

Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 1301 W Grand Ave., 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 and Natural Resources

Form C-103
 June 19, 2008

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

WELL API NO. 30-025-25926	
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>	
6. State Oil & Gas Lease No.	
7. Lease Name or Unit Agreement Name McDonald State A/C-2	
8. Well Number #30	
9. OGRID Number 14021	
10. Pool name or Wildcat 'TUBB'	
11. Elevation (Show whether DR., RKB, RT, GR, etc.) 3,443' GL, 3,454' KB	

SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS)

1. Type of Well: Oil Well Gas Well Other

2. Name of Operator
Marathon Oil Company

3. Address of Operator
5555 San Felipe Houston, Texas 77056 Mail Stop #3308

4. Well Location
 Unit Letter A 660' feet from the North line and 330' feet from the East line
 Section 13 Township 22-S Range 36-E NMPM County Lea

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

<p>NOTICE OF INTENTION TO:</p> <p>PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/></p> <p>TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/></p> <p>PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/></p> <p>DOWNHOLE COMMINGLE <input type="checkbox"/></p> <p>OTHER: <input type="checkbox"/></p>	<p>SUBSEQUENT REPORT OF:</p> <p>REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/></p> <p>COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/></p> <p>CASING/CEMENT JOB <input type="checkbox"/></p> <p>OTHER: 'DHC'-TUBB & Blinebry per Order #11363 <input checked="" type="checkbox"/></p>
--	--

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

****Marathon Oil Company has completed operations to recomplete the 'TUBB', test the new zone, and is requesting approval to proceed with the 'DHC' per Order #11363' for the 'Tubb & Blinebry'. Please see required attachments provided.**

DHC-HOB-0315

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

SIGNATURE Rick R. Schell TITLE: Regulatory Compliance Representative DATE: 30-DEC-2008

Type or print name: Rick R Schell, E-mail address: RRSCHELL@MarathonOil.com, PHONE: 713-296-3412

For State Use Only
 APPROVED BY: [Signature] TITLE PETROLEUM ENGINEER DATE 5/18/2009
 Conditions of Approval (if any):

District I
1625 N Finch Drive, Hobbs, NM 88240

District II
1301 W Grand Avenue, Artesa, 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 Pool
EXISTING WELLBORE
 Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

Marathon Oil Company 5555 San Felipe-(Mail Stop #3308) Houston, Texas 77056

Operator **MCDONALD STATE A/C-2** #30 Address **A - 13 - 22S - 36E** Lea

Lease Well No. Unit Letter-Section-Township-Range County
OGRID No.: **014021** Property Code: **006436** API No.: **30-025-25926** Lease Type: Federal: State: Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	BLINEBRY		TUBB
Pool Code	06660		86440
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	5,452' - 5,686'		6,249' - 6,322'
Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
Bottom-hole 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)	35.5		36.4
Producing, Shut-In, or New Zone	Shut-In		Shut-In
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicants shall be required to attach production estimates and supporting data.)	Date: January 2008 Rates: Oil(bbl/day)=10.9 Gas(mcf/day)=2.9 Water(bbl/day)=36.4	Date: Rates:	Date: January 2008 Rates: Oil(bbl/day)=10.9 Gas(mcf/day)=6.84 Water(bbl/day)=84.9
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil 50 % Gas 33 %	Oil % Gas %	Oil 50 % Gas 67 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?
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 No

Will commingling decrease the value of production? Yes No

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

NMOC 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. (Common Interest)
- 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: Rick R Schell TITLE: Regulatory Compliance Representative DATE: 12-30-2008
TYPE OR PRINT NAME: Rick R Schell TELEPHONE: (713) 296-3412 E-MAIL ADDRESS: rrschell@marathonOil.com

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

RECEIVED State of New Mexico
Energy, Minerals & Natural Resources Department
MAY 12 2008 CONSERVATION DIVISION
HOBBSOCD 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 30-025-25926		¹ Pool Code 6660		¹ Pool Name Blinebry Oil and Gas	
⁴ Property Code 006436		⁴ Property Name Mc Donald State AC 2			⁴ Well Number 30
⁷ OGRID No. 14021		⁴ Operator Name Marathon Oil Company			⁴ Elevation 3443'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	13	22-S	36-E		660'	North	330'	East	Lea

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 .40	¹³ Joint or Infill N	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.
				Signature: <i>Rick R. Scheil</i> Date: 12-30-08
				Printed Name: RICK R. SCHEIL <i>Rick R. Scheil</i> 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 Surveyor:	
			Certificate Number	

