

DHC 2/7/00

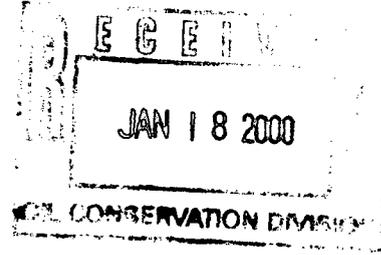
Mid-Continent Region
Production United States



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

January 7, 2000

Mr. David Catanach
Oil Conservation Department
Energy and Minerals Department
P.O. Box 2088
Santa Fe, New Mexico 87501



**RE: Request for Exception to Rule 303-A
Downhole Commingling
Mark Owen Well No. 4
1980' FSL & 1980' FWL
Unit Letter "K", Section 35, Township 21-S, Range 37-E
Blinebry Oil & Gas (Gas), Drinkard and Wantz Abo
Drinkard Field
Lea County, New Mexico**

Dear Mr. Catanach:

Marathon Oil Company requests administrative approval for an exception to Rule 303-A to permit the downhole commingling of production in the above subject well from the Blinebry Oil & Gas (Gas), Drinkard and Wantz Abo pools in Lea County, New Mexico. Marathon also requests a 30 day exception to Rule 303-A to permit the downhole commingling of production while awaiting for approval of this application. If this application is not approved, then the well will be worked on to produce from the Blinebry Oil & Gas (Gas) pool only.

All three pools have marginal production. The well was drilled and completed in the Drinkard (open hole) in 1947. In 1964, a workover perforated, then squeezed the Blinebry Oil & Gas (Gas) due to unproductivity. The well was returned to production from the Drinkard only. In 1969, the Drinkard was isolated with a cast-iron bridge plug before the Paddock was perforated. The well then produced from the Paddock only. In 1974, another workover removed the cast-iron bridge plug, deepened the well, squeezed the Paddock, then perforated and downhole commingled the Wantz Abo and Drinkard. More perforations were later added to the Wantz Abo in 1978. Finally, in 1997, the Wantz Abo and Drinkard were isolated with a retrievable bridge plug before the Blinebry Oil & Gas (Gas) was re-perforated. Current production is from the Blinebry Oil & Gas (Gas) pool only. Plans are to remove the retrievable bridge plug and to downhole commingle the three pools. By downhole commingling the production from these three zones, production will be realized that could not economically justify the cost of equipment to separate the zones. Rod pumping equipment will be utilized to keep the PBHP as low as possible, preventing crossflow.

Enclosed is pertinent data to support this application as outlined in Rule 303-A. If additional information is necessary, please contact me at (915) 687-8268.

Sincerely,

Tim L. Chase
Advanced Engineer Technician

REQUEST FOR EXCEPTION TO RULE 303-A

Walter Lynch Well No. 8, Drinkard Field

A: Operator

Marathon Oil Company
P.O. Box 552, Midland, Texas 79702-0552

B: Lease Name and Well Number

Mark Owen Well No. 4
1980' FSL & 1980' FWL, Unit Letter "K", Section 35, Township 21-S, Range 37-E
Drinkard Field, Lea County, New Mexico
Blinebry Oil & Gas (Gas), Drinkard and Wantz Abo

C: Plats and Offset Operators

Attached

D: C-116's

Attached

E: Production Decline Curves

Attached

F: Estimated Current Bottomhole Pressures (PSI)

Blinebry Oil & Gas (Gas) = 300; Drinkard = 490; Wantz Abo = 540

G: Product Characteristics

Previous commingling of these zones by Marathon and other operators in this area have shown that the produced fluids are compatible and commingling will not cause formation damage

H: Value

Marathon receives the same price for product from these zones, so value won't be adversely affected

I: Production Allocation

<u>POOL</u>	<u>BOPD</u>	<u>MCFPD</u>	<u>BWPD</u>	<u>Estimation Methods</u>
Blinebry Oil & Gas (Gas)	4	241	5	Current Production
Drinkard	0	212	0	Pre-1997 Workover
Wantz Abo	9	42	3	Pre-1997 Workover
Total	13	495	8	

<u>Allocated %</u>	<u>Oil %</u>	<u>Gas %</u>	<u>Water %</u>
<u>Post-workover using above production</u>			
Blinebry Oil & Gas (Gas)	30.77	48.69	62.50
Drinkard	0.00	42.83	0.00
Wantz Abo	69.23	8.48	37.50
Total	100.00	100.00	100.00

