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Application Acronyms: [NSP-Non-Standard Proration Unit] (NSL-Non-Standard Location) [DHC-Downhole Commingling] (SID-Simultaneous Decicetion) [PC-Pool Commingling] (SID-Simultaneous Decicetion) [SWD-Salt Water Disposal] (PII-Injection Pressure Increase) [ECOR-Qualified Enhanced Oil Recovery Certification] (PPR-Positive Production Response) [I] TYPE OF APPLICATION - Check Those Which Apply for [A] Location - Spacing Unit - Directional Drilling [I] NSL NSP DD SD [A] Location - Spacing Unit - Directional Drilling [I] NSL NSP DD SD [A] Location - Spacing Unit - Directional Drilling [I] NSL NSP DD SD [A] Location - Spacing Unit - Directional Drilling [I] NSL NSP DD SD [A] Location - Spacing Unit - Directional Drilling [I] NSL NSP DD SD [A] Location - Spacing Unit - Directional Drilling [I] NSL NSP DD SD [A] Location - Spacing Unit - Directional Drilling [I] NSL NSP DD SD [A] Location - Spacing Unit - Directional Drilling [I] NSL NSP DD SD [A] Location - Spacing Unit - Directional Drilling [I] NSL NSP DD SD [A] Location - Spacing Unit - Directional Drilling [I] NSL NSP DD SD [A] Location - Spacing Unit - Directional Drilling [I] NSL NSP DD SD [A] Location - Spacing Unit - Directional Drilling [I] NSL NSP DD SD [A] Location - Spacing Unit - Directional Drilling [I] NSL NSP DD SD [A] Location - Spacing Unit - Directional Drilling [I] NSL NSP DD SD [A] Location - Spacing Unit - Directional Drilling [I] NSL NSP DD SD [A] Location - Spacing Unit - Directional Drilling [I] NSL NSP DD SD [A] Location - Spacing Unit - Directional Drilling [I] NSL NSP DD SD [A] Location - Spacing Unit - Directional Drilling [I] NSL NS				ADMIN	ISTRAT	VE APPL	ICATIO	N COVE	RSHEET	• 	
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DHC CTB PLC PC OLS OLM [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery			Check	One Only fo	or [B] or [C	:}		200			
NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply [A] Working, Royalty or Overriding Royalty Interest Owners [B] Offset Operators, Leaseholders or Surface Owner [C] Application is One Which Requires Published Legal Notice [D] Notification and/or Concurrent Approval by BLM or SLO U.S. Bureau of Land Management - Commissioner of Public Lends, State Land Office [E] For all of the above, Proof of Notification or Publication is Attached, and/or, [F] Waivers are Attached [3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken. Note Statement must be completed by an individual with supervisory capacity. JAMES BRUCE P.O. EOX 1056 SANTA FE, NM 87504			[B]					OLS	OLM		
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[C] Application is One Which Requires Published Legal Notice [D] Notification and/or Concurrent Approval by BLM or SLO U.S. Bureau of Land Management - Commissioner of Public Landa, State Land Office [E] For ali of the above, Proof of Notification or Publication is Attached, and/or, [F] Waivers are Attached [3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action **Aken. **Nota** Statement must be completed by an individual with supervisory capacity. **P.O. BOX 1056 SANTA FE, NIM 87504	(کی۔۔	NOTE								Apply	
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JAMES BRUCE

ATTORNEY AT LAW

POST OFFICE BOX 1056 SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA SANTA FE, NEW MEXICO 87501

(505) 982-2043 (505) 982-2151 (FAX)

January 14, 2000

Hand Delivered

Michael E. Stogner Oil Conservation Division 2040 South Pacheco Street Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rules 104.C and 104.F, Kerr-McGee Oil & Gas Onshore LLC ("Kerr-McGee") applies for administrative approval of an unorthodox gas well location for the following well:

West Indian Basin Unit Well No. 1Y 660 feet FSL & 2180 feet FWL All of §17, Township 21 South, Range 23 East, NMPM Eddy County, New Mexico

The well is in the Indian Basin-Upper Pennsylvanian Gas Pool. Rules for the pool require 640 acre spacing, with wells to be no closer than 1650 feet to the section line nor closer than 330 feet to a guarter-guarter section line.

By Administrative Order NSL-4379, the Division authorized Kerr-McGee to re-enter the West Indian Basin Unit Well No. 1, located 660 feet FSL and 1980 feet FWL, and directionally drill it to a bottom hole location no closer than 660 feet to the south line nor closer than 1650 feet to the north, east, and west lines of the section. Kerr-McGee has attempted to re-enter the well, but encountered downhole problems which make further operations impractical and uneconomic.

As a result, Kerr-McGee seeks permission to drill the above replacement well. Attached as Exhibit A is an Application for Permit to Drill, together with a well location plat. (The well will not be directionally drilled.)

The proposed location is based upon engineering and geologic reasons. Attached as Exhibit B is a production plat of the No. 1 well from 1988 to mid-1996. Gas production was stable until water

production increased, at which time the well was shut in. Kerr-McGee believes there are still reserves which can be economically recovered from a well at the proposed location. The location is geologically favorable in the Cisco/Canyon dolomite based upon the initial potential of the well in 1963 (57,000 MCF/day), and the fact that it produced for over 30 years.

Attached as Exhibit C is a land plat of the area around the West Indian Basin Unit. The only affected offset is Marathon Oil Company ("Marathon"), in the S½ of Section 20 (Marathon recently acquired the interest of Concho Resources, Inc. in the SE½SE½ of Section 20). Marathon previously waived objection to the location for the No. 1 well, and to a replacement well, if necessary, so long as the replacement well is within 200 feet of the No. 1 well. Marathon's waiver letter is marked Exhibit D. As a result, Marathon was not notified of this application.

This application is submitted in duplicate. Please call me if you need anything further on this matter.

Very truly yours,

James Bruce

Attorney for Kerr-McGee Oil & Gas Onshore LLC

Form 3160-3 (July 1992)

UNITED STATES DEPARTMENT OF THE INTERIOR

SUBMIT IN TRIPLICATE* (Other instructions on reverse side)

r Oldin	A. I	KO,	LD	
OMB I	NO.	1004-	013	6
Expires:	Febr	піагу	28,	1995

	5. LEASE DESIGNATION AND	D SERIAL NO.					
	NM 07106	TRIBE WAYE					
ΔΡΡΙ	ICATION FOR F	PERMIT TO	O DR	III OR DEEPE	N	6. IF INDIAN, ALLOTTEE OR	TRIBE NAME
a. TYPE OF WORK DRI b. TYPE OF WELL	[v]	DEEPEN				7. UNIT AGREEMENT NAME WEST INDIAN BAS	
OIL	GAS X OTHER			SINGLE MULTIPE ZONE ZONE	Æ 🗌	8. FARM OR LEASE NAME, WEST INDAIN BAS UNIT	
KERR-McGEE OIL & (GAS ONSHORE LLC					9. API WELL NO.	
LOCATION OF WELL (Report At surface	Dallas, TX 75380-9 rt location clearly and in accorde		equireme	(972) 7	15-4520	10. FIELD AND POOL, OR W INDIAN BASIN U	ILDCAT JPPER PENN
660' FSL & 2180' At proposed prod. zone 660' FSL & 2180'						11. SEC., T., R., M., OR BLK AND SURVEY OR AREA SEC. 17. T 219	
	DIRECTION FROM NEAREST TOW	N OR POST OFFICE*				12. COUNTY OR PARISH EDDY	13. STATE TX
IS. DISTANCE FROM PROPOSE LOCATION TO NEAREST PROPERTY OR LEASE LINE (Also to nearest drig. unit	C, FT. 660	17. NO. OF A	F ACRES ASSIGNED S WELL 640'				
18. DISTANCE FROM PROPOSE TO NEAREST WELL, DRILL OR APPLIED FOR, ON THIS	D LOCATION* JING, COMPLETED,		19. PRO	POSED DEPTH 7800'	20. ROTARY	OR CABLE TOOLS ROTARY	
21. ELEVATIONS (Show wheth	ner DF,RT, GR, etc.)					22. APPROX. DATE WORK	WILL START*
4032'GR						01/31/0	00
23.	F	PROPOSED CASING	AND C	EMENTING PROGRAM			
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOC	OT	SETTING DEPTH		QUANTITY OF CEMI	ENT
18 1/2"	16"	84 #		+/- 40'	GROUTE	D TO SURFACE	
14 3/4"	9 5/8"	36 #		1300'	1500 S	XS_TO_SURF	
8 3/4"	7 "	23 & 26	#	7800'	360 SX	S TO 4600'(WILL F	RUN TEMP SUR

SEE ATTACHED.



IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

(This space for Federal or State office use)	
•	
PERMIT NO. — APPROVAL DATE	E
Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease	e which would entitle the applicant to conduct operations thereon.
CONDITIONS OF APPROVAL, IF ANY:	

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

DISTRICT I P.b. Box 1980, Hobbs, NM 88241-1980

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102 Revised February 10, 1994 Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

DISTRICT II P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

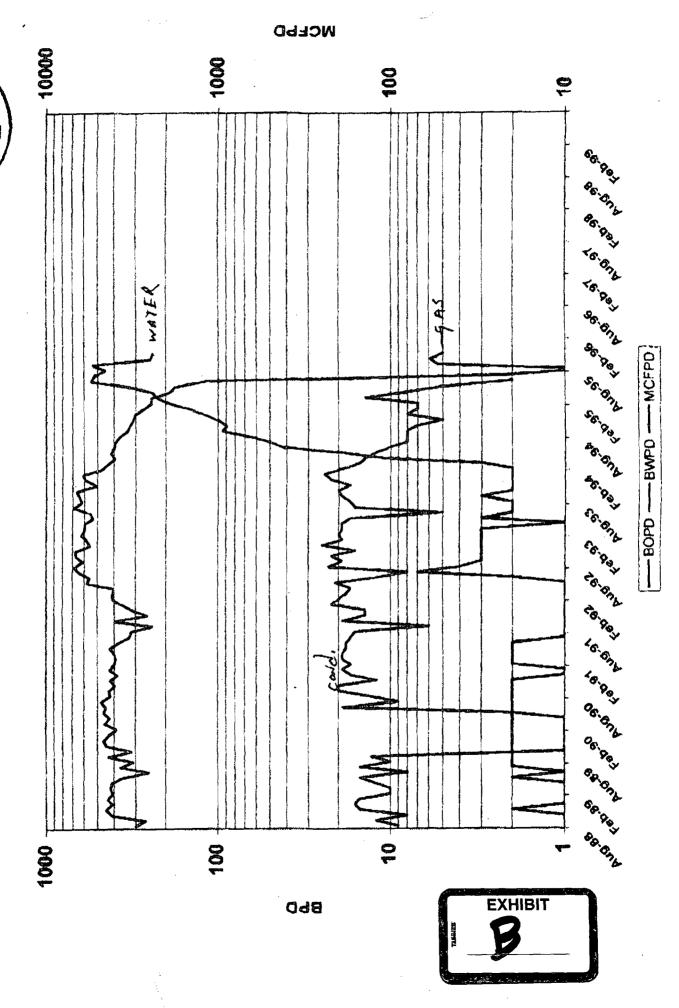
DISTRICT IV P.O. Box 2088, Santa Fe, NM 87504-2088

1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACDEACE DEDICATION DIAT

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	1	27	Bottom	Hole Lo	cation If Diff	erent From Sur	face		<u> </u>
UL or lot No.	Section	Township	Range	Lot ldn	Feet from the	North/South line	Feet from the	East/West line	County
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Dedicated Acres	s Joint o	r Infill Co	nsolidation	Code Or	der No.		-		
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West Indian Basin Unit #1



OCT-21-1999 14:15

104°38'00"W 104°37'00"W avestingienveesinging STRC Fig. 3-1 High Vicese et al 33-52 Lingaria Te Savier 2018: 45 MORTH IN MARATHON OIL COMPANY ORYX ENERGY WEST INDIAN BASIN 3 3 7440 Concho Resources inc Sections 17 & 20

T21S-R23E Eddy County, NM

TOTAL P.07





November 12, 1999

Sent Via Fax at 915/687-8431 & Certified Return Receipt Requested

Mr. John Kloosterman Marathon Oil Company PO Box 552 Midland. Texas 79702

RE: Request for Waiver of Objection

to Unorthodox Well Location due to Sidetrack or

Replacement Well

West Indian Basin Well No. 1 Sidetrack,

Surface Location 660' FSL &

1980' FWL of Section 17, T21S, R23E, N.M.P.M.,

Eddy County, New Mexico

Gentlemen:

