



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

November 29, 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-4669 (SD)

Dear Mr. Chase:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") as incomplete on October 15, 2001 (*application reference No. pKRV0-129038857*); (ii) the Division's initial response by letter from Mr. Michael E. Stogner, Hearing Officer/Engineer in Santa Fe, dated October 29, 2001; (iii) Marathon's response by telefax on November 1, 2001; (iv) Mr. Stogner's second letter dated November 2, 2001 for additional information; (v) your telefaxed response of November 9, 2001 with the additional information that serves to complete your application; and (vi) the records of the Division in Santa Fe, including the files on Division Administrative Orders NSP-349 and SD-94-6: all concerning Marathon Oil Company's ("Marathon") requests for an unorthodox Eumont infill gas well location within an existing non-standard 80.24-acre gas spacing and proration unit ("GPU") in the Eumont Gas Pool (76480) comprising Lots 3 and 4 (N/2 NW/4 equivalent) of Section 1, Township 22 South, Range 36 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 Administrative Order NSP-349, dated February 13, 1957, this 80.24-acre GPU was initially established for Marathon's C. J. Saunders Well No. 1 (**API No. 30-025-08732**), located at a standard gas well location for this GPU 660 feet from the North line and 1980 feet from the West line (Lot 3/Unit C) of Section 1.

As referenced by Division correspondence dated November 10, 1994 entitled "Administrative Order SD-94-6" the Division acknowledged the addition of the following described initial infill well at a standard gas well location for this GPU:

C. J. Saunders Well No. 4 (**API No. 30-025-32692**, located 660 feet from the North line and 960 feet from the West line (Lot 4/Unit D) of Section 1.

It is our understanding that the subject well to be considered at this time was initially drilled and completed by Marathon in 1979 as a Drinkard oil well at a standard oil well within a standard 40.10-acre oil spacing and proration unit comprising (Lot 3/Unit C) of Section 1; however, this well has been temporarily abandoned since 1993. It is further understood that Marathon, upon issuance of this order, intends to recomplete this well into the Eumont Gas Pool. Pursuant to Rule 2 (b) 4 of the Eumont special pool rules, this location is considered to be unorthodox for the subject 80.24-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 1, is hereby approved:

C. J. Saunders Well No. 3
430' FNL & 2307' FWL (Lot 3/Unit C)
(API No. 30-025-26126)

Also, Marathon is hereby authorized to simultaneously dedicate Eumont gas production from the C. J. Saunders Wells No. 1, 3, and 4. Furthermore, Marathon is permitted to produce the allowable assigned the subject 80.24-acre GPU from all three wells in any proportion

It is further ordered that all provisions applicable to the subject GPU in Division Administrative Orders NSP-349 and SD-94-6, 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

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orders, as the Division may deem necessary.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery", followed by a date "12/1/01" and a stylized flourish.

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad
File: SD-94-6 /
NSP-349