



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

October 13, 1998

Marathon Oil Company
P. O. Box 2490
Hobbs, New Mexico 88240
Attention: Thomas P. Kacir

Administrative Order NSP-1795(SD)

Dear Mr. Kacir:

Reference is made to your application dated September 1, 1998 to reduce the acreage on an existing 160-acre standard gas spacing and proration unit ("GPU") in the Blinebry Oil and Gas Pool comprising the NE/4 of Section 11, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico, by omitting the 40 acres comprising the SW/4 NE/4 (Unit G) of Section 11 from this GPU.

Division Order NSL-3676, dated June 4, 1996, authorized the simultaneous dedication of the 160-acre unit to Marathon Oil Company's: (I) Lou Worthan Well No. 4 (API No. 30-025-10213) located at a standard gas well location 1980 feet from the North and East lines of Section 11; (ii) Lou Worthan Well No. 12 (API No. 30-025-10221), located 1980 feet from the North line and 560 feet from the East line (Unit H) of Section 11 (this location is considered to be unorthodox, however Rule 2 of the "*Special Rules and Regulations for the Blinebry Gas Pool*", as promulgated by Division Order No. R-610, "grand fathered" this location as conforming to the rules); and, (iii) Lou Worthan Well No. 21 (API No. 30-025-33426), located at an unorthodox gas well location (approved by Division Administrative Order NSL-3676, dated June 4, 1996) 660 feet from the North line and 1350 feet from the East line (Unit B) of Section 11.

It is our understanding that such reduction of acreage is necessary due to the reclassification of the Lou Worthan Well No. 4 to a Blinebry oil well.

By authority granted me under the provisions of Rule 2(d) of the "*General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Blinebry Oil and Gas Pool*", as promulgated by Division Order No. R-8170, as amended, the following described 120-acre non-standard gas spacing and proration unit is hereby approved:

LEA COUNTY, NEW MEXICO
TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 11: N/2 NE/4 and SE/4 NE/4.

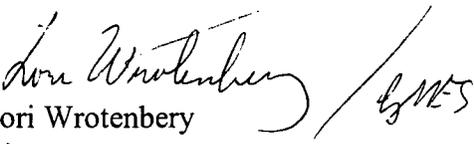
This newly established 120-acre GPU is to be simultaneously dedicated to the above-described Lou Worthan Well Nos. 12 and 21, with allowable assigned thereto in accordance with

Administrative Order NSP-1795(SD)
Marathon Oil Company
October 13, 1998
Page 2

Rule 5 of the special Blinebry Pool rules based upon the unit size of 120 acres.

That portion of Division Administrative Order NSL-3676 not in conflict with the provisions set forth in this order shall remain in full force and effect until further notice.

Sincerely,


Lori Wrotenberg
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
File: NSL-3676
SD-96-7