

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION  
 - Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505



**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Application Acronyms:**

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION - Check Those Which Apply for [A]**

- [A] Location - Spacing Unit - Simultaneous Dedication  
 NSL  NSP  SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement  
 DHC  CTB  PLC  PC  OLS  OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
 WFX  PMX  SWD  IPI  EOR  PPR

- [D] Other: Specify \_\_\_\_\_

OIL CONSERVATION DIV  
01 JUL 23 PM 3:26

[2] **NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply**

- [A]  Working, Royalty or Overriding Royalty Interest Owners
- [B]  Offset Operators, Leaseholders or Surface Owner
- [C]  Application is One Which Requires Published Legal Notice
- [D]  Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E]  For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F]  Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

**KELLAHIN & KELLAHIN**  
 Attorneys At Law  
 P.O. Box 2265  
 Santa Fe, N.M. 87504-2265

*T. Kellahin* Signature  
 Attorney Title  
 7/20/01 Date  
 T.Kellahin@worldnet.att.net e-mail Address

**KELLAHIN AND KELLAHIN**

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285

TELEFAX (505) 982-2047

W. THOMAS KELLAHIN\*

\*NEW MEXICO BOARD OF LEGAL SPECIALIZATION  
RECOGNIZED SPECIALIST IN THE AREA OF  
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

July 20, 2001

**HAND DELIVERED**

Mr. Michael E. Stogner  
Oil Conservation Division  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

RE: **Indian Basin Well No. 20**

*Hills Unit (30-015-30658)*  
**2250 feet FSL & 1730 feet FEL NMPM, S/2 Section 28, T21S, R24E**

Administrative Application of Marathon Oil Company for Approval  
of an Unorthodox Gas Well Location, Eddy County, New Mexico

Dear Mr. Stogner:

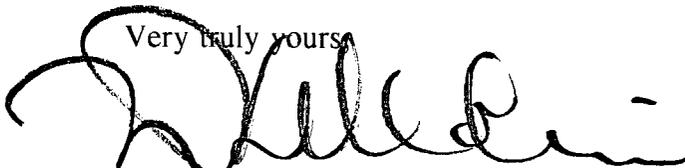
Please find enclosed our administrative application for approval of an unorthodox gas well location for Marathon Oil Company's Indian Basin Well No. 20. This well location is unorthodox because it is only 359 feet from the north boundary of its S/2 spacing unit. The encroachment is towards the N/2 of Section 34 which is operated by Marathon as the operator of the Indian Hills Unit. Notice has been sent to the following who are the working interest owners in that unit:

Hanagan Properties  
Texas Independent Exploration, Inc.  
Claremont Corporation  
Yates Petroleum Corporation  
Merit Group II Partnership

Nearburg Exploration  
Devon Energy  
Nolan Brunson, Jr.  
Hugh Hanagan

Attached are copies of the signed waivers from all of the above except Nearburg, Merit, Yates and Devon all of whom were sent notice by regular mail on June 27, 2001 and by certified mail on July 20, 2001.

Very truly yours,



W. Thomas Kellahin

fxc: Marathon Oil Company  
Attn: Jerry Fletcher

Southern Business Unit  
Domestic Production

JUN 29 REC'D



P.O. Box 552  
Midland, TX 79702-0552  
Telephone 915/662-1626

June 27, 2001

Texas Independent Exploration, Inc.  
1600 Smith, Suite 3800  
Houston, TX 77002

Re: Application for an Unorthodox Well Location for Indian Hills Unit Well No. 20  
UL "J", 2250' FSL & 1730' FEL, Section 28, T-21-S, R-24-E  
Eddy County, New Mexico

Dear Sir or Madam:

Marathon Oil Company has recently discovered that the above referenced well, Indian Hills Unit Well No. 20, was drilled in an unorthodox location. This well was drilled and completed in September, 1999 and is governed by the Special Pool Rules for the Indian Basin Upper Pennsylvanian Associated Gas Pool. These pool rules require wells to be located no closer than 660' to the outer boundaries of a Gas Proration Unit (GPU) and no closer than 330' to any governmental quarter/quarter section line. This well does not conform to the 660' spacing requirement as it is only 359' from the North boundary of the 320 acre GPU comprised of the south half of Section 28. The well complies with all other set-backs. Please see attached form C-102 and location verification map.

This letter is to inform you, as an offset operator or interest owner, of Marathon's intention to request administrative approval for this non-standard location. If you have an objection to this application, it must be filed, in writing, with the New Mexico Oil Conservation Division at their Santa Fe office within twenty days from the date of this letter. Should you have no objection to this location, please sign below and return an executed copy to me in the envelope provided. The application for administrative approval for this location will be sent to the Oil Conservation Division in Santa Fe as soon as possible. If you have any questions or need more information, please call me at (915) 687-8321.

Sincerely,

Ginny Larke  
Engineer Technician

Signature:

Name: Dave Waters

Title: Senior Landman

Company Name: Texas Independent Exploration, Inc.

Date: 7/02/01

Southern Business Unit  
Domestic Production



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

June 27, 2001

Hanagan Properties  
P. O. Box 1887  
Santa Fe, NM 87504-1887

Re: Application for an Unorthodox Well Location for Indian Hills Unit Well No. 20  
UL "J", 2250' FSL & 1730' FEL, Section 28, T-21-S, R-24-E  
Eddy County, New Mexico

Dear Sir or Madam:

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Sincerely,

*Ginny Larke*  
Ginny Larke  
Engineer Technician

Signature: *Robert G. Hanagan*  
Name: ROBERT G. HANAGAN  
Title: Partner  
Company Name: HANAGAN PROPERTIES  
Date: 7/2/01

Southern Business Unit  
Domestic Production



P.O. Box 552  
Midland, TX 79702-0552  
Telephone 915/682-1623

June 27, 2001

Nolan Brunson, Jr.  
P. O. Box 2390  
Hobbs, NM 88241-2390

Re: Application for an Unorthodox Well Location for Indian Hills Unit Well No. 20  
UL "J", 2250' FSL & 1730' FEL, Section 28, T-21-S, R-24-E  
Eddy County, New Mexico

Dear Sir or Madam:

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Sincerely,

Ginny Larke  
Engineer Technician

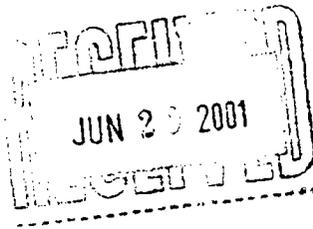
Signature: Nolan Brunson

Name: \_\_\_\_\_

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

Company Name: \_\_\_\_\_

Date: 7/4/01



Southern Business Unit  
Domestic Production

P.O. Box 552  
Midland, TX 79702-0552  
Telephone 915/682-1625

7

June 27, 2001

Claremont Corporation  
P. O. Box 549  
Claremore, OK 74018-0549

Re: Application for an Unorthodox Well Location for Indian Hills Unit Well No. 20  
UL "J", 2250' FSL & 1730' FEL, Section 28, T-21-S, R-24-E  
Eddy County, New Mexico

Dear Sir or Madam:

Marathon Oil Company has recently discovered that the above referenced well, Indian Hills Unit Well No. 20, was drilled in an unorthodox location. This well was drilled and completed in September, 1999 and is governed by the Special Pool Rules for the Indian Basin Upper Pennsylvanian Associated Gas Pool. These pool rules require wells to be located no closer than 660' to the outer boundaries of a Gas Proration Unit (GPU) and no closer than 330' to any governmental quarter/quarter section line. This well does not conform to the 660' spacing requirement as it is only 359' from the North boundary of the 320 acre GPU comprised of the south half of Section 28. The well complies with all other set-backs. Please see attached form C-102 and location verification map.

This letter is to inform you, as an offset operator or interest owner, of Marathon's intention to request administrative approval for this non-standard location. If you have an objection to this application, it must be filed, in writing, with the New Mexico Oil Conservation Division at their Santa Fe office within twenty days from the date of this letter. Should you have no objection to this location, please sign below and return an executed copy to me in the envelope provided. The application for administrative approval for this location will be sent to the Oil Conservation Division in Santa Fe as soon as possible. If you have any questions or need more information, please call me at (915) 687-8321.

Sincerely,

*Ginny Larke*

Ginny Larke  
Engineer Technician

Signature: *Frank W. Podpechan*

Name: Frank W. Podpechan

Title: President

Company Name: Claremont Corporation

Date: June 29, 2001

**CLAREMONT CORPORATION**

P.O. BOX 549  
CLAREMORE, OKLA. 74018

(918) 341-6622

July 5, 2001

Marathon Oil Company  
P.O. Box 552  
Midland, TX 79702

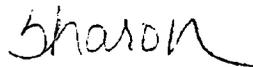
Attention: Ginny Larke

Re: Indian Hills Unit Well No 20  
Section 28-21S-24E  
Eddy County, New Mexico

Dear Ginny,

Enclosed you will find the letter application for an unorthodox well location signed as you requested on the above referenced property. Claremont Corporation does approve of the application. If I can be of any further assistance in this matter, please let me know. Thank you.

Sincerely,



Sharon Ashworth  
Administrative Assistant

sea

Enclosure

Southern Business Unit  
Domestic Production



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

June 27, 2001

Hugh Hanagan  
P. O. Box 329  
Roswell, NM 88210

Re: Application for an Unorthodox Well Location for Indian Hills Unit Well No. 20  
UL "J", 2250' FSL & 1730' FEL, Section 28, T-21-S, R-24-E  
Eddy County, New Mexico

Dear Sir or Madam:

Marathon Oil Company has recently discovered that the above referenced well, Indian Hills Unit Well No. 20, was drilled in an unorthodox location. This well was drilled and completed in September, 1999 and is governed by the Special Pool Rules for the Indian Basin Upper Pennsylvanian Associated Gas Pool. These pool rules require wells to be located no closer than 660' to the outer boundaries of a Gas Proration Unit (GPU) and no closer than 330' to any governmental quarter/quarter section line. This well does not conform to the 660' spacing requirement as it is only 359' from the North boundary of the 320 acre GPU comprised of the south half of Section 28. The well complies with all other set-backs. Please see attached form C-102 and location verification map.

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Sincerely,

A handwritten signature in cursive script that reads "Ginny Larke".

Ginny Larke  
Engineer Technician

Signature: A handwritten signature in cursive script that reads "Hugh Hanagan".

Name: \_\_\_\_\_

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

Company Name: \_\_\_\_\_

Date: 7/1/01



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

July 11, 2001

Mr. Michael Stogner  
Oil Conservation Division  
1220 S. St. Francis Dr.  
Santa Fe, New Mexico 87504

RE: *Indian Hills Unit Well No. 20 Unorthodox Location  
2250' FSL & 1730' FEL  
Section 28, Township 21 South, Range 24 East  
Indian Basin – Upper Pennsylvanian Associated Pool*

Dear Mr. Stogner:

Recently you brought to Marathon Oil Company's attention that our Indian Hills Unit Well No. 10 was drilled in an unorthodox location without the appropriate Non-Standard Location (NSL) approval. Currently, Marathon is striving to improve our regulatory compliance and as a part of that effort, we have now reviewed Marathon's Indian Basin field to ensure our current wells are in compliance. As per your phone conversation of June 13, 2001 with Ginny Larke, we discovered that Indian Hills Unit Well No. 20 is actually unorthodox and does not have the necessary regulatory approval.

Indian Hills Unit Well No. 20 is completed in the "Indian Basin Upper Pennsylvanian Associated Pool" as promulgated by the New Mexico Oil Conservation Division Order Nos. R-992, R-992-A, R-9922-B, R-9922-C, and R-9922-D and the general rules for the Associated Gas Pools of Southeast New Mexico as promulgated by Division Order No. R-5533. These rules require wells to be located no closer than 660 feet to the outer boundary of the proration/spacing unit and no closer than 330 feet to the governmental quarter/quarter section line. Indian Hills Unit Well No. 20 is unorthodox because it is located only 359 feet from the north line of the 320-acre "lay-down" Gas Proration Unit located in the south half of Section 28.

By means of this application, Marathon Oil Company respectfully requests NSL approval for the above referenced well. In support of this application, Marathon's reservoir development plans at the time the well was permitted are discussed below. In addition, very specific details are reviewed in order to explain how the well was located in its current unorthodox location.

**Reservoir Management:**

Indian Hills Unit Well No. 20 was drilled as an extension to Marathon's initial development phase of East Indian Basin. The development was again focusing on gas reserves that were trapped by water influx by developing the Upper Pennsylvanian formation on 160-acre well spacing. Indian Hills Unit Well No. 20 was drilled to develop the last 160-acre location in Section 28. Thus, the SE/4 of Section 28 was targeted.

**Surface Restrictions:**

Several surface restriction issues arose in trying to spot a standard location in the SE/4 of Section 28. The most significant of these are the surface and topographical features throughout the SE/4 of Section 28 (please see Attachment #1 – Topographical map of Section 28). These features include areas of high angle slopes, natural drainage, and the visual resources along the Sitting Bull Scenic By-Way (State Hwy 137). Marathon had originally proposed a standard surface location of 660' FSL and 660' FEL. Section 7 of the "Stipulations for East Indian Basin Oil Field Development in the Roswell District, BLM" (please see Exhibit A, April 13, 1994, BLM Serial Number: NM-92026) states: "No well or plant sites will be allowed on slopes over 20 percent." Based on this stipulation, this site was condemned by the BLM due to the high angle slopes of the North face of the Azotea Mesa. Ultimately, the BLM found one site at 2250' FSL and 1730' FEL that posed the least amount of damage to surface issues (please see Attachment #2 – Letter from the BLM; Attachment #3 – Well Location & Acreage Plat; Attachment #4 – Survey of Indian Hills Unit Well No. 20 Wellsite; Attachment #5 – Section 28 Topographic/Field Development Map).

**Waivers:**

On June 27, 2001, Marathon notified our offset operators of our intent to request administrative approval for non-standard location for Indian Hills Unit #20. Please see attached copies of waiver letters.

Unfortunately, we cannot provide you with a strong explanation of why an application for approval of an unorthodox location has not been submitted to date. It appears that during the permitting process, we failed to identify the location as unorthodox after it was moved by the BLM, and hence did not apply for an NSL. During the subsequent months of producing this well, this non-compliance had continued to be an oversight upon our part until now.

Marathon Oil Company takes our regulatory compliance seriously. We regret our two non-compliance issues from 1999. We are working diligently to correct these past errors. We also regret the lack of detail provided with recent new well applications. Several members of our team attended your recent workshop and we now have a much clearer understanding of your expectations and requirements.

Over the past month, we have focused on better understanding the regulations that apply to our wells. All members of the Indian Basin Asset Team are now cognizant of how this compliance affects our daily business. We are working to properly integrate regulatory compliance into all of our well work and provide you and the Districts with complete and detailed applications and filings point forward.

If you have any questions/comments/concerns, please contact me at (915) 687-8306.

Respectfully,

A handwritten signature in black ink, appearing to read 'SMillican', with a long horizontal flourish extending to the right.

Steven F. Millican  
Operations Engineer  
Marathon Oil Company

DISTRICT I  
P.O. Box 1900, Hobbs, NM 88241-1900

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised February 10, 1994  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

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

Attachment # 3

OIL CONSERVATION DIVISION

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

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 79040	Pool Name Indian Basin Upper Penn Assoc.
Property Code 6409'	Property Name INDIAN HILLS UNIT	Well Number 20
OGRID No. 14021	Operator Name MARATHON OIL COMPANY	Elevation 3717'

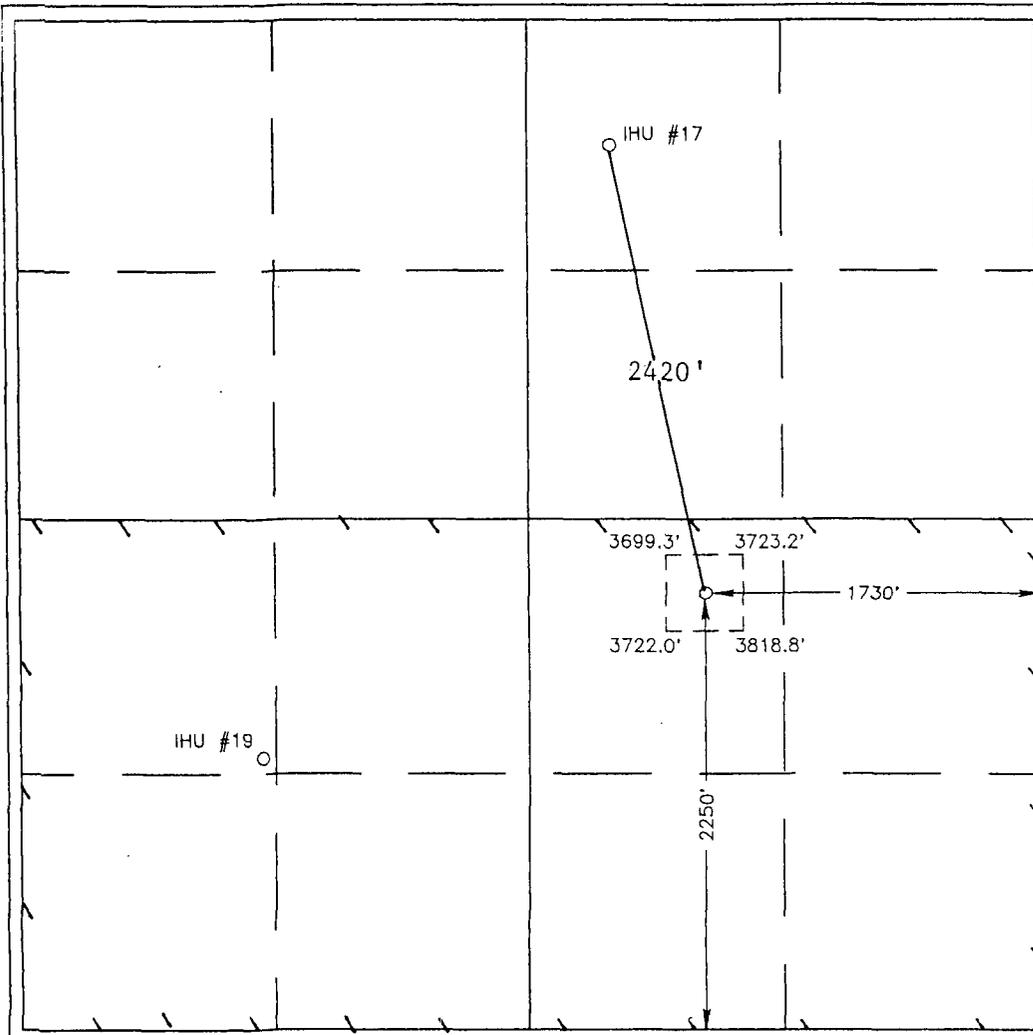
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	28	21 S	24 E		2250	SOUTH	1730	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.						
320 - S/2									

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



**OPERATOR CERTIFICATION**

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

*R. J. Longmire*  
Signature

R. J. Longmire  
Printed Name

Drilling Superintendent  
Title

3/5/99  
Date

---

**SURVEYOR CERTIFICATION**

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.

NOVEMBER 23, 1998  
Date Surveyed

CDG  
Signature & Seal of Professional Surveyor

*Ronald J. Edson*  
Professional Surveyor

88-11-1495  
Certificate No.

