



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

November 1, 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 SD-01-08

Dear Mr. Chase:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on October 12, 2001 (*application reference No. pKRV0-128837693*); and (ii) the records of the Division in Santa Fe, including the files on Division Administrative Orders NSP-36, SD-94-3, and SD-94-3.1: all concerning Marathon Oil Company's ("Marathon") request for a fourth Eumont gas well within an existing 160-acre non-standard gas spacing and proration unit ("GPU") comprising the SE/4 of Section 30, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico, which was approved by Division Administrative Order NSP-36, dated December 15, 1954.

The rules and procedures currently governing the Eumont Gas Pool (76480) 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 the authority granted me under the provisions of these rules, regulations, and directives, Marathon is hereby authorized to simultaneously dedicate gas production from the Eumont Gas Pool to the above-described 160-acre GPU from the following four wells:

- (1) its existing Elliott State Well No. 4 (API No. 30-025-05756, located at a standard gas well location for this GPU 660 feet from the

South and East lines (Unit P) of Section 30, which well was also the subject of Division Administrative Order NSP-36;

(2) its existing Elliott State Well No. 6 (**API No. 30-025-32381**), located at a standard infill gas well location for this GPU 1740 feet from the South line and 1980 feet from the East line (Unit A) of Section 30, which was the subject of Division Administrative Order SD-94-3, dated February 4, 1994;

(3) its existing Elliott State Well No. 7 (**API No. 30-025-32708**), located at a standard infill gas well location for this GPU 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 30, which was the subject of Division Administrative Order SD-94-3.1, dated November 11, 1994; and

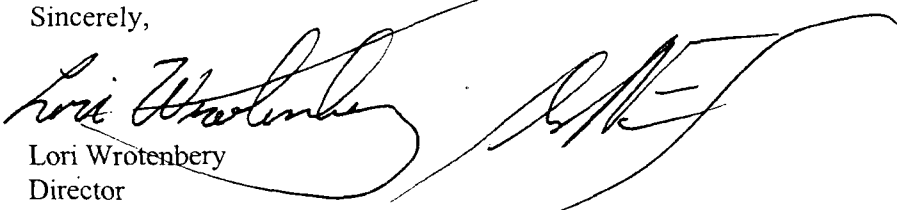
(4) its proposed Elliott State Well No. 8 to be drilled at a standard infill gas well location for this GPU 1650 feet from the South line and 660 feet from the East line (Unit I) of Section 30.

Marathon is hereby authorized to simultaneously dedicate Eumont gas production from its proposed Elliott State Well No. 8 with the existing Elliott State Wells No. 4, 6, and 7. Furthermore, Marathon is hereby permitted to produce the allowable assigned the subject 160-acre GPU from all four wells in any proportion

All provisions applicable to the subject GPU in Division Administrative Orders NSP-36, SD-94-3, and SD-94-3.1, not in conflict with this order, shall remain in full force and affect until further notice.

Jurisdiction of this matter shall be further retained for the entry of any such subsequent orders, as the Division may deem necessary.

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
File: NSP-36
SD-94-3
SD-94-3.1 ✓