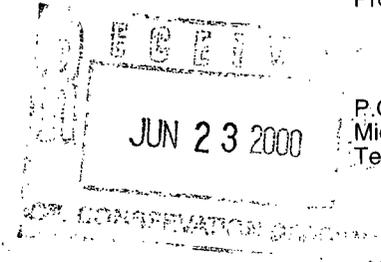


NSL 7/13/00

Mid-Continent Region  
Production United States



**Marathon  
Oil Company**



P.O. Box 552  
Midland, TX 79702-0552  
Telephone 915/682-1626

June 20, 2000

New Mexico Oil Conservation Division  
Attn: Mike Stogner  
2040 S. Pacheco St.  
Santa FE, NM 87505

Re: Application for Administrative Approval of an Unorthodox Well Location  
Indian Basin Upper Pennsylvanian Associated Gas Pool  
Indian Hills Unit No. 25  
1093' FNL & 1367' FEL  
Section 20, T-21S, R-24E  
Eddy Co., NM

Dear Mr. Stogner:

Marathon Oil Company is proposing to drill the Indian Hills Unit No. 25 as an unorthodox well location in the Indian Basin Upper Pennsylvanian Associated Gas Pool (IB UP AGP). The IB UP AGP rules state that wells are not to be located closer than 330' from any quarter-quarter section line or subdivision inner boundary. However, due to the extreme topographical constraints, the proposed well is located 47' from the internal quarter-quarter section line. Enclosed is a copy of the plat for the proposed.

The Offset Operator's have been notified of the proposed unorthodox location. Enclosed is a copy of the Offset Operator's waiver to objection of Marathon's intent to drill the above referenced unorthodox well.

Should you have any questions or comments, please advise.

Sincerely,

Bryan L. Williams  
Production Engineer II

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised February 10, 1984  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

**OIL CONSERVATION DIVISION**  
P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

DISTRICT IV  
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number		Pool Code	Pool Name
Property Code	Property Name <b>INDIAN HILLS UNIT</b>		Well Number 25
OGRID No.	Operator Name <b>MARATHON OIL COMPANY</b>		Elevation 4162

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	20	21 S	24 E		1093	NORTH	1367	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>SEE DETAIL</p>	<p><b>OPERATOR CERTIFICATION</b></p> <p><i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>Date _____</p>
		<p><b>SURVEYOR CERTIFICATION</b></p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p>APRIL 17, 2000</p> <p>Date Surveyed _____ LMP</p> <p>Signature &amp; Seal of Professional Surveyor</p> <p><i>Ronald J. Eidson 4/24/2000</i></p> <p>00-11-0126</p> <p>Certificate No. RONALD J. EIDSON 3239 GARY EIDSON 12641 MACON McDONALD 12185</p>

# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:  
MARTHA CREEK, N.M. - 20'

SEC. 20 TWP. 21-S RGE. 24-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1093' FNL & 1367' FEL

ELEVATION 4162

OPERATOR MARATHON OIL CO.

LEASE INDIAN HILLS UNIT

U.S.G.S. TOPOGRAPHIC MAP

MARTH CREEK, N.M.

**JOHN WEST SURVEYING**  
**HOBBS, NEW MEXICO**  
**(505) 393-3117**



P.O. Box 552  
Midland, TX 79702-0552  
Telephone 915/682-1626

June 20, 2000

Fasken Oil and Ranch, Ltd.  
Attn: Sally M. Kvasnicka  
303 West Wall, Suite 1800  
Midland, TX 79701

Re: Application for Administrative Approval of an Unorthodox Well Location  
Indian Basin Upper Pennsylvanian Associated Gas Pool  
Indian Hills Unit No. 25  
1093' FNL & 1367' FEL  
Section 20, T-21S, R-24E  
Eddy Co., NM

Dear Ms. Kvasnicka:

Marathon Oil Company is proposing to drill the Indian Hills Unit No. 25 as an unorthodox well location in the Indian Basin Upper Pennsylvanian Associated Gas Pool (IB UP AGP). The IB UP AGP rules state that wells are not to be located closer than 330' from any quarter-quarter section line or subdivision inner boundary. However, due to the extreme topographical constraints, the proposed well is located 47' from the internal quarter-quarter section line. Enclosed is a copy of the plat for the proposed well.

