



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Administrative Surface Commingling Order PLC-262

Marathon Oil Company
PO Box 3487
Houston, TX 77056

Attention: Charles E. Kendrix

The above named company is hereby authorized to surface commingle, store, and sell off-lease, oil and gas production from existing and future wells within the spacing and proration units as specified in the attached Exhibit "A", all located in Eddy County, New Mexico.

This permit shall be amended in the future if wells producing from additional pool(s) and/or associated spacing and proration units are to be added to this gathering system as described in Exhibit "A".

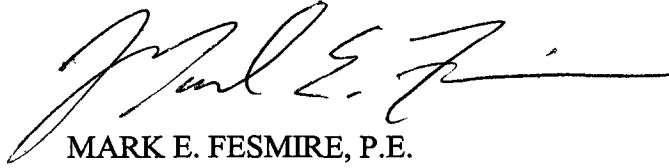
It is our understanding that mineral ownership is not identical. Production shall be allocated by separately and continuously metering the gas and oil production from each well or group of wells with identical ownership within this gathering system.

The storage and sales point for production shall be in the "MOC Federal Central Facility" located in Unit D of Section 1, Township 21 South, Range 23 East, NMPM, of Eddy County, New Mexico.

NOTE: It is the responsibility of the producer to notify the transporter of this commingling authority. In addition, the operator shall notify the Artesia district office of the Division upon commencement of commingling operations.

FURTHER: This order shall supercede all previous surface commingling orders issued by the Division pertaining to the aforementioned wells, pools, and acreage, including but not limited to, PLC-124C, PLC-144A, PLC-175A, CTB-482-1, CTB-484, CTB-481, CTB-397-A, CTB-375, and OLS-190.

Done, at Santa Fe, New Mexico on this 19th day of October 2004.



MARK E. FESMIRE, P.E.
Division Director

MEF/wvj

cc: Oil Conservation Division – Artesia
State Land Office – Minerals Management
Bureau of Land Management – Carlsbad
PLC-124C, PLC-144A, PLC-175A, CTB-482A, CTB-484, CTB-375, OLS-190

Attachment:

Four page Exhibit "A" included below:

Exhibit A Page 1/4

Indian Basin Wells Proration and Spacing Units - All Wells to be Included in MOC Federal Cent. Battery																
Lease Name	Well Num	Unit	Sec	Tsp	Rge	South Dagger Draw Upper Penn Assoc 15475		Indian Basin Upper Penn 79040		Indian Basin Upper Penn Assoc 33685		Indian Basin Morrow 78960	East Indian Basin Morrow 98561	Cemetery Morrow 74640	Indian Basin Wolfcamp Undes	
						Oil	Gas	Oil	Gas	Oil	Gas					
						Oil	Gas	Oil	Gas	Oil	Gas	Gas	Gas	Gas	Gas	Gas
						320	320	640	640	320	320	640	640	320	320	320
								1 to 160	1 to 160	1 to 80	1 to 80	2 to 640	2 to 640	1 to 160	1 to 160	1 to 160
												not in same quarter section	not in same quarter section	not in same quarter section	not in same quarter section	not in same quarter section
Bone Flats 12 Federal Com	1	D	12	21S	23E	W / 2		N/A		N/A		N/A	W / 2	N/A	NW / 4	
Bone Flats 12 Federal Com	2	E	12	21S	23E	W / 2		N/A		N/A		N/A	W / 2	N/A	NW / 4	
Bone Flats 12 Federal Com	3	L	12	21S	23E	W / 2		N/A		N/A		N/A	W / 2	N/A	SW / 4	
Bone Flats 12 Federal Com	4	M	12	21S	23E	W / 2		N/A		N/A		N/A	W / 2	N/A	SW / 4	
Bone Flats 12 Federal Com	5	F	12	21S	23E	W / 2		N/A		N/A		N/A	W / 2	N/A	NW / 4	
Bone Flats 12 Federal Com	6	N	12	21S	23E	W / 2		N/A		N/A		N/A	W / 2	N/A	SW / 4	
COMANCHE FEDERAL '3'	1	G	3	21S	23E		E / 2	N/A		N/A		N / 2	N/A	N/A	NE / 4	
COMANCHE FEDERAL '3'	2	A	3	21S	23E		E / 2	N/A		N/A		N / 2	N/A	N/A	NE / 4	
MOC FEDERAL	1	B	1	21S	23E		N / 2	N/A		N/A		N/A	N / 2	N/A	NE / 4	
MOC FEDERAL	2	J	1	21S	23E	S / 2		N/A		N/A		N/A	S / 2	N/A	SE / 4	
MOC FEDERAL	3	D	1	21S	23E	N / 2		N/A		N/A		N/A	N / 2	N/A	NW / 4	
MOC FEDERAL	4	L	1	21S	23E	S / 2		N/A		N/A		N/A	S / 2	N/A	SW / 4	
MOC FEDERAL	5	F	1	21S	23E	N / 2		N/A		N/A		N/A	N / 2	N/A	NW / 4	
MOC FEDERAL	6	M	1	21S	23E	S / 2		N/A		N/A		N/A	S / 2	N/A	SW / 4	
MOC FEDERAL	7	N	1	21S	23E	S / 2		N/A		N/A		N/A	S / 2	N/A	SW / 4	
MOC FEDERAL (Inactive)	8	K	1	21S	23E	S / 2		N/A		N/A		N/A	S / 2	N/A	SW / 4	
MOC FEDERAL (Active)	8	K	1	21S	23E		S / 2	N/A		N/A		N/A	S / 2	N/A	SW / 4	
