



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

July 22, 1993

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

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

Attention: T. N. Tipton

Administrative Order DD-86

Dear Mr. Tipton:

Under the provisions of General Rule 111 (c), (d) and (e), Marathon Oil Company made application to the New Mexico Oil Conservation Division on June 23, 1993, for authorization to directionally drill its proposed Indian Hills State Comm. Well No. 8, Eddy County, New Mexico.

The Division Director Finds That:

- (1) The application has been duly filed under the provisions of Rule 111(d) and (e) of the Division General Rules and Regulations;
- (2) Satisfactory information has been provided that all offset operators have been duly notified;
- (3) The applicant has presented satisfactory evidence that all requirements prescribed in General Rule 111 will be met; and
- (4) No objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Marathon Oil Company, is hereby authorized to directionally drill its Indian Hills State Comm. Well No. 8, the surface location of which shall be 976 feet from the South line and 660 feet from the West line (Unit M) of Section 36, Township 20 South, Range 24 East, NMPM, Eddy County, New Mexico, by kicking off from the vertical at a depth of approximately 6000 feet, and drilling in such a manner as to bottom in the South Dagger Draw-Upper Pennsylvanian Associated Pool at a location within the SW/4

SW/4 of said Section 36 that is considered to be standard pursuant to the Special Rules and Regulations for the South Dagger Draw-Upper Pennsylvanian Associated Pool as promulgated by Division Order No. R-5353-L, as amended.

PROVIDED HOWEVER THAT prior to commencing directional drilling operations into said wellbore, the applicant shall establish the location of the kick-off point by means of a directional survey acceptable to the Division.

PROVIDED HOWEVER THAT during or upon completion of directional drilling operations, the applicant shall conduct an accurate wellbore survey from the kick-off point to total depth in order that the subsurface bottomhole location, as well as the wellbore's true depth and course, may be determined.

(2) The applicant shall notify the supervisor of the Artesia district office of the Division of the date and time said wellbore surveys are to be conducted so that they may be witnessed. The applicant shall further provide a copy of said wellbore surveys to the Santa Fe and Artesia offices of the Division upon completion.

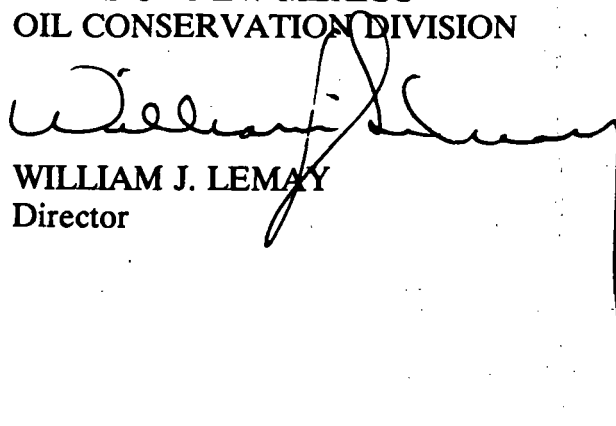
(3) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth in addition to measured depths.

(4) The S/2 of said Section 36 shall be dedicated to the well forming a standard 320-acre oil or gas spacing and proration unit for the subject pool.

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

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

SEAL

WJL/MES/amg

cc: Oil Conservation Division - Hobbs
NM State Land Office - Santa Fe

Submit 3 Copies
to Appropriate
District Office

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-103
Revised 1-1-89

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

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

OIL CONSERVATION DIVISION

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

WELL API NO.
30-015-27168

5. Indicate Type of Lease
STATE ☒ FEE ☐

6. State Oil & Gas Lease No.
E-10083

7. Lease Name or Unit Agreement Name
INDIAN HILLS STATE COMM.

8. Well No.
3

9. Pool name or Wildcat
SOUTH DAGGER DRAW

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A
DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT"
(FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:
OIL WELL ☒ GAS WELL ☐ OTHER

2. Name of Operator
Marathon Oil Company

3. Address of Operator
P.O. Box 562 Midland, Tx. 79702

4. Well Location

Unit Letter D : 660 Feet From The NORTH Line and 660 Feet From The WEST Line

Section 36 Township 20-S Range 24-E NMPM EDDY County

10. Elevation (Show whether DP, RKB, RT, GR, etc.)

3631' GL

11.

Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐

PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐

CHANGE PLANS ☐

PULL OR ALTER CASING ☐

OTHER: CHANGE ACREAGE DEDICATION ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐

CASING TEST AND CEMENT JOB ☐

OTHER: ☐

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

MARATHON WISHES TO CHANGE THE ACREAGE DEDICATION FOR THE ABOVE REFERENCED WELL FROM A WEST 1/2 320 AC STAND-UP TO A NORTH 1/2 320 AC LAY DOWN.

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

SIGNATURE

W.J. Preece for C.T. Pearce

TITLE DRILLING SUPERINTENDENT

DATE 7-26-93

TYPE OR PRINT NAME CECIL T. PEARCE

TELEPHONE NO. 915-682-1626

(This space for State Use)

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

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

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Hrazos Rd., Artes, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

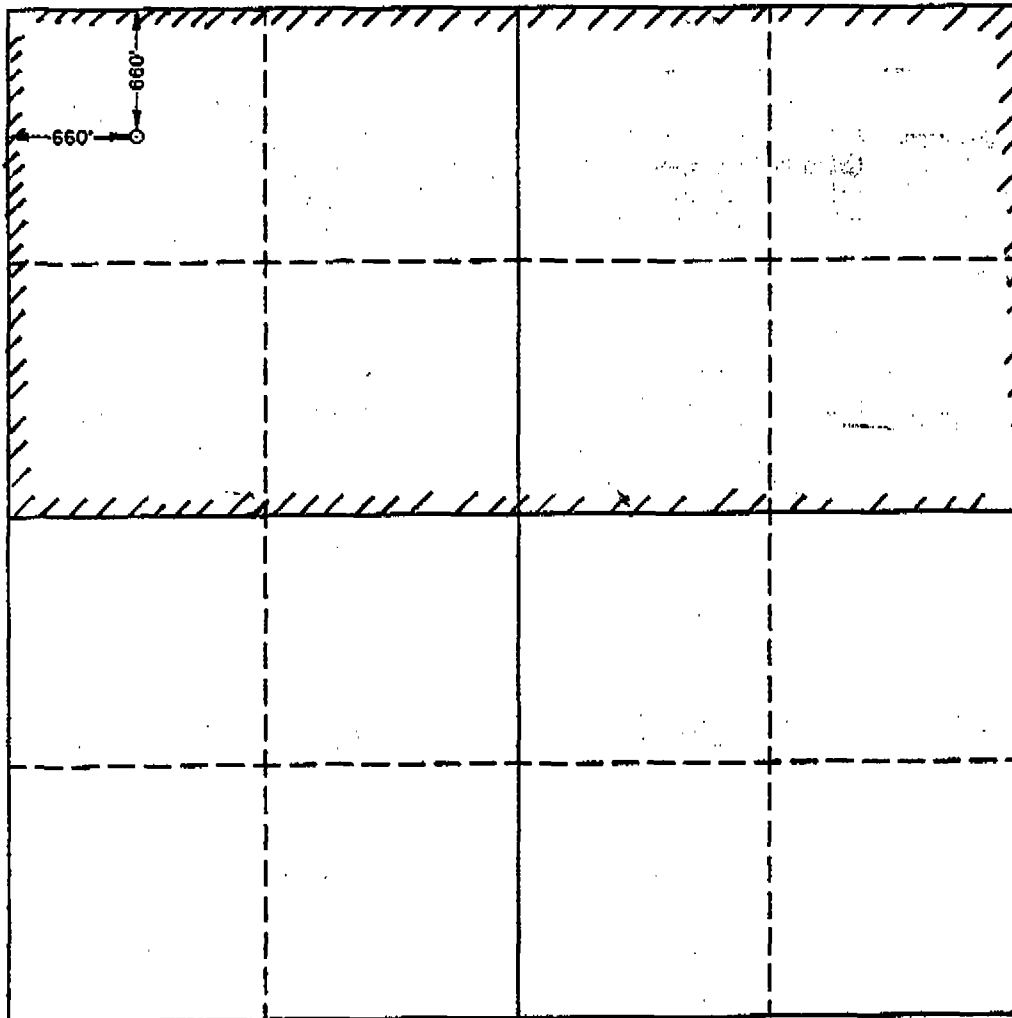
All Distances must be from the outer boundaries of the section

Operator MARATHON OIL COMPANY		Lease INDIAN HILLS STATE COM.		Well No. 3	
Unit Letter D	Section 36	Township 20 SOUTH	Range 24 EAST	County EDDY	
Actual Footage Location of Well: 660 feet from the NORTH line and 660 feet from the WEST line					
Ground Level Elev. 3631.5'	Producing Formation Upper Penn.		Pool South Dagger Draw		Dedicated Acreage: N/2 320 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communization, unitization, force-pooling, etc.?
☐ Yes ☐ No If answer is "yes" type of consolidation _____

If answer is "no" list of owners and tract descriptions which have actually been consolidated. (Use reverse side of this form necessary.)

No allowable will be assigned to the well unit all interests have been consolidated (by communization, unitization, forced-pooling, otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

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

Signature

Printed Name

Cecil T. Pearce

Position

Drilling Superintendent

Company

Marathon Oil Company

Date

July 26, 1993

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 supervision and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

OCTOBER 12, 1992

Signature & Seal of
Professional Surveyor

GARY L. JONES
NEW MEXICO
Certificate No. 076
JOHN W. WEST, 076
RONALD GIBSON, 3239
GARY L. JONES, 7977

92-11-1553

Mid-Continent Region
Production United States



P.O. Box 552
Midland, Texas 79702
Telephone 915/682-1626

PANAFAX TRANSMITTAL SHEET

SEND THE FOLLOWING PAGES TO:

DATE 7/26-93

NAME: MIKE STOGNER

COMPANY NAME: NMOC D

LOCATION: SANTA FE

PANAFAX NUMBER: 827-5741

FROM:

NAME: _____

PHONE NUMBER: 505-827-5741

TOTAL NUMBER OF PAGES: 3 (includes cover sheet)

COMMENTS:

PLEASE REVIEW PER OUR CONVERSATION, THANKS
FOR THE HELP.

IF YOU DO NOT RECEIVE ALL THE PAGES, PLEASE CALL:

NAME/PHONE NUMBER: 915-687-8327
800-325-1417 x 8327



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

Received 6/23
Revised 7/20/93



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

June 2, 1993

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

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

Attention: T. N. Tipton

86

Administrative Order DD-~~87~~

Dear Mr. Tipton:

Under the provisions of General Rule 111 (c), (d) and (e), Marathon Oil Company made application to the New Mexico Oil Conservation Division on ~~April 27~~ ^{June 23}, 1993, for authorization to directionally drill its proposed ~~Warn State A/C-2~~ ^{Indian Hills State Comm} Well No. ~~21~~ ⁸, Lea County, New Mexico. ^{Eddy}

The Division Director Finds That:

- (1) The application has been duly filed under the provisions of Rule 111(d) and (e) of the Division General Rules and Regulations;
- (2) Satisfactory information has been provided that all offset operators have been duly notified;
- (3) The applicant has presented satisfactory evidence that all requirements prescribed in General Rule 111 will be met; and
- (4) No objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED THAT:

- (1) The applicant, Marathon Oil Company, is hereby authorized to directionally drill its Warn State A/C-2 Well No. 21, the surface location of which shall be 1109 feet from the North line and 1993 feet from the West line (Unit C) of Section 6, Township 18 South, Range 35 East, NMPM, Lea County, New Mexico, by kicking off from the vertical

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May 21, 1991

Attention: _____

Administrative Order DD- _____

Dear _____:

Under the provisions of General Rule 111 (c), (d) and (e), _____
made application to the New Mexico Oil Conservation Division on
_____, for authorization to directionally drill its proposed
_____, _____ County, New Mexico.

The Division Director Finds That:

- (1) The application has been duly filed under the provisions of Rule 111(d) and (e) of the Division General Rules and Regulations;
- (2) Satisfactory information has been provided that all offset operators have been duly notified;
- (3) The applicant has presented satisfactory evidence that all requirements prescribed in General Rule 111 will be met; and
- (4) No objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Marathon Oil Company, is hereby authorized to directionally drill its Indian Hill State Survey No. 8 the surface location of which shall be 976 feet from the South line and 660 feet from the West line (Unit M) of Section 36, Township 20 South, Range 24 East, NMPM, Eddy County, New Mexico, by kicking off from the vertical at a depth of approximately 6000 feet,

~~and drilling in such a manner as to bottom in the South Dagger Draw Upper Pennsylvanian Associated Pool at a standard well location within the SW 1/4 SW 1/4 of said Section 36, forming a standard acre spacing and proration unit for said pool.~~

~~formation within 50 feet of a point _____ feet from the _____ line and _____ feet from the _____ line of Section _____, being a standard _____ well location for said formation.~~

and drilling in such a manner as to bottom in the South Dagger Draw Upper Pennsylvanian Associated Pool at a location within the SW 1/4 SW 1/4 of said Section 36 that is considered ~~to~~ to be standard pursuant to ~~the~~ Rule 2(b) of the Special Rules and Regulations for the South Dagger Draw - Upper Pennsylvanian ~~Pool~~ Associated Pool as promulgated by Division Order No. N-5353-L, as amended.

PROVIDED HOWEVER THAT prior to commencing directional drilling operations into said wellbore, the applicant shall establish the location of the kick-off point by means of a directional survey acceptable to the Division.

