



NSP-1475(L)

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

June 1, 2005

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

Marathon Oil Company
P. O. Box 3487
Houston, Texas 77253-3487

Attention: Charles E. Kendrix
Engineering Technician
cekendrix@marathonoil.com

Administrative Order NSP-1474-A
Administrative Order NSP-1475-A (L) (SD)
Administrative Order NSL-5211 (SD)

Dear Mr. Kendrix:

Reference is made to the following: (i) your application that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on May 10, 2005; and (ii) the Division's records in Hobbs and Santa Fe, including the files on Division Administrative Orders NSP-1474, NSP-1475 (L), and SD-00-04 and Division Case No. 1487: all concerning Marathon Oil Company's ("Marathon"), formerly The Ohio Oil Company, request additional development and to rededicate acreage in the Tubb Oil and Gas Pool (86440) on its J. L. Muncy fee lease comprising 320 acres, being the S/2 NE/4, E/2 SW/4, and SE/4, of Section 24, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.

Initially, Tubb gas production from The Ohio Oil Company's J. L. Muncy Well No. 1 (API No. 30-025-10440), located at a standard gas well location 660 feet from the South and East lines (Unit P) of Section 24, was dedicated to the SE/4 of Section 24, being a standard 160-acre gas spacing and proration unit ("GPU") in the Tubb Oil and Gas Pool.

By Division Order No. R-1232, issued in Case No. 1487 on August 6, 1958, The Ohio Oil Company, received authorization to develop the Tubb Oil and Gas Pool within this lease from: (i) a 160-acre non-standard gas spacing and proration unit ("GPU") consisting of the S/2 NE/4 (Units G and H), NE/4 SW/4 (Unit K), and NW/4 SE/4 (unit J) of Section 24 to be dedicated to the J. L. Muncy Well No. 2 (API No. 30-025-10441), located at a standard Tubb gas well location 1980 feet from the South and East lines (Unit K) of Section 24 [see Ordering Paragraph No. (3)]; and (ii) a 160-acre non-standard GPU consisting of the SE/4 SW/4 (Unit N), NE/4 SE/4 (Unit I), and S/2 SE/4 (Units O and P) of Section 24 to be dedicated to the above-described J. L. Muncy Well No. 1.

Marathon Oil Company
Division Administrative Order NSP-1474-A
Division Administrative Order NSP-1475-A (L) (SD)
Division Administrative Order NSL-5211 (SD)

June 1, 2005

Page 2

Currently on record with the Division are the following two Administrative orders granting approval for two non-standard 160-acre GPU's in the Tubb Oil and Gas Pool within Marathon's above-described J. L. Muncy lease:

- (i) with NSP-1474, dated November 6, 1985 (*Division administrative order reference No. pNSP0-014742002*), the E/2 SW/4 (Units K and N) and the S/2 SE/4 (Units O and P) of Section 24 was assigned to the above-described J. L. Muncy Well No. 1 in Unit "P" of Section 24; Tubb gas production within the aforementioned J. L. Muncy Well No. 2 in Unit "K" of Section 24 had since been abandoned; and
- (ii) with NSP-1475 (L), also dated November 6, 1985 (*Division administrative order reference No. pNSP0-014752002*), the S/2 NE/4 (Units G and H) and the N/2 SE/4 (Units I and J) of Section 24 were assigned to Marathon's J. L. Muncy Well No. 6 (API No. 30-025-29218), located at an unorthodox Tubb gas well location (also approved by this administrative order) 1920 feet from the South line and 330 feet from the East line (Unit I) of Section 24. By NMOCD Correspondence Reference No. SD-00-04 (*Division administrative order reference No. pMES0-515232880*), the Division confirmed that Marathon's J. L. Muncy Well No. 11 (API No. 30-025-33947), located at a standard Tubb gas well location for this GPU 2310 feet from the North line and 1980 feet from the East line (Unit G) of Section 24 was an approved infill gas well to the J. L. Muncy Well No. 6.

