

BEFORE EXAMINER CATANACH  
OIL CONSERVATION DIVISION

~~NW APACHE~~ EXHIBIT NO. 3

CASE NO. 10423



HOC Fed Gas Com

#1

KB 4054

7700  
7702'  
(-3648)

7800

12/65 Acidize w/ 25,000 gals  
and frac w/ 15,000 gal w/  
10,500 #'s sand & beads

1/66 IP 1.7 MMCFD 22/64" ch  
600# FTP

2/67 Acid frac w/ 20,000 gal  
15% and 13,000 gal 28%

0%

φ Dolomite

0%

φ Limestone

BEFORE EXAMINER CATANACH  
OIL CONSERVATION DIVISION

MURKIN EXHIBIT NO. 4

CASE NO. 10423



# INDUSTRY PRODUCTION DATA RATE-TIME PLOTS

API NO: 300151072100 GENID: 4WG02760

GAS

WELL: HOC FEDERAL GAS COM 000001

FIELD: INDIAN BASIN UPPER PENN.(PRO GAS) UP 008036474

OPERATOR: AMOCO PRODUCTION CO 019922

STATE: NM 30 COUNTY: EDDY 015

FIRST PROD

REQUESTOR:

LOCATION: 13F022S023E

RESERVOIR: UP

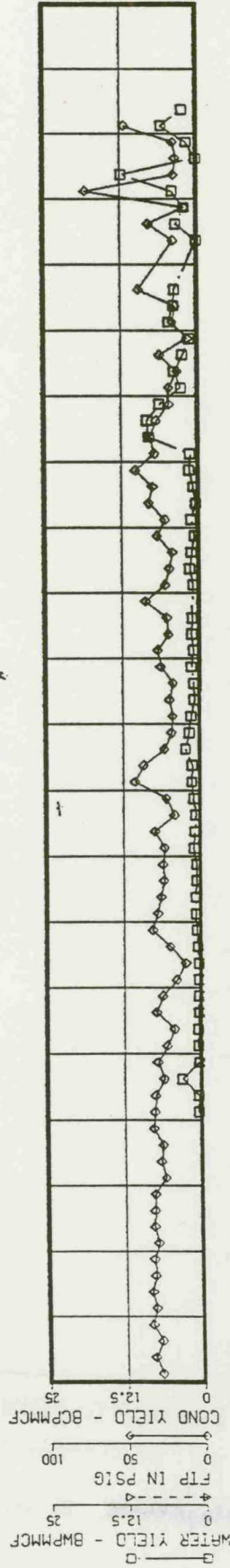
COMP DATE: 65 12

TOT. GAS CUM: 8,150,349 (6/89)

