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

JASON KELLAHIN (RETIRED 1991)

May 24, 1993

Mr. William J. LeMay
Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87504

HAND DELIVERED

10741

Re: Newman State Well No. 1
Application of Marathon Oil Company
for an Unorthodox Oil Well Location,
Stateline-Ellenburger Oil Pool,
Lea County, New Mexico

Dear Mr. LeMay:

On behalf of Marathon Oil Company, please find enclosed our Application for An Unorthodox Oil Well Location for the Newman State Well No 1. which we request be set for hearing on the next available Examiner's docket now scheduled for June 17, 1993. Also enclosed is our proposed notice for the advertisement.

By copy of this letter, including the Application to all parties, we are notifying them by certified mail return-receipt requested, that they have the right to appear at the hearing, to make a statement to the Division, to present evidence and cross-examine witnesses either in support of or in opposition to the Application.

Very truly yours,

W. Thomas Kellahin

cc: Thomas C. Lowry, Esq. (Midland)

cc: CERTIFIED MAIL:

All parties shown in application

APP:524.092

Proposed notification/advertisement for OCD docket

Case 10741: Application of Marathon Oil Company for an unorthodox oil well location, Lea County, New Mexico. Applicant seeks approval of an unorthodox oil well location 1600 feet from the West line and 1650 feet from the North line (Unit F) Section 32, Township 23 South, Range 38 East, NMPM, Stateline-Ellenburger Pool. The S/2NW/4 of said Section 32 is to be dedicated to said well forming a standard 80-acre oil spacing and proration unit. Said unit is located approximately 13 miles south-southeast of Eunice, New Mexico.

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

IN THE MATTER OF THE APPLICATION
OF MARATHON OIL COMPANY FOR APPROVAL OF
AN UNORTHODOX OIL WELL LOCATION,
STATELINE-ELLENBURGER POOL,
LEA COUNTY, NEW MEXICO

CASE: 10741

APPLICATION

Comes now MARATHON OIL COMPANY, by and through its attorneys, KELLAHIN and KELLAHIN, and applies to the New Mexico Oil Conservation Division for approval of an unorthodox oil well location for its Newman State Well No. 1 to be drilled at an unorthodox oil well location 1600 feet from the West line and 1650 feet from the North line (Unit F) Section 32, Township 23 South, Range 38 East, NMPM, Stateline-Ellenburger Pool, Lea County, New Mexico. The S/2NW/4 of said Section 32 is to be dedicated to said well forming a standard 80-acre oil spacing and proration unit. Said unit is located approximately 13 miles south-southeast of Eunice, New Mexico.

In support thereof, Applicant states:

1. Applicant, Marathon Oil Company, has the right to drill and test for production in the S/2NW/4 of Section 32, T23S, R38E, N.M.P.M, Lea County, New Mexico.
2. Applicant proposes to test for production by locating the subject well as described above.
3. The proposed well will be located within one mile of the current boundaries of the Stateline-Ellenburger Pool which includes the N/2 of Section 4 and all of Section 5, T24S, R38E, NMPM.
4. The subject oil pool was created by Order R-2944 dated August 6, 1965 and was initially spaced on 80 acre spacing (Rule 2) with Rule 4 setting standard well locations to be within 150 feet of the center of a quarter-quarter section line.
5. The proposed well would be at unorthodox location because it is 280 feet from the west side and 330 from the north side of SE/4NW/4 rather than the required 510 feet and therefore requires an exception to Rule 4 of the subject pool.

6. Based upon three dimensional seismic interpretations, a well at the proposed unorthodox location should penetrate the Ellenburger formation at more favorable geologic point than a well drilled at and standard location in the proposed spacing unit thereby increasing the likelihood of obtaining commercial production.

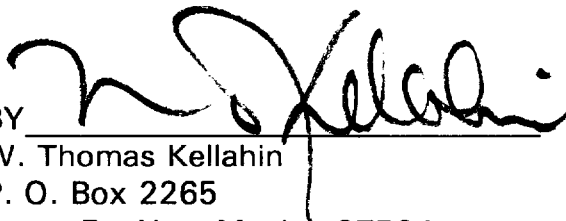
7. Approval of the application will afford the applicant the opportunity to produce its just and equitable share of the oil in the Ellenburger formation, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

8. The Applicant is the working interest owner or operator for all spacing units surrounding the subject unit except for one offsetting unit to the south. Notification of this application has been sent to that offsetting operator as follows:

Santa Fe Exploration Company
P. O. Box 1136
Roswell, New Mexico 88201-1136
Attn: William A. McAlpine

WHEREFORE, Applicant requests that, after notice and hearing,
this Application be approved as requested.

KELLAHIN and KELLAHIN

BY 

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ATTORNEY FOR APPLICANT