



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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

January 21, 1997

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

Administrative Order NSL-3759

Dear Mr. Dueease:

Reference is made to your application dated December 19, 1996 for a non-standard gas well location in the Indian Basin-Upper Pennsylvanian Gas Pool for Marathon's proposed North Indian Basin Unit Well No. 34 (API No. 30-015-29296) to be drilled 660 feet from the South and East lines (Unit P) of irregular Section 4, Township 21 South, Range 23 East, NMPM, Eddy County, New Mexico. It is our understanding that said well is to be drilled to a total depth of 9,600 feet in order to test both the Morrow formation and said Upper Pennsylvanian interval.

Pursuant to the applicable rules and procedures for the Morrow formation within this portion of said Section 4, being within the buffer zone that extends one-half mile beyond the Indian Basin-Morrow Gas Pool (see Decretory Paragraph No. 6 of Division Order No. R-8170-O-1/R-2441-B, issued in Case 11512 and dated July 31, 1996, and **RULE 1** of the "*Special Rules and Regulations for the Indian Basin-Morrow Gas Pool*", as promulgated by said Order No. R-8170-O-1/R-2441-B), said location is considered to be orthodox for a standard 320-acre Morrow gas spacing and proration unit, rather it comprise the E/2 equivalent or S/2 of said Section 4. However, 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, said location is considered to be unorthodox.

All of said irregular Section 4 is to be dedicated to said well thereby forming a standard 641.04-acre gas spacing and proration unit for said Pool.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox gas well location will be at a more favorable geologic position within the Indian Basin-Upper Pennsylvanian Gas Pool than a well drilled at a location considered to be

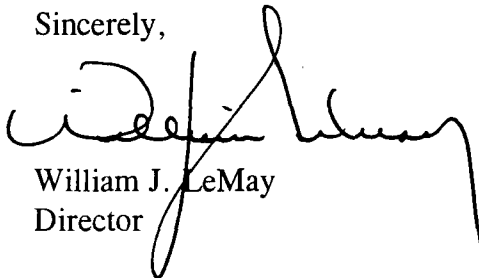
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standard.

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.

By the authority granted me under the provisions of RULE 2(d) of the "*General Rules 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, and Division General Rule 104.F(2), the above-described unorthodox gas well location is hereby approved.

Sincerely,



William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad