

DATE IN <u>11/30/09</u>	SUSPENSE	ENGINEER <u>Brooks</u>	LOGGED IN <u>11/30</u>	TYPE <u>NSP</u>	APP NO. <u>0933457865</u>
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ABOVE THIS LINE FOR DIVISION USE ONLY

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



SD 0933458026  
Apache (873)  
Mark Owen #5

**ADMINISTRATIVE APPLICATION CHECKLIST** 30-025-39538

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 \_\_\_\_\_

2009 NOV 30 A 9:56  
 RECEIVED OOD

- [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

R-8170

[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.

Michelle Hanson	<u>Michelle Hanson</u>	Landman	11/25/09
Print or Type Name	Signature	Title	Date
		<u>Michelle.hanson@apachecorp.com</u>	
		e-mail Address	



6120 S. YALE / SUITE 1500 / TULSA, OKLAHOMA 74136

Central Region Land Department  
(918) 491-4900  
(918) 491-4854 (FAX)

November 25, 2009

Mark E. Fesmire, P. E.  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

RE: AMENDMENT

Dear Mr. Fesmire,

Apache Corporation respectfully requests administrative approval for a non-standard 120 acre gas well unit and simultaneous dedication in the Blinebry Oil and Gas Pool. The following wells, located in the SW¼ of Section 35, Township 21 South, Range 37 East, N.M.P.M., Lea County, New Mexico (applicant's Mark Owen Lease), are involved in this application:

- Mark Owen #2, located 660 feet FSL and 660 feet FWL
- Mark Owen #3, located 660 feet FSL and 1980 feet FWL
- Mark Owen #4, located 1980 feet FSL and 1980 feet FWL

A plat of the Mark Owen Lease, identifying the wells involved in this application, is attached as **Exhibit A**.

The above wells produce from the Blinebry and Tubb formations, among other formations. Under Division Order No. R-8170, as amended, spacing in both the Blinebry Oil and Gas Pool and Tubb Oil and Gas Pool is 160 acres for gas wells, and 40 acres for oil wells. The rules provide for non-standard gas well units of less than 160 acres. A gas well in each pool is defined as a well producing at a GOR of 50,000:1 or greater. Acreage dedicated to a gas well shall not be simultaneously dedicated to an oil well. Under Division Order No. R-2000409-D, simultaneous dedication was approved for the Mark Owen Lease for the Tubb Oil and Gas (Pro Gas) Pool.

*#1, 3 and 8,*

The wells involved in this application, the quarter-quarter sections in which the wells are located, their acreage dedications and current gas/oil status and their approximate YTD GOR's in the Blinebry formation, are as follows:

	Mark Owen 2 <u>(SW¼SW¼)</u> M	Mark Owen 3 <u>(SE¼SW¼)</u> N	Mark Owen 4 <u>(NE¼SW¼)</u> K
Blinebry	160 acres (gas)	160 acres (gas)	160 acres (gas)
	94,000	182,500	36,000

Blinebry

Applicant requests that Well No. 4 be classified as an oil well requiring a 40 acre unit being the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 35 leaving a non-standard 120 acre gas spacing unit, covering the W $\frac{1}{2}$ SW $\frac{1}{4}$  and SE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 35, to be dedicated to Well Nos. 2 and 3. This will eliminate overlapping well units for oil and gas wells. If granted, the following well units will be in effect:

	Mark Owen 2 <sup>M</sup>	Mark Owen 3 <sup>M</sup>	Mark Owen 4 <sup>K</sup>
	<u>(SW<math>\frac{1}{4}</math>SW<math>\frac{1}{4}</math>)</u>	<u>(SE<math>\frac{1}{4}</math>SW<math>\frac{1}{4}</math>)</u>	<u>(NE<math>\frac{1}{4}</math>SW<math>\frac{1}{4}</math>)</u>
Blinebry	120 acres (gas)	120 acres (gas)	40 acres (oil)

Further, Applicant plans to drill and complete the Mark Owen Well No. 5, located at an unorthodox location, being 1355' FSL and 1355' WL of Section 35, in the Blinebry, Tubb, Drinkard, Abo and Granite Wash formations. This location is being requested due to drainage considerations. A request for approval of said unorthodox location is being submitted under separate cover.

