

Stogner, Michael

From: Stogner, Michael
Sent: Tuesday, October 12, 2004 3:08 PM
To: Mark Mick (E-mail)
Subject: Marathon's proposed Indian Hills Unit #59

You're showing on the first page of your application that the BHL for this well will be 2199' FSL & 864' FWL of Section 21. On page two you state "it is expected that the top of the Upper Pennsylvanian formation will be penetrated at 2199' FSL & 864' FWL of Section 21. From the diagram marked "Attachment 2" I calculate the BHL at a depth of 11124 feet (MD) 2349' FSL & 1043' FWL of Section 21.

Please submit to me the proposed subsurface locations and depth for the proposed directional drill at: (i) the top of the Indian Basin Upper Pennsylvanian Associated Pool; (ii) the base of the Indian Basin Upper Pennsylvanian Associated Pool; (iii) the top of the Morrow formation; and (iv) the base of the Morrow/top of the Mississippian formations.

Sorry for the confusion.

Stogner, Michael

From: Mick, Mark S. [msmick@marathonoil.com]
Sent: Wednesday, October 13, 2004 12:43 PM
To: Stogner, Michael
Subject: RE: Marathon's proposed Indian Hills Unit #59

Mr. Stogner,

I would first like to apologize for the confusion (my mistake) with this non-standard location application. You know, I must have read, proof-read, checked, and re-checked this application/letter 15 times, and still I typed in a number incorrectly. The following attempts to completely address each of your questions:

- o Proposed Indian Hills Unit #59 BHL: The proposed BHL for this well is indeed 2,199' FSL & 864' FWL of Section 21. I understand (and recreated) how you calculated a different BHL using a typical 5,280' square section, and by using the directional data provided in the application's Attachment #2. However, Section 21 (as well as several other sections in this area) is not a true square. The geometries of the Section 21 and those that neighbor it, are such that the proposed actual bottomhole location of the IHU #59 well will be slightly closer to the southern and western edges of the section, than it would have been if the sections were indeed square.
- o Top of the Indian Basin Upper Pennsylvanian Associated Pool: 8,006' MD; 7,790' TVD; -3,615' SSTVD (as discussed in the original NSL application), located approximately 2,293 FNL & 361' FWL of Section 21 (*different* than what was discussed in the original NSL application, and the infringement upon the 660' setback from the western boundary of Section 21).
- o Base of the Indian Basin Upper Pennsylvanian Associated Pool: 8,735' MD; 8,493' TVD; -4318' SSTVD, located approximately 2,429 FNL & 479 FWL of Section 21.
- o Top of the Morrow Formation: 9,835' MD; 9,555' TVD; -5,380' SSTVD, located approximately 2,454 FSL & 660 FWL of Section 21.
- o Base of the Morrow Formation: 10,297' MD; 10,000' TVD; -5825' SSTVD, located approximately 2,366 FSL & 731 FWL of Section 21.

I hope this helps to clarify the application, and again I'm sorry for the confusion. Please don't hesitate to call or e-mail me if I can be of further assistance.

Sincerely,

Mark Mick

Mark S. Mick

Operations Engineer

Indian Basin Asset Team

Marathon Oil Company

Office: (713) 296-1921

Cell: (713) 408-2247

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msmick@marathonoil.com

10/13/2004

-----Original Message-----

From: Stogner, Michael [mailto:MSTOGNER@state.nm.us]

Sent: Tuesday, October 12, 2004 4:08 PM

To: Mick, Mark S.

Subject: Marathon's proposed Indian Hills Unit #59

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Sorry for the confusion.

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