Form 3160-3
(July 1992)

Berry

SUBMIT IN TRIPLI
(Other instructions reverse side)

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N.M. Oil Cons. Division
811 S. 1st Street
Artesia, NM 88210

RECEIVED
APR 2001
OCD - ARTESIA

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK: DRILL ☐ DEEPEN ☐

b. TYPE OF WELL: OIL WELL ☐ GAS WELL [X] OTHER — SINGLE ZONE [X] MULTIPLE ZONE ☐

2. NAME OF OPERATOR
Marathon Oil Company

3. ADDRESS AND TELEPHONE NO.
P.O. Box 552 Midland, TX 79702 915-687-8357

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface
218' FSL & 660' FEL U.L. "P" (Sec. 16) REVISED PROPOSED
At proposed prod. zone
946' FNL & 1975' FEL U.L. "B" (Sec.21) & BOTTOM HOLE LOCATION

5. LEASE DESIGNATION AND SERIAL NO.
NM-07260

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
N/A

7. UNIT AGREEMENT NAME
Indian Hills Unit

8. FARM OR LEASE NAME, WELL NO.
Indian Hills Unit #28

9. API WELL NO.
30-015-31267

10. FIELD AND POOL, OR WILDCAT
Indian Basin Upper Penn. Assoc

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
Sec. 16, T-21-S R-24-E

12. COUNTY OR PARISH: Eddy
13. STATE: N.M.

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
15 miles NW of Carlsbad

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)	16. NO. OF ACRES IN LEASE	17. NO. OF ACRES ASSIGNED TO THIS WELL
660'	320 E/2	320
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	**19. PROPOSED DEPTH**	**20. ROTARY OR CABLE TOOLS**
3722'	8800'	Rotary

21. ELEVATIONS (Show whether DF,RT, GR, etc.)
4014 G.L.

22. APPROX. DATE WORK WILL START*
Completed

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17.50"	13-3/8" K-55	54.50#	1800'	500 sks.
12.25"	9-5/8" L-80	43.50# & 40.0#	8800'	2085 sks.

Marathon Oil Company drilled this well w/ only a State permit. This is a follow up APD.

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.
SIGNED [signature] TITLE Engineer Tech. DATE 7/24/01

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY /s/ LESLIE A. THEISS TITLE FIELD MANAGER DATE APR 10 2002

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

APPROVAL FOR 1 YEAR

Form 3160-5
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OPERATOR'S COPY

FORM APPROVED
OMB NO. 1004-0135
Expires: November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

5. Lease Serial No.
NM 07260

6. If Indian, Allottee or Tribe Name
N/A

7. If Unit or CA/Agreement, Name and/or N
Indian Hills Unit

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

8. Well Name and No.
Indian Hills Unit 28

2. Name of Operator
Marathon Oil Company

9. API Well No.
30-015-31267

3a. Address
P.O. Box 552 Midland, TX 79702

3b. Phone No. (*include area code*)
915-687-8357

10. Field and Pool, or Exploratory Area
Indian Basin U. Penn Assoc.

4. Location of Well (*Footage, Sec., T., R., M., or Survey Description*)
SHL @ Sec. 16, T-21-S, R-24-E 218' FSL & 660' FEL U.L. "P"
BHL @ Sec. 21, T-21-S, R-24-E 946' FNL & 1975'FEL U.L. "B"

11. County or Parish, State
Eddy N.M.

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
☐ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☒ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☐ Other
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

Please see attached Subsequent Report on Form 3160-5.

The SHL was drilled on State Trust Land and Directional BHL is in Federal Minerals.

Please reference attached C-102 for Bottom Hole Location Data.

Directional survey is attached identifying Penetration point and producing Area.

C-103 Form has been sent to the State and approved.

Remember to Submit Completion Report
Completion/Testing 14 1st Production DATE.

ACCEPTED FOR RECORD
DEC 08 2000
(ORIG. SGD.) GARY GOURLEY
BLM

14. I hereby certify that the foregoing is true and correct
Name (*Printed/Typed*)
Jerry Fletcher

Title
Engineer Tech.

Jerry Fletcher

Date 12-01-00

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Title	Date
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.	Office	

Title 18 U.S.C. Section 1001, and Title 43 U.S.C. Section 1212, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Indian Hills Unit # 28
SHL @ 218' FSL & 660' FEL U.L. "P"
Sec. 16, T-21-S, R-24-E
BHL @ 946' FNL & 1975' FEL
Sec. 21, T-21-S, R-24-E U.L. "B"
API # 30-015-31267
Eddy Co. N.M.

Drill and set 40' 20" conductor pipe cement to surface. Nipple up rotating head, P.U. BHA. Alert OCD @ 9:15 AM CST. Air drill f/ 72' to 1637. Air mist drill f/ 1637' to 1804' w/ air. T.D. surface hole.R.u csg. crew, ran 40 jts. 13-3/8" 54.50# csg. to 1784'. R.U. HES pummp 10- bbls. Water spacer 100 sks. Diamond seal, 100 sks. Premium plus thix w/ 1% com. A .25% Com B 2% cacl2, .5# Fo. And 5# gilsonite.
Tailed with 300 sks. Premium Plusw/ 2% cacl2. Circ. 60 sks. diamond seal and 20 sks.good cement to pit.
WOC 18- hrs. Test csg, to 1000# OK. Drill out float and cement in shoe joint. Drill from 1804' to 3800'.
Pick up MWD & BHA Orient motor slide drill 3800' to 7977.' Circ. And survey @ 7977'.TIH w/ new bit & new BHA. Drill from 7977' to to 8052 w/ 60 bph loss. Drill f/ 8052' to 8870, pump 90 bbl sweep & circ. TOH w/ BHA, R.U Schlumberger run Platform Express w/ HRLA & NGT, FMI, from 8806 T.D. to surface. R.U. Rogers csg. crew, ran float shoe, 1-jt, float collar 32 jts.9-5/8" csg, 43.50# L-80 and 9-5/8" 40# K-55. Set ECP-DV @ 7414-7427. Ran casing to 8870'. Cement casing in 2- stages.
First stage: Pump 100000 scf N2 725 sks. Premium cmt. w/ 150 scf/ bbland 1% Zone sealant. Set ECP w/ 3100#, dropped bomb, open D.V. tool. Circ. Nitrogen and 75 sks. cmt to pit.
Second stage w/ 1360 sks. Interfill"C" w/ additives followed by 225 sks. Prem,ium Class "H" cmt.
Circ. 180 sks to pit. N.D. BOP, set csg. slips.W.O.C. 12- hrs. TIH w/ 8-1/2" bit, drill cmt and wiper plug. Pressur test casing to 1000# O.K. Washed/ drilled cmt. to float collar and circulated. T.O.H. w/ bit laying dn. Drill pipe. N.D. BOP stack, Release rig 311 @ 12:00 Noon 11/02/00.

