



**Marathon
Oil Company**

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

New Mexico Oil Conservation Division
District II
811 South First Street
Atresia, New Mexico 88210

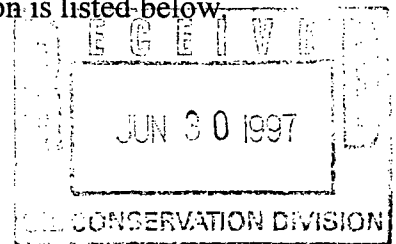
RE: North Indian Basin Unit Well(s) 10,18,26

Dear Mr. Gum

Marathon Oil Company is requesting that the referenced wells be granted Administrative NON STANDARD LOCATION status. These wells are inside MOC operated leases as shown on the attached plat. Proration units in Section 2 were switched from the original stand up proration units to lay downs which allowed for the horizontal drilling on NIBU No. 14. This allows for more efficient production of the resource, however it did create the need for NSL status for wells 18 and 26. Well No. 10 was drilled as a NSL because archaeological finds restricted the well from a standard location. Well location information is listed below.

North Indian Basin Unit T21S, R23E

| <u>Well No.</u> | <u>UL</u> | <u>Location</u> | <u>Section</u> |
|-----------------|-----------|-----------------------|----------------|
| 10 | C | 330' FNL & 2310' FWL | 11 |
| 18 | J | 2310' FSL & 1650' FEL | 20K |
| 26 | E | 2310' FNL & 660' FWL | 26K |



A drawing is attached showing locations and proration units. You may call either myself or Mr. John Kloosterman at 1-915-682-1626 with questions.

Sincerely

Thomas M. Price
Advanced Engineering Technician

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET

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

Application Acronyms:

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

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

[A] Location - Spacing Unit - Directional Drilling
☒ NSL ☐ NSP ☐ DD ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

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

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
- [B] ☐ Offset Operators, Leaseholders or Surface Owner
- [C] ☐ Application is One Which Requires Published Legal Notice
- [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] ☐ Waivers are Attached

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

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

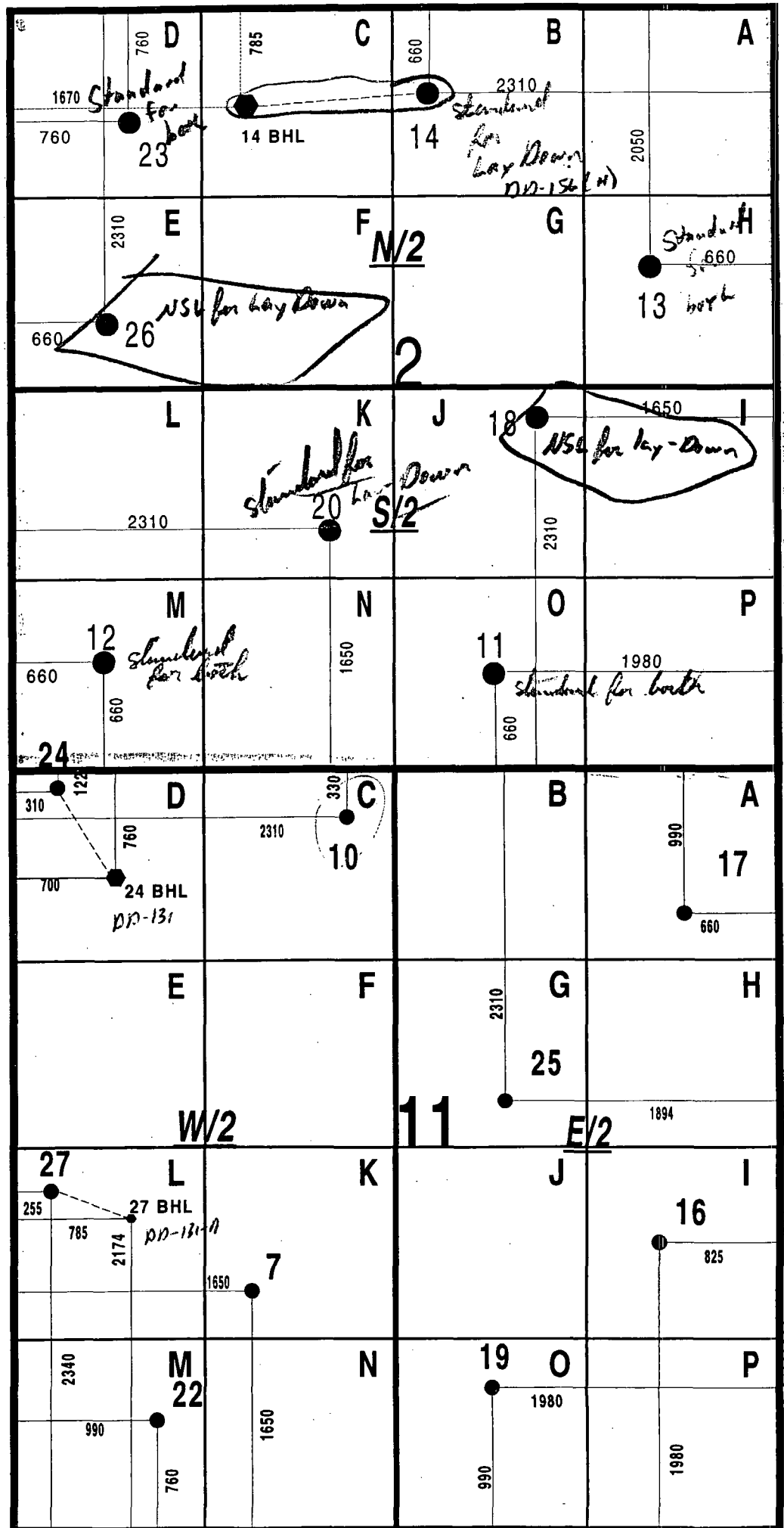
Note: Statement must be completed by an individual with supervisory capacity.

