



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

November 5, 1997

Marathon Oil Company
P. O. Box 552
Midland, Texas 79702
Attention: Walter Dueease

Administrative Order NSL-3894
(Non-Standard Subsurface Location/Producing Area)

Dear Mr. Dueease:

Reference is made to your application dated September 11, 1997, as supplemented by your fax transmittal dated November 3, 1997, for a non-standard subsurface gas producing area/bottomhole gas well location, pursuant to Division General Rules 104.F, 111.C(2), and 111.A(7), in an existing 677.35-acre, more or less, gas spacing and proration unit comprising all of Section 29, Township 21 South, Range 24 East, NMPM, Eddy County, New Mexico within the Indian Basin-Upper Pennsylvanian Gas Pool, which is currently dedicated to your Indian Hills Unit Gas Com Well No. 3 (API No. 30-015-10553), located at a standard gas well location 1980 feet from the North line and 1650 feet from the West line (Unit F) of said Section 29.

It is our understanding that Marathon proposes to drill its Indian Hills Unit Gas Com Well No. 13 at a surface gas well location 2182 feet from the South line and 590 feet from the West line (Lot 10/Unit L) of said Section 29, kickoff from vertical in a southeasterly direction and directionally drill as to bottom said well within the Morrow formation at a subsurface location that is considered to be "standard" pursuant to Division Order No. R-8170-O-1/R-2441-B, issued in Case 11512 and dated July 31, 1996. However, the Indian Basin-Upper Pennsylvanian Gas Pool is to be penetrated and completed at a subsurface location that is within a producing area considered to be unorthodox.

The applicable drilling window or "producing area" within the Indian Basin-Upper Pennsylvanian Gas Pool for said Indian Hills Unit Gas Com Well No. 13 shall include that area within the subject 677.35-acre, more or less, gas spacing and proration unit comprising all of said Section 29 that is:

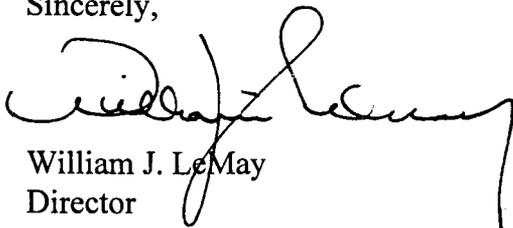
- (a) no closer than 1650 feet to the North, East, and South lines of said Section 29; and,
- (b) no closer than 1000 feet from the West line of said Section 29.

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By the authority granted me under the provisions of Division General Rule 104.F(2) and Rule 2(d) of the "*General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Gas Pool*," as promulgated by Division Order No. R-8170, as amended, the above-described non-standard subsurface gas producing area/bottomhole gas well location is hereby approved.

The operator shall comply with all provisions of Division General Rule 111 applicable in this matter.

Sincerely,

A handwritten signature in cursive script, appearing to read 'William J. LeMay', is written over a large, thin, hand-drawn rectangular box that extends downwards from the signature area.

William J. LeMay
Director

WJL/MES/kv

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