any non-consenting working interest owner that has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

(11) That \$1500.00 per month while drilling and \$284.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(12) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(13) That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before September 1, 1978, the order pooling said unit should become null and void and of no effect whatsoever.

Case No. 6269  
Order No. R-5766

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in all formations from the top of the San Andres through the Abo underlying the NE/4 NW/4 of Section 25, Township 16 South, Range 38 East, NMPM, Lea County, New Mexico, are hereby pooled to form a standard 40 acre oil spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the first day of September, 1978, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Abo formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the first day of September, 1978, Order (1) of this order shall be null and void and of no effect whatsoever; unless said operator obtains a time extension from the Division for good cause shown.

PROVIDED FURTHER, that should said well not be drilled to completion or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Order (1) of this order should not be rescinded.

(2) That Marathon Oil Company is hereby designated the operator of the subject well and unit.

(3) That after the effective date of this order and within 30 days prior to commencing said well, the operator shall furnish the Division and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

(4) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) That the operator shall furnish the Division and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; that if no objection to the actual well costs is received by the Division and the Division has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to

actual well costs within said 45-day period the Division will determine reasonable well costs after public notice and hearing.

(6) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner that has paid his share of estimated costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(7) That the operator is hereby authorized to withhold the following costs and charges from production:

(A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(B) As a charge for the risk involved in the drilling of the well, 200 percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(8) That the operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

(9) That \$1500.00 per month while drilling and \$284.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(10) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

-5-

Case No. 6269  
Order No. R-5766

(11) That any well costs or charges which are to be paid out of production shall be withheld only from the working interests share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(12) That all proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in Lea County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Division of the name and address of said escrow agent within 90 days from the date of this order.

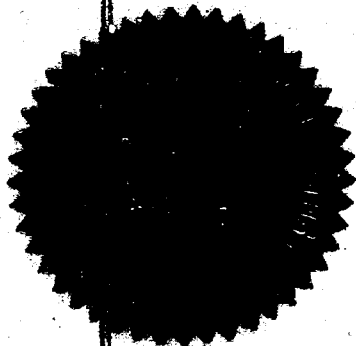
(13) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

