



OLD-Adm

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Marathon Oil Company

P. O. Box 3487

Houston, Texas 77253-3487

Attention: Mark Mick

msmick@marathonoil.com

March 4, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

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AMENDED Administrative Order NSL-4215-B (BHL) (SD)

Dear Mr. Mick:

Reference is made to the following: (i) your application dated December 16, 2004 addressed to the New Mexico Oil Conservation Division's ("Division") Chief Engineer, Mr. Richard Ezeanyim, but was not filed with the Division as received until January 18, 2005 (*administrative application reference No. pSEM0-501842172*); and (ii) the Division's records in Santa Fe, including the file on Division Administrative Orders NSL-4215, 4215-A (SD), and NSL-4215-B (BHL) (SD): all concerning Marathon Oil Company's ("Marathon") request to amend the provisions of Division Administrative Order NSL-4215-B (BHL) (SD) allowing for Marathon to recompleat its Indian Hills Unit Well No. 53 (API No. 30-015-32875) with a horizontal drainhole within the existing standard 320-acre lay-down spacing and proration unit in the Indian Basin-Upper Pennsylvanian Associated Pool (33685) comprising the S/2 of Section 28, Township 21 South, Range 24 East, NMPM, Eddy County, New Mexico.

By Division Administrative Order NSL-4215-B (BHL) (SD), dated July 15, 2003, Marathon was authorized to directional drill in a conventional manner its Indian Hills Unit Well No. 53 from a surface location 1383 feet from the North line and 1586 feet from the West line (Unit F) of Section 28, to a targeted-bottomhole location at an approximate depth 8,119 feet (TVD) 2397 feet from the South line and 2014 feet from the West line (Unit K) of Section 28.

It is the Division's understanding that: (i) the Indian Hills Unit Well No. 53 was spud on August 15, 2003 and drilled to a total depth of 8,315 feet (MD), or 8,115 feet (TVD); and (ii) the resulting bottomhole location for the well bore is 2384 feet from the South line and 1979 feet from the West line (Unit K) of Section 28, which is off by only 35.5 feet.

The intended recompletion of this well will be to plug-back and set a whip-stock at a depth 7,810 feet, or 7,637 feet (TVD) located at an unorthodox sub-surface location within the Indian Basin-Upper Pennsylvanian Associated Pool 2537 feet from the South line and 1929 feet from the West line (Unit K) of Section 28, kick-off in a south-southwesterly direction, build-up to a 93 degree angle, and continue drilling horizontally for approximately 1,600 feet to a targeted end-point 800 feet from the South line and 2050 feet from the West line (Unit N) of Section 28.

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This application has been duly filed under the provisions of Division Rules 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 111.C (2), and Rule 2 (c) of the "*Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool*", as promulgated by New Mexico Oil Conservation Division ("Division") Order Nos. R-9922, R-9922-A, R-9922-B, R-9922-C, R-9922-D, and R-9922-E 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.

By the authority granted me under the provisions of Division Rule 104.F (2) and the applicable provisions of the special rules governing the Indian Basin-Upper Pennsylvanian Associated Pool, the above-described unorthodox sub-surface location for the proposed recompletion of its Indian Hills Unit Well No. 53 within the S/2 of Section 28, is hereby approved.

All provisions applicable to the subject well and 320-acre spacing and proration unit comprising the S/2 of Section 28 in Division Administrative Order NSL-4215-B (BHL) (SD) not in conflict with this order shall remain in full force and affect until further notice.

Further, Marathon shall comply with all provisions of Division Rule 111 applicable in this matter.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Mark E. Fesmire, P. E.
Director

MES/ms

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
File: NSL-4215
NSL-4215-A (SD)
NSL-4215-B (BHL) (SD)