

OIL CONSERVATION DIVISION
RECEIVED



**Marathon
Oil Company**

APR 26 1996 10 18 52

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

April 26, 1996

Certified Mail #P377874007

Mr. Michael E. Stogner
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

NSL-Cass

RE: Application for Unorthodox Well Location
Hansen State No. 3
660' FNL & 990' FEL
Sec. 16, T-20-S, R-37-E
Lea County, New Mexico

Dear Mr. Stogner:

Marathon Oil Company proposes to reenter the above referenced San Andres producer and deepen to the Cass (Penn) pool. Enclosed please find our amended application for an unorthodox well location which we respectfully request to be administratively approved.

By copy of this letter and application, sent certified mail, we are notifying all interested parties of our intent to reenter this well.

In reentering this well, we expect to test for oil production in the Monument (Tubb) pool with standard 80 acre spacing, Weir (Blinbry) and Monument (Paddock) pools with standard 40 acre spacing, Skaggs (Abo) pool with standard 160 acre spacing, and Cass (Penn) pool with 80 acre spacing. All pools that we propose to test are orthodox except the Cass (Penn).

The Cass (Penn) pool rules provide that a well shall be drilled within 150 feet of the center of quarter-quarter section. This well located at 660' FNL and 990' FEL is 180 feet outside of the radius for an orthodox Cass (Penn) well. The estimated reserves for the Cass (Penn). Do not justify a stand alone well or the incremental expense to directionally drill to an orthodox Penn bottom hole location.

Letter
PAGE -2-

Marathon seeks approval of the unorthodox well location so we may reenter and test the Cass (Penn) as secondary potential and Tubb and Blinbry as primary potential.

This well only encroaches a spacing unit (NW/4, NW/4) which has the same ownership as the subject 40 acre spacing unit. Marathon Oil Company operates the entire NE/4 of Section 16.

In accordance to Division Rule 1207, notification is being sent to those parties listed on Exhibit "A".

Should you have any questions, please feel free to call me at (800) 351-1417.

Respectfully,

A handwritten signature in black ink, appearing to read "Walter J. Dueease". The signature is fluid and cursive, with the first name "Walter" and last name "Dueease" clearly distinguishable.

Walter J. Dueease
MARATHON OIL COMPANY

Mid-Continent Region
Production United States



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

April 26, 1996

Hansen State No. 3
Exhibit "A"

Texaco E&P
500 N. Loraine
Midland, Texas 79701

1	2	3	4	5	6	7	8	9	10
11	12	13	14	15	16	17	18	19	20
21	22	23	24	25	26	27	28	29	30
31	32	33	34	35	36	37	38	39	40
41	42	43	44	45	46	47	48	49	50
51	52	53	54	55	56	57	58	59	60
61	62	63	64	65	66	67	68	69	70
71	72	73	74	75	76	77	78	79	80
81	82	83	84	85	86	87	88	89	90
91	92	93	94	95	96	97	98	99	100

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
811 S. 1st Street, Artesia, NM 88210-2834
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, NM 87504-2088

Form C-101
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

☒ **AMENDED REPORT**

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator name and Address Marathon Oil Company P.O. Box 552 Midland, Texas 79702		² OGRID Number 14021
		³ API Number 30-0 30-0-25-06126
⁴ Property Code 6398	⁵ Property Name HANSEN STATE	⁶ Well Number 3

⁷ 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	16	20-S	37-E		660	NORTH	990	EAST	LEA

⁸ Proposed 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
⁹ Proposed Pool 1 TUBB					¹⁰ Proposed Pool 2 BL INEBRY				

¹¹ Work Type Code D	¹² Well Type Code O	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3563'
¹⁶ Multiple N	¹⁷ Proposed Depth 8000'	¹⁸ Formations TUBB	¹⁹ Contractor ROD RIC	²⁰ Spud Date 5/15/96

²¹ Proposed Casing and Cement Program					
Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
11"	*9 5/8"	NA	266'	200	CIRCULATED
8 3/4"	*7"	NA	3700'	800	NA
6 1/8"	4 1/2"	11.6	8000'	550	3000'
*EXISTING CASING					

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary

MARATHON PROPOSES TO REENTER AND DEEPEN FROM THE SAN ANDRES TO THE CASS (PENN). THE LOCATION IS UNORTHODOX FOR THE CASS (PENN) ONLY. AN APPLICATION HAS BEEN FILED WITH THE DIVISION DIRECTOR FOR ADMINISTRATIVE APPROVAL.

SEE ATTACHED SHEET.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.		OIL CONSERVATION DIVISION	
Signature: <i>W. J. Duman For DPN</i>		Approved by:	
Printed name: D. P. NORDT		Title:	
Title: DRILLING SUPERINTENDENT		Approval Date:	Expiration Date:
Date: 4/27/96	Phone: 915/682-1626	Conditions of Approval: Attached <input type="checkbox"/>	

District I
PO Box 1980, Hobbs, NM 88241-1980
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811 S. 1st Street, Artesia, NM 88210-2834
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1000 Rio Brazos Rd., Aztec, NM 87410
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PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, NM 87504-2088

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Revised February 10, 1994
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Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☒ **AMENDED REPORT**

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-06126	² Pool Code 47090	³ Pool Name MONUMENT: TUBB
⁴ Property Code 6398	⁵ Property Name HANSEN STATE	
⁷ OGRID No. 14021	⁸ Operator Name Marathon Oil Company	⁶ Well Number 3
		⁹ Elevation 3563'

¹⁰ Surface Location

UL or lot no. A	Section 16	Township 20-S	Range 37-E	Lot. Idn	Feet from the 660	North/South Line NORTH	Feet from the 990	East/West line EAST	County LEA
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¹¹ 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
¹² Dedicated Acres 80	¹³ Joint or Infill N	¹⁴ Consolidation Code		¹⁵ Order No.					

**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**

	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <i>W. J. Duran</i> Signature D. P. NORDT Printed Name DRILLING SUPERINTENDENT Title 4/27/96 Date
	¹⁸ SURVEYOR CERTIFICATION 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. Date of Survey Signature and Seal of Professional Surveyor: Certificate Number



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

HANSEN STATE WELL NO. 3
NMOCD FORM C-101
SECTION 22, PAGE 2

1. MIRU PU. POOH with rods and tubing. Fish packer at 3875'. RDMO PU.
2. MIRU Rod Ric drilling rig.
3. NU BOPE and test.
4. RIH and spot LCM pill across Grayburg openhole: 3700' - 3887'
5. Establish circulation and drill 6 1/8" hole from 3887' - 8000'.
6. Run openhole logs.
7. Run 4 1/2", 11.6 lb/ft, K-55, LT&C casing from surface to TD. Cement casing with 410 sx. Estimated cement top to be at 3000' from surface.
8. RD Rod Ric drilling rig.
9. MIRU CU. RIH w/bit and casing scraper. Circulate hole. POOH.
10. Run GR-CBL-CCL. Perforate Cass (Penn) formation. Perforations will be picked from open hole logs.
11. Acidize Penn perforations for breakdown and sand fracture stimulate Penn perforations.
12. Cleanout any fill and RIH with production tubing and packer.
13. RDMO CU.
14. Open well to sales.



NMPPM

A 36x6 grid of squares. The top row of squares contains numbers 6, 5, 4, 3, 2, 1 from left to right. The bottom row of squares contains numbers 31, 32, 33, 34, 35, 36 from left to right. The grid is divided into four 18x3 sections by vertical lines. The top row of numbers is 6, 5, 4, 3, 2, 1. The bottom row of numbers is 31, 32, 33, 34, 35, 36. The grid is used for a logic puzzle.

Ext: ^{SA} 14 See 14; ^{SA} 15 See 15 (R-10085-29-57).

See 27R-3530, 11-1-68 EXT: w/2 SEC 1.5 (R-8626 4/1/88)

Ext: 3/2 Sec. 9, NE 1/4 Sec. 16 (R-9843, 2-8-93)

Revised February 10, 1994

Instructions on back

Submit to Appropriate District Office

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OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, NM 87504-2088

RECEIVED

96 APR 3 AM 8 52

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator name and Address		² OGRID Number	
Marathon Oil Company P.O. Box 2409 Hobbs, NM 88240		14021	
		³ API Number	
		30-0 25-06126	
⁴ Property Code	⁵ Property Name		⁶ Well Number
6398	Hansen State		3

⁷ 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	16	20-S	37-E		660	North	990	East	Lea