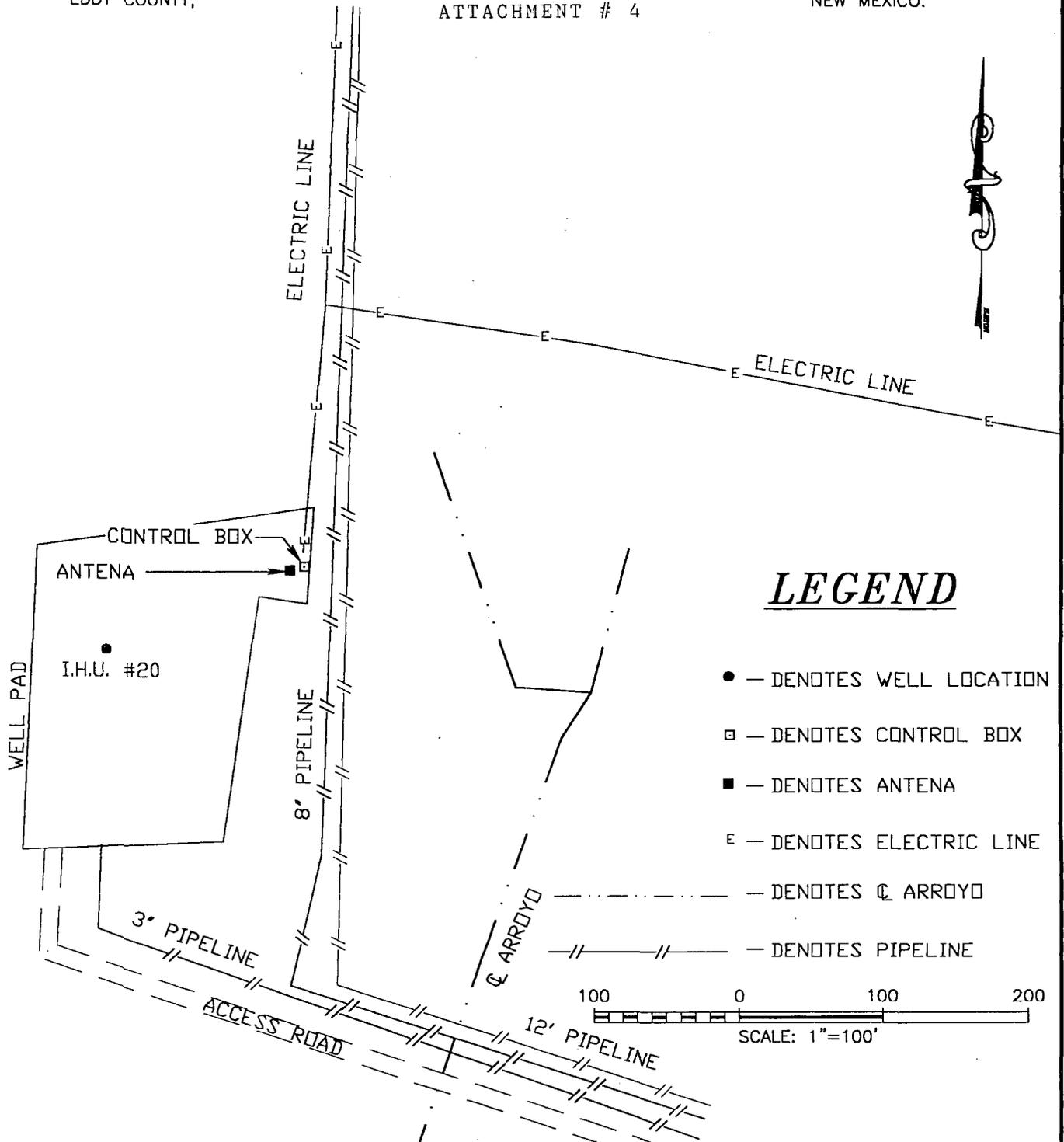
RONALD J. EDSON 3239  
GARY EDSON 1264

SECTION 28, TOWNSHIP 21 SOUTH, RANGE 24 EAST, N.M.P.M.,

EDDY COUNTY,

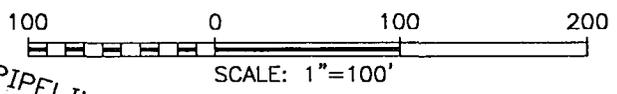
ATTACHMENT # 4

NEW MEXICO.



**LEGEND**

- — DENOTES WELL LOCATION
- — DENOTES CONTROL BOX
- — DENOTES ANTENA
- E — DENOTES ELECTRIC LINE
- - - - - DENOTES Q ARROYO
- || — DENOTES PIPELINE



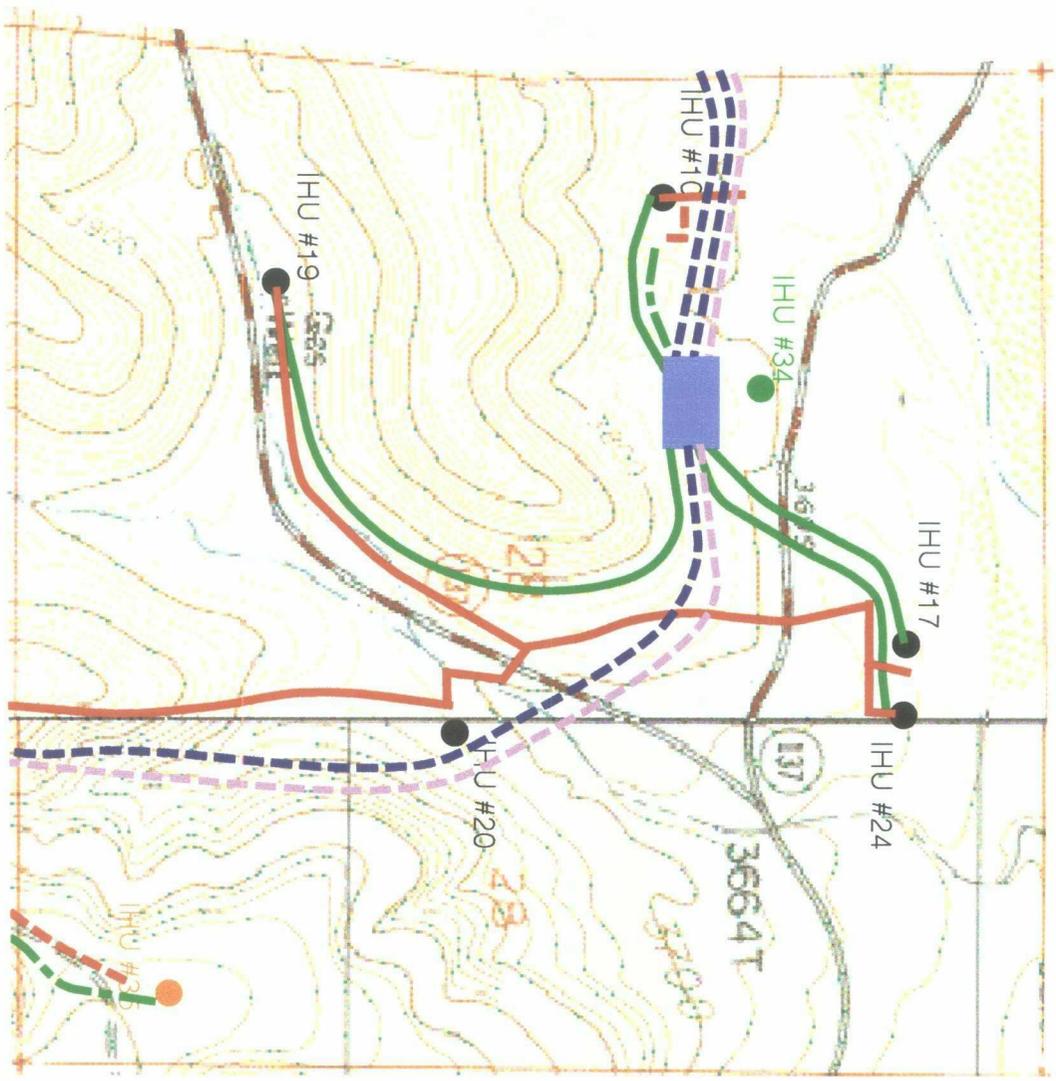
**MARATHON OIL COMPANY**

TOPOGRAPHIC SURVEY OF  
 THE I.H.U. No. 20 WELL SITE IN SECTION 28,  
 TOWNSHIP 21 SOUTH, RANGE 24 EAST,  
 N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 06/29/01	Sheet 1 of 1 Sheets
W.O. Number: 01-11-0800	Drawn By: A.W.BECKLEY
Date: 07/05/01	DISK: CD#3
	DISK #3
	Scale: 1"=100'

JOHN WEST SURVEYING COMPANY  
 412 N. DAL PASO - HOBBS, NEW MEXICO - 505-393-3117

ATTACHEMENT #5



- PRODUCING WELLS
- PENDING WELLS
- PLANNED WELLS
- CONTINGENT WELLS
- EXISTING DUAL FLOWLINES
- - - PROPOSED DUAL FLOWLINES
- EXISTING ELECTRICAL LINES
- - - PROPOSED ELECTRICAL LINES
- FLUID GATHERING SYSTEM
- OIL GATHERING SYSTEM
- - - LOW PRESSURE GAS GATHERING SYSTEM
- - - HIGH PRESSURE GAS GATHERING SYSTEM
- - - COMPRESSOR FUEL LINE
- - - COMPRESSOR DISCHARGE LINE
- - - PROPOSED MORROW GAS GATHERING
- SMD INJECTION LINE
- ROADWAY
- △ CENTRAL FACILITY
- SATELLITE STATIONS
- COMPRESSOR STATION

EXHIBIT A  
April 13, 1994

BLM Serial Number: NM-92026

STIPULATIONS FOR EAST INDIAN BASIN OIL FIELD DEVELOPMENT  
IN THE ROSWELL DISTRICT, BLM

The holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer, BLM.

1. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.
2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976, as amended (15 U.S.C. 2601, *et. seq.*) with regard to any toxic substances that are used, generated by or stored on the rights-of-way or on facilities authorized by this grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation and Liability Act, Section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the Authorized Officer concurrent with the filing of the reports to the involved Federal agency or State government.
3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, *et. seq.* or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, *et. seq.*) on the rights-of-way (unless the release or threatened release is wholly unrelated to the rights-of-way holder's activity on the rights-of-way). This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.
4. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil or other pollutant should be discharged, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil or other pollutant, wherever found, shall be the responsibility of the holder, regardless of fault. Upon failure of the holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages to Federal lands resulting therefrom, the Authorized Officer may take such measures as deemed necessary to control and cleanup the

Exhibit A

discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve the holder of any liability or responsibility.

5. No project construction can begin unless and until the Mitigation Trust Fund moneys for that action have been received by BLM.

6. The holder shall conduct all activities associated with the construction, operation, and termination of the rights-of-way within the authorized limits of the rights-of-way.

7. No well or plant sites will be allowed on slopes over 20 percent. Other use or occupancy on slopes over 20 percent would be limited. Uses permitted might include mineral material extraction sites, surface pipelines, projects designed to enhance or protect renewable natural resources, or other uses as approved by the Authorized Officer (AO). Projects on these steep grades will be considered on a case-by-case basis, and may require special conditions or stipulations for slope mitigation.

8. Blading of all vegetation **\*\*will/will not\*\*** be allowed. Blading is defined as the complete removal of brush and ground vegetation. Clearing of brush species will be allowed. Clearing is defined as the removal of brush while leaving ground vegetation (grasses, weeds, etc.) intact. Clearing is best accomplished by holding the blade 4 to 6 inches above the ground surface. In areas where blading and/or clearing is allowed, the maximum width of these operations will not exceed \_\_\_ feet.

9. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair impacted improvements to at least their former state. The holder shall contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence will be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed in existing fences unless approved by the Authorized Officer.

10. All above-ground structures not subject to safety requirements shall be painted by the holder to reduce visual contrasts and to blend with the natural color of the landscape. The paint used shall be a color which simulates "Standard Environmental Colors" designated by the Rocky Mountain Five-State Interagency Committee. The colors selected for this project include (A) "Carlsbad Canyon" (Munsell Soil Color Chart [MSCC] Number 2.5Y 6/2), (B) "Slate Gray" (MSCC Number 5Y 6/1), (C) "Desert Brown" (MSCC Number 10YR 6/3), and (D) "Juniper Green" (no MSCC Number), the color(s) for individual facilities will be specified depending on the site-specific contrasts caused by the individual action. Exceptions to these color requirements may be

Exhibit A

authorized on a case-by-case basis, if determined to be more effective in meeting site-specific VRM objectives, such as for wood power poles, fenceposts, signs, etc.

11. The holder shall post signs designating the BLM serial number(s) assigned to the right(s)-of-way grant(s) at the following locations: for linear projects, the points of origin and completion, or entry to and exit from public lands, of the right(s)-of-way and at all major road crossings; power lines may use the meter poles. Site project signs will be visible from the site entry. These signs will be posted in a permanent, conspicuous manner and will be maintained in a legible condition for the term of the right(s)-of-way.

12. The holder shall take whatever steps are necessary to ensure that non-road rights-of-way are not used as roadways. The holder shall not use non-road rights-of-way as roads or access for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder.

13. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on the holder's behalf, on public or Federal land shall be immediately reported to the Authorized Officer. The holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery will be made by the authorized officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to the proper mitigation measures will be made by the Authorized Officer after consulting with the holder.

14. The period of time that any trenches or other excavations (except mud pits) are kept open will be held to the minimum compatible with construction requirements. The holder shall not leave more than one-half mile of trench open overnight or otherwise unattended. Open trenches will have ramps, bridges, or earthen plugs, at least six feet wide, every one-quarter mile to pass livestock and wildlife.

15. Stacks on heater-treaters/separator-dehydrators will be required to be covered to prevent mortality of avian species including neotropical migrants and bats.

16. The BLM will be informed at least two working days prior to any blasting. Notifications of blasting should include the purpose and location of the blasting, the intended date and duration of the blasting, and the estimated volume of the excavation or cut and/or fill.

EXHIBIT A

17. Sites will be maintained in neat and orderly conditions at all times. All waste materials, both liquid and solid, shall be disposed of promptly at an appropriate, authorized waste disposal facility in accordance with all applicable State and Federal laws. "Waste" means all discarded matter including, but not limited to, human refuse, trash, garbage, debris, petroleum products, brines, chemicals, oil drums, ashes, and equipment. No waste shall be buried on site.

18. In those areas where erosion control structures are required to stabilize soil conditions, the holder shall install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound management practices. Any earth work will require prior approval by the Authorized Officer.

19. The holder shall reseed all surface disturbed by construction activities. If reseeded is required, it will be done according the attached seeding requirements (Exhibit B), using the native seed mixture specified.

20. Upon completion of initial construction, the holder will promptly reclaim disturbed areas not necessary for continuing facility operations.

21. Closed circulation systems (steel pits) may be required on steeper slopes, on locations with restricted available area, in rocky zones where digging a pit could involve rock saws or blasting, or in other areas of special concern as determined by the BLM AO in consultation with Industry. Cuttings will be placed in permanent, lined pits, located by the BLM and Industry representatives during the initial on-site BLM-Industry meeting.

When reserve (mud) pits are used, they will be constructed as per the decisions made at the initial on-site meeting between industry and BLM. Pits will be lined with heavy (8 mil) pit liners which are never to be breached. Berms, sufficient to contain any spills or water flows and preferably made from excavated pit material, will be constructed around the pits. Relocation or reorientation of pits, or modified "V" pits, may be required at certain locations. Padding material, such as sand, dirt fines, or straw, may be required to prevent punctures in the bottom of the pit liners.

During reclamation the pits will be allowed to dry, then the liners will be folded over the pit sediments, and the pit will be backfilled. No pit will be drained and no pit liner will be broken. An examination and approval by a BLM representative will be required prior to closure of any reserve pit.

22. Vegetation, soil, and rocks left as a result of construction, drilling, or maintenance activity will be randomly scattered over the project area and will not be left in rows, piles, or berms, unless otherwise approved by the Authorized Officer. A berm will be left over the ditch line to allow for settling back to grade.

EXHIBIT A

23. Differential pressure shut-off valves may be used to protect pipelines crossing certain critical habitats, as selected by the Authorized Officer, BLM, from continuing leaks.

24. Underground pipelines will be buried with a minimum cover of 32 inches between the top of the pipe and normal ground level, and at least 48 inches deep through arroyos.

25. BLM will require prompt notification by the operator of any bit drops of four feet or more accompanied by circulation losses greater than 75 percent.

26. To minimize potential impacts to subsurface resources from well drilling, casing, or cementing, the BLM may require specific procedures, such as fresh water drilling in certain zones, special cement additives or sweeps, or cementing casing to the surface. These procedures, if required, will be determined by the BLM Fluid Minerals staff in consultation with the operator.

27. To minimize potential problems due to casing and cementing, the BLM may require the following actions as determined by BLM and the operator:

- (1) Use of cement baskets, external casing packers, multiple-staged and/or remedial cementing to isolate voids encountered;
- (2) Use of special cements or cement additives to combat lost circulation;
- (3) Use of cement evaluation tools;
- (4) Cementing all casing strings to surface.

28. Permanent under-liners and berms sufficient to contain any spills will be built under and around storage tanks.

29. A BLM wildlife biologist will be present during on-site inspection to flag roads and pipeline corridors around sensitive wildlife habitat. During on-site inspection, if it is determined that surface disturbing activities must be conducted in areas of possible T&E plant habitat (limestone shelves or rocky outcroppings), a T&E species survey may be required prior to authorization of any surface disturbing activities.

30. Cleanup of spills in excess of state-reportable levels should be accomplished using bio-remediation techniques rather than by removing contaminated soil. If measures other than bio-remediation are required for individual spill sites, these special techniques will be approved by the Authorized Officer, BLM, in consultation with the companies.

31. A sales contract for removal of mineral material (caliche, sand, gravel, fill dirt, etc.) from an authorized pit, site, or on location must be obtained from the BLM prior to commencing construction. Contact the BLM solid minerals staff for the various options to purchase mineral material.

EXHIBIT A

32. Caliche pits will be reclaimed by sloping their walls, replacing the topsoil, and seeding. In some cases, caliche removed from other sites may be returned, depending on the condition of the caliche.

33. Abandoned surface pipelines and other above-ground equipment will be removed promptly once these are no longer needed, buried pipelines will be flushed and left in place.

34. Sites built on cut-and-fill will be recontoured to blend into the surrounding natural terrain, as nearly as feasible.

35. Special Stipulations:

A. On a case-by-case basis, BLM may require gates on, or physical restriction to, any new or upgraded road constructed to provide access to a new facility within the study area. The gates or physical barrier would remain closed and locked at all times and access would be granted only to essential company and BLM personnel. This restriction could help to protect important cultural and archaeological sites, as well as wildlife, watershed, and recreation values.

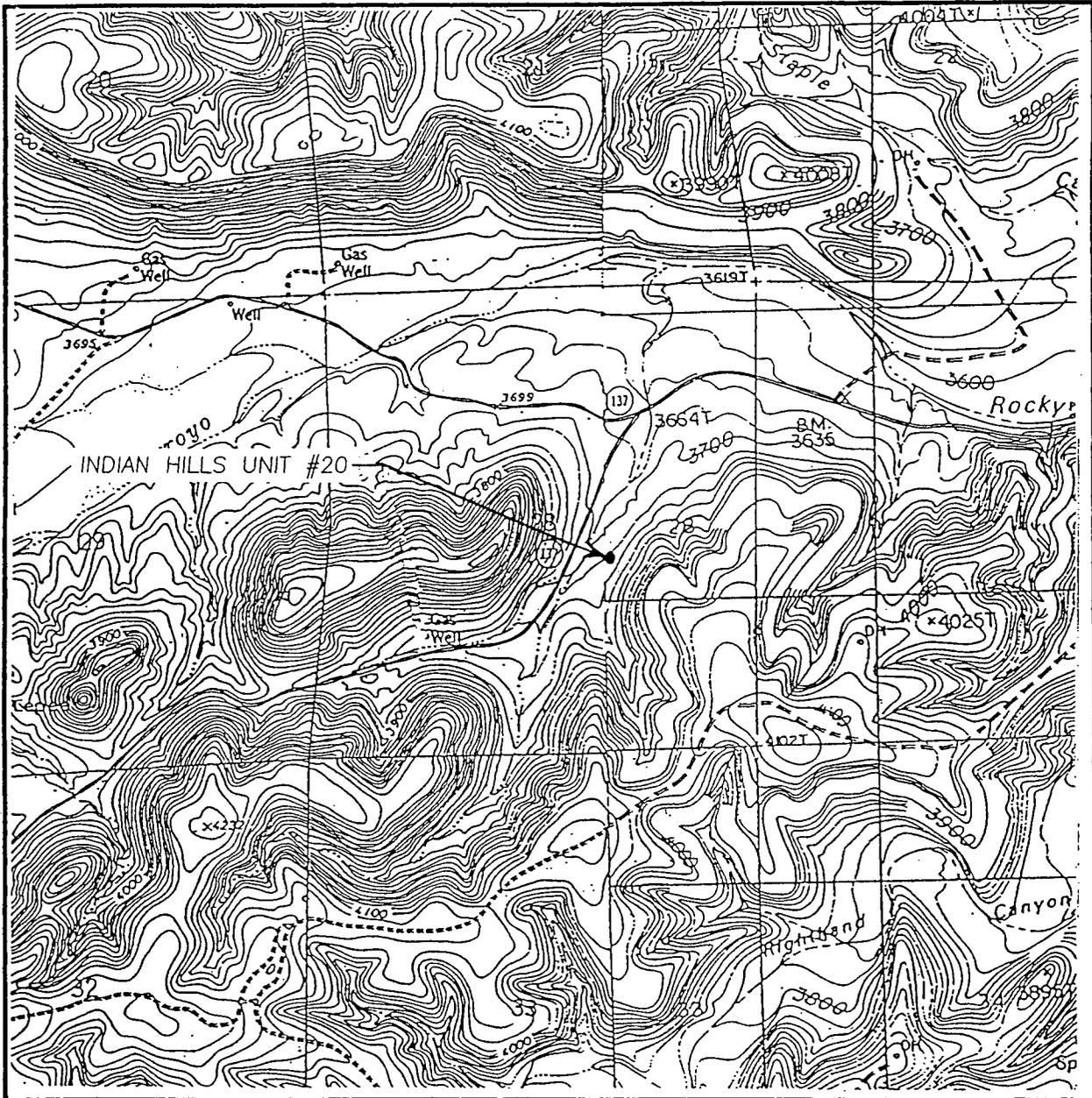
B. To maintain Visual Resources along State Highway 137, screening with plantings or natural or man-made materials, such as berms or fencing may be required at some locations.

C. BLM's objective through this mitigative process is to restore disturbed surfaces to a condition as similar to their original state as is feasible and/or blend these areas into the surrounding landscape. To achieve that objective, the following is a list of rehabilitation or reclamation methods that will be considered, in addition to standard procedures, as appropriate for each disturbed area:

- Removal of caliche or other surfacing materials, these materials may be used to fill cuts for restoration or returned to the caliche pits, if the caliche is acceptable;
- Special seed bed preparation and seeding methods;
- Soil amendments, soil treatments, and fertilizers;
- Planting trees and shrubs (from seeds);
- Mulching;
- Initial watering;
- Erosion control and land treatments;
- Special Fencing.

# LOCATION VERIFICATION MAP

Attachment # 1



SCALE: 1" = 2000'

CONTOUR INTERVAL - 20'

SEC. 28 TWP. 21-S RGE. 24-E

SURVEY \_\_\_\_\_ N.M.P.M. \_\_\_\_\_

COUNTY \_\_\_\_\_ EDDY \_\_\_\_\_

DESCRIPTION 2250' FSL & 1730' FEL

ELEVATION 3717'

OPERATOR MARATHON OIL COMPANY

LEASE INDIAN HILLS UNIT

U.S.G.S. TOPOGRAPHIC MAP

MARTHA CREEK, AZOTEA PEAK, NM

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



Attachment # 2

## United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

Carlsbad Field Office

620 E. Greene St.

Carlsbad, New Mexico 88221-1778

Tel. (505) 234-5972

Fax (505) 885-9264

IN REPLY REFER TO:  
3160(080)bwh

JUN 28 2001

Marathon Oil Company  
P.O. Box 552  
Midland, TX. 79702

In considering the proposal to locate an acceptable drilling location for Marathon's Indian Hills Unit # 20 in the SE/4 of Section 28, T-21-S, R-24-E, I have reviewed the East Indian Basin Azotea Mesa Environmental Assessment, and the Resource Management Plan as they relate to the recommended construction practices on slopes and location of drillsites near drainages.

Marathon's first proposal for this location was to be located at 660' FSL & 660' FEL of Section 28. This site was condemned due to the extreme slope posed by the North face of the Azotea Mesa. Several attempts were made to locate a suitable drillsite in the SE/4 of the section but these locations were not acceptable due primarily to steep terrain, visual resources and proximity to a drainage feature trending North-Northeast from Azotea Mesa. We recommended to Marathon that the location be moved Northwest, and away from the steeper hillside, allowing for less conflict to the existing drainage as well as minimizing intrusion to the visual resource concerns of the Scenic By-way of NM 137 that would be caused by the significant construction effects of a well pad constructed on slopes greater than 20%.

The BLM designated a 30 mile portion of State Route 137 as the Guadalupe National Back Country Byway in 1994, and the State of New Mexico included the entire route in its State Scenic and Historic Byways Program in 1998. The purpose of these designations is to protect the remaining scenic and cultural values along the highway, to help promote tourism in the region, and to help meet Visual Resource Management (VRM) and other multiple-use management program objectives. It is the intent and policy of the Bureau that the visual resource values of public lands must be considered in all land-use planning efforts and surface disturbance activities. While this does not preclude other resource development, it requires that a reasonable attempt must be made to meet the VRM objectives for the area in question and minimize the visual impacts to the proposal.

Our recommended procedure for locating well pads in steep terrain such as this requires that reserve pits be located in cut and not fill to avoid erosion and potential loss of reserve pit contents. The standard location proposed at 660' FSL & 660' FEL would have been constructed on a slope greater than 20%. The East Indian Basin/Azotea Mesa Environmental Assessment requires that no occupancy or use would be allowed on slopes greater than 20%. This type of action results in significant surface disturbance for the cut and fill requirements of large drilling pads.

Due to the mandates of the approved Resource Management Plan and Record of Decision there was no other feasible drill site in this quarter-section, and the location drilled at 2250' FSL and 1730' FEL posed the least amount of damage to surface resource management issues in the SE¼ of Section 28 T. 21 S., R. 24 E.

If you have any questions or concerns, please contact Barry Hunt, Surface Protection Specialist at 505-234-5965.

Sincerely,

A handwritten signature in cursive script that reads "Leslie A. Theiss".

Leslie A. Theiss  
Field Manager



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

June 27, 2001

Hugh Hanagan  
P. O. Box 329  
Roswell, NM 88210

Re: Application for an Unorthodox Well Location for Indian Hills Unit Well No. 20  
UL "J", 2250' FSL & 1730' FEL, Section 28, T-21-S, R-24-E  
Eddy County, New Mexico

Dear Sir or Madam:

Marathon Oil Company has recently discovered that the above referenced well, Indian Hills Unit Well No. 20, was drilled in an unorthodox location. This well was drilled and completed in September, 1999 and is governed by the Special Pool Rules for the Indian Basin Upper Pennsylvanian Associated Gas Pool. These pool rules require wells to be located no closer than 660' to the outer boundaries of a Gas Proration Unit (GPU) and no closer than 330' to any governmental quarter/quarter section line. This well does not conform to the 660' spacing requirement as it is only 359' from the North boundary of the 320 acre GPU comprised of the south half of Section 28. The well complies with all other set-backs. Please see attached form C-102 and location verification map.

This letter is to inform you, as an offset operator or interest owner, of Marathon's intention to request administrative approval for this non-standard location. If you have an objection to this application, it must be filed, in writing, with the New Mexico Oil Conservation Division at their Santa Fe office within twenty days from the date of this letter. Should you have no objection to this location, please sign below and return an executed copy to me in the envelope provided. The application for administrative approval for this location will be sent to the Oil Conservation Division in Santa Fe as soon as possible. If you have any questions or need more information, please call me at (915) 687-8321.

Sincerely,

A handwritten signature in cursive script that reads 'Ginny Larke'.

Ginny Larke  
Engineer Technician

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

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

Company Name: \_\_\_\_\_

Date: \_\_\_\_\_



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

June 27, 2001

Hanagan Properties  
P. O. Box 1887  
Santa Fe, NM 87504-1887

Re: Application for an Unorthodox Well Location for Indian Hills Unit Well No. 20  
UL "J", 2250' FSL & 1730' FEL, Section 28, T-21-S, R-24-E  
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Ginny Larke  
Engineer Technician

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

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

Company Name: \_\_\_\_\_

Date: \_\_\_\_\_



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

June 27, 2001

Nearburg Exploration  
Attention: Kim Stewart  
Building 2, Suite 120  
3300 North 'A' Street  
Midland, TX 79705-5421

Re: Application for an Unorthodox Well Location for Indian Hills Unit Well No. 20  
UL "J", 2250' FSL & 1730' FEL, Section 28, T-21-S, R-24-E  
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Engineer Technician

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

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

Company Name: \_\_\_\_\_

Date: \_\_\_\_\_



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

June 27, 2001

Devon Energy  
Attention: Laura Williams  
20 N. Broadway, Suite 1500  
Oklahoma City, OK 73102-8260

Re: Application for an Unorthodox Well Location for Indian Hills Unit Well No. 20  
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Ginny Larke  
Engineer Technician

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

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

Company Name: \_\_\_\_\_

Date: \_\_\_\_\_



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

June 27, 2001

Merit Group II Partnership  
P. O. Box 351  
Midland, TX 79702-0351

Re: Application for an Unorthodox Well Location for Indian Hills Unit Well No. 20  
UL "J", 2250' FSL & 1730' FEL, Section 28, T-21-S, R-24-E  
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Ginny Larke  
Engineer Technician

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

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

Company Name: \_\_\_\_\_

Date: \_\_\_\_\_



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

June 27, 2001

Nolan Brunson, Jr.  
P. O. Box 2390  
Hobbs, NM 88241-2390

Re: Application for an Unorthodox Well Location for Indian Hills Unit Well No. 20  
UL "J", 2250' FSL & 1730' FEL, Section 28, T-21-S, R-24-E  
Eddy County, New Mexico

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Ginny Larke  
Engineer Technician

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

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

Company Name: \_\_\_\_\_

Date: \_\_\_\_\_



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

June 27, 2001

Texas Independent Exploration, Inc.  
1600 Smith, Suite 3800  
Houston, TX 77002

Re: Application for an Unorthodox Well Location for Indian Hills Unit Well No. 20  
UL "J", 2250' FSL & 1730' FEL, Section 28, T-21-S, R-24-E  
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Ginny Larke  
Engineer Technician

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

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

Company Name: \_\_\_\_\_

Date: \_\_\_\_\_



**Marathon  
Oil Company**

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

June 27, 2001

Claremont Corporation  
P. O. Box 549  
Claremore, OK 74018-0549

Re: Application for an Unorthodox Well Location for Indian Hills Unit Well No. 20  
UL "J", 2250' FSL & 1730' FEL, Section 28, T-21-S, R-24-E  
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Engineer Technician

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

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

Company Name: \_\_\_\_\_

Date: \_\_\_\_\_



**Marathon  
Oil Company**

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

June 27, 2001

Yates Petroleum  
105 South 4th Street  
Artesia, NM 88210

Re: Application for an Unorthodox Well Location for Indian Hills Unit Well No. 20  
UL "J", 2250' FSL & 1730' FEL, Section 28, T-21-S, R-24-E  
Eddy County, New Mexico

Dear Sir or Madam:

Marathon Oil Company has recently discovered that the above referenced well, Indian Hills Unit Well No. 20, was drilled in an unorthodox location. This well was drilled and completed in September, 1999 and is governed by the Special Pool Rules for the Indian Basin Upper Pennsylvanian Associated Gas Pool. These pool rules require wells to be located no closer than 660' to the outer boundaries of a Gas Proration Unit (GPU) and no closer than 330' to any governmental quarter/quarter section line. This well does not conform to the 660' spacing requirement as it is only 359' from the North boundary of the 320 acre GPU comprised of the south half of Section 28. The well complies with all other set-backs. Please see attached form C-102 and location verification map.

This letter is to inform you, as an offset operator or interest owner, of Marathon's intention to request administrative approval for this non-standard location. If you have an objection to this application, it must be filed, in writing, with the New Mexico Oil Conservation Division at their Santa Fe office within twenty days from the date of this letter. Should you have no objection to this location, please sign below and return an executed copy to me in the envelope provided. The application for administrative approval for this location will be sent to the Oil Conservation Division in Santa Fe as soon as possible. If you have any questions or need more information, please call me at (915) 687-8321.

Sincerely,

A handwritten signature in cursive script that reads "Ginny Larke".

Ginny Larke  
Engineer Technician

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

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

Company Name: \_\_\_\_\_

Date: \_\_\_\_\_



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. Dueease

*Administrative Order NSL-4215*

Dear Mr. Dueease:

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 Wrotenberg  
Director

LW/MES/kv

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

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

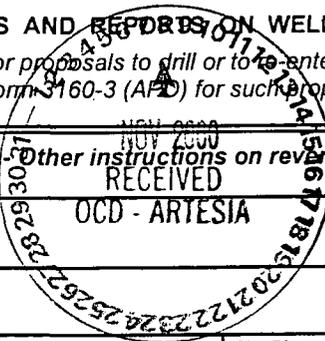
N.M. Oil Cons. Division  
811 S. 1st Street  
Artesia, NM 88210-2834

FORM APPROVED  
OMB NO. 1004-0135  
Expires: November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side



1. Type of Well  
 Oil Well  Gas Well  Other

2. Name of Operator  
Marathon Oil Company

3a. Address  
P.O. Box 552 Midland, TX 79702

3b. Phone No. (include area code)  
915-682-1626

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
UL "J", 2250' FSL & 1730' FEL  
SECTION 28, T-21-S, R-24-E

5. Lease Serial No.

NM 030482

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.  
INDIAN HILLS UNIT

8. Well Name and No.  
INDIAN HILLS UNIT #20

9. API Well No.  
30-015-30658

10. Field and Pool, or Exploratory Area  
INDIAN BASIN UPPER PENN ASSOCIATED

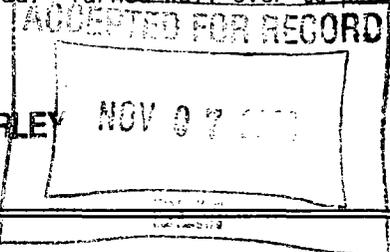
11. County or Parish, State  
EDDY NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input checked="" type="checkbox"/> Acidize
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Deepen
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Fracture Treat
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Change Plans
	<input type="checkbox"/> Plug and Abandon
	<input type="checkbox"/> Convert to Injection
	<input type="checkbox"/> Plug Back
	<input type="checkbox"/> Production (Start/Resume)
	<input type="checkbox"/> Reclamation
	<input type="checkbox"/> Recomplete
	<input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Water Disposal
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Well Integrity
	<input type="checkbox"/> Other _____

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

10/12/00 MIRU PU, Kill well, ND wellhead & NU BOP. POOH w/140 jts tbg, attempted to set RBP, finished POOH w/tbg to pump. Disassembled and LD pump & RIH w/overshot to RBP. Latched on to RBP & PUH to 3302'. Set & tested to 500 psi. POOH & LD RBP. PU PPI packers & RIH to 7500'. Set & tested backside, released packer & RIH to locate collar @ 7682'. Dropped SV & rigged up Halliburton. Acidized perfs in 4' increments w/total of 5,250 gals. of 15% Ferchek acid. Average rate 2 bpm, Max 2.2 bpm, Min 1.9 bpm. Avg treating pressure 1000 psi, avg break pressure 1100 psi. RD Halliburton, PUH & set packer @ 7497'. RU swab, made 13 runs and recovered 61 bbls water. SI well. Next day swabbed well making 26 runs recovering 70 BW & 40 BO. Released packers, POOH & LD PPI packers. PU RBP and RIH to 3302, set & test to 500 psi. POOH w/tbg. RIH w/GC 4100 pumps w/2 175 HP motors on 2-7/8" tbg. PU hanger joint & made final splice. Landed hanger in wellhead, ND BOP & NU wellhead. Turned well over to production dept 9/12/00



(ORIG. SGD.) GARY GOURLEY

14. I hereby certify that the foregoing is true and correct  
Name (Printed/Typed) GINNY LARKE  
*GINNY LARKE*

Title Engineer Technician  
Date 10/19/00

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_  
Office \_\_\_\_\_

5F

**SUNDRY NOTICES AND REPORTS ON WELLS**

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**SUBMIT IN TRIPLICATE - Other instructions on reverse side**

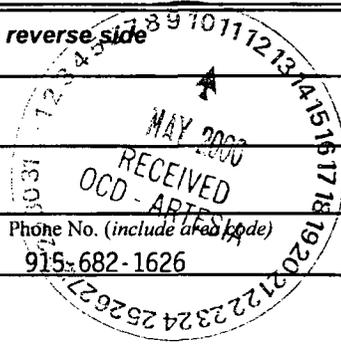
1. Type of Well  
 Oil Well  Gas Well  Other

2. Name of Operator  
 Marathon Oil Company ✓

3a. Address  
 P.O. Box 552 Midland, TX 79702

3b. Phone No. (include local code)  
 915-682-1626

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
 UL "J", 2250' FSL & 1730' FEL  
 SECTION 28, T-21-S, R-24-E



5. Lease Serial No.  
 NM 030482

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.  
 INDIAN HILLS UNIT

8. Well Name and No.  
 INDIAN HILLS UNIT #20

9. API Well No.  
 30-015-30658

10. Field and Pool, or Exploratory Area  
 INDIAN BASIN UPPER PENN ASSOCIATED

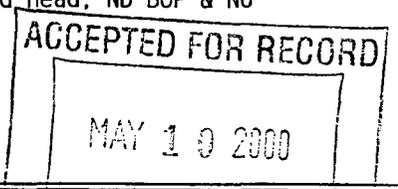
11. County or Parish, State  
 EDDY NM

**12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input checked="" type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>ADD PAY</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>AND STIMULATE</u>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

4/2/00 MIRU PU. Loaded & killed well. ND wellhead & NU BOP. POOH w/tbg & sub pump. RIH & latch onto RBP. POOH & RU wireline. Perfed from 7640'-7662' w/4 jspf @ 120 degree phasing. RD wireline & PU bit, scraper, & bailer & RIH. Tagged @ 7952'. Worked bailer, POOH, dumped chambers & LD bailer. Recovered 7' fill. RIH w/RBP to 7446', set, and tested. RU Halliburton, pickled tbg & csg @ 1.4 bpm w/2500 gals 20% FE++ acid and fresh water flush. RD Halliburton & POOH w/tbg. RIH w/PPI packer, dropped SV, & RU Halliburton. Unset packer, dropped RFC valve & PUH treating perfs from 7662'-7640' in 2' increments w/200 gpf for a total of 2700 gals of 15% CCA sour acid. Avg. rate 2-4 bpm. Fished SV & RFC & POOH w/valves & packer. PU RBP & RTTS packer RIH to 7625' & set RBP. PUH 1 jt & set RTTS, tested RBP, released RTTS & PUH to 7510' setting RTTS. RU Sabre, Pump Diklor squeeze, release RTTS & PUH to 4245' setting RBP. Load & test. POOH w/tbg L/D RTTS. PU & assemble sub pump, RIH to RBP, latch onto RBP & release. Continue in hole w/tbg & pump. Made final splice, landed in seaboard head, ND BOP & NU wellhead. Started sub pump, RD PU & turned over to production 4/9/00.



14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) Ginny Larke Title Engineer Technician

Date 5/5/00

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

Office \_\_\_\_\_

District I  
 PO Box 1980, Hobbs, NM 88241-1980  
 District II  
 PO Drawer DD, Artesia, NM 88211-0719  
 District III  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 District IV  
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
 Energy, Minerals & Natural Resources Department

**OIL CONSERVATION DIVISION**  
**2040 South Pacheco**  
**Santa Fe, NM 87505**

Form C-104  
 Revised October 18, 1994  
 Instructions on back  
 Submit to Appropriate District Office  
 5 Copies

AMENDED REPORT

**I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT**

<sup>1</sup> Operator name and Address Marathon Oil Company ✓ P.O. Box 552 Midland, TX 79702		<sup>2</sup> OGRID Number 014021
		<sup>3</sup> Reason for Filing Code New Well
<sup>4</sup> API Number 30-0 30-015-30658	<sup>5</sup> Pool Name INDIAN BASIN UPPER PENN ASSOCIATED	<sup>6</sup> Pool Code 33685
<sup>7</sup> Property Code 6409	<sup>8</sup> Property Name INDIAN HILLS UNIT	<sup>9</sup> Well Number 20

**II. <sup>10</sup> Surface Location**

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South Line	Feet from the	East/West line	County
J	28	21-S	24-E		2250	SOUTH	1730	EAST	EDDY

**<sup>11</sup> Bottom Hole Location**

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South Line	Feet from the	East/West line	County
J	28	21-S	24-E		2250	SOUTH	1730	EAST	EDDY

<sup>12</sup> Lse Code F	<sup>13</sup> Producing Method Code PUMP	<sup>14</sup> Gas Connection Date 10-1-99 SI @ this time	<sup>15</sup> C-129 Permit Number	<sup>16</sup> C-129 Effective Date	<sup>17</sup> C-129 Expiration Date
-----------------------------	---	--	-----------------------------------	------------------------------------	-------------------------------------

**III. Oil and Gas Transporters**

<sup>18</sup> Transporter OGRID	<sup>19</sup> Transporter Name and Address	<sup>20</sup> POD	<sup>21</sup> O/G	<sup>22</sup> POD ULSTR Location and Description
<del>138648</del> 138468	Amoco Pipeline Trucks 502 N. West Avenue Levelland, Texas 79336	2816323	OIL	UL "P", Section 19, T-21-S, R-24-E
14035	Marathon Oil Company P. O. Box 1324 Artesia, NM 88211-1324	2823213	Gas	UL "P", Section 19, T-21-S, R-24-E

**IV. Produced Water**

<sup>23</sup> POD 2823214	<sup>24</sup> POD ULSTR Location and Description UL "P", Section 19, T-21-S, R-24-E
------------------------------	--

**V. Well Completion Data**

<sup>25</sup> Spud Date 7/23/99	<sup>26</sup> Ready Date 9/22/99	<sup>27</sup> TD 8300'	<sup>28</sup> PBSD 8254'	<sup>29</sup> Perforations 7528' - 7576'	<sup>30</sup> DHC, DC, MC
<sup>31</sup> Hole Size 12.25"	<sup>32</sup> Casing & Tubing Size 9-5/8"	<sup>33</sup> Depth Set 1198'	<sup>34</sup> Sacks Cement 750 SX CIRC TO SURFACE		
8.75"	7"	8300'	1100 SX, CIRC 153 SX		
	2-7/8"	7895'			

**VI. Well Test Data**

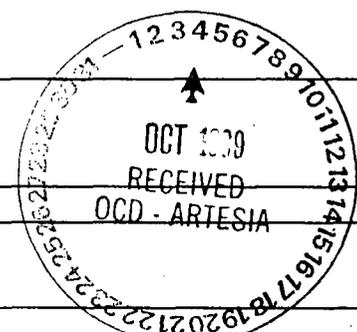
<sup>35</sup> Date New Oil 10-1-99 N/A	<sup>36</sup> Gas Delivery Date 10-1-99 N/A	<sup>37</sup> Test Date 10-14-99 N/A	<sup>38</sup> Test Length 24	<sup>39</sup> Tbg. Pressure	<sup>40</sup> Csg. Pressure
<sup>41</sup> Choke Size	<sup>42</sup> Oil 12	<sup>43</sup> Water 3204	<sup>44</sup> Gas 1370	<sup>45</sup> AOF	<sup>46</sup> Test Method PUMPING

<sup>47</sup> I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature: *Ginny Larke*  
 Printed name: Ginny Larke  
 Title: Engineer Technician  
 Date: 9/30/99  
 Phone: 915-682-1626

**OIL CONSERVATION DIVISION**  
 Approved by: *Jim W. Gannon*  
 Title: District Supervisor  
 Approval Date: 10-7-99

<sup>48</sup> If this is a change of operator fill in the OGRID number and name of the previous operator			
Previous Operator Signature	Printed Name	Title	Date



**UNITED STATES DEPARTMENT OF THE INTERIOR**  
**BUREAU OF LAND MANAGEMENT**  
**N.M. Oil Cons. Division**  
SUBMIT IN DUPLICATE\*  
1st Street  
Artesia, NM 88210-2834  
(See other in-structions on reverse side)

FORM APPROVED  
OMB NO. 1004-0137  
Expires: February 28, 1995

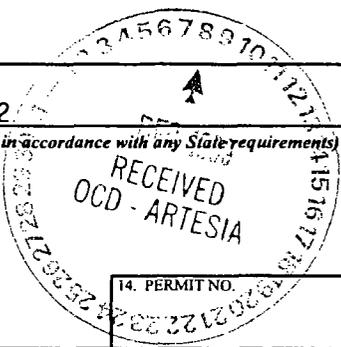
**WELL COMPLETION OR RECOMPLETION REPORT AND LOG\***

1a. TYPE OF WELL: OIL WELL  GAS WELL  DRY  Other \_\_\_\_\_  
b. TYPE OF COMPLETION: NEW WELL  WORK OVER  DEEP-EN  PLUG BACK  DIFF. RESVR.  Other AMENDED REPORT

2. NAME OF OPERATOR   
Marathon Oil Company

3. ADDRESS AND TELEPHONE NO.  
P.O. Box 552 Midland, TX 79702 915-682-1626

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)\*  
At surface UL "J" 2250' FSL & 1730' FEL  
At top prod. interval reported below SAME  
At total depth SAME



14. PERMIT NO. \_\_\_\_\_ DATE ISSUED \_\_\_\_\_

5. LEASE DESIGNATION AND SERIAL NO.  
NM-030482

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME  
INDIAN HILLS UNIT

8. FARM OR LEASE NAME, WELL NO.  
INDIAN HILLS UNIT #20

9. API WELL NO.  
30-015-30658

10. FIELD AND POOL, OR WILDCAT  
INDIAN BASIN UPPER PENN ASSOCIATED

11. SEC. T., R., M., OR BLK. AND SURVEY OR AREA  
SEC. 28, T-21-S, R-24-E

12. COUNTY OR PARISH EDDY 13. STATE NM

15. DATE SPUDDED 7/23/99 16. DATE T.D. REACHED 8/6/99 17. DATE COMPL. (Ready to prod.) 9/22/99 18. ELEVATIONS (DF, RKB, RT, GR, ETC.)\* GL-3717' KB-3734' 19. ELEV. CASINGHEAD

20. TOTAL DEPTH, MD & TVD 8300' 21. PLUG, BACK T.D., MD & TVD 8254' 22. IF MULTIPLE COMPL., HOW MANY\* 23. INTERVALS DRILLED BY ALL ROTARY TOOLS ALL CABLE TOOLS

24. PRODUCING INTERVAL(S), OF THIS COMPLETION - TOP, BOTTOM, NAME (MD AND TVD)\*  
UPPER PENN 7528-7576  
7492-8120 25. WAS DIRECTIONAL SURVEY MADE NO

26. TYPE ELECTRIC AND OTHER LOGS RUN NGR Spectrometry, Hi Res. Laterolog Array, & CN Lithodensity 27. WAS WELL CORED NO

28. CASING RECORD (Report all strings set in well)

CASING SIZE/GRADE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	TOP OF CEMENT, CEMENTING RECORD	AMOUNT PULLED
9-5/8" K-55	36	1198'	12.25"	555 SX + 195 SX CIRC TO SURF.	
7" K-55	23 & 26	8300'	8.75"	1100 SX, CIRC. 153 SX	

29. LINER RECORD 30. TUBING RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
					2-7/8"	7895'	RBP @ 7900'

31. PERFORATION RECORD (Interval, size and number) 7528' - 7576' W/4 JSPF

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
<u>7528' - 7576'</u>	<u>4800 GAL., 15% CCA SOUR HCl</u>

33.\* PRODUCTION

DATE FIRST PRODUCTION 10/1/99 PRODUCTION METHOD (Flowing, gas lift, pumping - size and type of pump) SUM PUMP W/2-GC 3500 PUMPS & 2-FME MOTORS WELL STATUS (Producing or shut-in) Producing

DATE OF TEST 10/14/99 HOURS TESTED 24 CHOKER SIZE \_\_\_\_\_ PROD'N. FOR TEST PERIOD \_\_\_\_\_ OIL - BBL. 12 GAS - MCF. 1370 WATER - BBL. 3204 GAS - OIL RATIO 114,166

FLOW. TUBING PRESS. 360 CASING PRESSURE 220 CALCULATED 24-HOUR RATE \_\_\_\_\_ OIL - BBL. \_\_\_\_\_ GAS - MCF. \_\_\_\_\_ WATER - BBL. \_\_\_\_\_ OIL GRAVITY - API (CORR.) 46.1

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.) SOLD TEST WITNESSED BY \_\_\_\_\_

35. LIST OF ATTACHMENTS  
LOGS & INCLINATION SURVEY SENT IN 9/24/99

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED Geney Larke TITLE Engineer Technician DATE 11/19/99

\*(See Instructions and Spaces for Additional Data on Reverse Side)

37. SUMMARY OF POROUS ZONES: (Show all important zones of porosity and contents thereof; cored intervals; and all drill-stem, tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries):

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.

**GEOLOGIC MARKERS**

NAME	TOP	
	MEAS. DEPTH	TRUE VERT. DEPTH
SAN ANDRES	780'	
GLORIETA	2432'	
YESO	2585'	
BONE SPRING	5090'	
BONE SPRING SAND	6610'	
WOLFCAMP	6830'	
UPPER PENN	7492'	

RECORDED  
 NOV 26 1999  
 BLM  
 ROSWELL, NM

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

N.M. Oil Cons. Division  
311 S. 1st Street  
Artesia, NM 88210-2834

FORM APPROVED  
Budget Bureau No. 1004-0135  
Expires November 30 2000

**SUNDRY NOTICES AND REPORTS ON WELLS**

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SUBMIT IN TRIPLICATE - Other instructions on reverse side

<p>1. Type of Well  <input type="checkbox"/> Oil Well    <input checked="" type="checkbox"/> Gas Well    <input type="checkbox"/> Other</p> <p>2. Name of Operator  <b>Marathon Oil Company</b></p> <p>3a. Address  <b>P.O. Box 552 Midland, TX 79702</b></p> <p>3b. Phone No. (include area code)  <b>915-682-1626</b></p> <p>4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  <b>UL "J", 2250' FSL &amp; 1730' FEL SECTION 28, T-21-S, R-24-E</b></p>	<p>5. Lease Serial No.  <b>NM-030482</b></p> <p>6. If Indian, Allottee or Tribe Name  <b>INDIAN HILLS UNIT</b></p> <p>7. If Unit or CA/Agreement, Name and/or No.  <b>INDIAN HILLS UNIT</b></p> <p>8. Well Name and No.  <b>INDIAN HILLS UNIT #20</b></p> <p>9. API Well No.  <b>30-015-30658</b></p> <p>10. Field and Pool, or Exploratory Area  <b>INDIAN BASIN UPPER PENN ASSOCIATED</b></p> <p>11. County or Parish, State  <b>EDDY NM</b></p>
--	--

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>INITIAL</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>COMPLETION</u>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

Work commenced 8/24/99. MIRU PU. NU BOP & test rams. 9/2/99 RIH w/bit, DCs, & tbg & tag cement @ 6189'. Drill out cement & DV tool & RIH to PSTD. Circ wellbore clean. POOH & L/D DCs & bit. RIH w/tbg & seating nipple to 8200'. 9/11/99 POOH w/tbg, RU Baker Atlas & perf well from 7528'-7576' w/4 jsp. RIH w/PPI packer on tbg & set @ 7586'. Drop SV, moved packer to 7576' & drop FCV. PUH treating perms in 2' increments w/100 gpf for a total of 4800 gals. of 15% CCA sour HCl. Set packer @ 7465', fished valves and loaded & tested annulus to 500 psi. Rigged up swab & recovered 115 bbls. water on 1st day, 125 bbls water on 2nd day, & 50 bbls water on 3rd day. Released packer & POOH w/tbg. L/D PPI tool & RIH w/2-7/8" tbg & SN to 8212'. NU wellhead & landed tbg. Left hanging until ready for sub pump installation. 9/21/99 RD wellhead & NU BOPs. POOH w/2-7/8" tbg, RIH & set RBP @ 2896'. Tested RBP. PU sub pump & RIH on 249 jts. of 2-7/8" tbg. Landed bottom of RBP @ 7900'. Made final splice, ND BOP & NU wellhead. RD PU. Left well shut in waiting on drive. Work completed 9/22/99.

**ACCEPTED FOR RECORD**

OCT 6 1999

*ars*

<p>14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) <b>GINNY LARKE</b></p>	<p>Title <b>Engineer Technician</b></p> <p>Date <b>9/24/99</b></p>
--	--

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

<p>Approved by</p>	<p>Title</p>	<p>Date</p>
<p>Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.</p>		
<p>Office</p>		

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

**UNITED STATES DEPARTMENT OF THE INTERIOR**  
**BUREAU OF LAND MANAGEMENT**  
**N.M. Oil Cons. Division**  
**1st Street**  
**Artesia, NM 88210-2834**

FORM APPROVED  
OMB NO. 1004-0137

Expires: February 28, 1995

5. LEASE DESIGNATION AND SERIAL NO.

NM-030482

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

INDIAN HILLS UNIT

8. FARM OR LEASE NAME, WELL NO.

INDIAN HILLS UNIT #20

9. API WELL NO.

30-015-30658

10. FIELD AND POOL, OR WILDCAT

INDIAN BASIN UPPER PENN ASSOCIATED

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA

SEC. 28, T-21-S, R-24-E

12. COUNTY OR PARISH

EDDY

13. STATE

NM

**WELL COMPLETION OR RECOMPLETION REPORT AND LOG\***

1a. TYPE OF WELL:

OIL WELL  GAS WELL  DRY  Other \_\_\_\_\_

b. TYPE OF COMPLETION:

NEW WELL  WORK OVER  DEEP-EN  PLUG BACK  DIFF. RESVR.  Other \_\_\_\_\_

2. NAME OF OPERATOR

Marathon Oil Company

3. ADDRESS AND TELEPHONE NO.

P.O. Box 552 Midland, TX 79702

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)\*

At surface  
UL "J" 2250' FSL & 1730' FEL

At top prod. interval reported below  
SAME

At total depth  
SAME

14. PERMIT NO.

DATE ISSUED

915-682-1626

15. DATE SPUNDED

7/23/99

16. DATE T.D. REACHED

8/6/99

17. DATE COMPL. (Ready to prod.)

9/22/99

18. ELEVATIONS (DF, RKB, RT, GR, ETC.)\*

GL-3717' KB-3734'

19. ELEV. CASINGHEAD

20. TOTAL DEPTH, MD & TVD

8300'

21. PLUG, BACK T.D., MD & TVD

8254'

22. IF MULTIPLE COMPL. HOW MANY\*

23. INTERVALS DRILLED BY

ROTARY TOOLS

ALL

CABLE TOOLS

24. PRODUCING INTERVAL(S), OF THIS COMPLETION - TOP, BOTTOM, NAME (MD AND TVD)\*

UPPER PENN 7528'-7576'  
7492'-8120'

25. WAS DIRECTIONAL SURVEY MADE

NO

26. TYPE ELECTRIC AND OTHER LOGS RUN

NGR Spectrometry, Hi Res. Laterolog Array, & CN Lithodensity

27. WAS WELL CORED

NO

28. CASING RECORD (Report all strings set in well)

CASING SIZE/GRADE	WEIGHT, LB/FT.	DEPTH SET (MD)	HOLE SIZE	TOP OF CEMENT, CEMENTING RECORD	AMOUNT PULLED
9-5/8" K-55	36	1198'	12.25"	555 SX + 195 SX CIRC TO SURF.	
7" K-55	23 & 26	8300'	8.75"	1100 SX, CIRC. 153 SX	

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
					2-7/8"	7895'	RBP @ 7900'

30. TUBING RECORD

31. PERFORATION RECORD (Interval, size and number)

7528' - 7576' W/4 JSPF

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD) AMOUNT AND KIND OF MATERIAL USED

7528' - 7576' 4800 GAL, 15% CCA SOUR HCl

ACCEPTED FOR RECORD  
OCT 6 1999  
*asc*

33.\* PRODUCTION

DATE FIRST PRODUCTION	PRODUCTION METHOD (Flowing, gas lift, pumping - size and type of pump)	WELL STATUS (Producing or shut-in)					
WELL SI	SUB PUMP W/2-GC 3500 PUMPS & 2-FME MOTORS	S.I.					
DATE OF TEST	HOURS TESTED	CHOKER SIZE	PROD. FOR TEST PERIOD	OIL - BBL	GAS - MCF	WATER - BBL	GAS - OIL RATIO
N/A							
FLOW, TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL - BBL	GAS - MCF	WATER - BBL	OIL GRAVITY - API (CORR.)	