PROVIDED HOWEVER THAT during or upon completion of directional drilling operations, the applicant shall conduct an accurate wellbore survey from the kick-off point to total depth in order that the subsurface bottomhole location, as well as the wellbore's true depth and course, may be determined.

(2) The applicant shall notify the supervisor of the Artesia district office of the Division of the date and time said wellbore surveys are to be conducted so that they may be witnessed. The applicant shall further provide a copy of said wellbore surveys to the Santa Fe and Artesia offices of the Division upon completion.

applicant hereby

certifies that the information furnished herein is true and correct to the best of my knowledge and belief.

(3) The applicant shall be held responsible for the accuracy of the information furnished herein.

Witness my hand and seal of office this 1st day of May, 1980.

(4) The applicant shall be held responsible for the accuracy of the information furnished herein.

Very truly yours,

[Signature]

[Signature]



**Marathon
Oil Company**

P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

June 29, 1993

Mr. William J. Lemay, Director
State of New Mexico
Energy, Minerals, and Natural Resources Department
Oil Conservation Division
310 Old Santa Fe Trail
P. O. Box 2088
Santa Fe, New Mexico 87504
(505) 827-5800

RE: Application of Marathon Oil Company
For Administrative Approval
For Directional Drilling
Indian Hills State Comm No. 8
976' FSL and 660' FWL
Section 36, T-20-S, R-24-E
South Dagger Draw Field
Eddy County, New Mexico

OIL CONSERVATION DIVISION
RECEIVED
JUL 1 1993
1 06 PM

Dear Sir:

Please find attached a copy of the letter sent to Graham Resources, Inc. notifying them of the application to drill the above referenced well. Graham Resources recently acquired the working interest previously held by BHP Petroleum. The letter was sent by certified mail on June 29, 1993.

Should you have any questions or require further information, please contact V. G. Odorisio at (915) 682-1626, extension 8262.

Sincerely,

A handwritten signature in cursive script, appearing to read 'T. N. Tipton'.

T. N. Tipton
Engineering Manager
Midland Operations

xc: R. A. Biernbaum
R. J. Folse
T. C. Lowry
V. G. Odorisio
C. T. Pearce
D. R. Petro
R. F. Unger



**Marathon
Oil Company**

P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

June 29, 1993

Graham Resources, Inc.
12707 N. Freeway
Suite 200
Houston, TX 77060
Attn: Jason Sizemore
Certified Mail

RE: Request for Waiver
Application of Marathon Oil Company
For Administrative Approval
For Directional Drilling
Indian Hills State Comm No. 8
976' FSL and 660' FWL
Section 36, T-20-S, R-24-E
South Dagger Draw Field
Eddy County, New Mexico

Gentlemen:

Please find attached Marathon Oil Company's Application for administrative approval for the directional drilling of the Indian Hills State Comm No. 8. Because of topographical constraint relating to the course of South Seven Rivers (Stinking Draw), the well will be directionally drilled from an orthodox surface location 976' FSL and 660' FWL to an orthodox bottom hole location 705' FSL and 731' FWL.

If you have no objection to this request please sign and return one copy to Marathon. Should you have any questions or require further information please contact V. G. Odorisio at (915) 682-1626, extension 8262.

Sincerely,

T. N. Tipton
Engineering Manger
Midland Operations

Offset Operators
Request for Waiver
Indian Hills State comm No. 8
South Dagger Draw Field
Eddy County, New Mexico
Page No. 2

Objection to the application of Marathon Oil Company for administrative approval for the directional drilling of its Indian Hills State Comm No. 8 well in the South Dagger Draw Field is hereby waived.

COMPANY: _____

SIGNED: _____

TITLE: _____

DATE: _____



**Marathon
Oil Company**

P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

June 29, 1993

Mr. William J. Lemay, Director
State of New Mexico
Energy, Minerals, and Natural Resources Department
Oil Conservation Division
310 Old Santa Fe Trail
P. O. Box 2088
Santa Fe, New Mexico 87504
(505) 827-5800

RE: Application of Marathon Oil Company
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Mid-Continent Region
Production United States



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If you have no objection to this request please sign and return one copy to Marathon. Should you have any questions or require further information please contact V. G. Odorisio at (915) 682-1626, extension 8262.

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T. N. Tipton
Engineering Manger
Midland Operations

Offset Operators
Request for Waiver
Indian Hills State comm No. 8
South Dagger Draw Field
Eddy County, New Mexico
Page No. 2

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COMPANY: _____
SIGNED: _____
TITLE: _____
DATE: _____



**Marathon
Oil Company**

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Mr. William J. Lemay, Director
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T. N. Tipton
Engineering Manager
Midland Operations

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Sincerely,

T. N. Tipton
Engineering Manger
Midland Operations

Offset Operators
Request for Waiver
Indian Hills State comm No. 8
South Dagger Draw Field
Eddy County, New Mexico
Page No. 2

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COMPANY: _____
SIGNED: _____
TITLE: _____
DATE: _____

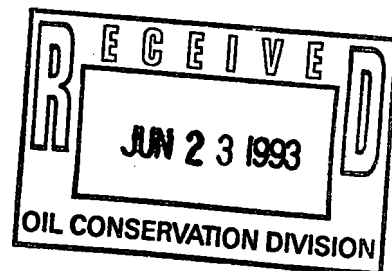


**Marathon
Oil Company**

P.O. Box 552
Midland, TX 79702-0552
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June 22, 1993

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State of New Mexico
Energy, Minerals, and Natural Resources Department
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310 Old Santa Fe Trail
P. O. Box 2088
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(505) 827-5800



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Eddy County, New Mexico

Dear Sir:

Marathon Oil Company, respectfully requests administrative approval to directionally drill the Indian Hills State Comm No. 8 in the South Dagger Draw Field from an orthodox surface location of 976' FSL and 660' FWL of Section 36 to an orthodox bottomhole location 705' FSL and 731' FWL of Section 36.

Due to topographical constraints, a drillsite directly above the desired bottomhole location cannot be utilized. South Seven Rivers (Stinking Draw) runs across the location making it unsuitable for a drillsite. A suitable surface location was found at 976' FSL and 660' FWL of section 36. This surface location is still an orthodox location.

Marathon proposes to directionally drill the Indian Hills State Comm No. 8 from the above mentioned location to an orthodox bottomhole location 705' FSL and 731' FWL of Section 36. The well will be drilled vertically to a depth of 6,000', then deviated in a southerly direction at an angle of 9.46°, to reach the proposed bottomhole location. Directional surveys will be run as described in NMOCD Rule 111. Attached is a site plat and topographic map showing the surface and proposed bottomhole locations as well as the surface obstruction. Also attached is a cross-sectional view of the proposed directional drilling plan.

Mr. William J. Lemay, Director
New Mexico Oil Conservation Division
Energy, Minerals and Natural Resource Department
Indian Hills State Comm No. 8
South Dagger Draw Field
Eddy County, New Mexico
Page Nol. 2

As described in NMOC Rule 111 operators of all offsetting proration units have been notified of this application by certified mail. Attached is a list of those operators and a copy of the letter providing notice.

Should you have any questions or require further information, please contact V. G. Odorisio at (915) 682-1626, extension 8262.

Sincerely,

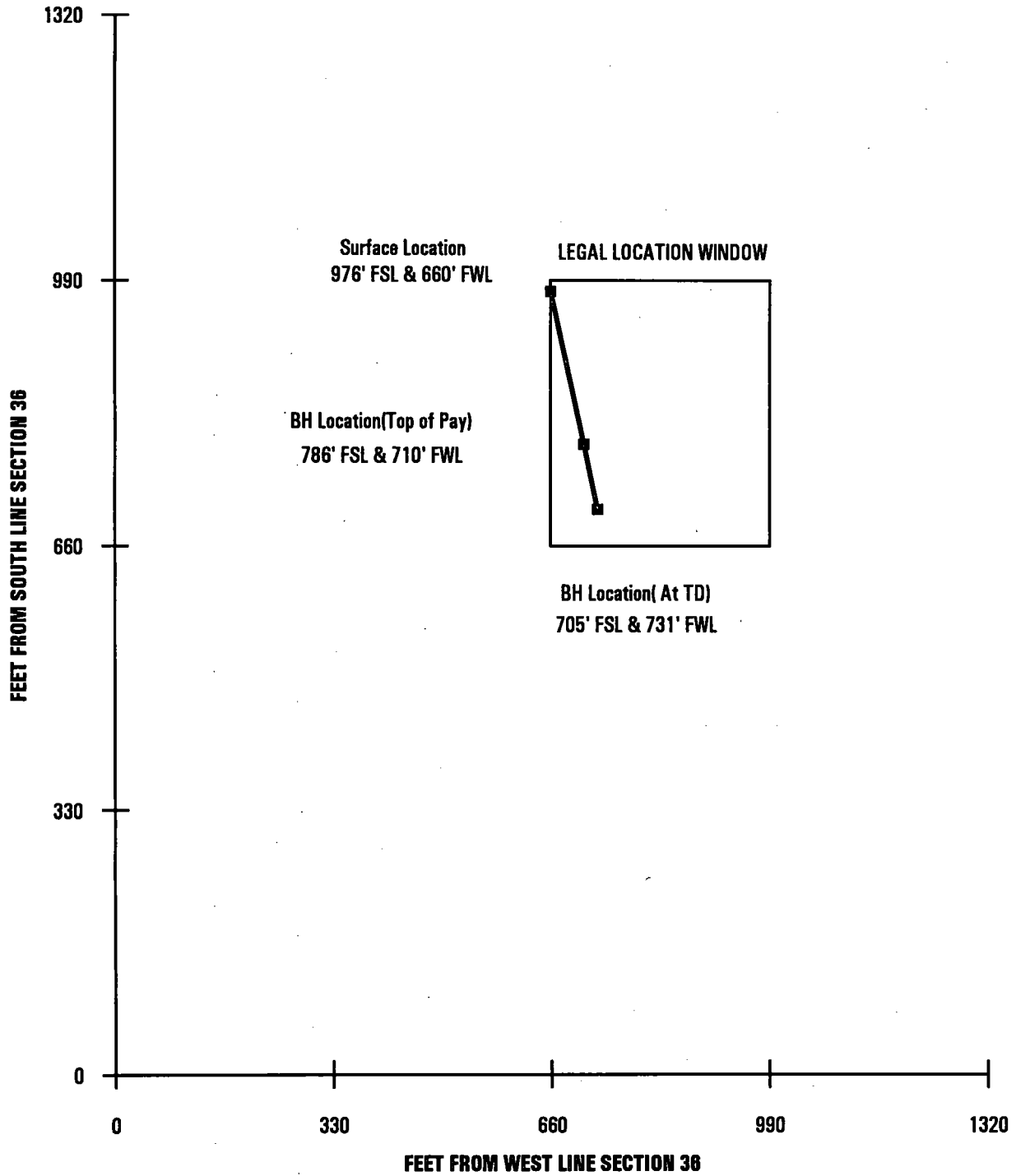


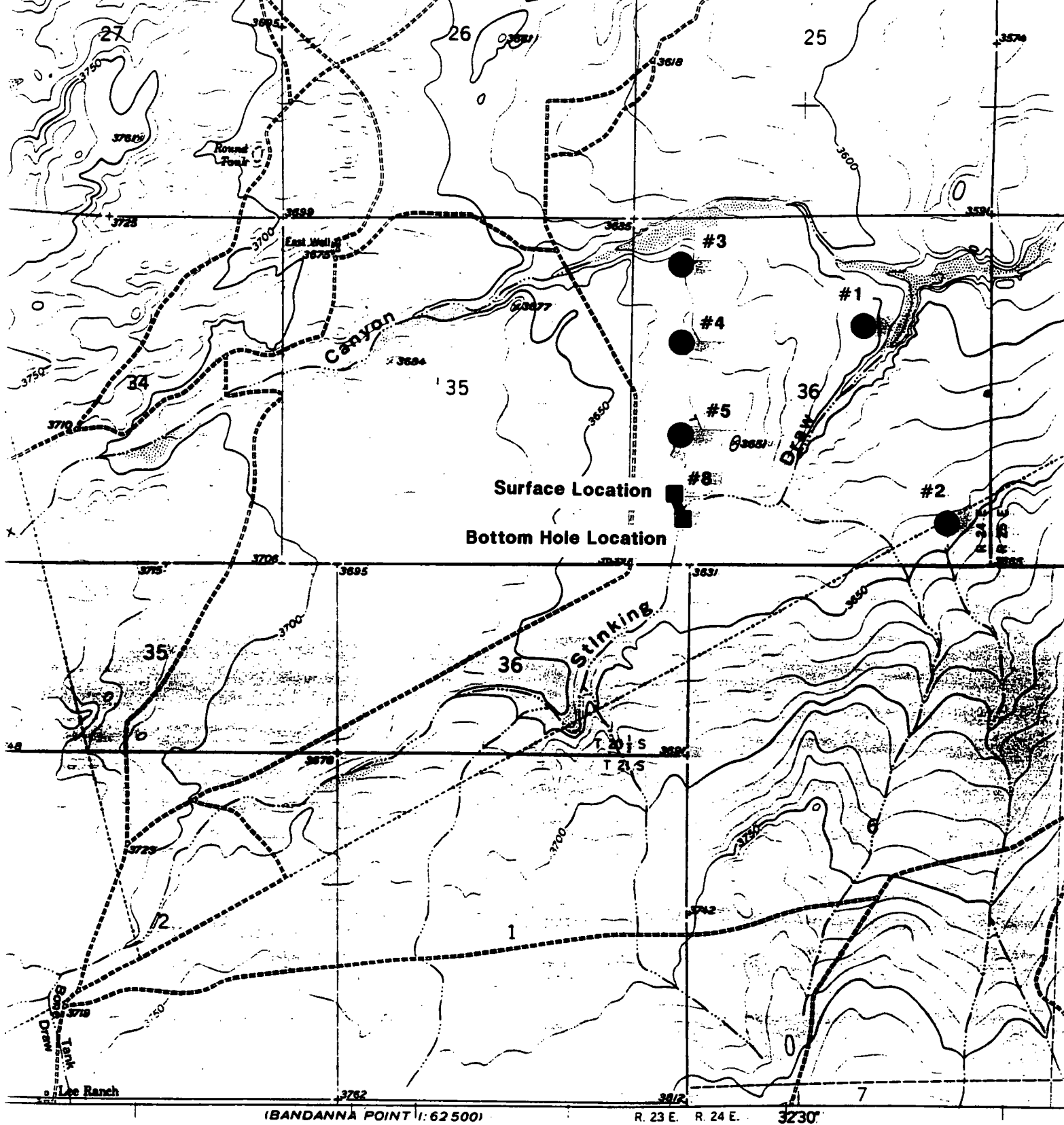
T. N. Tipton
Engineering Manager
Midland Operations

xc: R. A. Biernbaum
R. J. Folse
T. C. Lowry
V. G. Odorisio
C. T. Pearce
D. R. Petro
R. F. Unger