⁸ Proposed 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
⁹ Proposed Pool 1					¹⁰ Proposed Pool 2				
Monument Tubb					Blinebry				

¹¹ Work Type Code	¹² Well Type Code	¹³ Cable/Rotary	¹⁴ Lease Type Code	¹⁵ Ground Level Elevation
D	O	R	S	3563'
¹⁶ Multiple	¹⁷ Proposed Depth	¹⁸ Formations	¹⁹ Contractor	²⁰ Spud Date
N	6800'	Tubb	Rod-Ric	4/25/96

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
11"	* 9-5/8"	NA	266'	200	Circulated
8-3/4"	* 7"	NA	3700'	800	NA
6-1/8"	4-1/2"	11.6	6800'	410	3000'
* Existing Casing					

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary

See attached sheet.

**Permit Expires 1 Year From Approval
Date Unless Drilling Underway**

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature: *Rick Gaddis*

Printed name: Rick Gaddis

Title: Advanced Production Engineer

Date: 3/28/96

Phone: (505) 393-7106

OIL CONSERVATION DIVISION

Approved by: *Jerry*

Title: DISTRICT 1 SUPERVISOR

Approval Date: APR 1 1996 Expiration Date:

Conditions of Approval:
Attached ☐

Hansen State Well No. 3
NMOCD Form C-101
Section 22, Page 2

1. MIRU PU. POOH with rods and tubing. Fish packer at 3875'. RDMO PU.
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4. RIH and spot LCM pill across Grayburg openhole: 3700-3887'.
5. Establish circulation and drill 6-1/8" hole from 3887' to $\pm 6800'$.
6. Run openhole logs.
7. Run 4-1/2", 11.6 lb/ft, K-55, LT&C casing from surface to TD. Cement casing with 410 sxs. Estimated cement top to be at 3000' from surface.
8. RD Rod-Ric drilling rig.
9. MIRU CU. RIH w/ bit and casing scraper. Circulate hole. POOH.
10. Run GR-CBL-CCL. Perforate Tubb formation at $\pm 6370'$ to 6630'. Perforations will be picked from open hole logs.
11. Acidize Tubb perforations for breakdown and sand fracture stimulate Tubb perforations.
12. Cleanout any fill and RIH with production tubing and packer.
13. RDMO CU.
14. Open well to sales.

Mid-Continent Region
Production United States



**Marathon
Oil Company**

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

PANAFAX TRANSMITTAL SHEET

SEND THE FOLLOWING PAGES TO:

NAME MICHAEL STOGNER
COMPANY NAME NMOLD
LOCATION _____
PANAFAX NUMBER: _____

FROM:

NAME WALTER QUEASE EXT. _____
TOTAL NUMBER OF PAGES: _____ (including cover sheet)

IF YOU DO NOT RECEIVE ALL THE PAGES, PLEASE CALL BACK ASAP

PHONE _____

COMMENTS IS THIS PACKAGE SUFFICIENT FOR THIS
REQUEST? 1) DO WE NEED TO NOTIFY ANY ADJACENT OWNERS?
2) ARE NOTICES SUFFICIENT OR DO WE NEED TO SECURE
WAIVERS FOR THIS ACTION AND DO WE NEED TO WAIT
21 DAYS FOR APPROVAL?

A subsidiary of USX Corporation

An Equal Opportunity Employer

Mr. Michael E. Stogner
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

RE: Application for Unorthodox Well Location
Hansen State No. 3
660' FNL & 990' FEL
Sec. 16, T-20-S, R-37-E
Lea County, New Mexico

Dear Mr. Stogner:

Marathon Oil Company proposes to reenter the above referenced San Andres producer and deepen to the Cass (Penn) pool. Enclosed please find our amended application for an unorthodox well location which we respectfully request to be administratively approved.

By copy of this letter and application, sent certified mail, we are notifying all interested parties of our intent to reenter this well.

In reentering this well, we expect to test for oil production in the Monument (Tubb) pool with standard 80 acre spacing, Weir (Blinbry) and Monument (Paddock) pools with standard 40 acre spacing, Skaggs (Abo) pool with standard 160 acre spacing, and Cass (Penn) pool with 80 acre spacing. All pools that we propose to test are orthodox except the Cass (Penn).