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.)

N/A

TEST WITNESSED BY

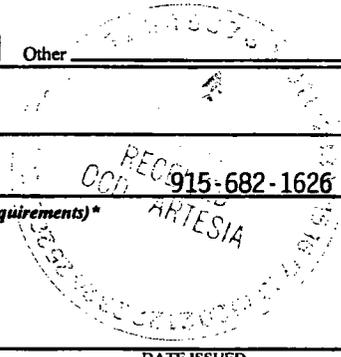
35. LIST OF ATTACHMENTS

LOGS & INCLINATION SURVEY

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED *Genny Lark* TITLE Engineer Technician DATE 9/24/99

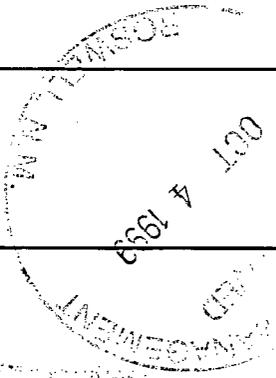
\*(See Instructions and Spaces for Additional Data on Reverse Side)



SK

37. SUMMARY OF POROUS ZONES: (Show all important zones of porosity and contents thereof; cored intervals; and all drill-stem, tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries):

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.	GEOLOGIC MARKERS		
				NAME	MEAS. DEPTH	TRUE VERT. DEPTH
UPPER PENN	7492'	8120'	DOLOMITE, LIMESTONE, SHALE, GAS, OIL & WATER	SAN ANDRES	780'	
				GLORIETA	2432'	
				YESO	2585'	
				BONE SPRING	5090'	
				BONE SPRING SAND	6610'	
				WOLFCAMP	6830'	
			UPPER PENN	7492'		



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

FORM APPROVED  
Budget Bureau No. 1004-0135  
Expires November 30 2000

N.M. Oil Cons. Division  
811 S. 1st Street  
Artesia, NM 882

5. Lease Serial No. **0-2834 NM-030482**  
6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on reverse side

7. If Unit or CA/Agreement, Name and/or No.  
**INDIAN HILLS UNIT**

1. Type of Well  
 Oil Well  Gas Well  Other

8. Well Name and No.  
**INDIAN HILLS UNIT #20**

2. Name of Operator  
**Marathon Oil Company**

9. API Well No.  
**30-015-30658**

3a. Address  
**P.O. Box 552 Midland, TX 79702**

3b. Phone No. (include area code)  
**915-682-1626**

10. Field and Pool, or Exploratory Area  
**INDIAN BASIN UPPER PENN ASSOCIATED**

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
**UL "J", 2250' FSL & 1730' FEL  
SECTION 28, T-21-S, R-24-E**

11. County or Parish, State  
**EDDY NM**

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize <input type="checkbox"/> Deepen <input type="checkbox"/> Production (Start/Resume) <input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing <input type="checkbox"/> Fracture Treat <input type="checkbox"/> Reclamation <input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair <input type="checkbox"/> New Construction <input type="checkbox"/> Recomplete <input type="checkbox"/> Other _____
	<input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Convert to Injection <input type="checkbox"/> Plug Back <input checked="" type="checkbox"/> Water Disposal

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

As required by ONSHORE ORDER NO. 7, Marathon Oil Company is notifying you of the intended method of water disposal from this well. Produced water from this well will be sent, via pipeline, to one of the wells listed under PRIMARY DISPOSAL on the attached sheets. If additional capacity is required, water may be sent, via pipeline (if available) or truck hauled to any of the wells listed under SECONDARY DISPOSAL on the attached sheets.

SEE ATTACHED FOR  
CONDITIONS OF APPROVAL

14. I hereby certify that the foregoing is true and correct  
Name (Printed/Typed)

**Ginny Larke**

*Ginny Larke*

Title

**Engineer Technician**

Date **9/24/99**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

**(ORIG. SGD.) ALEXIS C. SWOBODA**

Title

**PETROLEUM ENGINEER**

Date

**OCT 06 1999**

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

September 24, 1999

**ATTACHMENT I**

**Marathon Oil Company Indian Basin**

**Primary Disposal:** MOC Battery Disposal System

Operated By: Marathon Oil Company  
Well Name: MOC SWD # 1  
Location: UL "M" Section 7, T-20-S, R-25-E  
Permit#: SWD 448

Operated By: Marathon Oil Company  
Well Name: Indian Hills State Com # 7  
Location: UL "F" Section 36, T-20-S, R-24-E  
Permit #: SWD 570

**Primary Disposal:** IBGP Disposal System

Operated By: Marathon Oil Company  
Well Name: Indian Basin Gas Com # 1  
Location: UL "E" Section 23, T-21-S, R-23-E  
Permit #: SWD 416

Operated By: Marathon Oil Company  
Well Name: Marathon Federal # 1  
Location: UL "K" Section 24, T-21-S, R-23-E  
Permit #: SWD 55

**Primary Disposal:** Indian Hills Unit Disposal System

Operated By: Marathon Oil Company  
Well Name: Rocky Hills #1 SWD  
Location: UL "O" Section 19, T-21-S, R-24-E  
Permit #: SWD 691

Operated By: Marathon Oil Company  
Well Name: Rocky Hills #2 SWD  
Location: UL "I" Section 20, T-21-S, R-24-E  
Permit #: SWD 738

**Secondary Disposal**

Well Name: Springs SWD  
Operator: Rowland  
Location: Sec 27, T-20-S, R-26-E  
Permit#: SWD 86

Well Name: BKE  
Operator: Rowland  
Location: Sec 13, T-23-S, R-27-E  
Permit#: SWD 495

Well Name: Salty Bill SWD  
Operator: Grace Oil  
Location: Sec 36, T-22-S, R-26-E  
Permit#: SWD R-118 Fed ID # 850303046

Well Name: Big Eddy Federal 100 SWD (Whistle Stop)  
Operator: Dakota Resources  
Location: Unit "L", Sec 8, T-21-S, R-28-E  
Permit#: SWD 461

September 24, 1999

Well Name: Dorstate SWD  
Operator: Mesquite Services  
Location: Sec 27, T25S, R26E  
Permit#: SWD 247

Well Name: Aikman SWD State # 1  
Location: Section 27, T-19-S, R-25-E  
Permit#: SWD 417

Well Name: Holstun # 1 SWD  
Operated By: Nearburg Producing Company  
Location: Section 4, T-20-S, R-25-E  
Permit#: R 9269

Well Name: Charlotte McKay Federal # 1 SWD  
Operated By: Yates Petroleum  
Location: Section 25, T-20-S, R-25-E  
Permit#: SWD 460

Well Name: Walter Solt State No. 1  
Location: Unit "L", Sec 5, T-18-S, R-28-E  
Permit#: SWD 318

Well Name: Dagger Draw Salt Water Disposal  
Location: Sec 22, T-19-S, R-25-E  
Permit#: R7637

Well Name: Corrine Grace Salt Water Disposal Well  
Location: Sec 36, T-22-S, R-26-E  
Permit#: K6290

Well Name: Myrtle-Myra WIW # 1  
Location: Sec 21, T-21-S, R-27-E  
Permit#: NMOCD-FWD-391

Solids that can't be hauled into one of these disposal sites will be sent to:

Well Name: CRI SWD  
Location: Sec 27, T20S, R32E  
Permit #: SWD R91166

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
**N.M. Oil Cons. Division**  
811 S. 1st Street  
Artesia, NM 88210-2834

FORM APPROVED  
Budget Bureau No. 1004-0135  
Expires November 30 2000

51

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

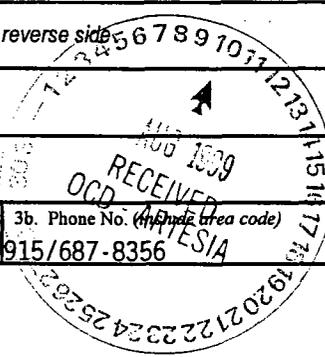
SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well  
 Oil Well  
 Gas Well  
 Other

2. Name of Operator  
 Marathon Oil Company

3a. Address  
 P.O. Box 552 Midland, TX 79702

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
 2250' FSL & 1730' FEL  
 SEC. 28, ~~S~~-21-S, R-24-E



5. Lease Serial No.

NM-030482

If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.  
 INDIAN HILLS UNIT

8. Well Name and No.  
 INDIAN HILLS UNIT 20

9. API Well No.  
 30-015-30658

10. Field and Pool, or Exploratory Area  
 INDIAN BASIN

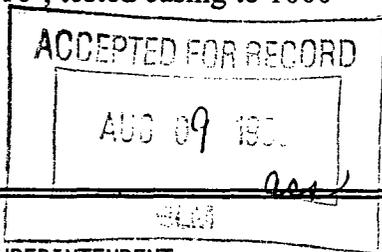
11. County or Parish, State  
 EDDY NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>SPUD &amp; CSG</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>OPERATIONS</u>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

7/23/99, MIRU McVay # 4, Spud 12.25" hole @ 1000 hrs, 7/23/99. Drilled to 1198'. Ran 27 jts, 9.625", 36 #, K-55, STC casing to 1198', shoe @ 1197', Float collar @ 1155'. Cemented W/ 200 sx Thixset Wt-14.0, yield- 1.52, followed by 155 sx. Premium plus Wt -- 12.4, yield - 2.02. Tailed in w/ 200 sx premium plus neat, Wt 14.8, yield - 1.34. Did not circulate cement. WOC 4 hrs, tagged cement @ 495'. Ran 1" tbg to 455'. Circulated 25 sx cement after pumping 195 sx class "C" in 4 stages. Welded 9.625" SOW X 11" 3M casing head. Tested weld to 1500 psi. N.U. 11" 3M dual ram and annular BOPE, choke manifold and kill line. Tested BOPE to 3000/300 psi. Tested annular to 2000 psi. P.U. 8.75" bit and TIH to TOC @ 1110', tested casing to 1000 psi. Drilled shoe and formation.



14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

R. J. LONGMIRE

*R. J. Longmire*

Title

DRILLING SUPERINTENDENT

Date 8/4/99

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

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UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

ARTESIA, NM 87010-2934  
SUBMIT THIS DUPLICATE\*  
(reverse side)

FORM APPROVED  
OMB NO. 1004-0136  
Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK  
 DRILL  DEEPEN

b. TYPE OF WELL  
 OIL WELL  GAS WELL  OTHER   
 SINGLE ZONE  MULTIPLE ZONE

2. NAME OF OPERATOR  
 Marathon Oil Company 14021

3. ADDRESS AND TELEPHONE NO.  
 P.O. Box 552 Midland, TX 79702 915/687-8356

4. LOCATION OF WELL (Report location clearly and in accordance with BLM Manual 7-10.1)  
 At surface: U.L. "J", 2250' FSL & 1730' FEL  
 At proposed prod. zone: U.L. "J", 2250' FSL 7 1730' FEL

5. LEASE DESIGNATION AND SERIAL NO.  
 NM-06293 0 3-4-F-2

6. IF INDIAN, ALLOTTEE OR TRIBE NAME  
 INDIAN HILLS UNIT

7. UNIT AGREEMENT NAME  
 INDIAN HILLS UNIT

8. FARM OR LEASE NAME, WELL NO.  
 INDIAN HILLS UNIT 20

9. API WELL NO.  
 6409

10. FIELD AND POOL, OR WILDCAT  
 30-CIS-30658  
 INDIAN BASIN - U. PENN ASSOC.

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA  
 SEC. 28, T-21-S, R-24-E

12. COUNTY OR PARISH  
 EDDY

13. STATE  
 NM

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*  
 15 MILES NW OF CARLSBAD, NM

15. DISTANCE FROM PROPOSED\* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 1730'

16. NO. OF ACRES IN LEASE  
 4480

17. NO. OF ACRES ASSIGNED TO THIS WELL  
 320, S/2

18. DISTANCE FROM PROPOSED LOCATION\* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. \* 2420'

19. PROPOSED DEPTH  
 7800'

20. ROTARY OR CABLE TOOLS  
 ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.)  
 3717' G.L., 3733' K.B.

22. APPROX. DATE WORK WILL START\*  
 4/1/99

**SUBJECT TO  
LIKE APPROVAL  
BY STATE**

PROPOSED CASING AND CEMENTING PROGRAM **CONTROLLED WATER DRIFT**

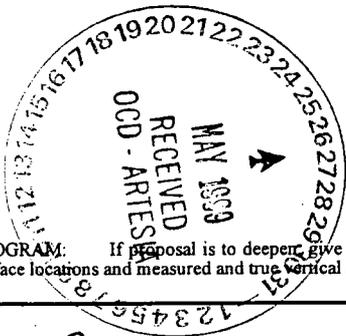
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	K-55, 9 5/8"	36#	1200'	800 - CIRCULATE <b>WITNESS</b>
8 3/4"	L-80, K-55, 7"	23#, 26#	7800'	945 - CIRCULATE

WELL IS A PROPOSED INDIAN BASIN UPPER PENN ASSOCIATED TEST.

SEE ATTACHED FOR DETAIL.

\*DISTANCE TO #17 - 660' FNL & 2220' FEL

**APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS  
ATTACHED**



IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM. If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Walter J. Duncan, Jr. TITLE DRILLING SUPERINTENDENT DATE 3/5/99

(This space for Federal or State office use)

PERMIT NO. \_\_\_\_\_ APPROVAL DATE \_\_\_\_\_

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

**Acting** Assistant Field Office Manager,  
Lands and Minerals

**(ORIG. SCD.) ARMANDO A. LOPEZ**

**MAY 26 1999**

APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_

\*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

ACT I  
 1980, Hobbs, NM 88241-1980  
 DISTRICT II  
 P.O. Drawer DD, Artesia, NM 88211-0719

State of New Mexico  
 Energy, Minerals and Natural Resources Department

Form C-102  
 Revised February 10, 1994  
 Submit to Appropriate District Office  
 State Lease - 4 Copies  
 Fee Lease - 3 Copies

DISTRICT III  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 DISTRICT IV  
 P.O. BOX 2088, SANTA FE, N.M. 87504-2088

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 79040	Pool Name Indian Basin Upper Penn Assoc.
Property Code 6409'	Property Name INDIAN HILLS UNIT	Well Number 20
OGRID No. 14021	Operator Name MARATHON OIL COMPANY	Elevation 3717'

Surface Location

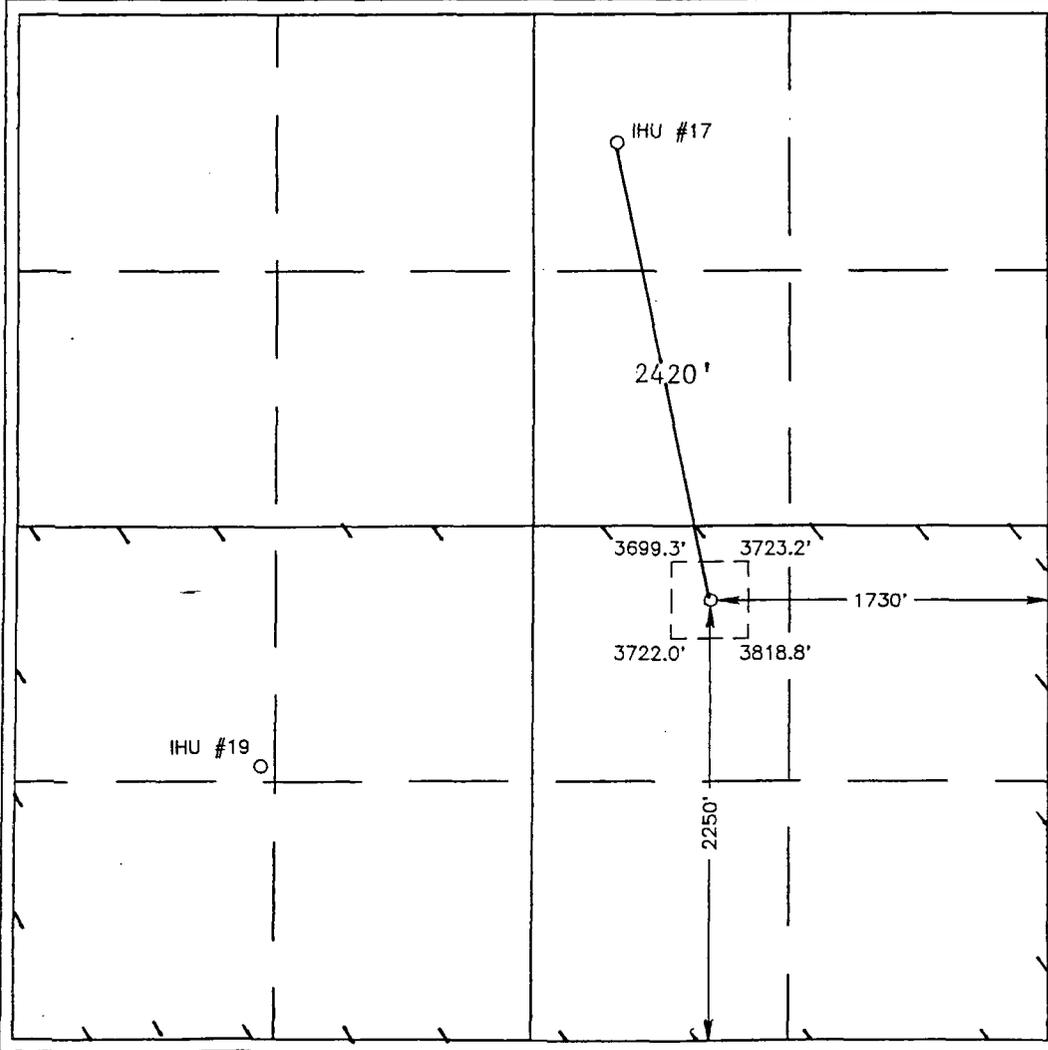
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	28	21 S	24 E		2250	SOUTH	1730	EAST	EDDY

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 320 - S/2	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



**OPERATOR CERTIFICATION**

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

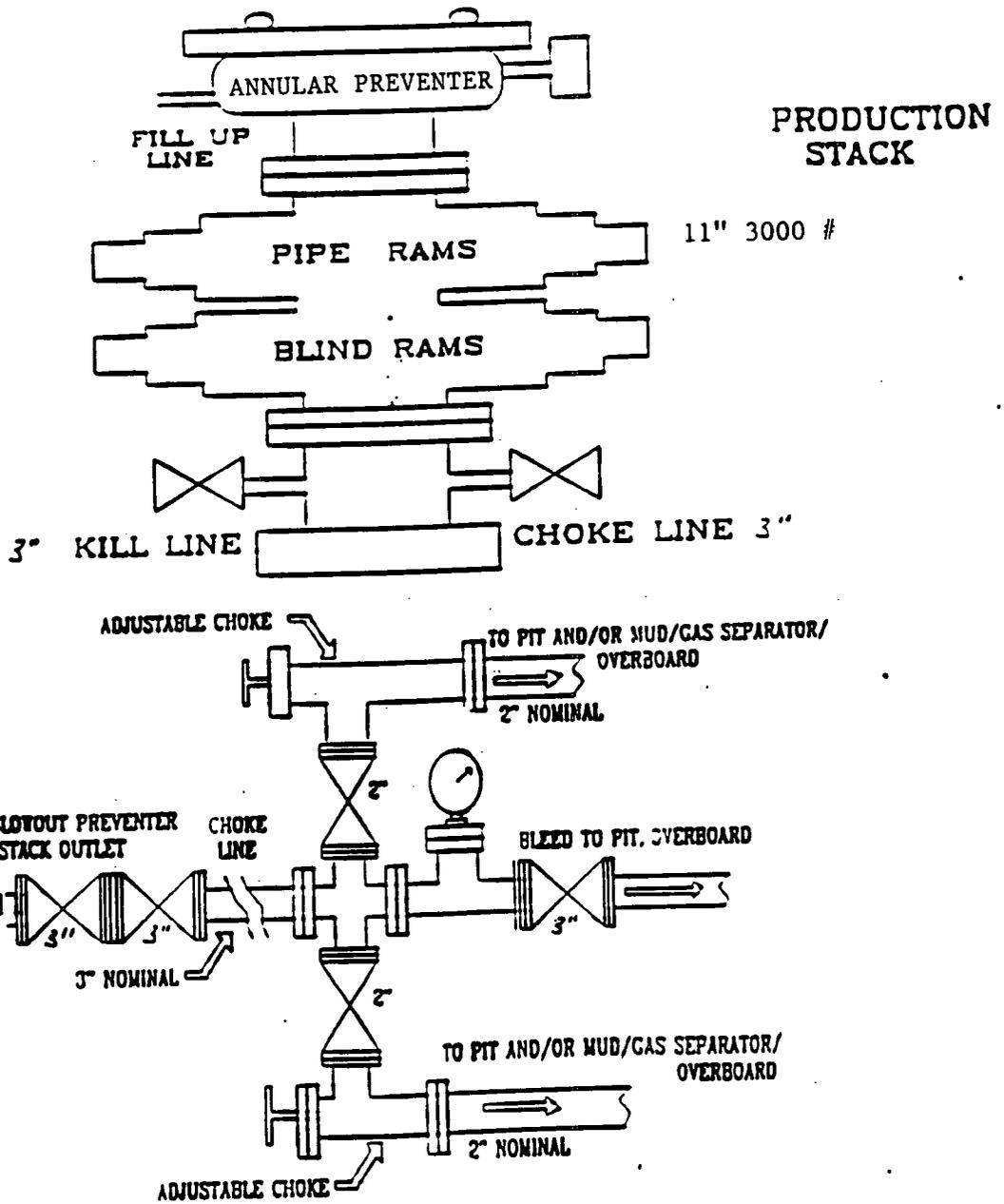
*R. J. Longmire*  
 Signature  
 R. J. Longmire  
 Printed Name  
 Drilling Superintendent  
 Title  
 3/5/99  
 Date

---

**SURVEYOR CERTIFICATION**

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.

NOVEMBER 23, 1998  
 Date Surveyed CDG  
 Signature & Seal of Professional Surveyor  
 Ronald J. Edson  
 88-11-1495  
 Certificate No. RONALD J. EDSON 3239  
 GARY EDSON 1264



CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

07/25/01 16:18:27  
OGOMES -TQLA  
PAGE NO: 1

Sec : 28 Twp : 21S Rng : 24E Section Type : NORMAL

D 40.00  Federal owned U	C 40.00  Federal owned U C	B 40.00  Federal owned U A A	A 40.00  Federal owned U
E 40.00  Federal owned U A	F 40.00  Federal owned U A	G 40.00  Federal owned U	H 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 :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

07/25/01 16:18:32  
OGOMES -TQLA  
PAGE NO: 2

Sec : 28 Twp : 21S Rng : 24E Section Type : NORMAL

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

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

CMD : ONGARD 07/25/01 16:18:37  
OG6IWCM INQUIRE WELL COMPLETIONS OGOMES -TQLA

API Well No : 30 15 30572 Eff Date : 05-01-1999 WC Status : A  
Pool Idn : 33685 INDIAN BASIN;UPPER PENN (ASSOC)  
OGRID Idn : 14021 MARATHON OIL CO  
Prop Idn : 6409 INDIAN HILLS UNIT

Well No : 019  
GL Elevation: 3778

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
B.H. Locn	: L	28	21S	24E	FTG 1400 F S	FTG 1248 F W	P
Lot Identifier:							
Dedicated Acre:							
Lease Type	: F						
Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :							

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC

CMD : ONGARD 07/25/01 16:19:28  
OG6ACRE C102-DEDICATE ACREAGE OGOMES -TQLA  
Page No :

API Well No : 30 15 30572 Eff Date :  
Pool Idn : 33685 INDIAN BASIN;UPPER PENN (ASSOC)  
Prop Idn : 6409 INDIAN HILLS UNIT Well No : 019  
Spacing Unit : OCD Order : Simultaneous Dedication:  
Sect/Twp/Rng : 28 21S 24E Acreage : Revised C102? (Y/N) :  
Dedicated Land:

-----  
S Base U/L Sec Twp Rng Acreage L/W Ownership Lot Idn  
-----

I6437: Change sect-twp-rng or <Enter> to continue

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM  
PF07 BKWD PF08 FWD PF09 PF10 LAND PF11 NXTSEC PF12 RECONF

CMD : ONGARD 07/25/01 16:19:11  
OG6IPRD INQUIRE PRODUCTION BY POOL/WELL OGOMES -TQLA  
Page No: 1

OGRID Identifier : 14021 MARATHON OIL CO  
Pool Identifier : 33685 INDIAN BASIN;UPPER PENN (ASSOC)  
API Well No : 30 15 30572 Report Period - From : 01 2000 To : 06 2001

API Well No	Property Name	Prod. Days MM/YY Prod	Production Volumes Gas Oil Water	Well Stat
30 15 30572	INDIAN HILLS UNIT	01 00 18	41456 2127 147947	P
30 15 30572	INDIAN HILLS UNIT	02 00 27	124311 52 179376	P
30 15 30572	INDIAN HILLS UNIT	03 00 29	158282 27 175581	P
30 15 30572	INDIAN HILLS UNIT	04 00 30	194016 187 158799	P
30 15 30572	INDIAN HILLS UNIT	05 00 30	167986 135 161087	P
30 15 30572	INDIAN HILLS UNIT	06 00 30	176904 131 151463	P
30 15 30572	INDIAN HILLS UNIT	07 00 31	196038 178 163480	P

Reporting Period Total (Gas, Oil) :

M0025: Enter PF keys to scroll

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM  
PF07 BKWD PF08 FWD PF09 PF10 NXTPOOL PF11 NXTOGD PF12

CMD :  
OG6IPRD

ONGARD  
INQUIRE PRODUCTION BY POOL/WELL

07/25/01 16:19:15  
OGOMES -TQLA  
Page No: 2

OGRID Identifier : 14021 MARATHON OIL CO  
Pool Identifier : 33685 INDIAN BASIN;UPPER PENN (ASSOC)  
API Well No : 30 15 30572 Report Period - From : 01 2000 To : 06 2001

API Well No	Property Name	Prod. Days MM/YY Prod	Production Volumes Gas Oil Water	Well Stat
30 15 30572	INDIAN HILLS UNIT	08 00 13	94982 117 136159	P
30 15 30572	INDIAN HILLS UNIT	09 00 5	1795 26 100380	P
30 15 30572	INDIAN HILLS UNIT	10 00 21	16802 128 112743	P
30 15 30572	INDIAN HILLS UNIT	11 00 30	63582 2240 74443	P
30 15 30572	INDIAN HILLS UNIT	12 00 31	113706 3040 85170	P
30 15 30572	INDIAN HILLS UNIT	01 01 31	119344 2087 89746	P
30 15 30572	INDIAN HILLS UNIT	02 01 28	109125 3798 157058	P

Reporting Period Total (Gas, Oil) :

E0049: User may continue scrolling.

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07 BKWD	PF08 FWD	PF09	PF10 NXTPOOL	PF11 NXTOGD	PF12

CMD : ONGARD 07/25/01 16:19:18  
OG6IPRD INQUIRE PRODUCTION BY POOL/WELL OGOMES -TQLA  
Page No: 3

OGRID Identifier : 14021 MARATHON OIL CO  
Pool Identifier : 33685 INDIAN BASIN;UPPER PENN (ASSOC)  
API Well No : 30 15 30572 Report Period - From : 01 2000 To : 06 2001

API Well No	Property Name	Prodn. MM/YY	Days Prod	Production Volumes Gas	Oil	Water	Well Stat
30 15 30572	INDIAN HILLS UNIT	03 01	31	125199	4348	179652	P
30 15 30572	INDIAN HILLS UNIT	04 01	28	121623	6199	180005	P
30 15 30572	INDIAN HILLS UNIT	05 01	31	150086	5134	168643	P

Reporting Period Total (Gas, Oil) : 1975237 29954 2421732

E0049: User may continue scrolling.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM  
PF07 BKWD PF08 FWD PF09 PF10 NXTPOOL PF11 NXTOGD PF12

CMD : ONGARD 07/25/01 16:20:15  
OG6IWCM INQUIRE WELL COMPLETIONS OGOMES -TQLA

API Well No : 30 15 30658 Eff Date : 10-01-1999 WC Status : A  
Pool Idn : 33685 INDIAN BASIN;UPPER PENN (ASSOC)  
OGRID Idn : 14021 MARATHON OIL CO  
Prop Idn : 6409 INDIAN HILLS UNIT

Well No : 020  
GL Elevation: 3733

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
B.H. Locn	: J	28	21S	24E	FTG 2250 F S	FTG 1730 F E	P

Lot Identifier:

Dedicated Acre: 320.00

Lease Type : F

Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC

CMD : ONGARD 07/25/01 16:20:20  
OG6ACRE C102-DEDICATE ACREAGE OGOMES -TQLA  
Page No : 1

API Well No : 30 15 30658 Eff Date : 01-28-1999  
Pool Idn : 33685 INDIAN BASIN;UPPER PENN (ASSOC)  
Prop Idn : 6409 INDIAN HILLS UNIT Well No : 020  
Spacing Unit : 51743 OCD Order : Simultaneous Dedication:  
Sect/Twp/Rng : Acreage : 320.00 Revised C102? (Y/N) :  
Dedicated Land:

S	Base	U/L	Sec	Twp	Rng	Acreage	L/W	Ownership	Lot	Idn
		I	28	21S	24E	40.00	N	FD		
		J	28	21S	24E	40.00	N	FD		
		K	28	21S	24E	40.00	N	FD		
		L	28	21S	24E	40.00	N	FD		
		M	28	21S	24E	40.00	N	FD		
		N	28	21S	24E	40.00	N	FD		
		O	28	21S	24E	40.00	N	FD		
		P	28	21S	24E	40.00	N	FD		

E0005: Enter data to modify or PF keys to scroll

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM  
PF07 BKWD PF08 FWD PF09 PF10 LAND PF11 NXTSEC PF12 RECONF

CMD : ONGARD 07/25/01 16:20:29  
 OG6IPRD INQUIRE PRODUCTION BY POOL/WELL OGOSES -TQLA  
 Page No: 1

OGRID Identifier : 14021 MARATHON OIL CO  
 Pool Identifier : 33685 INDIAN BASIN;UPPER PENN (ASSOC)  
 API Well No : 30 15 30658 Report Period - From : 01 2000 To : 06 2001

API Well No	Property Name	Prod. Days		Production Volumes			Well Stat
		MM/YY	Prod	Gas	Oil	Water	
30 15 30658	INDIAN HILLS UNIT	01 00	31	130713	2154	106206	P
30 15 30658	INDIAN HILLS UNIT	02 00	29	98253	2401	95736	P
30 15 30658	INDIAN HILLS UNIT	03 00	31	69906	2909	107341	P
30 15 30658	INDIAN HILLS UNIT	04 00	26	64742	3216	114859	P
30 15 30658	INDIAN HILLS UNIT	05 00	31	63275	3561	113721	P
30 15 30658	INDIAN HILLS UNIT	06 00	30	92882	3973	148146	P
30 15 30658	INDIAN HILLS UNIT	07 00	31	41148	2038	60806	P

Reporting Period Total (Gas, Oil) :

M0025: Enter PF keys to scroll

PF01 HELP      PF02              PF03 EXIT      PF04 GoTo      PF05              PF06 CONFIRM  
 PF07 BKWD      PF08 FWD          PF09              PF10 NXTPOOL PF11 NXTOGD      PF12

CMD : ONGARD 07/25/01 16:20:32  
OG6IPRD INQUIRE PRODUCTION BY POOL/WELL OGOMES -TQLA  
Page No: 2

OGRID Identifier : 14021 MARATHON OIL CO  
Pool Identifier : 33685 INDIAN BASIN;UPPER PENN (ASSOC)  
API Well No : 30 15 30658 Report Period - From : 01 2000 To : 06 2001

API Well No	Property Name	Prod. Days MM/YY Prod	Production Volumes Gas Oil Water	Well Stat
30 15 30658	INDIAN HILLS UNIT	08 00 31	47542 3189 50644	P
30 15 30658	INDIAN HILLS UNIT	09 00 24	30628 5550 72175	P
30 15 30658	INDIAN HILLS UNIT	10 00 24	36921 2137 62301	P
30 15 30658	INDIAN HILLS UNIT	11 00 20	24181 3438 119808	P
30 15 30658	INDIAN HILLS UNIT	12 00 31	76156 7000 137073	P
30 15 30658	INDIAN HILLS UNIT	01 01 31	93116 6988 158532	P
30 15 30658	INDIAN HILLS UNIT	02 01 28	55963 4819 129802	P

Reporting Period Total (Gas, Oil) :

E0049: User may continue scrolling.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM  
PF07 BKWD PF08 FWD PF09 PF10 NXTPOOL PF11 NXTOGD PF12

CMD : ONGARD 07/25/01 16:20:34  
OG6IPRD INQUIRE PRODUCTION BY POOL/WELL OGOMES -TQLA  
Page No: 3

OGRID Identifier : 14021 MARATHON OIL CO  
Pool Identifier : 33685 INDIAN BASIN;UPPER PENN (ASSOC)  
API Well No : 30 15 30658 Report Period - From : 01 2000 To : 06 2001

API Well No	Property Name	Prod. Days MM/YY Prod	Production Volumes Gas Oil Water	Well Stat
30 15 30658	INDIAN HILLS UNIT	03 01 31	57192 5517 148475	P
30 15 30658	INDIAN HILLS UNIT	04 01 30	55037 8809 145482	P
30 15 30658	INDIAN HILLS UNIT	05 01 31	54979 9126 135373	P

Reporting Period Total (Gas, Oil) : 1092634 76825 1906480

E0049: User may continue scrolling.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM  
PF07 BKWD PF08 FWD PF09 PF10 NXTPOOL PF11 NXTOGD PF12

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION  
 - Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505



**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Application Acronyms**

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] TYPE OF APPLICATION - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication  
 NSL  NSP  SD
- Check One Only for [B] or [C]:
- [B] Commingling - Storage - Measurement  
 DHC  CTB  PLC  PC  OLS  OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
 WFX  PMX  SWD  IPI  EOR  PPR
- [D] Other: Specify \_\_\_\_\_

8-13-2001  
 Duplicate application filed by mistake. Cancelled as per Mr. Kellahin telephonic conversation.  
 AUG 10 12:53  
 CONSERVATION DIV.

- [2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply
- [A]  Working, Royalty or Overriding Royalty Interest Owners
- [B]  Offset Operators, Leaseholders or Surface Owner
- [C]  Application is One Which Requires Published Legal Notice
- [D]  Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E]  For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F]  Waivers are Attached [Incomplete]

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name: **KELLAHIN & KELLAHIN**  
 Attorneys At Law  
 P.O. Box 2265  
 Santa Fe, N.M. 87504-2265

Signature: *[Handwritten Signature]*  
 Title: **Attorney**

Date: **8/10/01**  
 e-mail Address: **t.kellahin@worldnet.att.net**

Southern Business Unit  
Domestic Production



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

July 11, 2001

Mr. Michael Stogner  
Oil Conservation Division  
1220 S. St. Francis Dr.  
Santa Fe, New Mexico 87504

RE: *Indian Hills Unit Well No. 20 Unorthodox Location*  
*2250' FSL & 1730' FEL*  
*Section 28, Township 21 South, Range 24 East*  
*Indian Basin – Upper Pennsylvanian Associated Pool*

(30-015-30658)

OIL CONSERVATION DIV  
01 AUG 10 PM 12:53

Dear Mr. Stogner:

Recently you brought to Marathon Oil Company's attention that our Indian Hills Unit Well No. 10 was drilled in an unorthodox location without the appropriate Non-Standard Location (NSL) approval. Currently, Marathon is striving to improve our regulatory compliance and as a part of that effort, we have now reviewed Marathon's Indian Basin field to ensure our current wells are in compliance. As per your phone conversation of June 13, 2001 with Ginny Larke, we discovered that Indian Hills Unit Well No. 20 is actually unorthodox and does not have the necessary regulatory approval.

Indian Hills Unit Well No. 20 is completed in the "Indian Basin Upper Pennsylvanian Associated Pool" as promulgated by the New Mexico Oil Conservation Division Order Nos. R-992, R-992-A, R-992-B, R-992-C, and R-992-D and the general rules for the Associated Gas Pools of Southeast New Mexico as promulgated by Division Order No. R-5533. These rules require wells to be located no closer than 660 feet to the outer boundary of the proration/spacing unit and no closer than 330 feet to the governmental quarter/quarter section line. Indian Hills Unit Well No. 20 is unorthodox because it is located only 359 feet from the north line of the 320-acre "lay-down" Gas Proration Unit located in the south half of Section 28.

By means of this application, Marathon Oil Company respectfully requests NSL approval for the above referenced well. In support of this application, Marathon's reservoir development plans at the time the well was permitted are discussed below. In addition, very specific details are reviewed in order to explain how the well was located in its current unorthodox location.

**Reservoir Management:**

Indian Hills Unit Well No. 20 was drilled as an extension to Marathon's initial development phase of East Indian Basin. The development was again focusing on gas reserves that were trapped by water influx by developing the Upper Pennsylvanian formation on 160-acre well spacing. Indian Hills Unit Well No. 20 was drilled to develop the last 160-acre location in Section 28. Thus, the SE/4 of Section 28 was targeted.

**Surface Restrictions:**

Several surface restriction issues arose in trying to spot a standard location in the SE/4 of Section 28. The most significant of these are the surface and topographical features throughout the SE/4 of Section 28 (please see Attachment #1 – Topographical map of Section 28). These features include areas of high angle slopes, natural drainage, and the visual resources along the Sitting Bull Scenic By-Way (State Hwy 137). Marathon had originally proposed a standard surface location of 660' FSL and 660' FEL. Section 7 of the "Stipulations for East Indian Basin Oil Field Development in the Roswell District, BLM" (please see Exhibit A, April 13, 1994, BLM Serial Number: NM-92026) states: "No well or plant sites will be allowed on slopes over 20 percent." Based on this stipulation, this site was condemned by the BLM due to the high angle slopes of the North face of the Azotea Mesa. Ultimately, the BLM found one site at 2250' FSL and 1730' FEL that posed the least amount of damage to surface issues (please see Attachment #2 – Letter from the BLM; Attachment #3 – Well Location & Acreage Plat; Attachment #4 – Survey of Indian Hills Unit Well No. 20 Wellsite; Attachment #5 – Section 28 Topographic/Field Development Map).

