



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

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June 4, 2001

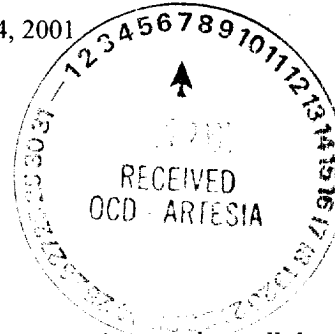
Lori Wrotenbery

Director

Oil Conservation Division

Marathon Oil Company
P. O. Box 552
Midland, Texas 79702-0552

Attention: Jerry Fletcher
Engineering Technician



Re: *Application for administrative approval for an exception to the well location requirements provided within the "Special Rules and Regulations for the Indian Basin-Morrow Gas Pool," as promulgated by the "Special Rules and Regulations for the Indian Basin-Morrow Gas Pool," as promulgated by Division Orders No. R-8170-O-1/R-2441-B, issued in Case No. 11512 and dated July 31, 1996, and R-8170-O-2/R-2441-C, dated August 15, 1996, for the proposed Federal "C" 35 Well No. 4 to be drilled 1570' FNL & 1750' FEL (Unit G) of Section 35, Township 21 South, Range 23 East, NMPM, Eddy County, New Mexico.*

Dear Mr. Fletcher:

My review of this application indicates Section 35 follows outside of the boundary of the Indian Basin-Morrow Gas Pool. Rule 1 as promulgated by Order No. R-8170-O-1 (see copy attached) confines these special provisions to those lands within the pool boundary; therefore, the proposed Morrow completion in this well is governed under Division Rule 104.C, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, which requires:

- (a) standard 320-acre, more or less, gas spacing and proration units comprising any two contiguous quarter sections of a single section that is a legal subdivision of the U. S. Public Land Surveys; and
- (b) the initial well on a 320-acre unit to be located no closer than 660 feet to any outer boundary of the quarter section on which the well is located and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

This well being outside of the Indian Basin-Morrow Gas Pool boundary lines is essentially considered to be a wildcat Morrow test. This application is therefore deemed unnecessary and is being returned to you at this time. Please submit a revised C-102 to the District office in Artesia showing your designated 320-acre unit.

Sincerely

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: **New Mexico Oil Conservation Division - Artesia**
U. S. Bureau of Land Management - Carlsbad
Kathy Valdes, NMOCD - Santa Fe
W. Thomas Kellahin, Legal Counsel for Marathon Oil Company - Santa Fe
Walter J. Dueease, Marathon Oil Company - Midland, Texas