

DATE IN 9/26/08	SUSPENSE	ENGINEER W. Jones	LOGGED IN 9/26/08	TYPE DHC 4113	APP NO. PKVR0827057334
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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 KRUUGH
Print or Type Name

Frank Krugh
Signature

Reg. Corps Manager
Title

9/23/08
Date

frankrugh@comcast.net
e-mail Address

RECEIVED
2008 SEP 26 PM 2 19

District I
1625 N. French Drive, Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

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

APPLICATION TYPE
☒ Single Well
☐ Establish Pre-Approved Pools
EXISTING WELLBORE
☒ Yes ☐ No

APPLICATION FOR DOWNHOLE COMMINGLING

MARATHON OIL CORPORATION

Operator Address

Lease WILLIAM TURNER

Well No. 5

Unit Letter-Section-Township-Range J-29-21S-37E

County LEA

OGRID No. 014021 Property Code 006478 API No. 30-025-37070 Lease Type: ☐ Federal ☐ State ☒ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	PENROSE-SKELLY-GB		EUNICE SAN ANDRES
Pool Code	50350		24150
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3737-3877		3888-3982
Method of Production (Flowing or Artificial Lift)	ARTIFICIAL		ARTIFICIAL
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	32.667		37.0
Producing, Shut-In or New Zone	PRODUCING		SHUT-IN
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: 15-AUG-2008 Rates: WATER: 80.096 bbl/day OIL: 3.666 bbl/day GAS: 29.74 mcf/day	Date: Rates:	Date: 21-OCT-2007 Rates: WATER: 674.969 bbl/day OIL: 0.195 bbl/day GAS: 270.01 mcf/day
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil 88 % Gas 10 %	Oil % Gas %	Oil 12 % Gas 90 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes ☒ No ☐
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? n/a Yes ☐ No ☐

Are all produced fluids from all commingled zones compatible with each other? Yes ☒ No ☐

Will commingling decrease the value of production? Yes ☐ No ☒

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? n/a Yes ☐ No ☐

NMOCD Reference Case No. applicable to this well: _____

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 working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE Rick R. Schell TITLE REGULATORY COMPLIANCE REP. DATE 23-SEPT-08

TYPE OR PRINT NAME RICK R. SCHELL TELEPHONE NO. (713) 296-3412

E-MAIL ADDRESS rrschell@marathonoil.com

DISTRICT I

1625 N. FERNICH DR., HOBBS, NM 88240

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III

1000 Rio Brazos Ed., Aztec, NM 87410

DISTRICT IV

1225 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico

Energy, Minerals and Natural Resources Department

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 Pene Rose Skelly Grayburg
Property Code 006478	Property Name WILLIAM TURNER	Well Number 5
OGRID No. 14021	Operator Name MARATHON OIL COMPANY	Elevation 3480'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	29	21-S	37-E		2310	SOUTH	2310	EAST	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 ACRES	Joint or Infill	Consolidation Code	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

GEODETIC COORDINATES NAD 27 NME Y=528921.2 N X=854689.4 E LAT.=32°26'55.92" N LONG.=103°11'00.78" W	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. <u>Mike Mick</u> Signature <u>Mike Mick</u> Printed Name <u>Adv. Sr. Eng. Tech</u> Title <u>1-26-04</u> Date
	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. OCTOBER 12, 2004 Date Surveyed _____ JR Signature & Seal of Professional Surveyor <u>GARY H. EIDSON</u> 10/12/04 04-11-1339 Certificate No. GARY EIDSON 12641

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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

¹ API Number 30-025-37070		² Pool Code 24150		³ Pool Name Eunice San Andres	
⁴ Property Code 006478		⁵ Property Name William Turner			⁶ Well Number 5
⁷ OGRID No. 14021		⁸ Operator Name Marathon Oil Company			⁹ Elevation 3480'