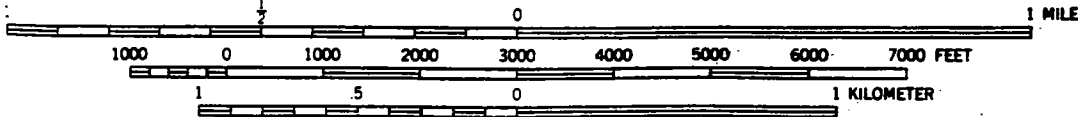
INDIAN HILLS STATE COM. 8

SW/4 SW/4 SECTION 36, T-20-S, R-24-E





SCALE 1:24 000



CONTOUR INTERVAL 10 FEET
DATUM IS MEAN SEA LEVEL

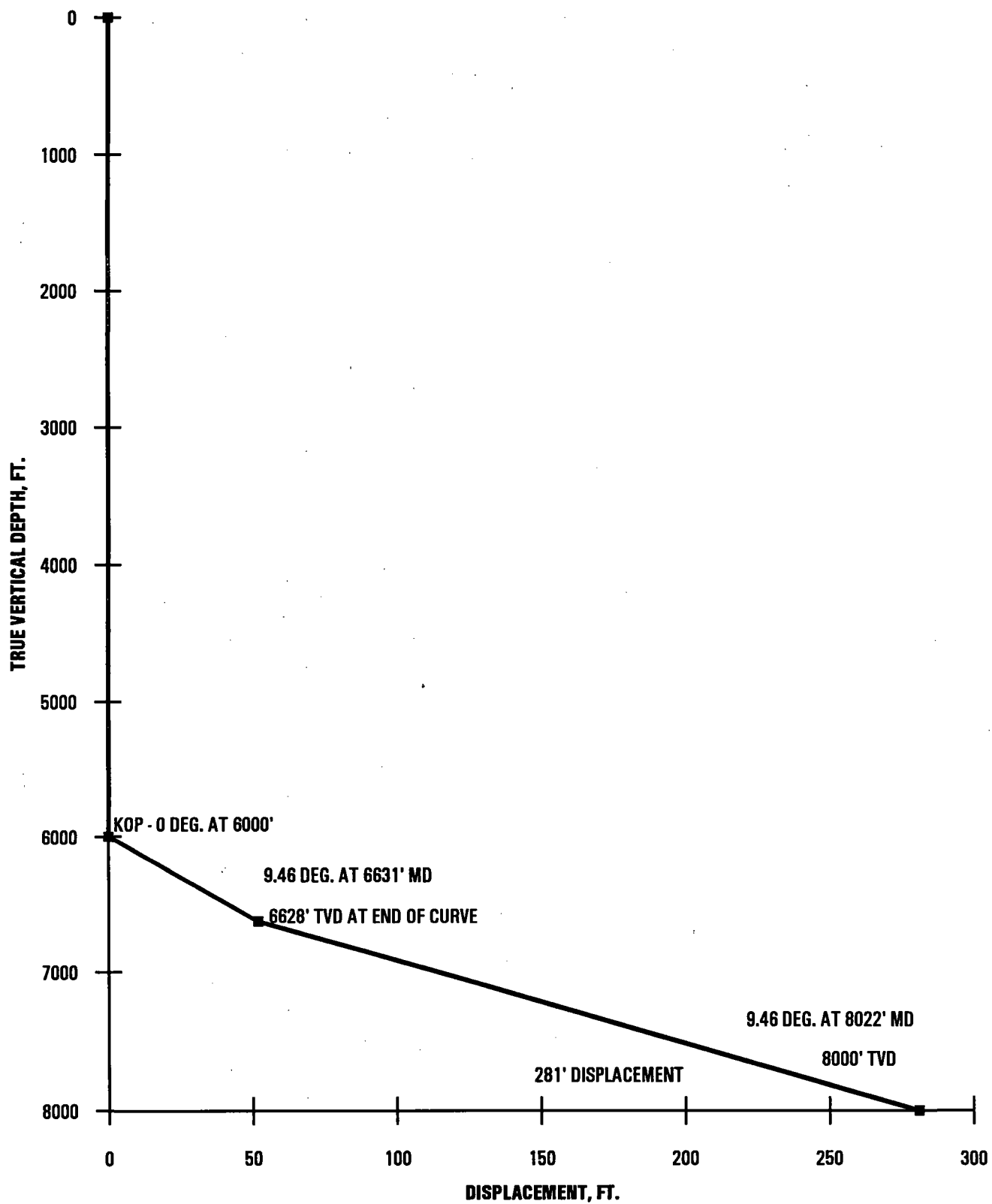
NEW MEXICO

QUADRANGLE LOCATION

THIS MAP COMPLIES WITH NATIONAL MAP ACCURACY STANDARDS.
FOR SALE BY U.S. GEOLOGICAL SURVEY, DENVER 2, COLORADO OR WASHINGTON 25, D.C.
A FOLDER DESCRIBING TOPOGRAPHIC MAPS AND SYMBOLS IS AVAILABLE ON REQUEST.

INDIAN HILLS STATE COM. 8

CROSS-SECTIONAL VIEW





**Marathon
Oil Company**

P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

June 22, 1993

Offset Operators
(Mailing List Attached)
Certified Mail

RE: Request for Waiver
Application of Marathon Oil Company
For Administrative Approval
For Directional Drilling
Indian Hills State Comm No. 8
976' FSL and 660' FWL
Section 36, T-20-S, R-24-E
South Dagger Draw Field
Eddy County, New Mexico

Gentlemen:

Please find attached Marathon Oil Company's Application for administrative approval for the directional drilling of the Indian Hills State Comm No. 8. Because of topographical constraint relating to the course of South Seven Rivers (Stinking Draw), the well will be directionally drilled from an orthodox surface location 976' FSL and 660' FWL to an orthodox bottom hole location 705' FSL and 731' FWL.

If you have no objection to this request please sign and return one copy to Marathon. Should you have any questions or require further information please contact V. G. Odorisio at (915) 682-1626, extension 8262.

Sincerely,

T. N. Tipton
Engineering Manger
Midland Operations

Offset Operators
Request for Waiver
Indian Hills State comm No. 8
South Dagger Draw Field
Eddy County, New Mexico
Page No. 2

Objection to the application of Marathon Oil Company for administrative approval for the directional drilling of its Indian Hills State Comm No. 8 well in the South Dagger Draw Field is hereby waived.

COMPANY: _____

SIGNED: _____

TITLE: _____

DATE: _____

Conoco, Inc.
P. O. Box 1959
Midland, TX 79702
Attn: Land Department

BHP Petroleum
5847 San Felipe, Suite 3600
Houston, TX 77057
Attn: Land Department



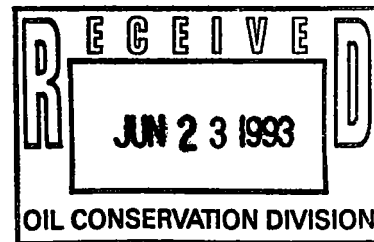
**Marathon
Oil Company**

P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

June 22, 1993

Mr. William J. Lemay, Director
State of New Mexico
Energy, Minerals, and Natural Resources Department
Oil Conservation Division
310 Old Santa Fe Trail
P. O. Box 2088
Santa Fe, New Mexico 87504
(505) 827-5800

RE: Application of Marathon Oil Company
For Administrative Approval
For Directional Drilling
Indian Hills State Comm No. 8
976' FSL and 660' FWL
Section 36, T-20-S, R-24-E
South Dagger Draw Field
Eddy County, New Mexico



Dear Sir:

Marathon Oil Company, respectfully requests administrative approval to directionally drill the Indian Hills State Comm No. 8 in the South Dagger Draw Field from an orthodox surface location of 976' FSL and 660' FWL of Section 36 to an orthodox bottomhole location 705' FSL and 731' FWL of Section 36.

Due to topographical constraints, a drillsite directly above the desired bottomhole location cannot be utilized. South Seven Rivers (Stinking Draw) runs across the location making it unsuitable for a drillsite. A suitable surface location was found at 976' FSL and 660' FWL of section 36. This surface location is still an orthodox location.

Marathon proposes to directionally drill the Indian Hills State Comm No. 8 from the above mentioned location to an orthodox bottomhole location 705' FSL and 731' FWL of Section 36. The well will be drilled vertically to a depth of 6,000', then deviated in a southerly direction at an angle of 9.46°, to reach the proposed bottomhole location. Directional surveys will be run as described in NMOCD Rule 111. Attached is a site plat and topographic map showing the surface and proposed bottomhole locations as well as the surface obstruction. Also attached is a cross-sectional view of the proposed directional drilling plan.

Mr. William J. Lemay, Director
New Mexico Oil Conservation Division
Energy, Minerals and Natural Resource Department
Indian Hills State Comm No. 8
South Dagger Draw Field
Eddy County, New Mexico
Page Nol. 2

As described in NMOC Rule 111 operators of all offsetting proration units have been notified of this application by certified mail. Attached is a list of those operators and a copy of the letter providing notice.

Should you have any questions or require further information, please contact V. G. Odorisio at (915) 682-1626, extension 8262.