As a result of the foregoing, Applicant requests approval to simultaneously dedicate Tubb production from the newly proposed Well No. 5 and existing Well Nos. 1, 3 and 8 to the 160-acre gas spacing and proration unit that is currently in place for the Mark Owen Lease comprising the SW $\frac{1}{4}$  Section 35. Attached, as **Exhibit B**, is Form C-102 covering the Tubb Oil and Gas (Pro Gas) Pool, the wells currently producing from said Pool and the location of the newly proposed Well No. 5.

Notice was given to the operators of all quarter sections offsetting the SW $\frac{1}{4}$  of Section 35 by the letter attached as **Exhibit C**.

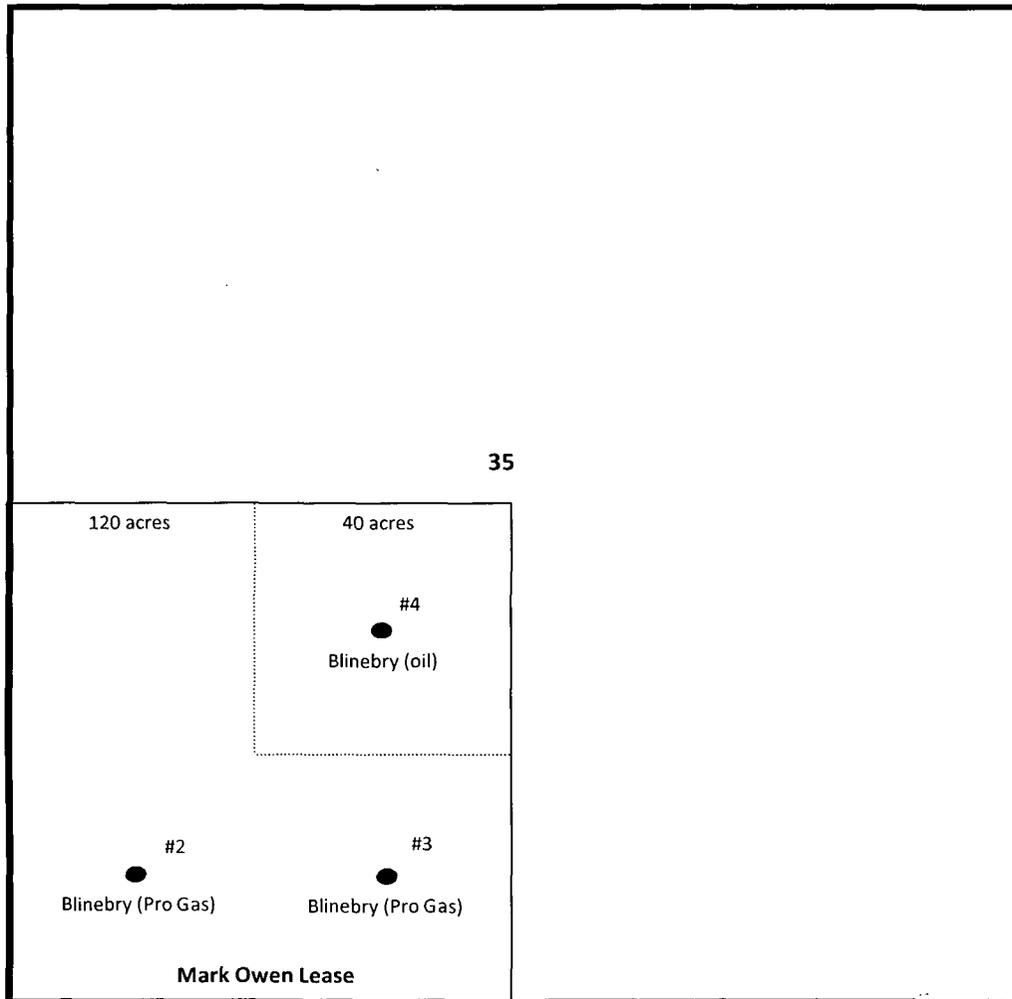
Interest ownership within the SW $\frac{1}{4}$  of Section 35 is common, so no one in the quarter section has been notified of this application.

Please call me if you need any further information on this matter.

