

DATE IN 9/10/07	SUSPENSE	W. Jones ENGINEER	LOGGED IN 9/10/07	TYPE DHC	APP NO. PTD50725361190
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners
 [B] ☐ Offset Operators, Leaseholders or Surface Owner
 [C] ☐ Application is One Which Requires Published Legal Notice
 [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Charles E. Kendrick Charles E. Kendrick Reg. Compliance Rep 8/28/08
 Print or Type Name Signature Title Date
cekendrix@murathanoil.com
 e-mail Address

District I
1625 N. French Drive, Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

Oil Conservation Division

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE

Single Well

Establish Pre-Approved Pools

EXISTING WELLBORE

Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

Operator Marathon Oil Company Address P.O. Box 3487 Houston, Texas DHC-314-A
77253-3487

Lease J. L. Muncy No. 4 Well No. 14-24 Unit T-22-S Township R-37-E County Lea

OGRID No. 14021 Property Code 006442 API No. 30-25-22217 Lease Type: State ☒ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	<u>Blinebry oil</u>	<u>Tubb oil</u>	<u>Brunson Drinkard ABo S.</u>
Pool Code	<u>06660</u>	<u>86440</u>	<u>07900</u>
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	<u>5494' - 5738'</u>	<u>5996' - 6229'</u>	<u>6423' - 6933'</u>
Method of Production (Flowing or Artificial Lift)	<u>Pumping</u>		<u>Pumping</u>
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	<u>37.8</u>	<u>NEW ZONE</u>	<u>38.2</u>
Producing, Shut-In or New Zone	<u>Producing</u>	<u>Shut In</u>	<u>Producing</u>
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: <u>08/31/07</u> Rates: <u>oil 43</u> <u>Gas 16.5</u> <u>Water 10</u>	Date: <u>N/A</u> Rates: <u>(SUBTRACTION)</u>	Date: <u>08/31/07</u> Rates: <u>oil 1.8</u> <u>Gas 11</u> <u>Water 1.57</u>
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil <u> </u> Gas <u> </u> <u> </u> % <u> </u> %	Oil <u> </u> Gas <u> </u> <u> </u> % <u> </u> %	Oil <u> </u> Gas <u> </u> <u> </u> % <u> </u> %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes X No
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? N/A Yes No

Are all produced fluids from all commingled zones compatible with each other? Yes X No

Will commingling decrease the value of production? Yes No X

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? N/A Yes No

NMOCD Reference Case No. applicable to this well:

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE Charles E. Kendrix TITLE Reg. Compliance Rep. DATE 8/28/08

TYPE OR PRINT NAME Charles E. Kendrix TELEPHONE NO. (713) 296-2096

E-MAIL ADDRESS cekendrix@marathonoil.com



Southern Business Unit

P. O. Box 3487
Houston, TX 77253-3487

5555 San Felipe Road
Houston, TX 77056-2799

Telephone: (713) 296-2096

FAX: (713) 499-6750

September 4, 2007

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

RE: Downhole Commingle Permit J.L. Muncy No 4

TO: Mr. Will Jones

Dear Mr. Jones

Marathon Oil Company is seeking a permit to downhole commingle the J.L. Muncy No 4 (API 30-025-22217).

This well is currently downhole commingled in the Brunson Drinkard Abo and Blinebry oil pools under DHC-314. Marathon would like to add the Tubb formation to this downhole commingled wellbore. Marathon is looking for a way to make the J.L. Muncy No 4 more economically viable to produce.

This well is already approved for simultaneous dedication of acreage with the J.L. Muncy wells No's 7 & 11 under SD 200614. Since Marathon has no production history for the J.L. Muncy No 4 in the Tubb, we are asking that Marathon be allowed to complete the well in the Tubb and provide allocation percentages to the NMOCD based on the incremental production gained with the Tubb completion activated. The Tubb formation in this area is very near depleted as indicated by the rates of Marathon's other Tubb producing wells on this lease. I have included production information for the No's 7 & 11 with this application showing the daily rates for those wells. The Tubb, Drinkard Abo, and Blinebry formations in the J.L. Muncy lease are held under identical ownership.

If you need any further information please contact me at 713-296-2096 or through email @ cekendrix@marathonoil.com.

Sincerely,

A handwritten signature in cursive script that reads 'Charles E. Kendrix'.