¹⁰ Surface Location

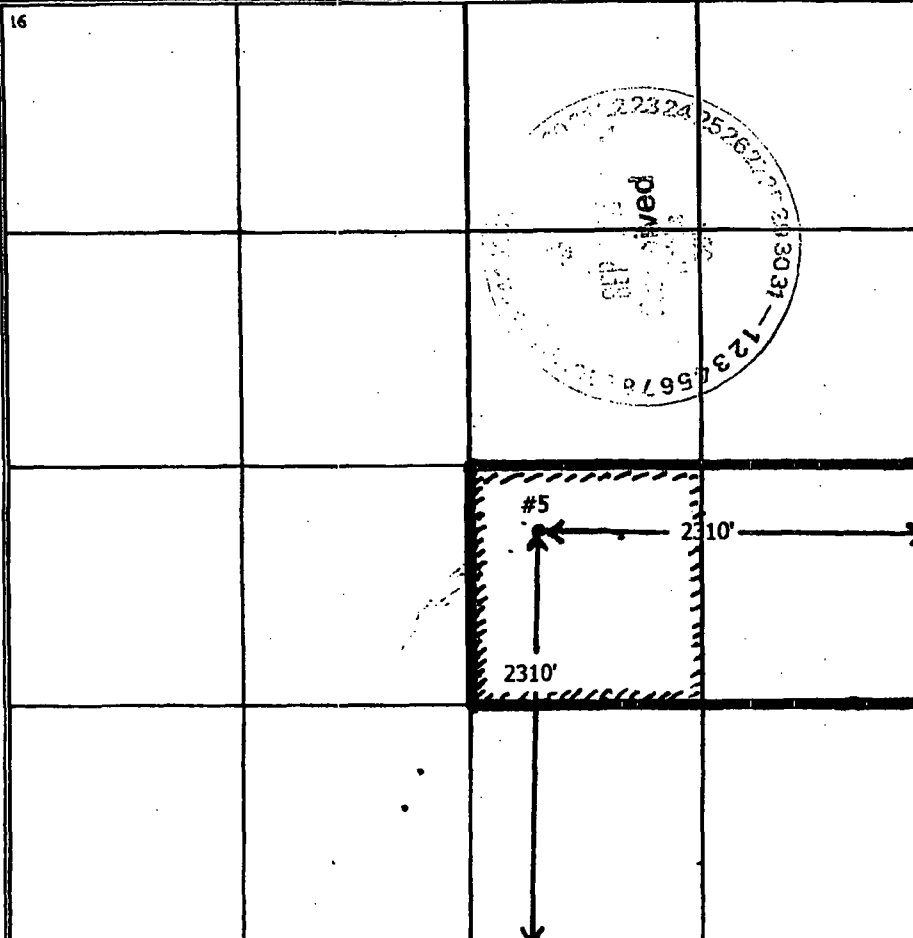
UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	29	21-N	37-E		2310'	South	2310'	East	Lea