Kerr-McGee Oil & Gas Onshore LLC (formerly Oryx Energy Company) requests offset working interest owner's approval of a non-standard Indian Basin, Upper Pennsylvanian Gas Pool location for the West Indian Basin Well No. 1 Sidetrack to be located at a surface location 660' FSL & 1980' FWL of Section 17, T21S, R23E, N.M.P.M., Eddy County, New Mexico. The bottom hole location will fall into a window within Section 17 such that it will be no closer than 1650' from the North, East and West outer boundary lines of Section 17 and no closer than 660' from the South outer boundary of Section 17. If Kerr-McGee is unsuccessful in its attempt to sidetrack the West Indian Basin Well No. 1 Sidetrack, the undersigned also waives objection to Kerr-McGee to drill a replacement well within 200' of the surface location of the West Indian Basin Well No. 1 Sidetrack, or as close thereto as reasonably possible due to topographical constraints or requirements by governmental agencies having jurisdiction, provided however. such replacement well will not be located closer than 660' to the South outer boundary line of Section 17. Pool rules for the Indian Basin, Upper Pennsylvanian Gas Pool require wells to be spaced no closer than 1650' from the outer boundaries nor closer than 330 feet from any governmental quarter-quarter section line or subdivision inner boundary. The proration unit for the proposed sidetrack will be a previously approved 640 acre standard proration unit consisting of Section 17, T21S, R23E, Eddy County, New Mexico.



Marathon Oil Company November 12, 1999 Page 2

Should you have no objection to this request for waiver, please sign and date this letter in the space provided below and return it to my attention at the address on this letterhead. Also, we would appreciate being furnished a copy via fax at 972/715-4012.

Thank you, and if you should have any questions, please feel free to call me at 972/715-4608.

Sincerely,

Kerr-McGee Ail & Gas Onshore LLC

Steve Foerster Landman

Marathon Oil Company waives objection to Kerr-McGee Oil & Gas Onshore LLC's request to drill the West Indian Basin Well No. 1 Sidetrack at a non-standard location in the Indian Basin, Upper Pennsylvanian Gas Pool at a surface location 660' FSL & 1980' FWL of Section 17, T21S, R23E, N.M.P.M., Eddy County, New Mexico. The bottom hole location will fall into a window within Section 17 such that it will be no closer to the than 1650' from the North, East and West outer boundary lines of Section 17 and no closer than 660' from the South outer boundary of Section 17. If Kerr-McGee is unsuccessful in its attempt to sidetrack the West Indian Basin Well No. 1 Sidetrack, the undersigned also waives objection to Kerr-McGee to drill a replacement well within 200' of the surface location of the West Indian Basin Well No. 1 Sidetrack, or as close thereto as reasonably possible due to topographical constraints or requirements by governmental agencies having jurisdiction, provided however, such replacement well will not be located closer than 660' to the South outer boundary line of Section 17.

Marathon Oil Company

Title Manager, Indian Basin Team

Date: November 17, 1999

JAMES BRUCE

ATTORNEY AT LAW

POST OFFICE BOX 1056 SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA SANTA FE, NEW MEXICO 87501

(505) 982-2043 (505) 982-2151 (FAX)

January 14, 2000

Hand Delivered

Michael E. Stogner Oil Conservation Division 2040 South Pacheco Street Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rules 104.C and 104.F, Kerr-McGee Oil & Gas Onshore LLC ("Kerr-McGee") applies for administrative approval of an unorthodox gas well location for the following well:

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The well is in the Indian Basin-Upper Pennsylvanian Gas Pool. Rules for the pool require 640 acre spacing, with wells to be no closer than 1650 feet to the section line nor closer than 330 feet to a quarter-quarter section line.

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As a result, Kerr-McGee seeks permission to drill the above replacement well. Attached as Exhibit A is an Application for Permit to Drill, together with a well location plat. (The well will not be directionally drilled.)

The proposed location is based upon engineering and geologic reasons. Attached as Exhibit B is a production plat of the No. 1 well from 1988 to mid-1996. Gas production was stable until water

production increased, at which time the well was shut in. Kerr-McGee believes there are still reserves which can be economically recovered from a well at the proposed location. The location is geologically favorable in the Cisco/Canyon dolomite based upon the initial potential of the well in 1963 (57,000 MCF/day), and the fact that it produced for over 30 years.

