

ABOVE THIS LINE FOR DIVISION USE ONLY

## NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

### ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

#### Application Acronyms:

[NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]  
 [DD-Directional Drilling] [SD-Simultaneous Dedication]  
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]  
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]  
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]  
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]  
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

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

[A] Location - Spacing Unit - Directional Drilling

☒ NSL ☐ NSP ☐ DD ☐ SD

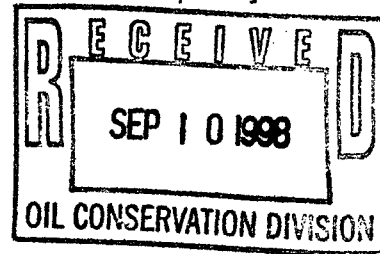
Check One Only for [B] and [C]

[B] Commingling - Storage - Measurement

☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR



#### [2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply

[A] ☒ Working, Royalty or Overriding Royalty Interest Owners

(none sent--Marathon is offset operator)

[B] ☐ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☐ Notification and/or Concurrent Approval by BLM or SLO

U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

#### [3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

W. T. KELLAHIA  
Print or Type Name

Signature

Title

Date

9/10/98

**KELLAHIN AND KELLAHIN**

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285  
TELEFAX (505) 982-2047

W. THOMAS KELLAHIN\*

\*NEW MEXICO BOARD OF LEGAL SPECIALIZATION  
RECOGNIZED SPECIALIST IN THE AREA OF  
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

September 10, 1998

**HAND DELIVERED**

Mr. Michael E. Stogner  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87501

OIL CONSERVATION DIV.  
98 SEP 10 PM 2:52

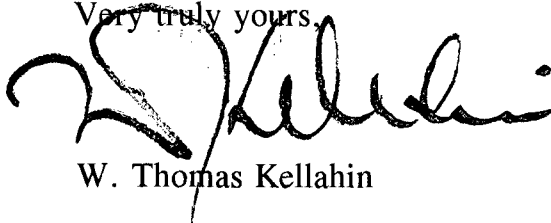
RE: **Indian Basin "32" Well No. 3**  
**950 feet FNL & 1350 feet FEL**  
**Section 32, T21S, R24E**  
Administrative Application of  
Marathon Oil Company for Approval  
of an Unorthodox Gas Well Location,  
Eddy County, New Mexico

Dear Mr. Stogner:

Please find enclosed our administrative application for approval of an unorthodox gas well location for Marathon Oil Company's Indian Basin "32" Well No. 3. This well location is unorthodox because Section 32 is currently included in the Indian Basin-Upper Penn Gas Pool.

This well is also within the proposed expansion area of the Indian Basin-Upper Penn Associated Pool which is the subject of Case 12006 presented to you at the hearing held on July 9, 1998. If an order is entered approving that case, then this proposed well location is no longer unorthodox and will be dedicated to the E/2 of this section.

Very truly yours,



W. Thomas Kellahin

fx: Marathon Oil Company  
Attn: Walter Dueease

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

**IN THE MATTER OF THE ADMINISTRATIVE  
APPLICATION OF MARATHON OIL COMPANY  
FOR APPROVAL OF AN UNORTHODOX GAS WELL  
LOCATION, EDDY COUNTY, NEW MEXICO**

**ADMINISTRATIVE APPLICATION**

Comes now Marathon Oil Company, by and through its attorneys, Kellahin and Kellahin, and in accordance with Division General Rule 104.F applies to the New Mexico Oil Conservation Division for administrative approval of an unorthodox gas well location for its Indian Basin "32" Well No. 3 ("Well No. 3") which is to be drilled at an unorthodox gas well location 950 feet FNL and 1350 feet FEL of Section 32, T21S, R24E, Eddy County, New Mexico and to be dedicated to a standard 640-acre gas proration and spacing unit consisting of all of this section for production from the Indian Basin Upper Pennsylvanian Gas Pool, and in support states:

(1) Marathon Oil Company ("Marathon") is the proposed operator of the subject well is located. **See Exhibit 1**