Sincerely,

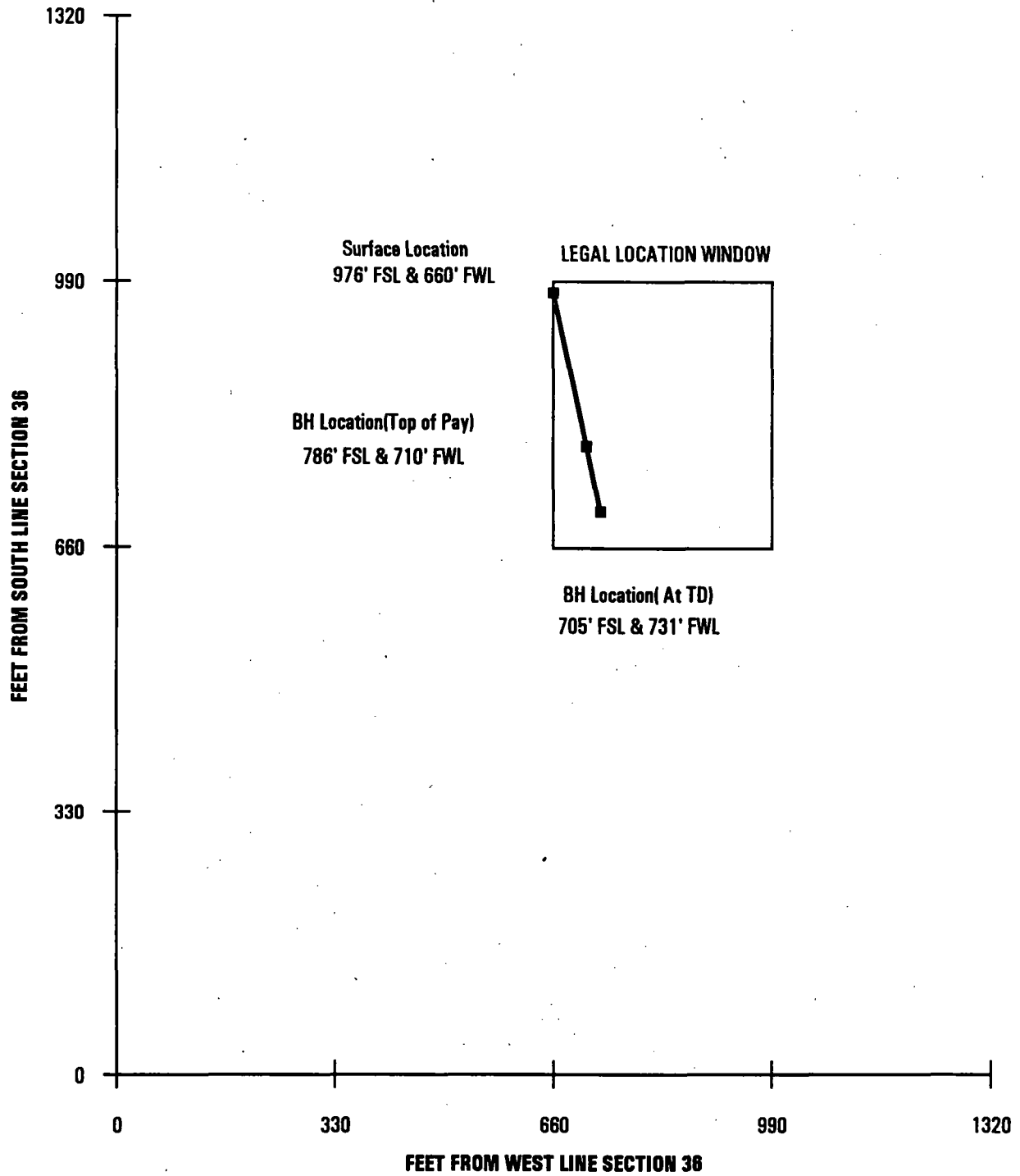


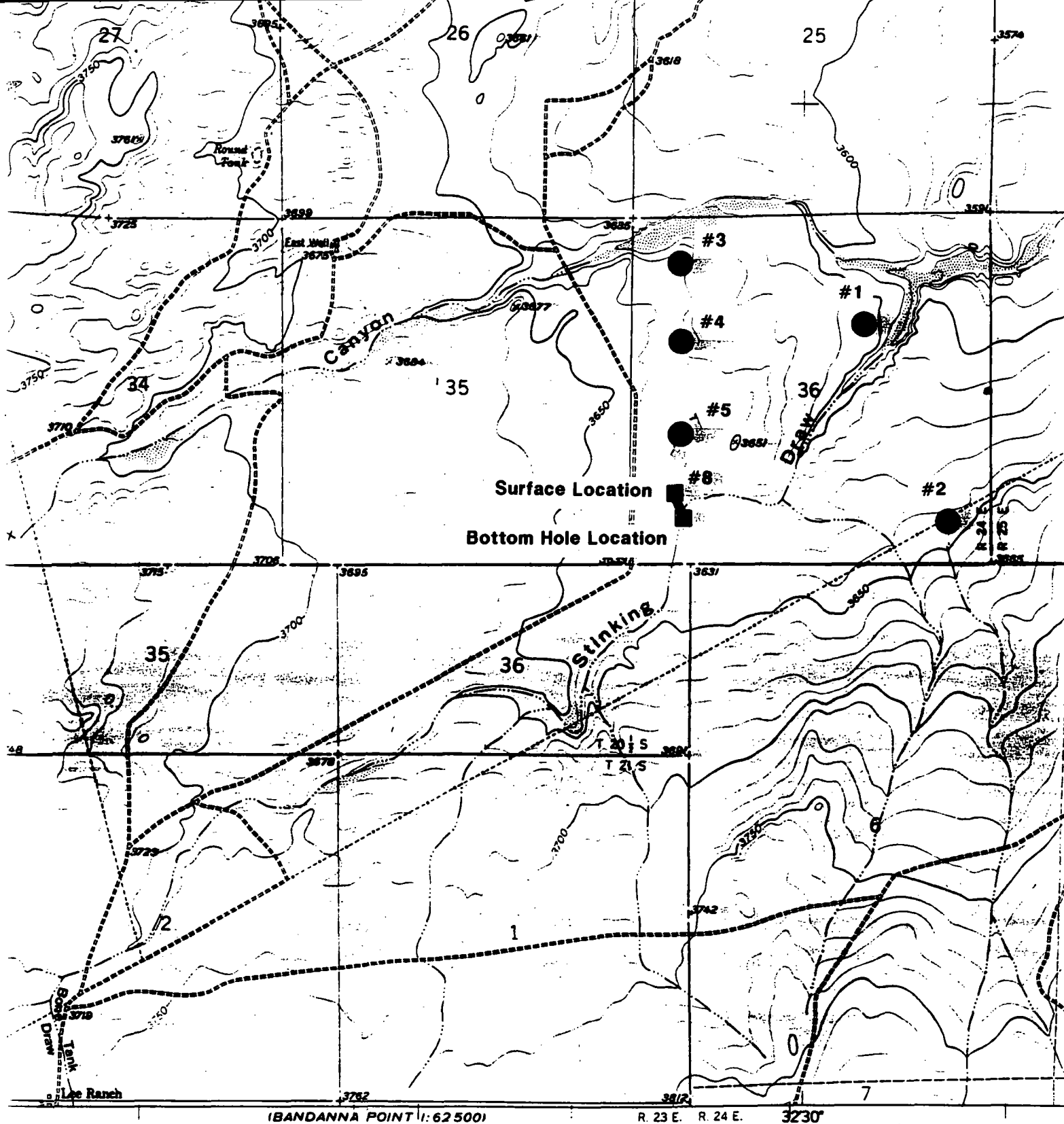
T. N. Tipton
Engineering Manager
Midland Operations

xc: R. A. Biernbaum
R. J. Folse
T. C. Lowry
V. G. Odorisio
C. T. Pearce
D. R. Petro
R. F. Unger

INDIAN HILLS STATE COM. 8

SW/4 SW/4 SECTION 36, T-20-S, R-24-E



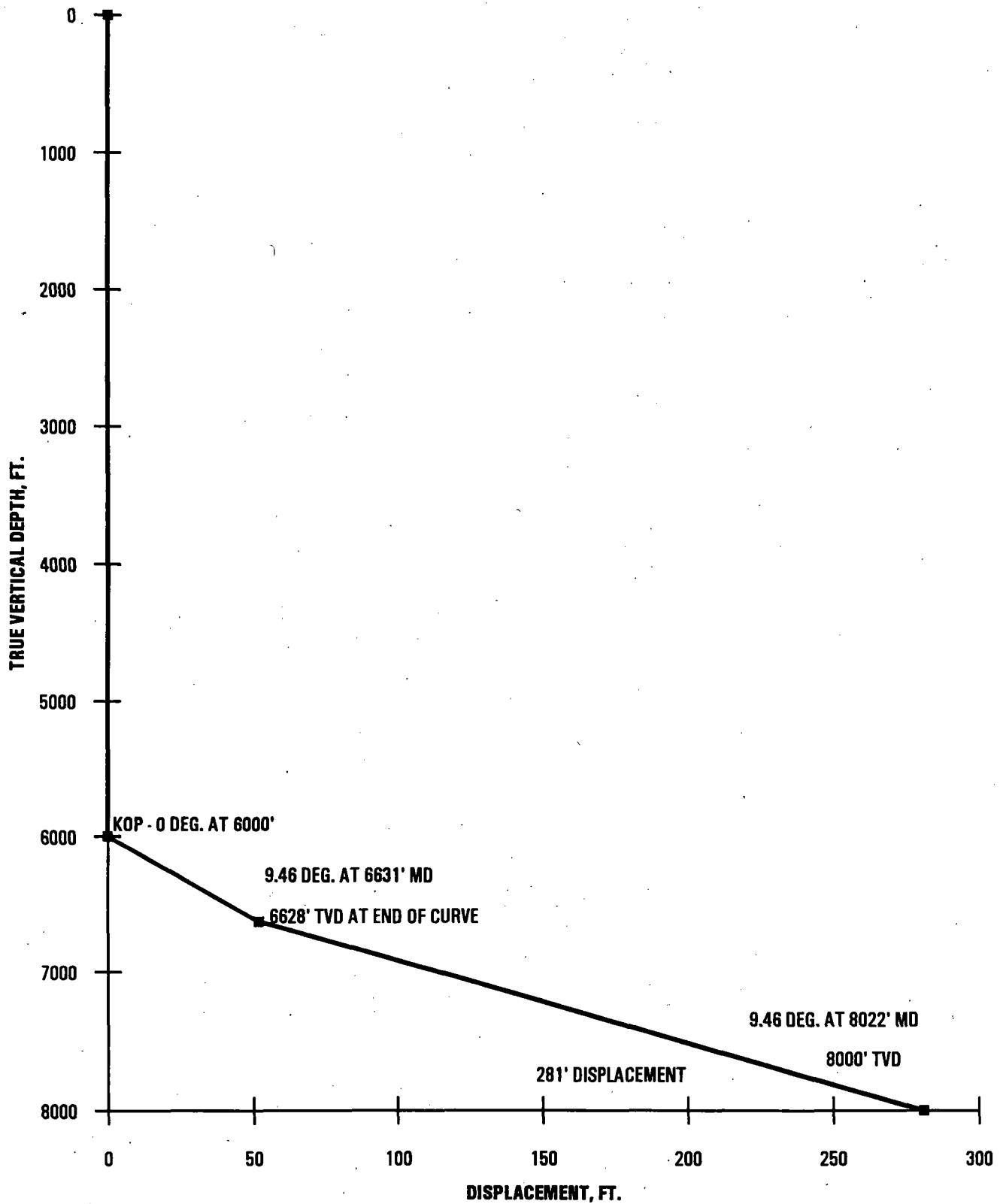


NEW MEXICO

QUADRANGLE LOCATION

THIS MAP COMPLIES WITH NATIONAL MAP ACCURACY STANDARDS:
 FOR SALE BY U.S. GEOLOGICAL SURVEY, DENVER 2, COLORADO OR WASHINGTON 25, D.C.
 A FOLDER DESCRIBING TOPOGRAPHIC MAPS AND SYMBOLS IS AVAILABLE ON REQUEST

INDIAN HILLS STATE COM. 8
CROSS-SECTIONAL VIEW





**Marathon
Oil Company**

P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

June 22, 1993

Offset Operators
(Mailing List Attached)
Certified Mail

RE: Request for Waiver
Application of Marathon Oil Company
For Administrative Approval
For Directional Drilling
Indian Hills State Comm No. 8
976' FSL and 660' FWL
Section 36, T-20-S, R-24-E
South Dagger Draw Field
Eddy County, New Mexico

Gentlemen:

Please find attached Marathon Oil Company's Application for administrative approval for the directional drilling of the Indian Hills State Comm No. 8. Because of topographical constraint relating to the course of South Seven Rivers (Stinking Draw), the well will be directionally drilled from an orthodox surface location 976' FSL and 660' FWL to an orthodox bottom hole location 705' FSL and 731' FWL.

If you have no objection to this request please sign and return one copy to Marathon. Should you have any questions or require further information please contact V. G. Odorisio at (915) 682-1626, extension 8262.

Sincerely,

T. N. Tipton
Engineering Manger
Midland Operations

Offset Operators
Request for Waiver
Indian Hills State comm No. 8
South Dagger Draw Field
Eddy County, New Mexico
Page No. 2

Objection to the application of Marathon Oil Company for administrative approval for the directional drilling of its Indian Hills State Comm No. 8 well in the South Dagger Draw Field is hereby waived.

COMPANY: _____

SIGNED: _____

TITLE: _____

DATE: _____

Conoco, Inc.
P. O. Box 1959
Midland, TX 79702
Attn: Land Department

BHP Petroleum
5847 San Felipe, Suite 3600
Houston, TX 77057
Attn: Land Department



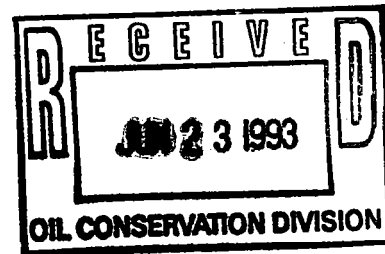
**Marathon
Oil Company**

P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

June 22, 1993

Mr. William J. Lemay, Director
State of New Mexico
Energy, Minerals, and Natural Resources Department
Oil Conservation Division
310 Old Santa Fe Trail
P. O. Box 2088
Santa Fe, New Mexico 87504
(505) 827-5800

RE: Application of Marathon Oil Company
For Administrative Approval
For Directional Drilling
Indian Hills State Comm No. 8
976' FSL and 660' FWL
Section 36, T-20-S, R-24-E
South Dagger Draw Field
Eddy County, New Mexico



Dear Sir:

Marathon Oil Company, respectfully requests administrative approval to directionally drill the Indian Hills State Comm No. 8 in the South Dagger Draw Field from an orthodox surface location of 976' FSL and 660' FWL of Section 36 to an orthodox bottomhole location 705' FSL and 731' FWL of Section 36.

Due to topographical constraints, a drillsite directly above the desired bottomhole location cannot be utilized. South Seven Rivers (Stinking Draw) runs across the location making it unsuitable for a drillsite. A suitable surface location was found at 976' FSL and 660' FWL of section 36. This surface location is still an orthodox location.

Marathon proposes to directionally drill the Indian Hills State Comm No. 8 from the above mentioned location to an orthodox bottomhole location 705' FSL and 731' FWL of Section 36. The well will be drilled vertically to a depth of 6,000', then deviated in a southerly direction at an angle of 9.46°, to reach the proposed bottomhole location. Directional surveys will be run as described in NMOCD Rule 111. Attached is a site plat and topographic map showing the surface and proposed bottomhole locations as well as the surface obstruction. Also attached is a cross-sectional view of the proposed directional drilling plan.

Mr. William J. Lemay, Director
New Mexico Oil Conservation Division
Energy, Minerals and Natural Resource Department
Indian Hills State Comm No. 8
South Dagger Draw Field
Eddy County, New Mexico
Page Nol. 2

As described in NMOCD Rule 111 operators of all offsetting proration units have been notified of this application by certified mail. Attached is a list of those operators and a copy of the letter providing notice.

Should you have any questions or require further information, please contact V. G. Odorisio at (915) 682-1626, extension 8262.

