

Marathon

DATE IN 5/30/06	SUSPENSE	ENGINEER MIKE STOGNER	LOGGED IN 5/30/06	TYPE SD	APP NO. PTD50615060415
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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 \_\_\_\_\_

2006 MAY 30 PM 2:02

[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.

Charles E. Kendrick  
Print or Type Name

Charles E. Kendrick  
Signature

Regulatory Compliance Rep 5-24-2006  
Title Date

ceKendrix@marathonoil.com  
e-mail Address



**Southern Business Unit**

P. O. Box 3487  
Houston, TX 77253-3487  
5555 San Felipe Road  
Houston, TX 77056-2799  
Telephone: (713) 296-2096  
FAX: (713) 499-6750

May 24, 2006

New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Attn: Mr. Michael Stogner

RE: Amend NSP-1475-A (L) (SD)  
J.L. Muncy Lease, Tubb Oil & Gas Pool  
Sec 24, T-22-S, R-37-E  
Lea County, New Mexico

Dear Mr. Stogner

Marathon had previously applied and been given permission by the NMOCD to dedicate 80 acres comprised of Unit Letters G & H of Section 24, Township 22 South, Range 37 East to production from the Tubb Oil & Gas pool to Marathon's two J. L. Muncy wells:

**J. L. Muncy No. 7 API # 30-025-29219** UL 'G', 2086 FNL & 1874 FEL, Section 24  
**J.L. Muncy No. 11 API # 30-025-33947** UL 'G', 2310 FNL & 1980 FEL, Section 24

These two wells are currently making less than half the allowed 9,210 mcf of gas that is allowed to 80 acres in the Tubb Oil & Gas pool. (Please see attached spreadsheet for well rates)

Marathon is seeking OCD approval to amend **NSP-1475-A** to include a Tubb completion in the

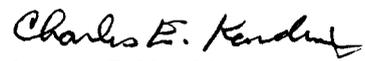
**J.L. Muncy No. 4 API # 30-025-22217** UL 'H', 1980 FNL & 660 FEL , Section 24

The J. L. Muncy No. 4 was briefly tested in 1968 before being cement squeezed in the Tubb formation. The well at that time was capable of producing approximately 740 mcf of gas with 30 barrels of oil per day. Marathon believes that the J.L. Muncy lease is depleted in the Tubb pool to the extent that in the best case scenario we would expect less than half that rate of flow, but the additional completion would allow us to recover addition reserves that would not be recovered without the completion. In the event that the well is capable of making enough gas to be over produced beyond NMOCD limits. Marathon would shut in one or more of the wells to bring production within allowable rates for the Tubb formation each month. At the present time the J.L. Muncy No. 4 is being produced as a downhole commingled well from the Blinebry and Brunson Drinkard Abo pools. It is Marathon's intention to submit to downhole commingle all three pools in the well after we have gathered sufficient information on production rates for the Tubb pool to establish commingle percentages for the different pools.

I have included in this application C-102 plats for the No's 4, 7 & 11. The C-101 & C-102 for the Tubb completion on No. 4 have been submitted to the NMOCD in Hobbs. A letter was attached with those forms to inform them that an amendment to NSL-1475-(L) (SD) was being filed with your office. Also included is a map of the J.L. Muncy lease with locations of the three wells.

If you need further information on this issue, please feel free to call me at 713-296-2096 or email to [cekendrix@marathonoil.com](mailto:cekendrix@marathonoil.com).

Respectfully,

A handwritten signature in black ink that reads "Charles E. Kendrix". The signature is written in a cursive style with a prominent initial "C" and a stylized "K".

Charles E. Kendrix  
Regulatory Compliance Representative  
Marathon Oil Company

**J. L. Muncy Wells No's 7 & 11  
Production Rates for last Six Month period**

	<b>J.L. Muncy No. 7</b>			<b>J.L. Muncy No.11</b>		
	<b>Oil</b>	<b>Water</b>	<b>Gas</b>	<b>Oil</b>	<b>Water</b>	<b>Gas</b>
<b>April 2006</b>	410	71	2496	0	0	1268
<b>March 2006</b>	553	129	2697	0	0	1328
<b>February 2006</b>	612	172	2517	0	0	1218
<b>January 2006</b>	689	122	3102	0	0	1378
<b>December 2006</b>	810	151	3251	0	0	1244
<b>November 2006</b>	907	225	3422	0	0	1299
<b>Total Production / Last Six Months</b>	3981	870	17485	0	0	7735
<b>Avg Monthly Production</b>	663.5	145	2914	0	0	1289

