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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)

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June 19, 1995

HAND DELIVERED

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

RECEIVED

JUN 19 1995

Oil Conservation Division

**Re: Application of Marathon Oil Company
for the Expansion of the Cemetery-
Morrow Gas Pool and the Corresponding
Contraction of the Indian Basin-Morrow
Gas Pool, Eddy County, New Mexico.**

Dear Mr. Stogner:

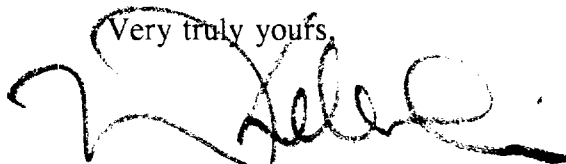
On behalf of Marathon Company, please find enclosed our referenced application which we request be set for hearing on the next available Examiner's docket now scheduled for July 13, 1995.

By copy of this letter and application, sent regular mail, we are notifying all interested parties of their right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application and that failure to appear at the hearing may preclude them from any involvement in this case at a later date.

Pursuant to the Division's Memorandum 2-90, all parties are hereby informed that if they appear in this case, then they are requested to file a Pre-Hearing Statement with the Division not later than 4:00 PM on Friday, July 7, 1995, with a copy delivered to the undersigned.

Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,



W. Thomas Kellahin

cc: Marathon Oil Company
attn: Tom Lowry, Esq.

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Oil Conservation Division

PROPOSED ADVERTISEMENT

CASE 11333 Application of Marathon Oil Company for the Expansion of the Cemetery Morrow Gas Pool and the Contraction of the Indian Basin-Morrow Gas Pool, Eddy County, New Mexico. Applicant, in the above styled cause, seeks an order expanding the Cemetery-Morrow Gas Pool to include all of irregular Sections 35 and 36, Township 20-1/2 South, Range 23 East, and all of Sections 1,2,11,12 and 14 of Township 21 South, Range 23 East, Eddy County, New Mexico and the corresponding contraction of the Indian Basin-Morrow Gas Pool to delete said acreage from that pool. This acreage is located approximately 11-1/2 miles southwest of Seven Rivers, New Mexico.

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

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Oil Conservation Division

**APPLICATION OF MARATHON OIL COMPANY
FOR THE EXPANSION OF THE CEMETERY-
MORROW GAS POOL AND THE CONTRACTION
OF THE INDIAN BASIN-MORROW GAS POOL,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 11333

A P P L I C A T I O N

Comes now MARATHON OIL COMPANY, by its attorneys, Kellahin & Kellahin, and applies to the New Mexico Oil Conservation for an order expanding the Cemetery Morrow Gas Pool to include all of irregular Sections 35 and 36, Township 20-1/2 South, Range 23 East, and all of Sections 1, 2, 11, 12, 13 and 14 of Township 21 South, Range 23 East, Eddy County, New Mexico and the corresponding contraction of the Indian Basin-Morrow Gas Pool to delete said acreage from that pool, and in support thereof states:

1. Marathon Oil Company is the operator of the North Indian Basin Unit which includes all of Sections 2 and 11, Township 21 South, Range 23 East, Eddy County, New Mexico, and other lands not subject to this Application. Marathon is also the operator of leases covering all of Section 36, Township 20-1/2 South, Range 23 East, and all of Section 1 and the W/2 of Section 12, Township 21 South, Range 23 East, all in Eddy County, New Mexico. Marathon also owns undeveloped leasehold in the E/2 of Section 12, Township 21 South, Range 23 East, Eddy County, New Mexico. See Exhibit "A" attached.

2. The Cisco/Canyon formation is the principal productive formation within the area described in paragraph (1) above and is included within the current boundaries of the South Dagger Draw-Upper Pennsylvanian Associated Pool which provides, among other things, for 320-acre proration and spacing units with well locations to be not closer than 660 feet to the outer boundary of said units.

3. The Morrow formation within Sections 2 and 14 of the area described in paragraph (1) is currently in the Indian Basin-Morrow Gas Pool with the balance of the area being within one-mile of the outer boundaries of **both** the Cemetery-Morrow Gas Pool and the Indian Basin-Morrow Gas Pool.

4. The Morrow wells in both the Indian Basin-Morrow Gas Pool and the Cemetery-Morrow Gas Pool will drain no more than 320 acres.