As Offset Operator, if there are no objections to the proposed unorthodox well location, please sign below and return one executed copy in the enclosed envelope. However, if there are objections to the proposed unorthodox well location, it must be filed in writing to the New Mexico Oil Conservation Division in Santa Fe, NM within 20 days from the date of this letter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bryan L. Williams', written over a horizontal line.

Bryan L. Williams  
Production Engineer II

**I/We, as Offset Operator, waive objection to Marathon's intent to drill the Indian Hills Unit No. 25 as an unorthodox well located at 1093' FNL & 1367' FEL, Section 20, T-21S, R-24E.**

Fasken Oil and Ranch, Ltd.

By: \_\_\_\_\_

Title: \_\_\_\_\_



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

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

January 4, 1999

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

**Administrative Order NSL-4191**

Dear Mr. Ducease:

Reference is made to the following: (i) your application dated December 14, 1998, which was received on December 30, 1998; (ii) the records of the Division in Santa Fe; and (iii) 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 314.54-acre standard spacing and proration unit for the Indian Basin-Upper Pennsylvanian Associated Pool comprising Lots 1, 2, 7, and 8 and the SE/4 (E/2 equivalent) of Section 20, Township 21 South, Range 24 East, NMPM, Eddy County, New Mexico.

The subject application has been duly filed under the provisions of Rule 104.F of the Rules and Regulations of the New Mexico Oil Conservation Division ("Division").

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 General 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. 18  
409' FSL - 2324' FEL (Unit O) of Section 20.***

It is our understanding that this well is to be a replacement for Marathon Oil Company's Indian Hills Unit Well No. 2 (API No. 30-015-10618), located in Unit "O" of Section 20, which was drilled by Ralph Lowe in 1965 and produced from the Upper-Pennsylvanian interval until 1980 when this well was temporarily abandoned.

Further, Marathon Oil Company will assure that any and all wells in Section 20 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

CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

06/27/00 13:40:28  
OGOMES -TQAY  
PAGE NO: 1

Sec : 20 Twp : 21S Rng : 24E Section Type : NORMAL

4 38.99  Federal owned U	3 40.55  Federal owned U	2 38.93  Federal owned U A	1 37.88  Federal owned U
5 37.95  Federal owned U	6 39.51  Federal owned U	7 39.39  Federal owned U	8 38.34  Federal owned U

PF01 HELP    PF02            PF03 EXIT    PF04 GoTo    PF05            PF06  
PF07 BKWD   PF08 FWD      PF09 PRINT   PF10 SDIV     PF11            PF12

( 1 1 )  
38.93  
37.88  

---

76.81  
8  

---

156.81  
~~32~~  
~~76.81~~  

---

16  
316.81

CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

06/27/00 13:40:33  
OGOMES -TQAY  
PAGE NO: 2

Sec : 20 Twp : 21S Rng : 24E Section Type : NORMAL

L 40.00  Federal owned U	K 40.00  Federal owned U A	J 40.00  Federal owned U	I 40.00  Federal owned U
M 40.00  Federal owned U A	N 40.00  Federal owned U A	O 40.00  Federal owned U A A	P 40.00  Federal owned U

PF01 HELP    PF02            PF03 EXIT    PF04 GoTo    PF05            PF06  
PF07 BKWD   PF08 FWD      PF09 PRINT   PF10 SDIV     PF11            PF12

CMD : ONGARD 06/27/00 13:40:53  
OG6C101 C101-APPLICATION FOR PERMIT TO DRILL OGOMES -TQAY

OGRID Idn : 14021 API Well No: 30 15 31194 APD Status(A/C/P): A  
Opr Name, Addr: MARATHON OIL CO Aprvl/Cncl Date : 06-19-2000  
PO BOX 552  
MIDLAND, TX 79702

Prop Idn: 6409 INDIAN HILLS UNIT Well No: 25

	U/L	Sec	Township	Range	Lot	Idn	North/South	East/West
Surface Locn	:	2	20	21S	24E		FTG 1093 F N	FTG 1367 F E
OCD U/L	:	B	API	County	:	15		