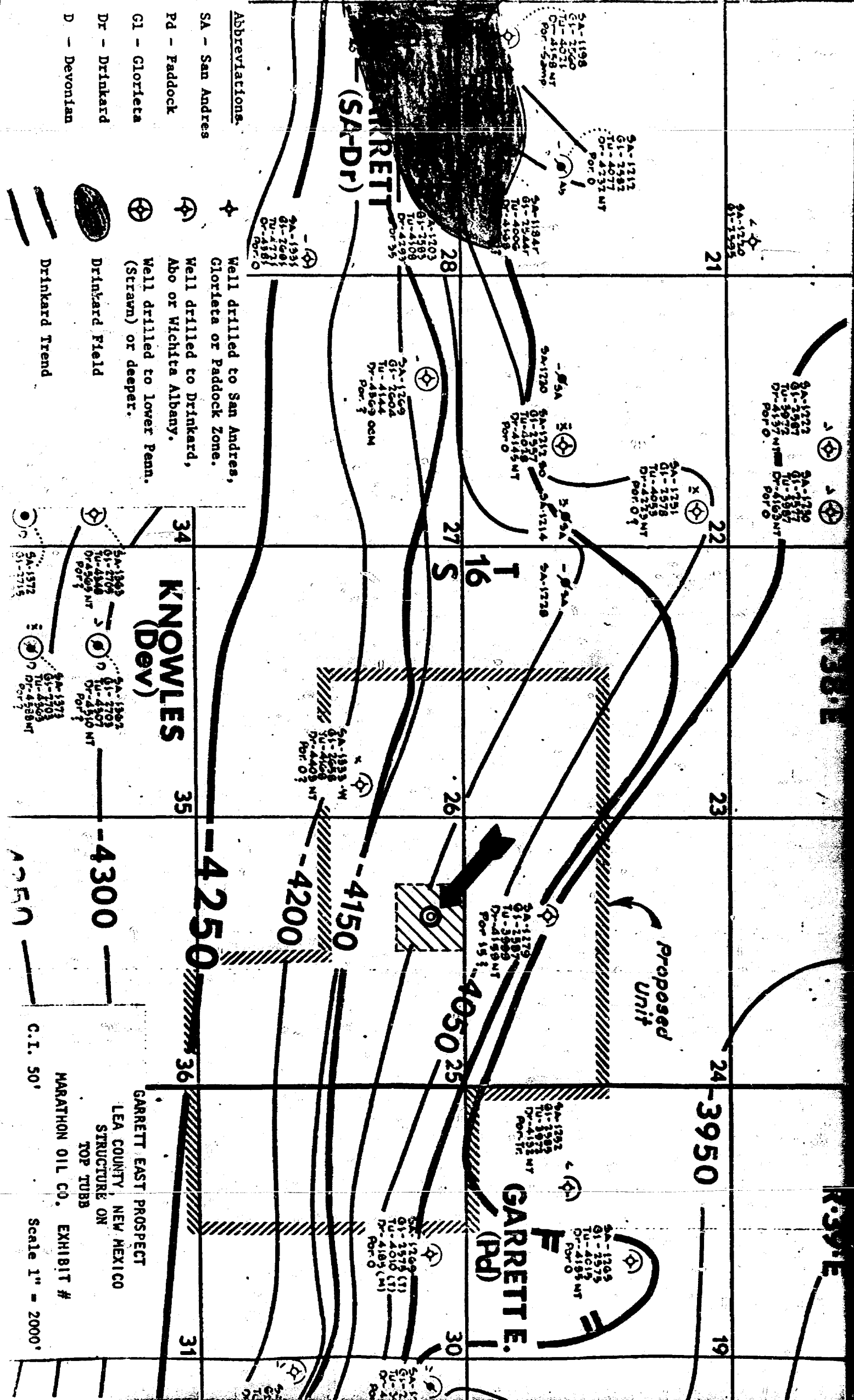
  
JOE D. RAMEY  
Director

S E A L



fd/

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**Scale 1" = 2000'**

GARRETT / EAST PROSPECT  
LEA COUNTY, NEW MEXICO  
STRUCTURE ON  
TOP TUBBS  
MARATHON OIL CO. EXHIBIT #





**Marathon  
Oil Company**

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

April 7, 1978

ALL INTEREST OWNERS

Gentlemen:

Re: Proposed East Garrett Working Interest Unit  
Lea County, New Mexico

Marathon Oil Company, as Operator, proposes forming a 1,440 acre working interest unit for the drilling of an 8,500 foot Abo test located in the NE $\frac{1}{4}$  of Sec. 25, T-16-S, R-38-E, N.M.P.M., Lea County, New Mexico, for a July 1, 1978 commencement. Estimated costs are \$409,050.00 for a completed producer and \$258,440.00 for a dry hole. The unit area consists of SE $\frac{1}{4}$  Sec. 23,  $\frac{1}{2}$  Sec. 24, N $\frac{1}{2}$  and SE $\frac{1}{4}$  Sec. 25, and NE $\frac{1}{4}$  Sec. 26, T-16-S, R-38-E, and the W $\frac{1}{2}$  Sec. 30, T-16-S, R-39-E (see attached plat), with the following ownership:

Marathon Oil Company	760.50 net acres	52.812500%
Amoco Production Company	601.17 " "	41.747685%
Roy G. Barton, Jr. (minerals)	25.00 " "	1.736111%
Jerry Lee Hooper (minerals)	13.33 " "	.925926%
Richard L. Moore (minerals)	10.00 " "	.694445%
Michael H. Moore (minerals)	10.00 " "	.694444%
Stephen S. Moore (minerals)	10.00 " "	.694444%
Neva L. Harris (minerals)	10.00 " "	.694445%
	1,440.00 net acres	100.000000%

Your joinder in this proposal is requested either by (1) participating in the drilling of such a test well, or (2) leasing your mineral interests, or (3) committing your acreage on farmout terms.

Your prompt response to this proposal is requested.

