

# OGR OPERATING CO., INC.

TWO FIRST CITY CENTER SUITE 1140 MIDLAND TEXAS 79701 (915) 692-6373

November 15, 1983

Marathon Oil Company  
P. O. Box 552  
Midland, Texas 79701

682-1626

Attention: Land Manager - WAYNE RANSBOTHAM

RE: SE/4 of Section 17,  
T-16-S, R-34-E, NMPM,  
Lea County, New Mexico

Gentlemen:

OGR Operating Company, Inc. (OGR) respectfully requests a Farmout of your interest in the SE/4 of Section 17, T-16-S, R-36-E, Lea County, New Mexico. OGR proposes to drill a test well in the NE/4 SE/4 of Section 17 to an approximate depth of 14,100 feet. The primary objectives are the Wolfcamp and Cisco formations; however, there is the possibility of obtaining production in the Atoka, Morrow and Devonian.

We ask that a farmout be granted on the following basic terms:

- 1) OGR earning an 81.25% net revenue interest lease on all of Marathon's rights in the SE/4 of Section 17 down to total depth drilled plus 100 feet.
- 2) Marathon retains the option to convert its residual override to a 25% working interest after drilling, completing and operating costs have been recovered.

Our request is made subject to approval of title and a mutually acceptable agreement. The initial test well could be commenced within sixty (60) days of final execution of agreements.

Yours truly,

OGR OPERATING CO., INC.

Thom O'Brien

TO'B: dbs

- ① WIU E/2 SEC 17
- ② TEST WELL has to be drilled on

BEFORE EXAMINER STAMETS OIL CONSERVATION DIVISION	
OGR	EXHIBIT NO. <u>1</u>
CASE NO.	<u>8180</u>
Submitted by	_____
Hearing Date	_____

Midland District  
Houston Division  
Production Exploration, United States



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

January 17, 1984

OGR Operating Co., Inc.  
Two First City Center  
Suite 1140  
Midland, Texas 79701

Attention: Mr. Thom O'Brien

Re: Our Lease NM-1046 - State E-1127  
SE/4 Section 17,  
T-16-S, R-34-E, N.M.P.M.,  
Lea County, New Mexico

Gentlemen:

Reference is made to your letter of November 15, 1983 requesting a farmout of Marathon's interest in the SE/4 of Section 17, T-16-S, R-34-E, to support a 14,000' Wolfcamp/Cisco test in the NE/4 SE/4 of said section.

Marathon's management has considered your request and has elected not to farmout its acreage under the present terms.

Very truly yours,

MARATHON OIL COMPANY

A handwritten signature in cursive script that reads 'John P. Duddleston'.

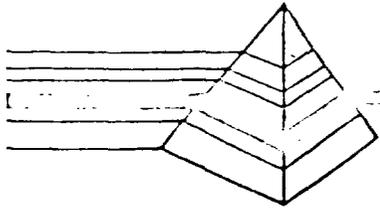
John P. Duddleston  
Landman

JPD;mnc'

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

OGR OPERATING CO., INC.  
ATTENTION: MR. THOM O'BRIEN  
TWO FIRST CITY CENTER  
SUITE 1140  
MIDLAND, TEXAS 79701





# OGR OPERATING CO., INC.

TWO FIRST CITY CENTER SUITE 1140 MIDLAND, TEXAS 79701 (915) 682-6373

January 19, 1984

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

Attention: Mr. John P. Duddleston  
Landman

*682 1626*

RE: Your Lease NM-1046  
State E-1127 as to SE/4  
of Section 17, T-16-S,  
R-34-E, Lea County, New Mexico

Gentlemen:

Please refer to OGR's request for a farmout dated November 15, 1983. OGR is hereby revising this request for a farmout, in so far as Marathon's back-in working interest is concerned, to a 30.0% back-in working interest from a 25% working interest and the proposed location to the SE/4 NE/4 rather than the NE/4 SE/4 of Section 17.

Alternatively OGR proposes that a working interest unit be formed consisting of the E/2 of Section 17, T-16-S, R-34-E, Lea Co., New Mexico.