Work typ(N/E/D/P/A) : N Well typ(O/G/M/I/S/W/C): G Cable/Rotary (C/R) : F  
Lease typ(F/S/P/N/J/U/I): F Ground Level Elevation : 4162

State Lease No: Multiple Comp (S/M/C) : S  
Prpsd Depth : 8200 Prpsd Frmtn : INDIAN BASIN U/PENN

E0009: Enter data to modify record

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07	PF08	PF09 PRINT	PF10 C102	PF11 HISTORY	PF12

Mid-Continent Region  
Production United States



P.O. Box 552  
Midland, TX 79702-0552  
Telephone 915/682-1626

July 7, 2000



Mr. M. Stogner  
New Mexico Oil Conservation Division  
2040 S. Pacheco St.  
Santa Fe, New Mexico 87505

Dear Mr. Stogner,

Attached, please find copies of the executed waivers referred to in our letter of June 20, 2000. The letter requested approval of unorthodox locations for the Indian Hills Unit # 25 well (1093' FNL & 1367' FEL – Section 20, T-21S, R-24E – Eddy County, NM) and for the Indian Hills Unit # 26 well ( Surface Location: 1069' FNL & 685' FEL, Section 20 and Bottom Hole Location: 1544' FNL & 1381' FWL, Section 21 – T-21S, R-24E – Eddy County, NM).

We apologize for any confusion the omission of the waiver letters from our June 20 letter may have caused. If you have any questions regarding our request please contact me at your earliest convenience and thank you for your patience in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. G. Fletcher'.

R. G. Fletcher  
Engineering Technician



P.O. Box 552  
Midland, TX 79702-0552  
Telephone 915/682-1626

June 20, 2000

Fasken Oil and Ranch, Ltd.  
Attn: Sally M. Kvasnicka  
303 West Wall, Suite 1800  
Midland, TX 79701

Re: Application for Administrative Approval of an Unorthodox Well Location  
Indian Basin Upper Pennsylvanian Associated Gas Pool  
Indian Hills Unit No. 25  
1093' FNL & 1367' FEL  
Section 20, T-21S, R-24E  
Eddy Co., NM

Dear Ms. Kvasnicka:

Marathon Oil Company is proposing to drill the Indian Hills Unit No. 25 as an unorthodox well location in the Indian Basin Upper Pennsylvanian Associated Gas Pool (IB UP AGP). The IB UP AGP rules state that wells are not to be located closer than 330' from any quarter-quarter section line or subdivision inner boundary. However, due to the extreme topographical constraints, the proposed well is located 47' from the internal quarter-quarter section line. Enclosed is a copy of the plat for the proposed well.

As Offset Operator, if there are no objections to the proposed unorthodox well location, please sign below and return one executed copy in the enclosed envelope. However, if there are objections to the proposed unorthodox well location, it must be filed in writing to the New Mexico Oil Conservation Division in Santa Fe, NM within 20 days from the date of this letter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bryan L. Williams', written over a horizontal line.

Bryan L. Williams  
Production Engineer II

**I/We, as Offset Operator, waive objection to Marathon's intent to drill the Indian Hills Unit No. 25 as an unorthodox well located at 1093' FNL & 1367' FEL, Section 20, T-21S, R-24E.**

Fasken Oil and Ranch, Ltd.

By: A handwritten signature in black ink, appearing to read 'Dexter Harmon', written over a horizontal line.

Title: EXPLORATION MANAGER

MBM

RECEIVED

JUN 22 2000

FASKEN OIL AND  
RANCH, LTD.  
LAND DEPT.