Charles E. Kendrix
Regulatory Compliance Representative
Marathon Oil Company

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

Operator MARATHON OIL COMPANY		Lease J. L. MUNCY		Well No. 4
Unit Letter H	Section 24	Township 22 SOUTH	Range 37 EAST	County LEA
Actual Footage Location of Well: 1980 feet from the NORTH line and 660 feet from the EAST line.				
Ground Level Elev: 1980	Producing Formation BLINEBRY	Pool BLINEBRY OIL	Dedicated Acreage 40 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 interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☒ Yes ☐ No If answer is "yes," type of consolidation Operating Agreement

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

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

CERTIFICATION

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

Name

M. L. Johnston

Position

**Acting
Area Petroleum Engineer**

Company

Marathon Oil Company

Date

May 2, 1968

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

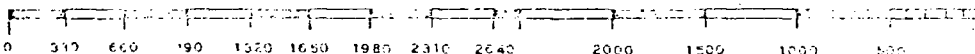
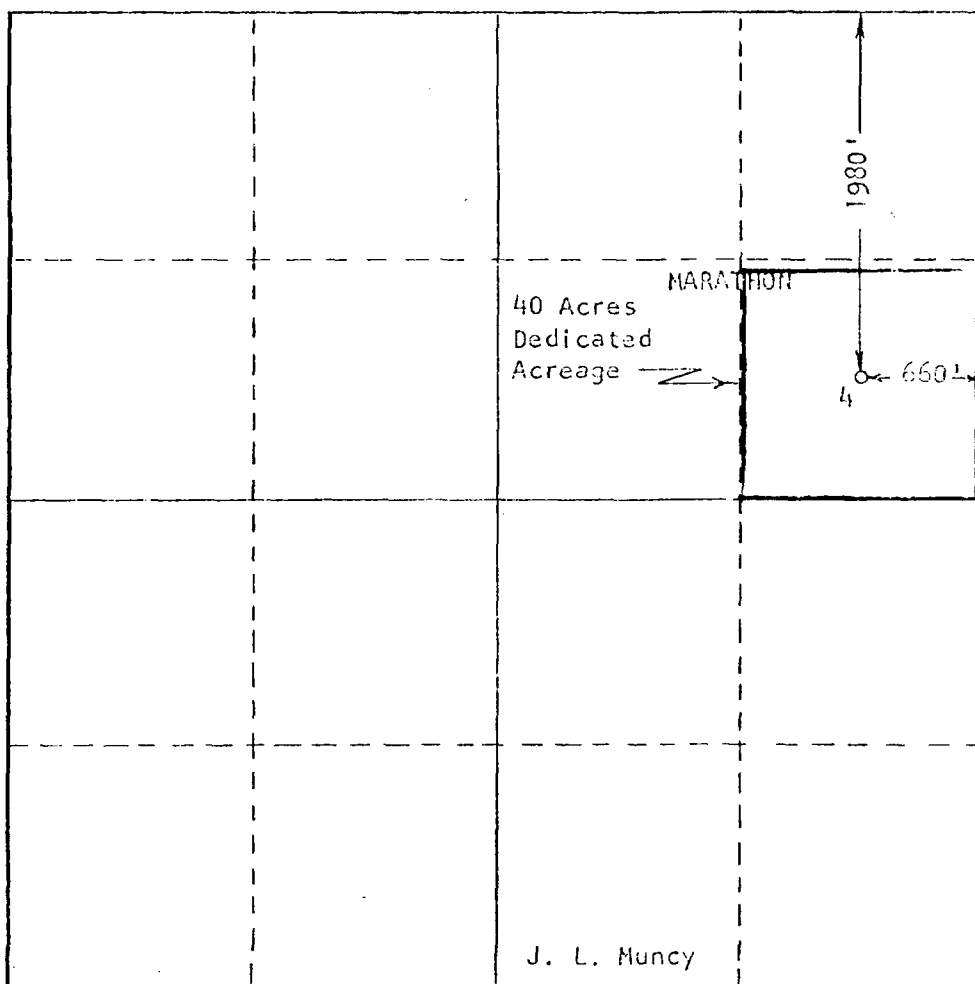
7-22-67

Registered Professional Engineer
and/or Land Surveyor

/s/ John W. Vest

Certificate No.

676



NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-55

All distances must be from the outer boundaries of the Section.

Operator MARATHON OIL COMPANY		Lease J. L. MUNCY		Well No. 4
Unit Letter H	Section 24	Township 22 SOUTH	Range 37 EAST	County LEA
Actual Footage Location of Well: 1950 feet from the NORTH line and 660 feet from the EAST line				
Ground Level Elev.	Producing Formation DRINKARD	Pool DRINKARD	Dedicated Acreage: 40 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure 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 interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☒ Yes ☐ No If answer is "yes," type of consolidation Operating Agreement

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

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

CERTIFICATION

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

J. W. Younger
Name

J. W. Younger

Position
Area Petroleum Engineer

Company
Marathon Oil Company

Date

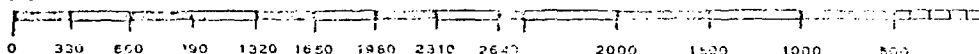
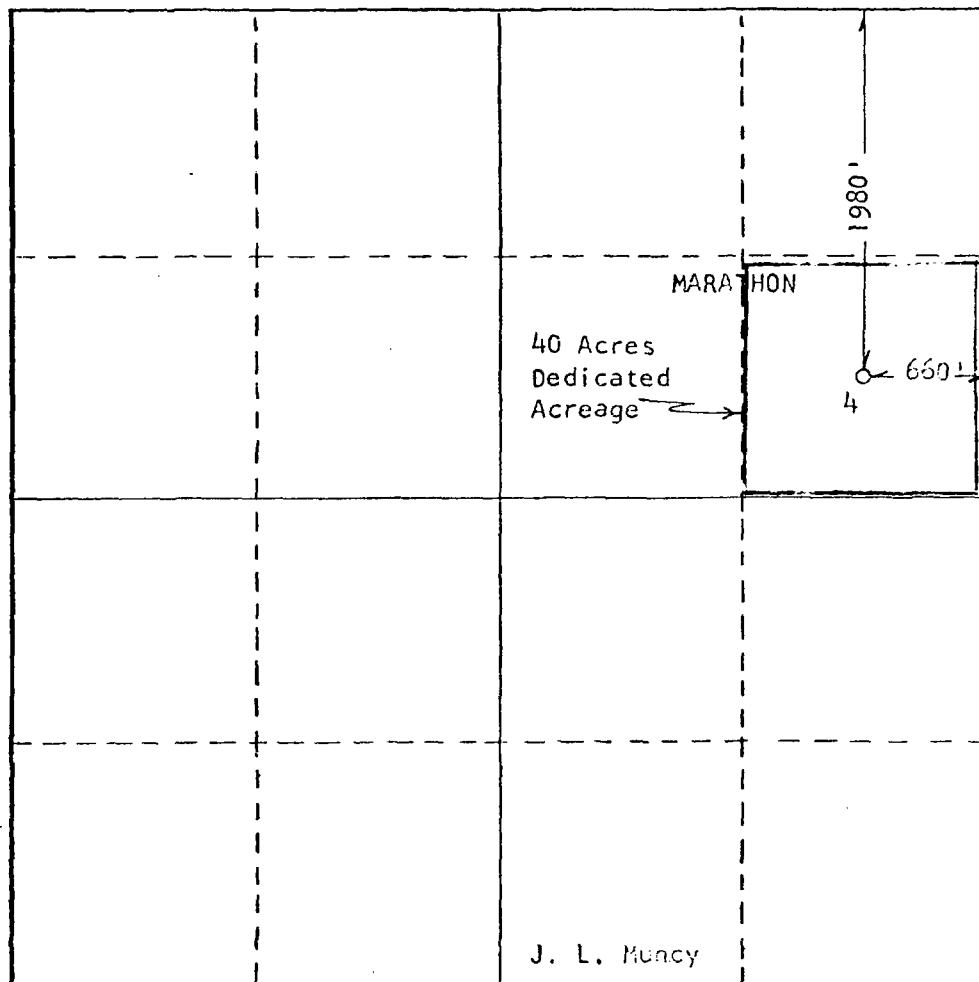
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
7-22-67

Registered Professional Engineer and/or Land Surveyor

/s/ John W. West

Certificate No.
676



District I
1625 N. French Dr., Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

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

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-22217	² Pool Code 88640	³ Pool Name Tubb
⁴ Property Code 006442	⁵ Property Name J.L. Muncy	⁶ Well Number 4
⁷ OGRID No. 14021	⁸ Operator Name Marathon Oil Company	⁹ Elevation 3325'

¹⁰ Surface Location

UL or lot no. H	Section 24	Township 22-S	Range 37-E	Lot. Idn	Feet from the 1980	North/South line North	Feet from the 660	East/West line East	County Lea
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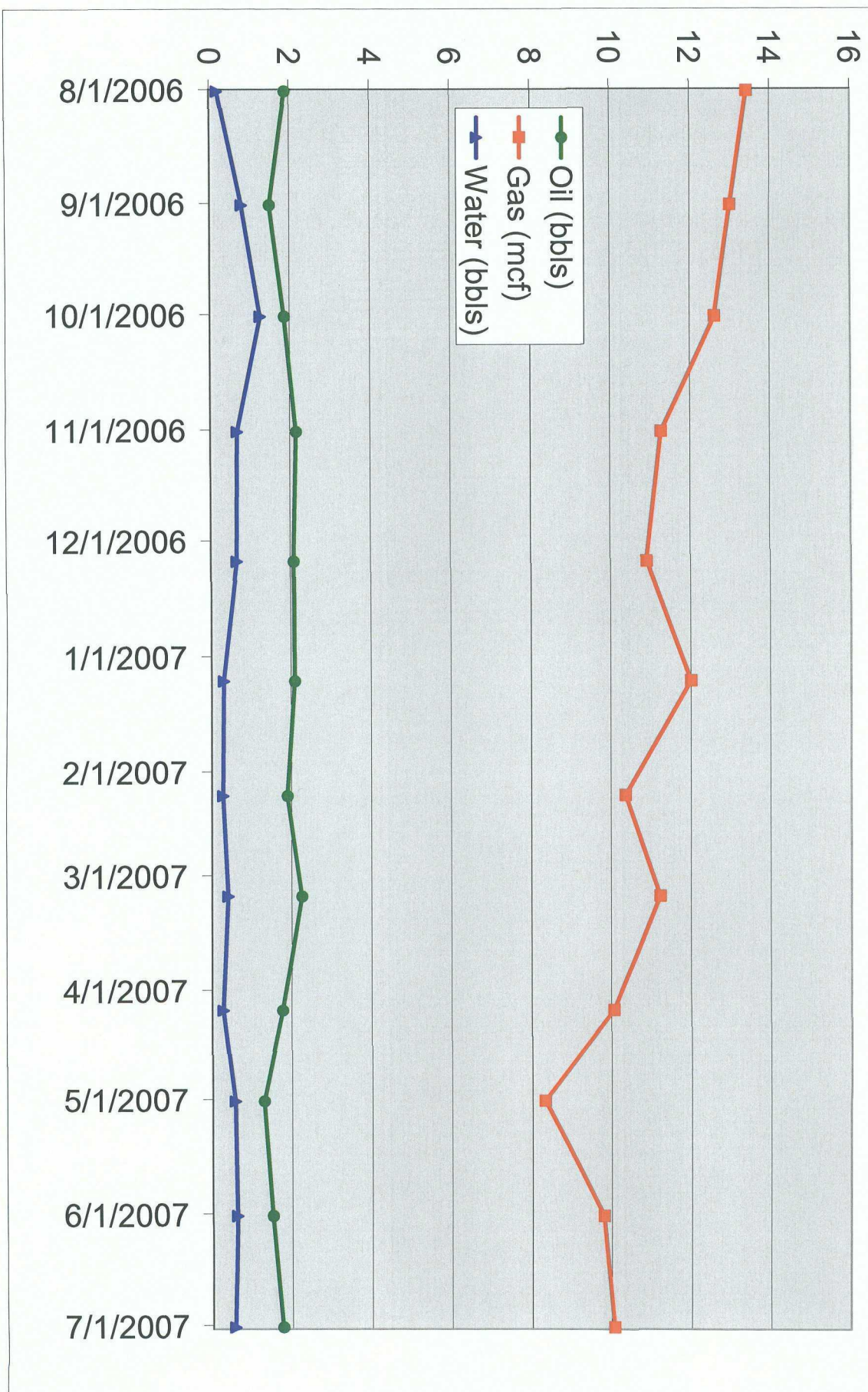
¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 80	¹³ Joint or Infill Y	¹⁴ Consolidation Code	¹⁵ Order No.						