N. INDIAN BASIN UNIT GAS COM	3		3	21S	23E		N/A		W / 2	N/A		S / 2	N/A	N/A	SW / 4	
NORTH INDIAN BASIN UNIT (inactive)	7	K	11	21S	23E		W / 2									
NORTH INDIAN BASIN UNIT	7	K	11	21S	23E	W / 2		N/A		N/A		W / 2	N/A	N/A	SW / 4	
NORTH INDIAN BASIN UNIT (shut in)	10	C	11	21S	23E	N / 2		N/A		N/A		W / 2	N/A	N/A	NW / 4	
NORTH INDIAN BASIN UNIT	11	O	2	21S	23E	S / 2		N/A		N/A		S / 2	N/A	N/A	SE / 4	
NORTH INDIAN BASIN UNIT	12	M	2	21S	23E	S / 2		N/A		N/A		S / 2	N/A	N/A	SW / 4	
NORTH INDIAN BASIN UNIT	13	H	2	21S	23E	N / 2		N/A		N/A		N / 2	N/A	N/A	NE / 4	
NORTH INDIAN BASIN UNIT	14	B	2	21S	23E	N / 2		N/A		N/A		N / 2	N/A	N/A	NE / 4	
NORTH INDIAN BASIN UNIT (inactive)	15	F	2	21S	23E	N / 2						N / 2				
NORTH INDIAN BASIN UNIT	15	F	2	21S	23E	N / 2		N/A		N/A			N/A	N/A	NW / 4	
NORTH INDIAN BASIN UNIT	16	I	11	21S	23E	E / 2		N/A		N/A		E / 2	E / 2	N/A	SE / 4	
NORTH INDIAN BASIN UNIT	17	A	11	21S	23E	E / 2		N/A		N/A		E / 2	E / 2	N/A	NE / 4	
NORTH INDIAN BASIN UNIT	18	J	2	21S	23E	S / 2		N/A		N/A		S / 2	S / 2	N/A	SE / 4	
NORTH INDIAN BASIN UNIT	19	O	11	21S	23E	E / 2		N/A		N/A		E / 2	E / 2	N/A	SE / 4	
NORTH INDIAN BASIN UNIT	20	K	2	21S	23E	S / 2		N/A		N/A		S / 2	N/A	N/A	SW / 4	
NORTH INDIAN BASIN UNIT	22	M	11	21S	23E	W / 2		N/A		N/A		W / 2	N/A	N/A	SW / 4	
NORTH INDIAN BASIN UNIT	23	D	2	21S	23E	N / 2		N/A		N/A		N / 2	N/A	N/A	NW / 4	
NORTH INDIAN BASIN UNIT	24	D	11	21S	23E	W / 2		N/A		N/A		W / 2	N/A	N/A	NW / 4	
NORTH INDIAN BASIN UNIT	25	G	11	21S	23E	E / 2		N/A		N/A		E / 2	N/A	N/A	NE / 4	
NORTH INDIAN BASIN UNIT	26	E	2	21S	23E	N / 2		N/A		N/A		N / 2	N/A	N/A	NW / 4	
NORTH INDIAN BASIN UNIT	27	L	11	21S	23E	W / 2		N/A		N/A		W / 2	N/A	N/A	SE / 4	
NORTH INDIAN BASIN UNIT	30	A	10	21S	23E	E / 2		N/A		N/A		E / 2	N/A	N/A	NE / 4	
STINKING DRAW	1	Lot 2	36	20.5S	23E	All		N/A		N/A		N/A	All	All	E / 2	
STINKING DRAW	2	Lot 6/7	36	20.5S	23E	All		N/A		N/A		N/A	All	All	W / 2	
STINKING DRAW	3	Lot 4	36	20.5S	23E	All		N/A		N/A		N/A	All	All	W / 2	
STINKING DRAW	4	Lot 7/C	36	20.5S	23E	All		N/A		N/A		N/A	All	All	E / 2	