Yours very truly,

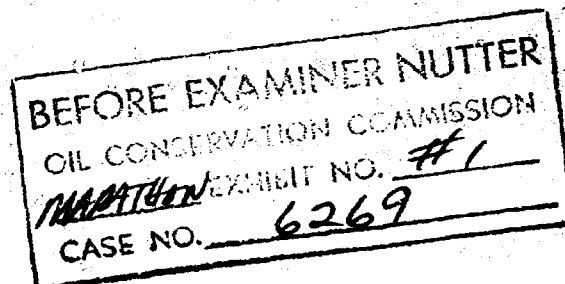
MARATHON OIL COMPANY

*A. W. Hanley*

A. W. Hanley  
District Landman

AWH-RLM:dr  
Encl.

Addressee list attached



ADDRESSEE LIST

EAST GARRETT W. I. UNIT

Amoco Production Company  
P. O. Box 3092  
Houston, Texas 77001  
Attention: Mr. John Atkinson

Roy G. Barton, Jr.  
P. O. Box 968  
Hobbs, New Mexico 88240

Jerry L. Hooper  
P. O. Drawer 2086  
Midland, Texas 79702

Richard L. Moore  
P. O. Box 1733  
Midland, Texas 79702

Michael H. Moore  
P. O. Box 1733  
Midland, Texas 79702

Stephen S. Moore  
P. O. Box 1733  
Midland, Texas 79702

Neva L. Harris  
P. O. Box 20767  
Oklahoma City, Oklahoma 73120



Received 6-14-78 DE

INSTRUCTIONS TO DELIVERING EMPLOYEE	
Show to whom, date, and address where delivered	<input type="checkbox"/> Deliver ONLY to addressee
(Additional charges required for these services)	

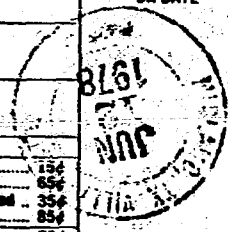
**RECEIPT**  
Received the numbered article described below.

REGISTERED NO.	1	SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)
CERTIFIED NO.	2	SIGNATURE OF ADDRESSEE'S AGENT, IF ANY
INSURED NO.	3	SHOW WHERE DELIVERED (only if requested)
DATE DELIVERED	6-12-78	

PS Form 3800 July 1969

No. 103219

**RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)**

SENT TO		POSTMARK OR DATE
Jerry L. Hooper		
STREET AND NO.		
P. O. Drawer 2086		
P.O., STATE AND ZIP CODE		
Midland, Texas 79702		
OPTIONAL SERVICES FOR ADDITIONAL FEES		
RETURN RECEIPT SERVICES	1. Shows to whom and date delivered	15¢
	With delivery to addressee only	65¢
	2. Shows to whom, date and where delivered	35¢
	With delivery to addressee only	85¢
DELIVER TO ADDRESSEE ONLY		50¢
SPECIAL DELIVERY (2 pounds or less)		45¢

POD Form 3800 July 1969

**NO INSURANCE COVERAGE PROVIDED—NOT FOR INTERNATIONAL MAIL**

(See other side)  
PS Form 3800 July 1969

Form Actna Eaves Well No. 1 State New Mexico County Lea  
Location 1980' FNL & 660' FNL, Sec. 25, T-16-S, R-38-E  
Field or Prospect Garrett East Unit Date 5-15-78

