



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

June 16, 1998

**Marathon Oil Company
P. O. Box 2409
Hobbs, New Mexico 88241-2409
Attention: Bryan L. Williams**

***ADDENDUM TO DIVISION ORDER NOS. R-2716 AND R-2740
Division Administrative Order SD-98-3***

Dear Mr. Williams:

Reference is made to the following: (i) your application dated May 22, 1998; and, (ii) the records of the Division in Santa Fe, including Division Order No. R-2716, issued in Case No. 3046 on June 3, 1964, and Division Order No. R-2740, issued in Case No. 3076 on July 8, 1964: all concerning Marathon Oil Company's ("Marathon") request to transfer authority for the previously approved 80-acre non-standard oil spacing and proration unit consisting of the following acreage in the North Vacuum-Abo, Vacuum-Wolfcamp, and Vacuum-Upper Pennsylvanian Pools:

**LEA COUNTY, NEW MEXICO
TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 31: SE/4 NW/4 and NE/4 SW/4.**

By Division Order Nos. R-2716 and R-2740, the above-described 80-acre non-standard oil spacing and proration unit in the North Vacuum-Abo, Vacuum-Wolfcamp, and Vacuum-Upper Pennsylvanian Pools was established and dedicated to Marathon's Warn State A/C-1 Well No. 3 (API No. 30-025-20748), located at a standard oil well location 2080 feet from the North line and 1908 feet from the West line (Unit F) of Section 31. By Division Administrative Order DHC-260, as amended, oil production from all three zones was allowed to be commingled within this wellbore. In 1994 Marathon drilled and completed its Warn State A/C-1 Well No. 6 (API No. 30-025-32311), located at a standard oil well location 1980 feet from the South line and 2030 feet from the West line (Unit K) of Section 31 as an infill well to the No. 3 well in both the North Vacuum-Abo and Vacuum-Wolfcamp Pools (see Division Administrative Order DHC-1893, dated April 13, 1998).

It is our understanding that the Warn State A/C-1 Well No. 3 is now shut-in due to mechanical failures and economics and, as a replacement, Marathon has drilled its Warn State A/C-1 Well No. 7 (API No. 30-025-33951) at a standard oil well location for all three intervals (see Division Administrative Order DHC-1775, dated January 21, 1998) 2036 feet from the North line and 2089 feet from the West line (Unit F) of Section 31.

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