Sincerely,

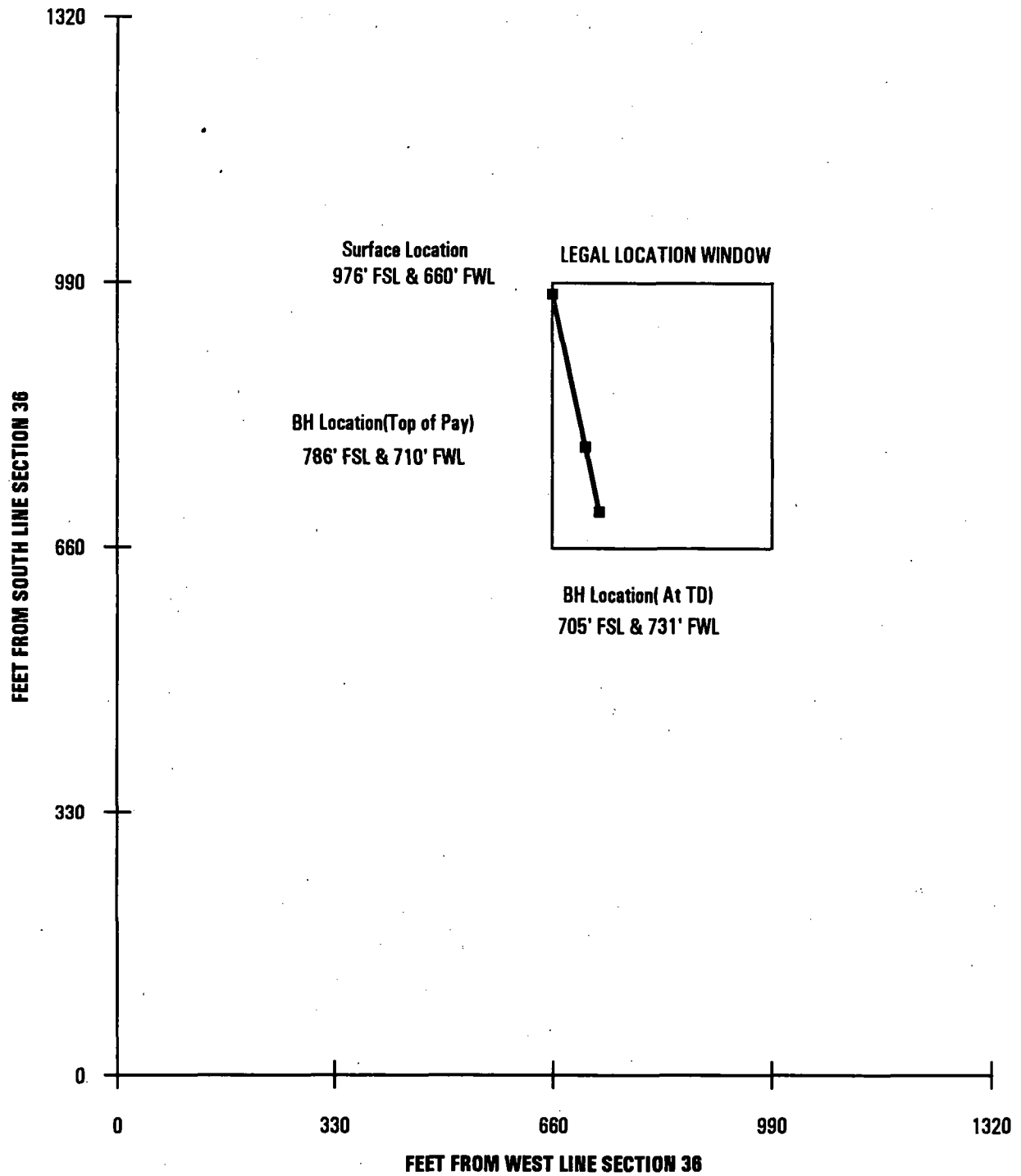


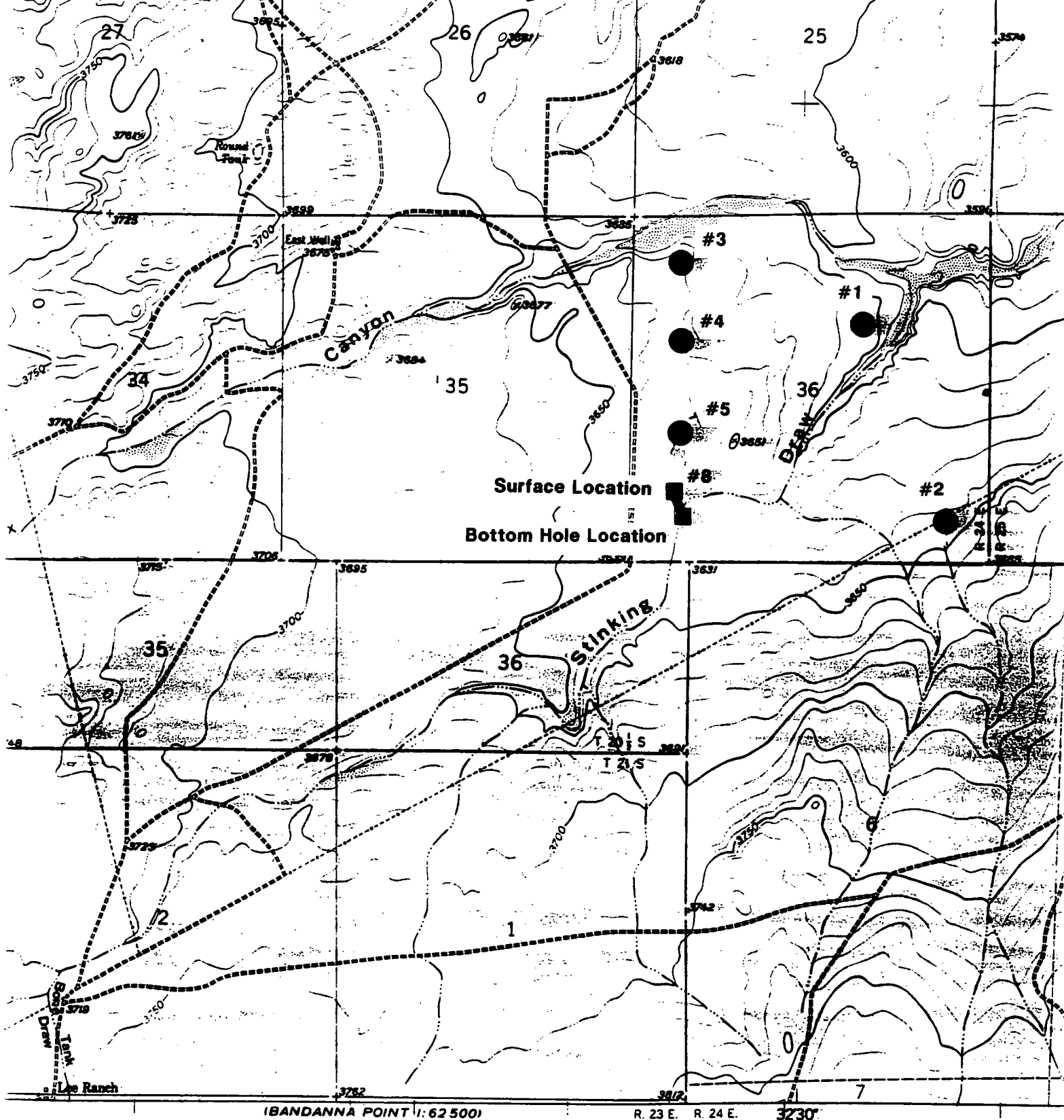
T. N. Tipton
Engineering Manager
Midland Operations

xc: R. A. Biernbaum
R. J. Folse
T. C. Lowry
V. G. Odorisio
C. T. Pearce
D. R. Petro
R. F. Unger

INDIAN HILLS STATE COM. 8

SW/4 SW/4 SECTION 36, T-20-S, R-24-E



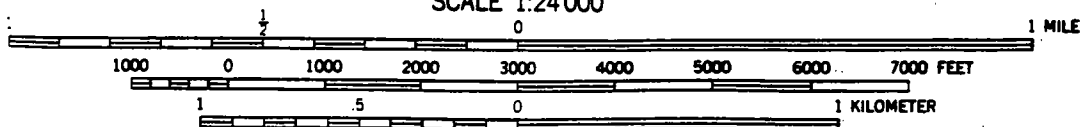


(BANDANNA POINT 1:62 500)

R. 23 E. R. 24 E.

3230'

SCALE 1:24 000



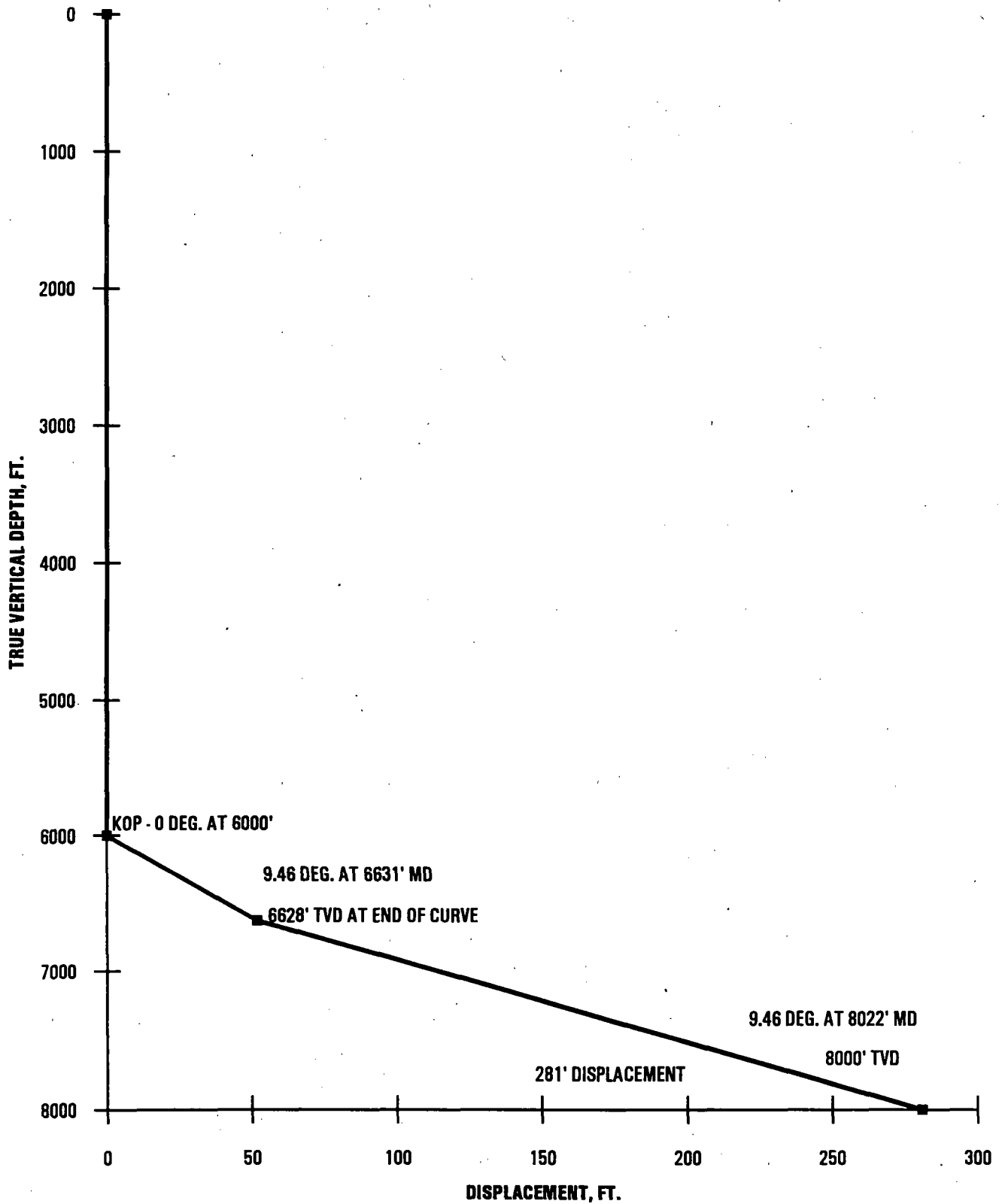
CONTOUR INTERVAL 10 FEET
DATUM IS MEAN SEA LEVEL



QUADRANGLE LOCATION

THIS MAP COMPLIES WITH NATIONAL MAP ACCURACY STANDARDS
FOR SALE BY U.S. GEOLOGICAL SURVEY, DENVER 2, COLORADO OR WASHINGTON 25, D.C.
A FOLDER DESCRIBING TOPOGRAPHIC MAPS AND SYMBOLS IS AVAILABLE ON REQUEST

INDIAN HILLS STATE COM. 8
CROSS-SECTIONAL VIEW





**Marathon
Oil Company**

P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

June 22, 1993

Offset Operators
(Mailing List Attached)
Certified Mail

RE: Request for Waiver
Application of Marathon Oil Company
For Administrative Approval
For Directional Drilling
Indian Hills State Comm No. 8
976' FSL and 660' FWL
Section 36, T-20-S, R-24-E
South Dagger Draw Field
Eddy County, New Mexico

Gentlemen:

Please find attached Marathon Oil Company's Application for administrative approval for the directional drilling of the Indian Hills State Comm No. 8. Because of topographical constraint relating to the course of South Seven Rivers (Stinking Draw), the well will be directionally drilled from an orthodox surface location 976' FSL and 660' FWL to an orthodox bottom hole location 705' FSL and 731' FWL.

If you have no objection to this request please sign and return one copy to Marathon. Should you have any questions or require further information please contact V. G. Odorisio at (915) 682-1626, extension 8262.

Sincerely,

T. N. Tipton
Engineering Manger
Midland Operations

Offset Operators
Request for Waiver
Indian Hills State comm No. 8
South Dagger Draw Field
Eddy County, New Mexico
Page No. 2

Objection to the application of Marathon Oil Company for administrative approval for the directional drilling of its Indian Hills State Comm No. 8 well in the South Dagger Draw Field is hereby waived.