Attached as Exhibit C is a land plat of the area around the West Indian Basin Unit. The only affected offset is Marathon Oil Company ("Marathon"), in the S½ of Section 20 (Marathon recently acquired the interest of Concho Resources, Inc. in the SE½SE½ of Section 20). Marathon previously waived objection to the location for the No. 1 well, and to a replacement well, if necessary, so long as the replacement well is within 200 feet of the No. 1 well. Marathon's waiver letter is marked Exhibit D. As a result, Marathon was not notified of this application.

This application is submitted in duplicate. Please call me if you need anything further on this matter.

Very truly yours,

*J*ames Bruce

Attorney for Kerr-McGee Oil & Gas Onshore LLC

Form 31:00-3 (July 1992)

(This space for Federal or State office use)

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY

UNITED STATES

DEPARTMENT OF THE INTERIOR

SUBMIT IN TRIPLICATE* (Other instructions on reverse side)

FORM APPROVED OMB NO. 1004-0136

Expires: February 28, 1995

5. LEASE DESIGNATION AND SERIAL NO.

NM 07106

	RUPEALLO	F LAND MANA	GEMEN!	Τ		181 0.200
452	6. IF INDIAN, ALLOTTEE OR TRIBE NAME					
APP	LICATION FOR	PERMIT I	וואט ט	LL OH DEEP	EN	7. UNIT AGREEMENT NAME
14. TYPE OF WORK	RILL X	DEEPEN			:	WEST INDIAN BASIN UNIT
b. TYPE OF WELL					[]	8. FARM OR LEASE NAME, WELL NO.
OIL	GAS X OTHER		SIN 20	IGLE MULT		WEST INDAIN BASIN #1
2. NAME OF OPERATOR					i	UNIT "1
KERR-McGEE OIL 8	GAS ONSHORE LLC					9. API WELL NO.
3. ADDRESS AND TELEPHO						
P.O. Box 809004,	. Dallas, TX 75380) - 9004		(972)	715-4520	10. FIELD AND POOL, OR WILDCAT
At surface	port location clearly and in acc	ordance with any State r	requirements	.*)		INDIAN BASIN UPPER PENN
660' FSL & 2180'	FWL .					II. SEC., T., R., M., OR BLK.
At proposed prod. zone	· cu					AND SURVEY OR AREA
660' FSL & 2180'		COLUMN OR BOOK OFFICE		**************************************		SEC. 17, T 21S, R 23E
35 MILES NV	D DIRECTION FROM NEAREST 1 OF CARLSBAD	OWN OR POST OFFICE				12. COUNTY OR PARISH 13. STATE TX
 DISTANCE FROM PROPO LOCATION TO NEAREST 			16. NO. OF	ACRES IN LEASE	17. NO. OF	ACRES ASSIGNED
PROPERTY OR LEASE LI (Also to nearest drig, up	NE, FT.	50'		640	10 this	640
18. DISTANCE FROM PROPO	SED LOCATION*		19. PROPO	SED DEPTH	20. ROTARY	OR CABLE TOOLS
TO NEAREST WELL, DR OR APPLIED FOR, ON TH				7800'		ROTARY
21. ELEVATIONS (Show wh			/			22. APPROX. DATE WORK WILL START*
4032 GF	, , , , ,					01/31/00
	<u> </u>					01/31/00
23.		PROPOSED CASING	G AND CEM	IENTING PROGRAM		
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOO	OT	SETTING DEPTH		QUANTITY OF CEMENT
18 1/2"	16"	84 #	+/- 40'		1	D TO SURFACE
14 3/4"	9 5/8"	36#		1300'	1500 S	XS TO SURF
8 3/4"	7 "	23 & 26	#	7800	360 SX	S TO 4600'(WILL RUN TEMP SUR
SEE ATTACHED		If proposal is to deep	Den, giva dat	a on present productive z	one and propose	EXHIBIT and new productive zone. If proposal is to drill or
eepen directionally, give pe	rinent data on subsurface loca	tions and measured and	true vertical	depths. Give blowout pre	venter program	, if any.
SIGNED - STAN	my		TLE	TECHNICAL ANALY	YST	DATE 01-11-00

*See Instructions On Reverse Side

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to commet operations thereon.

