



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

October 16, 2001

Lori Wrotenbery

Director

Oil Conservation Division

Marathon Oil Company

P. O. Box 2490

Hobbs, New Mexico 88240

Attention: Thomas P. Kacir

TPKacir@MarathonOil.com

Administrative Order NSL-3203-B (SD)

Dear Mr. Kacir:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on August 15, 2001 (*application reference No. pKRV0-122754393*); (ii) the Division's initial response by letter dated August 30, 2001 from Mr. Michael E. Stogner, Engineer in Santa Fe; (iii) your response of September 6, 2001 with the required data attached to complete this application; and (iv) the Division's records in Santa Fe: all concerning Marathon Oil Company's ("Marathon") requests for an unorthodox Eumont infill gas well location within an existing non-standard 320.56-acre gas spacing and proration unit ("GPU") for the Eumont Gas Pool (76480) comprising the following described acreage in Lea County, New Mexico:

TOWNSHIP 19 SOUTH, RANGE 37 EAST, NMPM

Section 32: S/2 SW/4

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM

Section 5: Lots 3 and 4, S/2 NW/4, and N/2 SW/4.

The rules and procedures currently governing the Eumont Gas Pool include but are not necessarily limited to:

- (i) the "*Special Rules and Regulations for the Eumont Gas Pool*," as promulgated by Division Order No. R-8170, as amended;
- (ii) Division Rule 605.B;
- (iii) Division Rule 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;
- (iv) Rule 1207.A (2); and

(v) the amended Stipulated Declaratory Judgment of the First Judicial District Court in Santa Fe County, New Mexico issued on July 11, 2001 in Hartman vs. Oil Conservation Division, Cause No. D-0101-CV-9902927 ("Stipulated Declaratory Judgment").

By Division Order No. R-576, issued in Case No. 799 on February 9, 1955, this 320.56-acre GPU was initially established for the Bertha Barber Well No. 11 (**API No. 30-025-05916**), located 990 feet from the North line and 330 feet from the East line (Lot 4/Unit D) of Section 5.

By Division Administrative Order NSL-3203 (SD), dated November 30, 1992, the following described initial infill well at an unorthodox gas well location was approved for this GPU:

~~Bertha Barber Well No. 4 (API No. 30-025-05909), located 1980~~
feet from the South and West lines (Unit K) of Section 5.

~~By Division Administrative Order NSL-3203-A (SD), dated December 29, 1992, a~~
second infill well for this GPU, the Bertha Barber Well No. 6 (**API No. 30-025-05911**), located at an unorthodox gas well location 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 5 was approved.

As referenced by Division correspondence dated February 3, 1994 entitled "Administrative Order SD-94-1" the Division acknowledged the addition of the following two wells to this 320.56-acre GPU:

(1) Bertha Barber Well No. 8 (**API No. 30-025-05913**), located at a standard infill gas well location for this GPU 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 5; and

(2) Bertha Barber Well No. 13 (**API No. 30-025-32384**), also located at a standard infill gas well location for this GPU 330 feet from the South line and 1980 feet from the West line (Unit N) of Section 32.

The most recent correspondence from the Division to address this GPU and the number of wells simultaneously dedicated to it was "Administrative Order SD-94-1.1", dated November 10, 1994, which acknowledged the addition of the following two described wells:

(1) Bertha Barber Well No. 14 (**API No. 30-025-32385**), located at a standard infill gas well location for this GPU 330 feet

from the South line and 730 feet from the West line (Unit M) of Section 32; and

(2) Bertha Barber Well No. 15 (**API No. 30-025-32532**), located at a standard infill gas well location for this GPU 990 feet from the North line and 1980 feet from the West line (Lot 3/Unit C) of Section 5.

From your application, it is our understanding that the above-described Bertha Barber Well No. 6, which was the subject of Division Administrative Order NSL-3203-A (SD), was plugged and abandoned in March, 1999 and should therefore be omitted from this GPU.

It is further understood that the subject well to be considered at this time is currently completed in the Monument-Blinbry Pool at a standard oil well location within a standard 40-acre oil spacing and proration unit comprising the NW/4 SW/4 (Unit L) of Section 5; however, it is to be plugged back and recompleted up-hole into the Eumont Gas Pool upon issuance of this order. Pursuant to Rule 2 (b) 4 of the Eumont special pool rules, this location is considered to be unorthodox for the subject 320.56-acre GPU.

By the authority granted me under the provisions of these rules, regulations, and directives, the following described well, located at an unorthodox Eumont gas well location in Section 5, is hereby approved:

Bertha Barber Well No. 10
1980' FSL & 560' FWL (Unit L)
(API No. 30-025-05915).

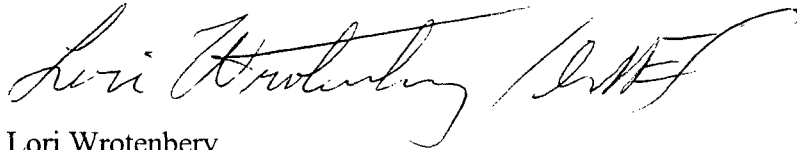
Also, Marathon is hereby authorized to simultaneously dedicate Eumont gas production from the Bertha Barber Well No. 10 with the existing Bertha Barber Wells No. 4, 8, 11, 13, 14, and 15. Furthermore, Marathon is permitted to produce the allowable assigned the subject 320.56-acre GPU from all seven wells in any proportion

It is further ordered that Division Administrative Order NSL-3203-A (SD) is hereby rescinded at this time and that all provisions applicable to the subject GPU in Division Administrative Orders NSL-3203 (SD), SD-94-1, and SD-94-1.1, not in conflict with this order, shall remain in full force and affect until further notice.

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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 black ink, 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 - Hobbs
File: NSL-3203 (SD),
NSL-3203-A (SD)
SD-94-1
SD-94-1.1