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February 8, 1996

Mr. William J. LeMay  
Oil Conservation Division  
Energy, Minerals and Natural Resources Dept.  
2040 South Pacheco  
Santa Fe, New Mexico 87505

Re: Prorated Gas Allowable for April 1996 through September 1996 Period  
Indian Basin Upper Penn Pool  
Eddy County, New Mexico

Dear Mr. LeMay:

Marathon Oil Company operates fifteen active gas wells and owns a working interest in nine other wells in the Indian Basin Upper Penn Pool. Although Marathon does not intend to present testimony at the February 15 hearing, we support the Oil Conservation Division's proposed non-marginal well allowable rate of 200,000 MCF per month as set forth in your preliminary market demand and allowable determination schedule.

Marathon has made significant investments for production equipment and development work to maximize production capacity from the Indian Basin Upper Penn wells. The allowable of 200,000 MCF per month will allow us to continue making investments to maximize recovery from the field. In addition, we recognize that the proposed allowable is a continuation of the Commissions' findings during the prior seven proration periods. We believe maintaining this allowable rate will permit equitable sharing of gas produced between the owners in the pool based on current well deliverabilities.

Sincerely yours,

A handwritten signature in cursive script, appearing to read 'R. A. Biernbaum'.

R. A. Biernbaum  
Project Manager  
Indian Basin Asset Team

sx: Chevron USA (Michelle L. LeVan)  
Oryx Energy Company (Mark A. Peavy)  
Texaco E&P (Kirk Spilman)

RAB.DGP/OCD/lk