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
		Indian Basin Upper Penn. Assoc.

Property Code	Property Name	Well Number
	INDIAN HILLS UNIT	28

OGRID No.	Operator Name	Elevation
14021	MARATHON OIL COMPANY	4014

Surface Location

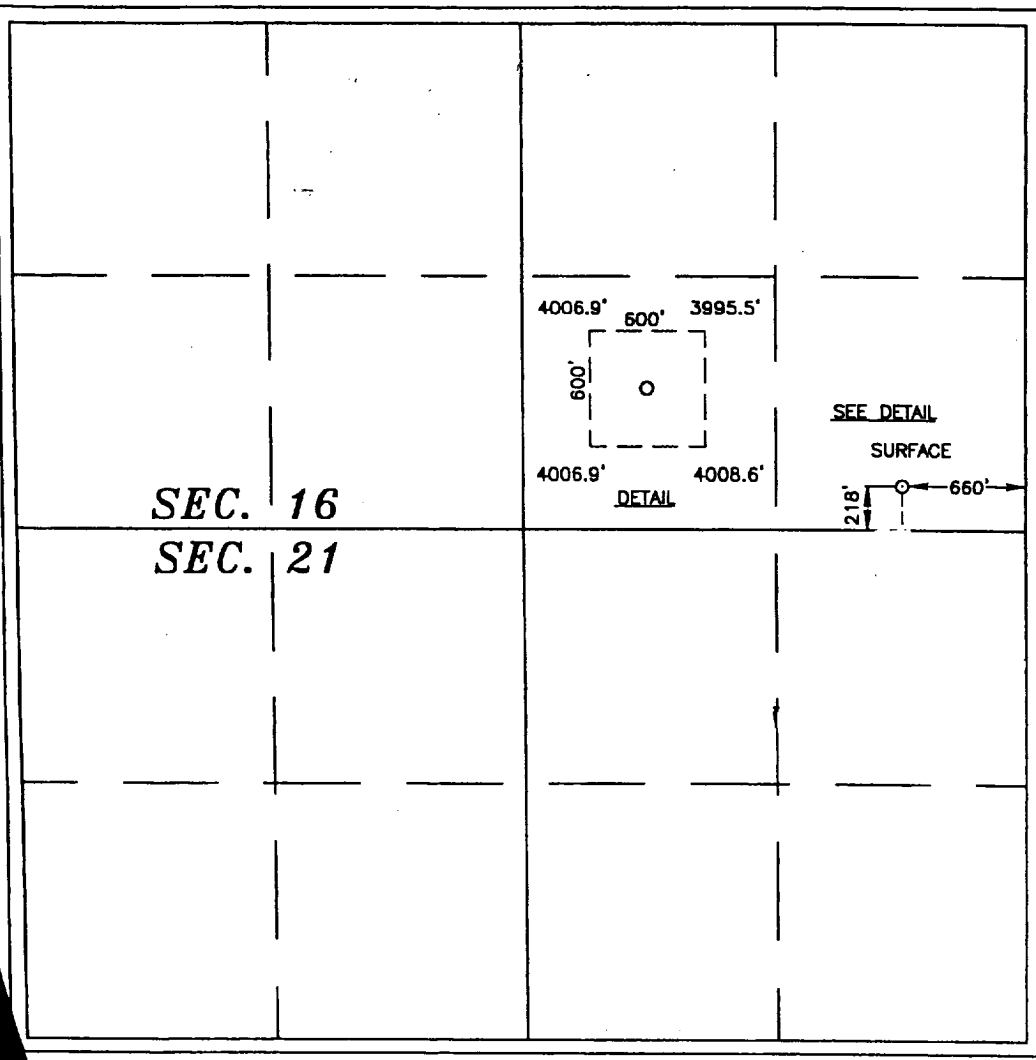
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	16	21 S	24 E		218	SOUTH	660	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	21	21 S	24 E		946	NORTH	1975	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320 E/2			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Signature

Jerry Fletcher
Printed Name

Engineer Tech.
Title

7/24/01
Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervison, and that the same is true and correct to the best of my belief.

