



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

September 4, 2001

Lori Wrotenbery
Director
Oil Conservation Division

Marathon Oil Company
c/o W. Thomas Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504-2265

Administrative Order NSL-4638 (SD)

Dear Mr. Kellahin:

Reference is made to the following: (i) your application dated August 15, 2001; and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Marathon Oil Company's ("Marathon") belated request for an exception to Rule 2 (b) 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, 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, for an unorthodox location within an existing 320-acre lay-down spacing and proration unit comprising the N/2 of Section 28, Township 21 South, Range 24 East, NMPM, Eddy County, New Mexico.

This unit is currently simultaneously dedicated to Marathon's: (i) Indian Hills Unit Well No. 10 (API No. 30-015-30571), located at an unorthodox location 2080 feet from the North line and 660 feet from the West line (Unit E) of Section 28; and (ii) Indian Hills Unit Well No. 17 (API No. 30-015-30661), located at a standard location 660 feet from the North line and 2220 feet from the East line (Unit B) of Section 28.

The subject application has been duly filed under the provisions of Division Rule 104.F and Rule 2 (c) of the Division's associated pool rules.

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 gas well location for the Indian Hills Unit Well No. 10 is hereby approved.

Marathon is hereby authorized to simultaneously dedicate production attributed to the Indian Basin-Upper Pennsylvanian Associated Pool from both the existing Indian Hills Unit Wells No. 10 and 17. Furthermore, Marathon is permitted to continue producing the allowable assigned the subject 320-acre spacing and proration unit from both wells in any proportion.

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

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery" followed by a stylized flourish or set of initials.

Lori Wrotenbery
Director

LW/MES/kv

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