



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

January 30, 1989

Kellahin, Kellahin & Aubrey
o/b/o Citation Oil and Gas Corp.
P.O. Box 2265
Santa Fe, NM 87504-2265

Attention: Marsha L. Butler

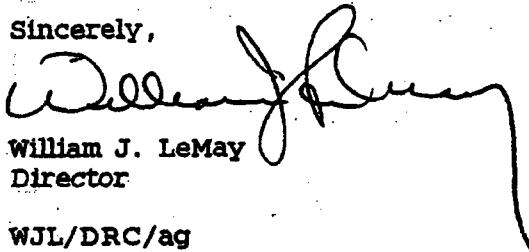
2nd Amendment Administrative Order NSL-1960

Dear Ms. Butler:

Reference is made to your application for a non-standard location for the Getty IB 32 State Well No. 1-Y to be located 1270 feet from the South line and 660 feet from the West line of Section 32, Township 21 South, Range 24 East, NMPM, Indian Basin Upper Penn Pool and Indian Basin Morrow Pool, Eddy County, New Mexico. All of said Section 32 is to be dedicated to the well.

By authority granted me under the provisions of Rule 104 F(I), the above-described unorthodox location is hereby approved.

Sincerely,



William J. LeMay
Director

WJL/DRC/ag

cc: Oil Conservation Division - Artesia

REMARKS: Getty Oil Company originally filed for a non-standard well location approval on 12/3/84. By Order No. NSL-1960, the Division approved said location as to the Indian Basin Upper Penn Pool and inadvertently left out approval for the Indian Basin Morrow Pool. By letter dated January 26, 1989, Citation Oil and Gas Corporation filed for an amendment to this order authorizing approval for said Indian Basin Morrow Pool.



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

January ~~11, 1965~~

27, 1969

TONY ANAYA
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

~~Getty Oil Company~~
~~P. O. Box 730~~
~~Hobbs, New Mexico 88240~~

Kelblin, Kelblin, and Aubrey
Oil & Gas Corp.
P.O. Box 2265
Santa Fe, N.M. 87501-2265

Attention: ~~Dale R. Crockett~~ *Maista L. Butler*

~~AMENDED~~ *2nd Amendment*
Administrative Order NSL-1960

Gentlemen:

Reference is made to your application for a non-standard location for your Getty IB 32 State Well No. 1-Y to be located 1270 feet from the South line and 660 feet from the West line of Section 32, Township 21 South, Range 24 East, NMPM, Indian Basin Upper Penn Pool, Eddy County, New Mexico. All of said Section 32 is to be dedicated to the well.

By authority granted me under the provisions of Rule 104 F(I), the above-described unorthodox location is hereby approved.

Sincerely,

and Indian Basin Narrow Pool,
R. L. Stamets
R. L. STAMETS, DIRECTOR

RLS/DC/dr

cc: Oil Conservation Division - Artesia
~~Oil & Gas Engineering Committee - Hobbs~~
~~Oil & Gas Division - State Land Office - Santa Fe~~

Remarks: Getty Oil Company originally filed for a non-standard well location approved on 12/3/64. By Order No. NSL-1960, the Division approved said location as to the Upper Indian Basin Upper Penn Pool and inadvertently left out approval for the Indian Basin Narrow Pool. By letter dated January 26, 1969, Citation Oil & Gas Corporation filed for an amendment to the order authorizing approval for said Indian Basin Narrow Pool.



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

January 3, 1985

TONY ANAYA
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Getty Oil Company
P. O. Box 730
Hobbs, New Mexico 88240

Attention: Dale R. Crockett

Amended
Administrative Order NSL-1960

Gentlemen:

Reference is made to your application for a non-standard location for your Getty IB 32 State Well No. 1-Y to be located 1220 feet from the South line and 660 feet from the West line of Section 32, Township 21 South, Range 24 East, NMPM, Indian Basin Upper Penn Pool, Eddy County, New Mexico. All of said Section 32 is to be dedicated to the well.

By authority granted me under the provisions of Rule 104 F(I), the above-described unorthodox location is hereby approved.

Sincerely,

R. L. STAMETS, DIRECTOR

RLS/DC/dr

cc: Oil Conservation Division - Artesia
Oil & Gas Engineering Committee - Hobbs
Oil & Gas Division - State Land Office - Santa Fe

*Hand
read*

1270

*last from the
south line*



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

December 4, 1998

NSL-1960.A

Rec: 9-10-98
Susp: NA
Released: 12-4-98

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

Administrative Order NSL-1960-A(SD)

Dear Mr. Kellahin:

Reference is made to your application dated September 10, 1998 on behalf of the operator, Marathon Oil Company ("Marathon"), for a non-standard gas well location in the Indian Basin-Upper Pennsylvanian Gas Pool for Marathon Oil Company's proposed Indian Basin "32" State Well No. 3 to be drilled 950 feet from the North line and 1250 feet from the East line (Unit A) of Section 32, Township 21 South, Range 24 East, NMPM, Eddy County, New Mexico.

At the time this application was filed the boundaries of the Indian Basin-Upper Pennsylvanian Gas Pool included all of said Section 32. Pursuant to **RULE 2(b)** of 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, this location is considered to be unorthodox.

