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RECOGNIZED SPECIALIST IN THE AREA OF  
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

March 16, 1998

**HAND DELIVERED**

Ms. Lori Wrotenbery, Director  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

Re: Application of Marathon Oil Company  
to amend and adopt special pool rules  
Travis-Upper Pennsylvanian Pool,  
Eddy County, New Mexico.

Dear Ms Wrotenbery:

On behalf of Marathon Oil Company, please find our application in the referenced case which we request be set on the next available Division Examiner's docket on scheduled for April 16, 1998.

Also enclosed is our suggested advertisement for the Division docket.

Very truly yours,



W. Thomas Kellahin

cfx: Marathon Oil Company  
Attn: Thomas C. Lowry, Esq.  
cc: OCD-Artesia  
Attn: Tim Gum

11964

## PROPOSED ADVERTISEMENT

CASE 11964 Application of Marathon Oil Company amend and adopt special pool rules, Eddy County, New Mexico. Applicant seeks the amendment of Rule 4 of the special pool rules to provide for well locations not closer than 330 feet to any outer boundary of a governmental quarter-quarter section and the adoption of a new rule for a limiting gas oil ratio of 7,000 cubic feet of gas for each barrel of oil produced from the Travis-Upper Pennsylvanian Pool, Eddy County, New Mexico. Said pool is located in the approximately 6 miles southwest of Loco Hills, 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:**

**APPLICATION OF MARATHON OIL COMPANY  
TO AMEND AND TO ADOPT SPECIAL POOL RULES  
EDDY COUNTY, NEW MEXICO.**

CASE NO. 11964

**APPLICATION**

Comes now Marathon Oil Company ("Marathon") by its attorneys, Kellahin & Kellahin, and applies to the New Mexico Oil Conservation to amend Rule 4 of the special pool rules to provide for well locations not closer than 330 feet to any outer boundary and to adopt a limiting gas oil ratio of 7,000 cubic feet of gas for each barrel of oil produced from the Travis-Upper Pennsylvanian Pool, Eddy County, New Mexico, and in support thereof states:

1. On November 16, 1977, the Division entered Order R-5643 (Case 6072) which created the Travis-Upper Pennsylvanian Pool and adopted 80-acre oil spacing and proration units for said pool.

2. In 1997, Marathon drilled the following two wells originally intended as Morrow formation gas wells but which were subsequently recompleted in the Cisco/Canyon formation in February 1998:

(a) Crockett "27" Well No 1, located 1980 feet from the West line and 1650 feet from the South line (Unit K) Section 27, T18S, R28E, NMPM, Eddy County, New Mexico;

(b) Buchanan "33" Well No 1, located 660 feet from the East line and 2000 feet from the South line (Unit I) Section 33, T18S, R28E, NMPM, Eddy County, New Mexico.

3. The Division's District Supervisor (Artesia) has determined that these two wells should be subject to the rules and regulations for the Travis-Upper Pennsylvanian Pool. **See locator map (Exhibit "A" attached).**

4. The Travis Upper-Pennsylvanian Pool currently includes five (5) active producing oil wells located in portions Sections 14 and 23 of T18S, R28E, NMPM.

5. Production tests have confirmed that the Crockett "27" Well No 1 and the Buchanan "33" Well No. 1 are oil wells whose most efficient producing gas-oil ratio is approximately 7,000 cubic feet of gas per barrel of oil produced.

6. In addition, step rate tests conducted on these wells indicate that attempts to restrict these wells to a statewide 2,000 cubic feet of gas to 1 barrel of oil limiting GOR adversely impacts each well's ability to maximize oil production and therefore is wasteful.

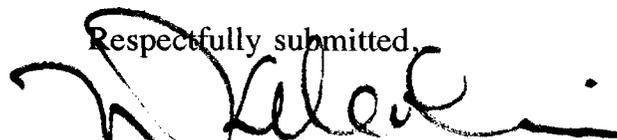
7. Accordingly, Marathon seeks the promulgation of special limiting gas oil ratio of 7,000 cubic feet of gas for each barrel of oil produced from the Travis-Upper Pennsylvanian Pool, Eddy County, New Mexico.

8. Marathon seeks to amend Rule 4 of the special pool rules which currently provide for well locations within 150 feet of the center of a governmental quarter-quarter line so that additional flexibility is provided by requiring wells to be located not closer than 330 feet to the outer boundary of any governmental quarter-quarter section.

9. In accordance with Division Rule 1207, Marathon has sent a copy of this application and notice for hearing to be held on April 16, 1998 to all the proper parties entitled to said notice.

Wherefore, Applicant's request that, after notice and hearing, this application be granted.