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

RECEIVED
State of New Mexico
Energy, Minerals & Natural Resources Department
MAY 01 2008
OIL CONSERVATION DIVISION
HOBBS
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

* API Number 30-025-25926		* Pool Code 86410	* Pool Name TUBB
* Property Code 006436	* Property Name Mc Donald State AC 2		* Well Number 30
* OGRID No. 14021	* Operator Name Marathon Oil Company		* Elevation 3443'

10 Surface Location

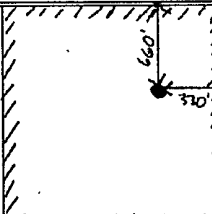
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	13	22-S	36-E		660'	North	330'	East	Lea

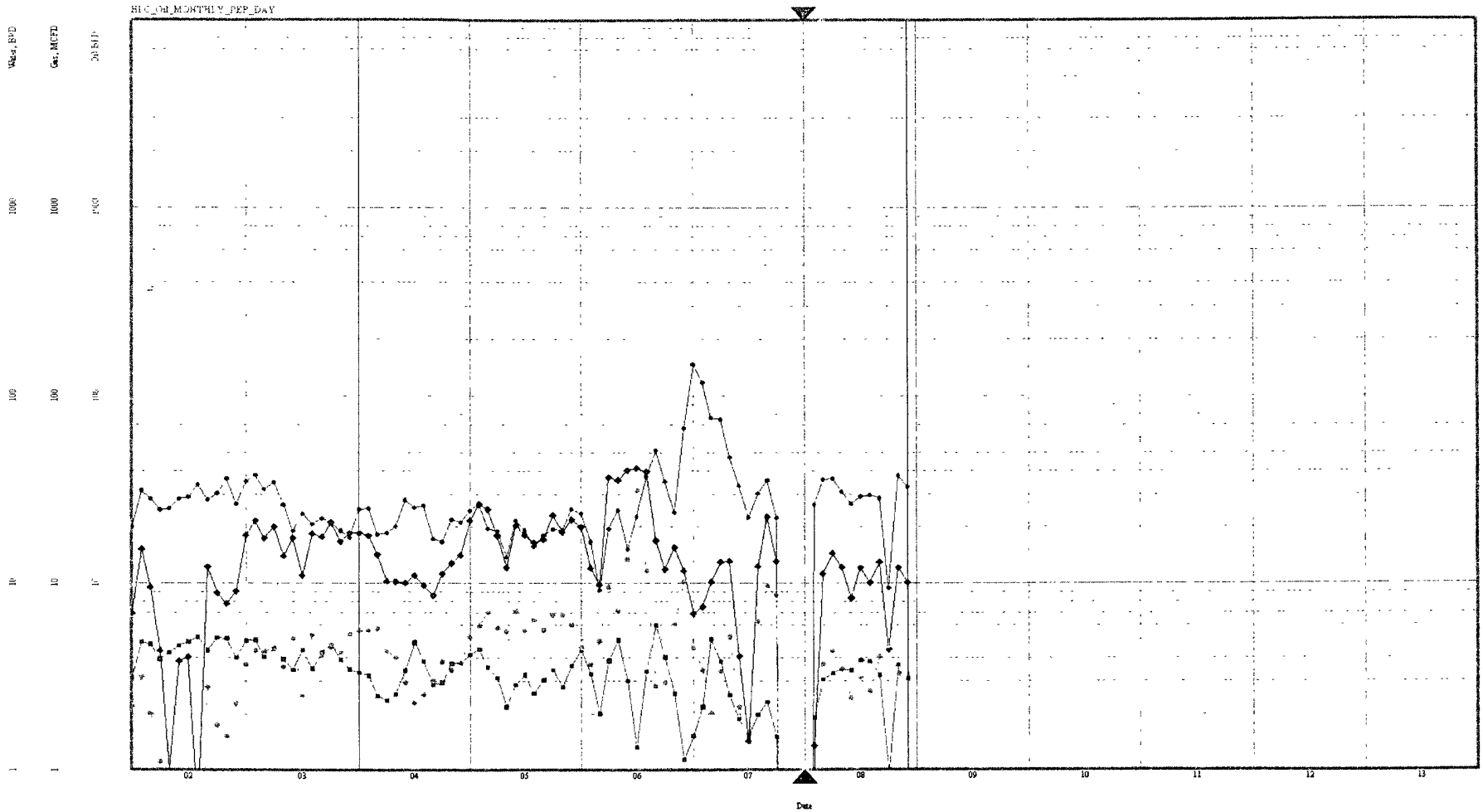
11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

