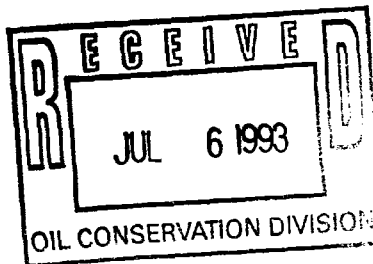


STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF MARATHON OIL COMPANY FOR APPROVAL
OF AN UNORTHODOX COAL GAS WELL LOCATION,
SAN JUAN COUNTY, NEW MEXICO



A P P L I C A T I O N

10780

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 well location in the Basin Fruitland Coal Gas Pool for its proposed Bolack Well No. 9-3 to be drilled at an unorthodox well location 790 feet FNL and 1710 feet FWL of Section 9, T27N, R11W, NMPM, San Juan County, New Mexico and to be dedicated to a 320 acre spacing unit consisting of the W/2 of Section 9, and in support states:

(1) Marathon Oil Company ("Marathon") is the proposed operator of the subject well and is the current operator of the Bolack 9-1 Well which is an existing coal gas well located 1377 feet FSL and 796 feet FWL (Unit L) of said Section 9.

(2) On September 22, 1990, Marathon completed its Bolack No. 9-1 Well at a standard location in the SW/4 of Section 9 and dedicated the W/2 of Section 9 to the well. See Exhibit "A" and Exhibit "B" attached.

(3) The Bolack No. 9-1 Well was completed by setting 5-1/2" casing and sand fracturing the Fruitland Coal. On initial gauge, the well produced 66 MCFPD. A wellhead compressor was placed on the well in January, 1991 when the well was connected to sales. Production increased to 120 MCFPD over the next six months, but by August, 1992, the well had declined to 90 MCFPD and was acidized and placed on gas-lift to remove produced water from the wellbore. In April, 1993, the well had declined to 36 MCFPD and a second fracture stimulation was performed on the well. No increase in production was seen as a result of the stimulation and the well is at its economic limit.

(4) While the entire W/2 of Section 9 is potentially productive, Marathon has been unsuccessful in its attempts to obtain a commercial well in a standard quarter section in this spacing unit.

(5) The E/2 of Section 9 is already dedicated to a Fruitland Coal Gas well located in the NE/4 of Section 9 and Marathon's only remaining alternative is to attempt to locate a well in the NW/4 of Section 9.

(6) Marathon seeks to drill its Bolack Well No 9-3 in the Basin Fruitland Coal Gas Pool at an unorthodox location in the NW/4 being 790 feet FNL and 1710 feet FWL of Section 9 as a replacement well for its existing Bolack 9-1 Well located in the SW/4 being 1877 feet FSL and 796 feet FWL of Section 9 which will be used as an observation well.

(7) The proposed location is standard as to the footage requirements but is unorthodox in that it is "off-pattern" for the Basin-Fruitland Coal Gas Pool because it is located in the NW/4 of the section rather than the NE/4 or the SW/4 of the section.

(8) The proposed unorthodox location is located within the "NAPI" Irrigation Project and has received preliminary approval from all necessary surface regulatory agencies.

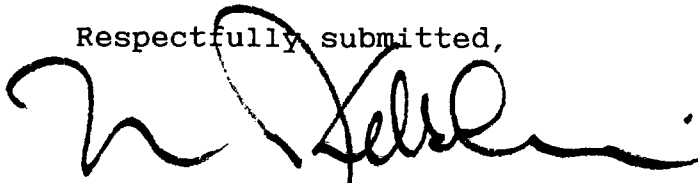
(9) The proposed unorthodox location is necessary in order for the applicant to economically recover Basin-Fruitland Coal Gas Pool reserves that are present in the W/2 of Section 9 and to avoid having this acreage drained by offsetting Basin Fruitland Coal Gas wells.

(10) Marathon requests that this matter be docketed for hearing on the Division Examiner docket now scheduled for July 29, 1993.

(11) Marathon is the operator of all adjoining and offsetting coal gas spacing units and therefore there is no operator entitled to notice of this case.

WHEREFORE, Marathon Oil Company requests that this matter be set for hearing on July 29, 1993 before a duly appointed Examiner of the Oil Conservation Division and that after notice and hearing as required by law, the Division enter its order granting this application.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', with a large, stylized flourish at the end.

W. Thomas Kellahin
Kellahin and Kellahin
P.O. Box 2265
Santa Fe, New Mexico 87504-2265
(505) 982-4285

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

Attorneys for Applicant

R 11 W

T
27
N






















MARATHON	MARATHON 	MARATHON	MARATHON		
SOUTHLAND ROYALTY 	5		4 	3	
MARATHON	MARATHON 	MARATHON 	MARATHON 	R & G DRILLING	
	8		9 	10 	
SOUTHLAND ROYALTY	MARATHON 	MARATHON	MARATHON 	MARATHON	BONNEVILLE FUELS 
	17 		16		15
20		MARATHON	MARATHON 	BONNEVILLE FUELS	BONNEVILLE FUELS 
			21		22

EXHIBIT "B"