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

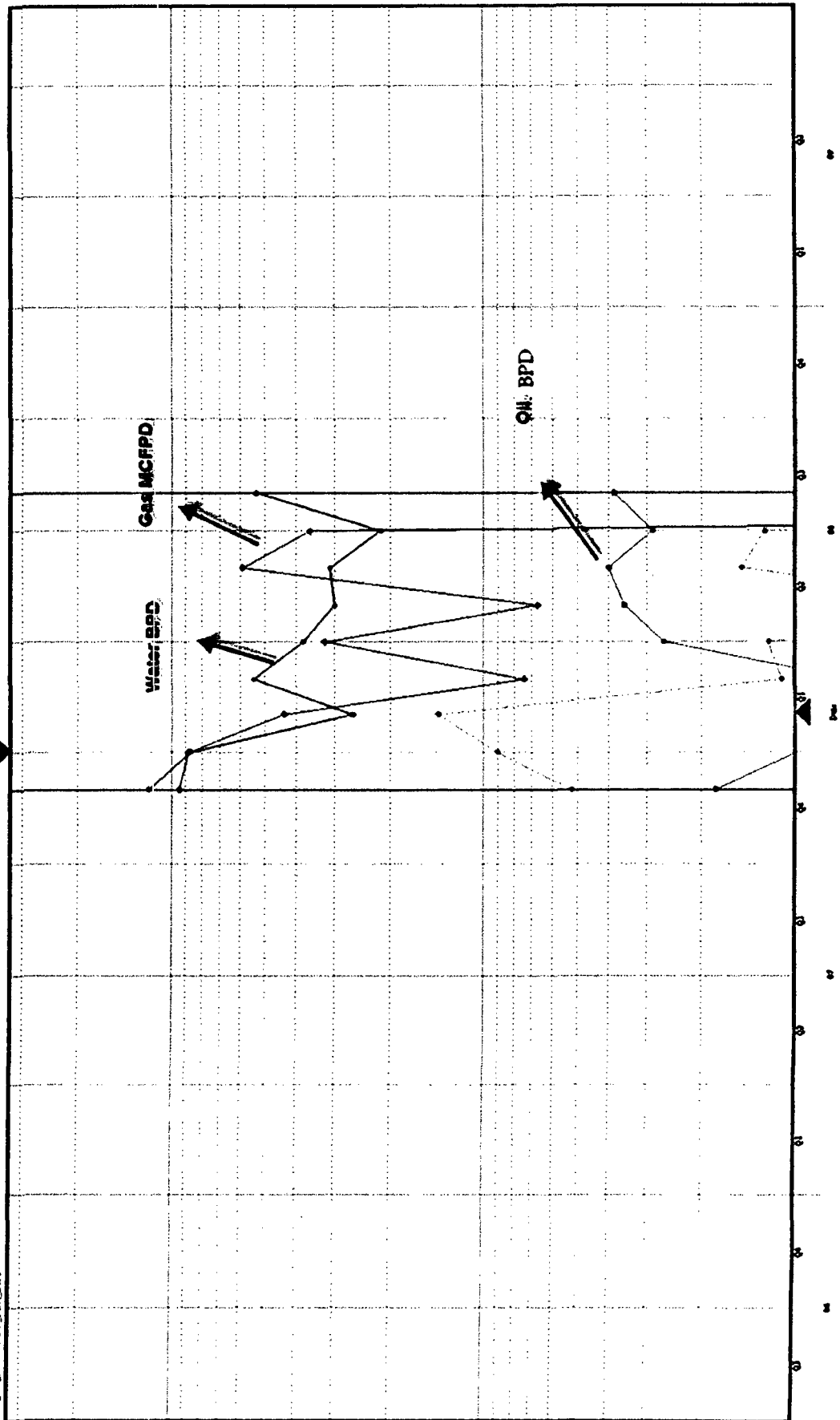
¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16 	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <i>Charles E. Kendrick</i> Signature Charles E. Kendrick Printed Name Engineering Technician cekendrix@marathonoil.com Title and E-mail Address 08/24/2005 Date
	¹⁸ 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. Date of Survey Signature and Seal of Professional Surveyor: Certificate Number