A review of the production holding your lease in the NE/4 of Section 20 reveals that the Marathon State SA #1 well is currently producing 3.6 bbl/day and 63.6 mcf/day and the State SA #2 well is currently producing 0.93 bbl/day and 17.3 mcf/day.

It is apparent that some further development in the area would benefit both Marathon and OGR.

Your speedy reply will be appreciated.

Yours truly,

OGR OPERATING CO., INC.

Thom O'Brien

TO'B:dbs



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

April 9, 1984

OGR Operating Co., Inc.  
Two First City Center  
Suite 1140  
Midland, Texas 79701

Attention: Mr. Thom O'Brien

Re: Our Lease NM-1046 - State E-1127 as to the  
SE/4 Section 17,  
T-16-S, R-34-E, N.M.P.M.,  
Lea County, New Mexico

Gentlemen:

Reference is made to your letter of January 19, 1984 requesting a farmout of Marathon's interest in the captioned area.

Marathon's District Management is willing to farmout, subject to final Management approval, its leasehold as to the SE/4 of Section 17, T-16-S, R-34-E, for the drilling of a 14,000' Wolfcamp/Cisco test located in the SE/4 NE/4 of Section 17 to a Working Interest Unit covering the E/2 of Section 17. Marathon would deliver a 75% NRI lease as to rights down to a total depth drilled plus 100' with the option to convert its ORRI to a 30% working interest at payout.

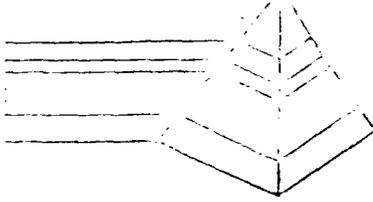
Very truly yours,

MARATHON OIL COMPANY

A handwritten signature in cursive script that reads 'John P. Duddleston'.

John P. Duddleston  
District Landman

JPD;mmc'



MARATHON OIL COMPANY  
MIDLAND, TEXAS

April 11, 1984

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

Attention: Mr. John P. Duddleston

RE: Section 17: SE/4  
T-16-S, R-34-E,  
Lea County, New Mexico  
Your Lease No. NM-1046

Gentlemen:

OGR Operating Company, Inc. (OGR) cannot accept a farmout of Marathon's interest as proposed in your letter dated April 9, 1984.

OGR reiterates its proposal to form a working interest unit composed of the E/2 of Section 17, T-6-S, R-34-E which would be owned as follows:

OGR, et al	50%
Marathon	50%

Enclosed herewith please find an AFE for the initial test well and an Operating Agreement.

If no reply is received in this office on or before April 18, 1984 at 5:00 p.m., OGR will proceed to take appropriate action with the New Mexico State Oil Conservation Commission.

Yours truly,

OGR OPERATING CO., INC.

Thom O'Brien

TO'B:dbb

Enclosures

Midland District  
Houston Division  
Production Exploration United States

 Marathon  
Oil Company

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

April 12, 1984

OGR Operating Co., Inc.  
Two First City Tower  
Suite 1140  
Midland, Texas 79701

Attention: Mr. Thom O'Brien

Re: Our Lease NM-1046 - State E - 1127 as to the  
SE/4 Section 17,  
T-16-S, R-34-E,  
Lea County, New Mexico

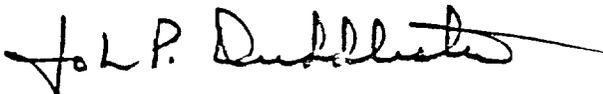
Gentlemen:

Reference is made to previous correspondence concerning the above-captioned tract and more specifically Marathon's offer to farmout said tract under the terms of letter dated April 9, 1984 and your reply of April 11, 1984 that OGR cannot accept a farmout of Marathon's interest as proposed.

Marathon's Management elects not to participate in your proposed working interest unit composed of the E/2 of Section 17, T-16-S, R-34-E, as to its 50% interest.

Very truly yours,

MARATHON OIL COMPANY



John P. Duddlestone  
District Landman

JPD;mmc'

4/13/84.