

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Betty Rivera

Cabinet Secretary

February 4, 2002

Lori Wrotenbery

Director

Oil Conservation Division

**Marathon Oil Company
P. O. Box 552
Midland, Texas 79702-0552
Attention: Steven F. Millican**

Administrative Order NSL-4693

Dear Mr. Millican:

Reference is made to the following: (i) your initial application (*application reference No. pKRV0-133938634*) submitted to the New Mexico Oil Conservation Division's ("Division") on December 4, 2001; (ii) the Division's letter from Mr. Michael E. Stogner, Engineer/Chief Hearing Officer in Santa Fe dated January 2, 2002 informing you that the notification in this matter was inadequate; (iii) your telefaxed response of January 9, 2002 with the required information to complete the application; and (iv) the Division's records in Santa Fe and Artesia: all concerning Marathon Oil Company's ("Marathon") request for a non-standard Wolfcamp gas well location for the existing Federal "IBD" Gas Com. Well No. 2 (API No. 30-015-23313), located 800 feet from the North line and 200 feet from the East line (Unit A) of Section 30, Township 21 South, Range 23 East, NMPM, Eddy County, New Mexico.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

According to the Division's well records the Federal "IBD" Gas Com. Well No. 2 was initially drilled in 1980 by Marathon to a total depth of 7,500 feet and completed within the Indian Basin-Upper Pennsylvanian Gas Pool at an unorthodox gas well location (approved by Division Order No. R-6310, issued in Case No. 6845 and dated April 15, 1980) within a non-standard 578.60-acre gas spacing and proration unit (approved by Division Administrative Order NSP-1180, dated February 19, 1980) comprising all of Section 30.


It is our understanding that Marathon intends to abandon the Indian Basin-Upper Pennsylvanian Gas Pool and recomplete this well up-hole in order to test the Wolfcamp formation for commercial gas production; pursuant to Division Rule 104.C (2) (a), as revised, this location is also considered to be unorthodox. Further, Lots 1 and 2, the NE/4, and the E/2 NW/4 (N/2 equivalent) of Section 30, being a standard 288.95-acre lay-down gas spacing and proration unit for any possible wildcat Wolfcamp gas production, is to be dedicated to this well.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox wildcat Wolfcamp gas well location for Marathon's Federal "IBD" Gas Com. Well No. 2 is hereby approved.

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Further, Division Order N0. R-6310 shall be placed in abeyance until further notice.

Sincerely,


Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
W. Thomas Kellahin, Legal Counsel for Marathon Oil Company - Santa Fe
File: NSP-1180