William Turner #5, Grayburg, 11/02/2007-08/20/2008

HLC_CS_MONTHLY_PZR_DAY



1e+08

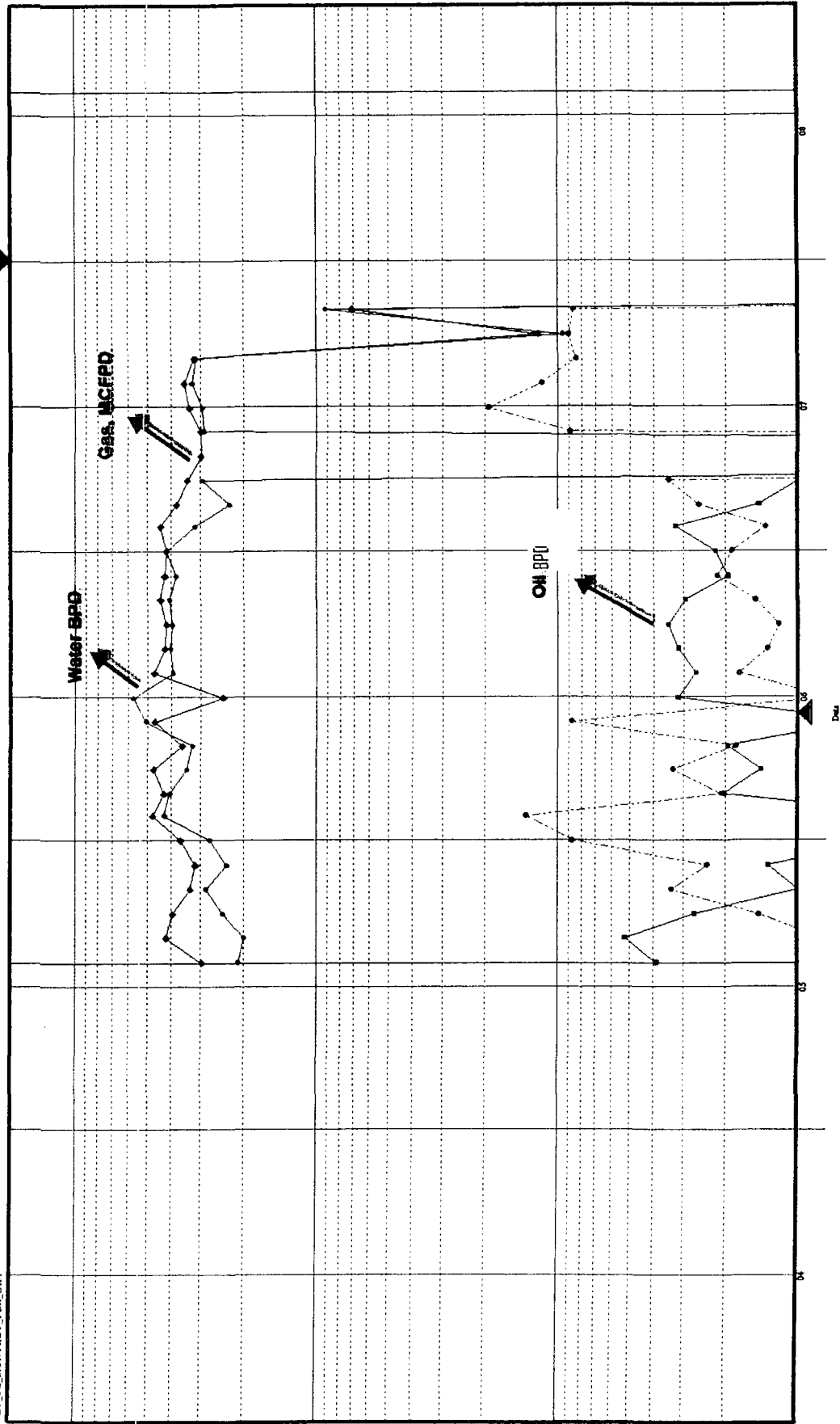
1e+07

1e+06

100000

William Turner #5, San Andres, 07/18/2005-10/21/2007

HLC_OIL_MONTHLY_PER_DAY



1000

100

10

1

1000

100

10

1

1000

100

10

1

**William Turner No. 5
Downhole Commingle
San Andres and Grayburg Formations**

The allocations percentages for the down hole commingled wellbore were calculated by using average daily production for the last thirty days of production for each pool as follows:

	Oil (bbl/day)	Gas (mcf/day)	Water (bbl/day)	
Sand Andres	0.39	322.45	308.45	Used August 2007 Data (Last complete Month)
Grayburg	2.871	36.1	21.66	Used June 2008 Monthly Data
Totals	3.261	358.55	330.11	