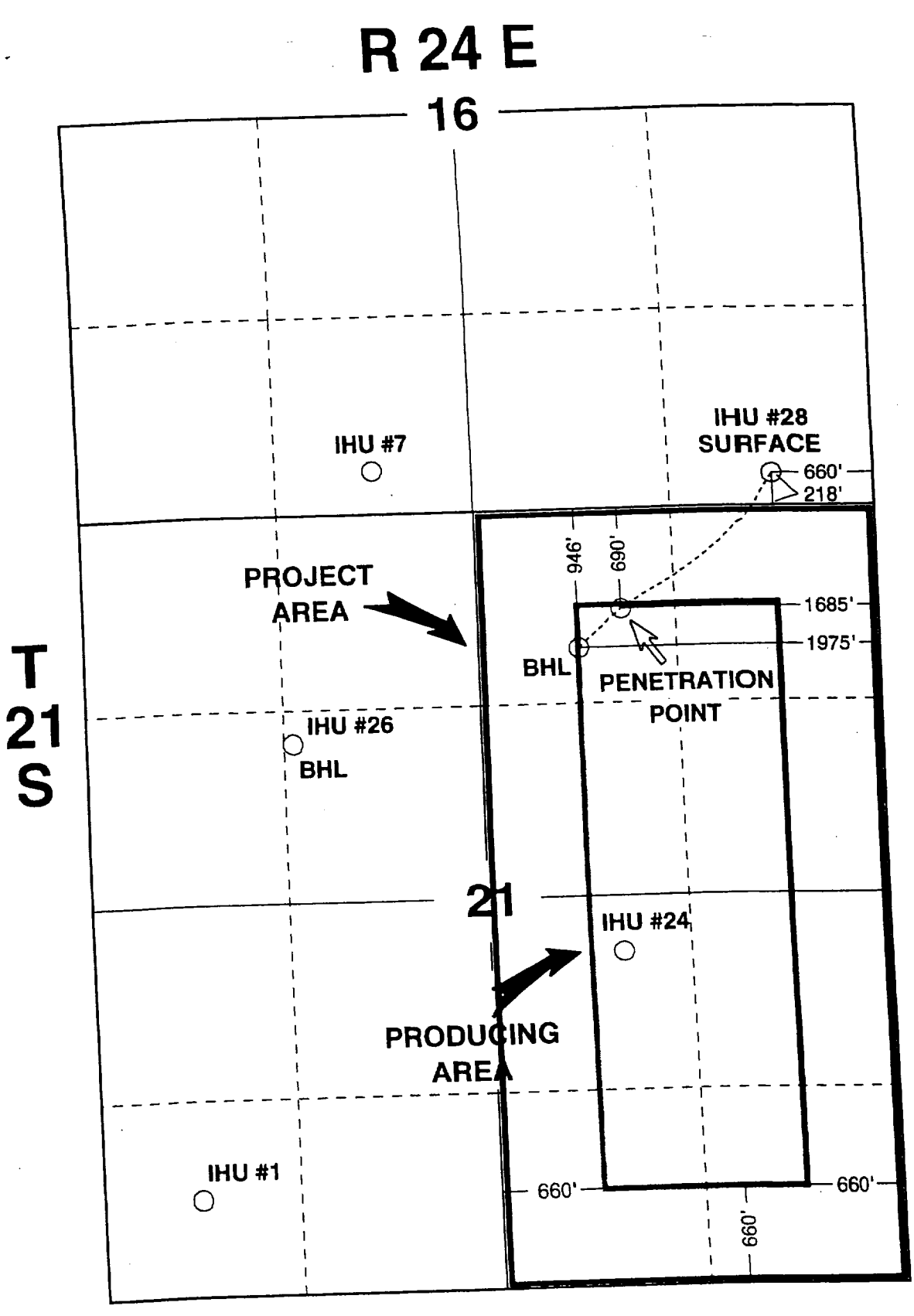
JULY 3, 2000
Date Surveyed LMP

Signature & Seal of Professional Surveyor

Ronald J. Eidson 7/06/00

00-11-0691

Certificate No. RONALD J. EIDSON 3239
GARY EIDSON 12641
MACON McDONALD 12185



MARATHON OIL COMPANY
MID-CONTINENT REGION

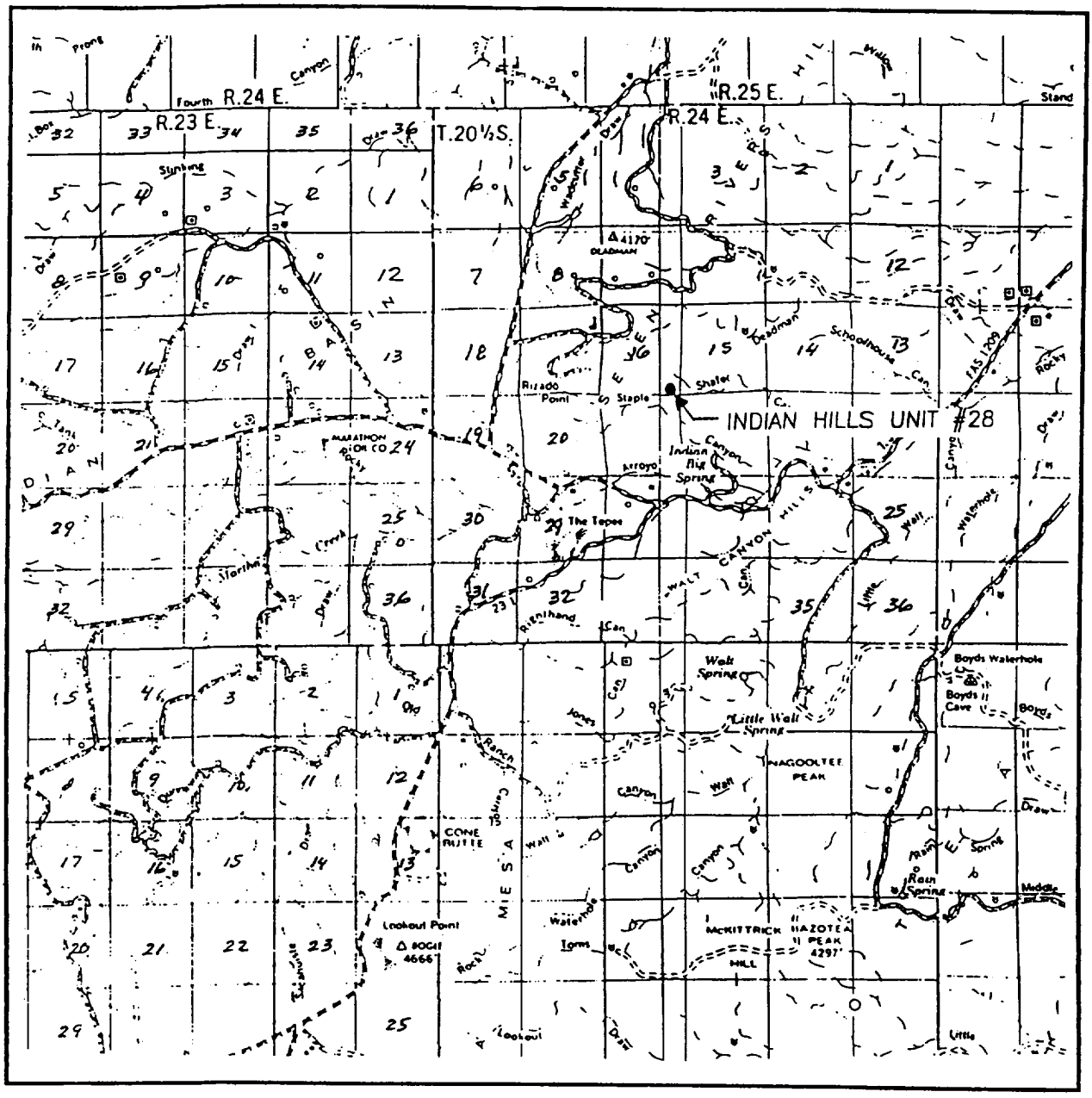
INDIAN HILLS UNIT #28

EDDY COUNTY, NEW MEXICO

10/0(

IU28.BMP EXPL

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 16 TWP. 21 RGE. 24

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 218' FSL & 660' FEL