5. The Cemetery-Morrow Gas Pool is subject to 320-acre gas spacing and proration units with wells to be located not closer than 1980 feet from the end boundaries and 660 feet from the side boundaries of said units, while the Indian Basin-Morrow Gas Pool is subject to 640-acre gas spacing and proration units with wells to be not closer than 1650 feet to any outer boundary of said units.

6. The Morrow formation within this area is approximately 1600 feet below the Cisco/Canyon formation and is a secondary objective which only can be economically explored in conjunction with the drilling of a well for production from the Cisco/Canyon formation.

7. In order to afford an opportunity to drill a well to test both the Cisco/Canyon formation of the South Dagger Draw-Upper Pennsylvanian Associated Pool and the Morrow formation, it is necessary to have the Morrow formation spaced on the same 320-acre spacing pattern as established for the South Dagger Draw-Upper Pennsylvanian Associated Pool.

8. In order to prevent the drilling of unnecessary wells and to protect correlative rights and provide for the orderly development of the Morrow reservoir as a secondary objective in conjunction with the drilling of Cisco/Canyon wells it is necessary to contract the Indian Basin-Morrow Gas Pool and to extend the Cemetery Morrow Gas Pool as requested.

9. The granting of this Application will allow the same ownership in the two formations because the spacing units will be the same.

10. Notification of this application and request for hearing to be held on July 13, 1995 has been sent to those parties identified on Exhibit "B" attached.

Wherefore, Applicant requests that, after notice and hearing, this application be granted.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over a horizontal line.