J: Ownership

Ownership of all zones is common and correlative rights will not be compromised

K: Offset Operator Notification

Offset operators are being provided with a copy of this application

OFFSETTING OPERATORS

**Mark Owen Well No. 4
1980' FSL & 1980' FWL
Section 35, Township 21-S, Range 37-E, Unit Letter "K"
Lea County, New Mexico
Drinkard Field**

Exxon Corporation
P.O. Box 4697
Houston, Texas 77210-4697

OXY USA, Incorporated
P.O. Box 50250
Midland, Texas 79710-0250

Chevron USA, Incorporated
P.O. Box 1150
Midland, Texas 79702

Conoco, Incorporated
10 Desta Drive West
Midland, Texas 79705

Mid-Continent Region
Production United States



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

January 7, 2000

Conoco, Incorporated
10 Desta Drive West
Midland, Texas 79705

RE: **Request for Exception to Rule 303-A
Downhole Commingling
Mark Owen Well No. 4
1980' FSL & 1980' FWL
Unit Letter "K", Section 35, Township 21-S, Range 37-E
Blinebry Oil & Gas, Drinkard and Wantz Abo
Drinkard Field
Lea County, New Mexico**

Ladies and/or Gentlemen:

Marathon Oil Company has filed an application with the New Mexico Conservation division for a downhole commingling production permit in the above referenced well. Please find enclosed a copy of the application as outlined in Rule 303-A.

If you are in agreement and waive all objections to the downhole commingling, please sign below and mail the original to the NMOCD in the enclosed addressed envelope. Also, please return one copy to Marathon at the letterhead address.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tim L. Chase'.

Tim L. Chase
Advanced Engineer Technician

Agreed and accepted this _____ day of _____ 2000
by _____ as representative of _____

Mid-Continent Region
Production United States



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

January 7, 2000

Chevron USA, Incorporated
P.O. Box 1150
Midland, Texas 79702

RE: **Request for Exception to Rule 303-A**
 Downhole Commingling
 Mark Owen Well No. 4
 1980' FSL & 1980' FWL
 Unit Letter "K", Section 35, Township 21-S, Range 37-E
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Tim L. Chase
Advanced Engineer Technician

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by _____ as representative of _____

Mid-Continent Region
Production United States



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

January 7, 2000

Exxon Corporation
P.O. Box 4697
Houston, Texas 77210-4697

RE: **Request for Exception to Rule 303-A**
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Tim L. Chase
Advanced Engineer Technician

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by _____ as representative of _____

Mid-Continent Region
Production United States



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

January 7, 2000

OXY USA, Incorporated
P.O. Box 50250
Midland, Texas 79710-0250

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Downhole Commingling
Mark Owen Well No. 4
1980' FSL & 1980' FWL
Unit Letter "K", Section 35, Township 21-S, Range 37-E
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Sincerely,

A handwritten signature in cursive script that reads 'Tim L. Chase'.

Tim L. Chase
Advanced Engineer Technician

Agreed and accepted this _____ day of _____ 2000
by _____ as representative of _____

State of New Mexico
Energy, Minerals and Natural Resources Department
OIL CONSERVATION DIVISION
2040 Pacheco St.
Santa Fe, NM 87505

Form C-116
Revised 1/1/89

Submit 2 copies to Appropriate District Office.
DISTRICT I
P.O. Box 1980, Hobbs, NM 88240
DISTRICT II
811 S. 1st Street, Artesia, NM 88210-2834
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

GAS - OIL RATIO TEST

Operator		Pool		County		Lea								
Marathon Oil Company		Blinberry Oil & Gas (gas)												
Address		TYPE OF TEST - (X)		Completion		Special								
P.O. Box 2409 Hobbs, NM 88240		Scheduled <input checked="" type="checkbox"/>												
LEASE NAME	WELL NO.	LOCATION			DATE OF TEST	CHOKE SIZE	TBG. PRESS.	DAILY ALLOW-ABLE	LENGTH OF TEST HOURS	PROD. DURING TEST			GAS-OIL RATIO CU.FT./BBL	
		U	S	T						R	WATER BBL.S.	GRAV. OIL		OIL BBL.S.
Mark Owen	2	H	35	22	37	9/13/98	P	M	24	3		4	206	51,500
	3	N	35	21	37	9/17/98	P	M	24	4		3	323	107,667
	4	K	35	21	37	9/20/98	P	M	24	0		4	331	82,750

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

Kelly Cook
Signature

Kelly Cook
Printed name and title
October 10, 1998
Date

Records Processor
393-7106
Telephone No.