TITLE

APPROVAL DATE

DATE -

DISTRICT I P.J. Box 1980, Hobbs, NM 88241-1980

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102 Revised February 10, 1994 Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

DISTRICT II P.O. Drawer ED, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION

DISTRICT III 1000 Rio Brazos Rd., Astec, NM 87410

P.O. Box 2088 Santa Fe, New Mexico 87504-2088

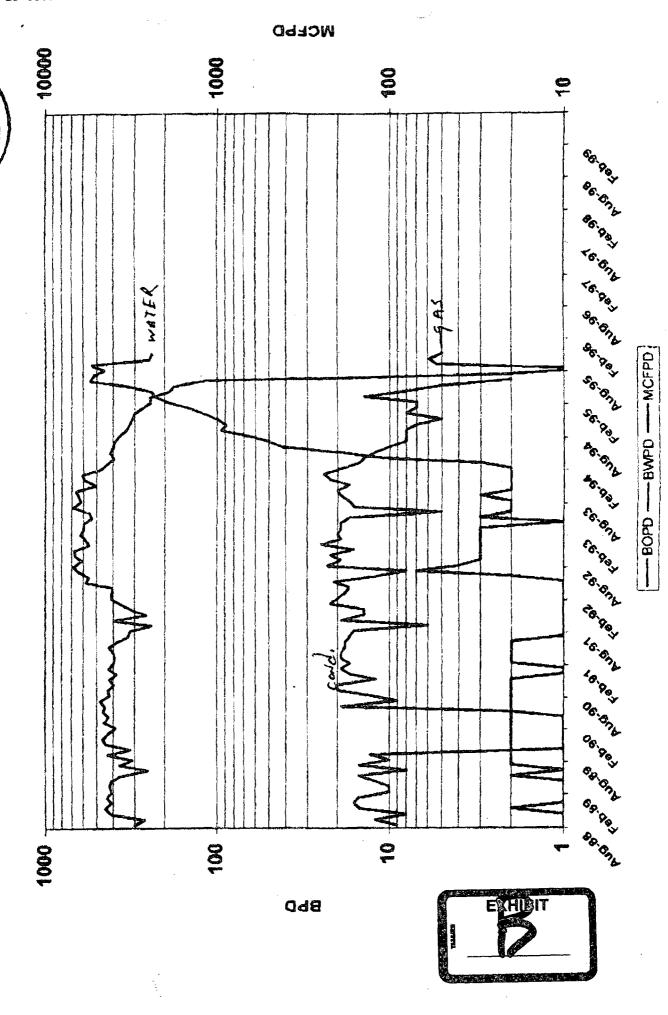
☐ AMENDED REPORT

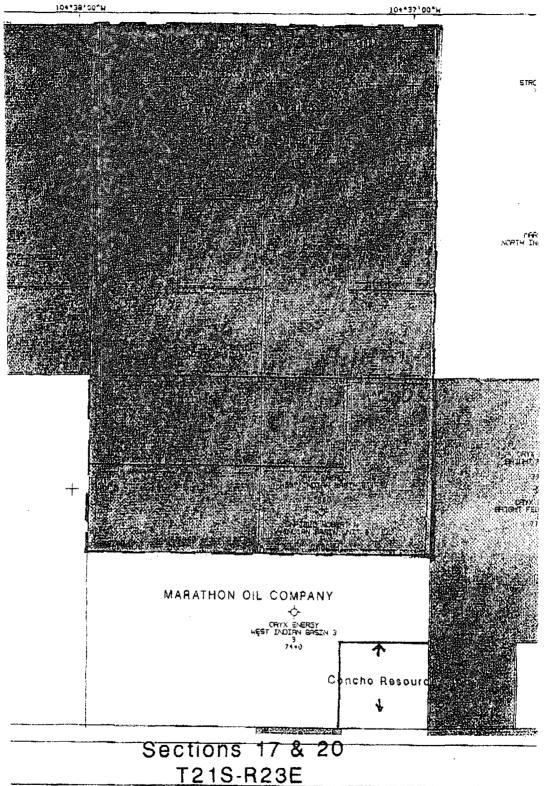
DISTRICT IV

API	Number			Pool Code			Pool Name		
Property (Code			Wi	Property Nazi			Well Num	iber
ogrid n	a.			KEI	Operator Nam			Elevatio 4032	_
					Surface Loc	ation			
UL or lot No.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
Ν	17	21 S	23 E		660	SOUTH	2180	WEST	EDDY
			Bottom	Hole Loc	cation If Diffe	rent From Sur	face		
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acre	s Joint	or Infill Co	pselidation (Code Or	der No.				L.,,
	<u>l</u>	OR A !	NON-STAN	DARD UN	IIT HAS BEEN	APPROVED BY	THE DIVISION		
							OPERATO	OR CERTIFICAT	rion