The Cass (Penn) pool rules provide that a well shall be drilled within 150 feet of the center of quarter-quarter section. This well located at 660' FNL and 990' FEL is 180 feet outside of the radius for an orthodox Cass (Penn) well. The estimated reserves for the Cass (Penn). Do not justify a stand alone well or the incremental expense to directionally drill to an orthodox Penn bottom hole location.

Letter
PAGE -2-

Marathon seeks approval of the unorthodox well location so we may reenter and test the Cass (Penn) as secondary potential and Tubb and Blinebry as primary potential.

This well only encroaches a spacing unit (NW/4, NW/4) which has the same ownership as the subject 40 acre spacing unit. Marathon Oil Company operates the entire NE/4 of Section 16.

In accordance to Division Rule 1207, notification is being sent to those parties listed on Exhibit "A".

Should you have any questions, please feel free to call me at (800) 351-1417.

Respectfully,



Walter J. Dueease
MARATHON OIL COMPANY

Mid-Continent Region
Production United States



**Marathon
Oil Company**

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

April 26, 1996

Texaco E&P
500 N. Lorraine
Midland, Texas 79701
Attn: Mr. Frank Gray

RE: Unorthodox Well Location
Hansen State No. 3
660' FNL & 990' FEL
Sec. 16, T-20-S, R-37-E
Lea County, New Mexico

Dear Mr. Gray:

Marathon Oil Company proposes to reenter its Hansen State No. 3 and deepen the well from the San Andres to the Cass (Penn) pool. This well is a standard location to test all zones to the Cass (Penn) pool. However, the Cass (Penn) pool rules require a well to be located within 150 foot radius of the center of the quarter-quarter section. The estimated reserves for a Cass (Penn) well do not justify a stand alone well or the incremental expense to directionally drill to an orthodox Penn location.

Marathon Oil Company is the operator of the entire NE/4 of Section 16 with common ownership throughout the entire quarter section. The proposed deepening would only encroach on a quarter section which is operated by Marathon Oil Company.

As offset operator, you are hereby notified of Marathon's intent to deepen the above referenced well to an unorthodox location in the Cass (Penn) pool.

Letter

Page -2-

Should you have no objection to Marathon's intent, please signify by signing below and return one executed copy to me in the envelope provided. Please call me if you have questions regarding this matter at (800) 351-1417.

Respectfully,



Walter J. Dueease

Signature

Name

Texaco E&P

Date

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
811 S. 1st Street, Artesia, NM 88210-2834
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, NM 87504-2088

Form C-101
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
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☒ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator name and Address Marathon Oil Company P.O. Box 552 Midland, Texas 79702		² OGRID Number 14021
⁴ Property Code 6398	⁵ Property Name HANSEN STATE	³ API Number 30-0 30-0-25-06126
		⁶ Well Number 3

⁷ 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	16	20-S	37-E		660	NORTH	990	EAST	LEA

⁸ Proposed 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
⁹ Proposed Pool 1 TUBB					¹⁰ Proposed Pool 2 BLINEBRY				

¹¹ Work Type Code D	¹² Well Type Code O	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3563'
¹⁶ Multiple N	¹⁷ Proposed Depth 8000'	¹⁸ Formations TUBB	¹⁹ Contractor ROD RIC	²⁰ Spud Date 5/15/96

²¹ Proposed Casing and Cement Program					
Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
11"	*9 5/8"	NA	266'	200	CIRCULATED
8 3/4"	*7"	NA	3700'	800	NA
6 1/8"	4 1/2"	11.6	8000'	550	3000'
*EXISTING CASING					

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary

MARATHON PROPOSES TO REENTER AND DEEPEN FROM THE SAN ANDRES TO THE CASS (PENN). THE LOCATION IS UNORTHODOX FOR THE CASS (PENN) ONLY. AN APPLICATION HAS BEEN FILED WITH THE DIVISION DIRECTOR FOR ADMINISTRATIVE APPROVAL.