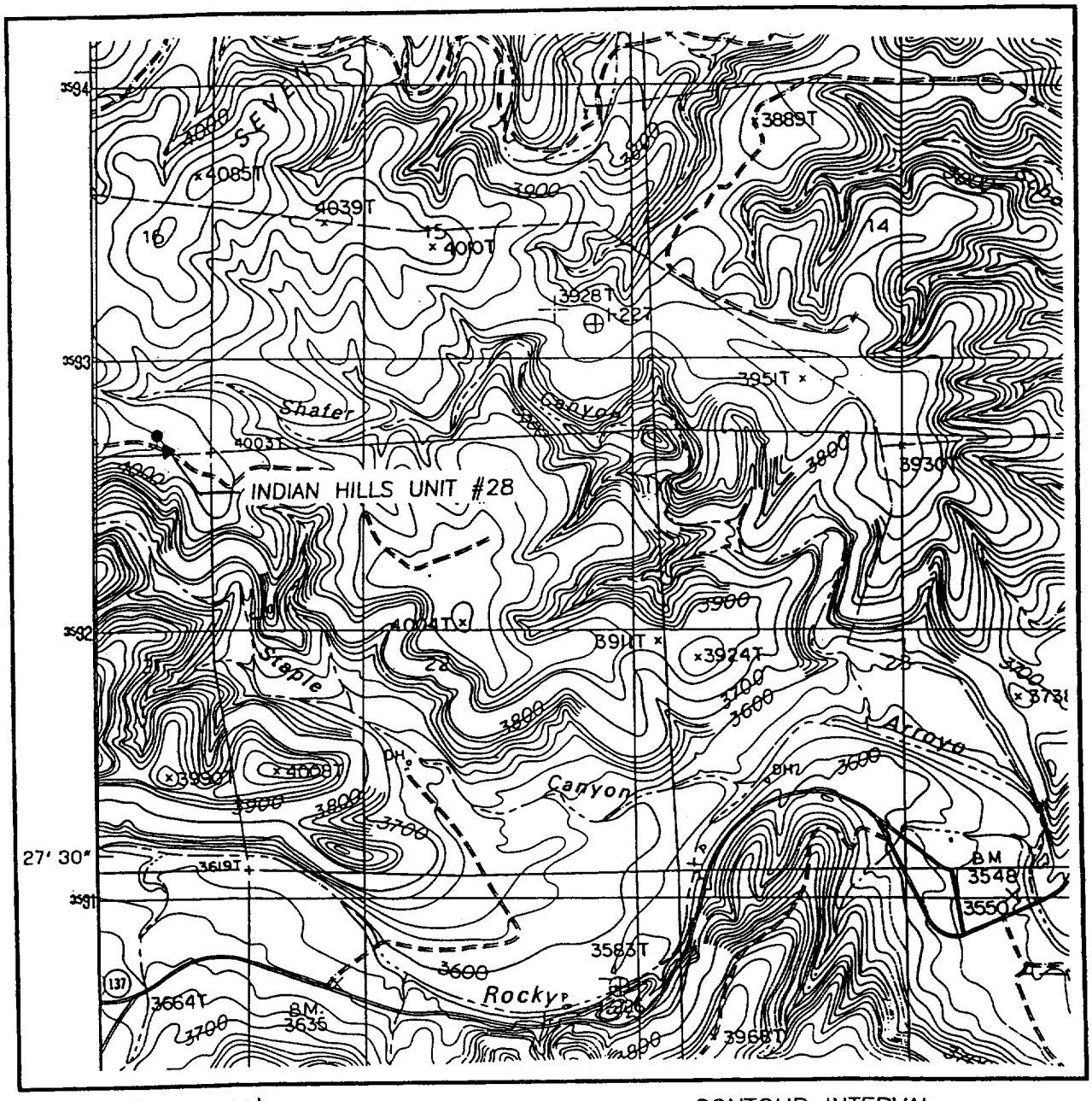
ELEVATION 4014

OPERATOR MARATHON OIL CO.

LEASE INDIAN HILLS UNIT

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117

LOCATION VERFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
ASOTEA PEAK, N.M.– 20'

SEC. 16 TWP. 21 RGE. 24

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 218' FSL & 660' FEL

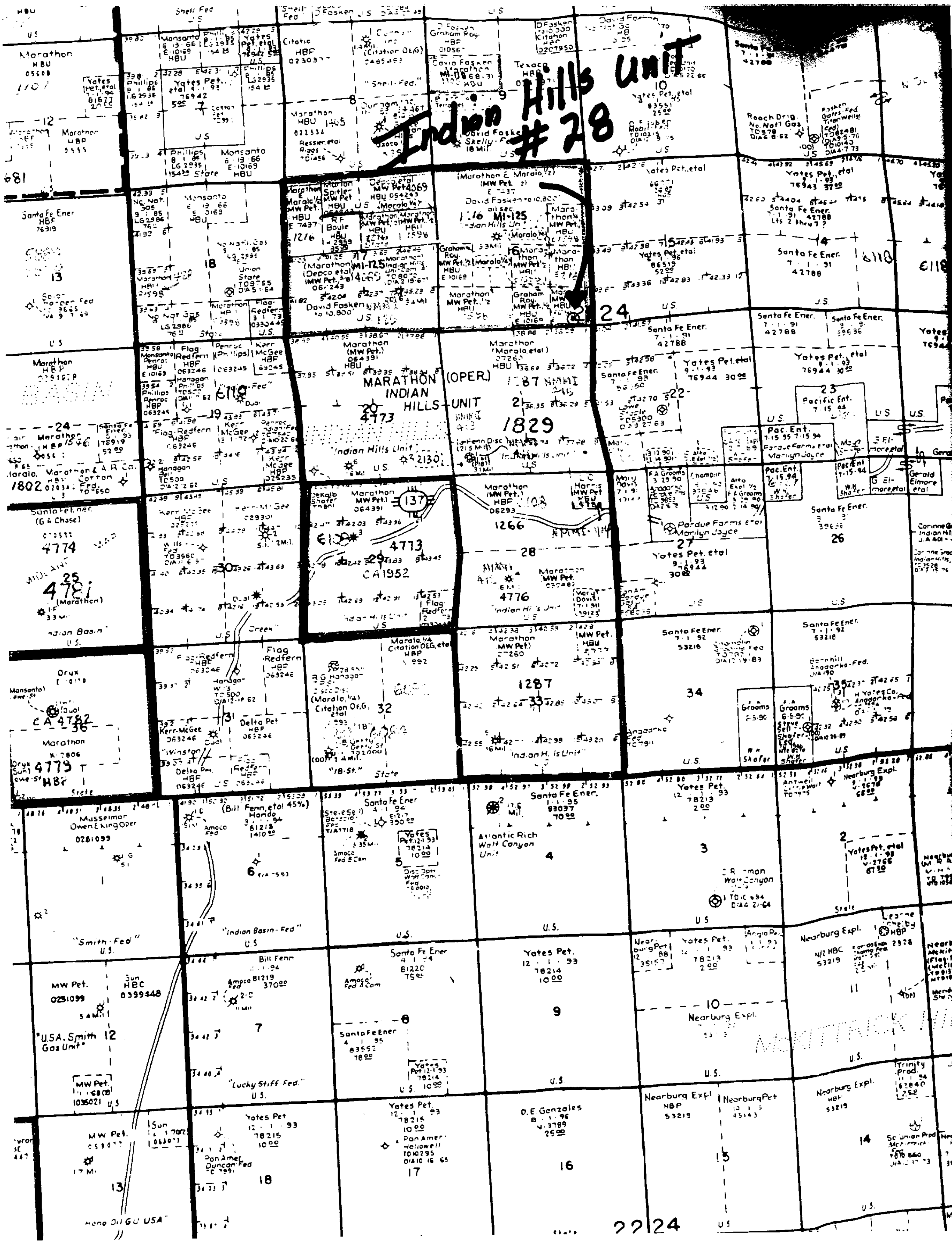
ELEVATION 4014

OPERATOR MARATHON OIL CO.

LEASE INDIAN HILLS UNIT

U.S.G.S. TOPOGRAPHIC MAP
ASOTEA PEAK, N.M.

