



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

June 16, 1998

Marathon Oil Company
P. O. Box 2409
Hobbs, New Mexico 88241-2409
Attention: Bryan L. Williams

ADDENDUM TO DIVISION ORDER NOS. R-2716 AND R-2740
Division Administrative Order SD-98-3

Dear Mr. Williams:

Reference is made to the following: (i) your application dated May 22, 1998; and, (ii) the records of the Division in Santa Fe, including Division Order No. R-2716, issued in Case No. 3046 on June 3, 1964, and Division Order No. R-2740, issued in Case No. 3076 on July 8, 1964: all concerning Marathon Oil Company's ("Marathon") request to transfer authority for the previously approved 80-acre non-standard oil spacing and proration unit consisting of the following acreage in the North Vacuum-Abo, Vacuum-Wolfcamp, and Vacuum-Upper Pennsylvanian Pools:

LEA COUNTY, NEW MEXICO
TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 31: SE/4 NW/4 and NE/4 SW/4.

By Division Order Nos. R-2716 and R-2740, the above-described 80-acre non-standard oil spacing and proration unit in the North Vacuum-Abo, Vacuum-Wolfcamp, and Vacuum-Upper Pennsylvanian Pools was established and dedicated to Marathon's Warn State A/C-1 Well No. 3 (API No. 30-025-20748), located at a standard oil well location 2080 feet from the North line and 1908 feet from the West line (Unit F) of Section 31. By Division Administrative Order DHC-260, as amended, oil production from all three zones was allowed to be commingled within this wellbore. In 1994 Marathon drilled and completed its Warn State A/C-1 Well No. 6 (API No. 30-025-32311), located at a standard oil well location 1980 feet from the South line and 2030 feet from the West line (Unit K) of Section 31 as an infill well to the No. 3 well in both the North Vacuum-Abo and Vacuum-Wolfcamp Pools (see Division Administrative Order DHC-1893, dated April 13, 1998).

It is our understanding that the Warn State A/C-1 Well No. 3 is now shut-in due to mechanical failures and economics and, as a replacement, Marathon has drilled its Warn State A/C-1 Well No. 7 (API No. 30-025-33951) at a standard oil well location for all three intervals (see Division Administrative Order DHC-1775, dated January 21, 1998) 2036 feet from the North line and 2089 feet from the West line (Unit F) of Section 31.

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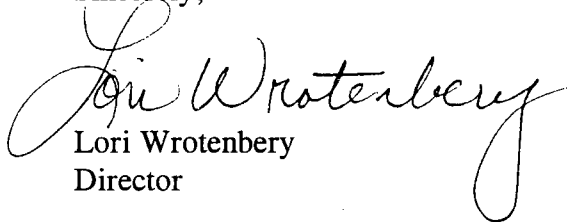
Marathon is hereby authorized: (i) to simultaneously dedicate oil production from the North Vacuum-Abo and Vacuum-Wolfcamp Pools to this 80-acre non-standard oil spacing and proration unit from both its Warn State A/C-1 Well Nos. 6 and 7; and, (ii) to produce each individual zone's allowable assigned to said 80-acre unit from both wells in any proportion.

Further, the 80-acre non-standard oil spacing and proration unit for the Vacuum-Upper Pennsylvanian Pool approved by Order No. R-2740 shall be dedicated to Marathon's Warn State A/C-1 Well No. 7.

Both Division Order Nos. R-2716 and R-2740 are hereby amended to properly reflect these changes in well dedications. Further, all other provisions of said Order Nos. R-2716 and R-2740, not in conflict with these changes shall remain in full force and effect until further notice.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Lori Wrotenberg
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
File: DHC-260
DHC-1775
DHC-1893