



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

August 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

Administrative Order NSP-1876

Dear Mr. Kendrix:

Reference is made to the following: (i) your application that was submitted to the New Mexico Oil Conservation Division ("Division") on July 26, 2004 (*administrative application reference No. pMES0-422233917*); and (ii) the Division's records in Hobbs and Santa Fe: all concerning Marathon Oil Company's ("Marathon") request for to form a 40-acre non-standard gas spacing and proration unit ("GPU") in the Tubb Oil and Gas Pool (86440) comprising the following acreage in Lea County, New Mexico:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM

Section 11:

SW/4 NE.

This application has been duly filed under the provisions of: (i) Division Rule 104.D (2), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999; (ii) Division Rule 605; and (iii) the "*Special Rules and Regulations for the Tubb Oil and Gas Pool*," as promulgated by Division Order No. R-8170, as amended.

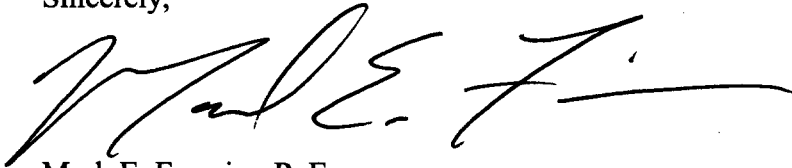
This unit is to be dedicated to Marathon's existing Lou Worthan Well No. 18 (API No. 30-025-25568), located at a standard gas well location for the subject 40-acre GPU [see Rule 2 (b) 2 of the special Tubb Oil and Gas pool rules] 1905 feet from the North line and 860 feet from the East line (Unit H) of Section 11.

By authority granted me under the provisions of Division Rules 605.B (2) (b) and 104.D (2) and the applicable provisions of the special pool rules governing the Tubb Oil and Gas Pool, the above-described 40-acre non-standard GPU is hereby approved.

Further, Marathon is permitted to produce the allowable assigned this 40-acre GPU from the Lou Worthan Well No. 18 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,

A handwritten signature in dark ink, appearing to read 'Mark E. Fesmire', with a long horizontal flourish extending to the right.

Mark E. Fesmire, P. E.
Director

MEF/mes

cc: New Mexico Oil Conservation Division - Hobbs