

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OIL CONSERVATION DIVISION
RECEIVED

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Marathon Oil Company

3. Address and Telephone No.

PO Box 2409 Hobbs, NM 88240 (505) 393-7106

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

790' FNL & 1845' FEL
Sec. 17, T-27-N, R-11-W

5. Lease Designation and Serial No.

SF-080382-A

6. If Indian, Allottee or Tribe Name

NIIP

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Schwerdtfeger 17 No. 1

9. API Well No.

30-045-27808

10. Field and Pool, or Exploratory Area

Basin Fruitland Coal

11. County or Parish, State

San Juan, New Mexico

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☒ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- ☐ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☒ Other Well Test
☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Marathon Oil Company respectfully requests permission to test Schwerdtfeger 17 No. 1 for 90 days. Initial tests had shown 13 MCFPD and 50 BWPD with a tubing pressure of 24 psig; but, the well had not produced long enough for the desorption process to begin. If the well does not project an incline within the 90 day test period, action will be taken to re-fracture stimulate or temporarily abandon the wellbore.

RECEIVED
BLM
OCT 15 AM 10:44
SARASOTA, N.M.

14. I hereby certify that the foregoing is true and correct

Signed S.P. Guidry Title Production Superintendent Date 10/8/92

(This space for Federal or State office use)

Approved by

Conditions of approval, if any:

Title

Date

APPROVED

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

5. Lease Designation and Serial No.

SF-080382-A

6. If Indian, Allottee or Tribe Name

NIIP

7. If Unit or CA, Agreement Designation

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

Type of Well

☐ Oil ☐ Gas ☐ Well ☒ Well ☐ Other

1. Name of Operator

Marathon Oil Company

Address and Telephone No.

P. O. Box 552, Midland, TX 79702 915/682-1626

2. Location of Well (Footage, Sec., T., R., M., or Survey Description)

790' INL & 1845' FEL
Sec. 17, T27N, R11W

3. Well Name and No.

Schwerdtfeger "17" No. 1

4. API Well No.

30-045-27808

10. Field and Pool, or Exploratory Area

Basin Fruitland Coal

11. County or Parish, State

San Juan, New Mexico

CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

☒ Notice of Intent

☐ Subsequent Report

☐ Final Abandonment Notice

TYPE OF ACTION

☐ Abandonment

☐ Recompletion

☐ Plugging Back

☐ Casing Repair

☐ Altering Casing

☐ Other

☐ Change of Plans

☐ New Construction

☐ Non-Routine Fracturing

☐ Water Shut-Off

☐ Conversion to Injection

☐ Dispose Water

Note: Report results of multiple completion on well
Completion or Recompletion Report and Log form.

3. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

Initial tests show little or no gas production on the Schwerdtfeger "17" No. 1; therefore, Marathon Oil Company intends to do one or more of the following options:

- 1) Restimulate existing Basin Fruitland Coal,
- 2) Determine other commercially productive zones,
- 3) Temporarily abandon upon failure of items (1) and/or (2).

4. I hereby certify that the foregoing is true and correct

Signed Rod J. Prosceno

Title Operations Engineer

ACCEPTED FOR RECORD

Date 2/13/92

This space for Federal or State office use:

Approved by

Title

Conditions of approval, if any:

FEB 21 1992

FARMINGTON RESOURCE AREA

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT OIL CONSERVATION DIVISION

SUBMIT IN DUPLICATE*

Form approved.
Budget Bureau No. 1004-0137
Expires August 31, 1985

WELL COMPLETION OR RECOMPLETION REPORT AND LOG*

1a. TYPE OF WELL: OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> DRY <input type="checkbox"/> Other <u>'92 FEB 2: 11110</u>		5. LEASE DESIGNATION AND SERIAL NO. SF-080382-A	
b. TYPE OF COMPLETION: NEW WELL <input checked="" type="checkbox"/> WORK OVER <input type="checkbox"/> DEEP-EN <input type="checkbox"/> PLUG BACK <input type="checkbox"/> DIFF. REVR. <input type="checkbox"/> Other _____		6. IF INDIAN, ALLOTTEE OR TRIBE NAME NIIP	
2. NAME OF OPERATOR Marathon Oil Company		UNIT AGREEMENT NAME	
3. ADDRESS OF OPERATOR P. O. Box 552, Midland, Texas 79702		7. FARM OR LEASE NAME Schwerdtfeger 17	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)* At surface 790' FNL & 1845' FEL; Unit Letter B At top prod. interval reported below At total depth		9. WELL NO. 1	
14. PERMIT NO. 30-045-27808		DATE ISSUED 5/17/90	
15. DATE SPUDDED 9/10/90		16. DATE T.D. REACHED 9/12/90	
17. DATE COMPL. (Ready to prod.) 10/5/90		18. ELEVATIONS (DF, RKB, RT, GR, ETC.)* 6193'	
19. ELEV. CASINGHEAD 6186'		10. FIELD AND POOL, OR WILDCAT Basin Fruitland Coal	
20. TOTAL DEPTH, MD & TVD 1950'		21. PLUG. BACK T.D., MD & TVD 1902'	
22. IF MULTIPLE COMPL. HOW MANY? 1		23. INTERVALS DRILLED BY All	
24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD) Fruitland Coal 1850'-1880'		25. WAS DIRECTIONAL SURVEY MADE Yes	
26. TYPE ELECTRIC AND OTHER LOGS RUN DIL-SFL, CNL-LDT-GR		27. WAS WELL CORED No	
28. CASING RECORD (Report all strings set in well)			
CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE
8 5/8"	24#	345'	12 1/4"
5 1/2"	15.5#	1949'	7 7/8"
			CEMENTING RECORD
			315 sx (circ 59 sx)
			1st stage (circ 80 sx)
			2nd stage (circ 140 sx)
			AMOUNT PULLED
			None
			None
29. LINER RECORD			
SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*
			SCREEN (MD)
30. TUBING RECORD			
SIZE	DEPTH SET (MD)	PACKER SET (MD)	
2 3/8"	1862'		
31. PERFORATION RECORD (Interval, size and number)			
Fruitland Coal 1850'-54' (9 holes) w/2 JSPF 1860'-70' (21 holes) w/2 JSPF 1873'-80' (15 holes) w/2 JSPF			
32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.			
DEPTH INTERVAL (MD)		AMOUNT AND KIND OF MATERIAL USED	
1850'-1880'		Acid w/1500 gals 15% NEFF	
		Frac w/56,800 gals & 84,000# sand	
33. PRODUCTION			
DATE FIRST PRODUCTION		PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump)	
		Shut-in	
DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD
FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BBL.
	374		GAS—MCF.
			WATER—BBL.
			GAS-OIL RATIO
34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.)			
TEST WITNESSED BY Eric Nelson			
35. LIST OF ATTACHMENTS DIL-SFL, CNL-LDT-GR			
36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records.			
SIGNED <u>Rod J. Prosceno</u> TITLE <u>Operations Engineer</u> DATE <u>2/5/92</u>			

*(See Instructions and Spaces for Additional Data on Reverse Side)

Form 100-5
OIL CONVEYANCE
RE
IN DIVISION
ED

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

'92 FEB 11 AM 9 45

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

5. Lease Designation and Serial No.

SF-080382-A

6. If Indian, Allottee or Tribe Name

NIIP

7. If Unit or CA, Agreement Designation

SUBMIT IN TRIPLICATE

Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

8. Name of Operator

Marathon Oil Company

Address and Telephone No.

P. O. Box 552, Midland, Texas 79702 (915) 682-1626

9. Location of Well (Footage, Sec., T., R., M., or Survey Description)

790' FNL & 1845' FEL
Sec. 17, T27N, R11W

9. Well Name and No.

Schwerdtfeger 17 No.1

10. API Well No.

30-045-27808

10. Field and Pool, or Exploratory Area

Basin Fruitland Coal

11. County or Parish, State

San Juan, New Mexico

CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

☐ Notice of Intent
☒ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

☐ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☒ Other Initial Completion

☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Accomplishment Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

Marathon Oil Company initiated the completion of the Schwerdtfeger 17 No. 1 on October 5, 1990. The following is a summary of the operation:

- 1) MIRU pulling unit & NU BOP's.
- 2) RIH w/bit & DC's on 2 3/8" tbg. DO DV tool TD 1904' PBTD.
- 3) Circ hole clean & press test pipe to 2500 psig & POOH.
- 4) RU Loggers. Ran GR-CCL-CBL. Bond across zone of interest.
- 5) Perf'd Fruitland 1850'-1854', 1860'-70', 1873'-80' w/2 JSPF on October 5, 1990.
- 6) RIH w/FB packer on 2 3/8" tbg.
- 7) Acidize perfs w/1500 gals 15% NEFE & 70 ball sealers @ 5.5 BPM @ 1150 psig.
- 8) Released pkr & knock off balls & POOH.

(Continued)

14. I hereby certify that the foregoing is true and correct

Signed Rod J. Prosceno Rod J. Prosceno Title Operations Engineer

Date 02/05/92

This space for Federal or State office use:

Approved by _____ Title _____
Conditions of approval, if any:

ACCEPTED FOR RECORD

FEB 11 1992

Continuation of Item 13

Form 3160-5

Schwerdtfeger 17 No. 1

- 9) Frac'd formation w/84,000# sand & 56,800 gals 70 Quality nitrogen foam @ 15 BPM @ 1400 psig.
- 10) Flow well to frac tank.
- 11) RIH w/RU. Cleaned out sand to 1902' PBTD.
- 12) Land tbg @ 1862' KB.
- 13) Swab back load.
- 14) RIH w/5/8" rods & 1.25" insert pump.
- 15) Pumped dry.
- 16) SWI.

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SUBMIT IN TRIPLICATE

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Marathon Oil Company

3. Address and Telephone No.

P O Box 552, Midland, TX 79702

915/682-1626

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

790' FNL & 1845' FEL
Sec. 17, T-27-N, R-11-W

SF-080382-A

6. If Indian, Allottee or Tribe Name

Navajo - NIIP

7. If Unit or CA, Agreement Designation

Kutz Canyon

8. Well Name and No.

Schwerdtfeger 17-1

9. API Well No.

30-045-27808

10. Field and Pool, or Exploratory Area

Basin Fruitland Coal

11. County or Parish, State

San Juan, NM

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☐ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- ☐ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☒ Other Spud & csg operations

- ☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

MIRU Four Corners Rig #5. Spud 12-1/4" hole @ 1245 hrs 9-10-90. Drld to 345'. Ran 8 jts, 8-5/8", 24#, K-55, STC csg to 345'. Insert float @ 302'. RU cementers, tested lines to 2000#, cmt'd w/ 315 sx "B" + 2% CaCl₂ + 1/4 #/sk celloflake. CIP @ 1645 hrs 9-10-90. Circ'd 59 sx to surface. NU Larkin Fig. 92 2M csg head. NU Shafer LWS 11" 3M dual ram preventers & rotating head. Tested pipe rams, blind rams, choke manifold to 2000 psi. Ran accumulator performance test. TIH, tag cmt @ 300'. Total WOC 10 hrs. Drld cmt & tested shoe to 1500 psi. Resumed drilling formation w/ 7-7/8" bit.

Drld to 1950' (TD). Logged well as follows: DIL/SFL 1940'-340'; LDT/CNL - 1940'-340'. Changed rams to 5-1/2" & ran 46 jts, 5-1/2", 15.5#, K-55, STC csg to 1999', FC @ 1902'. ECP stage pkr @ 1138'. RU BJ & tested lines to 2500#. Cmt'd w/ 165 sx "B" lite + 1/4# celloflake, 2% CaCl₂. Opened stage tool & cmt'd 2nd stage w/ 285 sx "B" + 1/4 pps celloflake. Circ'd 80 sx on 1st stage, 140 sx on 2nd stage. CIP @ 2100 hrs 9-12-90. Welded on 5-1/2" x 7-1/16" 3M tbg head. Tested weld to 1000#. Rig released @ 0100 hrs 9-13-90.

