



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

October 10, 1989

Marathon Oil Company
P.O. Box 552
Midland, TX 79702

Attention: Steve Daniels,
Landman

Case 9802

RE: Unorthodox Gas Well Location
Application, North Indian Basin
Unit Well No. 8; 330' FSL &
1650' FWL (Unit N), Section 9,
Township 21 South, Range 23
East, NMPM, Indian Basin Upper
Pennsylvanian Gas Pool, Eddy
County, New Mexico.

Dear Mr. Daniels:

Reference is made to your application dated October 5, 1989 for the subject unorthodox gas well location. The Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Gas Pool, as promulgated by Division Case No. R-8170, as amended, do not provide provisions for the administrative authorization of unorthodox gas well locations for geological purposes. Therefore, your filing has been set to hearing before an Examiner for the November 1, 1989 docket.

If you should have any questions concerning this matter, please contact me.

Sincerely,

A handwritten signature in dark ink, appearing to read "Michael E. Stogner", written over a horizontal line.

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: Oil Conservation Division - Artesia
Vic Lyon - Hearing Examiner

OIL CONSERVATION DIVISION
RECEIVED

Midcontinent Region
Exploration United States

'89 OCT 19 AM 9 31



**Marathon
Oil Company**

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

October 17, 1989

Offset Operators
(See attached list)

CERTIFIED MAIL & RETURN
RECEIPT REQUESTED

Re: Request for Unorthodox Well Location
North Indian Basin Unit Well #8
Our Lease NM-1832 - N. Indian Basin Unit
330' FSL & 1650' FWL Section 9,
T-21-S, R-23-E, N.M.P.M.,
Our Indian Basin Field
Eddy County, New Mexico

Gentlemen:

Reference is made to Marathon Oil Company's October 5, 1989, Application requesting administrative approval from the New Mexico Oil Conservation Division (NMOCD) to drill a 7,700' Upper Penn test at an unorthodox location of 330' FSL & 1650' FWL of Section 9, T-21-S, R-23-E, N.M.P.M., Eddy County, New Mexico.

Please be advised that since the special rules for the Indian Basin Upper Pennsylvanian Gas Pool do not provide for the administrative authorization of unorthodox gas well locations for geological purposes, the NMOCD has scheduled the above application for hearing on the November 1, 1989, Examiner's Docket (see enclosed October 10, 1989, letter from the NMOCD to Marathon).

As an offset operator, your presence is requested at the above hearing to either support or oppose Marathon in its unorthodox well location application.

Please advise should you have any questions concerning the above.

Very truly yours,

MARATHON OIL COMPANY

A handwritten signature in cursive script that reads 'Steve Daniels'.

Steve Daniels
Landman

SMD:mmc'
Encl.

xc: NMOCD
P. O. Box 2088
Santa Fe, New Mexico 87504-2088
Attention: Michael E. Stogner

OFFSETTING OPERATORS

Santa Fe Energy Company
P. O. Box 1136
Roswell, New Mexico 88202-1136
Attention: Mr. William A. McAlpine, Jr.

OXY-USA, Inc.
P. O. Box 300
Tulsa, Oklahoma 74101-0300

Armstrong Energy Corporation
P. O. Box 1973
Roswell, New Mexico 88201-1973

ORYX Energy Company
P. O. Box 2880
Dallas, Texas 75221-2880

BHP Petroleum Company, Inc.
6 Desta Drive, Suite 3200
Midland, Texas 79705

J. Hiram Moore Trust
310 West Wall, Suite 404
Midland, Texas 79701

Alma J. Canter
2304 Maxwell
Midland, Texas 79701

CAMPBELL & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
J. SCOTT HALL
JOHN H. BEMIS
WILLIAM P. SLATTERY
PATRICIA A. MATTHEWS

RECEIVED
OCT 27 1989
OIL CONSERVATION DIVISION
JEFFERSON PLACE
SUITE 100 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

October 27, 1989

HAND-DELIVERED

Mr. Victor T. Lyon
Hearing Examiner
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

Re: Case 98⁰²~~28~~: Application of Marathon Oil Company for an
Unorthodox Gas Well Location and Simultaneous Dedication,
Eddy County, New Mexico

Dear Mr. Lyon:

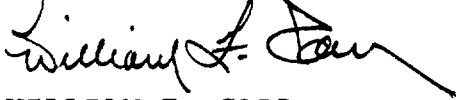
We represent ORXY Energy Company, the operator of the West Indian Basin Unit which offsets to the Southwest the above-referenced proposed unorthodox gas well location. ORYX opposes Marathon's proposed unorthodox well location and will appear in opposition at the Examiner hearing in this matter.

