

DATE IN 1/26/06	SUSPENSE 2-15-06	ENGINEER MIKE	LOGGED IN 1/30/06	TYPE NSL	APP NO. p TDS 0603048395
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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.

FRANK M. KRUGH _____ Reg. Comp. Rep. III _____ 1/25/06
 Print or Type Name Signature Title Date

 e-mail Address frankrugh@manthoil.com



**Marathon
Oil Company**

P.O. Box 3487
Houston, TX 77253-3487
Telephone 713/629-6600

January 25, 2006

New Mexico Oil Conservation Division
Attn: Mr. Michael Stogner
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

RE: Exception to 19.15.3.104B.(1)

Dear Mr. Stogner,

Marathon Oil Company requests administrative approval to drill the Mark Owen #14 well as a Grayburg producer at an unorthodox location as an exception to Rule 19.15.3.104.B.(1). The proposed Mark Owen #14 well location is 1090' FSL & 760' FWL of Section 35, Township 21 South, Range 37 East, Lea County. The unorthodox location is requested because numerous active pipelines (owned by different operators and transporters) are situated in the area where a legal location would occur. In order to avoid encroaching upon these pipelines and causing a potential safety hazard, the well location was placed in an area of avoidance in the 40 acre drilling unit of the SW ¼ SW ¼ of Section 35, T21S, R37E.

At the requested location, the proposed well is 230' from the ¼ ¼ Section Line to the North. Marathon Oil Company is the operator of the lease on which the well has been staked and is also the operator of the lease North of the ¼ ¼ Section Line. Because of this, no other operator or lease holder is being encroached upon with this well placement. Thus no operators are being notified and no waivers are included with this request and submittal.

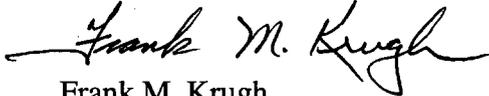
9:40am 2-27
Frank Krugh
stopped by to
ask about the
status of
this application


Attached please find a copy of the C-102, that has been filed with the NMOCD in Hobbs, a plat showing the location of the pipelines in proximity to the proposed well, and a map showing the existing wells within the area.

If you need additional information, please feel free to contact myself at 713-296-3546 or via e-mail at fmkrugh@marathonoil.com.

Sincerely,

MARATHON OIL COMPANY

A handwritten signature in black ink that reads "Frank M. Krugh". The signature is written in a cursive style with a long horizontal stroke at the beginning.

Frank M. Krugh
Reg. Comp. Rep. III
Southern Business Unit

Attachments

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I

1625 N. FRENCH DR., BOBBS, NM 88240

DISTRICT II

1301 V. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Artec, NM 87410

DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87506

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised JUNE 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code 50350	Pool Name PENROSE SKELLY, GRAYBURG
Property Code 6454	Property Name MARK OWEN	Well Number 14
OGRID No. 14021	Operator Name MARATHON OIL COMPANY	Elevation 3378'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	35	21-S	37-E		1090	SOUTH	760	WEST	LEA

Bottom Hole Location If Different From Surface

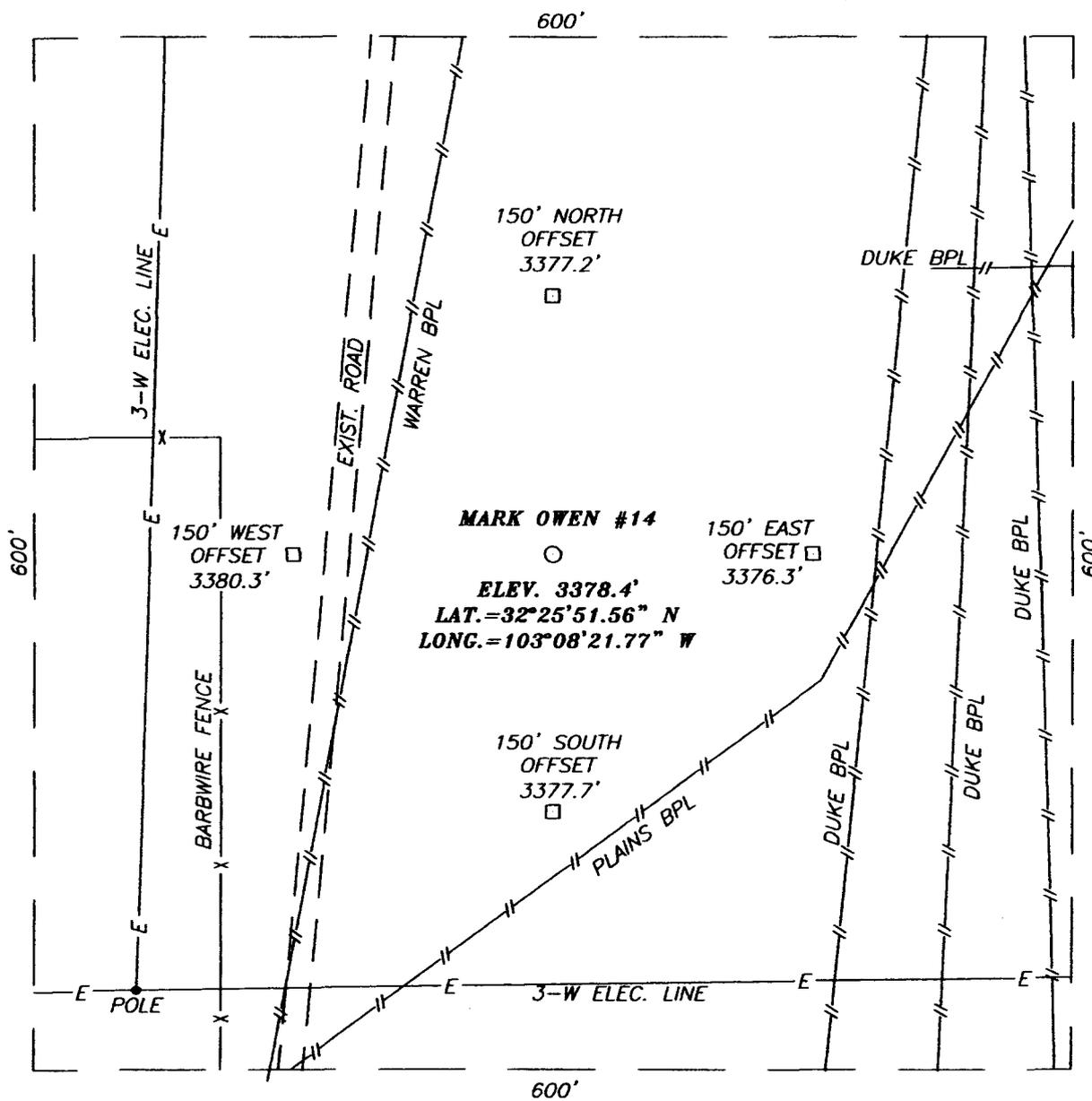
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.
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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