P.O. Box 552  
Midland, TX 79702-0552  
Telephone 915/682-1626

June 20, 2000

Fasken Oil and Ranch, Ltd.  
Attn: Sally M. Kvasnicka  
303 West Wall, Suite 1800  
Midland, TX 79701

Re: Application for Administrative Approval of an Unorthodox Well Location  
Indian Basin Upper Pennsylvanian Associated Gas Pool  
Indian Hills Unit No. 26  
Surface Location: 1069' FNL & 685' FEL, Section 20  
Bottom Hole Location: 1544' FNL & 1381' FWL, Section 21  
T-21S, R-24E  
Eddy Co., NM

Dear Ms. Kvasnicka:

Marathon Oil Company is proposing to drill the Indian Hills Unit No. 26 as an unorthodox well location in the Indian Basin Upper Pennsylvanian Associated Gas Pool (IB UP AGP). The IB UP AGP rules state that wells are not to be located closer than 330' from any quarter-quarter section line or subdivision inner boundary. However, due to the extreme topographical constraints and directional drilling limitations, the proposed well is located 61' from the internal quarter-quarter section line. Enclosed is a copy of the plat for the proposed well.

As Offset Operator, if there are no objections to the proposed unorthodox well location, please sign below and return one executed copy in the enclosed envelope. However, if there are objections to the proposed unorthodox well location, it must be filed in writing to the New Mexico Oil Conservation Division in Santa Fe, NM within 20 days from the date of this letter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bryan L. Williams'.

Bryan L. Williams  
Production Engineer II

**I/We, as Offset Operator, waive objection to Marathon's intent to drill the Indian Hills Unit No. 26 as an unorthodox well located at 1544' FNL & 1381' FWL, Section 21, T-21S, R-24E.**

Fasken Oil and Ranch, Ltd.

By: Dexter Harmon

Title: EXPLORATION MANAGER



P.O. Box 552  
Midland, TX 79702-0552  
Telephone 915/682-1626

June 20, 2000

New Mexico Oil Conservation Division  
Attn: Mike Stogner  
2040 S. Pacheco St.  
Santa FE, NM 87505

Re: Application for Administrative Approval of an Unorthodox Well Location  
Indian Basin Upper Pennsylvanian Associated Gas Pool  
Indian Hills Unit No. 25  
1093' FNL & 1367' FEL  
Section 20, T-21S, R-24E  
Eddy Co., NM

Dear Mr. Stogner:

Marathon Oil Company is proposing to drill the Indian Hills Unit No. 25 as an unorthodox well location in the Indian Basin Upper Pennsylvanian Associated Gas Pool (IB UP AGP). The IB UP AGP rules state that wells are not to be located closer than 330' from any quarter-quarter section line or subdivision inner boundary. However, due to the extreme topographical constraints, the proposed well is located 47' from the internal quarter-quarter section line. Enclosed is a copy of the plat for the proposed.

The Offset Operator's have been notified of the proposed unorthodox location. Enclosed is a copy of the Offset Operator's waiver to objection of Marathon's intent to drill the above referenced unorthodox well.

Should you have any questions or comments, please advise.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bryan L. Williams', written in a cursive style.

Bryan L. Williams  
Production Engineer II



P.O. Box 552  
Midland, TX 79702-0552  
Telephone 915/682-1626

June 20, 2000

New Mexico Oil Conservation Division  
Attn: Mike Stogner  
2040 S. Pacheco St.  
Santa FE, NM 87505

Re: Application for Administrative Approval of an Unorthodox Well Location  
Indian Basin Upper Pennsylvanian Associated Gas Pool  
Indian Hills Unit No. 26  
Surface Location: 1069' FNL & 685' FEL, Section 20  
Bottom Hole Location: 1544' FNL & 1381' FWL, Section 21  
T-21S, R-24E  
Eddy Co., NM

Dear Mr. Stogner:

Marathon Oil Company is proposing to drill the Indian Hills Unit No. 26 as an unorthodox well location in the Indian Basin Upper Pennsylvanian Associated Gas Pool (IB UP AGP). The IB UP AGP rules state that wells are not to be located closer than 330' from any quarter-quarter section line or subdivision inner boundary. However, due to the extreme topographical constraints and directional drilling limitations, the proposed well is located 61' from the internal quarter-quarter section line. Enclosed is a copy of the plat for the proposed.

The Offset Operator's have been notified of the proposed unorthodox location. Enclosed is a copy of the Offset Operator's waiver to objection of Marathon's intent to drill the above referenced unorthodox well.

Should you have any questions or comments, please advise.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bryan L. Williams'.

Bryan L. Williams  
Production Engineer II