



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

COMMINGLING ORDER PLC-276

Marathon Oil Company
P.O. Box 3487
Houston, Texas 77253-3487

Attention: Mr. Charles E. Kendrix

The above-named company is hereby authorized to surface commingle South Eunice Seven Rivers-Queen (Oil - 24130), Wildcat Grayburg, Wildcat San Andres and Wildcat Paddock Pool production from the following-described area that encompasses all or parts of State Leases No. A-02614 and B-01103:

Township 22 South, Range 36 East, NMPM:

Section 15: All

Section 16: E/2, SW/4, E/2 NW/4

Within this area, Marathon Oil Company currently operates nineteen (19) existing or wells to be drilled in the near future. The McDonald State A/C 1 Wells No. 3, 4, 7, 8, 9, 10, 29, 38, 39, 45, 46, 47 all produce from the South Eunice Seven Rivers-Queen Pool. The McDonald State A/C 1-A Wells No. 1, 3, and 4 also produce from the South Eunice Seven Rivers-Queen Pool. The Maxwell State Well No. 1 also produced from the South Eunice Seven Rivers-Queen Pool. The McDonald State A/C 1-16 Well No. 1 produces from the Wildcat Grayburg Pool. The McDonald State A/C 1-15 Wells No. 1 and 5, which have not yet been drilled, are proposed to produce from the Wildcat Paddock Pool.

It is our understanding the the interest ownership within the commingled area is common throughout, including working, royalty and overriding royalty interest.

Production shall be allocated to each well/lease on the basis of periodic well tests. These well tests shall be conducted at least semi-annually.

Production shall be commingled and stored at the McDonald State A/C 1 Central Tank Battery located in Unit G of Section 16, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico.

It is the responsibility of the producer to notify the transporter of this commingling authority. The operator shall notify the Hobbs District Office of the Division upon commencement of commingling operations.

Administrative Order No. PLC-276

Marathon Oil Company

April 17, 2006

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Done, at Santa Fe, New Mexico on this 17th day of April, 2006.



MARK E. FESMIRE, P.E.,

Division Director

MEF/drc

cc: Oil Conservation Division – Hobbs
State Land Office-Oil & Gas Division