Exhibit A Page 2/4

Indian Basin Wells Proration and Spacing Units - All Wells to be Included in MOC Federal Cent. Battery															
Lease Name	Well Num	Unit	Sec	Tsp	Rge	South Dagger Draw Upper Penn Assoc 15475		Indian Basin Upper Penn 79040		Indian Basin Upper Penn Assoc 33685		Indian Basin Morrow 78960	East Indian Basin Morrow 96561	Cemetery Morrow 74640	Indian Basin Wolfcamp Undes
						Oil	Gas	Oil	Gas	Oil	Gas	Gas	Gas	Gas	Gas
						320	320	640	640	320	320	640	640	320	320
						Proration Unit Size =		1 to 40	1 to 40	1 to 80	1 to 80	2 to 640	2 to 640	1 to 160	1 to 160
						Well Spacing =		1 to 40	1 to 40	1 to 80	1 to 80	2 to 640	2 to 640	1 to 160	1 to 160
						simultaneous dedication allowed						not in same quarter section	not in same quarter section	not in same quarter section	not in same quarter section
Federal C '35'	1	F	35	21S	23E	N/A		NW/4		N/A		W / 2	N/A	N/A	NW / 4
Federal C '35'	2	M	35	21S	23E	N/A		SW/4		N/A		W / 2	N/A	N/A	SW / 4
Federal C '35'	3	J	35	21S	23E	N/A		N/A		SE / 4		E / 2	N/A	N/A	SE / 4
Federal C '35'	4	G	35	21S	23E	N/A		N/A		NE / 4		E / 2	N/A	N/A	NE / 4
Federal IBA Gas Com	1	K	15	21S	23E	N/A		W/2		N/A		W / 2	N/A	N/A	SW / 4
Federal IBA Gas Com	2	I	15	21S	23E	E / 2		N/A		N/A		E / 2	N/A	N/A	NE / 4
Federal IBC Gas Com	1	J	29	21S	23E	N/A		All		N/A		N/A	N/A	N/A	SE / 4
Federal IBC Gas Com	2	P	29	21S	23E	N/A		All		N/A		N/A	N/A	N/A	SE / 4
Indian Basin 'A'	1	J	22	21S	23E	N/A		SE / 4		N/A		E / 2	N/A	N/A	SE / 4
Indian Basin 'A'	2	K	22	21S	23E	N/A		SW / 4		N/A		W / 2	N/A	N/A	SW / 4
Indian Basin 'A'	3	F	22	21S	23E	N/A		NW / 4		N/A		W / 2	N/A	N/A	NW / 4
Indian Basin 'A'	4	G	22	21S	23E	N/A		NE / 4		N/A		E / 2	N/A	N/A	NE / 4
Indian Basin 'C'	1	F	26	21S	23E	N/A		NW / 4		N/A		N / 2	N/A	N/A	NW / 4
Indian Basin 'C' P&Aed 2/4/04	2	M	26	21S	23E	N/A									
Indian Basin 'C'	3	N	26	21S	23E	N/A		SE / 4		N/A		S / 2	N/A	N/A	SE / 4
Indian Basin 'D'	1	K	34	21S	23E	N/A		S / 2		N/A		N/A	N/A	N/A	SW / 4
Indian Basin 'D'	2	F	34	21S	23E	N/A		N / 2		N/A		N/A	N/A	N/A	NW / 4
Indian Basin 'E'	1	K	27	21S	23E	N/A		S / 2		N/A		S / 2	N/A	N/A	SW / 4
Indian Basin 'E'	2	F	27	21S	23E	N/A		N / 2		N/A		N / 2	N/A	N/A	NW / 4
North Indian Basin Gas Com	32	F	15	21S	23E	N/A		W / 2		N/A		W / 2	N/A	N/A	NW / 4
North Indian Basin Unit	1	M	10	21S	23E	N/A		W/2		N/A		W / 2	N/A	N/A	SW / 4
North Indian Basin Unit	4	J	16	21S	23E	N/A		E/2		N/A		E / 2	N/A	N/A	SE / 4
North Indian Basin Unit	5	J	9	21S	23E	N/A		E/2		N/A		E / 2	N/A	N/A	SW / 4
North Indian Basin Unit	8	M	9	21S	23E	N/A		W/2		N/A		W / 2	N/A	N/A	SE / 4
North Indian Basin Unit	9	K	16	21S	23E	N/A		SW/4		N/A		W / 2	N/A	N/A	SW / 4
North Indian Basin Unit	21	F	11	21S	23E	E / 2		N/A		N/A		All	N/A	N/A	NW / 4
North Indian Basin Unit	31	J	10	21S	23E		E / 2	N/A		N/A		E / 2	N/A	N/A	SE / 4
North Indian Basin Unit	34	P	4	21S	23E	N/A		SE/4		N/A		All	N/A	N/A	SE / 4
North Indian Basin Unit	36	F	16	21S	23E	N/A		NW/4		N/A		W / 2	N/A	N/A	NW / 4
Smith Federal	1	F	11	22S	23E	N/A		W/2		N/A		N/A	N/A	N/A	NW / 4
Smith Federal	2	L	11	22S	23E	N/A		W/2		N/A		N/A	N/A	N/A	SW / 4
Smith Federal	3	H	11	22S	23E	N/A		N/A		E / 2		N/A	N/A	N/A	NE / 4
Smith Federal	4	H	11	22S	23E	N/A		N/A		E / 2		N/A	N/A	N/A	SE / 4
Indian Hills State Com	1	G	36	20S	24E	N / 2		N/A		N/A		N/A	N/A	N / 2	NE / 4
Indian Hills State Com P&A 4/11/02	2	P	36	20S	24E							N/A	N/A		
Indian Hills State Com	3	D	36	20S	24E	N / 2		N/A		N/A		N/A	N/A	N / 2	NW / 4
Indian Hills State Com	4	E	36	20S	24E	N / 2		N/A		N/A		N/A	N/A	N / 2	NW / 4
Indian Hills State Com	5	L	36	20S	24E	S / 2		N/A		N/A		N/A	N/A	S / 2	SW / 4
Indian Hills State Com	6	K	36	20S	24E	S / 2		N/A		N/A		N/A	N/A	S / 2	SW / 4
Indian Hills State Com	8	M	36	20S	24E	S / 2		N/A		N/A		N/A	N/A	S / 2	SW / 4

