



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

August 13, 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

Telefax No. (505) 982-2047

Administrative Order NSL-4215-A (SD)

Dear Mr. Kellahin:

Reference is made to the following: (i) your initial application filed with the New Mexico Oil Conservation Division ("Division") on behalf of the operator, Marathon Oil Company ("Marathon") on July 23, 2001 (*Division application reference No. pKRV0-120540431*); (ii) your telephone conversation with Mr. Michael E. Stogner, Engineer/Chief Hearing Officer with the Division in Santa Fe on Monday, August 13, 2001; and (iii) the Division's records in Santa Fe, including the file on Division Administrative Order NSL-4215, dated February 18, 1999: all concerning Marathon's 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 existing infill well that was inadvertently drilled at an unorthodox well location within an existing 320-acre lay-down spacing and proration unit comprising the S/2 of Section 28, Township 21 South, Range 24 East, NMPM, Eddy County, New Mexico.

This unit is currently dedicated to Marathon's Indian Hills Unit Well No. 19 (**API No. 30-015-30572**), located at an unorthodox location (approved by Division Administrative Order NSL-4215) 1400 feet from the South line and 1248 feet from the West line (Unit L) 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 following described well located at an unorthodox infill location within this 320-acre unit is hereby approved:

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**Indian Hills Unit Well No. 20
2250' FSL & 1730' FEL (Unit J) of Section 28
(API No. 30-015-30658).**

Marathon is hereby authorized to simultaneously dedicate production attributed to the Indian Basin-Upper Pennsylvanian Associated Pool (33685) from its existing Indian Hills Unit Wells No. 19 and 20. Furthermore, Marathon is permitted to produce the allowable assigned the subject 320-acre spacing and proration unit from both wells in any proportion.

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

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
U.S. Bureau of Land Management - Carlsbad
NSL-4215 ✓