COMPANY: _____
SIGNED: _____
TITLE: _____
DATE: _____

Conoco, Inc.
P. O. Box 1959
Midland, TX 79702
Attn: Land Department

BHP Petroleum
5847 San Felipe, Suite 3600
Houston, TX 77057
Attn: Land Department



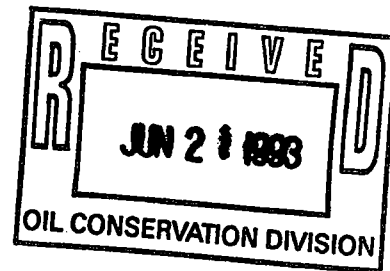
**Marathon
Oil Company**

P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

June 18, 1993

Mr. William J. Lemay, Director
State of New Mexico
Energy, Minerals, and Natural Resources Department
Oil Conservation Division
310 Old Santa Fe Trail
P. O. Box 2088
Santa Fe, New Mexico 87504
(505) 827-5800

RE: Application of Marathon Oil Company
For Administrative Approval
For Directional Drilling
Indian Hills State Comm No. 7
976' FSL and 660' FWL
Section 36, T-20-S, R-24-E
South Dagger Draw Field
Eddy County, New Mexico



Dear Sir:

Marathon Oil Company, respectfully requests administrative approval to directionally drill the Indian Hills State Comm No. 7 in the South Dagger Draw Field from an orthodox surface location of 976' FSL and 660' FWL of Section 36 to an orthodox bottomhole location 705' FSL and 731' FWL of Section 36.

Due to topographical constraints, a drillsite directly above the desired bottomhole location cannot be utilized. South Seven Rivers (Stinking Draw) runs across the location making it unsuitable for a drillsite. A suitable surface location was found at 976' FSL and 660' FWL of section 36. This surface location is still an orthodox location.

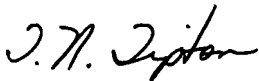
Marathon proposes to directionally drill the Indian Hills State Comm No. 7 from the above mentioned location to an orthodox bottomhole location 705' FSL and 731' FWL of Section 36. The well will be drilled vertically to a depth of 6,000', then deviated in a southerly direction at an angle of 9.46°, to reach the proposed bottomhole location. Directional surveys will be run as described in NMOCD Rule 111. Attached is a site plat and topographic map showing the surface and proposed bottomhole locations as well as the surface obstruction. Also attached is a cross-sectional view of the proposed directional drilling plan.

Mr. William J. Lemay, Director
New Mexico Oil Conservation Division
Energy, Minerals and Natural Resource Department
Indian Hills State Comm No. 7
South Dagger Draw Field
Eddy County, New Mexico
Page Nol. 2

As described in NMOCD Rule 111 operators of all offsetting proration units have been notified of this application by certified mail. Attached is a list of those operators and a copy of the letter providing notice.

Should you have any questions or require further information, please contact V. G. Odorisio at (915) 682-1626, extension 8262.

Sincerely,

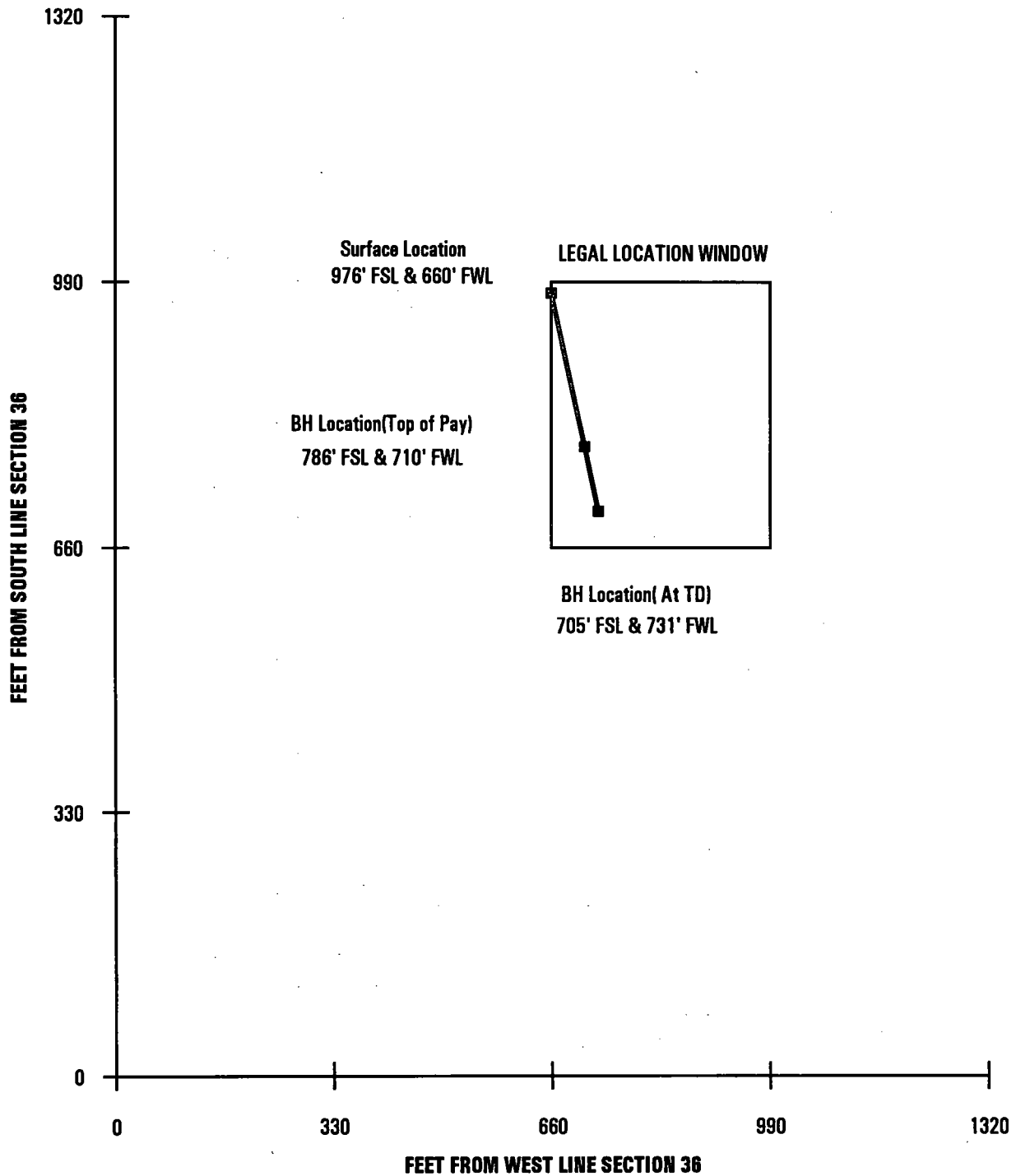


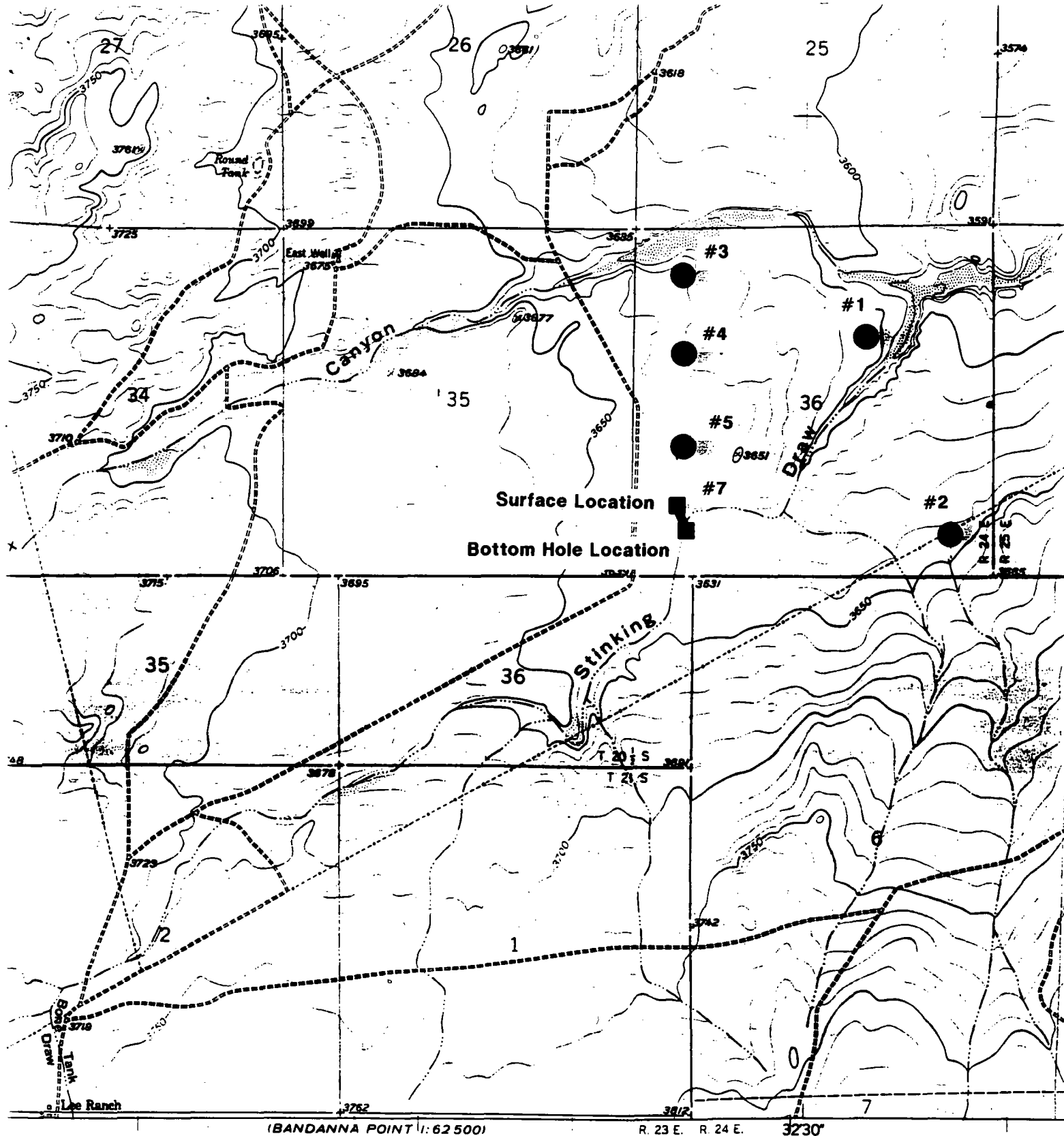
T. N. Tipton
Engineering Manager
Midland Operations

xc: R. A. Biernbaum
R. J. Folse
T. C. Lowry
V. G. Odorisio
C. T. Pearce
D. R. Petro
R. F. Unger

INDIAN HILLS STATE COM. 7

SW/4 SW/4 SECTION 36, T-20-S, R-24-E

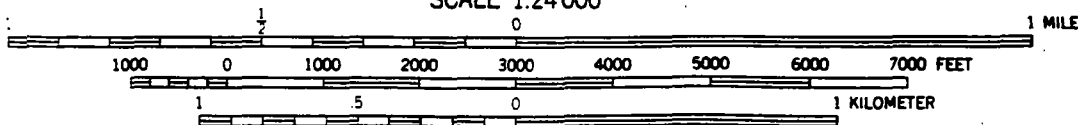




(BANDANNA POINT 1:62 500)