Sincerely,  
APACHE CORPORATION



Michelle Hanson  
Landman  
(918) 491-4838 direct  
(918) 491-4854 fax  
[Michelle.hanson@apachecorp.com](mailto:Michelle.hanson@apachecorp.com)



**EXHIBIT A**



Mark Owen Lease  
 No. 2 and No. 3  
 Non-Standard Proration Unit  
 and Simultaneous Dedication  
 Blinebry Oil & Gas Pool  
 Section 35-T21S-R37E  
 Lea County, New Mexico  
 Scale: 1" = 1000'

**EXHIBIT B**

**District I**  
1625 N. French Dr., Hobbs, NM 88240

**District II**  
1301 W. Grand Avenue, Artesia, NM 88210

**District III**  
1000 Rio Brazos Rd., Aztec, NM 87410

**District IV**  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department  
**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised October 15, 2009  
Submit one copy to appropriate  
District Office

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number <b>30-025-39558</b>		<sup>2</sup> Pool Code <b>86440</b>		<sup>3</sup> Pool Name <b>Tubb Oil and Gas (Pro Gas)</b>	
<sup>4</sup> Property Code <b>306607</b>		<sup>5</sup> Property Name <b>Mark Owen</b>			<sup>6</sup> Well Number <b>005</b>
<sup>7</sup> OGRID No. <b>873</b>		<sup>8</sup> Operator Name <b>Apache Corporation</b>			<sup>9</sup> Elevation <b>3377</b>

<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
<b>L</b>	<b>35</b>	<b>21S</b>	<b>37E</b>		<b>1460</b>	<b>S</b>	<b>1510</b>	<b>W</b>	<b>Lea</b>

<sup>11</sup> 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
<b>L</b>	<b>35</b>	<b>21S</b>	<b>37E</b>		<b>1355</b>	<b>S</b>	<b>1355</b>	<b>W</b>	<b>Lea</b>

<sup>12</sup> Dedicated Acres <b>160</b>	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

<p><sup>16</sup></p>	<p><sup>17</sup> <b>OPERATOR CERTIFICATION</b> <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p align="right">                   Signature <span style="float: right;">Date <b>11/25/09</b></span> </p> <p>Michelle Hanson Printed Name</p>
	<p><sup>18</sup> <b>SURVEYOR CERTIFICATION</b> <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p>Date of Survey _____ Signature and Seal of Professional Surveyor: _____</p> <p>Certificate Number _____</p>

EXHIBIT C



6120 S. YALE / SUITE 1500 / TULSA, OKLAHOMA 74136

Central Region Land Department  
(918) 491-4900  
(918) 491-4854 (FAX)

November 25, 2009

**OFFSET OPERATORS**

*(see attached list)*

RE: AMENDMENT  
Administrative approval for  
Non-Standard Gas Spacing Unit  
and Simultaneous Dedication  
Blinebry Oil & Gas (Pro Gas) Pool  
Township 21 South, Range 37 East;  
Section 35: SW $\frac{1}{4}$  (Mark Owen Lease)  
Lea County, New Mexico

Offset Operators,

This is to inform you as an offset operator that Apache Corporation ("Apache") has applied for administrative approval for non-standard 120 acre Blinebry gas spacing unit and simultaneous dedication of the Mark Owen Well No. 2 and Well No. 3 in the Blinebry Oil & Gas (Pro Gas) Pool.

Apache has requested a non-standard 120 acre Blinebry gas spacing unit to consist of the W $\frac{1}{2}$ SW $\frac{1}{4}$  and SE $\frac{1}{4}$ SW $\frac{1}{4}$ , which would include two (2) Blinebry gas producers, the Mark Owen Well No. 2 and Well No. 3. Apache has also requested a 40 acre Blinebry oil spacing unit be formed and dedicated to Well No. 4, consisting of the NE $\frac{1}{4}$ SW $\frac{1}{4}$ , since said well is currently producing a GOR of less than 50,000:1, which represents an oil well.

Further, Apache plans to drill and complete the Mark Owen Well No. 5 in the Tubb Oil and Gas (Pro Gas) zone. The location of the proposed new drill well will be Section 35, T21S, R37E, 1355' FSL & 1355' FWL, Lea County, New Mexico and has requested authorization to simultaneously dedicate production from the newly proposed Well No. 5 and from existing Well Nos. 1, 3 and 8 to the 160-acre gas spacing and proration unit (SW $\frac{1}{4}$ , Sec 35), which is already in place for the Mark Owen Lease.

If you object to this application, you should file a written objection with the Oil Conservation Division's Santa Fe office within 20 days from the date of this letter. Otherwise, the application may be granted without further notice.

If you require additional information, please contact the undersigned at (918) 491-4838.