Instructions:

During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order that well can be assigned increased allowables when authorized by the Division.
Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60 °F.
Specific gravity base will be 0.60.
Report casing pressure in lieu of tubing pressure for any well producing through casing.

(See Rule 301, Rule 1116 & appropriate pool rules.)

State of New Mexico
Energy, Minerals and Natural Resources Department
OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-116
Revised 1/1/89

Submit 2 copies to Appropriate District Office.
DISTRICT I
P.O. Box 1980, Hobbs, NM 88240
DISTRICT II
P.O. Drawer DD, Artesia, NM 88210
DISTRICT III
1000 Rio Arriba Rd., Aztec, NM 87410

GAS - OIL RATIO TEST

Operator		Pool		County		Lea							
Marathon Oil Company		Drinkard											
Address		TYPE OF TEST - (X)		SCHEDULED		COMPLETION		SPECIAL					
P.O. Box 552, Midland, TX 79702		<input checked="" type="checkbox"/> Scheduled		<input type="checkbox"/> Completion		<input type="checkbox"/> Special		<input type="checkbox"/>					
LEASE NAME	WELL NO.	LOCATION			DATE OF TEST	CHOKE SIZE	TBG. PRESS.	DAILY ALLOWABLE	LENGTH OF TEST HOURS	WATER BBL.S.	PROD. DURING TEST		GAS - OIL RATIO CU.FT./BBL.
		U	S	T							R	GRAV. OIL	
MAR-K OWEN	4	K	25	31	37	4/24/95	P	MGW	24	3	8	257	92125
DHC # 836							OIL	GAS	%				
ABO							8.0	69.4	27				
DRINKARD							0.0	187.6	73				
TOTAL													
W. S. MARSHALL B	2	M	27	21	37	4-20-95	P	M#20	24	0	5	134	26800
DHC 771							OIL	GAS	%				
TUBS							2.5	63	47				
DRINKARD							2.5	71	53				
TOTAL							5.0	134	100				

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

Tom Price
Signature
Tom Price
Printed name and title
5/8/95
Date
916/687/6924
Telephone No.

Instructions:
During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order that well can be assigned increased allowables when authorized by the Division.
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State of New Mexico
Energy, Minerals and Natural Resources Department
OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-116
Revised 1/1/89

Submit 2 copies to Appropriate District Office.
DISTRICT I
P.O. Box 1980, Hobbs, NM 88240
DISTRICT II
P.O. Drawer DD, Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

GAS - OIL RATIO TEST

Operator Marathon Oil Company		Pool Wantz Abo		County Lea										
Address P.O. Box 552, Midland, TX 79702		TYPE OF TEST - (X)		Completion										
LEASE NAME	WELL NO.	LOCATION			DATE OF TEST	CHOKE SIZE	TBG. PRESS.	DAILY ALLOW-ABLE	LENGTH OF TEST HOURS	WATER BBL'S.		PROD. DURING TEST		GAS - OIL RATIO CU.FT/BBL
		U	S	T						R	GRAV. OIL	OIL BBL'S.	GAS M.C.F.	
Mark Owen DHC# 836 Wantz Abo Granite Wash	4	L	27	21	37	2/3/95	P	M	24	11	--	8	266	33250
		BO	%	MCF	%									
		8	100	71.8	27									
		0	0	194.2	73									
Mark Owen DHC# 764 Wantz Abo Granite Wash	7	8	100	266	100	2/2/95	P	M	24	0	--	19	60	3158
		14.8	78	41.4	69									
		4.2	22	18.6	31									
		19.0	100	60.0	100									
Mark Owen DHC# 765 Wantz Abo Granite Wash	8	1.3	22	25.5	82	2/21/95	P	M	24	3	--	6	116.	19333
		4.7	78	90.5	18									
		6.0	100	116	100									

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

Thomas M. Price
Signature
Thomas M. Price, Adv. Engineering Tech.
Printed name and title
3/20/95 (915) 687-8324
Date Telephone No.