TOT. OIL CUM: 54,166

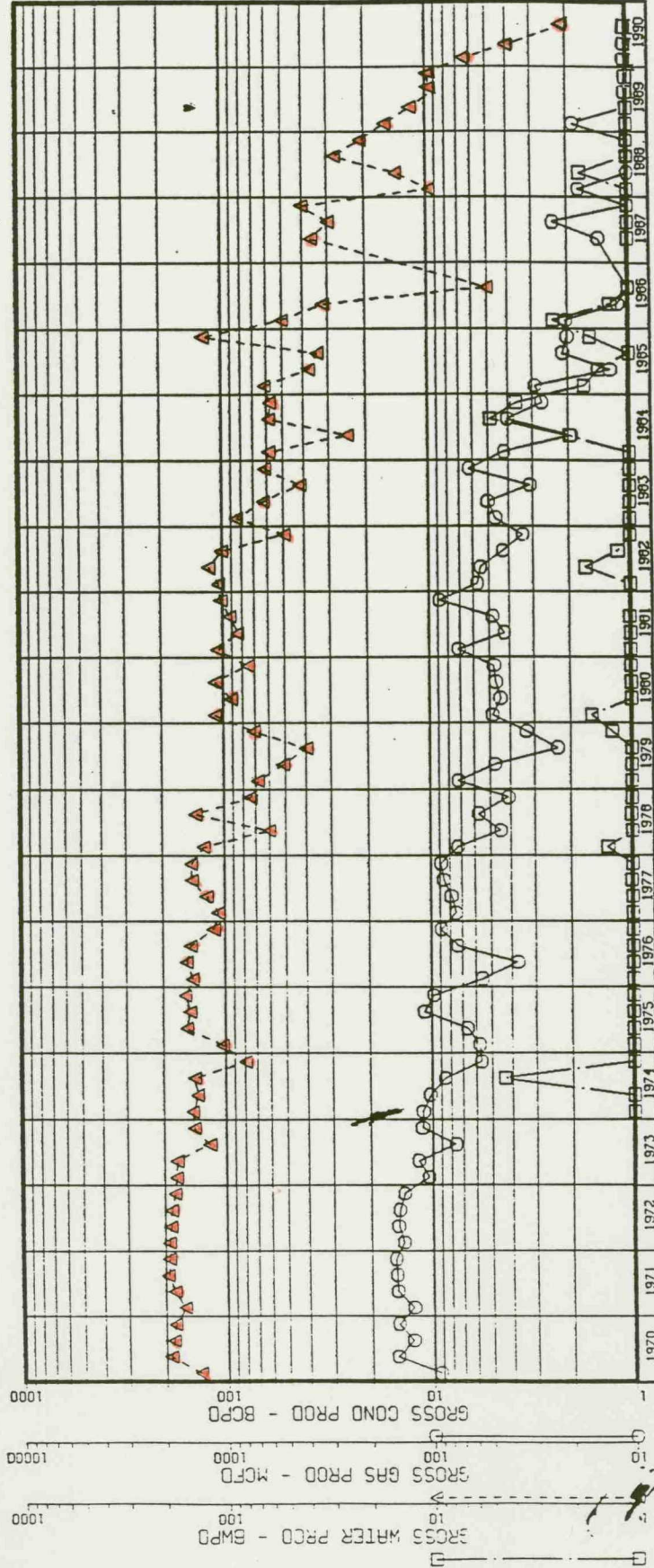
PERFS: 7702 - 7798

LOCATION: HOUSTON



MAJOR PRODUCT

1346	1885	1830	1795	1808	1934	1910	1901	1873	1857	1775	1743	1195	1421	1436	1359	1403	794	1028	1528	1472	1552	1424	1521	1461	1129	1068	1435	1441	1244	801	1367	735	681	513	397	712	1090	1087	754	1047	842	917	1015	1042	1158	999	495	838	415	612	588	248	588	614	372	339	1219	504	311	471	50	360	398	140	278	207	158	118
------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	-----	------	------	------	------	------	------	------	------	------	------	------	------	-----	------	-----	-----	-----	-----	-----	------	------	-----	------	-----	-----	------	------	------	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	------	-----	-----	-----	----	-----	-----	-----	-----	-----	-----	-----



BEFORE EXAMINER CATANACH

OIL CONSERVATION DIVISION

MW/APACHE

EXHIBIT NO.

5

CASE NO.

10423

MW PETROLEUM  
ACREAGE FACTOR CALCULATION  
PROPOSED HOC GAS COM #2

MW Petroleum is requesting that the NMOCD approve an acreage factor of 0.38 for gas allowable purposes. This number is calculated by the average of three different techniques as follows:

- (1) Productive acreage - Based on a detailed geologic evaluation, Section 13 is estimated to have 308 productive acres:

$$308/640 = 0.48 \text{ (48\% of Section)}$$

- (2) Two Circle Method - The % difference in acreage lying outside the 640-acre unit for a 308-acre circle with its center at the proposed location and the same size circle with the center at the nearest regular location:

$$(198/308) - (33/308) = 0.536$$

$1 - 0.536 = 0.464$  or 46.4% of the proposed drainage pattern is within the correlative rights of the gas unit.

- (3) Distance Ratio Method - The % distance from the lease line for the proposed unorthodox location compared to a regular location:

$$330'/1650' = 0.20$$

The average of the three factors is 0.38.

NMOCD Hearing of December 5, 1991

DATE	12/5/91
FILE NO.	10423
SECTION	13
CASE NO.	10423

BEFORE THE  
OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION  
OF MW PETROLEUM CORPORATION/  
APACHE CORPORATION FOR AN  
UNORTHODOX GAS WELL LOCATION,  
EDDY COUNTY, NEW MEXICO.

