

be subject to the same pool rules so that any oil and its associated gas produced from those lands will be subject to the same special rules and regulations. Further, the W/2's of said Sections 3, 10 and 15 should continue to be subject to the same pool rules as apply in Indian Basin-Upper Pennsylvanian Gas Pool.

(11) Marathon presented production data from Sections 15 and 10 which demonstrate that the gas wells currently dedicated to the Indian Basin-Upper Pennsylvanian Gas Pool are all marginal and therefore the approval of 320-acre non-standard units for the W/2's of each of those sections will not result in any overproduction being attributable to any GPU.

(12) Marathon presented production data from said Section 3 which demonstrate that the existing 640-acre, more or less, GPU consisting of all of Section 3 and dedicated to the Indian Basin-Upper Pennsylvanian Gas Pool became non-marginal as of February, 1996 and is currently overproduced.

(13) Therefore, Marathon, in accordance with the provisions of Rule (14)(b) of the General Rules for the "*General Rules and Regulations for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Gas Pool*," as promulgated by Division Order No. R-8170, as amended, seeks the approval of a 320.32-acre non-standard GPU for the W/2 equivalent of said Section 3 to be dedicated to the above-described North Indian Basin Unit Gas Com Well No. 3 located in Unit "K" of said Section 3, which should also be reclassified from marginal to non-marginal effective as of December, 1995 and for the reinstatement of canceled underproduction for the gas proration periods ending March 31, 1996 and 1997 such that said GPU as of July 31, 1997 will be 340,625 MMCF underproduced in relation to the established allowable for a 320-acre, more or less, non-standard GPU.

(14) Marathon demonstrated that prior to November, 1995, the North Indian Basin Unit Gas Com Well No. 3 was not capable of producing the non-marginal allowable for a 320-acre non-standard GPU but after it was recompleted on the 13th day of November 1995, its productive capacity was substantially improved and it had the capacity to produce a 320-acre non standard GPU non-marginal allowable but did not only because of gas plant capacity constraints.

(15) Approval of this request made pursuant to Rule No. (14)(b) of Division Order R-8170, as amended, will not cause waste and will not violate correlative rights and should be approved as requested.

(16) Underproduction in the amount of 932,314 MMCF shall be credited against