14. I hereby certify that the foregoing is true and correct

Signed

Title Drilling Superintendent

Date

(This space for Federal or State office use)

ACCEPTED FOR RECORD

Approved by

Title

Date

Conditions of approval, if any:

OCT 09 1990

FARMINGTON RESOURCE AREA

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

BY

*See Instruction on Reverse Side

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>				5. LEASE DESIGNATION AND SERIAL NO. SF-80382-A	
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/>				6. IF INDIAN, ALLOTTEE OR TRIBE NAME NIIP	
2. NAME OF OPERATOR Marathon Oil Company				7. UNIT AGREEMENT NAME Kutz Canyon	
3. ADDRESS OF OPERATOR P. O. Box 552, Midland, TX 79702				8. FARM OR LEASE NAME Schwardtfeger 17	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 790' FNL & 1845' FEL At proposed prod. zone 790' FNL & 1845' FEL				9. WELL NO. 17-1	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 8.5 miles south of Bloomfield, NM				10. FIELD AND POOL, OR WILDCAT Basin Fruitland Coal	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 790'		16. NO. OF ACRES IN LEASE 320 2-81-12		17. NO. OF ACRES ASSIGNED TO THIS WELL E/320	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. None on lease		19. PROPOSED DEPTH ± 1950'		20. ROTARY OR CABLE TOOLS Rotary	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 6185.8' GR				22. APPROX. DATE WORK WILL START* April 1, 1990	
23. PROPOSED CASING AND CEMENTING PROGRAM					
SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT	
11"	8-5/8"	24#	250'	175 sacks circ to surface	
7-7/8"	5-1/2"	15.5#	1950'	315 sacks circ to surface	

Propose to drill to TD of ± 1950'.

All casing will be run and cemented in accordance with regulations and by approved methods.

Blowout prevention equipment will be as outlined in Additional Information.

See attached Multipoint Surface Use Plan and Additional Information for specific drilling operations.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED [Signature] TITLE Drilling Superintendent DATE 4/4/90
(This space for Federal or State office use)PERMIT NO. _____ APPROVAL DATE _____
APPROVED AS AMENDEDAPPROVED BY _____ TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY:ok
C

*See Instructions On Reverse Side

Submit to Appropriate
District Office
State Leases - 4 copies
Fee Leases - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form G-108
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