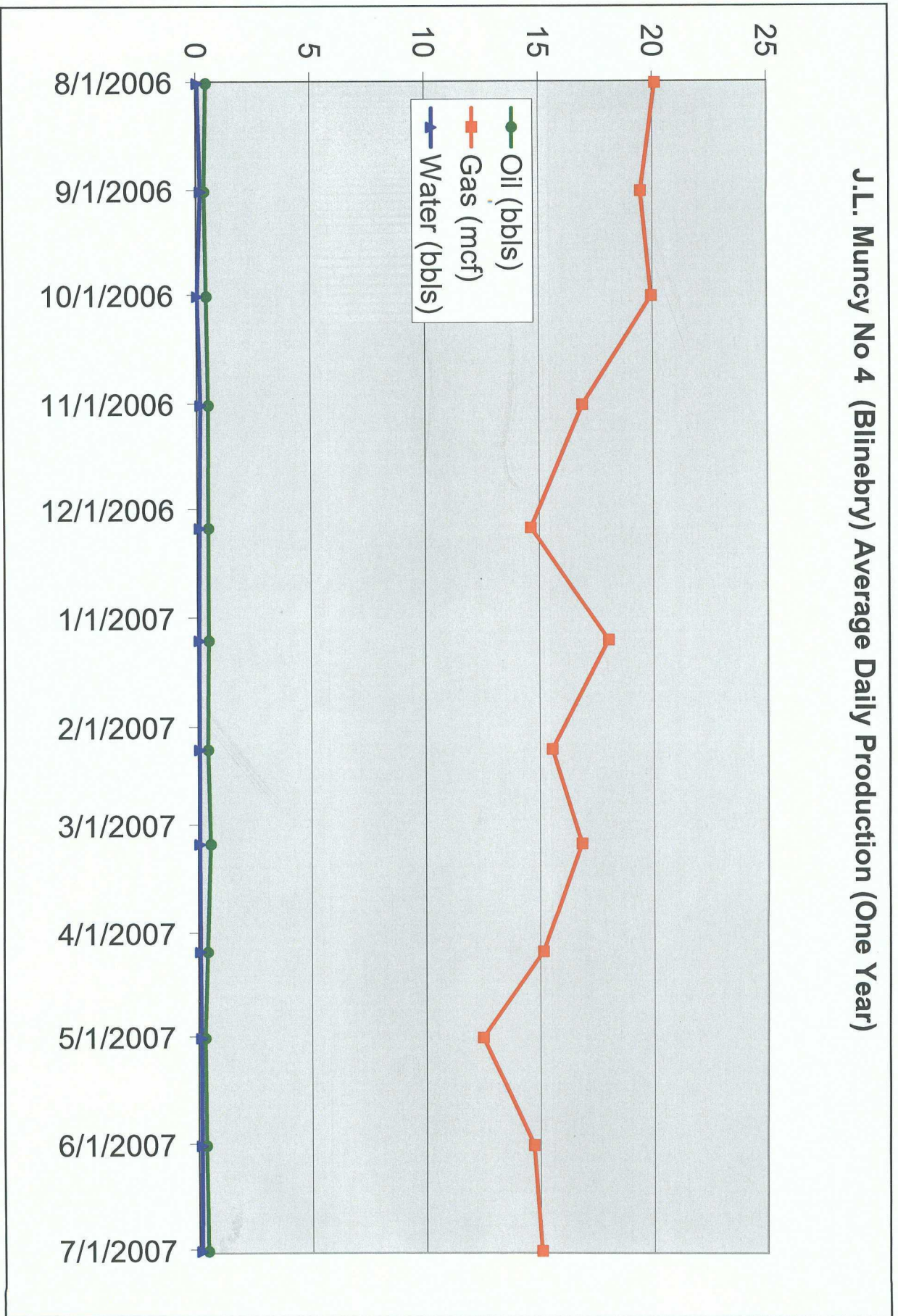
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

¹⁶				¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Charles E. Kendrix 08/28/2007 Signature Date Charles E. Kendrix Printed Name Regulatory Compliance Rep
				¹⁸ 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 belief. Date of Survey Signature and Seal of Professional Surveyer: Certificate Number

J.L. Muncy No 4 (Drinkard Abo) Daily Average Production (One Year)



J.L. Muncy No 4 (Blainebry) Average Daily Production (One Year)



Daily Average Production for Adjoining Tubb Well Completions

	Date	Oil	Gas	Water
J.L. Muncy No 7	Jul-07	0.13	36.0	0
	Jun-07	0.13	37.0	0
	May-07	0.13	32.0	0
	Apr-07	0.15	34.0	0
	Mar-07	0.14	21.5	0
	Feb-07	0.13	40.0	0
J.L. Muncy No 11	Jul-07	0.00	30.0	0
	Jun-07	0.00	30.0	0
	May-07	0.00	26.0	0
	Apr-07	0.00	29.0	0
	Mar-07	0.00	31.0	0
	Feb-07	0.00	28.0	0