It is the Division's understanding at this time that Marathon, pursuant to the provisions of: (i) Division Rule 104.D (2); (ii) Division Rule 605; and (iii) the "*Special Rules and Regulations for the Tubb Oil and Gas Pool*," as promulgated by Division Order No. R-8170, as amended, seeks with its application of May 10, 2005, the following:

- (1) To establish an 80-acre non-standard GPU comprising the S/2 NE/4 (Units G and H) of Section 24 by deleting the N/2 SE/4 (Units I and J) of Section 24 from the previously established 160-acre non-standard GPU approved by Division Administrative Order NSP-1475 (L) to be simultaneously dedicated to the above-described J. L. Muncy Well No. 11 (now located at an unorthodox Tubb gas well location for this newly formed 80-acre GPU) and to the J. L. Muncy Well No. 7 (API No. 30-025-29219), also located at an unorthodox Tubb gas well location also in Unit "G" 2086 feet from the North line and 1874 feet from the East line of Section 24, herein assigned *Division administrative order reference No. pMES0-515235112*;

Marathon Oil Company
Division Administrative Order NSP-1474-A
Division Administrative Order NSP-1475-A (L) (SD)
Division Administrative Order NSL-5211 (SD)

June 1, 2005

Page 3

(2) To establish a second 80-acre non-standard GPU comprising the E/2 SW/4 (Units K and N) of Section 24 by deleting the S/2 SE/4 (Units O and P) of Section 24 from the previously established 160-acre non-standard GPU approved by Division Administrative Order NSP-1474 for Marathon's above-described J. L. Muncy Well No. 2, to be recompleted as a gas well in the Tubb Oil and Gas Pool at a standard gas well location in Unit "K" of Section 24, herein assigned *Division administrative order reference No. pMES0-515234714*; and

(3) To simultaneously dedicate its above-described J. L. Muncy Wells No. 1 (Unit P) and 6 (Unit I) to the resulting standard 160-acre Tubb GPU comprising the SE/4 (Units I, J, O, and P) of Section 24. The locations of the J. L. Muncy Wells No. 1 and 6 are also standard and unorthodox, respectively, for this newly established 160-acre GPU, herein assigned *Division administrative order reference No. pMES0-515235445*.

Approval of the request as proposed should enable Marathon to further develop and deplete the gas reserves from the Tubb Oil and Gas Pool within its J. L. Muncy fee lease that might not otherwise be recovered.

By the authority granted me under the provisions of Division Rules 104.D (2), 104.F (2), 605.B (2) (b), and 605.D (4) (a), and the applicable provisions of the special pool rules governing the Tubb Oil and Gas Pool, the: (i) unorthodox gas well locations for the three above-described J. L. Muncy Wells No. 6, 7, and 11; and (ii) two above-described non-standard 80-acre GPU's, are hereby approved as referenced by the following Division Administrative Orders:

- (1) NSP-1474-A, which order is to correspond with *Division administrative order reference No. pMES0-515234714*;
- (2) NSP-1475-A (L) (SD), to correspond with *Division administrative order reference No. pMES0-515235112*; and
- (3) NSL-5211 (SD), to correspond with *Division administrative order reference No. pMES0-515235445*.

Marathon Oil Company
Division Administrative Order NSP-1474-A
Division Administrative Order NSP-1475-A (L) (SD)
Division Administrative Order NSL-5211 (SD)

June 1, 2005

Page 4

It is further ordered that Division Administrative Orders NSP-1474 and NSP-1475 (L), the provisions of NMOCD Correspondence Reference No. SD-00-04, and Ordering Paragraphs No. (3) and (5) of Division Order No. R-1232, are hereby placed in abeyance until further notice.

Jurisdiction of this matter shall be further retained for the entry of any such subsequent orders, as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Fesmire" followed by a stylized flourish or initials.

Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Hobbs
File: NSP-1474
NSP-1475 (L)
SD-00-04



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

October 27, 2000

Lori Wrotenbery
Director
Oil Conservation Division

Marathon Oil Company
P. O. Box 2490
Hobbs, New Mexico 88240
Attention: Thomas P. Kacir, Production Engineer

RE: NMOCD Correspondence Reference No. SD-00-04: Tubb Oil and Gas Pool development within an existing non-standard 160-acre gas spacing and proration unit ("GPU") comprising the S/2 NE/4 and N/2 SE/4 of Section 24, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico, which was approved by Division Administrative Order NSP-1475 (L), dated November 6, 1985.

Dear Mr. Kacir:

Reference is made to your letter dated May 8, 2000 notifying the New Mexico Oil Conservation Division's ("Division") Santa Fe office of Marathon Oil Company's plans for further Tubb gas development within the existing 160-acre non-standard gas spacing and proration unit ("GPU") comprising the S/2 NE/4 and N/2 SE/4 of Section 24, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico, which was also the subject of Division Administrative Order DHC-2750, dated June 22, 2000.

The rules currently governing spacing, well locations, and allowables for the Tubb Oil and Gas Pool include, but not necessarily limited to:

- (a) "*Special Rules and Regulations for the Tubb oil and Gas Pool*", as promulgated by Division Order No. R-8170, dated March 28, 1986, as amended by Division Orders No. R-8170-H, dated December 10, 1990, and R-10987, dated May 7, 1998; and
- (b) Division Rules 104 and 605.

