



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

August 13, 2001

Lori Wrotenberg
Director
Oil Conservation Division

Marathon Oil Company
c/o **W. Thomas Kellahin**
P. O. Box 2265
Santa Fe, New Mexico 87504-2265

Telefax No. (505) 982-2047

Administrative Order NSL-4215-A (SD)

Dear Mr. Kellahin:

Reference is made to the following: (i) your initial application filed with the New Mexico Oil Conservation Division ("Division") on behalf of the operator, Marathon Oil Company ("Marathon") on July 23, 2001 (*Division application reference No. pKRV0-120540431*); (ii) your telephone conversation with Mr. Michael E. Stogner, Engineer/Chief Hearing Officer with the Division in Santa Fe on Monday, August 13, 2001; and (iii) the Division's records in Santa Fe, including the file on Division Administrative Order NSL-4215, dated February 18, 1999: all concerning Marathon's request for an exception to Rule 2 (b) of the "*Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool*", as promulgated by New Mexico Oil Conservation Division ("Division") Order Nos. R-9922, R-9922-A, R-9922-B, R-9922-C, and R-9922-D and the "*General Rules and Regulations for the Associated Oil and Gas Pools of Northwest New Mexico and Southeast New Mexico*", as promulgated by Division Order No. R-5353, as amended, for an existing infill well that was inadvertently drilled at an unorthodox well location within an existing 320-acre lay-down spacing and proration unit comprising the S/2 of Section 28, Township 21 South, Range 24 East, NMPM, Eddy County, New Mexico.

This unit is currently dedicated to Marathon's Indian Hills Unit Well No. 19 (**API No. 30-015-30572**), located at an unorthodox location (approved by Division Administrative Order NSL-4215) 1400 feet from the South line and 1248 feet from the West line (Unit L) of Section 28.

The subject application has been duly filed under the provisions of Division Rule 104.F and Rule 2 (c) of the Division's associated pool rules.

By the authority granted me under the provisions of Division Rule 104.F (2) and the applicable provisions of the special rules governing the Indian Basin-Upper Pennsylvanian Associated Pool the following described well located at an unorthodox infill location within this 320-acre unit is hereby approved:

Administrative Order NSL-4215-A(SD)
Marathon Oil Company
August 13, 2001
Page 2

**Indian Hills Unit Well No. 20
2250' FSL & 1730' FEL (Unit J) of Section 28
(API No. 30-015-30658).**

Marathon is hereby authorized to simultaneously dedicate production attributed to the Indian Basin-Upper Pennsylvanian Associated Pool (33685) from its existing Indian Hills Unit Wells No. 19 and 20. Furthermore, Marathon is permitted to produce the allowable assigned the subject 320-acre spacing and proration unit from both wells in any proportion.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
New Mexico Department of Land Management - Carlsbad
NSL-4215 ✓



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

February 18, 1999

Marathon Oil Company
P. O. Box 552
Midland, Texas 79702-0552
Attention: Walter J. Ducease

Administrative Order NSL-4215

Dear Mr. Ducease:

Reference is made to the following: (i) your initial application dated January 26, 1999; (ii) the New Mexico Oil Conservation Division's ("Division") letter dated February 9, 1999 from Mr. Michael E. Stogner, Chief Hearing Officer/Engineer, withdrawing this application; (iii) your re-submittal of this application hand delivered to the Division's Santa Fe office on February 17, 1999; (iv) the records of the Division in Santa Fe; and (v) Division Order No. R-9922-D, issued in Case No. 12006 dated December 7, 1998, which adjusted the Upper-Pennsylvanian pool boundaries in the area subject to your application: all concerning Marathon Oil Company's request for a non-standard oil/gas well location within a 320-acre standard spacing and proration unit for the Indian Basin-Upper Pennsylvanian Associated Pool comprising the S/2 of Section 28, Township 21 South, Range 24 East, NMPM, Eddy County, New Mexico.

The subject application has been duly filed under the provisions of Division Rule 104.F.

By the authority granted me under the provisions of: (i) Rule 2(c) of the "*Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool*," as promulgated by Division Order Nos. R-9922, R-9922-A, R-9922-B, R-9922-C, and R-9922-D and the "*General Rules and Regulations for the Associated Oil and Gas Pools of Northwest New Mexico and Southeast New Mexico*," as promulgated by Division Order No. R-5353, as amended; and, (ii) Division Rule 104.F(2), the following described well, to be drilled at an unorthodox oil/gas well location within the Indian Basin-Upper Pennsylvanian Associated Pool is hereby approved:

***Indian Hills Unit Well No. 19
1400' FSL & 1248' FWL (Unit L) of Section 28
(API No. 30-015-30572).***

It is our understanding that this well is to be a replacement for Marathon Oil Company's Indian Hills Unit Well No. 4 (API No. 30-015-10738), located 1650 feet from the South and West lines (Unit K) of Section 28, which was drilled by Ralph Lowe in 1965 and produced from the Upper-Pennsylvanian interval until 1970 when this well was temporarily abandoned.

Further, Marathon Oil Company will assure that any and all wells in Section 28 producing from the Indian Basin-Upper Pennsylvanian Associated Pool are being operated pursuant to the requirements of Division Order No. R-9922-D.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad