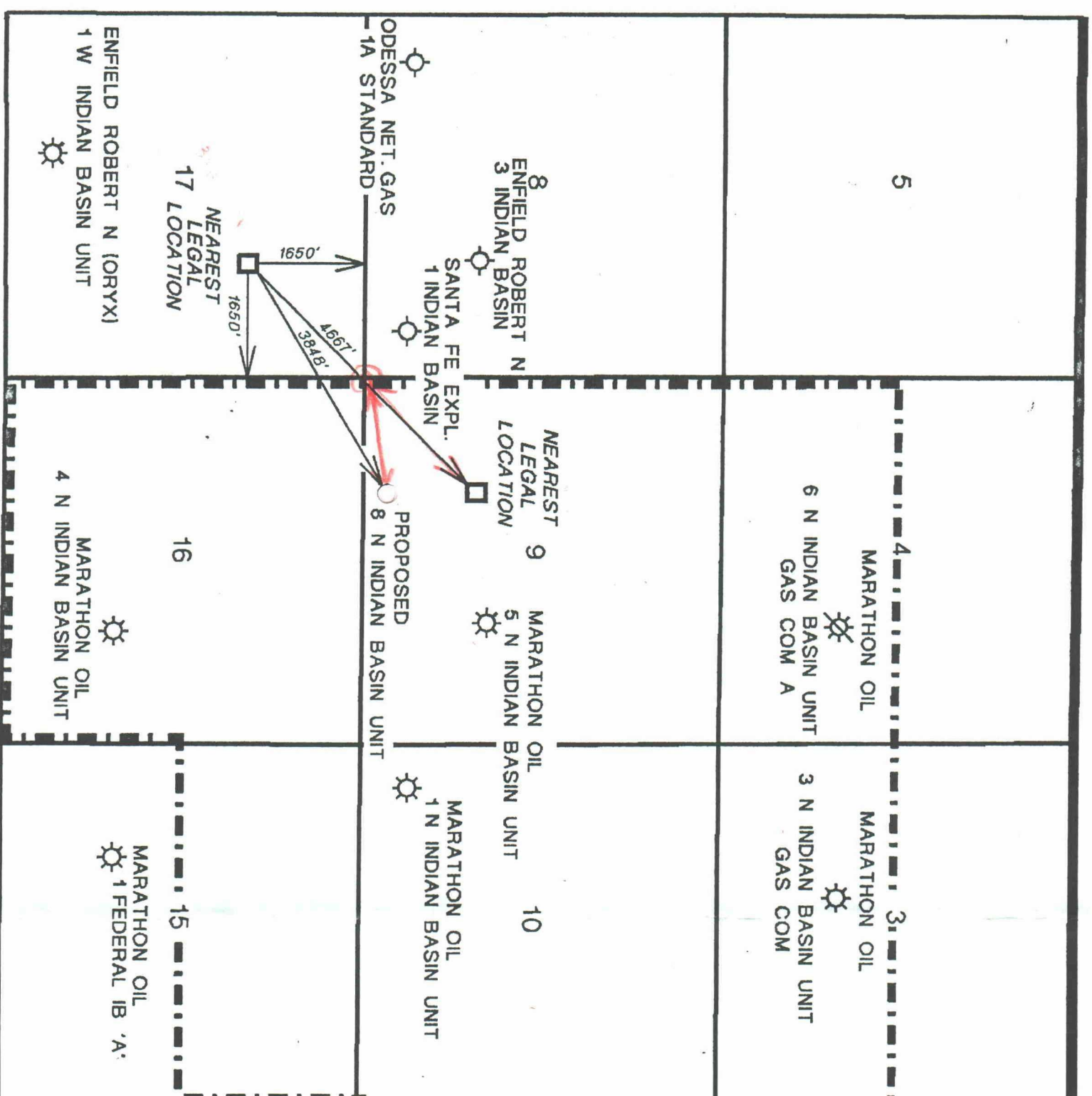


R 23 E

MARATHON OIL COMPANY

INDIAN BASIN FIELD
EDDY COUNTY, NEW MEXICO



PENALTY CALCULATION

DISTANCE BETWEEN PROPOSED LOCATION
AND NEAREST LEGAL LOCATION IN SECTION 17
PENALTY = 1 -

DISTANCE BETWEEN LEGAL LOCATION IN SECTION 9
AND NEAREST LEGAL LOCATION IN SECTION 17

$$\text{PENALTY} = 1 - \frac{3848'}{4667'}$$

PENALTY = 17.5%

--- NIBU BOUNDARY