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117


Indian Hills Unit #28
MARATHON (OPER.) INDIAN HILLS UNIT
"Indian Hills Unit"
Marathon
MW Pet.
David Fasken
Santa Fe Ener.
Yates Pet. etal
Kerr McGee
Flag-Redfern
Phillips
Monsanto
Citation O&G
Nearburg Expl.
Pacific Ent.
Pardue Farms etal Marilyn Joyce
Atlantic Rich Walt Canyon Unit
"Indian Basin-Fed"
"Smith-Fed"
"U.S.A. Smith Gas Unit"
"Lucky Stiff-Fed."
Bill Fenn
Amoco Fed
Pan Amer. Duncan-Fed
D.E. Gonzales
Sun HBC
Musselman Owen E. King Oper.
MI-125
1829
1287
4773
4776
1266
CA 1952
CA 4782
4779
4774
4781
1802
22 24

Thirteen Point Surface Use Plan
MARATHON OIL COMPANY

INDIAN HILLS UNIT #28
Sec. 16, T-21-S, R-24-E
Eddy County, New Mexico

1. Existing Roads: Refer to Vicinity Lease Map.

   a. The proposed well site is staked and the surveyor's plat is attached.

   b. To reach the location from Carlsbad, New Mexico: Follow Hwy. 285 North of Carlsbad 11 miles. Turn left on (NM)137. Go 6 miles west. Turn Right on Marathon Road. Follow 1.9 miles to White Pine Road. Go North 1.3 miles, turn Right on lease road and continue East ∀ 1 mile. Turn left at "Y" and follow lease road 1 .3 miles to new access road, follow .5 miles to location.

   c. Existing roads within a one-mile radius (refer to Vicinity Lease Map).

   d. The existing road will be maintained as necessary to provide access during the drilling operation.

2. Planned Access Road: Refer to Vicinity Lease Map.

   The existing access road will be used. Plans will require blading and rolling the road and pad. The access road enters the drilling pad on the Southwest corner. The drilling location will have a V-door facing Northeast.

3. Location of Existing Wells: See Vicinity Lease Map.

4. Location of Existing and Proposed Production Facilities within a one-mile radius:

   a. Existing: There are five oil and gas wells operated by Marathon and Fasken within a one-mile radius of the proposed location. These locations have production facilities including separators, condensate, oil, water starage tanks. Marathon and Fasken operate a variety of dehydrators, meter runs, and several gathering lines in the one-mile radius.

   b. New Facilities: New facilities are in place.

   c. Rehabilitation of disturbed areas no longer needed for operations will be accomplished by grading, leveling and seeding as recommended.

5. Location and Type of Water Supply:

   a. Source: Indian Basin Gas Plant, NE/4 Sec. 23, T-21-S, R-23-E.

   b. The water will be transported by a trucking contractor. No new construction will be required on/along the water route.

   c. No water well will be drilled on this location.

6. Source of Construction Materials:

   a. Construction materials may be obtained from the construction site.

   b. If production is obtained, native materials will be used on the location and for installation of production facilities.

   c. On-site inspection may dictate any changes in location construction.

7. Methods of Handling Waste Material Disposal:

   a. Cuttings - will be deposited in the reserve pit.

   b. Drilling fluids - contained in reserve pit and allowed to evaporate. Free water will be removed and transported to an approved disposal site to accelerate pit drying.

   c. Produced fluids - none anticipated.

   d. A portable chemical toilet will be provided.

   e. Garbage and other waste material - garbage and trash will be stored in a receptacle on location and periodically hauled to an approved sanitary landfill.

   f. After the rig moves out, all materials not necessary for operations will be removed. Pits will be backfilled and leveled. The location will be cleaned of all trash and debris.

8. Ancillary Facilities: Camp facilities will not be required. Portable trailers will be on location to house a company drilling foreman and contract toolpusher.

9. Wellsite Layout:

   a. The well pad layout shows the drill site layout as staked. Topsoil will be stockpiled per specifications.

   b. The reserve pit will be fenced on three sides before drilling begins. The fourth side will be fenced when the drilling rig leaves location. Plans are to re-use the existing pit by adding more volume room on the east side.

   c. The reserve pit will be lined (8 mil material).

10. Plans for Restoration of the Surface:

   a. Backfilling, leveling, and contouring are planned as soon as all pits have dried. Waste disposal and spoiled materials will be hauled away immediately after drilling is completed. If production is obtained, the unused area will be restored as soon as possible.

b. The soil banked material will be spread over the area. Revegetation will be accomplished by planting mixed grasses as per formula provided by the BLM. Revegetation is recommended for road area, as well as around the drill pad.

c. The reserve pit will be fenced during drilling operations. Fencing will be maintained until leveling and cleanup are accomplished.

d. If any oil is in the pits and is not immediately removed after operations cease, the pit containing the oil or other adverse substances will be flagged overhead or covered with mesh.

e. The rehabilitation operations will begin after the completion rig is removed. Removal of oil or other adverse substances will begin immediately or area will be flagged and fenced. Other cleanup will be done as needed. Planting and revegetation will be done between July 15 and September 15.

f. All efforts will be made to minimize surface disturbances and protect the visual resources along the scenic byway.

11. Other Information:

a. There are no significant archaeological or cultural sites visible in the area of disturbance.A cultural resource survey was performed by Archaeological Consultants Inc. of Roswell.

b. General topography: Shown on Vicinity Lease Map. The terrain at the well site is gently rolling hills. Vegetation is primarily sage brush and natural grasses.

c. Animal life: Prairie dogs, domestic livestock, rabbits and native rodents and predators.

d. Dwellings (nearest): Approximately 2 miles.

e. General location: Approximately 15 miles Northwest of Carlsbad, New Mexico.

f. Drainage: Internal

g. Surface Owner: The surface is owned by the Bureau of Land Management.

h. Due to proximity of the location and nearby drainage, Marathon will make every effort to minimize surface disturbance. Please see the location pad and reserve pit dimensions..

12. Operator Representatives:

R. J. Longmire
Drilling, Completion, & Workover Superintendent
P. O. Box 552
Midland, TX 79702
800/351-1417
915/682-1626

13. Certification:
I hereby certify that I, or someone under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions that presently exist; that the statements made in this plan are, to the best of my knowledge and belief, true and correct; and that the work associated with the operations proposed herein will be performed by MARATHON OIL COMPANY and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

2-24-01
Date

for R. J. Longmire

DRILLING PROGRAM
MARATHON OIL COMPANY
INDIAN HILLS UNIT #28

1. Estimated KB Elevation: 4039' KB

FORMATION	TOP MEASURED	TOP SUBSEA	BASE MEASURED	BASE SUBSEA	FLUID CONTENT
Queen	Surface	+4039'	650'	+3389'	water
San Andres	650'	+3389'	2250'	+1789'	water
Glorietta	2250'	+1789'	2355'	+1684'	
Delaware	3300'	+739'	4300'	- 261'	
Bone Spring	4300'	-261'	5950'	-1911'	oil gas
Wolfcamp	5950'	-1911'	7520'	-3481'	oil gas
B/Permian Shale	7520'.	-3481'	7530'	-3501'	
U. Penn	7530'	-3501'	8800'	-4761'	gas, oil, water

FORMATION	EST PSIG	SBHP PPG EMW	EST DEG f	SBHT PPM	H2S	SIGNIFICANCE (obj, marker, etc.)
Bone Springs	1210	8.5			500	marker
Wolfcamp	1680	9.0				marker
B/Permian Shale	1810	9.0				objective pay
U. Penn	2050	9.0			5000	objective pay

2. See (1) above.
If any unexpected water or mineral bearing zones are encountered, they will be reported, evaluated, and protected as circumstances and regulations require.