It is our understanding that gas production attributed to the Tubb Oil and Gas Pool within this 160-acre GPU will to be simultaneously dedicated to the following two wells:

- J. L. Muncy Well No. 6 (API No. 30-025-29218), located at an unorthodox gas well location [also approved by Division Administrative Order NSP-1475 (L)] 1920 feet from the South line and 330 feet from the East line (Unit I) of Section 24; and

SD-00-04
Marathon Oil Company
October 27, 2000
Page 2

- J. L. Muncy Well No. 11 (API No. 30-025-33947), located at a standard gas well location 2310 feet from the North line and 1980 feet from the East line (Unit G) of Section 24.

Sincerely,



Michael E. Stogner
Chief Hearing Officer/Engineer

LW/mes

cc: New Mexico Oil Conservation Division - Hobbs
File: NSP-1475(L)
DHC-2750



TONY ANAYA
GOVERNOR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

November 6, 1985



1935 - 1985

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Marathon Oil Company
P. O. Box 2409
Hobbs, New Mexico 88240

Attention: Thomas F. Zapatka

Administrative Order NSP-1474

Gentlemen:

Reference is made to your application for a 160-acre non-standard proration unit consisting of the following acreage in the Tubb Oil and Gas Pool:

LEA COUNTY, NEW MEXICO
TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 24: E/2 SW/4 and S/2 SE/4

It is my understanding that this unit is to be dedicated to your J. L. Muncy Well No. 1 located 660 feet from the East line and 660 feet from the South line of said Section 24.

By authority granted me under the provisions of Rule 5(c)3 of Order No. R-6012, the above non-standard proration unit is hereby approved.

Sincerely,

R. L. STAMETS, DIRECTOR

cc: Oil Conservation Division - Hobbs

REMARKS: The applicant's J. L. Muncy Well No. 2 located in Unit K of said Section 24 is temporarily abandoned in the Tubb Oil & Gas Pool. Division Order No. R-1232 approved a 160-acre non-standard gas proration unit consisting of the S/2 NE/4, NW/4 SE/4 and the NE/4 SW/4 of said Section 24 to be dedicated to the J. L. Muncy Well No. 2 and a 160-acre non-standard gas proration unit consisting of the SE/4 SW/4, S/2 SE/4 and the NE/4 SE/4 of said Section 24 to be dedicated to the subject J. L. Muncy Well No. 1. Ordering Paragraphs Nos. (3) and (5) of said Order R-1232 are hereby placed in abeyance until further notice.

50 YEARS



1935 - 1985

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800



TONEY ANAYA
GOVERNOR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

November 6, 1985

Marathon Oil Company
P. O. Box 2409
Hobbs, New Mexico 88240

Attention: Thomas F. Zapatka

Administrative Order NSP-1475 (L)

Gentlemen:

Reference is made to your application for a 160-acre non-standard proration unit consisting of the following acreage in the Tubb Oil & Gas Pool:

LEA COUNTY, NEW MEXICO
TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 24: S/2 NE/4 and N/2 SE/4

It is my understanding that this unit is to be dedicated to your J. L. Muncy Well No. 6 located at an unorthodox location 330 feet from the East line and 1920 feet from the South line of said Section 24, hereby approved under the provisions of Rule 3 of Order No. R-6012

By authority granted me under the provisions of Rule 5(c)3 of Order No. R-6012, the above non-standard proration unit is hereby approved.

Sincerely,

R. L. STAMETS, DIRECTOR

RLS/DC/dr

cc: Oil Conservation Division - Hobbs

REMARKS: See Division Administrative Order NSP-1474

Entered August 7, 1958
O.P.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 1487
Order No. R-1232

APPLICATION OF OHIO OIL COMPANY
FOR TWO 160-ACRE NON-STANDARD GAS
PRORATION UNITS IN THE TUBB GAS
POOL AND FOR TWO 160-ACRE NON-
STANDARD GAS PRORATION UNITS IN THE
BLINEBRY GAS POOL, LEA COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on July 24, 1958, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, herein-after referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 6th day of August, 1958, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner, Elvis A. Utz, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Ohio Oil Company, is the operator of the SE/4, S/2 NE/4, and the E/2 SW/4 of Section 24, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the applicant is the operator of the following-described wells: J. L. Muncy Well No. 1, located 660 feet from the South line and 660 feet from the East line of said Section 24; J. L. Muncy Well No. 2, located 1980 feet from the South line and 1980 feet from the West line of said Section 24; J. L. Muncy Well No. 3, located 350 feet from the South line and 1720 feet from the West line of said Section 24.

