

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF MARATHON OIL COMPANY TO
REOPEN DIVISION CASE 9146 AND
FOR THE AMENDMENT OF DIVISION
ORDER R-8282 AND R-8282-A AS
AMENDED, LEA COUNTY, NEW MEXICO.

CASE:

A P P L I C A T I O N

Comes now MARATHON OIL COMPANY, by and through its Attorneys, Kellahin, Kellahin & Aubrey, and applies to the New Mexico Oil Conservation Division to Reopen Division Case 9146 pursuant to Order R-8282-B and for an order amending Division Order R-8282 and Order R-8282-A and as grounds thereof states:

1. On August 21, 1986, the Division entered Order R-8282 which approved Marathon's compulsory pooling application for the SE/4SE/4 of Section 14, T16S, R38E, Lea County, New Mexico.

2. On November 4, 1986, the Commission entered Order R-8282-A which affirmed the earlier Examiner Order.

3. James A. Davidson is a working interest owner in the SE/4 of said Section.

BEFORE EXAMINER CATANACH	
OIL CONSERVATION DIVISION	
<i>Marathon</i>	EXHIBIT NO. <u>3</u>
CASE NO:	<u>9146</u>

4. After notice and hearing, Mr. James A. Davidson's interest in the minerals underlying the SE/4SE/4 of said Section were pooled pursuant to Order R-8282 and R-8282-A.

5. In accordance with the terms and conditions of those orders, Mr. Davidson was notified and failed to timely pay his share of the costs of the subject well and is therefore a non-consenting pooled party.

6. Pursuant to the referenced orders, the applicant, Marathon Oil Company drilled and completed its Benson #1 well located in Unit P of said Section 14.

7. Applicant filed an application with the Oil Conservation Division to create a new Siluro Devonian Oil Pool for said discovery and to establish special rules and regulations, including a provision for 80-acre spacing which was approved by Division Order R-8497 entered August 28, 1987.

8. In Case 9146 Applicant requested that Division Order R-8282 and R-8282-A be amended to include the SW/4SE/4 of Section 14 in order to form a standard 80-acre spacing unit for the new pool.

9. The parties and their respective percentages are the same in the SE/4SE/4 as in the SW/4SE/4 of said Section 14.

10. On June 3, 1987, concurrently with the new pool hearing, the Division heard Case 9146 and thereafter on September 18, 1987 entered Order R-8282-B, copy attached as Exhibit "A".

11. By Order R-8282-B the Division denied Marathon's application to amend the original 40-acre compulsory pooling order and required that Marathon attempt to secure Mr. James A. Davidson's voluntary agreement concerning his interest in the SW/4SE/4 of Section 14 the subject acreage prior to instituting compulsory pooling.

12. On October 19, 1987, Marathon offered to Davidson the opportunity to participate in the subject well by paying that proportion of the actual cost of drilling and completing the subject well allocated to his interest in the 40-acre tract not yet dedicated to the subject well. A copy of said letter is attached as Exhibit "B".

13. Davidson has refused the Marathon offer and the parties have not been able to agree upon the terms of a voluntary agreement by which the Davidson interest in the SW/4SE/4 can be added to the SE/4SE/4 already dedicated the well.

14. Pursuant to the terms of ordering paragraph (3) of Order R-8282-B, Marathon requests that the case now be reopened and the described interest of Mr. Davidson now be pooled.

15. That the interest to be pooled is a 38.125% working interest in SW/4SE/4 of Section 14, T16S, R38E owned by James A. Davidson, P. O. Box 494, Midland, Texas 79702.

Wherefore, applicant requests that this application be set for hearing before the Divisions duly appointed examiner for a hearing to be held on January 20, 1988 and that after notice and hearing as required by law, the Division enter its order amending Order R-8282 and R-8282-B pooling the SW/4SE/4 of said Section 14 with the acreage previously pooled, including a provision for applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, imposing a risk factor for the risk assumed by the applicant and making such other and further provisions as may be proper in the premises.

Respectfully submitted:



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