3. **Pressure Control Equipment**:

13-3/8" Surface: 13-5/8"" 3M annular tested to 300#/3000#, 13-5/8" 3M dual rams, choke manifold and mud cross, tested to 300#/3000#.

Auxiliary Equipment:

Surface Hole: Annular or rotating head w/air rig.

Intermediate Hole: N/A

Production Hole: Flow indicator, PVT, H_2S Sensors, air packs, stroke counter, rotating head.

BOP systems will be consistent with API RP 53. Blowout preventers will be installed and tested prior to drilling the surface casing plug and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated at least daily to ensure good mechanical working order, and this inspection recorded on the daily drilling report. Preventers and casing will be pressure tested before drilling casing cement plugs.

Upper and lower kelly cocks with valve handle and safety valve and subs to fit all drillstring connections in use will be available on rig floor.

Test Frequency

1. When installed.
2. Anytime a pressure seal is broken (test confined only to affected equipment).
3. At least every 20 days.
4. Blind and pipe rams shall be activated each trip but not more than once/day.

4. Casing and Cement Program:

---DEPTH--- FROM	TO	SECTION LENGTH	HOLE SIZE	CSG SIZE	WT. PPF	GRADE	THREADS COUPLINGS	NEW USED
0	1800'	1800'	17.50"	13-3/8"	54.50#	K-55	8rd, STC	New
0	4800'	4800'	12.25"	9-5/8"	43.50#	L-80	BT&C	New
4800'	8800'	4000'	12.25"	9-5/8"	40.0	L-80	BT&C	New

Casing String	DV Depth	Stg.	Lead Tail	Amt SXS	Type Cement	Yield CF/SX	Wt. PPG.	TOC	Additives
13-3/8"			L	100	Diamond	7.15	9.5		Dia Seal
13-3/8"			L	100	Thixset	1.52	14.0		Thixset
13-3/8"			T	300	PremPlus	1.34	14.8		5#/sk Gilsonite
9-5/8"	6400'	1	L	725	" "	2.18	9.2		N2
9-5/8"		2	L	1360	"C" Neat	2.47	11.9		Flocele

Each stage will be preceded by an appropriate mud flush. Actual production hole volumes will be based on the caliper volume plus 25% excess.

Centralizer Program:

9 5/8" Conventional centralizers. Bottom 3 joints and every fourth joint to surface.

13-3/8" Conventional centralizers , Bottom 3-joints and every 4th joint to surface.

9-5/8" Conventional centralizers middle of 1st joint, then every joint to 7500', and 1 cent. Every 4th joint thereafter to 1100'.

5. Mud Program

---DEPTH--- FROM	TO	MUD TYPE	WEIGHT (PPG)	VIS	WL CC	ADDITIVES	VISUAL MONTR.
0	1200'	fresh water	8.3	28	N/A	Gel, Lime	Reserve
1200'	5000'	fresh	8.5	28-32	N/C	Gel, caustic, H_2S Scavenger	Reserve
5000'	7000'	fresh	8.9	32-36	N/C	Gel, caustic, H_2S Scavenger	Reserve
7000'	8800'	fresh	8.9	32-36	<20	Gel, caustic, H_2S Scavenger	Steel Pits

Sufficient quantities of additives will be on location to maintain above mud properties for any anticipated well conditions.

6. Logging, Testing & Coring Programs:

LOG/TEST/CORE/MUDLOG/OTHER	--INTERVAL- FROM	TO	REMARKS
DLL/MSFL/GR/CNL/LDT/CAL	TD	5000'	
LDT/CNL/GR/CAL	TD	surf casing	
MUD LOGGER	6000'	TD	ROP, Lithology, Gas Analysis, Chromatograph

NO CORES OR DST'S

7. Abnormal Pressures, Temperatures or Potential Hazards:

None anticipated. Possible H_2S in Cisco & Upper Penn. See H_2S Drilling Operations Plan.

8. Other Information:

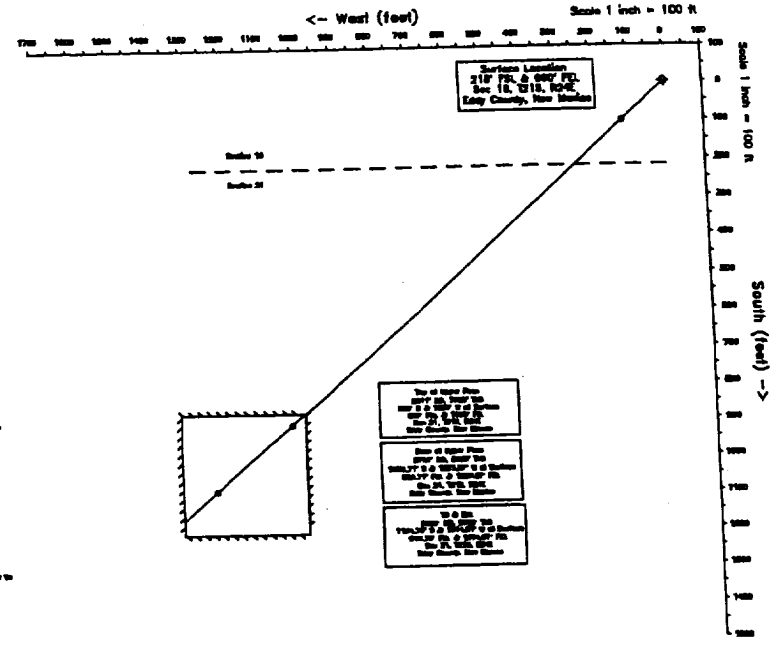
Anticipated Starting Date: As soon as possible.