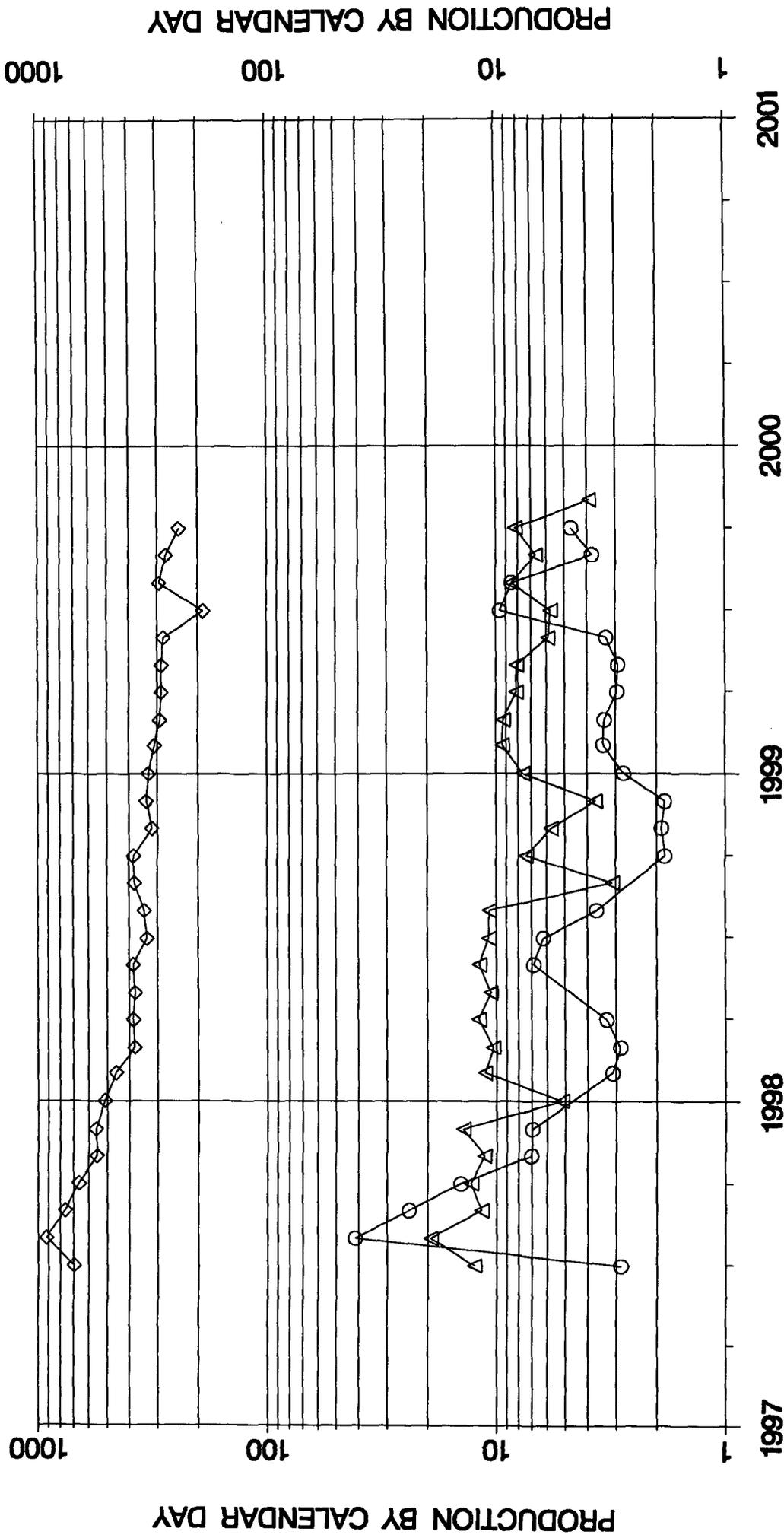
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(See Rule 301, Rule 1116 & appropriate pool rules.)