Form 1832 Rev. 8-62  
Sheet 3

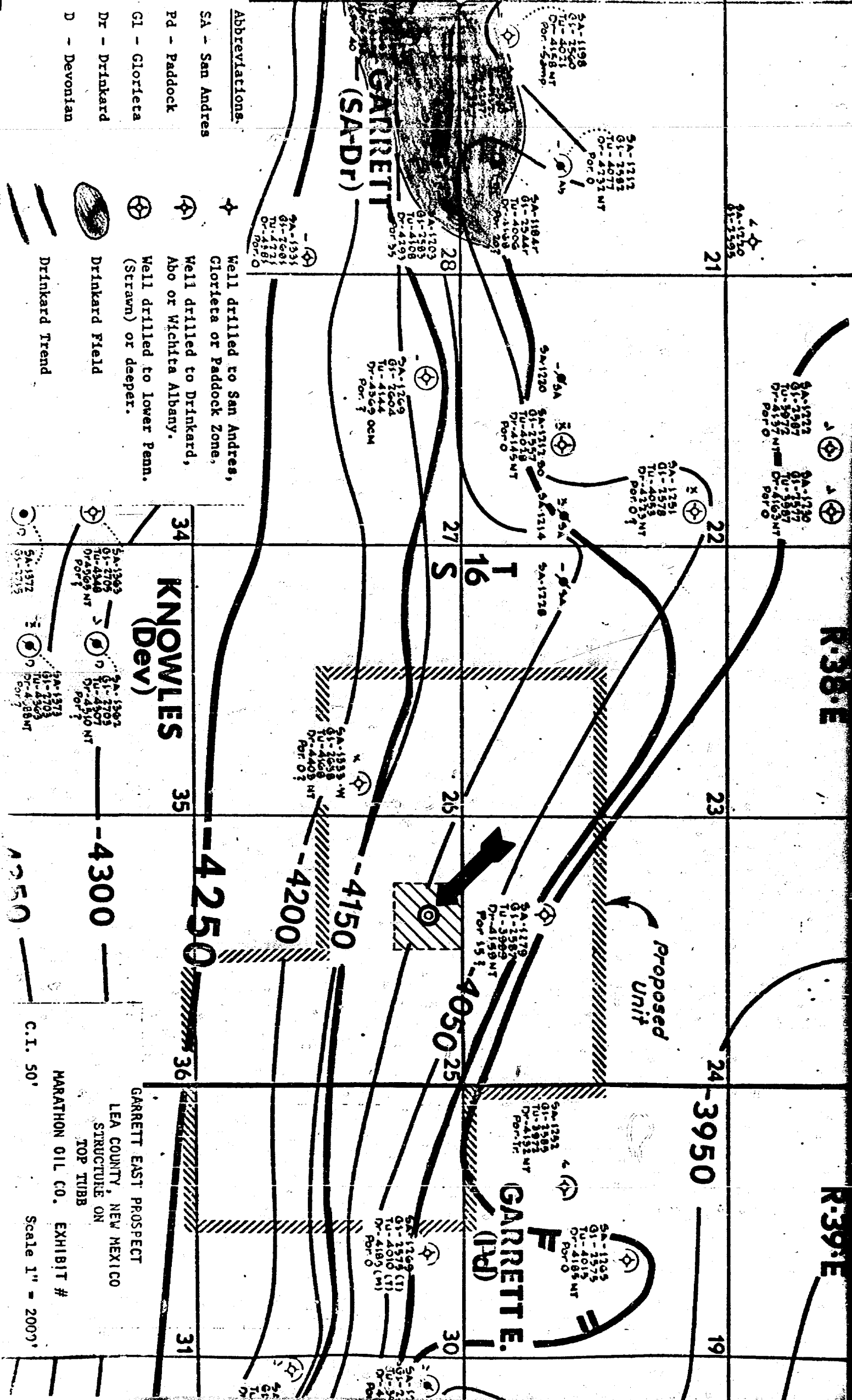
	CLASSIFICATION OF ITEMS	Quantity	Material on Hand	Cash Expenditure	Total Cost
B.	COMPLETION COSTS				
	COMPLETION COSTS—TANGIBLE				
	1. CASING AND TUBING				
	A. Production Casing 5 1/2"	8500'			46,600
	B. Liners				
	C. Tubing 2 3/8"	8500'			17,510
	2. OTHER EQUIPMENT				
	A. Christmas Tree				8,000
	B. Tubinghead				
	C. Packers				
	D. Gas Lift Equipment				
	E. Sucker Rods				
	F. Sub-Surface Pumping Equipment				
	G. Miscellaneous				2,000
	TOTAL COMPLETION COSTS—TANGIBLE				74,110
	COMPLETION COSTS—INTANGIBLE				
	1. CONTRACT DRILLING				
	A. Day Work				8,000
	B. Standby & Miscellaneous				2,500
	2. COMPANY DRILLING				
	A. Day Work				
	3. SPECIALIZED SERVICES				
	A. Cement and Cementing				8,500
	B. Geological & Engineering				
	C. Acidizing				5,000
	D. Fracing				
	E. Nitro Shots				
	F. Perforating				2,000
	G. Swabbing				
	H. Miscellaneous				
	4. TRUCKING AND TRANSPORTATION				
	A. Pipe Trucking				1,500
	B. Other Trucking				1,000
	5. INTANGIBLE MATERIAL				
	A. Scratchers and Centralizers				1,000
	B. Float Equipment				
	6. PAYROLL BURDENS (if not directly applied)				
	7. MISCELLANEOUS INTANGIBLE COSTS				5,000
	TOTAL COMPLETION COSTS—INTANGIBLE				34,500
	TOTAL COMPLETION COSTS				108,610

APPROVED this \_\_\_\_\_ day of June, 1978.