Thomas M Price
 Print or Type Name

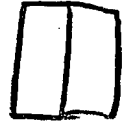
Thomas M Price
 Signature Title

6-19-97
 Date

R23E



Original



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T21S

Marathon Oil Co.

North Indian Basin Unit

Section 2, 11

One Inch = 1,000'



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

October 31, 1996

Marathon Oil Company
P. O. Box 552
Midland, Texas 79702
Attention: Walter J. Dueease

Administrative Order DD-156(H)
High Angle/Horizontal Wellbore

Dear Mr. Dueease:

Reference is made to Marathon Oil Company's ("Marathon") application dated September 25, 1996 for authorization to recomplete its existing North Indian Basin Unit Well No. 14 (API No. 30-015-28143) by side tracking off of the vertical wellbore and drilling horizontally in order to further develop the South Dagger Draw-Upper Pennsylvanian Associated Pool underlying the N/2 equivalent of Section 2, Township 21 South, Range 23 East, NMPM, Eddy County, New Mexico.

The Division Director Finds That:

- (1) The application has been duly filed under the provisions of Rule 111(D) and (E) of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10388, issued by the Oil Conservation Commission in Case 11,274 on June 13, 1995;
- (2) The North Indian Basin Unit Well No. 14, located 660 feet from the North line and 2310 feet from the East line (Lot 2/Unit B) of said Section 2, was originally drilled to and completed within the South Dagger Draw-Upper Pennsylvanian Associated Pool in January, 1994;
- (3) By Order No. R-5353, as amended by supplemental Orders "A", "L", and "L-1" the Division promulgated "*Special Rules and Regulations For The South Dagger Draw-Upper Pennsylvanian Associated Pool*", which includes provisions for 320-acre spacing and proration units for both oil and gas and well location requirements which provides that wells be no closer than 660 feet to the outer boundary of a 320-acre spacing unit and not closer than 330 feet to any quarter-quarter section line or subdivision inner boundary thereon;
- (4) Further, under Division Order Nos. R-4691-E/R-5353-L-2 and R-4691-F/R-5353-L-3, certain proration units within the South Dagger Draw-Upper Pennsylvanian Associated Pool are subject to additional production limitations and restrictions;
- (5) A high angle/horizontal wellbore should provide Marathon the opportunity to maximize drainage within the Upper Pennsylvanian formation and to allow for the recovery of

additional reserves that might not otherwise be recovered;

- (6) The applicant/operator proposes to recomplete its North Indian Basin Unit Well No. 14 by milling a window in the existing production casing and kick-off from vertical at a depth of approximately 7,600 feet, drill in a westerly direction with a short radius curve (47 degrees per 100 feet), build the curved portion until an angle of 90 degrees, and continue to drill horizontally within the Upper Pennsylvanian formation a lateral distance of approximately 1300 feet;
- (7) Within said Section 2 the following wells, all within Marathon's North Indian Basin Unit, are currently completed within the South Dagger Draw-Upper Pennsylvanian Associated Pool:
 - (a) Well No. 11 (API No. 30-015-28232), located 660 feet from the South line and 1980 feet from the East line (Unit O);
 - (b) Well No. 12 (API No. 30-015-28258), located 660 feet from the South and West lines (Unit M);
 - (c) Well No. 13 (API No. 30-015-28068), located 2050 feet from the North line and 660 feet from the East line (Unit H);
 - (d) Well No. 14 (API No. 30-015-28143), located 660 feet from the North line and 2310 feet from the East line (Lot 2/Unit B);
 - (e) Well No. 15 (API No. 30-015-28305), located 1980 feet from the North line and 1830 feet from the West line (Unit F);
 - (f) Well No. 18 (API No. 30-015-28435), located 2310 feet from the South line and 1650 feet from the East line (Unit J);
 - (g) Well No. 20 (API No. 30-015-28384), located 1650 feet from the South line and 2310 feet from the West line (Unit K);
 - (h) Well No. 23 (API No. 30-015-28578), located 760 feet from the North and West lines (Lot 4/Unit D); and,