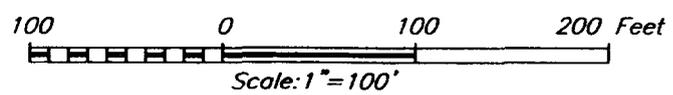
	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Frank M. Krugh</i> Signature</p> <p>FRANK M. KRUGH Printed Name</p> <p>Reg. Comp. Rep. III Title</p> <p>1/19/2006 Date</p>
	<p>SURVEYOR CERTIFICATION</p> <p>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>JANUARY 11, 2006 Date Surveyed</p> <p>LA Signature & Seal of Professional Surveyor</p> <p><i>Gary E. Edson</i> 06.11.00595</p>
	<p>Certificate No: GARY EDSON 12641</p>

SECTION 35, TOWNSHIP 21 SOUTH, RANGE 37 EAST, N.M.P.M.,
 LEA COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF ST. HWY. #18 AND ST. HWY. #234 (HWY.'S #176 & #8) AT EUNICE, GO EAST ON ST. HWY. #234 APPROX. 1.2 MILES. TURN RIGHT AND GO SOUTH APPROX. 0.3 MILES. THIS LOCATION IS APPROX. 200 FEET EAST.



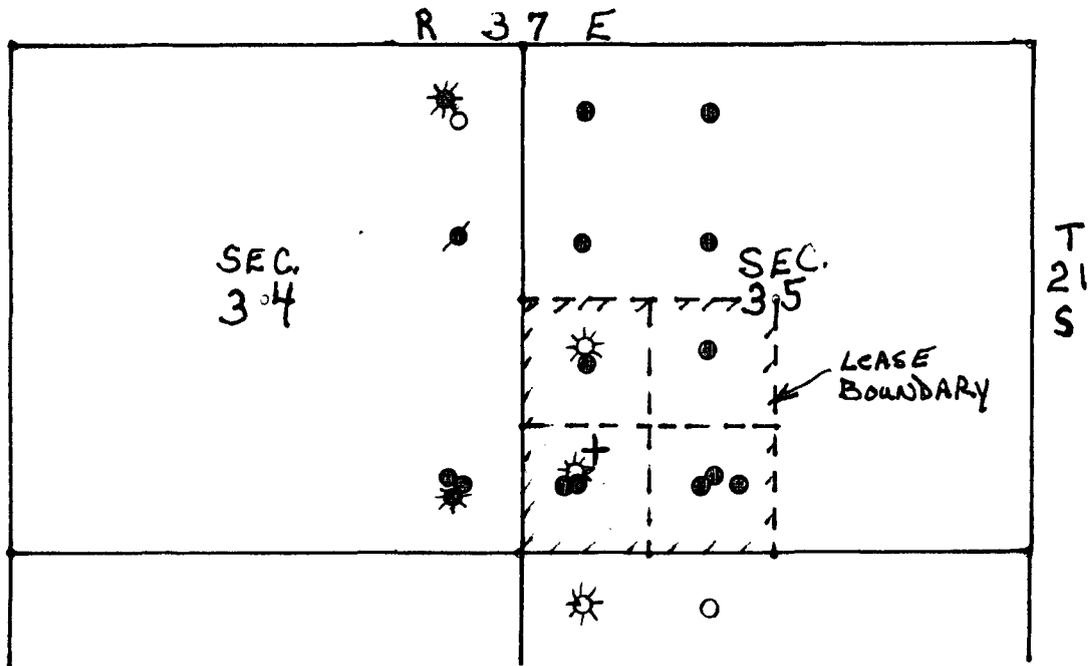
MARATHON OIL COMPANY

MARK OWEN #14 WELL
 LOCATED 1090 FEET FROM THE SOUTH LINE
 AND 760 FEET FROM THE WEST LINE OF SECTION 35,
 TOWNSHIP 21 SOUTH, RANGE 37 EAST, N.M.P.M.,
 LEA COUNTY, NEW MEXICO.

Survey Date: 1/11/06	Sheet 1 of 1 Sheets	
W.O. Number: 06.11.0059	Dr By: LA	Rev 1:N/A
Date: 1/17/06	Disk: CD#5	06110059 Scale: 1"=100'

PROVIDING SURVEYING SERVICES
 SINCE 1948
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (505) 393-3117

EXISTING WELL MAP



LEGEND

+ PROPOSED MARK OWEN #14 WELL

⊙ ● ⊙ EXISTING WELLS