Sincerely,  
APACHE CORPORATION

A handwritten signature in cursive script that reads "Michelle Hanson".

Michelle Hanson  
Landman  
(918) 491-4854 fax  
[Michelle.hanson@apachecorp.com](mailto:Michelle.hanson@apachecorp.com)

## OFFSET OPERATORS

Chevron U.S.A., Inc.  
Attn: NOJV Group  
1400 Smith Street  
Houston, TX 77002

ExxonMobil Coporation  
P.O. Box 4610  
Houston, TX 77210

ConocoPhillips Company  
Attn: Land Department  
600 N. Dairy Ashford  
Houston, TX 77079

Oxy USA, Inc.  
Attn: Robbie Abraham  
5 Greenway Plaza, Suite 1100  
Houston, TX 77046-0521

John H. Hendrix Corporation  
110 N. Marienfield, Suite 400  
Midland, TX 79701-4400

Legacy Reserves Operating, L.P.  
303 W. Wall Street, Suite 1400  
Midland, TX 79701

Endeavor Energy Resources, L.P.  
110 N. Marienfeld, Suite 200  
Midland, TX 79701

Stephens & Johnson Operating Co.  
100 Palo Pinto Ave  
Strawn, TX 76475

BEC Corporation  
P.O. Box 1392  
Midland, TX 79702

Chesapeake Operating, Inc.  
P.O. Box 18496  
Oklahoma City, Ok 73154-0496

Well File Search - Select API Number to View

Please select the API Number you wish to view from the list below by clicking the radio button next to the API Number. Then click the "Continue" button to see the thumbnails for the API you selected. The search results are broken out by groups of 25 on each page. Switching pages can be done by clicking the "Next 25" or "Previous 25" links.

38 Records Found

Displaying Screen 2 of 2

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API Number	ULSTR	Footages	
<input type="radio"/> 3002529468	L -35-21S-37E	1830 FSL & 660 FWL	GB
Well Name & Number: MARK OWEN No. 009 Operator: APACHE CORP			
<input type="radio"/> 3002537494	<del>K -35-21S-37E</del>	1980 FSL & 1830 FWL	CXL
<del>Well Name &amp; Number: MARK OWEN No. 012 Operator: MARATHON OIL CO</del>			
<input type="radio"/> 3002537533	M -35-21S-37E	510 FSL & 660 FWL	SA, GB
Well Name & Number: MARK OWEN No. 010 Operator: APACHE CORP			
<input type="radio"/> 3002537534	<del>N -35-21S-37E</del>	810 FSL & 1980 FWL	CXL
<del>Well Name &amp; Number: MARK OWEN No. 011 Operator: MARATHON OIL CO</del>			
<input type="radio"/> 3002537648	<del>M -35-21S-37E</del>	480 FSL & 330 FWL	CXL
<del>Well Name &amp; Number: MARK OWEN No. 013 Operator: MARATHON OIL CO</del>			
<input type="radio"/> 3002537649	K -35-21S-37E	1650 FSL & 1650 FWL	GB, Paddock
Well Name & Number: MARK OWEN No. 015 Operator: APACHE CORP			
<input type="radio"/> 3002537650	<del>K -35-21S-37E</del>	1980 FSL & 2310 FWL	CXL
<del>Well Name &amp; Number: MARK OWEN No. 016 Operator: MARATHON OIL CO</del>			
<input type="radio"/> 3002537651	L -35-21S-37E	2310 FSL & 405 FWL	SA
Well Name & Number: MARK OWEN No. 018 Operator: MARATHON OIL CO			
<input type="radio"/> 3002537653	N -35-21S-37E	510 FSL & 1650 FWL	GB
Well Name & Number: MARK OWEN No. 017 Operator: APACHE CORP			
<input type="radio"/> 3002537731	<del>M -35-21S-37E</del>	1090 FSL & 760 FWL	CXL
<del>Well Name &amp; Number: MARK OWEN No. 014 Operator: MARATHON OIL CO</del>			
<input type="radio"/> 3002539037	A -35-21S-37E	330 FNL & 330 FEL	
Well Name & Number: LOCKHART B 35 No. 009 Operator: CONOCOPHILLIPS COMPANY			
<input type="radio"/> 3002539050	<del>F -35-21S-37E</del>	1330 FNL & 1650 FWL	
<del>Well Name &amp; Number: LOCKHART A 35 No. 005 Operator: CONOCOPHILLIPS COMPANY</del>			
<input type="radio"/> 3002539558	L -35-21S-37E	1650 FSL & 1170 FWL	
Well Name & Number: MARK OWEN No. 005 Operator: APACHE CORP			