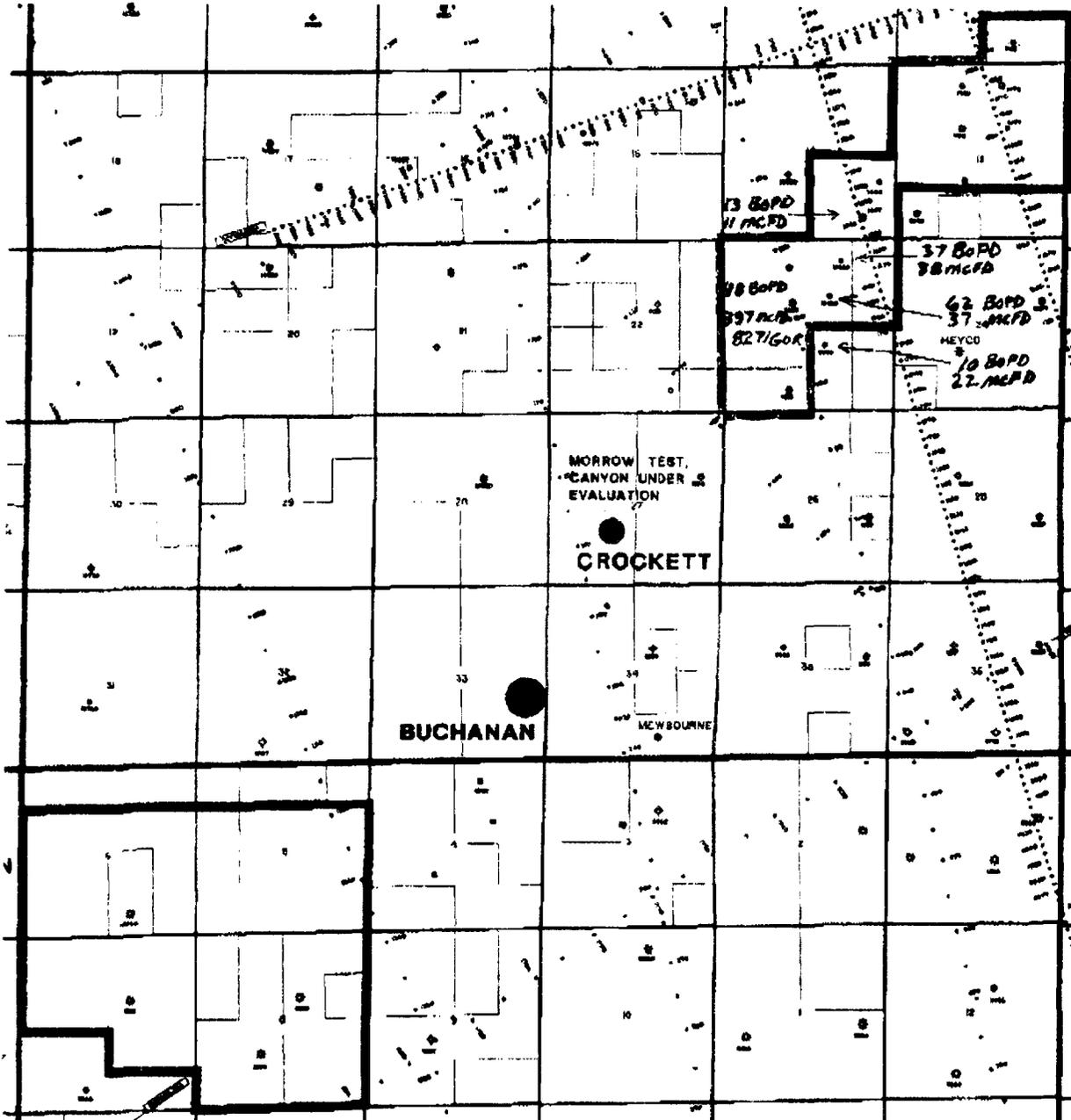
Respectfully submitted,



W. Thomas Kellahin  
Kellahin & Kellahin  
P. O. Box 2265  
Santa Fe, New Mexico 87504

*Current Production  
(8/97)*

# TRAVIS UPPER PENN FIELD CANYON OIL FIELD 1.2 MMBO & 3.7 BCFG



UPPER PENN PRODUCERS

MARATHON OIL COMPANY	MID-CONTINENT REGION
<b>CANYON PROSPECT</b> EDDY COUNTY, NEW MEXICO	
FORMAL ACCT. NO.	DATE 10/78
OWNER	SHOULD SHOW
DATE OF AC	12/1/98 BUREAU OF EXP. INT.
	ALL INFO. SUBJECT TO EXP. INT.

**EXHIBIT**  
**A**