(2) Section 32 is within the current boundary of the Indian Basin-Upper Pennsylvanian Gas Pool, the special rules and regulations of which provide, among other things, that:

(a) wells shall be no closer than 1650 feet to an outerboundary of a GPU;

(b) a GPU consisting of 640-acres;

(3) Section 32 is currently dedicated as a 640-acre gas spacing unit in the Indian Basin-Upper Pennsylvanian Gas Pool and contains two wells:

(a) The Getty 32 State Well No 1-Y at an unorthodox gas well location 1270 feet FSL and 660 feet FWL approved by Administrative Order NSL-1960 dated January 30, 1989; and

(b) The 32 State Well No 2 located 2000 feet FSL and 1650 feet FEL.

**Administrative Application of  
Marathon Oil Company  
Page 2**

(4) Section 32 is also included within the area which is the subject of Division Case 12006 in which Marathon has sought to delete from the Indian Basin-Upper Penn Gas Pool and to add to the Indian Basin Upper Penn Associated Pool, the special rules and regulations of which provide, among other things, that:

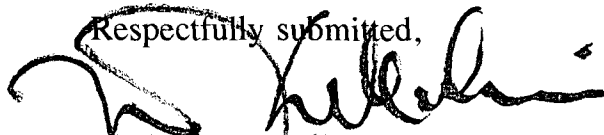
- (a) wells shall be no closer than 660 feet to an outerboundary of a GPU;
- (b) a GPU consisting of 320-acres;
- (c) multiple wells can be drilled within a GPU limited however to no more than one well per 80 acre tract;
- (d) a maximum oil allowable of 1400 BOPD;
- (e) a maximum gas allowable of 9.8 MMCFPD; and
- (f) a GOR of 7,000 to 1.

(5) In the event an order is entered in Case 12006 approving that application then this requested unorthodox well location will be "standard" and Marathon will dedicate a 320-acre GPU consisting of the E/2 of this section to this well.

(6) Marathon desires to locate this well in the NE/4 of this section but is precluded from drilling at a standard location for the Indian Basin Upper Penn Gas Pool because the BLM regards any standard location in the NE/4 of this section as one which would interfere with the Scenic Byways Visual Resources of State Highway 137 which is visible 0.2 miles to the north. **See Exhibit 2.**

(7) No notification of this application is required because encroachment is towards spacing units in Sections 27, 28 and 34 all operated by Marathon. **See Exhibit 3**

WHEREFORE, Marathon Oil Company requests that this matter be approved administratively by the Division.

Respectfully submitted,  
  
W. Thomas Kellahin  
Kellahin and Kellahin  
P.O. Box 2265  
Santa Fe, New Mexico 87504-2265  
(505) 982-4285  
Attorneys for Applicant

## DISTRICT I

P.O. Box 1840, Hobbs, NM 88241-1800

## DISTRICT II

P.O. Drawer 22, Artesia, NM 88211-0716

## DISTRICT III

1000 Rio Pecos Rd., Artesia, NM 87410

## DISTRICT IV

P.O. Box 2000, Santa Fe, NM 87504-2008

## State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised February 10, 1994

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

## OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
		Indian Basin Upper Pennsylvanian Gas
Property Code	Property Name	Well Number
	INDIAN BASIN "32" STATE	3
OGRD No. 14021	Operator Name MARATHON OIL COMPANY	Elevation 4201

## Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	32	21 S	24 E		950	NORTH	1250	EAST	EDDY

## Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
640			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<b>OPERATOR CERTIFICATION</b>  I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.  <u>Walter Duncan</u> Signature D. R. Hall Printed Name Drilling Superintendent Title 9/2/98 Date
	<b>SURVEYOR CERTIFICATION</b>  I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.  FEBRUARY 24, 1998 Date Surveyed Signature & Seal of Professional Surveyor <u>Ronald E. Eidson</u> W.O. Num. 98-13-0100 Certificate No. RONALD E. EIDSON, 3238 GARY E. EIDSON, 12041 McDONALD, 12180

