



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 28, 1997

Marathon Oil Company
P.O. Box 552
Midland, Texas 79702-0552
Attention: Walter Dueease

Administrative Order NSL-3764

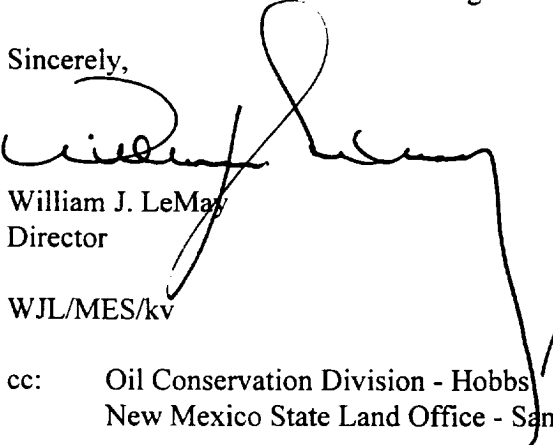
Dear Mr. Dueease:

Reference is made to your applications dated October 28, 1996, November 13, 1996, and January 10, 1997 for Marathon Oil Company to drill its Silverstrand State Well No. 1 (API No. 30-025-33659) at an unorthodox gas well location in the Undesignated North Vacuum-Atoka Morrow Gas Pool 660 feet from the North line and 1980 feet from the West line (Lot 3/Unit C) of Section 2, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico. It is our understanding that the primary objective for this well is the shallower North Vacuum-Abo Pool, in which Lots 3 and 4 (the N/2 NW/4 equivalent) is to be dedicated to form a standard 82.17-acre oil spacing and proration unit, and pursuant to the "*Special Rules and Regulations for the North Vacuum-Abo (Oil) Pool*", as promulgated by Division Order No. R-2421, as amended, said location is standard. However, pursuant to Division General Rule 104.C(2)(b), this location is considered to be an unorthodox gas well location for the Atoka/Morrow interval in which Lots 3 and 4, the S/2 NW/4, and the SW/4 (W/2 equivalent) of said Section 2 is to be dedicated thereby forming a 322.17-acre gas spacing and proration unit.

The subject 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 Division General Rule 104.F(2), the above-described unorthodox Atoka/Morrow gas well location is hereby approved.

Sincerely,


William J. LeMay
Director

WJL/MES/kv

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