	Oil	Gas	Water
Percentages			
Sand Andres	0.39/3.261 = 0.119 (12%)	322.45/358.55 = 0.899 (90%)	308.45/330.11 = 0.93 (93%)
Grayburg	2.871/3.261 = 0.88 (88%)	36.1/358.55 = 0.1 (10%)	21.66/330.11 = 0.065 (7%)

PROD_DT	VO_OIL_PROD	VO_GAS_PROD	VO_WAT_PROD
9/27/2005	7.762	224.62	145.823
9/28/2005	10.094	237.96	125.884
9/29/2005	9.625	191.1	207.024
9/30/2005	19.961	210.78	-43.304
10/1/2005	11.557	308.81	-47.108
10/2/2005	11.711	305.17	0
10/3/2005	10.319	40.73	100.658
10/4/2005	11.013	305.43	-106.711
10/5/2005	9.025	326.45	51.709
10/6/2005	15.54	313.83	41.784
10/7/2005	10.166	333.03	22.072
10/8/2005	16.717	309.26	0
10/9/2005	12.24	299.55	0
10/10/2005	7.475	289.49	0
10/11/2005	17.911	264.94	0
10/12/2005	0	0	0
10/13/2005	9.657	234.26	0
10/14/2005	9.474	242.01	398.181
10/15/2005	0	78.16	162.581
10/16/2005	16.523	181.68	0
10/17/2005	25.648	204.97	57.304
10/18/2005	13.342	124.47	0
10/19/2005	22.177	133.85	0
10/20/2005	12.811	189.62	0
10/21/2005	23.59	183.02	0
10/22/2005	22.233	187.2	0
10/23/2005	34.283	151.96	0
10/24/2005	28.174	148.67	0
10/25/2005	27.863	134.91	0
10/26/2005	23.021	145.78	0
10/27/2005	27.62	142.43	0
10/28/2005	31.574	142.77	0
10/29/2005	32.399	154.32	5.233
10/30/2005	25.885	154.53	0
10/31/2005	21.029	152.19	0
11/1/2005	26.536	157.45	0
11/2/2005	22.29	159.89	0
11/3/2005	18.69	151.11	0
11/4/2005	24.536	156.44	0
11/5/2005	24.01	157.84	0
11/6/2005	30.344	197.32	0
11/7/2005	26.356	170.92	0
11/8/2005	24.632	161.14	0
11/9/2005	27.243	165.11	0
11/10/2005	40.449	169.25	0
11/11/2005	31.195	165.36	0
11/12/2005	31.855	166.42	0
11/13/2005	28.733	168.08	0
11/14/2005	13.953	150.17	0
11/15/2005	25.704	157.93	0
11/16/2005	29.604	141.56	0

