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April 10, 2000

New Mexico Energy, Minerals, and Natural Resources Department
Oil Conservation Division District II
811 South First Street
Artesia, New Mexico 88210
Attention: Mr. Tim Gum

Re: Indian Hills Unit # 22

Dear Mr. Gum,

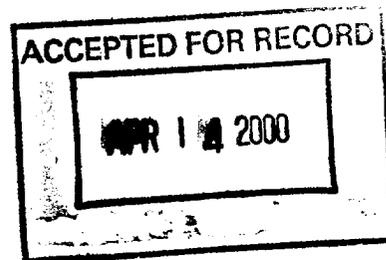
Marathon Oil Company has applied for a Federal Permit to Drill for its Indian Hills Unit #22 with a proposed SHL of 1691' FNL & 10' FWL, BHL 1200' FNL & 660' FWL, Section 33, T-21-S, R-24-E, Eddy County, New Mexico. The proposed well is an Indian Basin Upper Pennsylvanian-Associated test that will consist of a 320 acre, west half, proration unit. The proposed well shall have a producing interval entirely within the producing area of the west-half of Section 33. The surface hole location was selected out of consideration to the BLM's visual resource management and cut and fill requirements of the East Indian Basin Environmental Assessment. The proposed SHL will cause less surface damage and visual impairment to the aesthetic concerns of the nearby Scenic By-Way, NM 137.

Marathon Oil Company respectfully requests District approval under New Mexico Oil Conservation Division rule 111.C to drill the aforementioned well to a standard bottom hole location. Please note the attached C-102, topographic map and directional drilling program describing our intent.

Should you have any questions regarding this proposal, please contact me at (800) 351-1417.

Yours truly,


Jerry Fletcher



(ORIG. SGD.) GARY GOURLEY