We were not advised of the November 1, 1989 OCD hearing until we received a letter from Marathon dated October 17, 1989 (copy enclosed). ORXY hereby requests that the above-referenced case be continued to the Examiner hearings scheduled for November 15, 1989 inasmuch as Marathon did not provide twenty (20) days notice of this hearing as required by Oil Conservation Division Rules 1207. The reason for this request is that it is impossible for ORYX to properly prepare its case in opposition to this application within the time that has been available to us since receiving notice of the hearing.

Mr. Victor T. Lyon
Hearing Examiner
October 27, 1989
Page Two

Your attention to this matter is appreciated.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr", with a long, sweeping horizontal line extending to the right.

WILLIAM F. CARR

WFC:mlh

cc: Charles A. Gray
ORYX Energy Company
Post Office Box 2880
Dallas, Texas 75221

Bonnie Wilson
David Rojas
ORYX Energy Company
Post Office Box 1861
Midland, Texas 79701

KELLAHIN, KELLAHIN and AUBREY
Attorneys at Law

W. Thomas Kellahin
Karen Aubrey

El Patio - 117 North Guadalupe
Post Office Box 2265

Telephone 982-4285
Area Code 505

Jason Kellahin
Of Counsel

Santa Fé, New Mexico 87504-2265

Fax: 505/982-2047

October 30, 1989

HAND DELIVERED

Mr. Victor T. Lyon
Hearing Examiner
Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico 87503

Re: Case 9820: Application of Marathon Oil Company for
An Unorthodox Gas Well Location, Eddy County,
New Mexico

Dear Mr. Lyon:

Our firm represents Marathon Oil Company in the referenced case and on Friday afternoon, October 27, 1989, I received a copy of Mr. Carr's letter to you on behalf of Oryx requesting the hearing of the case be continued to November 15, 1989.

Mr. Carr's request to you is based upon the erroneous assumption that notice in this case is controlled by Division Rule 1207. What Mr. Carr did not tell you and perhaps did not know, was that on October 5, 1989, Marathon filed an Administrative Application with the Division for this well, (see Exhibit A attached), with a copy sent to Oryx as well as all other offset owners by letter dated the same day. (see Exhibit B attached).

By letter dated October 10, 1989, Mr. Stogner, who reviewed the Administrative Application, wrote Marathon advising them he was setting the Administrative Application for hearing on November 1, 1989. On October 17, 1989, Marathon sent out a supplemental notice to the Offsetting Operators notifying them of the November 1, 1989 hearing.

Marathon provided the required notice to the offset operators when it filed its Administrative Application in accordance with Division Rule 104. Nothing contained in Rule 1207 nor anywhere else in the Division rules requires the applicant to provide the offsetting operators with any further notice when the Division determines that it will set an Administrative Application for an Examiner's hearing.

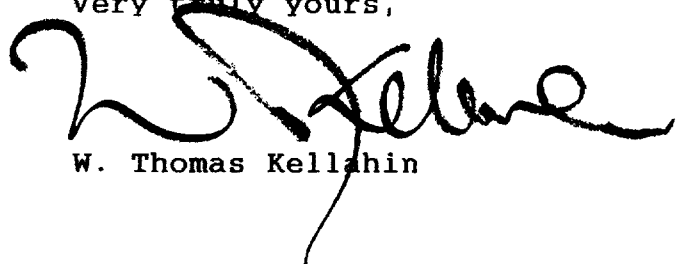
KELLAHIN, KELLAHIN and AUBREY

Victor T. Lyon
October 30, 1989
Page 2

Marathon needs to commence this well before weather precludes its use of the surface. Marathon's proposed unorthodox well location is only unorthodox to the south side of the section. The adjoining section to the south is part of the Marathon operated North Indian Basin Unit which includes the section in which the subject well is located. The interest owners participate on the same basis in both sections. Oryx's section is the southwestern diagonal offset and Marathon will be the required 1650 feet from the western boundary of the spacing unit. There should be no adverse affect upon Oryx's interests.

