



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

February 14, 2001

Lori Wrotenbery

Director

Oil Conservation Division

**Marathon Oil Company
P. O. Box 552
Midland, Texas 79702-0552
Attention: Jerry Fletcher**

Administrative Order NSL-4554

Dear Mr. Fletcher:

Reference is made to the following: (i) your application dated January 18, 2001; and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Marathon Oil Company's ("Marathon") 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 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.

The W/2 of Section 16, Township 21 South, Range 24 East, NMPM, Eddy County, New Mexico is to be dedicated to Marathon's proposed well in order to form a standard 320-acre stand-up spacing and proration unit for the Undesignated Indian Basin-Upper Pennsylvanian Associated Pool.

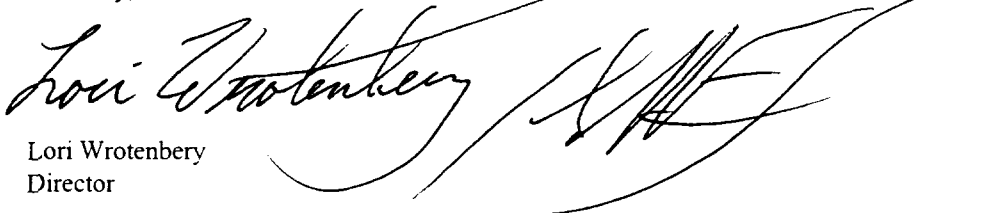
This application has been duly filed under the provisions of Division Rule 104.F and Rule 2 (c) of the Division's associated pool rules.

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 to be drilled at an unorthodox location within the W/2 of Section 16 is hereby approved:

**Indian Hills Unit Well No. 32
1293' FSL & 660' FWL (Unit M)
(API No. 30-015-31591)**

Further, the aforementioned well and spacing unit will be subject to all existing rules, regulations, policies, and procedures applicable to the Indian Basin-Upper Pennsylvanian Associated Pool.

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
New Mexico State Land Office - Santa Fe