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August 6, 1997

Mr. William J. LeMay
Oil Conservation Division
Energy, Minerals and Natural Resources Dept.
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: Prorated Gas Allowable for October 1997 through March 1998 Period
Indian Basin Upper Penn Pool
Eddy County, New Mexico

Dear Mr. LeMay:

Marathon Oil Company operates twenty-three active gas wells and owns a working interest in eleven other wells in the Indian Basin Upper Penn Pool. Although Marathon does not intend to present testimony at the August 14 hearing, we support the Oil Conservation Division's proposed non-marginal well allowable rate of 200,000 MCF per month as set forth in your preliminary market demand and allowable determination schedule.

Marathon has made significant investments for production equipment and development work to maximize production capacity from the Indian Basin Upper Penn wells. The allowable of 200,000 MCF per month will allow us to continue making investments to maximize recovery from the field. In addition, we recognize that the proposed allowable is a continuation of the Commissions' findings during the past several proration periods. We believe maintaining this allowable rate will permit equitable sharing of gas produced between the owners in the pool based on current well deliverabilities.

Sincerely yours,

A handwritten signature in cursive script that reads 'Steve P. Guidry'.

Steve P. Guidry
Project Manager
Indian Basin Asset Team

sx: Chevron USA (Greg Roberts)
Oryx Energy Company (Mark A. Peavy)
Texaco E&P (Michael Alexander)

SPG:JTK/OCD/lk