R. 23 E. R. 24 E. 3230'

SCALE 1:24 000



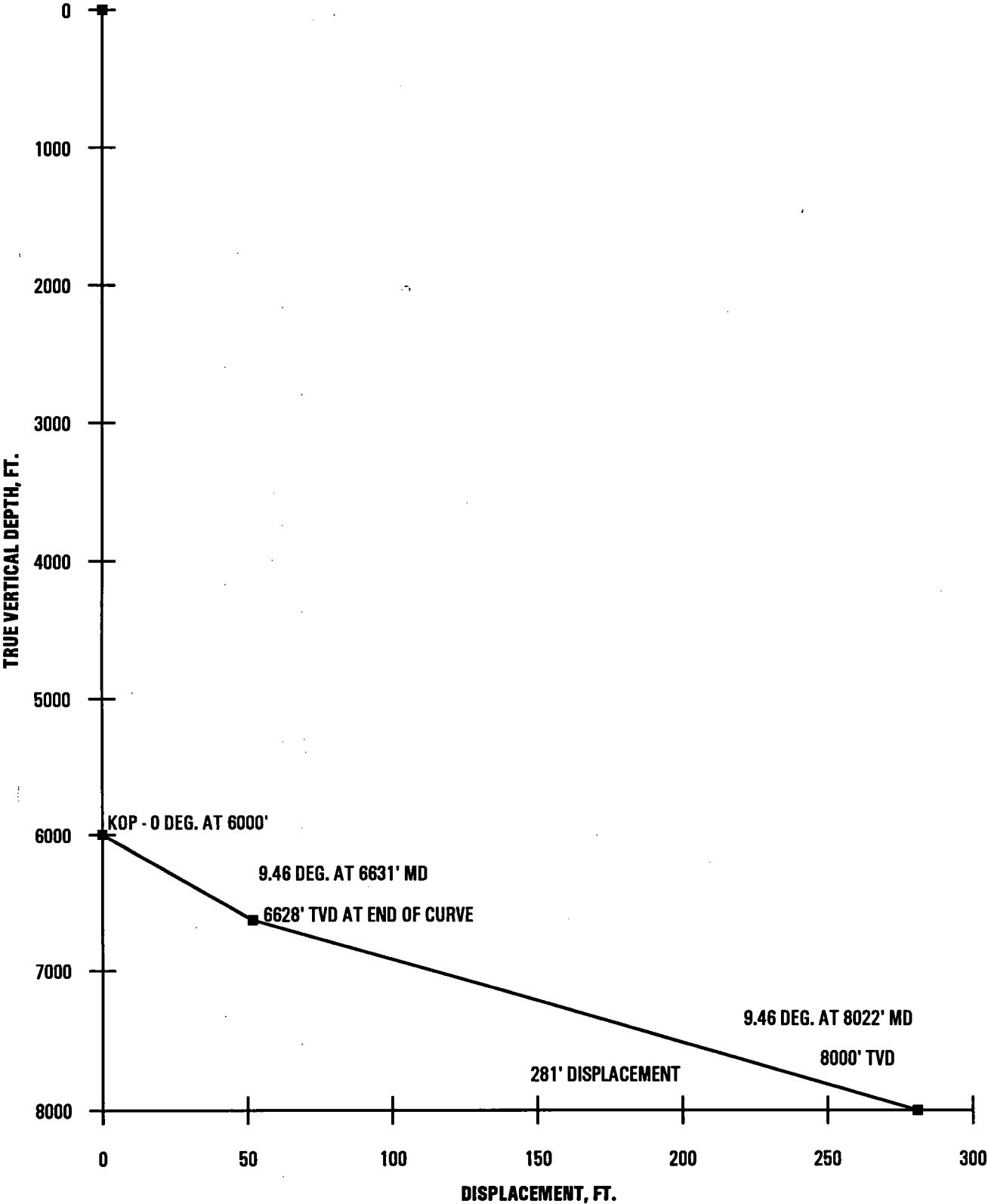
CONTOUR INTERVAL 10 FEET
DATUM IS MEAN SEA LEVEL

NEW MEXICO

QUADRANGLE LOCATION

THIS MAP COMPLIES WITH NATIONAL MAP ACCURACY STANDARDS
FOR SALE BY U.S. GEOLOGICAL SURVEY, DENVER 2, COLORADO OR WASHINGTON 25, D.C.
A FOLDER DESCRIBING TOPOGRAPHIC MAPS AND SYMBOLS IS AVAILABLE ON REQUEST

INDIAN HILLS STATE COM. 7
CROSS-SECTIONAL VIEW



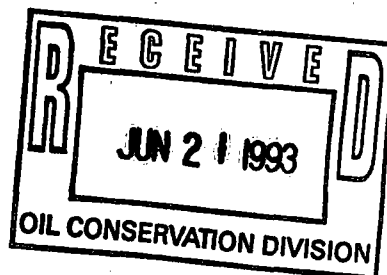


**Marathon
Oil Company**

P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

June 18, 1993

Offset Operators
(Mailing List Attached)
Certified Mail



RE: Request for Waiver
Application of Marathon Oil Company
For Administrative Approval
For Directional Drilling
Indian Hills State Comm No. 7
976' FSL and 660' FWL
Section 36, T-20-S, R-24-E
South Dagger Draw Field
Eddy County, New Mexico

Gentlemen:

Please find attached Marathon Oil Company's Application for administrative approval for the directional drilling of the Indian Hills State Comm No. 7. Because of topographical constraint relating to the course of South Seven Rivers (Stinking Draw), the well will be directionally drilled from an orthodox surface location 976' FSL and 660' FWL to an orthodox bottom hole location 705' FSL and 731' FWL.

If you have no objection to this request please sign and return one copy to Marathon. Should you have any questions or require further information please contact V. G. Odorisio at (915) 682-1626, extension 8262.

Sincerely,

T. N. Tipton
Engineering Manger
Midland Operations

Offset Operators
Request for Waiver
Indian Hills State comm No. 7
South Dagger Draw Field
Eddy County, New Mexico
Page No. 2

Objection to the application of Marathon Oil Company for administrative approval for the directional drilling of its Indian Hills State Comm No. 7 well in the South Dagger Draw Field is hereby waived.

COMPANY: _____

SIGNED: _____

TITLE: _____

DATE: _____

Conoco, Inc.
P. O. Box 1959
Midland, TX 79702
Attn: Land Department

BHP Petroleum
5847 San Felipe, Suite 3600
Houston, TX 77057
Attn: Land Department



**Marathon
Oil Company**

P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

July 12, 1993

Mr. William J. Lemay, Director
State Of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
310 Old Santa Fe Trail
P. O. Box 2088
Santa Fe, New Mexico 87504
(505) 827-5800

RE: Application of Marathon Oil Company
For Administration Approval
For Directional Drilling
Indian Hills State Comm No. 8
976' FSL and 660' FWL
Section 36, T-20-S, R-24-E
South Dagger Draw Field
Eddy County, New Mexico



Dear Sir:

Please find attached copy of Waiver of Objection from offset operator, Graham Resources, for Marathon's application to directionally drill the Indian Hills State Comm No. 8. Conoco Inc.'s 20 day waiting period is scheduled to expire on July 14, 1993. Please notify as soon as administrative approval to drill is granted.

Should you have any questions or require further information, please contact V. G. Odorisio at (915) 682-1626, extension 8262.

Sincerely,

T. N. Tipton
Engineering Manager
Midland Operations

xc: R. A. Biernbaum
V. G. Odorisio
T. C. Lowry
D. R. Petro

Offset Operators
Request for Waiver
Indian Hills State comm No. 8
South Dagger Draw Field
Eddy County, New Mexico
Page No. 2

Objection to the application of Marathon Oil Company for administrative approval for the directional drilling of its Indian Hills State Comm No. 8 well in the South Dagger Draw Field is hereby waived.

COMPANY: Graham Royalty Ltd.
SIGNED: John Hunter
TITLE: Exploitation Manager
DATE: 7/9/93

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

1. I also wish to receive the following services (for an extra fee):

- ☐ Addressee's Address
- ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Graham Resources, Inc.
12707 N. Freeway
Suite 200
Houston, TX 77060
Attn: Jason Sizemore

4a. Article Number

P 684 793 000

4b. Service Type

☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☐ Return Receipt for Merchandise

7. Date of Delivery

10/1-97

5. Signature (Addressee)

8. Signature (Agent)

J. Sizemore

PS Form 3811, December 1991. * U.S.G.P.O.: 1992-307-530

DOMESTIC RETURN RECEIPT

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
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- Write "Return Receipt Requested" on the mailpiece below the article number.
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- ☐ Addressee's Address
- ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Conoco, Inc.
P. O. Box 1959
Midland, TX 79702
Attn: Land Department

4a. Article Number

P 355 206 506

4b. Service Type

☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☐ Return Receipt for Merchandise

7. Date of Delivery

10/1-97

5. Signature (Addressee)

8. Signature (Agent)

Unita Gonzales

PS Form 3811, December 1991. * U.S.G.P.O.: 1992-307-530

DOMESTIC RETURN RECEIPT

Thank you for using Return Receipt Service.



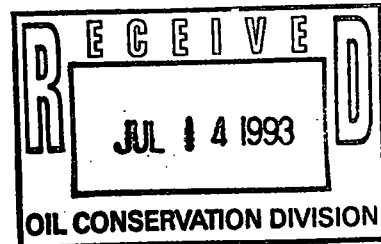
**Marathon
Oil Company**

P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

July 12, 1993

Mr. William J. Lemay, Director
State Of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
310 Old Santa Fe Trail
P. O. Box 2088
Santa Fe, New Mexico 87504
(505) 827-5800

RE: Application of Marathon Oil Company
For Administration Approval
For Directional Drilling
Indian Hills State Comm No. 8
976' FSL and 660' FWL
Section 36, T-20-S, R-24-E
South Dagger Draw Field
Eddy County, New Mexico



Dear Sir:

Please find attached copy of Waiver of Objection from offset operator, Graham Resources, for Marathon's application to directionally drill the Indian Hills State Comm No. 8. Conoco Inc.'s 20 day waiting period is scheduled to expire on July 14, 1993. Please notify as soon as administrative approval to drill is granted.

Should you have any questions or require further information, please contact V. G. Odorisio at (915) 682-1626, extension 8262.

Sincerely,

T. N. Tipton
Engineering Manager
Midland Operations

xc: R. A. Biernbaum
V. G. Odorisio
T. C. Lowry
D. R. Petro

Offset Operators
Request for Waiver
Indian Hills State comm No. 8
South Dagger Draw Field
Eddy County, New Mexico
Page No. 2

Objection to the application of Marathon Oil Company for administrative approval for the directional drilling of its Indian Hills State Comm No. 8 well in the South Dagger Draw Field is hereby waived.

COMPANY: Graham Royalty Ltd.
SIGNED: John Hunter
TITLE: Exploitation Manager
DATE: 7/9/93

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SENDER:

- Complete items 1 and/or 2 for additional services.
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I also wish to receive the following services (for an extra fee):

- ☐ Addressee's Address
- ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Graham Resources, Inc.
12707 N. Freeway
Suite 200
Houston, TX 77066
Attn: Jason Sizemore

4a. Article Number

P 684 793 000

4b. Service Type

☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☒ Return Receipt for Merchandise

7. Date of Delivery

10/93

5. Signature (Addressee)

6. Signature (Agent)

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1991 * U.S.G.P.O.: 1992-307-530 **DOMESTIC RETURN RECEIPT**

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- ☐ Restricted Delivery

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3. Article Addressed to:

Conoco, Inc.
P. O. Box 1959
Midland, TX 79702
Attn: Land Department

4a. Article Number

P 355 206 506

4b. Service Type

☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☒ Return Receipt for Merchandise

7. Date of Delivery

10/93

5. Signature (Addressee)

6. Signature (Agent)

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1991 * U.S.G.P.O.: 1992-307-530 **DOMESTIC RETURN RECEIPT**

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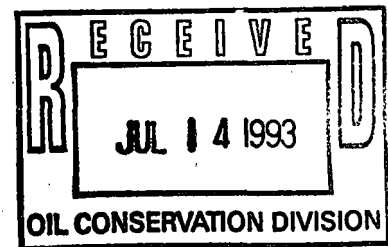


**Marathon
Oil Company**

P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

July 12, 1993

Mr. William J. Lemay, Director
State Of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
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For Administration Approval
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South Dagger Draw Field
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Sincerely,

T. N. Tipton
Engineering Manager
Midland Operations

xc: R. A. Biernbaum
V. G. Odorisio
T. C. Lowry
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Offset Operators
Request for Waiver
Indian Hills State comm No. 8
South Dagger Draw Field
Eddy County, New Mexico
Page No. 2

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COMPANY: Graham Royalty Ltd.
SIGNED: John Chante
TITLE: Exploitation Manager
DATE: 7/9/93

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Graham Resources, Inc.
12707 N. Freeway
Suite 200
Houston, TX 77066
Attn: Jason Sizemore



5. Signature (Addressee)

6. Signature (Agent)

J. T. Sizemore

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2. ☐ Restricted Delivery

Consult postmaster for fee.

4a. Article Number

P 684 793 000

4b. Service Type

☐ Registered

☐ Insured

☒ Certified

☐ COD

☐ Express Mail

☐ Return Receipt for Merchandise

7. Date of Delivery

7/1/93

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1991 * U.S.G.P.O.: 1992-307-530

DOMESTIC RETURN RECEIPT

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Attn: Land Department

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6. Signature (Agent)

Unita Gonzalez

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2. ☐ Restricted Delivery

Consult postmaster for fee.