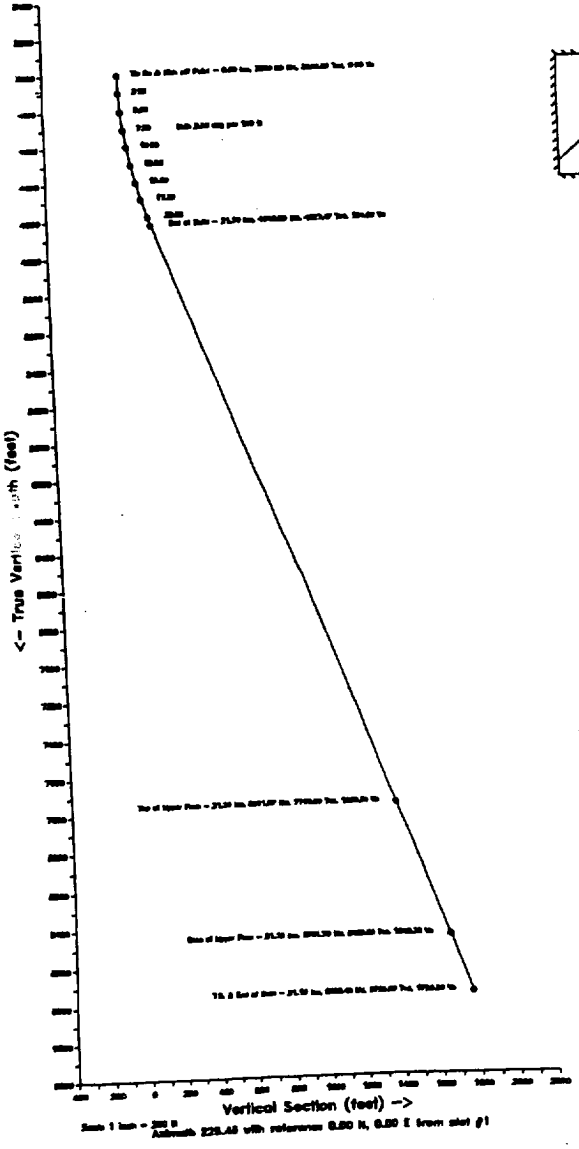
Duration of Well: drilling - 25 days, completion - 10 days.

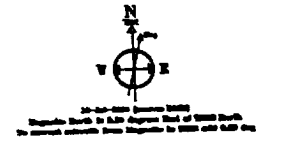
Structure : Indian Hills Unit No. 28	Slot : slot #1
Field : Indian Basin	Location : EDDY COUNTY, NM.

WELL PROFILE DATA

Point	MD	Inc	Dir	TVD	North	East	V. Sect	Deg/100
KOP	3800.00	0.00	228.46	3800.00	0.00	0.00	0.00	0.00
End of Build	4646.59	21.16	228.46	4627.47	-102.51	-115.72	154.59	2.50
Target	8011.07	21.16	228.46	7785.00	-908.00	-1025.00	1369.34	0.00
End of Hold	8761.70	21.16	228.46	8465.00	-1087.71	-1227.87	1640.36	0.00
T.D. & End of Hold	9083.40	21.16	228.46	8765.00	-1164.73	-1314.81	1756.50	0.00







BAKER HUGHES

INTEQ

MARATHON OIL COMPANY
Indian Hills Unit No. 28

slot #1
Indian Basin
EDDY COUNTY, NM.

P R O P O S A L L I S T I N G

by
Baker Hughes INTEQ

Your ref : 2.5 Deg BUR
Our ref : prop2531
License :

Date printed : 29-Sep-2000
Date created : 18-Jul-2000
Last revised : 29-Sep-2000

Field is centred on n32 30 0.000,w104 30 0
Structure is centred on n32 30 0.000,w104 30 0

Slot location is n32 30 0.000,w104 30 0.000
Slot Grid coordinates are N 545652.918, E 448616.515
Slot local coordinates are 0.00 N 0.00 E

Projection type: mercator - New Mexico East (3001), Spheroid: Clarke - 1866

Reference North is True North

MARATHON OIL COMPANY
Indian Hills Unit No. 28,slot #1
Indian Basin,EDDY COUNTY, NM.

Your ref : 2.5 Deg BUR
Last revised : 29-Sep-2000

Measured Depth	Inclin. Degrees	Azimuth Degrees	True Vert Depth	RECTANGULAR COORDINATES		Dogleg Deg/100ft	Vert Sect	
3800.00	0.00	228.46	3800.00	0.00 N	0.00 E	0.00	0.00	
3900.00	2.50	228.46	3899.97	1.45 S	1.63 W	2.50	2.18	
4000.00	5.00	228.46	3999.75	5.78 S	6.53 W	2.50	8.72	
4100.00	7.50	228.46	4099.14	13.00 S	14.68 W	2.50	19.61	
4200.00	10.00	228.46	4197.97	23.09 S	26.06 W	2.50	34.82	
4300.00	12.50	228.46	4296.04	36.02 S	40.66 W	2.50	54.33	
4400.00	15.00	228.46	4393.17	51.78 S	58.45 W	2.50	78.09	
4500.00	17.50	228.46	4489.17	70.34 S	79.40 W	2.50	106.07	
4600.00	20.00	228.46	4583.85	91.65 S	103.46 W	2.50	138.21	
4646.59	21.16	228.46	4627.47	102.51 S	115.72 W	2.50	154.59	
5000.00	21.16	228.46	4957.04	187.12 S	211.23 W	0.00	282.19	
5500.00	21.16	228.46	5423.31	306.82 S	346.36 W	0.00	462.72	
6000.00	21.16	228.46	5889.59	426.53 S	481.49 W	0.00	643.24	
6500.00	21.16	228.46	6355.86	546.23 S	616.62 W	0.00	823.77	
7000.00	21.16	228.46	6822.13	665.94 S	751.75 W	0.00	1004.29	
7500.00	21.16	228.46	7288.40	785.64 S	886.88 W	0.00	1184.82	
8000.00	21.16	228.46	7754.68	905.35 S	1022.01 W	0.00	1365.34	
8011.07	21.16	228.46	7765.00	908.00 S	1025.00 W	0.00	1369.34	Top of Upper Penn
8500.00	21.16	228.46	8220.95	1025.06 S	1157.14 W	0.00	1545.87	
8761.70	21.16	228.46	8465.00	1087.71 S	1227.87 W	0.00	1640.36	Base of Upper Penn
9000.00	21.16	228.46	8687.22	1144.76 S	1292.27 W	0.00	1726.39	
9083.40	21.16	228.46	8765.00	1164.73 S	1314.81 W	0.00	1756.50	

All data is in feet unless otherwise stated.
Coordinates from slot #1 and TVD from rotary table.
Bottom hole distance is 1756.50 on azimuth 228.46 degrees from wellhead.
Vertical section is from N 0.00 E 0.00 on azimuth 228.46 degrees.
Calculation uses the minimum curvature method.
Presented by Baker Hughes INTEQ

Comments in wellpath

MD	TVD	Rectangular Coords.		Comment
8011.07	7765.00	908.00 S	1025.00 W	Top of Upper Penn
8761.70	8465.00	1087.71 S	1227.87 W	Base of Upper Penn

Targets associated with this wellpath

Target name	Geographic Location	T.V.D.	Rectangular Coordinates		Revised
		7765.00	908.00S	1025.00W	18-Jul-20(

MARATHON OIL COMPANY

H2S DRILLING OPERATIONS PLAN

I. HYDROGEN SULFIDE TRAINING

All contractors and subcontractors employed by Marathon Oil Company will receive or have received training from a qualified instructor within the last twelve months in the following areas prior to commencing drilling operations on this well.