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~~Operator: CONOCOPHILLIPS COMPANY~~

~~○ 3002507035 A -35-21S-37E 990 FNL & 990 FEL~~

~~Well Name & Number: LOCKHART B 35 No. 004~~

~~Operator: CONOCOPHILLIPS COMPANY~~

~~○ 3002507036 E -35-21S-37E 1980 FNL & 560 FWL~~

~~Well Name & Number: E M ELLIOTT No. 001~~

~~Operator: JOHN H HENDRIX CORP~~

~~○ 3002507037 L -35-21S-37E 1980 FSL & 660 FWL~~

~~Well Name & Number: MARK OWEN No. 001~~

~~Operator: APACHE CORP~~

*Tubb (E) Drummond*

~~○ 3002507038 M -35-21S-37E 660 FSL & 660 FWL~~

~~Well Name & Number: MARK OWEN No. 002~~

~~Operator: APACHE CORP~~

*Bline (G) Drummond*

~~○ 3002507039 N -35-21S-37E 660 FSL & 1980 FWL~~

~~Well Name & Number: MARK OWEN No. 003~~

~~Operator: APACHE CORP~~

*Bline (G) Tubb (G) Drummond*

~~○ 3002507040 K -35-21S-37E 1980 FSL & 1980 FWL~~

~~Well Name & Number: MARK OWEN No. 004~~

~~Operator: APACHE CORP~~

*Bline (G) also Drummond*

~~○ 3002507041 N -35-21S-37E 711 FSL & 2041 FWL~~

~~Well Name & Number: PRE-ONGARD WELL No. 004~~

~~Operator: PRE-ONGARD WELL OPERATOR~~

~~○ 3002507042 M -35-21S-37E 660 FSL & 735 FWL~~

~~Well Name & Number: PRE-ONGARD WELL No. 003~~

~~Operator: PRE-ONGARD WELL OPERATOR~~

~~○ 3002524858 H -35-21S-37E 2180 FNL & 660 FEL~~

~~Well Name & Number: LOCKHART B 35 No. 005~~

~~Operator: CONOCOPHILLIPS COMPANY~~

~~○ 3002525130 N -35-21S-37E 660 FSL & 2310 FWL~~

~~Well Name & Number: MARK OWEN No. 007~~

~~Operator: APACHE CORP~~

*G B*

~~○ 3002525479 I -35-21S-37E 1830 FSL & 710 FEL~~

~~Well Name & Number: OWEN No. 008~~

~~Operator: OXY USA-WTP LIMITED PARTNERSHIP~~

~~○ 3002525481 M -35-21S-37E 760 FSL & 760 FWL~~

~~Well Name & Number: MARK OWEN No. 008~~

~~Operator: APACHE CORP~~

*also, Tubb (G) Granite Wash*

Continue

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**Well File Search - Select API Number to View**

Please select the API Number you wish to view from the list below by clicking the radio button next to the API Number. Then click the "Continue" button to see the thumbnails for the API you selected.  
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38 Records Found

