



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

November 1, 2001

Lori Wrotenbery
Director
Oil Conservation Division

Marathon Oil Company
P. O. Box 552
Midland, Texas 79702-0552
Attention: Tim Chase
TChase@MarathonOil.com

Administrative Order SD-01-07

Dear Mr. Chase:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on October 12, 2001 (*application reference No. pKRV0-128837574*); and (ii) the records of the Division in Santa Fe, including the files in Division Case No. 799 and on Division Administrative Orders NSL-3203 (SD), NSL-3203-A (SD), SD-94-1, SD-94-1.1, and NSL-3203-B (SD): all concerning Marathon Oil Company's ("Marathon") request for an eighth Eumont gas well within an existing 320.56-acre non-standard gas spacing and proration unit ("GPU") comprising the following described acreage in Lea County, New Mexico (approved by Division Order No. R-576, issued in Case No. 799 on February 9, 1955):

TOWNSHIP 19 SOUTH, RANGE 37 EAST, NMPM
Section 32: S/2 SW/4

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 5: Lots 3 and 4, S/2 NW/4, and N/2 SW/4.

The rules and procedures currently governing the Eumont Gas Pool (76480) include but are not necessarily limited to:

- (i) the "*Special Rules and Regulations for the Eumont Gas Pool*," as promulgated by Division Order No. R-8170, as amended;
- (ii) Division Rule 605.B;
- (iii) 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;
- (iv) Rule 1207.A (2); and

(v) the amended Stipulated Declaratory Judgment of the First Judicial District Court in Santa Fe County, New Mexico issued on July 11, 2001 in Hartman vs. Oil Conservation Division, Cause No. D-0101-CV-9902927 ("Stipulated Declaratory Judgment").

By the authority granted me under the provisions of these rules, regulations, and directives, Marathon is hereby authorized to simultaneously dedicate gas production from the Eumont Gas Pool to the above-described 320.56-acre GPU from the following eight wells:

(1) its existing Bertha Barber Well No. 4 (API No. 30-025-05909), located at an unorthodox infill gas well location for this GPU 1980 feet from the South and West lines (Unit K) of Section 5, which was the subject of Division Administrative Order NSL-3203 (SD), dated November 30, 1992;

(2) its existing Bertha Barber Well No. 8 (API No. 30-025-05913), located at a standard infill gas well location for this GPU 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 5, which was the subject of Division Administrative Order SD-94-1, dated February 3, 1994;

(3) its existing Bertha Barber Well No. 10 (API No. 30-025-05915), located at an unorthodox infill gas well location for this GPU 1980 feet from the South line and 560 feet from the West line (Unit L) of Section 5, which was the subject of Division Administrative Order NSL-3203-B (SD), dated October 16, 2001;

(4) its existing Bertha Barber Well No. 11 (API No. 30-025-05916), located 990 feet from the North line and 330 feet from the East line (Lot 4/Unit D) of Section 5, which was also the subject of Division Order No. R-576;

(5) its existing Bertha Barber Well No. 13 (API No. 30-025-32384), also located at a standard infill gas well location for this GPU 330 feet from the South line and 1980 feet from the West line (Unit N) of Section 32, which was also the subject of Division Administrative Order SD-94-1;

(6) its existing Bertha Barber Well No. 14 (API No. 30-025-32385), located at a standard infill gas well location for this GPU 330 feet from the South line and 730 feet from the West line (Unit

M) of Section 32, which was the subject of Division Administrative Order SD-94-1.1, dated November 10, 1994;

(7) its existing Bertha Barber Well No. 15 (API No. 30-025-32532), located at a standard infill gas well location for this GPU 990 feet from the North line and 1980 feet from the West line (Lot 3/Unit C) of Section 5, which was also the subject of Division Administrative Order SD-94-1.1; and

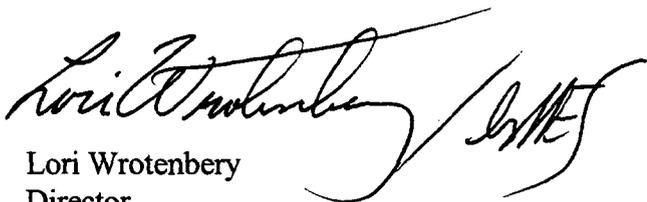
(8) its proposed Bertha Barber Well No. 19 to be drilled at a standard infill gas well location for this GPU 2220 feet from the North line and 1972 feet from the West line (Unit F) of Section 5.

Marathon is hereby authorized to simultaneously dedicate Eumont gas production from its proposed Bertha Barber Well No. 19 with the existing Bertha Barber Wells No. 4, 8, 10, 11, 13, 14, and 15. Furthermore, Marathon is hereby permitted to produce the allowable assigned the subject 320.56-acre GPU from all eight wells in any proportion

All provisions applicable to the subject GPU in Division Administrative Orders NSL-3203 (SD), NSL-3203-B (SD), SD-94-1, and SD-94-1.1, not in conflict with this order, shall remain in full force and affect until further notice.

Jurisdiction of this matter shall be further retained for the entry of any such subsequent orders, as the Division may deem necessary.

Sincerely,



Lori Wrotenberg
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
File: NSL-3203 (SD)
NSL-3203-A (SD)
NSL-3203-B (SD)
SD-94-1
SD-94-1.1