We respectfully request that the Oryx request for a continuance be denied.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over the typed name.

W. Thomas Kellahin

WTK/tic
Encl.

CC: William F. Carr, Esq. Hand Delivered
CC: Marathon

Mid-Continent Region
Exploration United States



**Marathon
Oil Company**

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

October 5, 1989

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

CERTIFIED MAIL & RETURN
RECEIPT REQUESTED

Attention: Division Director

Re: Request for Unorthodox Well Location
North Indian Basin Unit Well #8
330' FSL & 1650' FWL Section 9,
T-21-S, R-23-E, N.M.P.M.,
Our Indian Basin Field
Eddy County, New Mexico

Gentlemen:

Marathon Oil Company hereby request administrative approval to drill a 7,700' Upper Penn test at an unorthodox location of 330' FSL & 1650' FWL of Section 9, T-21-S, R-23-E, N.M.P.M., Eddy County, New Mexico. Geological conditions dictate the selection of this unorthodox well location.

A geological brief, a Top Upper Penn structure map, a stratigraphic cross section and a plat showing the ownership of all leases offsetting this location are enclosed for your review. All offset operators have been notified by mail as evidenced by the enclosed certificate of mailing forms.

Marathon appreciates your consideration of the above and please contact this office at the captioned address as to any questions you may have concerning this matter.

Very truly yours,

MARATHON OIL COMPANY

Steve Daniels
Landman

SMD:mmc'
Encls.

Exhibit A

7:2
1932
Mid-Continent Region
Exploration United States



**Marathon
Oil Company**

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

October 5, 1989

Offset Operators
(See attached list)

CERTIFIED MAIL & RETURN
RECEIPT REQUESTED

Re: Request for Unorthodox Well Location
North Indian Basin Unit Well #8
330' FSL & 1650' FWL Section 9,
T-21-S, R-23-E, N.M.P.M.,
Our Indian Basin Field
Eddy County, New Mexico

Gentlemen:

Marathon Oil Company (Marathon) is requesting administrative approval from the New Mexico Oil Conservation Division to drill a 7,700' Upper Penn test at an unorthodox location of 330' FSL & 1650' FWL of Section 9, T-21-S, R-23-E, N.M.P.M., Eddy County, New Mexico. Geological conditions dictate the selection of this unorthodox well location. (See attached application letter dated October 5, 1989.)

According to the Oil Conservation Division rules, if no objections are registered with the Division Director within 20 days after receipt of the application, permission can be granted for an unorthodox location.

Please advise should you have any questions concerning this matter.

Very truly yours,

MARATHON OIL COMPANY

Steve Daniels
Landman

SMD:mmc'
Encl.

Exhibit B

OFFSETTING OPERATORS

Santa Fe Energy Company
P. O. Box 1136
Roswell, New Mexico 88202-1136
Attention: Mr. William A. McAlpine, Jr.

OXY-USA, Inc.
P. O. Box 300
Tulsa, Oklahoma 74101-0300

Armstrong Energy Corporation
P. O. Box 1973
Roswell, New Mexico 88201-1973

ORYX Energy Company
P. O. Box 2880
Dallas, Texas 75221-2880

BHP Petroleum Company, Inc.
6 Desta Drive, Suite 3200
Midland, Texas 79705

J. Hiram Moore Trust
310 West Wall, Suite 404
Midland, Texas 79701

Alma J. Canter
2304 Maxwell
Midland, Texas 79701



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

November 27, 1989

POST OFFICE BOX 2086
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Mr. Thomas Kellahin
Kellahin, Kellahin & Aubrey
Attorneys at Law
Post Office Box 2265
Santa Fe, New Mexico

Re: CASE NO. 9802
ORDER NO. R-9050

Applicant:

Marathon Oil Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Division order recently entered in the subject case.

Sincerely,

Florene Davidson

FLORENE DAVIDSON
OC Staff Specialist

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD

Other William F. Carr