



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

June 4, 1996

Marathon Oil Company
P. O. Box 552
Midland, Texas 79702
Attention: Walter J. Dueease

Administrative Order NSL-3676

Dear Mr. Dueease:

Reference is made to your application dated April 26, 1996 for an unorthodox location in the: (a) Drinkard Pool; (b) Undesignated Wantz-Abo Pool; (c) Wantz-Granite Wash Pool; and, (d) Blinebry Oil and Gas Pool for Marathon Oil Company's proposed Lou Worthan Well No. 21 (API No. 30-025-33426), to be drilled 660 feet from the North line and 1350 feet from the East line (Unit B) of Section 11, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.

The NW/4 NE/4 of said Section 11 is to be dedicated to said well to form a standard 40-acre oil spacing and proration unit in the: (a) Drinkard Pool; (b) Undesignated Wantz-Abo Pool; and, (c) Wantz-Granite Wash Pool.

The proposed Lou Worthan Well No. 21 is to be an "infill" gas well in an existing 160-acre standard gas spacing and proration unit ("GPU") for the Blinebry Oil and Gas Pool comprising the NE/4 of said Section 11. Blinebry gas production from said GPU is currently simultaneously dedicated (by authority of Division Administrative Order SD-96-7, dated April 30, 1996) to the Lou Worthan Well No. 12 (API No. 30-025-10221), located 1980 feet from the North line and 560 feet from the East line (Unit H) of said Section 11 (this location is considered to be unorthodox, however Rule 2 of the Special Rules and Regulations for the Blinebry Gas Pool, as promulgated by Division Order No. R-610, "grandfathered" this location in as conforming to the rules); and the Lou Worthan Well No. 4 (API No. 30-025-10213), located at a standard gas well location 1980 feet from the North and East lines (Unit G) of said Section 11.

The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the Oil Conservation Commission in Case 11,351 on January 18, 1996 and Rule 2 of the "General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Blinebry Oil and Gas Pool".

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Marathon Oil Company

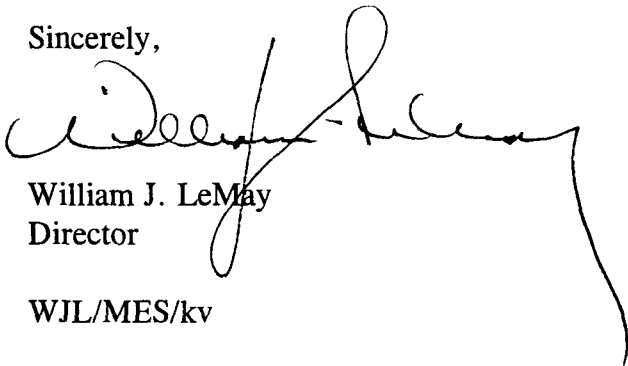
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By the authority granted me under the provisions of Division General Rule 104.F(2), the above-described unorthodox oil well location for Drinkard Pool, Undesignated Wantz-Abo Pool, and Wantz-Granite Wash Pool production within the standard 40-acre oil spacing and proration unit comprising the NW/4 NE/4 of said Section 11 is hereby approved. Further, by authority granted me under the provisions of Rule 2(c) of said special Blinebry Gas Pool rules the location of the Lou Worthan Well No. 21 is hereby approved as an unorthodox Blinebry gas well location.

Also, Marathon Oil Company is authorized to simultaneously dedicate Blinebry gas production from the Lou Worthan Well No. 21 with the Lou Worthan Well Nos. 4 and 12 and is permitted to produce the allowable assigned the subject GPU from all three wells in any proportion.

Sincerely,

A handwritten signature in black ink, appearing to read 'William J. LeMay', with a long, sweeping horizontal stroke extending to the right.

William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Hobbs
File: SD-96-7