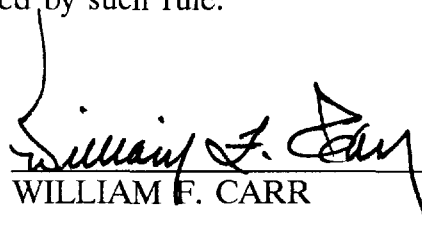
CASE NO. 10423

AFFIDAVIT


STATE OF NEW MEXICO     )  
  )ss.  
COUNTY OF SANTA FE     )

BEFORE EXAMINER CATANACH	
OIL CONSERVATION DIVISION	
MW/APACHE	EXHIBIT NO. <u>7</u>
CASE NO. <u>10423</u>	representative of MW Petroleum

William F. Carr, attorney-in-fact and authorized representative of MW Petroleum Corporation/Apache Corporation, the Applicant herein, being first duly sworn, upon oath, states that the notice provisions of Rule 1207 of the New Mexico Oil Conservation Division have been complied with, that Applicant has caused to be conducted a good faith diligent effort to find the correct addresses of all interested persons entitled to receive notice as shown by Exhibit "A" attached hereto, and that pursuant to Rule 1207, notice has been given at the correct addresses provided by such rule.

  
WILLIAM F. CARR

SUBSCRIBED AND SWORN to before me this 4th day of December, 1991.

  
Notary Public

My Commission Expires:

August 19, 1995

**EXHIBIT A**

ORYX Energy Company  
Post Office Box 26300  
Oklahoma City, Oklahoma 73126-0300  
Attn: Gregg Jacobson

Marathon Oil Company  
125 W. Missouri  
Midland, TX 79701



CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.  
LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN  
WILLIAM P. SLATTERY

ANNIE-LAURIE COOGAN  
PATRICIA A. MATTHEWS  
MICHAEL H. FELDEWERT

JACK M. CAMPBELL  
OF COUNSEL

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

November 12, 1991

ORYX Energy Company  
Post Office Box 26300  
Oklahoma City, Oklahoma 73126-0300  
Attn: Gregg Jacobson

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

Re: Application of MW Petroleum Corporation/Apache Corporation for an  
Unorthodox Well Location, Eddy County, New Mexico

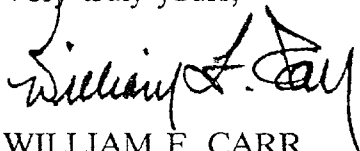
Dear Mr. Jacobson:

This letter is to advise you that MW Petroleum Corporation/Apache Corporation has filed an application with the New Mexico Oil Conservation Division seeking approval of an unorthodox gas well location in the Pennsylvanian formation 330 feet from the North and West lines of Section 13, Township 22 South, Range 23 East, N.M.P.M., Eddy County, New Mexico.

This application has been set for hearing before an Examiner of the Oil Conservation Division on December 5, 1991. You are not required to attend this hearing, but as an owner of an interest that may be affected by the unorthodox well location, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,



WILLIAM F. CARR  
ATTORNEY FOR MW PETROLEUM CORPORATION/APACHE CORPORATION  
WFC:mlh

cc: Ceci Searls Leonard

**SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.**  
 Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for rates and check boxes for additional services requested.  
 1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:  
 ORYX Energy Company  
 Post Office Box 26300  
 Oklahoma City, Oklahoma 73126  
 Attn: Gregg Jacobson

4. Article Number  
 P 106 677 339

Type of Service:  
☐ Registered ☐ Insured  
☒ Certified ☐ COD  
☐ Express Mail ☐ Return Receipt for Merchandise  
 Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Address  
 X

6. Signature - Agent  
 X

7. Date of Delivery  
 November 12, 1991

8. Addressee's Address (ONLY if Restricted Delivery is used)  
 OKLAHOMA CITY, OK  
 NOV 14 1991  
 DOMESTIC RETURN RECEIPT 731