- (i) Well No. 26 (API No. 30-015-28752), located 2310 feet from the North line and 660 feet from the West line (Unit E);
- (8) The "project area" as proposed by Marathon, should comprise of Lots 1, 2, 3, and 4 and the S/2 N/2 (N/2 equivalent) of said Section 2, thereby forming a standard 320.28-acre spacing and proration unit for the South Dagger Draw-Upper Pennsylvanian Associated Pool;
- (9) Within the subject 320.28-acre spacing and proration unit, or "project area", Marathon proposes to simultaneously dedicate South Dagger Draw-Upper Pennsylvanian Associated Pool production from the subject North Indian Basin Unit Well No. 14 with the aforementioned North Indian Basin Unit Well Nos. 13, 15, 23, and 26 in units "H", "F", "D", and "E", respectively, of said Section 2;
- (10) As a result of the formation of this N/2 320.28-acre spacing and proration unit, the S/2 of said Section 2 is to be simultaneously dedicate to the Marathon North Indian Basin Unit Well Nos. 11, 12, 18, and 20 in units "O", "M", "J", and "M", respectively, of said Section 2;
- (11) Marathon is to submit within 10-days from the date of this order new O.C.D. Form C-102's for each of the nine North Indian Basin Unit wells described above in Finding Paragraph No. (7) above;
- (12) The applicable drilling window or "producing area" for the North Indian Basin Unit Well No. 14 should include that area within the N/2 equivalent of said Section 2 that is no closer than 660 feet to the outer boundary of the "project area"; and,
- (13) It appearing the applicant has satisfied all of the appropriate requirements prescribed in said Rule 111.D and E, the subject application should be approved and the North Indian Basin Unit Well No. 14 should be governed by the provisions contained within this order and all other applicable provisions of Division General Rule 111.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Marathon Oil Company ("Marathon"), is hereby authorized to recomplete its North Indian Basin Unit Well No. 14 (API No. 30-015-28143), located 660 feet from the North line and 2310 feet from the East line (Lot 2/Unit B) of Section 2, Township 21 South, Range 23 East, NMPM, Eddy County, New Mexico, by milling a window in the existing production casing and kick-off from vertical at a depth of approximately 7,600 feet, drill in a westerly direction with a short radius curve (47 degrees per 100 feet), build the curved portion until an angle of 90 degrees, and continue to drill horizontally within the Upper Pennsylvanian formation a lateral distance of approximately 1300 feet.

PROVIDED HOWEVER THAT prior to commencing directional drilling operations in said

wellbore, the applicant shall establish the location of the kick-off point by means of a directional survey acceptable to the Division.

PROVIDED FURTHER THAT during or upon completion of directional drilling operations, the applicant shall conduct an accurate wellbore survey from the kick-off point to total depth in order that the subsurface bottomhole location, as well as the wellbore's true depth and course, may be determined.

(2) The applicant shall notify the supervisor of the Artesia district office of the Division of the date and time said wellbore surveys are to be conducted so that they may be witnessed. The applicant shall further provide a copy of said wellbore surveys to the Santa Fe and Artesia offices of the Division upon completion.

(3) The "project area" for said horizontal well shall also correspond with a standard 320.28-acre spacing and proration unit for the South Dagger Draw-Upper Pennsylvanian Associated Pool comprise Lots 1, 2, 3, and 4 and the S/2 N/2 (N/2 equivalent) of said Section 2, whereby South Dagger Draw-Upper Pennsylvanian Associated Pool production from the subject North Indian Basin Unit Well No. 14 is to be simultaneously dedicated with the following four wells all located in said Section 2:

(i) Well No. 13 (API No. 30-015-28068), located 2050 feet from the North line and 660 feet from the East line (Unit H);

(ii) Well No. 15 (API No. 30-015-28305), located 1980 feet from the North line and 1830 feet from the West line (Unit F);

(iii) Well No. 23 (API No. 30-015-28578), located 760 feet from the North and West lines (Lot 4/Unit D); and,

(iv) Well No. 26 (API No. 30-015-28752), located 2310 feet from the North line and 660 feet from the West line (Unit E).

(4) The applicable drilling window or "producing area" for the North Indian Basin Unit Well No. 14 should include that area within the N/2 equivalent of said Section 2 that is no closer than 660 feet to the outer boundary of the "project area".