**Waivers:**

On June 27, 2001, Marathon notified our offset operators of our intent to request administrative approval for non-standard location for Indian Hills Unit #20. Please see attached copies of waiver letters.

Unfortunately, we cannot provide you with a strong explanation of why an application for approval of an unorthodox location has not been submitted to date. It appears that during the permitting process, we failed to identify the location as unorthodox after it was moved by the BLM, and hence did not apply for an NSL. During the subsequent months of producing this well, this non-compliance had continued to be an oversight upon our part until now.

Marathon Oil Company takes our regulatory compliance seriously. We regret our two non-compliance issues from 1999. We are working diligently to correct these past errors. We also regret the lack of detail provided with recent new well applications. Several members of our team attended your recent workshop and we now have a much clearer understanding of your expectations and requirements.

Over the past month, we have focused on better understanding the regulations that apply to our wells. All members of the Indian Basin Asset Team are now cognizant of how this compliance affects our daily business. We are working to properly integrate regulatory compliance into all of our well work and provide you and the Districts with complete and detailed applications and filings point forward.

If you have any questions/comments/concerns, please contact me at (915) 687-8306.

Respectfully,

A handwritten signature in black ink, appearing to read 'SMillican', with a long horizontal flourish extending to the right.

Steven F. Millican  
Operations Engineer  
Marathon Oil Company

DISTRICT I  
P.O. Box 1900, Hobbs, NM 88241-1900

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised February 10, 1994  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

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

Attachment # 3

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 79040	Pool Name Indian Basin Upper Penn Assoc.
Property Code 6409'	Property Name INDIAN HILLS UNIT	Well Number 20
OGRID No. 14021	Operator Name MARATHON OIL COMPANY	Elevation 3717'

Surface Location

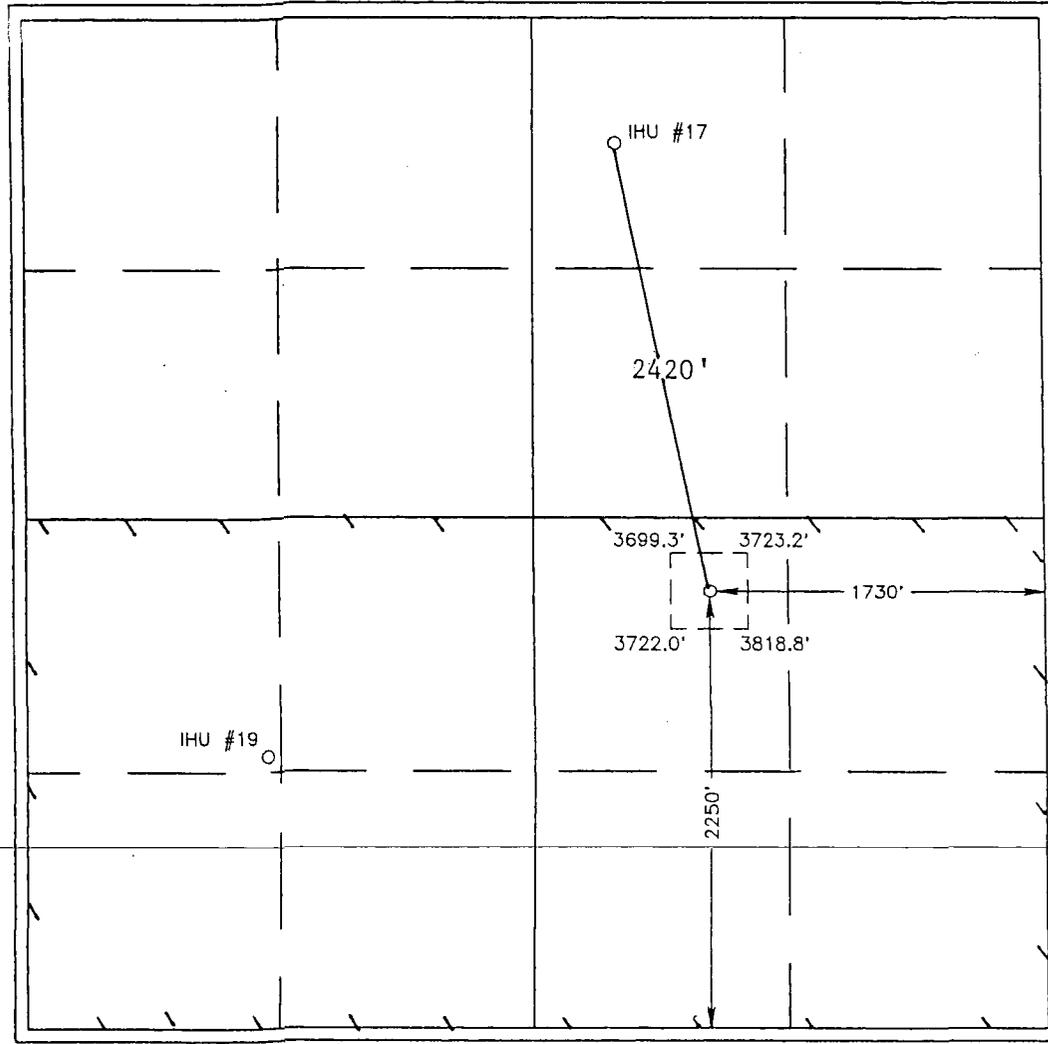
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	28	21 S	24 E		2250	SOUTH	1730	EAST	EDDY

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 320 - S/2	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



**OPERATOR CERTIFICATION**

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

*R. J. Longmire*  
Signature  
R. J. Longmire  
Printed Name  
Drilling Superintendent  
Title  
3/5/99  
Date

---

**SURVEYOR CERTIFICATION**

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.

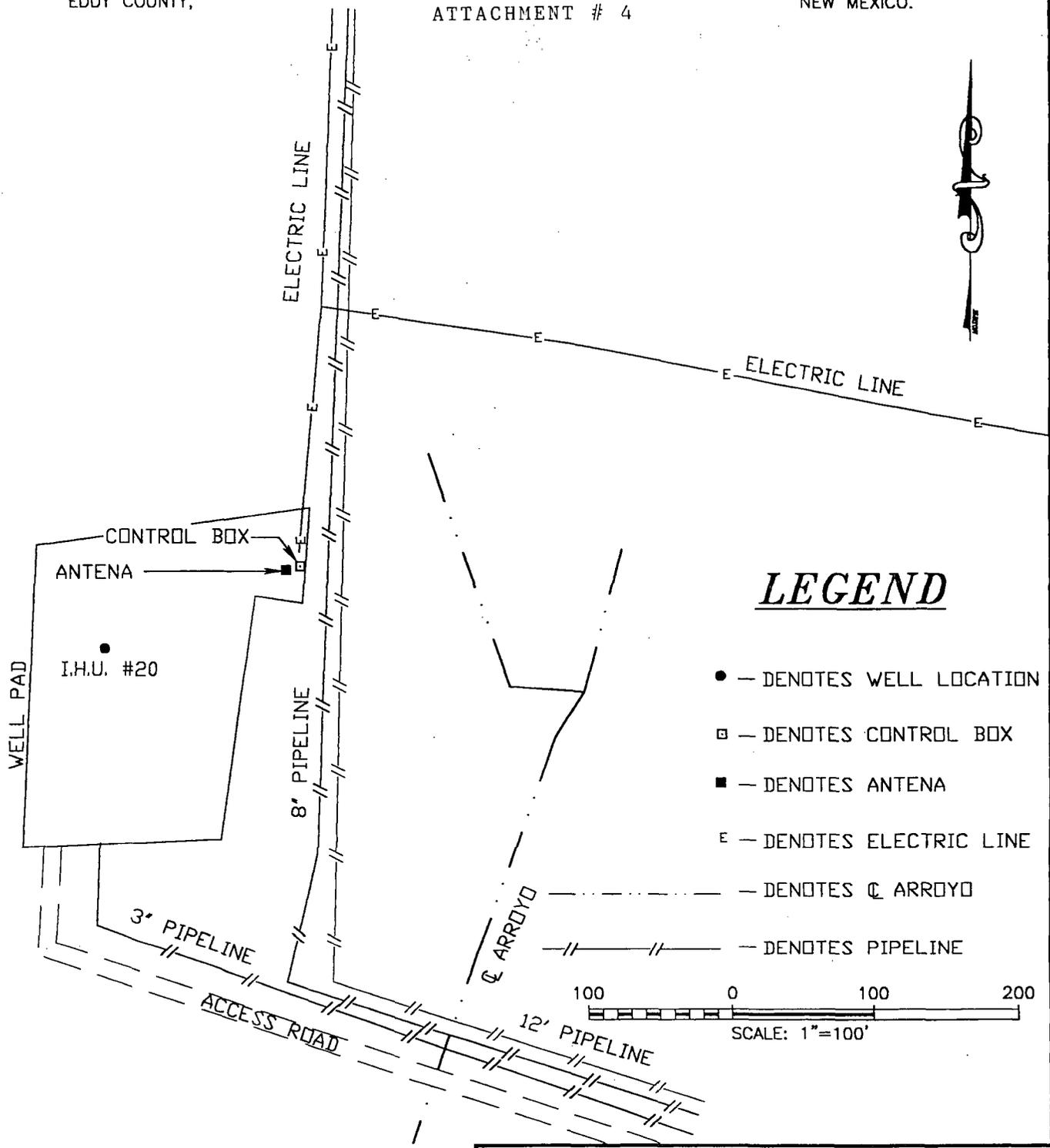
NOVEMBER 23, 1998

Date Surveyed \_\_\_\_\_ CDG  
Signature & Seal of Professional Surveyor  
*Ronald D. Edson*  
88-11-1495

Certificate No. RONALD D. EDSON 3239  
GARY EDSON 1264

**SECTION 28, TOWNSHIP 21 SOUTH, RANGE 24 EAST, N.M.P.M.,**  
 EDDY COUNTY, NEW MEXICO.

ATTACHMENT # 4



**LEGEND**

- — DENOTES WELL LOCATION
- ▣ — DENOTES CONTROL BOX
- — DENOTES ANTENA
- E — DENOTES ELECTRIC LINE
- — — — — DENOTES Q ARROYO
- // — // — DENOTES PIPELINE

**MARATHON OIL COMPANY**

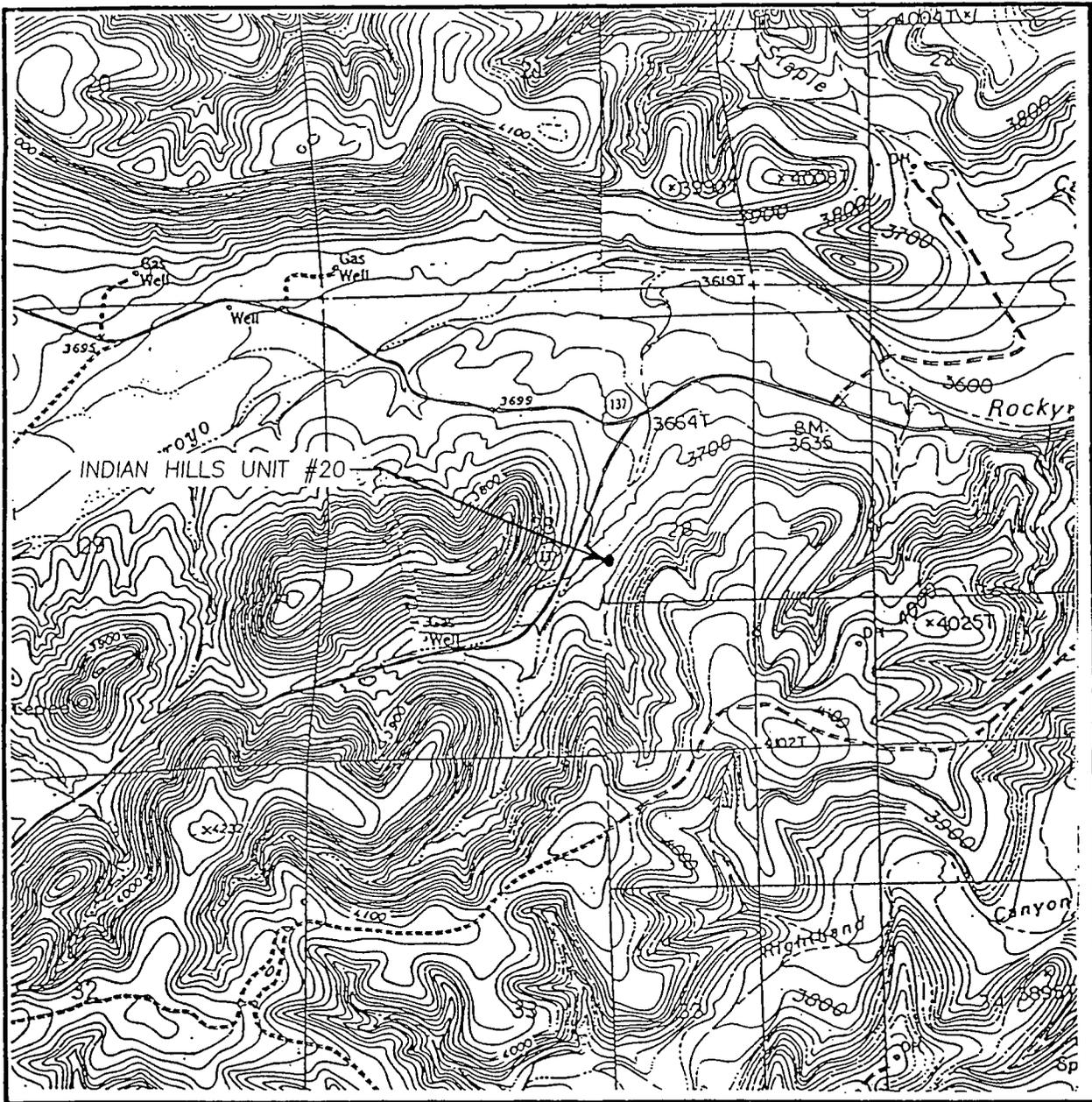
TOPOGRAPHIC SURVEY OF  
 THE I.H.U. No. 20 WELL SITE IN SECTION 28,  
 TOWNSHIP 21 SOUTH, RANGE 24 EAST,  
 N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 06/29/01	Sheet 1 of 1 Sheets
W.O. Number: 01-11-0800	Drawn By: A.W.BECKLEY
Date: 07/.05/01	DISK: CD#3
	DISK #3
	Scale: 1"=100'

JOHN WEST SURVEYING COMPANY  
 412 N. DAL PASO - HOBBS, NEW MEXICO - 505-393-3117

# LOCATION VERIFICATION MAP

Attachment # 1



SCALE: 1" = 2000'

CONTOUR INTERVAL - 20'

SEC. 28 TWP. 21-S RGE. 24-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 2250' FSL & 1730' FEL

ELEVATION 3717'

**JOHN WEST SURVEYING CO.  
HOBBS, NEW MEXICO**

**(505) 393-3117**

OPERATOR MARATHON OIL COMPANY

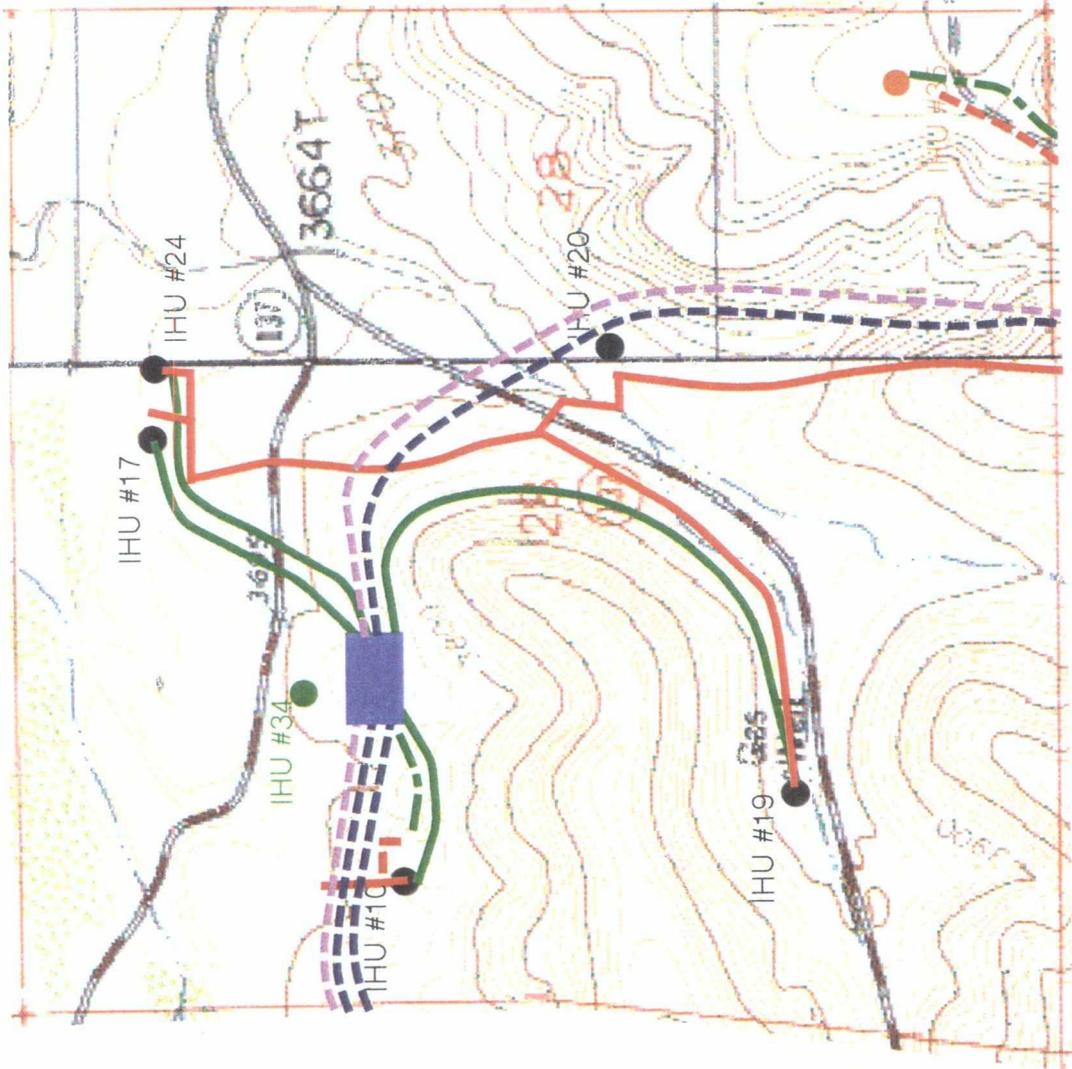
LEASE INDIAN HILLS UNIT

U.S.G.S. TOPOGRAPHIC MAP

MARTHA CREEK, AZOTEA PEAK, NM

ATTACHEMENT #5

- PRODUCING WELLS
- PENDING WELLS
- PLANNED WELLS
- CONTINGENT WELLS
- EXISTING DUAL FLOWLINES
- - - PROPOSED DUAL FLOWLINES
- EXISTING ELECTRICAL LINES
- - - PROPOSED ELECTRICAL LINES
- FLUID GATHERING SYSTEM
- OIL GATHERING SYSTEM
- - - LOW PRESSURE GAS GATHERING SYST
- - - HIGH PRESSURE GAS GATHERING SYE
- - - COMPRESSOR FUEL LINE
- COMPRESSOR DISCHARGE LINE
- - - PROPOSED MORROW GAS GATHERING
- SWD INJECTION LINE
- ROADWAY
- △ CENTRAL FACILITY
- SATELLITE STATIONS
- COMPRESSOR STATION





Attachment # 2

## United States Department of the Interior

### BUREAU OF LAND MANAGEMENT

Carlsbad Field Office

620 E. Greene St.

Carlsbad, New Mexico 88221-1778

Tel. (505) 234-5972

Fax (505) 885-9264

IN REPLY REFER TO:

3160(080)bwh

JUN 28 2001

Marathon Oil Company  
P.O. Box 552  
Midland, TX. 79702

In considering the proposal to locate an acceptable drilling location for Marathon's Indian Hills Unit # 20 in the SE/4 of Section 28, T-21-S, R-24-E, I have reviewed the East Indian Basin Azotea Mesa Environmental Assessment, and the Resource Management Plan as they relate to the recommended construction practices on slopes and location of drillsites near drainages.

