



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 552
Midland, Texas 79702-0552
Attention: Tim Chase
TChase@MarathonOil.com

Administrative Order NSL-4653 (SD)

Dear Mr. Chase:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on September 14, 2001 (*application reference No. pKRV0-126054240*); and (ii) the records of the Division in Santa Fe, including the files in Division Case No. 752 and on Division Administrative Orders SD-94-2 and SD-94-2.1: all concerning Marathon Oil Company's ("Marathon") requests for an unorthodox Eumont infill gas well location within an existing non-standard 160-acre gas spacing and proration unit ("GPU") in the Eumont Gas Pool (76480) comprising the S/2 N/2 of Section 9, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico.

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-577, issued in Case No. 752 on October 4, 1954, as amended by

Division Order No. R-527-A on November 26, 1954, this 160-acre GPU was initially established for the W. H. Laughlin Well No. 3 (**API No. 30-025-06036**), located at a standard gas well location for this GPU 1980 feet from the North and East lines (Unit G) of Section 9.

As referenced by Division correspondence dated February 4, 1994 entitled "Administrative Order SD-94-2" the Division acknowledged the addition of the following described initial infill well at a standard gas well location for this GPU:

W. H. Laughlin Well No. 5 (**API No. 30-025-32380**, located 1980 feet from the North line and 710 feet from the East line (Unit H) of Section 9.

The most recent correspondence from the Division to address this GPU and the number of wells simultaneously dedicated to it was "Administrative Order SD-94-2.1", dated November 10, 1994, which acknowledged the addition of the W. H. Laughlin Well No. 6 (**API No. 30-025-32465**), located at a standard infill gas well location for this GPU 1980 feet from the North line and 2250 feet from the West line (Unit F) of Section 9.

It is our understanding that the subject well to be considered at this time is currently completed in the Monument-Tubb Pool at a standard oil well location within a standard 80-acre lay-down oil spacing and proration unit comprising the S/2 NW/4 of Section 9; 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 160-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 infill gas well location in Section 9, is hereby approved:

W. H. Laughlin Well No. 7
2310' FNL & 940' FWL (Unit E)
(API No. 30-025-33141).

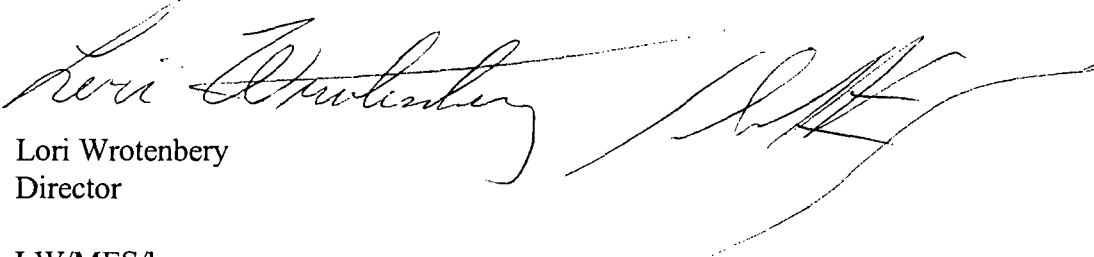
Also, Marathon is hereby authorized to simultaneously dedicate Eumont gas production from the W. H. Laughlin Wells No. 3, 5, 6, and 7. Furthermore, Marathon is permitted to produce the allowable assigned the subject 160-acre GPU from all four wells in any proportion

It is further ordered that all provisions applicable to the subject GPU in Division Orders No. R-527 and R-527-A and Division Administrative Orders SD-94-2 and SD-94-2.1, not in conflict with this order, shall remain in full force and affect until further notice.

Administrative Order NSL-4653(SD)
Marathon Oil Company
October 16, 2001
Page 3

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 cursive script, appearing to read "Lori Wrotenbery", followed by a long, sweeping horizontal line that extends to the right.

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
File: SD-94-2
SD-94-2.1 /