



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

September 4, 2001

Lori Wrotenberg

Director

Oil Conservation Division

Marathon Oil Company
c/o W. Thomas Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504-2265



Administrative Order NSL-4638 (SD)

Dear Mr. Kellahin:

Reference is made to the following: (i) your application dated August 15, 2001; and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Marathon Oil Company's ("Marathon") belated 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 New Mexico Oil Conservation Division ("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, for an unorthodox location within an existing 320-acre lay-down spacing and proration unit comprising the N/2 of Section 28, Township 21 South, Range 24 East, NMPM, Eddy County, New Mexico.

This unit is currently simultaneously dedicated to Marathon's: (i) Indian Hills Unit Well No. 10 (API No. 30-015-30571), located at an unorthodox location 2080 feet from the North line and 660 feet from the West line (Unit E) of Section 28; and (ii) Indian Hills Unit Well No. 17 (API No. 30-015-30661), located at a standard location 660 feet from the North line and 2220 feet from the East line (Unit B) of Section 28.

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A PHOTO COPY
FOR THIS WELL

The subject 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 above-described unorthodox gas well location for the Indian Hills Unit Well No. 10 is hereby approved.

Marathon is hereby authorized to simultaneously dedicate production attributed to the Indian Basin-Upper Pennsylvanian Associated Pool from both the existing Indian Hills Unit Wells No. 10 and 17. Furthermore, Marathon is permitted to continue producing the allowable assigned the subject 320-acre spacing and proration unit from both wells in any proportion.

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Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery", followed by a large, stylized flourish or initial.

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia /
U. S. Bureau of Land Management - Carlsbad
U. S. Bureau of Land Management - Roswell