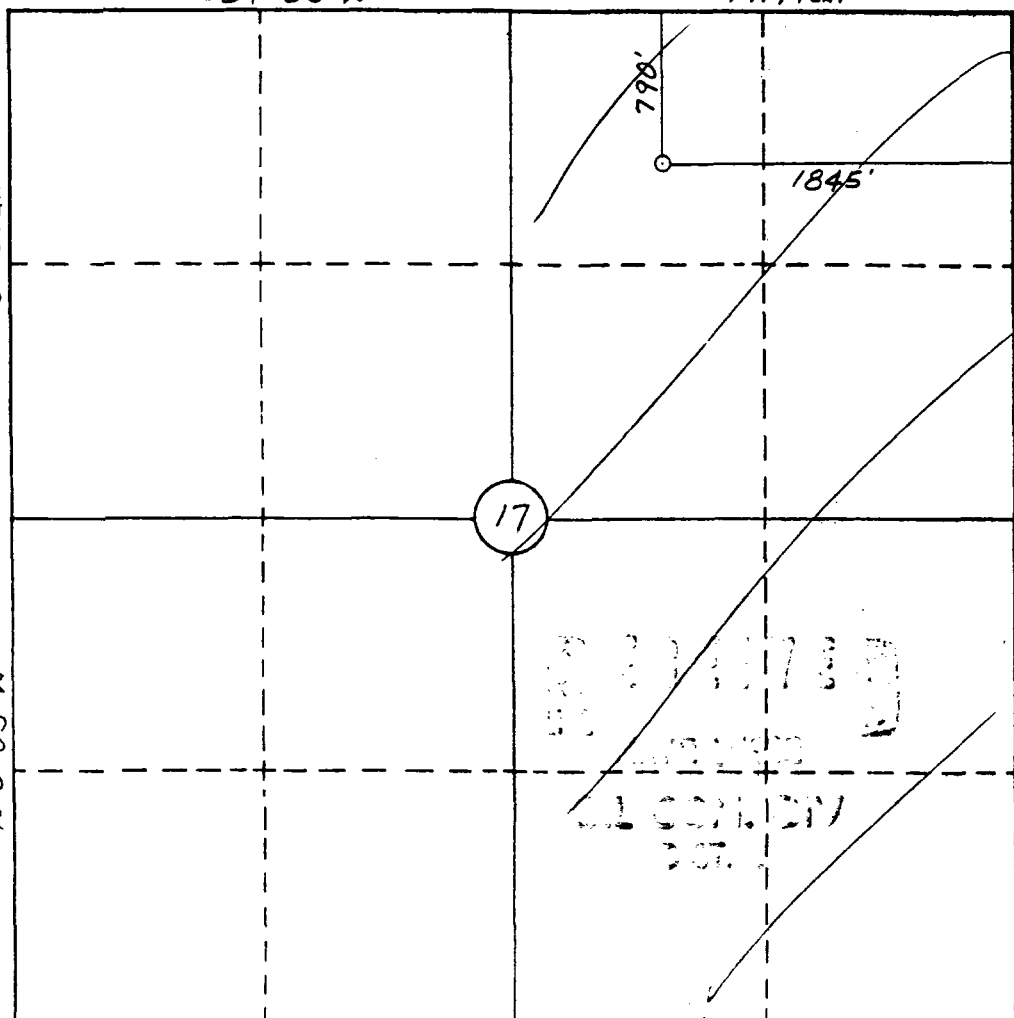
Operator MARATHON OIL COMPANY			Lease SCHWERTFEGER 17		Well No. 17-1
Unit Letter B	Section 17	Township 27 N	Range 11 W	County NMEN	San Juan
Actual Footage Location of Well: 790 feet from the North line and 1845 feet from the East line					
Ground level Elev. 6186	Producing Formation Fruitland Coal	Pool Basin Fruitland Coal	Dedicated Acreage: 320 Acres		

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
☐ Yes ☐ No If answer is "yes" type of consolidation _____
If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____
No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, force-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.

0 330 660 990 1320 1650 1980 2310 2640 2970 3300 3630 3960 4290 4620 4950 5280 5610 5940 6270 6600

S 89° 53' W

79.94 ac.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature
S. L. Atnipp
Printed Name
S. L. Atnipp
Position
Drilling Superintendent
Company
Marathon Oil Company
Date
4/4/90

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

3-8-90

Date Surveyed
William E. Mahnke II

Signature of Surveyor
Professional Surveyor
WILLIAM E. MAHNKE II
NEW MEXICO
#8466
REGS.
Certificate No. 8466
PROFESSIONAL LAND SURVEYOR

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
FOR AN UNORTHODOX COAL GAS WELL LOCATION,
SAN JUAN COUNTY, NEW MEXICO.**

Case No. 10780

**APPLICATION OF MARATHON OIL COMPANY
FOR AN UNORTHODOX COAL GAS WELL LOCATION,
SAN JUAN COUNTY, NEW MEXICO.**

Case No. 10781

**APPLICATION OF MARATHON OIL COMPANY
FOR AN UNORTHODOX COAL GAS WELL LOCATION,
SAN JUAN COUNTY, NEW MEXICO.**

Case No. 10782

Order No. R-9987

ORDER OF THE DIVISION

BY THE DIVISION:

All three causes came on for hearing at 8:15 a.m. on July 29, 1993, at Santa Fe, New Mexico, before Examiner Michael E. Stogner. However, Case No. 10781 was reopened at the October 7, 1993 hearing before Examiner David R. Catanach.

NOW, on this 13th day of October, 1993, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) At the time of the July 29, 1993 hearing Case Nos. 10780 through 10782 were consolidated for the purpose of presenting testimony.
- (3) Case No. 10781 was reopened at the October 7, 1993 Examiner Hearing for purposes of notification.

(4) The applicant in each of the three following cases is Marathon Oil Company and due to the similarity, close proximity, and nature of each, a single directive issued by the Division is deemed appropriate:

- (a) in Case No. 10780 the applicant seeks approval to drill its Bolack "9" Well No. 3 at an unorthodox coal gas well location 790 feet from the North line and 1710 feet from the West line (Unit C) of Section 9, Township 27 North, Range 11 West, NMPM, Basin-Fruitland Coal (Gas) Pool, San Juan County, New Mexico, as a replacement well for its Bolack "9" Well No. 1 located at a standard coal gas well location 1877 feet from the South line and 796 feet from the West line (Unit L) of said Section 9, in the existing 320-acre standard gas spacing and proration unit comprising the W/2 of said Section 9;
- (b) in Case No. 10781 the applicant seeks approval to drill its Schwerdtfeger "17" Well No. 2 at an unorthodox coal gas well location 1605 feet from the South line and 1135 feet from the East line (Unit I) of Section 17, Township 27 North, Range 11 West, NMPM, Basin-Fruitland Coal (Gas) Pool, San Juan County, New Mexico, as a replacement well for its Schwerdtfeger "17" Well No. 1 located at a standard coal gas well location 790 feet from the North line and 1845 feet from the East line (Unit B) of said Section 17, in the existing 320-acre standard gas spacing and proration unit comprising the E/2 of said Section 17; and,
- (c) in Case No. 10782 the applicant seeks approval to drill its Bolack "9" Well No. 4 at an unorthodox coal gas well location 1700 feet from the South line and 1100 feet from the East line (Unit I) of Section 9, Township 27 North, Range 11 West, NMPM, Basin-Fruitland Coal (Gas) Pool, San Juan County, New Mexico, as a replacement well for its Bolack "9" Well

No. 2 located at a standard coal gas well location 790 feet from the North line and 1625 feet from the East line (Unit B) of said Section 9, in the existing 320-acre standard gas spacing and proration unit comprising the E/2 of said Section 9.

(5) The three aforementioned units are all located within the Basin-Fruitland Coal (Gas) Pool and are therefore subject to the Special Rules and Regulations for said pool, as promulgated by Division Order No. R-8768, as amended, which require that wells be located in either the NE/4 or SW/4 of a governmental section and no closer than 130 feet from any quarter section line nor closer than 10 feet from any quarter-quarter section line or subdivision inner boundary.

(6) Evidence in this case and records show that the three above-described existing wells were all drilled by Marathon Oil Company in the last half of 1990 and completed by setting 5-1/2 inch casing and sand fracturing the Fruitland Coal interval:

- (a) on initial gauge the Bolack "9" Well No. 1 produced at 66 MCFPD. In January, 1991 a wellhead compressor was placed on the well and connected to sales. Production increased to a rate of 120 MCFPD over the succeeding six month period. By August, 1992 however the well had declined to 90 MCFPD and was acidized and placed on gas-lift to remove produced water. In April, 1993, the well had declined to 36 MCFPD and a second fracture stimulation was performed. No increase in production has been observed and the well is currently at its economic limit;
- (b) initially the Schwerdtfeger "17" Well No. 1 produced no measurable volumes of gas. A second sand fracture treatment was performed in January, 1991 and a pumping unit was installed for testing, rates of 15 MCFPD were measured and the well was shut-in. In October, 1992 a third test was unsuccessful and the well was shut-in for the final time; and,

- (c) on initial gauge the Bolack "9" Well No. 2 produced a volume of gas "too small to measure". In January, 1991 a wellhead compressor was placed on the well and connected to sales. Production increased to a rate of 150 MCFPD over the first three months. By June, 1992, however, the well had declined to 40 MCFPD and was temporarily shut-in. In September, 1992, the well was acidized and placed on gas-lift at a rate of 30 MCFPD. In April, 1993 the well was evaluated for re-stimulation, Marathon decided not to refracture the well due to the previous unsuccessful results on the Bolack "9" Well No. 1 and the Schwerdtfeger "17" Well No. 1. In June, 1993 the well was shut-in due to uneconomic production.