EXHIBIT  
1

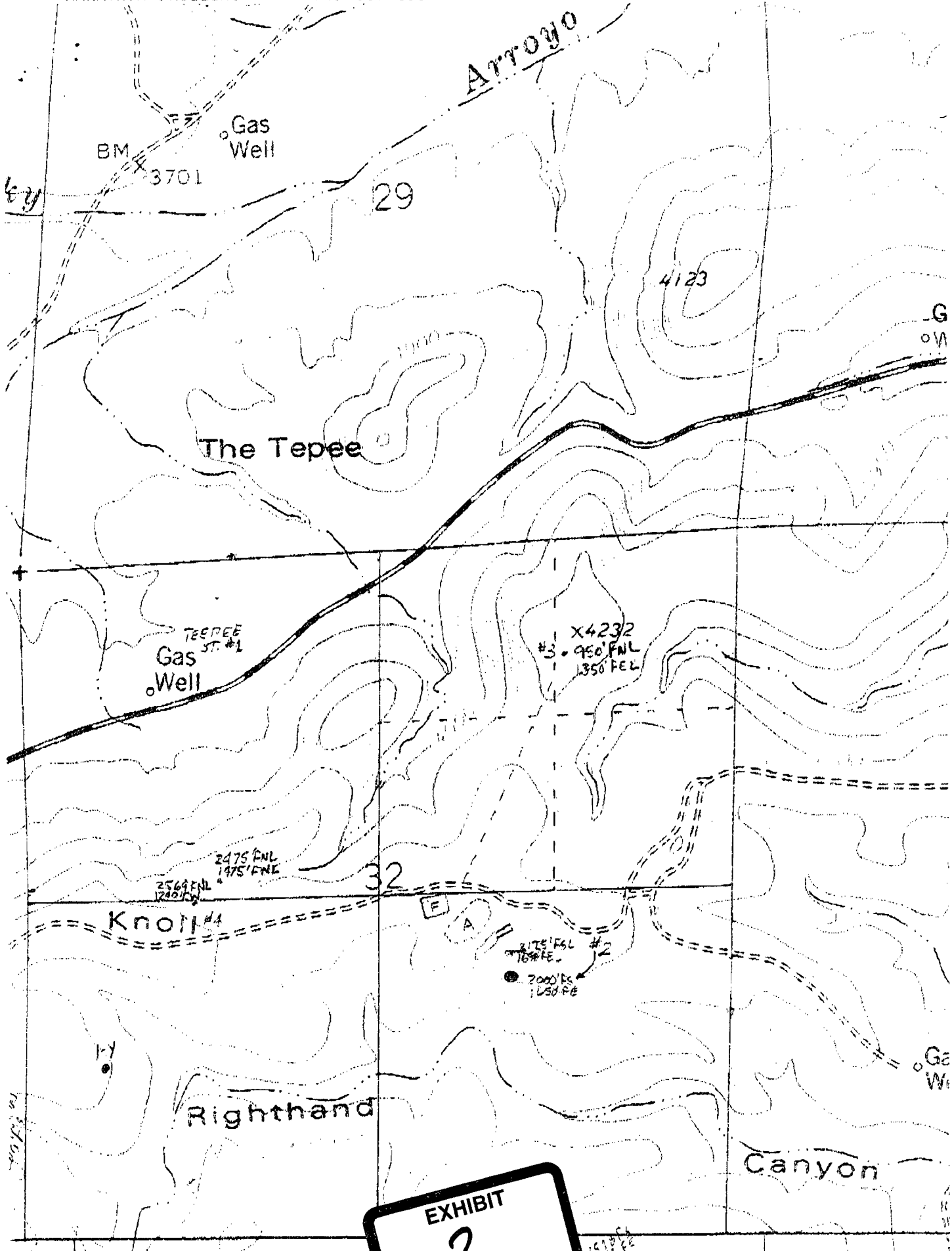
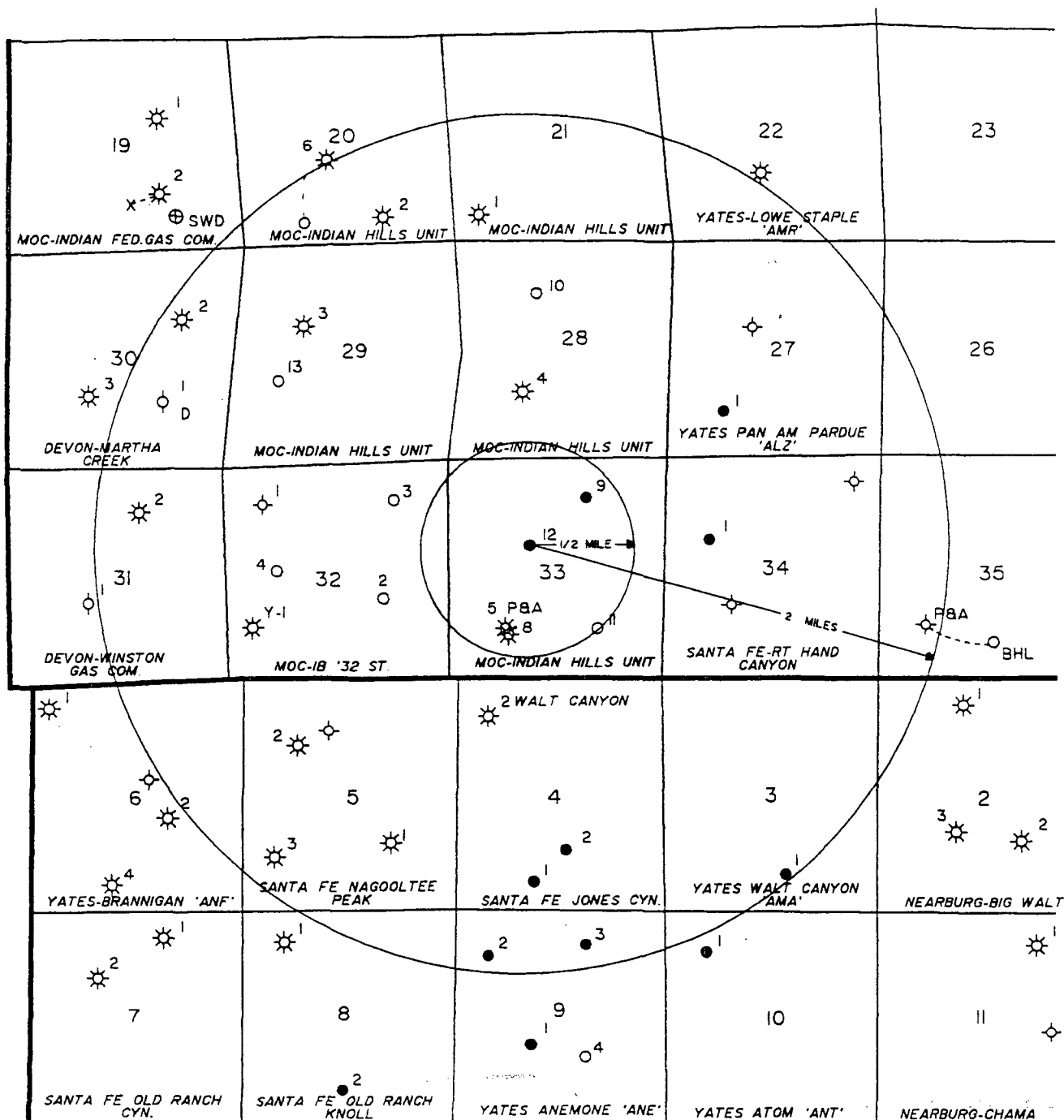


EXHIBIT  
2

Indian Hills Unit Well No. 12  
Proposed Downhole Separation and Disposal  
Attachment to C-108  
(Part V)



**MARATHON OIL COMPANY  
MID-CONTINENT REGION**

**INDIAN BASIN**

EDDY COUNTY, NEW MEXICO