Midland Operations

Allocated Production Data

BLINEBRY OIL & GAS (GAS)

MARK OWEN - NO. 4



 OIL, BOPD INJ, BPD WTR, BWPD DISP, BPD GAS, MCFPD COND, BPD

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 811 S. 1st Street, Artesia, NM 88210-2834
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, NM 87504-2088

Form C-10Z
 Revised February 10, 1994

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-07040		² Pool Code 72480		³ Pool Name Blinebry Oil & Gas	
⁴ Property Code 6454		⁵ Property Name Mark Owen			⁶ Well Number 4
⁷ OGRID No. 014021		⁸ Operator Name Marathon Oil Company			⁹ Elevation GL: 3371'

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
K	35	21S	37E		1980	SOUTH	1980	WEST	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 120	¹³ Joint or Infill	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

	<p style="text-align: right;">35</p>	<p>¹⁷ OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p style="text-align: right;"><i>Thomas Kacir</i></p> <p>Signature Thomas Kacir Printed Name Production Engineer Title 6/03/97 Date</p>
		<p>¹⁸ SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>Date of Survey Signature and Seal of Professional Surveyor: Certificate Number</p>

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION FORM AT

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 Mark Owen		Well No. 4
Unit Letter K	Section 35	Township 21-S	Range 37-E	County Lea

Actual Footage Location of Well:
1980 feet from the South line and 1980 feet from the West line

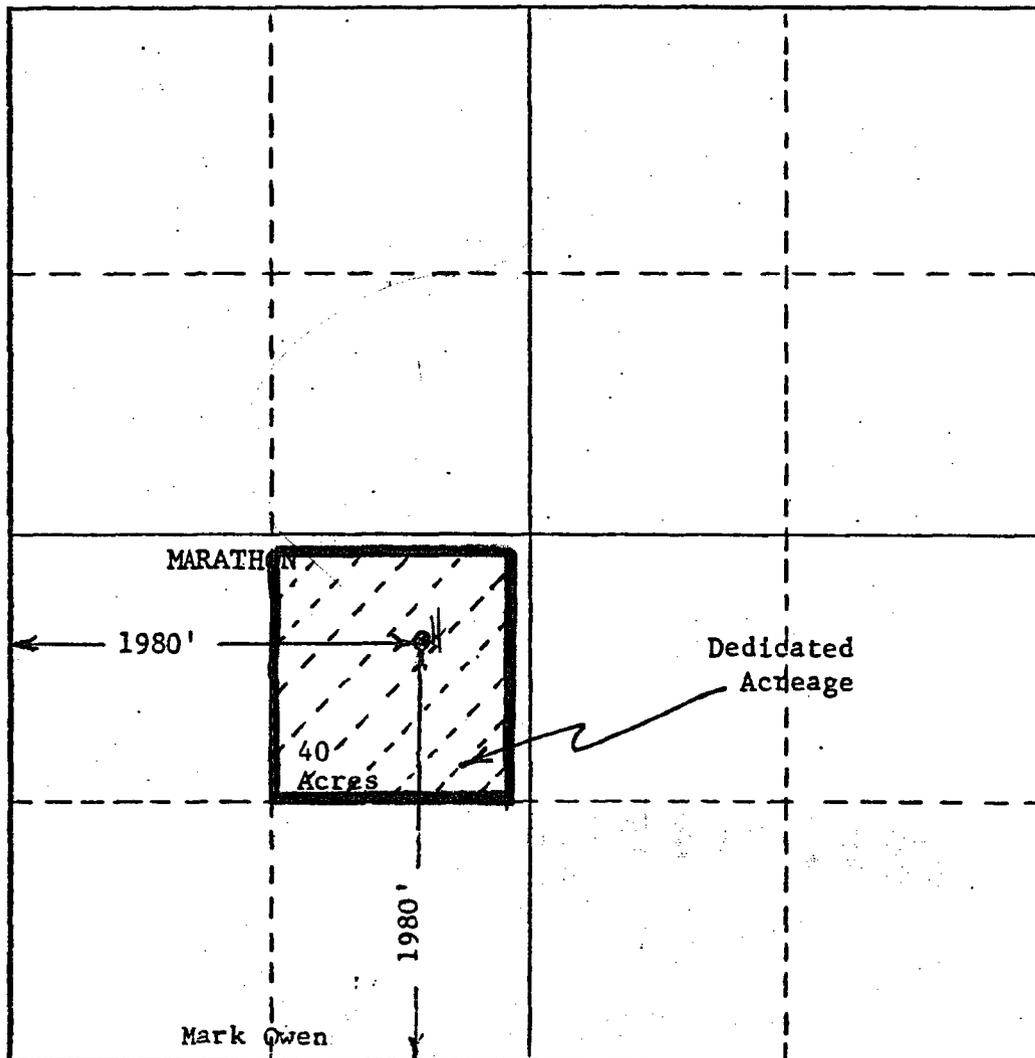
Ground Level Elev. 3371	Producing Formation Drinkard	Pool Drinkard	Dedicated Acreage: 40 Acres
----------------------------	---------------------------------	------------------	--------------------------------

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 _____

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

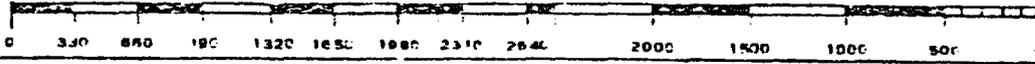
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.
C. S. Hilton, Jr.
C. S. Hilton, Jr.