Exhibit A Page 3/4

State Fed	Lease Number	Unit or COM Number	Property Number	Pool	Pool Code	Status
Federal	NM 05608	NM 91035	015242	SDD Upper Penn Assoc.	15475	Active
Federal	NM 05608	NM 91035	015242	SDD Upper Penn Assoc.	15475	Active
Federal	NM 81677	NM 91035	015242	SDD Upper Penn Assoc.	15475	Active
Federal	NM 05551 A	NM 91035	015242	SDD Upper Penn Assoc.	15475	Active
Federal	NM 05608	NM 91035	015242	SDD Upper Penn Assoc.	15475	Active
Federal	NM 05551 A	NM 91035	015242	SDD Upper Penn Assoc.	15475	Active
Federal	NM 0384623	NM SW 242	017954	SDD Upper Penn Assoc.	15475	Active
Federal	NM 0384623	NM SW 242	017954	SDD Upper Penn Assoc.	15475	Active
Federal	NM 04827 B		014838	SDD Upper Penn Assoc.	15475	Active
Federal	NM 04827 B		014838	SDD Upper Penn Assoc.	15475	Active
Federal	NM 04827 B		014838	SDD Upper Penn Assoc.	15475	Active
Federal	NM 04827 B		014838	SDD Upper Penn Assoc.	15475	Active
Federal	NM 04827 B		014838	SDD Upper Penn Assoc.	15475	Active
Federal	NM 04827 B		014838	SDD Upper Penn Assoc.	15475	Active
Federal	NM 04827 B		014838	SDD Upper Penn Assoc.	15475	Active
Federal	NM 04827 B		014838	Indian Basin Morrow East	96561	Inactive
Federal	NM 04827 B		014838	Indian Basin Morrow East	96561	Active
Federal	NM 05608	NM SW 242	006412	IB Upper Penn	79040	Active
Federal	NM 05551	891008508-O	006411	SDD Upper Penn Assoc.	15475	Inactive
Federal	NM 05551	891008508-O	006411	SDD Upper Penn Assoc.	15475	Active
Federal	NM 05608	891008508-O	006411	SDD Upper Penn Assoc.	15475	Inactive
State	E 10170	891008508-O	006411	SDD Upper Penn Assoc.	15475	Active
State	E 7906	891008508-O	006411	SDD Upper Penn Assoc.	15475	Active
Federal	NM 04827 B	891008508-O	006411	SDD Upper Penn Assoc.	15475	Active
Federal	NM 04827 B	891008508-O	006411	SDD Upper Penn Assoc.	15475	Active
Federal	NM 04827 B	891008508-O	006411	SDD Upper Penn Assoc.	15475	Inactive
Federal	NM 04827 B	891008508-O	006411	SDD Upper Penn Assoc.	15475	Active
Federal	NM 05551 B	891008508-O	006411	SDD Upper Penn Assoc.	15475	Active
Federal	NM 05608	891008508-O	006411	SDD Upper Penn Assoc.	15475	Active
State	E 7906	891008508-O	006411	SDD Upper Penn Assoc.	15475	Active
Federal	NM 05551	891008508-O	006411	SDD Upper Penn Assoc.	15475	Active
State	E 7906	891008508-O	006411	SDD Upper Penn Assoc.	15475	Active
Federal	NM 05551	891008508-O	006411	SDD Upper Penn Assoc.	15475	Active
Federal	NM 04827 B	891008508-O	006411	SDD Upper Penn Assoc.	15475	Active
Federal	NM 05608	891008508-O	006411	SDD Upper Penn Assoc.	15475	Active
Federal	NM 05608	891008508-O	006411	SDD Upper Penn Assoc.	15475	Active
Federal	NM 04827 B	891008508-O	006411	SDD Upper Penn Assoc.	15475	Active
Federal	NM 05551	891008508-O	006411	SDD Upper Penn Assoc.	15475	Active
Federal	NM 05608	891008508-O	006411	SDD Upper Penn Assoc.	15475	Active
State	E 10169		013964	SDD Upper Penn Assoc.	15475	Active
State	E 10169		013964	SDD Upper Penn Assoc.	15475	Active
State	E 10169		013964	SDD Upper Penn Assoc.	15475	Active
State	E 10169		013964	SDD Upper Penn Assoc.	15475	Active