Marathon's first proposal for this location was to be located at 660' FSL & 660' FEL of Section 28. This site was condemned due to the extreme slope posed by the North face of the Azotea Mesa. Several attempts were made to locate a suitable drillsite in the SE/4 of the section but these locations were not acceptable due primarily to steep terrain, visual resources and proximity to a drainage feature trending North-Northeast from Azotea Mesa. We recommended to Marathon that the location be moved Northwest, and away from the steeper hillside, allowing for less conflict to the existing drainage as well as minimizing intrusion to the visual resource concerns of the Scenic By-way of NM 137 that would be caused by the significant construction effects of a well pad constructed on slopes greater than 20%.

The BLM designated a 30 mile portion of State Route 137 as the Guadalupe National Back Country Byway in 1994, and the State of New Mexico included the entire route in its State Scenic and Historic Byways Program in 1998. The purpose of these designations is to protect the remaining scenic and cultural values along the highway, to help promote tourism in the region, and to help meet Visual Resource Management (VRM) and other multiple-use management program objectives. It is the intent and policy of the Bureau that the visual resource values of public lands must be considered in all land-use planning efforts and surface disturbance activities. While this does not preclude other resource development, it requires that a reasonable attempt must be made to meet the VRM objectives for the area in question and minimize the visual impacts to the proposal.

Our recommended procedure for locating well pads in steep terrain such as this requires that reserve pits be located in cut and not fill to avoid erosion and potential loss of reserve pit contents. The standard location proposed at 660' FSL & 660' FEL would have been constructed on a slope greater than 20%. The East Indian Basin/Azotea Mesa Environmental Assessment requires that no occupancy or use would be allowed on slopes greater than 20%. This type of action results in significant surface disturbance for the cut and fill requirements of large drilling pads.

Due to the mandates of the approved Resource Management Plan and Record of Decision there was no other feasible drill site in this quarter-section, and the location drilled at 2250' FSL and 1730' FEL posed the least amount of damage to surface resource management issues in the SE¼ of Section 28 T. 21 S., R. 24 E.

If you have any questions or concerns, please contact Barry Hunt, Surface Protection Specialist at 505-234-5965.

Sincerely,

A handwritten signature in cursive script that reads "Leslie A. Theiss".

Leslie A. Theiss  
Field Manager

EXHIBIT A  
April 13, 1994

BLM Serial Number: NM-92026

STIPULATIONS FOR EAST INDIAN BASIN OIL FIELD DEVELOPMENT  
IN THE ROSWELL DISTRICT, BLM

The holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer, BLM.

1. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.
2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976, as amended (15 U.S.C. 2601, *et. seq.*) with regard to any toxic substances that are used, generated by or stored on the rights-of-way or on facilities authorized by this grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation and Liability Act, Section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the Authorized Officer concurrent with the filing of the reports to the involved Federal agency or State government.
3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, *et. seq.* or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, *et. seq.*) on the rights-of-way (unless the release or threatened release is wholly unrelated to the rights-of-way holder's activity on the rights-of-way). This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.
4. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil or other pollutant should be discharged, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil or other pollutant, wherever found, shall be the responsibility of the holder, regardless of fault. Upon failure of the holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages to Federal lands resulting therefrom, the Authorized Officer may take such measures as deemed necessary to control and cleanup the

Exhibit A

authorized on a case-by-case basis, if determined to be more effective in meeting site-specific VRM objectives, such as for wood power poles, fenceposts, signs, etc.

11. The holder shall post signs designating the BLM serial number(s) assigned to the right(s)-of-way grant(s) at the following locations: for linear projects, the points of origin and completion, or entry to and exit from public lands, of the right(s)-of-way and at all major road crossings; power lines may use the meter poles. Site project signs will be visible from the site entry. These signs will be posted in a permanent, conspicuous manner and will be maintained in a legible condition for the term of the right(s)-of-way.

12. The holder shall take whatever steps are necessary to ensure that non-road rights-of-way are not used as roadways. The holder shall not use non-road rights-of-way as roads or access for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder.

13. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on the holder's behalf, on public or Federal land shall be immediately reported to the Authorized Officer. The holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery will be made by the authorized officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to the proper mitigation measures will be made by the Authorized Officer after consulting with the holder.

14. The period of time that any trenches or other excavations (except mud pits) are kept open will be held to the minimum compatible with construction requirements. The holder shall not leave more than one-half mile of trench open overnight or otherwise unattended. Open trenches will have ramps, bridges, or earthen plugs, at least six feet wide, every one-quarter mile to pass livestock and wildlife.

15. Stacks on heater-treaters/separator-dehydrators will be required to be covered to prevent mortality of avian species including neotropical migrants and bats.

16. The BLM will be informed at least two working days prior to any blasting. Notifications of blasting should include the purpose and location of the blasting, the intended date and duration of the blasting, and the estimated volume of the excavation or cut and/or fill.

EXHIBIT A

23. Differential pressure shut-off valves may be used to protect pipelines crossing certain critical habitats, as selected by the Authorized Officer, BLM, from continuing leaks.

24. Underground pipelines will be buried with a minimum cover of 32 inches between the top of the pipe and normal ground level, and at least 48 inches deep through arroyos.

25. BLM will require prompt notification by the operator of any bit drops of four feet or more accompanied by circulation losses greater than 75 percent.

26. To minimize potential impacts to subsurface resources from well drilling, casing, or cementing, the BLM may require specific procedures, such as fresh water drilling in certain zones, special cement additives or sweeps, or cementing casing to the surface. These procedures, if required, will be determined by the BLM Fluid Minerals staff in consultation with the operator.

27. To minimize potential problems due to casing and cementing, the BLM may require the following actions as determined by BLM and the operator:

- (1) Use of cement baskets, external casing packers, multiple-staged and/or remedial cementing to isolate voids encountered;
- (2) Use of special cements or cement additives to combat lost circulation;
- (3) Use of cement evaluation tools;
- (4) Cementing all casing strings to surface.

28. Permanent under-liners and berms sufficient to contain any spills will be built under and around storage tanks.

29. A BLM wildlife biologist will be present during on-site inspection to flag roads and pipeline corridors around sensitive wildlife habitat. During on-site inspection, if it is determined that surface disturbing activities must be conducted in areas of possible T&E plant habitat (limestone shelves or rocky outcroppings), a T&E species survey may be required prior to authorization of any surface disturbing activities.

30. Cleanup of spills in excess of state-reportable levels should be accomplished using bio-remediation techniques rather than by removing contaminated soil. If measures other than bio-remediation are required for individual spill sites, these special techniques will be approved by the Authorized Officer, BLM, in consultation with the companies.

31. A sales contract for removal of mineral material (caliche, sand, gravel, fill dirt, etc.) from an authorized pit, site, or on location must be obtained from the BLM ~~prior to commencing construction~~. Contact the BLM solid minerals staff for the various options to purchase mineral material.



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

June 27, 2001

Yates Petroleum  
105 South 4th Street  
Artesia, NM 88210

Re: Application for an Unorthodox Well Location for Indian Hills Unit Well No. 20  
UL "J", 2250' FSL & 1730' FEL, Section 28, T-21-S, R-24-E  
Eddy County, New Mexico

Dear Sir or Madam:

Marathon Oil Company has recently discovered that the above referenced well, Indian Hills Unit Well No. 20, was drilled in an unorthodox location. This well was drilled and completed in September, 1999 and is governed by the Special Pool Rules for the Indian Basin Upper Pennsylvanian Associated Gas Pool. These pool rules require wells to be located no closer than 660' to the outer boundaries of a Gas Proration Unit (GPU) and no closer than 330' to any governmental quarter/quarter section line. This well does not conform to the 660' spacing requirement as it is only 359' from the North boundary of the 320 acre GPU comprised of the south half of Section 28. The well complies with all other set-backs. Please see attached form C-102 and location verification map.

This letter is to inform you, as an offset operator or interest owner, of Marathon's intention to request administrative approval for this non-standard location. If you have an objection to this application, it must be filed, in writing, with the New Mexico Oil Conservation Division at their Santa Fe office within twenty days from the date of this letter. Should you have no objection to this location, please sign below and return an executed copy to me in the envelope provided. The application for administrative approval for this location will be sent to the Oil Conservation Division in Santa Fe as soon as possible. If you have any questions or need more information, please call me at (915) 687-8321.

Sincerely,

A handwritten signature in cursive script that reads 'Ginny Larke'.

Ginny Larke  
Engineer Technician

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

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

Company Name: \_\_\_\_\_

Date: \_\_\_\_\_



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

June 27, 2001

Hugh Hanagan  
P. O. Box 329  
Roswell, NM 88210

Re: Application for an Unorthodox Well Location for Indian Hills Unit Well No. 20  
UL "J", 2250' FSL & 1730' FEL, Section 28, T-21-S, R-24-E  
Eddy County, New Mexico

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Ginny Larke  
Engineer Technician

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

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

Company Name: \_\_\_\_\_

Date: \_\_\_\_\_



**Marathon  
Oil Company**

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

June 27, 2001

Hanagan Properties  
P. O. Box 1887  
Santa Fe, NM 87504-1887

Re: Application for an Unorthodox Well Location for Indian Hills Unit Well No. 20  
UL "J", 2250' FSL & 1730' FEL, Section 28, T-21-S, R-24-E  
Eddy County, New Mexico

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Sincerely,

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Ginny Larke  
Engineer Technician

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

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

Company Name: \_\_\_\_\_

Date: \_\_\_\_\_



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

June 27, 2001

Nearburg Exploration  
Attention: Kim Stewart  
Building 2, Suite 120  
3300 North 'A' Street  
Midland, TX 79705-5421

Re: Application for an Unorthodox Well Location for Indian Hills Unit Well No. 20  
UL "J", 2250' FSL & 1730' FEL, Section 28, T-21-S, R-24-E  
Eddy County, New Mexico

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Ginny Larke  
Engineer Technician

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

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

Company Name: \_\_\_\_\_

Date: \_\_\_\_\_



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

June 27, 2001

Devon Energy  
Attention: Laura Williams  
20 N. Broadway, Suite 1500  
Oklahoma City, OK 73102-8260

Re: Application for an Unorthodox Well Location for Indian Hills Unit Well No. 20  
UL "J", 2250' FSL & 1730' FEL, Section 28, T-21-S, R-24-E  
Eddy County, New Mexico

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Ginny Larke  
Engineer Technician

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

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

Company Name: \_\_\_\_\_

Date: \_\_\_\_\_



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

June 27, 2001

Merit Group II Partnership  
P. O. Box 351  
Midland, TX 79702-0351

Re: Application for an Unorthodox Well Location for Indian Hills Unit Well No. 20  
UL "J", 2250' FSL & 1730' FEL, Section 28, T-21-S, R-24-E  
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Engineer Technician

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

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

Company Name: \_\_\_\_\_

Date: \_\_\_\_\_



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

June 27, 2001

Nolan Brunson, Jr.  
P. O. Box 2390  
Hobbs, NM 88241-2390

Re: Application for an Unorthodox Well Location for Indian Hills Unit Well No. 20  
UL "J", 2250' FSL & 1730' FEL, Section 28, T-21-S, R-24-E  
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Engineer Technician

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

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

Company Name: \_\_\_\_\_

Date: \_\_\_\_\_



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

June 27, 2001

Texas Independent Exploration, Inc.  
1600 Smith, Suite 3800  
Houston, TX 77002

Re: Application for an Unorthodox Well Location for Indian Hills Unit Well No. 20  
UL "J", 2250' FSL & 1730' FEL, Section 28, T-21-S, R-24-E  
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Engineer Technician

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

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

Company Name: \_\_\_\_\_

Date: \_\_\_\_\_



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

June 27, 2001

Claremont Corporation  
P. O. Box 549  
Claremore, OK 74018-0549

Re: Application for an Unorthodox Well Location for Indian Hills Unit Well No. 20  
UL "J", 2250' FSL & 1730' FEL, Section 28, T-21-S, R-24-E  
Eddy County, New Mexico

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Ginny Larke  
Engineer Technician

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

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

Company Name: \_\_\_\_\_

Date: \_\_\_\_\_

Southern Business Unit  
Domestic Production

JUN 29 REC'D



P.O. Box 552  
Midland, TX 79702-0552  
Telephone 915/662-1626

June 27, 2001

Texas Independent Exploration, Inc.  
1600 Smith, Suite 3800  
Houston, TX 77002

Re: Application for an Unorthodox Well Location for Indian Hills Unit Well No. 20  
UL "J", 2250' FSL & 1730' FEL, Section 28, T-21-S, R-24-E  
Eddy County, New Mexico

Dear Sir or Madam:

Marathon Oil Company has recently discovered that the above referenced well, Indian Hills Unit Well No. 20, was drilled in an unorthodox location. This well was drilled and completed in September, 1999 and is governed by the Special Pool Rules for the Indian Basin Upper Pennsylvanian Associated Gas Pool. These pool rules require wells to be located no closer than 660' to the outer boundaries of a Gas Proration Unit (GPU) and no closer than 330' to any governmental quarter/quarter section line. This well does not conform to the 660' spacing requirement as it is only 359' from the North boundary of the 320 acre GPU comprised of the south half of Section 28. The well complies with all other set-backs. Please see attached form C-102 and location verification map.

This letter is to inform you, as an offset operator or interest owner, of Marathon's intention to request administrative approval for this non-standard location. If you have an objection to this application, it must be filed, in writing, with the New Mexico Oil Conservation Division at their Santa Fe office within twenty days from the date of this letter. Should you have no objection to this location, please sign below and return an executed copy to me in the envelope provided. The application for administrative approval for this location will be sent to the Oil Conservation Division in Santa Fe as soon as possible. If you have any questions or need more information, please call me at (915) 687-8321.

Sincerely,

Ginny Larke  
Engineer Technician

Signature:

Name: Dave Waters

Title: Senior Landman

Company Name: Texas Independent Exploration, Inc.

Date: 7/02/01

Southern Business Unit  
Domestic Production



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

June 27, 2001

Hanagan Properties  
P. O. Box 1887  
Santa Fe, NM 87504-1887

Re: Application for an Unorthodox Well Location for Indian Hills Unit Well No. 20  
UL "J", 2250' FSL & 1730' FEL, Section 28, T-21-S, R-24-E  
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Sincerely,

A handwritten signature in cursive script that reads 'Ginny Larke'.

Ginny Larke  
Engineer Technician

Signature: Robert G. Hanagan  
Name: ROBERT G. HANAGAN  
Title: Partner  
Company Name: HANAGAN PROPERTIES  
Date: 7/2/01

Southern Business Unit  
Domestic Production



P.O. Box 552  
Midland, TX 79702-0552  
Telephone 915/632-1626

June 27, 2001

Nolan Brunson, Jr.  
P. O. Box 2390  
Hobbs, NM 88241-2390

Re: Application for an Unorthodox Well Location for Indian Hills Unit Well No. 20  
UL "J", 2250' FSL & 1730' FEL, Section 28, T-21-S, R-24-E  
Eddy County, New Mexico

Dear Sir or Madam:

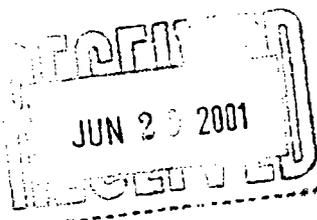
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Sincerely,

*GINNY LARKE*  
Ginny Larke  
Engineer Technician

Signature: *Nolan Brunson*  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Company Name: \_\_\_\_\_  
Date: 7/4/01



Southern Business Unit  
Domestic Production

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

June 27, 2001

7

Claremont Corporation  
P. O. Box 549  
Claremore, OK 74018-0549

Re: Application for an Unorthodox Well Location for Indian Hills Unit Well No. 20  
UL "J", 2250' FSL & 1730' FEL, Section 28, T-21-S, R-24-E  
Eddy County, New Mexico

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Sincerely,

*Ginny Larke*

Ginny Larke  
Engineer Technician

Signature: *Frank W. Podpechan*

Name: Frank W. Podpechan

Title: President

Company Name: Claremont Corporation

Date: June 29, 2001

**CLAREMONT CORPORATION**

P.O. BOX 549  
CLAREMORE, OKLA. 74018

(918) 341-6622

July 5, 2001

Marathon Oil Company  
P.O. Box 552  
Midland, TX 79702

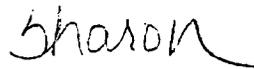
Attention: Ginny Larke

Re: Indian Hills Unit Well No 20  
Section 28-21S-24E  
Eddy County, New Mexico

Dear Ginny,

Enclosed you will find the letter application for an unorthodox well location signed as you requested on the above referenced property. Claremont Corporation does approve of the application. If I can be of any further assistance in this matter, please let me know. Thank you.

Sincerely,



Sharon Ashworth  
Administrative Assistant

sea

Enclosure

Southern Business Unit  
Domestic Production



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

June 27, 2001

Hugh Hanagan  
P. O. Box 329  
Roswell, NM 88210

Re: Application for an Unorthodox Well Location for Indian Hills Unit Well No. 20  
UL "J", 2250' FSL & 1730' FEL, Section 28, T-21-S, R-24-E  
Eddy County, New Mexico

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Sincerely,

*Ginny Larke*  
Ginny Larke  
Engineer Technician

Signature: *Hugh Hanagan*  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Company Name: \_\_\_\_\_  
Date: *7/1/01*

*New Mexico Oil Conservation Division---Engineering Bureau*  
*Administrative Application Process Documentation*

Date Application Received: 7-23-2001

Date of Preliminary Review: 7-25-2001  
(Note: Must be within 10-days of received date)

Results:  Application Complete  Application Incomplete

Date Incomplete Letter Sent: NA

Deadline to Submit Requested Information: NA

Phone Call Date: NA  
(Note: Only applies is requested data is not submitted within the 7-day deadline)

Phone Log Completed?  Yes  No

Date Application Processed: 8-13-2001

Date Application Returned: NA  
(Note: Only as a last resort & only after repeated attempts by the Division to obtain the necessary information to process the application)