* Dedicated Acres 40	* Joint or Infill N	* Consolidation Code	* Order No.
-------------------------	------------------------	----------------------	-------------

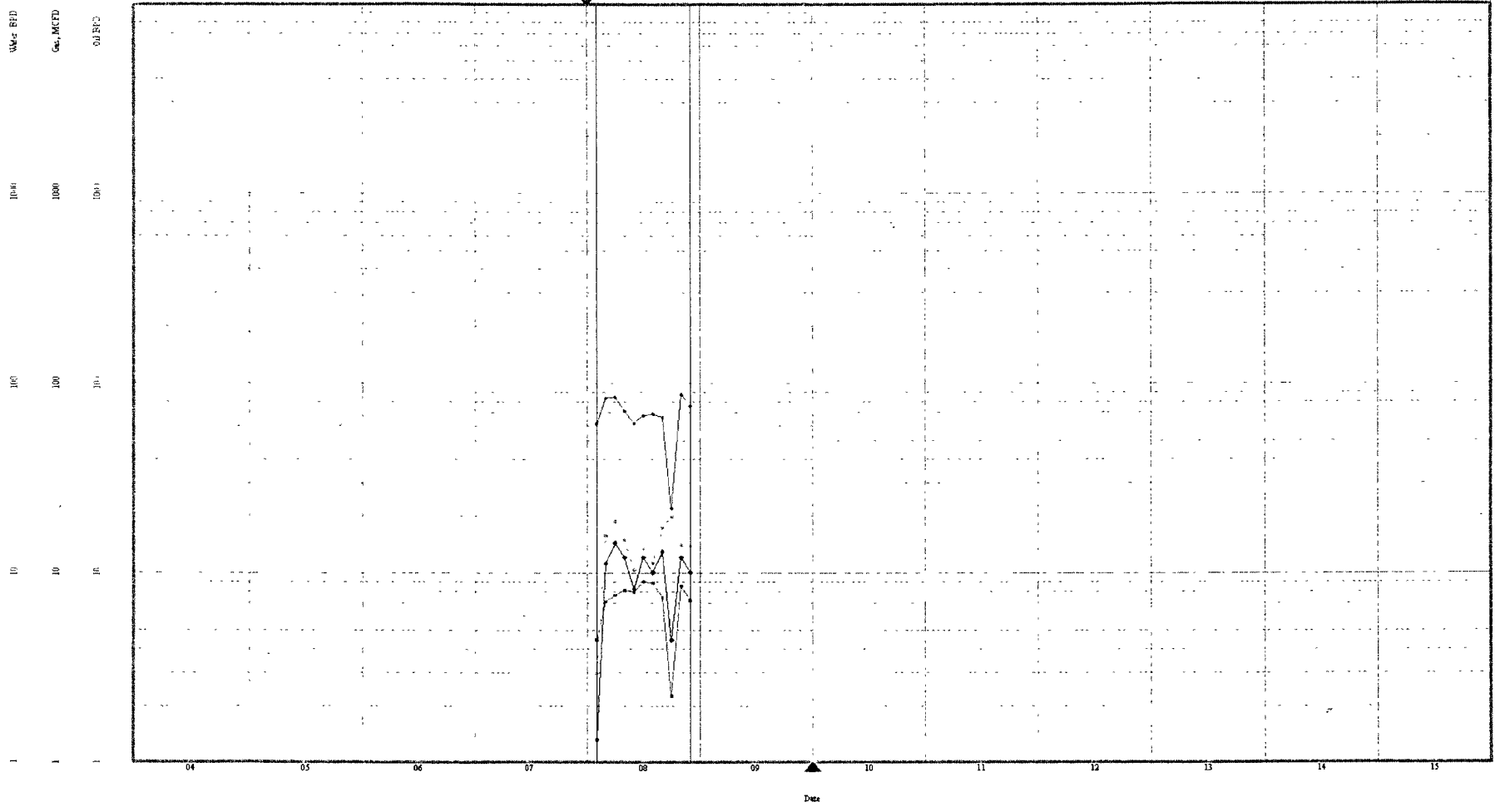
No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

16			<p>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 released 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.</p> <p style="text-align: right;"><i>Rich R. Schell</i> 12/30/08 Signature Date</p> <p style="text-align: right;">Rich R. Schell Printed Name Regulatory Compliance Rep.</p>
			<p>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.</p> <p>Date of Survey _____ Signature and Seal of Professional Surveyor: _____</p> <p>Certificate Number _____</p>



eady

HLC_OI_MONTHLY_PET_DAY



**McDonald State AC 2 #30
Downhole Commingle
Tubb and Blinebry Formations**

The allocations percentages for the down hole commingled wellbore were calculated by using average daily production for the last thirty days of production for each pool as follows:

	Oil (bbl/day)	Gas (mcf/day)	Water (bbl/day)	
Blinebry	10.9	2.9	36.4	Used January 2008 Data
Tubb	<u>10.9</u>	<u>6.84</u>	<u>84.9</u>	Used January 2008 Data
Totals	21.8	9.74	121.3	

Percentages	Oil	Gas	Water
Blinebry	$10.9/21.8 = 50\%$	$2.9/9.74 = 33\%$	$36.4/121.3 = 30\%$
Grayburg	$10.9/21.8 = 50\%$	$6.84/9.74 = 67\%$	$84.9/121.3 = 70\%$

WellTest History

Wednesday, January 07, 2009

Select By : Completions

Pressure Base : None
 Units : A.P.I.
 Rounded (y/n) : No

Page No : 1
 Report Number : R_012
 Print Date : 1/7/2009, 2:38:18 PM

Sort By : None selected in Report Options.

Test Date	Effective Date	Mesa Hours	24 Hour Volumes					Ratios				PPM		Pressures - Hi:Lo		ShutIn		Equipment			Pur	Reason	
			Gr Liquid	Oil	Gas	Water	Lift	Emul%	GOR	WOR	GFR	Chl	Iron	Tubing	Casing	Press	Hrs	Ck	Stk	Sz			
Completion: MCDONALD STATE AC 2 NO 30, Type: Production - Oil, Method: Sucker Rod																							
1/12/2008	1/12/2008	24	132.20	7.20	18.70	125.00	.00	2,597.222	17.361	141.452			0	0.			0	86			A		
1/13/2008	1/13/2008	24	146.00	12.00	17.70	134.00	.00	1,475.000	11.167	121.233			0	0:			0	86			A		
1/14/2008	1/14/2008	24	129.00	11.00	20.00	118.00	.00	1,818.182	10.727	155.039			0	0:			0	86			A		
1/15/2008	1/15/2008	24	145.90	9.90	18.50	136.00	.00	1,868.687	13.737	126.799			0	0:			0	86			A		
Avg--	01/2008		138.28	10.03	18.73	128.25	.00											0	86			A	
2/17/2008	2/17/2008	24	157.00	13.00	27.40	144.00	.00	2,107.692	11.077	174.522			0	0.			0	86			A		
3/11/2008	3/11/2008	24	145.70	12.70	31.00	133.00	.00	2,440.945	10.472	212.766			0	0:			0	86			A	05	
3/20/2008	3/20/2008	24	142.00	12.00	31.00	130.00	.00	2,583.333	10.833	218.310			0	0:			0	86			A	05	
Avg--	03/2008		143.85	12.35	31.00	131.50	.00											0	86			A	05
4/15/2008	4/15/2008	24	129.00	15.00	34.00	114.00	.00	2,266.667	7.600	263.566			0.	0:			0	86			A	05	
5/9/2008	5/9/2008	24	130.00	13.00	33.00	117.00	.00	2,538.462	9.000	253.846			0:	0:			0	86			A	05	
6/9/2008	6/9/2008	24	124.50	12.70	31.00	111.80	.00	2,440.945	8.803	248.996			0:	0:			0	86			A	05	
7/9/2008	7/9/2008	24	121.00	12.00	30.00	109.00	.00	2,500.000	9.083	247.934			0:	0:			0	86			A	05	
8/9/2008	8/9/2008	24	122.00	12.00	30.00	110.00	.00	2,500.000	9.167	245.902			0:	0:			0	86			A	05	
9/3/2008	9/3/2008	24	121.00	11.00	30.00	110.00	.00	2,727.273	10.000	247.934			0	0:			0	86			A	05	
10/3/2008	10/3/2008	24	121.00	11.00	30.00	110.00	.00	2,727.273	10.000	247.934			0	0.			0	86			A	05	
11/5/2008	11/5/2008	24	118.00	10.00	30.00	108.00	.00	3,000.000	10.800	254.237			0	0.			0	86			A	05	
12/15/2008	12/15/2008	24	115.00	10.00	30.00	105.00	.00	3,000.000	10.500	260.870			0	0:			0	86			A	05	
Avg - Completion			131.21	11.53	27.64	119.68	.00											0	86				