SEE ATTACHED SHEET.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.		OIL CONSERVATION DIVISION	
Signature: <i>W. J. Durham For DPN</i>			
Printed name: D. P. NORDT		Approved by:	
Title: DRILLING SUPERINTENDENT		Title:	
Date: 4/27/96		Approval Date:	
Phone: 915/682-1626		Expiration Date:	
		Conditions of Approval:	
		Attached <input type="checkbox"/>	

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, NM 87504-2088

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☒ **AMENDED REPORT**

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-06126		² Pool Code 47090		³ Pool Name MONUMENT: TUBB	
⁴ Property Code 6398		⁵ Property Name HANSEN STATE			⁶ Well Number 3
⁷ OGRID No. 14021		⁸ Operator Name Marathon Oil Company			⁹ Elevation 3563'

¹⁰ Surface Location

UL or lot no. A	Section 16	Township 20-S	Range 37-E	Lot. Idn	Feet from the 660	North/South Line NORTH	Feet from the 990	East/West line EAST	County LEA
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¹¹ 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
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¹² Dedicated Acres 80	¹³ Joint or Infill N	¹⁴ Consolidation Code	¹⁵ Order No.
-------------------------------------	------------------------------------	----------------------------------	-------------------------

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

				¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
				Signature Printed Name D. P. NORDT Title DRILLING SUPERINTENDENT Date 4/27/96	
				¹⁸ SURVEYOR CERTIFICATION 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.	
				Date of Survey Signature and Seal of Professional Surveyor: Certificate Number	