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. Stephen Printed Name SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was picted from field notes of actual surveys made by me or under my supervison, and that the same is true and correct to the best of my belief. APRIL 1, 1999 Son Pandy E OC JLP 4027.9 21801 99.**-**PROFESSION CON MCDONALD, 4027.7' 4033.2 3239 12641 12165

West Indian Basin Unit #1





T21S-R23E Eddy County, NM

TOTAL P.07





November 12, 1999

Sent Via Fax at 915/687-8431 & Certified Return Receipt Requested

Mr. John Kloosterman Marathon Oil Company PO Box 552 Midland, Texas 79702

RE:

Request for Waiver of Objection

to Unorthodox Well Location due to Sidetrack or

Replacement Well

West Indian Basin Well No. 1 Sidetrack,

Surface Location 660' FSL &

1980' FWL of Section 17, T21S, R23E, N.M.P.M.,

Eddy County, New Mexico

Gentlemen:

Kerr-McGee Oil & Gas Onshore LLC (formerly Oryx Energy Company) requests offset working interest owner's approval of a non-standard Indian Basin, Upper Pennsylvanian Gas Pool location for the West Indian Basin Well No. 1 Sidetrack to be located at a surface location 660' FSL & 1980' FWL of Section 17, T21S, R23E, N.M.P.M., Eddy County, New Mexico. The bottom hole location will fall into a window within Section 17 such that it will be no closer than 1650' from the North, East and West outer boundary lines of Section 17 and no closer than 660' from the South outer boundary of Section 17. If Kerr-McGee is unsuccessful in its attempt to sidetrack the West Indian Basin Well No. 1 Sidetrack, the undersigned also waives objection to Kerr-McGee to drill a replacement well within 200' of the surface location of the West Indian Basin Well No. 1 Sidetrack, or as close thereto as reasonably possible due to topographical constraints or requirements by governmental agencies having jurisdiction, provided however. such replacement well will not be located closer than 660' to the South outer boundary line of Section 17. Pool rules for the Indian Basin, Upper Pennsylvanian Gas Pool require wells to be spaced no closer than 1650' from the outer boundaries nor closer than 330 feet from any governmental quarter-quarter section line or subdivision inner boundary. The proration unit for the proposed sidetrack will be a previously approved 640 acre standard proration unit consisting of Section 17, T21S, R23E, Eddy County, New Mexico.



Marathon Oil Company November 12, 1999 Page 2

Should you have no objection to this request for waiver, please sign and date this letter in the space provided below and return it to my attention at the address on this letterhead. Also, we would appreciate being furnished a copy via fax at 972/715-4012.

Thank you, and if you should have any questions, please feel free to call me at 972/715-4608.

Sincerely,

Kerr-McGee Qil & Gas Onshore LLC

Steve Foerster Landman

Marathon Oil Company waives objection to Kerr-McGee Oil & Gas Onshore LLC's request to drill the West Indian Basin Well No. 1 Sidetrack at a non-standard location in the Indian Basin, Upper Pennsylvanian Gas Pool at a surface location 660' FSL & 1980' FWL of Section 17, T21S, R23E, N.M.P.M., Eddy County, New Mexico. The bottom hole location will fall into a window within Section 17 such that it will be no closer to the than 1650' from the North, East and West outer boundary lines of Section 17 and no closer than 660' from the South outer boundary of Section 17. If Kerr-McGee is unsuccessful in its attempt to sidetrack the West Indian Basin Well No. 1 Sidetrack, the undersigned also waives objection to Kerr-McGee to drill a replacement well within 200' of the surface location of the West Indian Basin Well No. 1 Sidetrack, or as close thereto as reasonably possible due to topographical constraints or requirements by governmental agencies having jurisdiction, provided however, such replacement well will not be located closer than 660' to the South outer boundary line of Section 17.

Marathon Oil Company

Title Manager, Indian Basin Team

Date: November 17, 1999