Exhibit A Page 4/4

State Fed	Lease Number	Unit or COM Number	State Property Number	Pool	Pool Code	Status
Federal	NMNM06953		16957	Indian Basin Upper Penn	79040	Active
Federal	NMNM06953		16957	Indian Basin Upper Penn	79040	Active
Federal	NMNM06953		16957	Indian Basin Upper Penn	79040	Active
Federal	NMNM06953		16957	Indian Basin U. Penn Assoc.	33685	Active
Federal	NM 05612 A	SW 280	6390	Indian Basin Upper Penn	79040	Active
Federal	NM 0384628	SW 280	6390	SDD Upper Penn Assoc.	15475	Active
Federal	NM 0384625	SW 342	6392	Indian Basin Upper Penn	79040	Active
Federal	NM 0384625	SW 342	26830	Indian Basin Upper Penn	79040	Active
Federal	NM 05612 A		6404	Indian Basin Upper Penn	79040	Active
Federal	NM 05612 A		6404	Indian Basin Upper Penn	79040	Active
Federal	NM 05612 A		6404	Indian Basin Upper Penn	79040	Active
Federal	NM 05612 A		6404	Indian Basin Upper Penn	79040	Active
Federal	NMNM 070522 A		6405	Indian Basin Upper Penn	79040	Active
Federal	NMNM 070522 A		6405	Indian Basin Upper Penn	79040	P&Aed
Federal	NMNM 070522 A		6405	Indian Basin Upper Penn	79040	Active
Federal	NM 034446		6406	Indian Basin Upper Penn	79040	Active
Federal	NM 034446		6406	Indian Basin Upper Penn	79040	Active
Federal	NM 070522 A		6407	Indian Basin Upper Penn	79040	Active
Federal	NM 070522 A		6407	Indian Basin Upper Penn	79040	Active
Federal	NM 05608	SW 280	6412	Indian Basin Upper Penn	79040	Active
Federal	NM 05608	891008508-O	6411	Indian Basin Upper Penn	79040	Active
Federal	K 1877	891008508-O	6411	Indian Basin Upper Penn	79040	Active
Federal	NM 051107	891008508-O	6411	Indian Basin Upper Penn	79040	Active
Federal	NM 05551	891008508-O	6411	Indian Basin Upper Penn	79040	Active
State	E 10170	891008508-O	6411	Indian Basin Upper Penn	79040	Active
Federal	NM 05608	891008508-A	6411	Indian Basin Morrow	78960	Active
Federal	NM 05608	891008508-O	6411	SDD Upper Penn Assoc.	15475	Active
Federal	NM 05607	891008508-A	6413	Indian Basin Morrow	78960	Active
State	E 1877	891008508-O	6411	Indian Basin Upper Penn	79040	Active
Federal	NM 0251099 A		16958	Indian Basin Upper Penn	79040	Active
Federal	NM 0251099 A		16958	Indian Basin Upper Penn	79040	Active
Federal	NM 0251099 A		16958	Indian Basin U. Penn Assoc.	33685	Active
Federal	NM 0251099 A		16958	Indian Basin U. Penn Assoc.	33685	Active
State	L 5098		6408	SDD Upper Penn Assoc.	15475	Active
State	L 5098		6408	Cemetery Morrow	74640	P&Aed
State	E 10083		6408	SDD Upper Penn Assoc.	15475	Active
State	L 5098		6408	SDD Upper Penn Assoc.	15475	Active
State	E 10083		6408	SDD Upper Penn Assoc.	15475	Active
State	L 5098		6408	SDD Upper Penn Assoc.	15475	Active
State	E 10083		6408	SDD Upper Penn Assoc.	15475	Active