(5) The operator shall comply with all requirements and conditions set forth in Division General Rule 111.E(2) and any applicable requirements in 111.D and F and Order Nos. R-5353, as amended by supplemental Orders "A", "L", "L-1", "L-2", "L-3", R-4691-E, and R-4691-F.

(6) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth in addition to measured depths.

(7) 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


WILLIAM J. LEMAY
Director

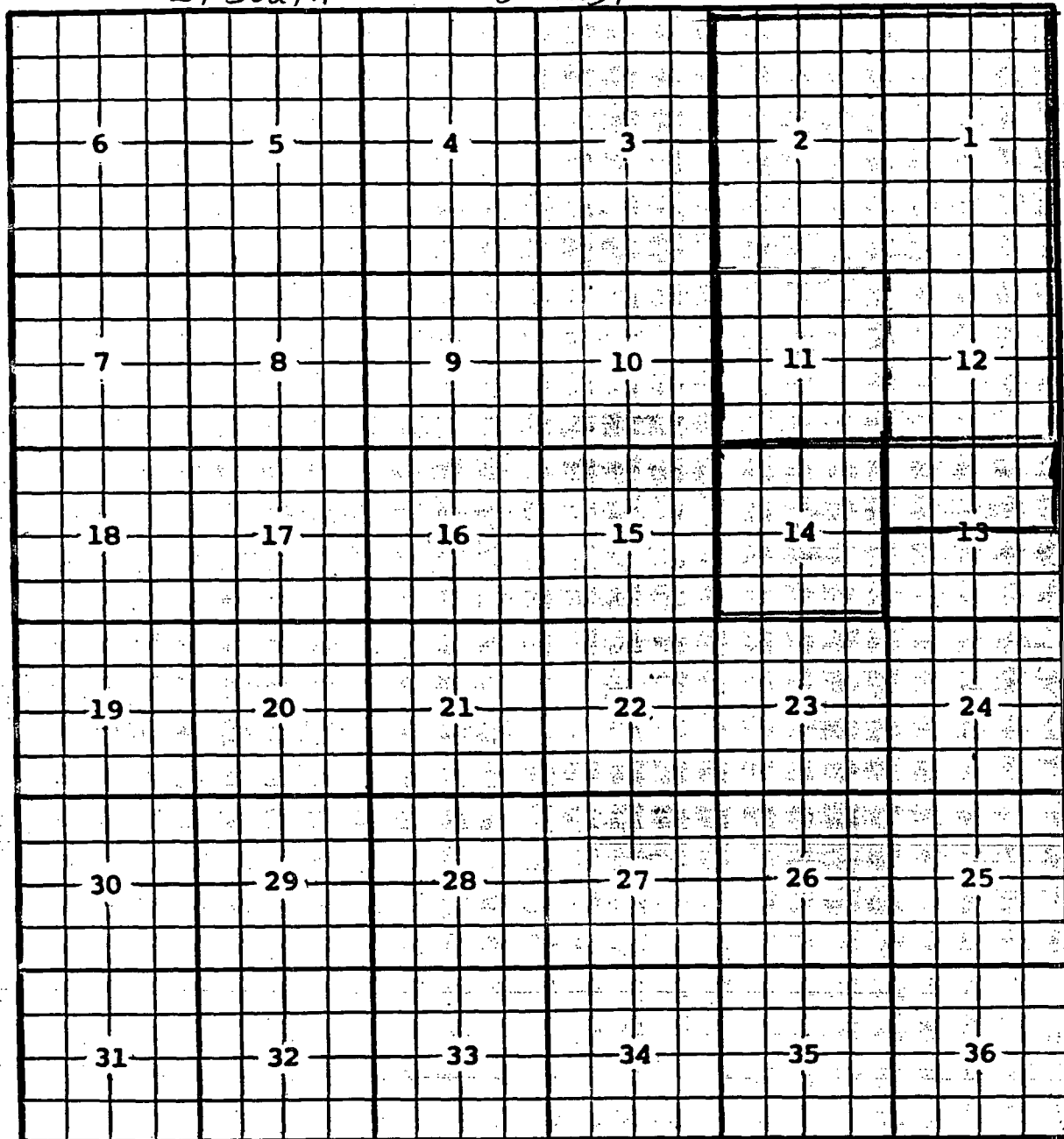
S E A L

WJL/MES/kv

cc: Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad

COUNTY Eddy POOL South Dagger Draw-Upper Pennsylvanian

TOWNSHIP 21 South RANGE 23 East NMFM



Ext; All Secs. 1, 2, 11, and 12 (R-10234, 11-7-94)

Ext; All Sec. 14 (R-10236, 11-3-94) Ext $\frac{N}{2}$ Sec. 13 (R-10724, 1-8-97)