

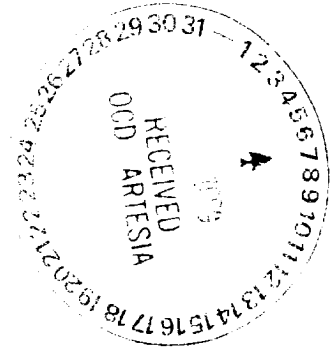
Midcontinent Region
Production United States



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

May 4, 1999

Energy, Minerals and Natural Resources Department
Oil Conservation Division
811 South First Street
Artesia, New Mexico
Attention Mr. Tim Gum



Re: North Indian Basin Unit # 4
SHL : 1650' FSL & 1651' FEL
BHL: 700' FNL & 1650' FEL
Section 16, T-21-S, R-23-E
Eddy County, New Mexico

Dear Mr. Gum,


Marathon proposes to re-enter and horizontally drill the above referenced well to the Indian Basin Upper Pennsylvanian, Gas formation as per the attached horizontal proposal and well procedure. The Indian Basin upper Pennsylvanian Gas Pool requires standard 640-acre spacing and proration units with wells to be located no closer than 1650 feet from the outer boundary of the GPU nor closer than 330 feet from any governmental quarter-quarter section boundary. The proposed Bottom Hole Location falls within the 1650' outer boundary of section 16. There are no affected offset operators to this proposed horizontal drilling. To the North of the BHL, Section 9, T-21-S, R-23-E falls within Marathon's North Indian Basin Unit.

This well shall have a project area comprising the East/2 of Section 16 and Section 9, T-21-S, R-23-E. All parts of the producing area fall within the project area.

Marathon requests approval to re-enter and horizontally drill to a non-standard BHL in the Indian Basin Upper Pennsylvanian Gas Pool as there are no affected offset operators to this proposed project.

Should anything additional be required, please contact me at (800) 351-1417.

Very truly yours,


Walter Dueease