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API Number	ULSTR	Footages
<input type="radio"/> 3002507021	P -35-21S-37E	660 FSL & 660 FEL
Well Name & Number: OWEN No. 001		
Operator: OXY USA WTP LIMITED PARTNERSHIP		
<input type="radio"/> 3002507023	O -35-21S-37E	660 FSL & 1980 FEL
Well Name & Number: OWEN No. 002		
Operator: OXY USA WTP LIMITED PARTNERSHIP		
<input type="radio"/> 3002507024	J -35-21S-37E	1980 FSL & 1980 FEL
Well Name & Number: OWEN No. 003		
Operator: OXY USA WTP LIMITED PARTNERSHIP		
<input type="radio"/> 3002507025	O -35-21S-37E	710 FSL & 2040 FEL
Well Name & Number: PRE-ONGARD WELL No. 005		
Operator: PRE-ONGARD WELL OPERATOR		
<input type="radio"/> 3002507026	I -35-21S-37E	1980 FSL & 660 FEL
Well Name & Number: PRE-ONGARD WELL No. 001		
Operator: PRE-ONGARD WELL OPERATOR		
<input type="radio"/> 3002507027	P -35-21S-37E	720 FSL & 720 FEL
Well Name & Number: PRE-ONGARD WELL No. 006		
Operator: PRE-ONGARD WELL OPERATOR		
<input type="radio"/> 3002507028	I -35-21S-37E	2045 FSL & 710 FEL
Well Name & Number: OWEN No. 007		
Operator: OXY USA WTP LIMITED PARTNERSHIP		
<input type="radio"/> 3002507029	G -35-21S-37E	1980 FNL & 1980 FEL
Well Name & Number: LOCKHART B 35 No. 001		
Operator: CONOCOPHILLIPS COMPANY		
<input type="radio"/> 3002507030	D -35-21S-37E	660 FNL & 660 FWL
Well Name & Number: LOCKHART A 35 No. 001		
Operator: CONOCOPHILLIPS COMPANY		
<input type="radio"/> 3002507031	F -35-21S-37E	1980 FNL & 1980 FWL
Well Name & Number: LOCKHART A 35 No. 002		
Operator: CONOCOPHILLIPS COMPANY		
<input type="radio"/> 3002507032	C -35-21S-37E	660 FNL & 1980 FWL
Well Name & Number: LOCKHART A 35 No. 003		
Operator: CONOCOPHILLIPS COMPANY		
<input type="radio"/> 3002507033	B -35-21S-37E	660 FNL & 1980 FEL
Well Name & Number: LOCKHART B 35 No. 002		
Operator: CONOCOPHILLIPS COMPANY		
<input type="radio"/> 3002507034	H -35-21S-37E	1980 FNL & 660 FEL
Well Name & Number: LOCKHART B 35 No. 003		



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

November 16, 2004

**Mark E. Fesmire, P.E.**

Director

Oil Conservation Division

**Marathon Oil Company**  
P. O. Box 3487  
Houston, Texas 77253-3487

**Attention: Charles E. Kendrix**  
**Engineering Technician**  
*cekendrix@MarathonOil.com*

**RE: NMOCD Correspondence Reference No. SD-04-09: Tubb Oil and Gas Pool (86440) development within the existing standard 160-acre gas spacing and proration unit ("GPU") comprising the SW/4 of Section 35, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.**

Dear Mr. Kendrix:

Reference is made to the following: (i) your correspondence in the form of an administrative application dated October 15, 2004 and received by the New Mexico Oil Conservation Division ("Division") in Santa Fe on October 25, 2004 (*administrative application reference No. pMES0-430233824*); and (ii) the Division's records in Hobbs and Santa Fe: all concerning Marathon Oil Company's ("Marathon") plans for the development of the Tubb Oil and Gas Pool within the above-described 160-acre standard GPU.

The rules currently governing the Tubb Oil and Gas Pool include but are not necessarily limited to: (i) the "*Special Rules and Regulations for the Tubb Oil and Gas Pool*," as promulgated by Division Order No. R-8170, as amended; (ii) Division Rule 605.B; (iii) Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999; and (iv) Rule 1207.A (2).

It is the Division's understanding that gas production attributed to the Tubb Oil and Gas Pool within this 160-acre GPU is to be simultaneously dedicated to Marathon's following three wells:

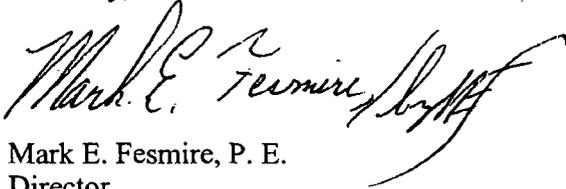
- (a) Mark Owen Well No. 1 (API No. 30-025-07037), located at a standard gas well location 1980 feet from the South line and 660 feet from the East line (Unit L) of Section 35;
- (b) Mark Owen Well No. 3 (API No. 30-025-07039), located at a standard gas well location 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 35; and

(c) Mark Owen Well No. 8 (API No. 30-025-25481), located at a standard gas well 760 feet from the South and West lines (Unit M) of Section 35.

Marathon is permitted to produce the allowable assigned this 160-acre GPU from the three above-described Mark Owen Wells No. 1, 3, and 8 in accordance with Rule 8 of the special rules governing the Tubb Oil and Gas Pool and Division Rule 605.D (4) (a).

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

Sincerely,



Mark E. Fesmire, P. E.  
Director

MEF/ms

cc: New Mexico Oil Conservation Division - Hobbs