(4) That by Order R-815 the applicant was granted a 160-acre non-standard gas proration unit in the Blinebry Gas Pool for the said J. L. Muncy Well No. 3, such unit consisting of the E/2 SW/4 and W/2 SE/4 of said Section 24.

(5) That the SE/4 of said Section 24 is presently dedicated to the said J. L. Muncy Well No. 1 in the Tubb Gas Pool.

(6) That Administrative Order DC-630 authorized the gas-gas dual completion of the said J. L. Muncy Well No. 2 in the Blinebry Gas Pool and the Tubb Gas Pool.

(7) That the applicant proposes the establishment of a 160-acre non-standard gas proration unit in the Blinebry Gas Pool, consisting of the SE/4 SW/4, SW/4 SE/4, and the E/2 SE/4 of said Section 24 to be dedicated to said J. L. Muncy Well No. 3.

(8) That the applicant proposes the establishment of a 160-acre non-standard gas proration unit in the Tubb Gas Pool, consisting of the SE/4 SW/4, SW/4 SE/4, and the E/2 SE/4 of said Section 24 to be dedicated to said J. L. Muncy Well No. 1.

(9) That the applicant proposes the establishment of a 160-acre non-standard gas proration unit in the Blinebry Gas Pool, consisting of the NE/4 SW/4, NW/4 SE/4 and the S/2 NE/4 of said Section 24 to be dedicated to said J. L. Muncy Well No. 2.

(10) That the applicant proposes the establishment of a 160-acre non-standard gas proration unit in the Tubb Gas Pool, consisting of the NE/4 SW/4, NW/4 SE/4, and the S/2 NE/4 of said Section 24 to be dedicated to said J. L. Muncy Well No. 2.

(11) That approval of the subject application will not cause waste nor impair correlative rights.

(12) That the subject application should be approved contingent upon the successful dual completion of the said J. L. Muncy Well No. 2 as a gas-gas dual in the Blinebry Gas Pool and the Tubb Gas Pool and the Commission being notified of such completion.

IT IS THEREFORE ORDERED:

(1) That the 160-acre non-standard gas proration unit in the Blinebry Gas Pool consisting of the E/2 SW/4 and W/2 SE/4 of Section 24, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico, approved by Order No. R-815, be and the same is hereby superseded contingent upon the successful dual completion in the Blinebry Gas Pool and Tubb Gas Pool of the J. L. Muncy Well No. 2, located 1980 feet from the South line and 1980 feet from the West line of said Section 24.

(2) That a 160-acre non-standard gas proration unit in the Blinebry Gas Pool, consisting of the SE/4 SW/4, SW/4 SE/4, and the E/2 SE/4 of said Section 24 be and the same is hereby established. Said unit is to be dedicated to the applicant's J. L. Muncy Well No. 3, located 350 feet from the South line and 1720 feet from the West line of said Section 24.

(3) That a 160-acre non-standard gas proration unit in the Tubb Gas Pool, consisting of the SE/4 SW/4, SW/4 SE/4, and the E/2 SE/4 of said Section 24 be and the same is hereby established. Said unit is to be dedicated to the applicant's J. L. Muncy Well No. 1, located 660 feet from the South line and 660 feet from the East line of said Section 24.

-3-

Case No. 1487
Order No. R-1232

(4) That a 160-acre non-standard gas proration unit in the Blinebry Gas Pool, consisting of the NE/4 SW/4, NW/4 SE/4, and the S/2 NE/4 of said Section 24 be and the same is hereby established. Said unit is to be dedicated to the above-described J. L. Muncy Well No. 2.

(5) That a 160-acre non-standard gas proration unit in the Tubb Gas Pool, consisting of the NE/4 SW/4, NW/4 SE/4, and the S/2 NE/4 of said Section 24 be and the same is hereby established. Said unit is to be dedicated to the above-described J. L. Muncy Well No. 2.

(6) That establishment of each of the above-described non-standard proration units is contingent upon the successful dual completion of said J. L. Muncy Well No. 2 as a gas-gas dual in the Blinebry Gas Pool and Tubb Gas Pool.

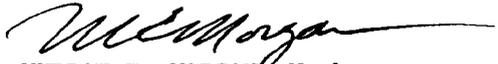
(7) That immediately upon dual completion of the above-referenced J. L. Muncy Well No. 2, the applicant shall notify the Commission by letter as to the results thereof.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman



MURRAY E. MORGAN, Member



A. L. PORTER, Jr., Member & Secretary

S E A L

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