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-085

P-106 677 339

Sent to Attn: Gregg Jacobson  
 ORYX Energy Company

Street and No.  
 Post Office Box 26300

P.O. State and Zip Code  
 Oklahoma City, OK 73126

Postage 5

Certified Fee

Special Delivery Fee

Restricted Delivery Fee

Return Receipt showing to whom and Date Delivered

Return Receipt showing to whom Date and Address Delivered

TOTAL Postage and Fees 5

Postmark or Date  
 November 12, 1991

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.  
LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN  
WILLIAM P. SLATTERY

ANNIE-LAURIE COOGAN  
PATRICIA A. MATTHEWS  
MICHAEL H. FELDEWERT

JACK M. CAMPBELL  
OF COUNSEL

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

November 12, 1991

Marathon Oil Company  
125 W. Missouri  
Midland, Texas 79701

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

Re: Application of MW Petroleum Corporation/Apache Corporation for an  
Unorthodox Well Location, Eddy County, New Mexico

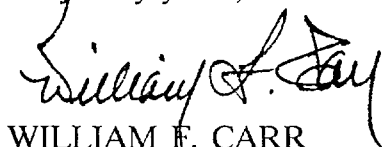
Dear Mr. Jacobson:

This letter is to advise you that MW Petroleum Corporation/Apache Corporation has filed an application with the New Mexico Oil Conservation Division seeking approval of an unorthodox gas well location in the Pennsylvanian formation 330 feet from the North and West lines of Section 13, Township 22 South, Range 23 East, N.M.P.M., Eddy County, New Mexico.

This application has been set for hearing before an Examiner of the Oil Conservation Division on December 5, 1991. You are not required to attend this hearing, but as an owner of an interest that may be affected by the unorthodox well location, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,



WILLIAM F. CARR

ATTORNEY FOR MW PETROLEUM CORPORATION/APACHE CORPORATION  
WFC:mlh

cc: Ceci Searls Leonard



● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.  
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional services requested.  
1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:

Marathon Oil Company  
125 W. Missouri  
Midland, TX 79701

4. Article Number

P 106 677 340

Type of Service:

☐ Registered ☒ Insured  
☒ Certified ☐ COD  
☐ Express Mail ☐ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

8. Addressee's Address (ONLY if requested and fee paid)

Sm

5. Signature - Address

X

6. Signature of Agent

X

7. Date of Delivery

11-14-91

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-885 DOMESTIC RETURN RECEIPT

P-106 677 340

Sent to Marathon Oil Company	
Street and No. 125 W. Missouri	
P.O., State and Zip Midland, TX 79701	
Postage	\$
Certified Fee	
Special Delivery	
Restricted Delivery	
Return Receipt to whom and Date	
Return Receipt to whom and Date	
TOTAL Postage and Fees	\$
Postmark or Date November 12, 1991	

PS Form 3800, Jun 1985

# MW PETROLEUM CORPORATION

November 24, 1991

Chevron USA, Inc.  
P. O. Box 1150  
Midland, Texas 79702  
Attn: Al Bohling

BEFORE EXAMINER CATANACH	
OIL CONSERVATION DIVISION	
<u>MW/AAACHE</u>	EXHIBIT NO. <u>8</u>
CASE NO. <u>10423</u>	

Request for Waiver of Objection  
HOC Federal Gas Com #2  
Indian Basin (Upper Penn) Gas Pool  
Eddy County, New Mexico

---

MW Petroleum Corporation, operator, is requesting your waiver of objection to MW Petroleum's application to drill a gas well at an unorthodox location in Section 13 of Township 22-S, Range 23-E, Eddy County, New Mexico.

This application has been set for hearing on December 5, 1991, at the offices of the New Mexico Oil Conservation Division in Santa Fe, New Mexico.

The proposed well will be a replacement gas producer for the HOC Federal Gas Com #1, located in Unit F. This well is no longer capable of producing in commercial quantities due to the current low reservoir pressure and the reservoir thickness at this location. The proposed replacement well will be located in Unit D to the northwest of the original well at a location 330' FNL and 330' FWL of Section 13.

MW Petroleum is also requesting that the NMOCD approve an acreage factor of 0.38 for gas allowable purposes.

Numerous unorthodox location permit applications have been approved by the NMOCD in Indian Basin Field over the years. MW Petroleum believes that the drilling of this well is necessary to protect the correlative rights of it and its royalty owners. The acreage factor of 0.38 will protect the correlative rights of the offsetting interests.