1. The hazards and characteristics of hydrogen sulfide (H2S)
2. Safety precautions
3. Operations of safety equipment and life support systems

In addition, contractor supervisory personnel will be trained or prepared in the following areas:

1. The effect of H2S on metal components in the system. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
2. Corrective action and shut-down procedures when drilling or reworking a well, blowout prevention and well control procedures, if the nature of work performed involves these items.
3. The contents and requirements of the contingency plan when such plan is required.

All personnel will be required to carry documentation of the above training on their person.

II. H2S EQUIPMENT AND SYSTEMS

1. Safety Equipment

The following safety equipment will be on location.

A. Wind direction indicators as seen in attached diagram.

B. Automatic H2S detection alarm equipment (both audio and visual).

C. Clearly visible warning signs as seen on the attached diagram. Signs will use the words "POISON GAS' and "CAUTION" with a strong color contrast.

D. Protective breathing equipment will be located in the dog house and at briefing areas as seen in the attached diagram.

2. WELL CONTROL SYSTEMS

A. Blowout Prevention Equipment

Equipment includes but is not limited to:

a. pipe rams to accomodate all pipe sizes
b. blind rams
c. choke manifold
d. closing unit

Auxillary equipment added as appropriate includes:

a. annular preventor ✓
b. rotating head ✓
c. mud- gas separator ✓
d. flare line and means of ignition ✓
e. remote operated choke ✓

B. Communication

The rig contractor will be required to have two-way communication capability. Marathon Oil Company will have either land-line or mobile telephone capabilities.

C. Mud Program

The mud program has been designed to minimize the volume of H2S circulated to surface. Proper mud weight, safe drilling practices, and the use of H2S scavengers when appropriate will minimize hazards when penetrating H2S bearing zones.

D. Drill Stem Test intervals are as follows:

DST No. 1 _____ft. to _____ ft.
DST No. 2 _____ft. to _____ ft.
DST No. 3 _____ft. to _____ ft.

Drill Stem Testing Safety Rules are attached.

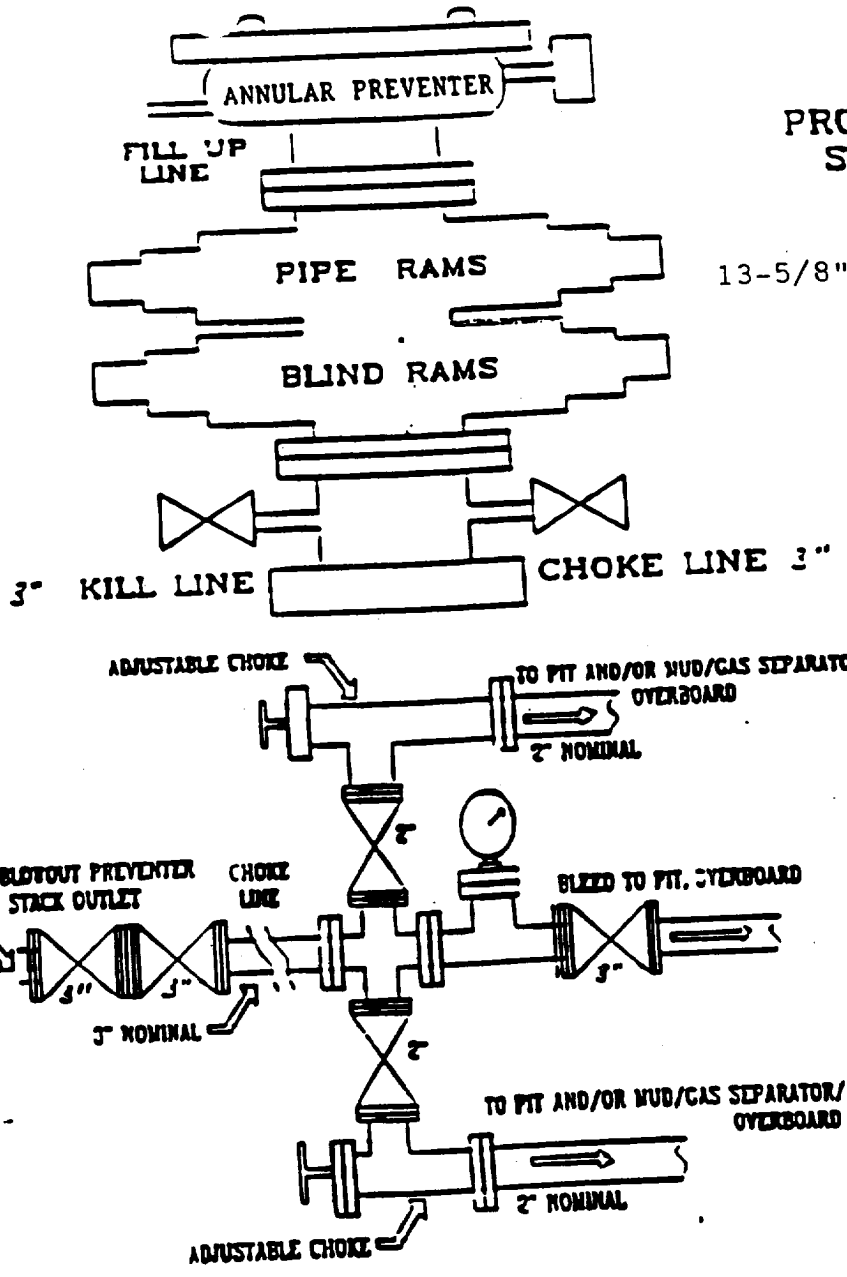
III. WELL SITE DIAGRAM

A complete well site diagram including the following information is attached.

1. Rig orientation
2. Terrain
3. Briefing areas
4. Ingress and egress
5. Pits and flare lines
6. Caution and danger signs
7. Wind indicators and prevailing wind direction

PRODUCTION STACK

13-5/8" 3000#



110'
RESERVE PIT
110'
H2S Detection Equipment
Wind Direction Indicator
Self Contained Breathing Equi
Briefing Area
MUD LOGGER
PIPE RACKS
CIRCULATING MUD TANKS
PUMPS
SUBSTRUCTURE AND DOGHOUSE
CATWALK
FUEL TANK
WATER TANK
CHEMICAL TOILET
V-DOOR NE
ess Road
COMPANY TRAILER
PARKING
300
210
Prevailing Wind Direction
Southwest
Foot-path for emergency
egress