	CLASSIFICATION OF ITEMS	Quantity	Material on Hand	Cash Expenditure	Total Cost
C	SURFACE EQUIPMENT				
	SURFACE EQUIPMENT—TANGIBLE				
	1. PUMPING EQUIPMENT				
	A. Pumping Unit				
	B. Engine & Accessories				
	C. Electric Motor & Equipment				
	D. Hydraulic Pump Installation				
	E. Pumping Jack—Pumping Power				
	2. TANKS AND RELATED EQUIPMENT				10,000
	3. OTHER EQUIPMENT				
	A. Heater—Treater				
	B. Separator—Trap				4,500
	C. Dehydrating Equipment				
	D. Surface Rods				
	E. Metering Equipment				
	F. Line Pipe				5,000
	G. Connections				6,000
	H. Miscellaneous				3,000
	4. INSTALLATION COSTS				
	A. Contract Labor				10,000
	B. Company Labor				
	C. Trucking and Transportation				2,000
	D. Payroll Burdens (if not directly applied)				
	E. Miscellaneous Supplies				1,500
	TOTAL SURFACE EQUIPMENT—TANGIBLE				42,000

R-38.E

R-39.E



Abbreviations.

- SA - San Andres
- Pd - Paddock
- GI - Giorleta
- Dr - Drinkard
- D - Devonian

- Well drilled to San Andres, Giorleta or Paddock Zone.
- Well drilled to Drinkard, Abo or Wichita Albany.
- Well drilled to lower Penn. (Strawn) or deeper.
- Drinkard Field
- Drinkard Trend

C.I. 50'  
Scale 1" = 2000'

Dockets Nos. 23-78 and 24-78 are tentatively set for hearing on July 19 and August 2, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - JULY 6, 1978

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

- CASE 6265:** In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Beck Producing Co. and all other interested parties to appear and show cause why the Cain State Well No. 1 located in Unit B of Section 16, Township 15 North, Range 33 East, Harding County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 6266:** Application of Harvey E. Yates Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of an Upper Pennsylvanian test well to be located 660 feet from the North and East lines or, in the alternative, 990 feet from the North and East lines of Section 23, Township 22 South, Range 23 East, Indian Basin-Upper Pennsylvanian Gas Field, Eddy County, New Mexico, all of said Section 23 to be dedicated to the well.
- CASE 6267:** Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the E/2 of Section 28, Township 17 South, Range 26 East, Kennedy Farms Field, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6268:** Application of Southland Royalty Company for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Reid Well No. 25 to be drilled in the SE/4 of Section 19, Township 28 North, Range 9 West, Blanco Mesaverde Pool, San Juan County, New Mexico, said well being off-pattern for the first well on the proration unit, the S/2 of Section 19.
- CASE 6269:** Application of Marathon Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in all formations from the top of the San Andres thru the Abo underlying the NE/4 NW/4 of Section 25, Township 16 South, Range 38 East, Lea County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6270:** Application of Enserch Exploration, Inc., for pool creation and special pool rules, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks an order creating a new oil pool in the Fusselman formation for its Lambirth Well No. 1 located in Unit K of Section 31, Township 5 South, Range 33 East, Roosevelt County, New Mexico, and for promulgation of special pool rules, including provision for 80-acre spacing, a gas-oil ratio limitation of 3,000 to 1, and special well location requirements.
- CASE 6258:** (Continued from June 21, 1978, Examiner Hearing)
- Application of Atlantic Richfield Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Devonian, McKee, and Ellenburger formations underlying the S/2 of Section 21, Township 22 South, Range 36 East, Lea County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6262:** (Continued from June 21, 1978, Examiner Hearing)
- Application of Adobe Oil & Gas Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mississippian formation underlying the SE/4 of Section 17, Township 14 South, Range 36 East, Austin Field, Lea County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.