1500 CITY WEST BLVD.

SUITE 400

HOUSTON, TX 77042

713 - 953-5300

If you have no objections to MW Petroleum's drilling and producing this unorthodox location, please sign and return one copy of this letter in the enclosed envelope. Should you have any questions regarding this matter, please call Ceci Leonard at (713) 953-5306.

Sincerely yours,

*Ceci Searls Leonard*

Ceci Searls Leonard  
MW Petroleum Corporation

*Chevron U.S.A. Inc.*

Name of Company

*Ed Godwin 12/3/91*

Representative's Signature and Date



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:

CASE NO. 10423

APPLICATION OF MW PETROLEUM  
CORPORATION/APACHE CORPORATION  
FOR AN UNORTHODOX GAS WELL  
LOCATION, EDDY COUNTY, NEW MEXICO

BEFORE EXAMINER CATANACH

OIL CONSERVATION DIVISION

MW/APACHE EXHIBIT NO. 9

STIPULATED PENALTY

CASE NO. 10423

Comes now MW Petroleum Corporation/Apache Corporation, by and through its attorney, William F. Carr of Campbell, Carr, Berge & Sheridan, and Marathon Oil Company, by and through its attorney, W. Thomas Kellahin of Kellahin Kellahin & Aubrey and stipulate as follows:

(1) That MW Petroleum Corporation/Apache Corporation is the applicant before the New Mexico Oil Conservation Division in the referenced case and seeks approval of an unorthodox gas well location in the Indian Basin-Upper Pennsylvanian Gas Pool which is 330 feet from the North and West lines of Section 13, T22S, R23E, NMPM, Eddy County, New Mexico;

(2) That Marathon Oil Company is the operator of a producing gas well in the Indian Basin-Upper Pennsylvanian Gas Pool which is located at a standard gas well location and dedicated to a spacing unit consisting of 640 acres being all of Section 14, T22S, R23E, NMPM, Eddy County, New Mexico;

(3) That the MW Petroleum Corporation/Apache Corporation proposed unorthodox location encroaches towards the Marathon's spacing unit;

(4) In order to protect the correlative rights of Marathon Oil Company and the interest owners in Section 14 and at the same time to prevent waste by providing for the drilling of the MW Petroleum Corporation/Apache Corporation's well as requested, the parties stipulate and agree that MW Petroleum Corporation/Apache Corporation shall request from the Oil Conservation Division a penalty so that the producing allowable for

OK  
62% WK

the penalized well shall be 38% of a full unpenalized allowable for this pool (66% PENALTY) which is calculated by averaging two factors as follows:

- (a) Productive acreage Method  
in Section 13:  
358 acres of 640 = 55.9% of allowable
- (b) Ratio of Distance:  
330/1650 = 20% of allowable

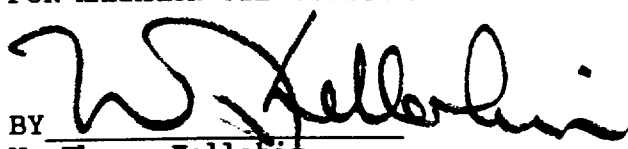
(5) That MW Petroleum Corporation\Apache Corporation agrees that the subject well shall have a bottom hole location which is no closer than 330 feet to the north and west boundaries of Section 13;

(6) That Marathon Oil Company shall withdraw any protest in this case provided that the Division order entered in this case shall not have an allowable greater than the stipulated 38% allowable;

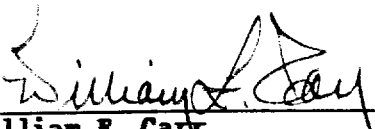
(7) This stipulation shall be made a part of the record in the Examiner's hearing of this matter.

This stipulation is executed this 4th day of December, 1991 by the respective attorneys of record for the parties indicated on behalf of said parties.

FOR MARATHON OIL COMPANY

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

FOR MW PETROLEUM CORPORATION/  
APACHE CORPORATION

BY   
William F. Carr  
Campbell, Carr, Berg & Sheridan  
P. O. Box 2208  
Santa Fe, New Mexico 87504