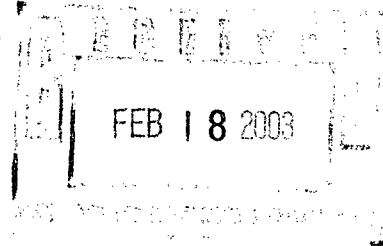




**KERR-MCGEE OIL & GAS ONSHORE LLC**

P.O. BOX 809004 • DALLAS, TEXAS 75380-9004 • PH (972) 715-4000  
14311 WELCH ROAD • DALLAS, TEXAS 75244-3934 • FAX (972) 715-4069

February 13, 2003



MR MICHAEL E STOGNER  
STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION  
1220 ST FRANCIS DR  
SANTA FE NM 87504

**Re: Conoco State Well No. 8  
Section 2, T22S, R23E, NMPM, Eddy County, New Mexico**

Dear Mr. Stogner:

Please find enclosed a copy sent by FAX to me of our "Offset Operator Notice and Request for Waiver of Objection" which has now been executed by Marathon, the offset operator in whose direction our unorthodox gas well location is moving. Please add this Waiver to the other instruments previously submitted in connection with our administrative application, as I did not have this Waiver at the time that the application was submitted.

If you should need any further information, please contact me at the address on this letter or by telephone at 972 715-4249. In my absence, please contact Mrs. Beverly Hoffman at 972 715-4830, as she is familiar with the issues involved with this Application.

Thank you for your consideration in getting this matter resolved.

Very truly yours,

R. Mark Galloway  
Sr. Regulatory Specialist/Attorney

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**OFFSET OPERATOR NOTICE AND REQUEST FOR WAIVER OF OBJECTION**

DATE: January 31, 2003

Marathon Oil Company  
Attn: Mr. John Kloosterman  
Box 552  
Midland, TX 79702

Re Application of Kerr-McGee Oil & Gas Onshore LLC (Kerr-McGee) for administrative approval of an unorthodox gas well location for its Conoco State Well No. 8 to be located 1591 feet from south line and 1049 feet from east line of Section 2, Township 22 South, Range 23 East, NMPM, Eddy County, New Mexico

Kerr-McGee has drilled its Conoco State Well No. 8 at an unorthodox gas well location 1591 feet from south line and 1049 feet from east line of Section 2, Township 22 South, Range 23 East, Eddy County, New Mexico to be dedicated to a 320-acre gas proration and spacing unit consisting of E/2 of said Section 2 for production from the Cisco/Canyon formations within the current boundary of the Indian Basin-Upper Pennsylvanian Associated Pool. This location is unorthodox and therefore we have filed an administrative application requesting an exception with the New Mexico Oil Conservation Division, 1220 S. St. Francis Dr., Santa Fe, New Mexico 87504. (See copy of application enclosed)

Our information is that Marathon Oil Company is the offset operator/working interest owner towards whom this location encroaches. If you have no objection to this unorthodox gas well location, please signify your approval by signing one copy of this letter in the space provided below and returning it to me by facsimile using Fax number 972-715-4951. If you have an objection, then you must file a written objection with the Division within twenty (20) days of the date of this letter.

Thank you for your consideration in this matter.

Very truly yours,

R. Mark Galloway  
Sr. Regulatory Specialist

The undersigned hereby **WAIVES OBJECTION** to the New Mexico Oil Conservation Division granting approval to drill this requested unorthodox well location without penalty.

Company: Marathon Oil Company  
By: [Signature]  
Title: Manager IBAT  
Date: 2-12-03

RECEIVED

FEB 4 - 2003

IBAT