4a. Article Number

P 355 206 506

4b. Service Type

☐ Registered

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☒ Certified

☐ COD

☐ Express Mail

☐ Return Receipt for Merchandise

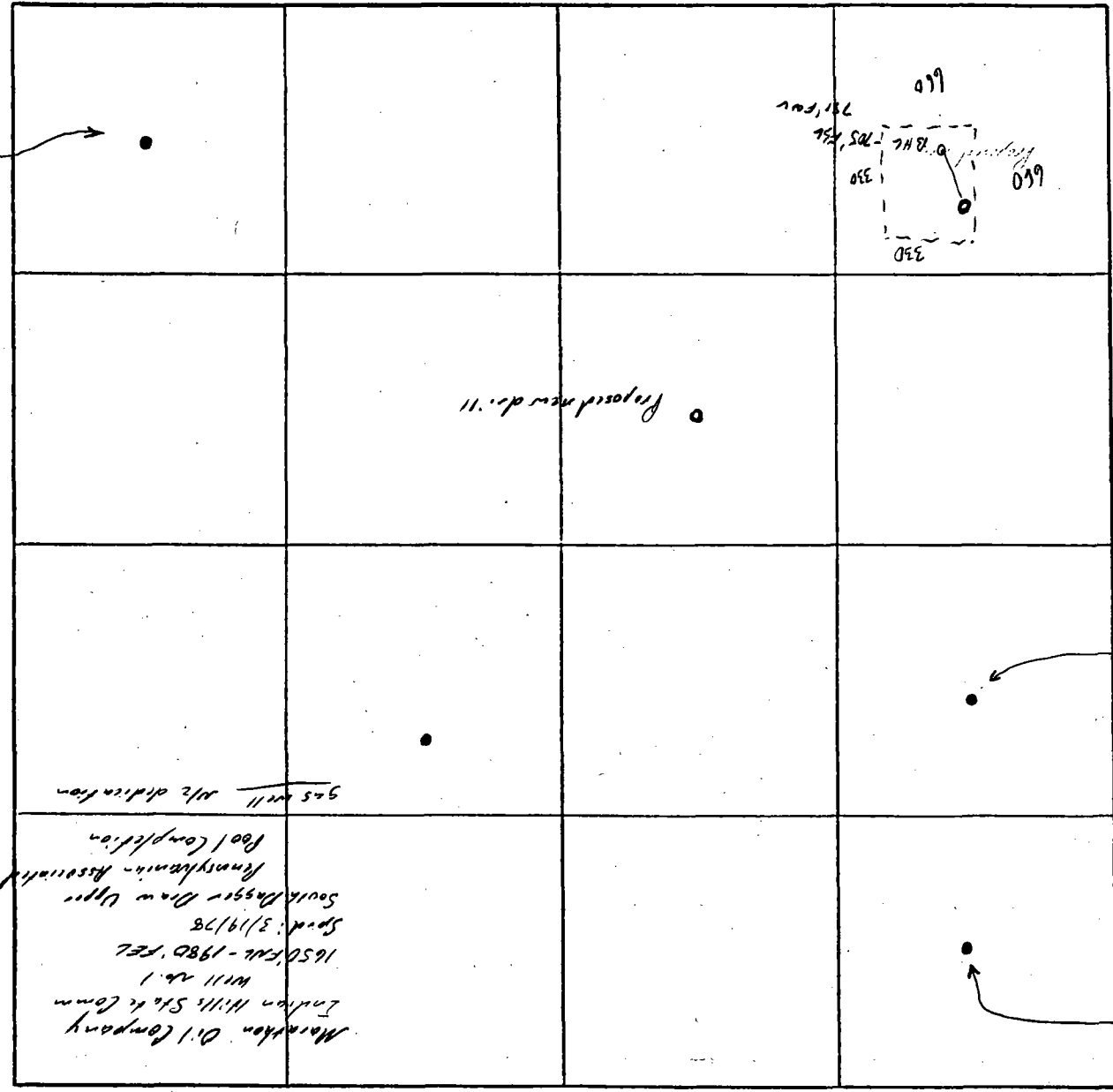
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PS Form 3811, December 1991 * U.S.G.P.O.: 1992-307-530

DOMESTIC RETURN RECEIPT

Thank you for using Return Receipt Service.



Marathon Oil Company
Indian Hills State Comm
Well No. 3
660' FWL
Spud: 11/10/92
South Ranger Draw
Upper Pennsylvanian
Associated Pool Completion
oil well w/2 dedication

Marathon Oil Company
Indian Hills State Comm
Well No. 4
1880' FWL - 660' FWL
Spud: 12/31/92
South Ranger Draw
Upper Pennsylvanian
Associated Pool Completion
oil well

note C-102 shows w/2 dedication

Marathon Oil Company
Indian Hills State Comm
Well No. 1
1650' FWL - 1980' FWL
Spud: 3/19/78
South Ranger Draw Upper
Pennsylvanian Associated
Pool Completion
gas well w/2 dedication

Proposed recompletion to
South Ranger Draw
Upper Pennsylvanian
Associated Pool

(GENERAL RULES AND REGULATIONS - ASSOCIATED OIL AND GAS POOLS - Cont'd.)**TOCITO DOME-PENNSYLVANIAN "D" ASSOCIATED POOL**
San Juan County, New Mexico

Order No. R-5353, Adopting Special Rules and Regulations, in Addition to the General Rules and Regulations for Associated Oil and Gas Pools in Northwest and Southeast New Mexico, for the Tocito Dome-Pennsylvanian "D" Associated Pool, San Juan County, New Mexico, February 1, 1977.

(Order No. R-5353 supersedes Order No. R-2758, creating and adopting temporary rules for the Tocito Dome-Pennsylvanian "D" Pool, San Juan County, New Mexico, August 3, 1964, as amended by Order No. R-2758-A, September 30, 1964, Order No. R-2758-B, April 1, 1965, and Order No. R-2758-C, August 16, 1965.)

RULE 2. (a) A standard oil proration unit shall be 160 acres. A standard gas proration unit shall be 320 acres.

RULE 2. (b) Oil wells shall be located within 150 feet of the center of the quarter-quarter section.

Gas wells shall be located within 150 feet of the center of the quarter-quarter section.

RULE 5. (a) A well shall be classified as a gas well if it has a gas-liquid ratio of 20,000 or more cubic feet of gas per barrel of liquid hydrocarbons. A well shall be classified as an oil well if it has a gas-liquid ratio of less than 20,000 cubic feet of gas per barrel of liquid hydrocarbons.

(General Pool Rules also apply unless in conflict with these Special Pool Rules.)

BLUITT-SAN ANDRES ASSOCIATED POOL
Roosevelt County, New Mexico

Order No. R-5353, Adopting Special Rules and Regulations, in Addition to the General Rules and Regulations for Associated Oil and Gas Pools in Northwest and Southeast New Mexico, for the Bluit-San Andres Associated Pool, Roosevelt County, New Mexico, February 1, 1977.

(Order No. R-5353 supersedes Order No. R-1670-I, abolishing the Bluit-San Andres Gas and East Bluit-San Andres Oil Pools and creating and adopting operating rules for the Bluit-San Andres Associated Pool, Roosevelt County, New Mexico, July 23, 1969, as amended by Order No. R-4367, August 30, 1972, and Order No. R-4583, August 1, 1973.)

RULE 2. (a) A standard oil proration unit shall be 80 acres. A standard gas proration unit shall be 320 acres.

RULE 2. (b) Oil wells shall be located within 150 feet of the center of the quarter-quarter section.

Gas wells shall be located not closer than 990 feet to the quarter section line nor closer than 330 feet to any quarter-quarter section line.

(General Pool Rules also apply unless in conflict with these Special Pool Rules.)

SOUTHEAST CHAVES QUEEN GAS AREA ASSOCIATED POOL
Chaves County, New Mexico

Order No. R-5353, Adopting Special Rules and Regulations, in Addition to the General Rules and Regulations for Associated Oil and Gas Pools in Northwest and Southeast New Mexico, for the Southeast Chaves Queen Gas Area Associated Pool, Chaves County, New Mexico, February 1, 1977.

(Order No. R-5353 supersedes Order No. R-4435, creating and adopting temporary rules for the Southeast Chaves Queen Gas Area, Chaves County, New Mexico, December 1, 1972, as amended by Order No. R-4583, August 1, 1973, Order No. R-4435-A, December 3, 1974, and Order No. R-4435-B, July 6, 1976.)

RULE 2. (a) A standard oil proration unit shall be 40 acres. A standard gas proration unit shall be 320 acres.

(General Pool Rules also apply unless in conflict with these Special Pool Rules.)

SOUTH DAGGER DRAW-UPPER PENNSYLVANIAN ASSOCIATED POOL
Eddy County, New Mexico

Order No. R-5353, Adopting Special Rules and Regulations, in Addition to the General Rules and Regulations for Associated Oil and Gas Pools in Northwest and Southeast New Mexico, for the South Dagger Draw-Upper Pennsylvanian Associated Pool, Eddy County, New Mexico, February 1, 1977, as Amended by Order No. R-5353-L, November 1, 1990, and Order No. R-5353-L-1, April 1, 1991.

(Order No. R-5353 supersedes Order No. R-4637, creating and adopting temporary rules for the South Dagger Draw-Upper Pennsylvanian Associated Pool, Eddy County, New Mexico, October 1, 1973, as amended by Order No. R-4637-A, October 21, 1975.)

Order No. R-5353-A, March 15, 1977, makes permanent the special rules adopted in Order No. R-5353.

Order No. R-5353-L-2, effective December 17, 1992, continues in full force and effect the rules adopted in Order No. R-5353, as amended.

RULE 2. (a) (As Amended by Order No. R-5353-L, November 1, 1990) A standard oil proration unit shall be 320 acres. A standard gas proration unit shall be 320 acres.

RULE 2. (b) (As Amended by Order No. R-5353-L, November 1, 1990) Each well shall be located no nearer than 660 feet to the nearest side boundary of the tract, nor nearer than 660 feet to the nearest end boundary of the tract, nor closer than 330 feet to any quarter-quarter section of subdivision inner boundary.

RULE 6. (As Amended by Order No. R-5353-L, November 1, 1990) The limiting gas-oil ratio shall be 10,000 cubic feet of gas for each barrel of oil produced.

RULE 22. (As Amended by Order No. R-5353-L, November 1, 1990, and Order No. R-5353-L-1, April 1, 1991.) The special depth bracket allowable for a 320-acre proration unit shall be 1400 barrels of oil per day. All or any part of the allowable may be produced by a single well or by two or more wells on the unit. However, total oil allowable assigned to a 320-acre unit shall not exceed 1400 barrels per day.

(General Pool Rules also apply unless in conflict with these Special Pool Rules.)

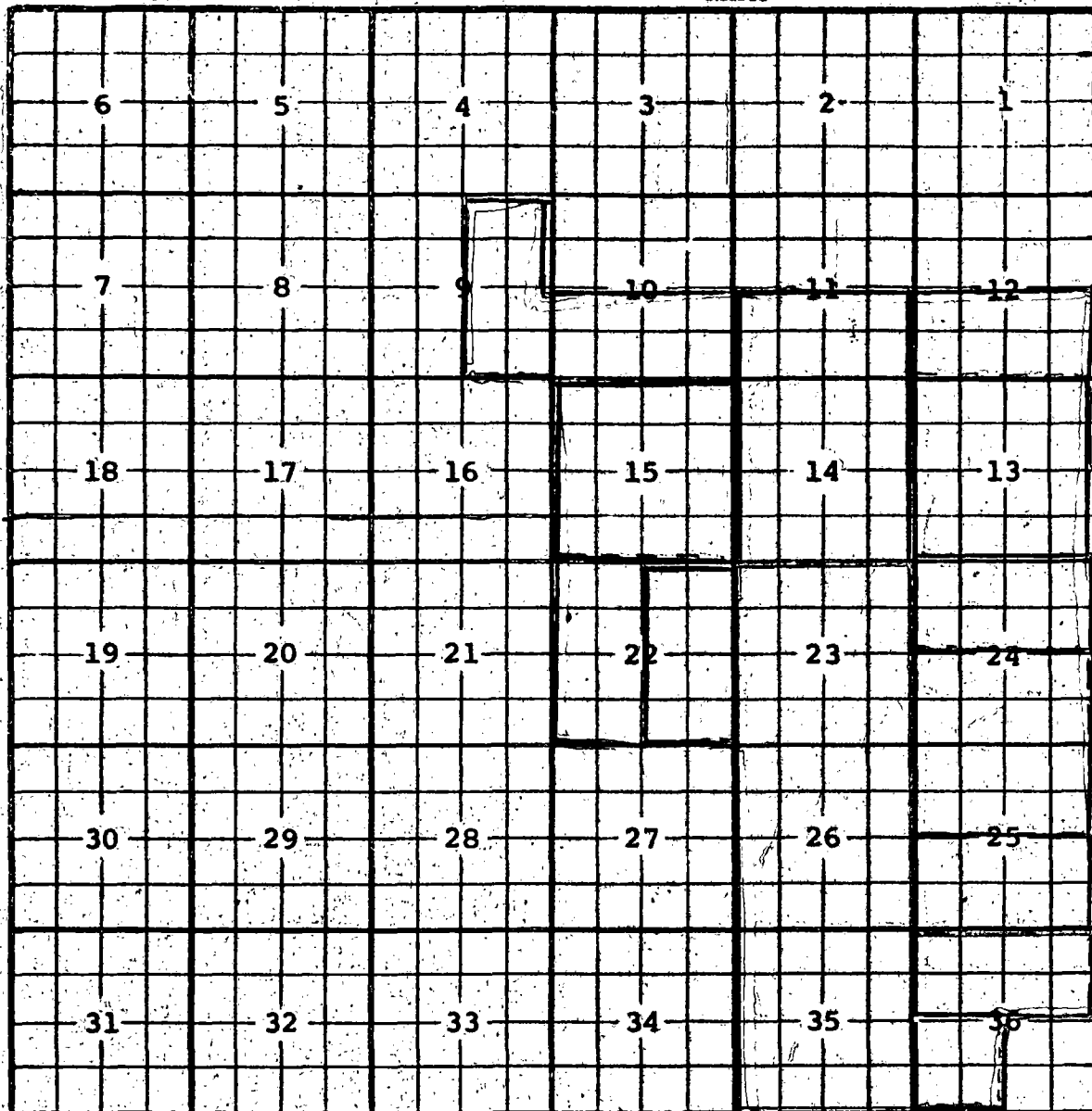
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COUNTY Eddy

POOL South Dagger Draw - Upper Pennsylvanian,
Assoc.

TOWNSHIP 20 South RANGE 24 East

NMPM



Description: All Sec. 23, 26 & 35 (R-4637, 10-1-73) EXT: E/2 SEC. 22
(R-9134, 4-1-90) EXT: S/2 SEC. 11, All SEC. 14 (R-9171, 6-1-90)
EXT: All Sec. 15 (R-9326, 11-7-90) EXT: W/2 SEC. 22 (R-9418, 2-1-91)
EXT: S/2 SEC. 12 (R-9473, 4-1-91) EXT: E/2 SEC. 9, S/2 SEC. 10, All SEC. 13 (R-9545, 7-1-91)
EXT: N/2 SEC. 36 (R-9578, 9-10-91) EXT: N/2 SEC. 24 (R-9668, 5-6-92)
EXT: S/2 SEC. 24, N/2 SEC. 25 (R-9709, 8-25-92) EXT: S/2 SEC. 25 (R-9837, 1-27-93)
EXT: S/4 SEC. 36 (R-9844, 2-8-93)

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