Mid-Continent Region
Production United States

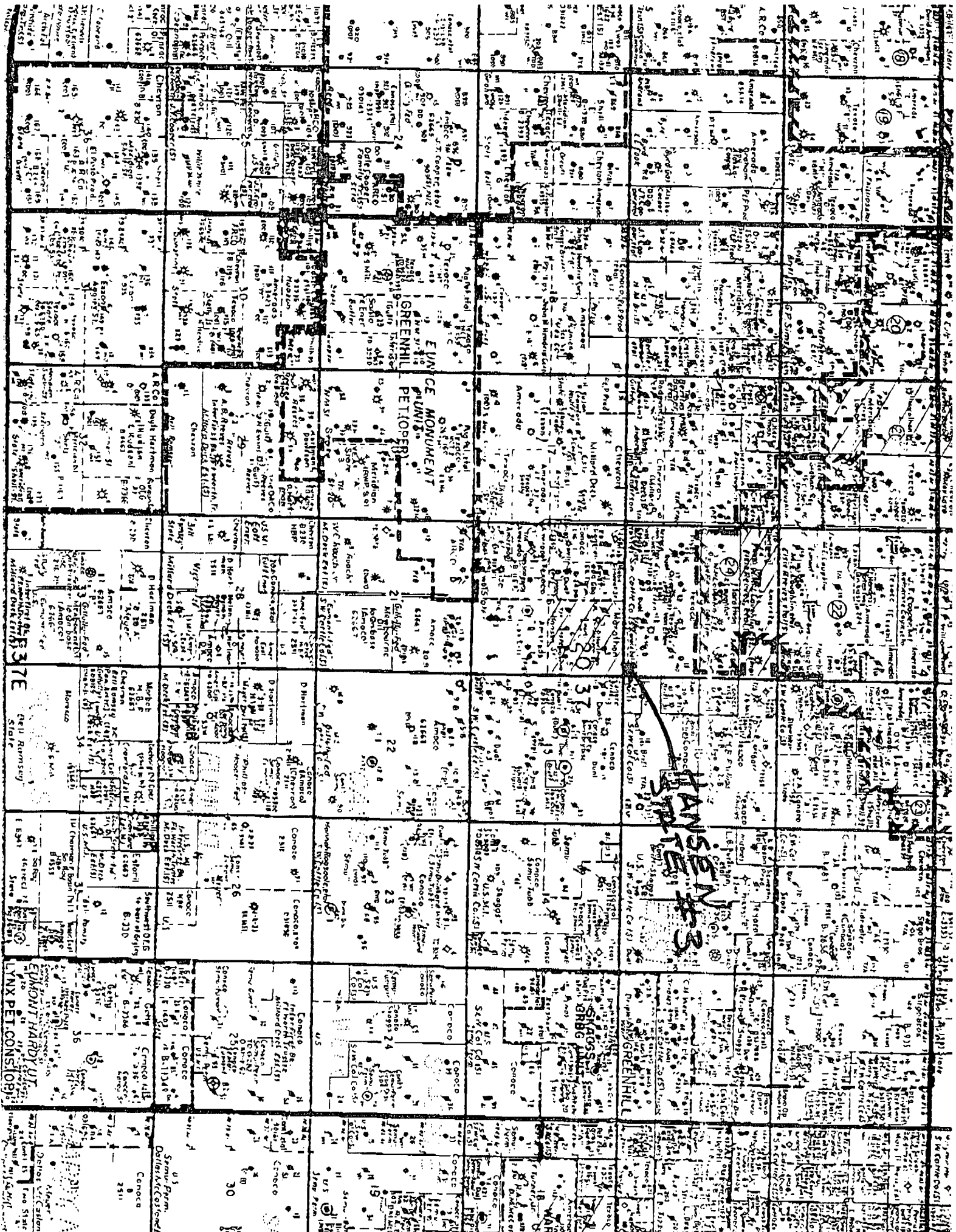


**Marathon
Oil Company**

P.O. Box 552
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**HANSEN STATE WELL NO. 3
NMOCD FORM C-101
SECTION 22, PAGE 2**

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Production United States



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April 26, 1996

Hansen State No. 3
Exhibit "A"

Texaco E&P
500 N. Lorraine
Midland, Texas 79701

Mid-Continent Region
Production United States



**Marathon
Oil Company**

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

PANAFAX TRANSMITTAL SHEET

SEND THE FOLLOWING PAGES TO:

NAME MIKE STOENER

COMPANY NAME NMOCD

LOCATION _____

PANAFAX NUMBER: _____

FROM:

NAME WALTER DUEEASE EXT. _____

TOTAL NUMBER OF PAGES: 3 (including cover sheet)

IF YOU DO NOT RECEIVE ALL THE PAGES, PLEASE CALL BACK ASAP

PHONE _____

COMMENTS APPROVED WAIVER FROM TEXACO FOR OUR
RE-ENTRY & DEEPENING ON THE HANSEN ST. #3.
PLEASE REVIEW OUR REQUEST AND NOTIFY ME
WITH YOUR APPROVAL AT YOUR EARLIEST CONVENIENCE.
THANKS —

SENT BY:QDS

5- 3-96 10:27AM ; TEXACO E & P INC.

6878337;# 2/ 3

Mid-Continent Region
Production United StatesP.O. Box 552
Midland, Texas 79702
Telephone 915/682-1626

April 26, 1996

Texaco E&P
500 N. Lorraine
Midland, Texas 79701
Attn: Mr. Frank GrayRE: Unorthodox Well Location
Hansen State No. 3
660' FNL & 990' FEL
Sec. 16, T-20-S, R-37-E
Lea County, New Mexico

Dear Mr. Gray:

Marathon Oil Company proposes to reenter its Hansen State No. 3 and deepen the well from the San Andres to the Cass (Penn) pool. This well is a standard location to test all zones in the Cass (Penn) pool. However, the Cass (Penn) pool rules require a well to be located within 150 foot radius of the center of the quarter-quarter section. The estimated reserves for a Cass (Penn) well do not justify a stand alone well or the incremental expense to directionally drill to an orthodox Penn location.

Marathon Oil Company is the operator of the entire NE/4 of Section 16 with common ownership throughout the entire quarter section. The proposed deepening would only encroach on a quarter section which is operated by Marathon Oil Company.

As offset operator, you are hereby notified of Marathon's intent to deepen the above referenced well to an unorthodox location in the Cass (Penn) pool.

95021 WPD

A subsidiary of USX Corporation

An Equal Opportunity Employer

SENT BY: QDS

; 5- 3-96 ; 10:28AM ; TEXACO E & P INC. +

6878337, # 3/ 3

Letter

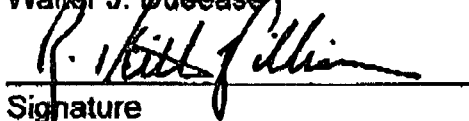
Page -2-

Should you have no objection to Marathon's intent, please signify by signing below and return one executed copy to me in the envelope provided. Please call me if you have questions regarding this matter at (800) 351-1417.

Respectfully,



Walter J. Duese



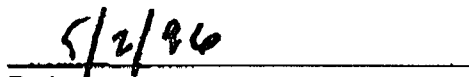
Signature



Name



Texaco E&P



Date