(7) Evidence presented by the applicant indicates that most of the immediate offsetting area surrounding the three units is currently being developed within the Basin-Fruitland Coal (Gas) Pool, of this development only one coal gas well appears to be off-pattern. The S/2 of Section 10, Township 27 North, Range 11 West, NMPM, San Juan County, New Mexico is dedicated to the R & G Drilling Company Schlosser Well No. 16 located at an unorthodox off-pattern location in Unit P (Division Administrative Order NSL-3150, dated September 1, 1992).

(8) Further evidence indicates many of these offsetting wells have commercial coal gas production even though the completion techniques used were similar to those described in Finding Paragraph No. (6) above.

(9) Evidence indicates the presence of Basin-Fruitland Coal gas reserves in commercial quantities remaining in the three subject units.

(10) The applicant is attempting to obtain commercial production from said units by placing wells on the opposing off-pattern quarter sections.

(11) The applicant proposes to utilize the three above-described existing wells as observation wells in the Basin-Fruitland Coal (Gas) Pool should this matter be authorized.

(12) The proposed replacement wells are all "standard" as to the footage requirements.

(13) No offsetting operator and/or interest owner appeared at the hearing in opposition to this application.

(14) In order to allow the applicant the opportunity to produce its just and equitable share of gas reserves in the Basin-Fruitland Coal (Gas) Pool underlying all of Section 9 and the E/2 of Section 17, both in Township 27 North, Range 11 West, NMPM, San Juan County, New Mexico, thereby preventing waste and protecting correlative rights, the three subject applications should be approved.

IT IS THEREFORE ORDERED THAT:

(1) The applicant in Case Nos. 10780, 10781, and 10782, Marathon Oil Company, is hereby authorized:

- (a) to drill its Bolack "9" Well No. 3 at an unorthodox coal gas well location 790 feet from the North line and 1710 feet from the West line (Unit C) of Section 9, Township 27 North, Range 11 West, NMPM, Basin-Fruitland Coal (Gas) Pool, San Juan County, New Mexico, as a replacement well for its Bolack "9" Well No. 1 located at a standard coal gas well location 1877 feet from the South line and 796 feet from the West line (Unit L) of said Section 9, in the existing 320-acre standard gas spacing and proration unit comprising the W/2 of said Section 9;
- (b) to drill its Schwerdtfeger "17" Well No. 2 at an unorthodox coal gas well location 1605 feet from the South line and 1135 feet from the East line (Unit I) of Section 17, Township 27 North, Range 11 West, NMPM, Basin-Fruitland Coal (Gas) Pool, San Juan County, New Mexico, as a replacement well for its Schwerdtfeger "17" Well No. 1 located at a standard coal gas well location 790 feet from the North line and 1845 feet from the East line (Unit B) of said Section 17, in the existing 320-acre standard gas spacing and proration unit comprising the E/2 of said Section 17; and,

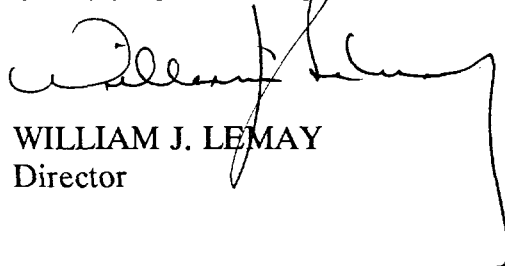
- (c) to drill its Bolack "9" Well No. 4 at an unorthodox coal gas well location 1700 feet from the South line and 1100 feet from the East line (Unit I) of Section 9, Township 27 North, Range 11 West, NMPM, Basin-Fruitland Coal (Gas) Pool, San Juan County, New Mexico, as a replacement well for its Bolack "9" Well No. 2 located at a standard coal gas well location 790 feet from the North line and 1625 feet from the East line (Unit B) of said Section 9, in the existing 320-acre standard gas spacing and proration unit comprising the E/2 of said Section 9.

(2) Subsequent to the drilling and completing of the proposed replacement well on its respective spacing unit, the operator shall not be allowed to utilize the original well on that unit as a producing well in the Basin-Fruitland Coal (Gas) Pool.

(3) Jurisdiction of these causes is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

S E A L