Name	Operations Superintendent
Position	Marathon Oil Company
Company	7/12/74
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	
Registered Professional Engineer and/or Land Surveyor	

Certificate No.	
-----------------	--



NE MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

*File
M. Owen #4*

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

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

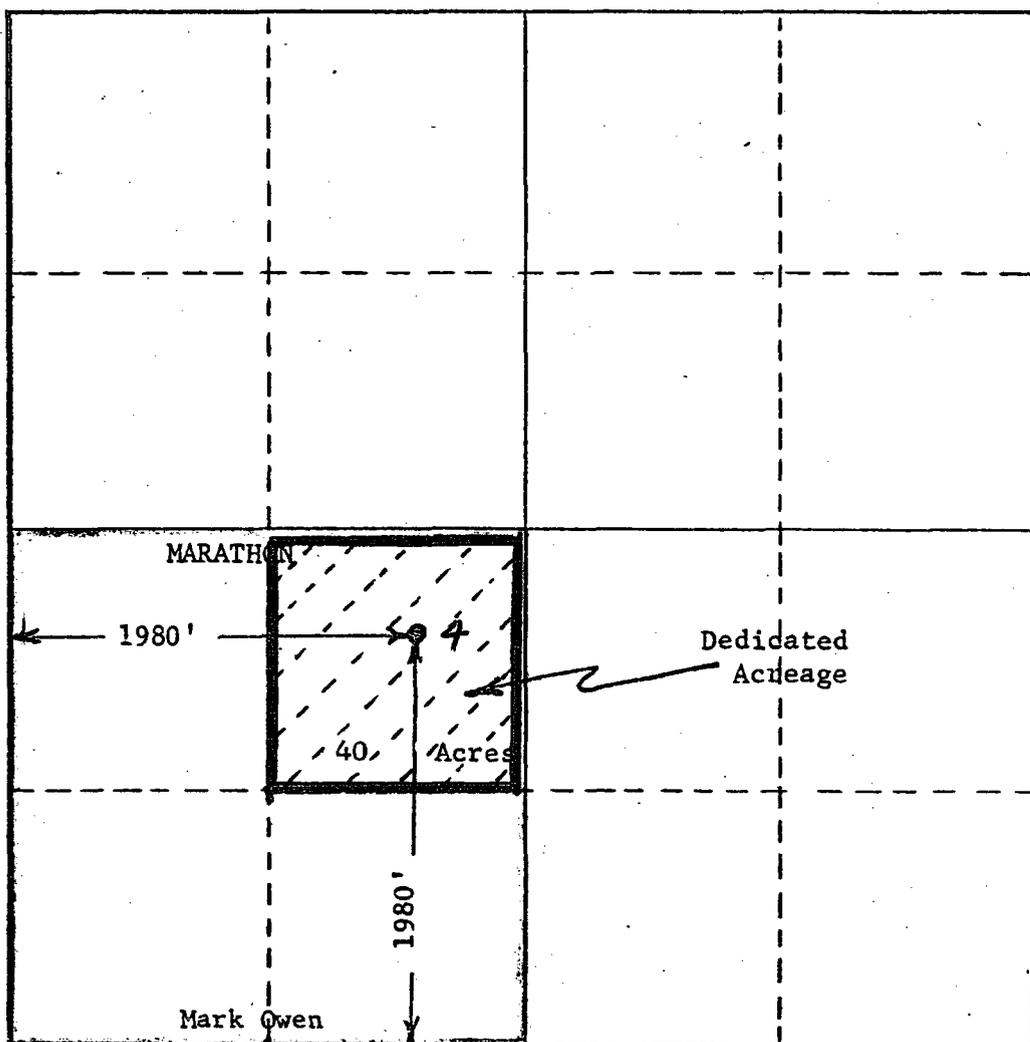
Operator Marathon Oil Company		Lease Mark Owen		Well No. 4
Unit Letter K	Section 35	Township 21-S	Range 37-E	County Lea
Actual Footage Location of Well: 1980 feet from the South line and 1980 feet from the West line				
Ground Level Elev: 3371	Producing Formation Abo	Pool Wantz Abo	Dedicated Acreage: 40 Acres	

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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 _____

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.