W. Thomas Kellahin
Kellahin & Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87501

Thomas C. Lowry, Esq.
Marathon Oil Company
P. O. Box 552
Midland, Texas 79702

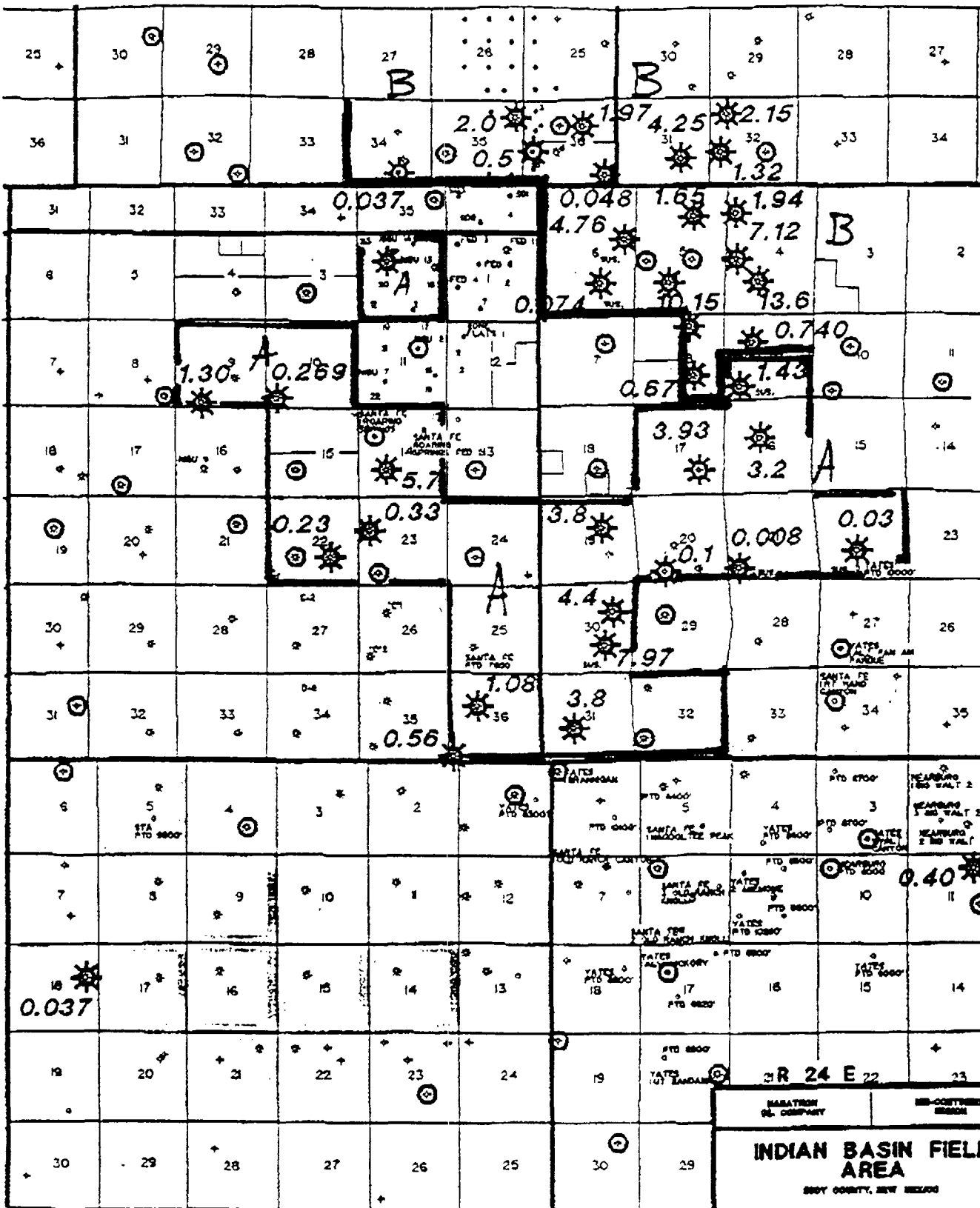
R 24 E

R 25 E

T 20 8

T 21 8

T 22 8



R 23 E

A - INDIAN BASIN MORROW
 B - CEMETERY MORROW

- MORROW PRODUCER
2.15 CUM. PRODUCTION IN BCFG
- MORROW PENETRATION (DRY)

MARATHON OIL COMPANY	MEM-CENTURY ENERGY
INDIAN BASIN FIELD AREA	
SEBY COUNTY, NEW MEXICO	
MORROW PRODUCTION	
DATE: 12/15/11	DATE: 1/11/12
PREPARED BY: [blank]	REVISION: 4/10
DRAWN BY: [blank]	PROJECT: [blank]
CHECKED BY: [blank]	SCALE: 1" = 1000'

DON - 870062.MP CPL

EXHIBIT

A

Re: Morrow Operators/Leasehold Owners
Indian Basin Area (Bone Flats Lease)
Eddy County, New Mexico

Yates Petroleum Corporation
Yates Drilling Company
Abo Petroleum Corporation
Myco Industries, Inc.
105 South Fourth Street
Artesia, New Mexico 88210

Conoco Inc.
10 Desta Drive, Suite 100w
Midland, Texas 79705

Columbia Gas Development Corporation
P. O. Box 1350
Houston, Texas 77251

Southwest Royalties, Inc.
P. O. Box 11390
Midland, Texas 79702

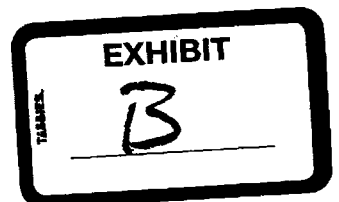
Parker & Parsley Development Company
P. O. Box 3178
Midland, Texas 79702

Devon Energy Corporation
20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102

Santa Fe Energy Resources, Inc.
550 West Texas, Suite 1330
Midland, Texas 79701

Kerr McGee Corporation
P. O. Box 25861
Oklahoma City, Oklahoma 73013

Citation Oil & Gas Corporation
8223 Willow Place South, Suite 250
Houston, Texas 77070



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Offset Morrow Operator/Owner Memo

Central Resources, Inc.
2600 Mellon Center
1775 Sherman Street
Denver, Colorado 80203

Landmark Oil & Gas Corporation
5080 Spectrum Drive, Suite 805 West
Dallas, Texas 75248

Vivian Kral
1527 Hillside Road
Fairfield, Connecticut 06490

William J. Graham
Rosalynn S. Graham
3612 Pennsylvania Lane
Plano, Texas 75075

General Atlantic Resources
1300 Main Street, Suite 512
Houston, Texas 77002

BHP Petroleum (Americas) Inc.
5847 San Felipe Street, Suite 3600
Houston, Texas 77057

Robert G. Hanagan
Hugh E. Hanagan
Box 1737
Roswell, New Mexico 88201

Merle Kelce
301 N. Memorial Drive
St. Louis, Missouri

Nolan H. Brunson, Jr.
Box 1039
Hobbs, New Mexico 88241

Meridian Oil Inc.
P. O. Box 51810
Midland, Texas 79710

Merle Kelce
301 N. Memorial Drive
St. Louis, Missouri 63102

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Offset Morrow Operator/Owner Memo

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