The proposed Indian Basin "32" State Well No. 3 is to be included within an existing 640-acre standard gas spacing and proration unit ("GPU") comprising all of Section 32, which is currently dedicated to Marathon's: (i) Indian Basin "32" State Well No. 1-Y (API No. 30-015-25133), located at an unorthodox gas well location (approved by Division Administrative Order NSL- 1960, as amended) 1270 feet from the South line and 660 feet from the West line (Unit M) of Section 32; and, (ii) Indian Basin "32" State Well No. 2 (API No. 30-015-30097), located at a standard gas well location 2000 feet from the South line and 1650 feet from the East line (Unit J) of Section 32.

This application has been duly filed under the provisions of **RULE 104.F** of the Rules and Regulations of the New Mexico Oil Conservation Division ("Division").

By the authority granted me under the provisions of **RULE 2(d)** of the special rules applicable to the Indian Basin-Upper Pennsylvanian Gas Pool and Division **RULE 104.F(2)**, the above-described unorthodox gas well location is hereby approved.

Also, Marathon is hereby authorized to simultaneously dedicate Indian Basin-Upper Pennsylvanian gas production from the existing Indian Basin "32" State Well Nos. 1-Y and 2 with the proposed Indian Basin "32" State Well No. 3. Furthermore, Marathon is permitted to produce

Administrative Order NSL-1960-A(SD)
Marathon Oil Company
December 4, 1998
Page 2

the allowable assigned the subject GPU from all three wells in any proportion.

Sincerely,

Lori Wrotenbery by DC

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
New Mexico State Land Office - Santa Fe



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Marathon Oil Company

P. O. Box 552

Midland, Texas 79702-0552

January 8, 2004

Lori Wrotenbery

Director

Oil Conservation Division

Attention: Steve Millican
(SEMillican@MarathonOil.com)

Administrative Order NSL-4977 (BHL) (SD)

Dear Mr. Millican:

Reference is made to the following: (i) your application filed with the New Mexico Oil Conservation Division ("Division") on December 12, 2003 (*administrative application reference No. pMES0-400834538*); (ii) Mr. Mike Mick's telephone conversation with Mr. Michael E. Stogner, Chief Hearing Officer/Engineer with the Division in Santa Fe on Monday afternoon, January 5, 2004; and (iii) the Division's records in Santa Fe, including the files on Division Administrative Orders NSL-1960, as amended, and NSL-1960-A (SD): all concerning Marathon Oil Company's ("Marathon") 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, R-9922-D, and R-9922-E 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 its proposed Indian Basin "32" State Well No. 8 to be drilled as an upper Pennsylvanian infill well to an unorthodox subsurface location within an existing standard 320-acre stand-up spacing and proration unit comprising the W/2 of Section 32, Township 21 South, Range 24 East, NMPM, Indian Basin-Upper Pennsylvanian Associated Pool (33685), Eddy County, New Mexico.

This unit is currently simultaneously dedicated to Marathon's:

- (i) Indian Basin "32" State Well No. 1-Y (API No. 30-015-25133), located at an unorthodox location (approved by Division Administrative Order NSL-1960, as amended) 1270 feet from the South line and 660 feet from the West line (Unit M) of Section 32; and
- (ii) Indian Basin "32" State Well No. 4 (API No. 30-015-30618), located at a standard location 660 feet from the North line and 810 feet from the West line (Unit D) of Section 32.

It is our understanding the proposed Indian Basin "32" State Well No. 8, because of topographic reasons, will be spud at a surface location 1255 feet from the South line and 511 feet from the West line (Unit M) of Section 32, and drilled directionally to the east-southeast to a targeted-bottomhole location at an approximate depth of 8,300 feet (TVD) 950 feet from the South line and 2400 feet from the West line (Unit N) of Section 32. The wellbore is expected to intersect the top of the Upper-Pennsylvanian interval

between the depths of 7,400 feet to 7,600 feet at a point 966 feet from the South line and 2286 feet from the West line (Unit N) of Section 32. The proposed well will be unorthodox in that the entire producing interval will be closer than the standard setback distance of 660 feet from the eastern boundary line of this stand-up 320a-acre unit. Further, this bottom-hole location has been chosen by Marathon to optimize reservoir drainage and minimize geological risk.

This 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 sub-surface location for the Indian Basin "32" State Well No. 8 within the W/2 of Section 32, is hereby approved.

Further, the aforementioned well and spacing unit will be subject to all existing rules, regulations, policies, and procedures applicable to the Indian Basin-Upper Pennsylvanian Associated Pool.

Marathon is hereby authorized to simultaneously dedicate production attributed to the Indian Basin-Upper Pennsylvanian Associated Pool from the aforementioned Indian Basin "32" State Wells No. 1-Y, 4, and 8. Furthermore, Marathon is permitted to produce the allowable assigned the subject 320-acre spacing and proration unit from all three wells in any proportion.

Furthermore, Marathon is hereby authorized to simultaneously dedicate production attributed to the Indian Basin-Upper Pennsylvanian Associated Pool from the aforementioned Indian Hills Unit Wells No. 9, 12, 22, and 44. Furthermore, Marathon is permitted to produce the allowable assigned the subject 340.40-acre spacing and proration unit from all four wells in any proportion. Finally, Marathon shall comply with all provisions of Division Rule 111 applicable in this matter.

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

Sincerely,



Lori Wrotenbery
Director

LW/mes

cc: New Mexico Oil Conservation Division - Artesia
New Mexico State Land Office - Santa Fe
File: NSL-1960
NSL-1960-A (SD)
Mr. Mike Mick, Marathon Oil Company - Houston, TX (mfmick@marathonoil.com)