**Total Gas for No's 7 & 11                    4203**

**Tubb Gas Allowable for 80 Acres        9210**

**Available Allowable Gas for No. 4       5007**

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

State of New Mexico  
Energy, Minerals & Natural Resources

Form C-102  
Revised June 10, 2003

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

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number <b>30-025-22217</b>	<sup>2</sup> Pool Code <b>86440</b>	<sup>3</sup> Pool Name <b>Tubb Oil &amp; Gas</b>
<sup>4</sup> Property Code <b>006442</b>	<sup>5</sup> Property Name <b>J.L. Muncy</b>	
<sup>7</sup> OGRID No. <b>14021</b>	<sup>8</sup> Operator Name <b>Marathon Oil Company</b>	<sup>6</sup> Well Number <b>4</b>
		<sup>9</sup> Elevation <b>3325'</b>

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>H</b>	<b>24</b>	<b>21-S</b>	<b>37-E</b>		<b>1980</b>	<b>North</b>	<b>660</b>	<b>East</b>	<b>Lea</b>

<sup>11</sup> 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

<sup>12</sup> Dedicated Acres <b>80</b>	<sup>13</sup> Joint or Infill <b>Y</b>	<sup>14</sup> Consolidation Code	<sup>15</sup> 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><sup>16</sup></p>	<p><sup>17</sup> OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Charles E. Kendrick</i> Signature</p> <p><b>Charles E. Kendrick</b> Printed Name</p> <p><b>Regulatory Compliance Rep</b> <b>cekendrix@marathonoil.com</b> Title and E-mail Address</p> <p><b>05/24/2006</b> Date</p>
	<p><sup>18</sup> 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 Surveyer:</p>
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

State of New Mexico  
Energy, Minerals & Natural Resources

Form C-102  
Revised June 10, 2003

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1220 South St. Francis Dr.  
Santa Fe, NM 87505

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Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-025-29219		<sup>2</sup> Pool Code 60240		<sup>3</sup> Pool Name Tubb Oil & Gas	
<sup>4</sup> Property Code 006442		<sup>5</sup> Property Name J.L. Nancy			<sup>6</sup> Well Number 7
<sup>7</sup> OGRID No. 14021		<sup>8</sup> Operator Name Marathon Oil Company			<sup>9</sup> Elevation 3318'

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	24	22-S	37-E		2086'	North	1874'	East	Lea

<sup>11</sup> 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

<sup>12</sup> Dedicated Acres 40	<sup>13</sup> Joint or Infill N	<sup>14</sup> Consolidation Code	<sup>15</sup> 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

16		<p><sup>17</sup> OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Charles E. Kendrick</i></p> <p>Signature</p> <p><b>Charles E. Kendrick</b></p> <p>Printed Name</p> <p><b>Engineering Technician</b></p> <p><b>cekendrix@MarathonOil.com</b></p> <p>Title and E-mail Address</p> <p><b>07/21/2004</b></p> <p>Date</p>
		<p><sup>18</sup> 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>Date of Survey</p> <p>Signature and Seal of Professional Surveyer:</p> <p>Certificate Number</p>

District I  
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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-025-33947		<sup>2</sup> Pool Code 86400		<sup>3</sup> Pool Name Tubb Oil & Gas	
<sup>4</sup> Property Code 006442		<sup>5</sup> Property Name J.L. Muncy			<sup>6</sup> Well Number 11
<sup>7</sup> OGRID No. 014021		<sup>8</sup> Operator Name Marathon Oil Company			<sup>9</sup> Elevation 3313'

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
G	24	22-S	37-E		2310'	North	1980'	East	Lea

<sup>11</sup> Bottom Hole Location If Different From Surface

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

<sup>12</sup> Dedicated Acres 80	<sup>13</sup> Joint or Infill Y	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No. USP-1475-A (L) (SD)
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NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p><sup>16</sup></p>	<p><sup>17</sup> OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Charles E. Kendrick</i> Signature</p> <p>Charles E. Kendrick Printed Name</p> <p>Engineering Technician ckendri@marathonoil.com Title and E-mail Address</p> <p>05/02/2005 Date</p>
	<p><sup>18</sup> 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>Date of Survey Signature and Seal of Professional Surveyer:</p>
<p>Certificate Number</p>	