C. S. Hilton, Jr.
C. S. Hilton, Jr.

Name
Operations Superintendent

Position
Marathon Oil Company

Company
7/12/74

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

Registered Professional Engineer and/or Land Surveyor

Certificate No.



EXHIBIT "B" - CASE NO. 11353, ORDER NO. R-10470-A

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

FORM C-107-A
New 3-12-96

DISTRICT II
911 S. 1st, Artesia, NM 86210

OIL CONSERVATION DIVISION
2040 S. Pacheco, Santa Fe, NM 87505-6429

APPROVAL PROCESS:
 Administrative Hearing

DISTRICT III
1000 Rio Brazos, Aztec, NM 87410

APPLICATION FOR DOWNHOLE COMMINGLING

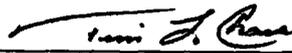
EXISTING WELLBORE
 Yes No

Marathon Oil Company	P.O. Box 552	Midland, Tx 79702
<small>OPERATOR</small>	<small>ADDRESS</small>	
Mark Owen	4	Sec 35, T-21S, R-37E, UL "K" Lea
<small>LEASE</small>	<small>WELL NO.</small>	<small>SECTION, TOWNSHIP, RANGE, UNIT LETTER COUNTY</small>
<small>SPACING UNIT LEASE TYPES: (CHECK 1 OR MORE)</small>		
OGRID NO. 014021	PROPERTY CODE 6454	API NO. 30-025-07040 Federal <input type="checkbox"/> State <input type="checkbox"/> (and/or) Fee <input checked="" type="checkbox"/>

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zones	Lower Zone
1. Pool Name & Pool Code	Blinbery Oil & Gas (Gas) 72480	Drinkard 19190	Wantz Abo 62700
2. Top & Bottom of Pay Section (Perforations)	5456-5810'	6308-6432'	6552-7274'
3. Type of production (Oil or Gas)	Gas	Gas	Gas
4. Method of Production (Flowing or Artificial Lift)	Artificial Lift	Artificial Lift	Artificial Lift
5. Bottomhole Pressure Oil Zones-Artificial Lift (Est Current)	a. (Current) 300	a. (Current) 490	a. (Current) 540
	b. (Original) ___	b. (Original) ___	b. (Original) ___
6. Oil Gravity (API) or Gas BTU Content	37 API	41 API	42 API
7. Producing or Shut-in?	Producing	Shut-In	Shut-In
Production Marginal? (yes or no)	Yes	Yes	Yes
* If Shut-in, give date and o/g/w rates of last production	Date: N/A Rates: N/A	Date: 5/15/97 Rates: 0/212/0	Date: 5/15/97 Rates: 9/42/3
<small>Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.</small>			
* If producing, give date and o/g/w rates of recent test (within 60 days)	Date: 11/15/99 Rates: 4/241/5	Date: N/A Rates: N/A	Date: N/A Rates: N/A
8. Fixed Percentage Allocation Formula - % for each zone	Oil: 30.77% Gas: 48.69%	Oil: 0.00% Gas: 42.83%	Oil: 69.23% Gas: 8.48%

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.
10. Are all working, overriding, and royalty interests identical in all commingled zones? Yes No
If not, have all working, overriding, and royalty interests been notified by certified mail? Yes No
Have all offset operators been given written notice of the proposed downhole commingling? Yes No
11. Will crossflow occur? Yes No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable? Yes No (If No, attach explanation)
12. Are all produced fluids from all commingled zones compatible with each other? Yes No
13. Will the value of production be decreased by commingling? Yes No (If Yes, attach explanation)
14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. Yes No
15. NMOCD Reference Cases for Rule 303(C) Exceptions: ORDER NO(S): _____
16. 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 all offset operators.
 - * Notification list of all working, overriding, and royalty interests for uncommon interest cases.
 - * Any additional statements, data, or documents required to support commingling.

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

SIGNATURE 
TYPE OR PRINT NAME TIM L. CHASE

TITLE Advanced Engineer Technician
TELEPHONE NO. (915) 687-8268

DATE 01/07/00