**Marathon  
Oil Company**

Robert J Pickens  
Attorney  
Houston Division  
Production US & Canada

PO Box 3128  
Houston Texas 77001  
Telephone 713/629 6600

June 12, 1978

Oil Conservation Division  
Energy and Minerals  
Departments  
State of New Mexico  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Attention: Mr. Joe D. Raimey,  
Secretary-Director

Dear Sir:

By letter dated June 10, 1978, Marathon Oil Company submitted its Application for Compulsory Pooling of the Northwest Quarter (NW/4) of Section 25, Township 16 South, Range 38 East, N.M.P.M., Lea County, New Mexico and requested an Examiner's Hearing on the same. A list of interested parties was attached to said Application and the address of one Jerry L. Hooper was not available at said time. Please be advised that the address of Jerry L. Hooper is as follows:

Jerry L. Hooper  
P. O. Drawer 2086  
Midland, Texas 79702

Please add said address to the list of interested parties to complete the same on said Application.

Yours very truly,

  
ROBERT J. PICKENS

RJP/bt

$dr/$ 

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

Order No. R- 5766

### ORDER OF THE DIVISION

NOW, on this \_\_\_\_\_ day of July, 1978, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Marathon Oil Company,  
seeks an order pooling all mineral interests in all formations from  
formation through the Abo formation  
the top of the San Andres underlying the NE/4 NW/4  
of Section 25, Township 16 South, Range 38 East  
NMPM, \_\_\_\_\_, Lea County, New  
Mexico.



(3) That the applicant has the right to drill and proposes to drill a well at a standard location thereon.

(4) That there are interest owners in the proposed proration unit who have not agreed to pool their interests.

(5) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the <sup>oil and</sup> gas ~~underlying said unit,~~ <sup>A</sup> ~~in said pool,~~ the subject application should be approved by pooling all mineral interests, whatever they may be, within ~~said~~ <sup>the</sup> unit.

(6) That the applicant should be designated the operator of the subject well and unit.

(7) That any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(8) That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 200 ~~percent~~ thereof as a reasonable charge for the risk involved in the drilling of the well.

(9) That any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but that actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(10) That following determination of reasonable well costs, any non-consenting working interest owner that has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

while drilling and \$284.00 per month  
while producing

(11) That \$1500.00 per month should be fixed as a reasonable charge for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(12) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(13) That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before September 1, 1978, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, top of the San Andres through the Abo in ~~the~~ all formations from the/ ~~formation~~ underlying the NE/4 NW/4 of Section 25, Township 16 South, Range 38 East, NMPM, Lea County, New Mexico, are hereby pooled to form a standard 40 acre oil spacing and proration unit to be dedicated to a well to be drilled to be drilled at a standard location thereon.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the first day of September, 1978, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Abo formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the first day of September, 1978, Order (1) of this order shall be null and void and of no effect whatsoever; unless said operator obtains a time extension from the Division for good cause shown.

PROVIDED FURTHER, that should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Order (1) of this order should not be rescinded.

(2) That Marathon Oil Company is hereby designated the operator of the subject well and unit.

(3) That after the effective date of this order and within 30 days prior to commencing said well, the operator shall furnish the Division and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

(4) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) That the operator shall furnish the Division and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; that if no objection to the actual well costs is received by the Division, and the Division has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 45-day period the Division will determine reasonable well costs after public notice and hearing.

(6) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner that has paid his share of estimated costs in advance as provided

Case No.  
Order No. R-

above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(7) That the operator is hereby authorized to withhold the following costs and charges from production:

(A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(B) As a charge for the risk involved in the drilling of the well, 200 percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(8) That the operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs. *while drilling and \$284.00 per month while producing are*

(9) That \$1500.00 per month <sup>is</sup> hereby fixed as ~~reasonable~~ charges for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

-6-

Case No.

Order No. R-

(10) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(11) That any well costs or charges which are to be paid out of production shall be withheld only from the working interests share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(12) That all proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in Lea County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Division of the name and address of said escrow agent within 90 days from the date of this order.

(13) 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 day and year hereinabove designated.