11/17/2005	31.842	167.43	0
11/18/2005	31.24	172.42	0
11/19/2005	40.5	167.98	0
11/20/2005	30.714	167.11	0
11/21/2005	29.074	165.48	0
11/22/2005	29.479	177.25	0
11/23/2005	35.194	163.32	542.402
11/24/2005	36.2	162.7	0
11/25/2005	19.298	135.41	503.039
11/26/2005	27.361	129.69	443.415
11/27/2005	32.422	159.37	4.631
11/28/2005	30.395	158.59	-25.47
11/29/2005	37.487	164.82	34.732
11/30/2005	21.263	226.78	-11.985
12/1/2005	34.035	179.41	17.978
12/2/2005	29.382	163.24	0
12/3/2005	27.264	132.3	0
12/4/2005	24.147	160.1	0
12/5/2005	26.858	146.47	0
12/6/2005	0	0	0
12/7/2005	0	0	0
12/8/2005	0	0	0
12/9/2005	6.715	52.7	9.791
12/10/2005	18.945	152.13	17.623
12/11/2005	23.02	154.13	0
12/12/2005	26.601	139.38	0
12/13/2005	22.114	105.05	0
12/14/2005	27.644	105.85	0
12/15/2005	33.006	113.34	0
12/16/2005	20.781	115.14	306.362
12/17/2005	24.852	113.71	163.141
12/18/2005	16.454	107.86	13.139
12/19/2005	22.973	107.93	10.473
12/20/2005	22.068	107.93	0
12/21/2005	19.477	109.19	0
12/22/2005	15.197	96.18	0
12/23/2005	16.743	125.32	15.851
12/24/2005	19.836	111.73	-31.702
12/25/2005	20.669	122.77	38.306
12/26/2005	19.454	107.4	0
12/27/2005	21.725	109.63	-42.474
12/28/2005	17.527	110.87	2.136
12/29/2005	20.12	110.37	26.949
12/30/2005	18.29	112.05	0
12/31/2005	20.092	112.15	0
1/1/2006	19.322	108.88	-22.802
1/2/2006	18.979	107.97	0
1/3/2006	19.289	106.68	0
1/4/2006	21.061	106.18	0
1/5/2006	19.379	104.82	-29.16
1/6/2006	18.613	106.8	11.285
1/7/2006	16.636	95.44	-2.027

1/8/2006	19.025	107.4	0
1/9/2006	25.649	103.86	0
1/10/2006	23.182	86.08	0
1/11/2006	21.733	118.63	411.324
1/12/2006	21.26	107.8	377.998
1/13/2006	16.661	98.83	353.861
1/14/2006	23.232	100.12	345.249
1/15/2006	19.56	102.03	344.598
1/16/2006	20.2	99.79	380.848
1/17/2006	20.166	91.09	303.32
1/18/2006	16.718	99.65	420.336
1/19/2006	15.324	99.41	345.66
1/20/2006	21.185	98.85	401.653
1/21/2006	19.483	93.1	298.272
1/22/2006	17.005	94.8	413.375
1/23/2006	19.046	93.92	352.702
1/24/2006	18.365	97.69	393.483
1/25/2006	19.227	98.73	390.369
1/26/2006	18.752	97.03	345.675
1/27/2006	17.501	104.18	439.301
1/28/2006	18.934	99.29	386.65
1/29/2006	19.452	99.33	364.316
1/30/2006	16.098	100.66	379.734
1/31/2006	18.797	101.29	398.68
2/1/2006	8.478	72.58	362.323
2/2/2006	8.155	69.71	410.982
2/3/2006	0	50.4	482.006
2/4/2006	0	95.77	448.008
2/5/2006	0	96.04	463.844
2/6/2006	0	84.76	394.816
2/7/2006	0	86.27	445.617
2/8/2006	0	104.84	374.061
2/9/2006	0	88.99	409.921
2/10/2006	0	89.29	403.317
2/11/2006	0	90.39	356.106
2/12/2006	0	90.35	377.434
2/13/2006	0	90.31	418
2/14/2006	0	114.6	347.428
2/15/2006	0	82.34	380.364
2/16/2006	0	76.8	313.251
2/17/2006	0	72.73	341.133
2/18/2006	0	106.72	511.815
2/19/2006	0	67.31	315.929
2/20/2006	0	106.71	512.014
2/21/2006	3.534	76.04	391.634
2/22/2006	3.715	72.73	509.093
2/23/2006	3.767	78.6	508.691
2/24/2006	2.908	100.05	488.389
2/25/2006	3.328	103.94	584.132
2/26/2006	2.565	96.79	506.925
2/27/2006	7.147	119.95	450.552
2/28/2006	13.198	101.59	539.9

3/1/2006	12.631	102.67	473.39
3/2/2006	9.626	101.41	508.153
3/3/2006	4.865	86.47	362.158
3/4/2006	7.603	91.1	473.6
3/5/2006	6.582	109.35	548.681
3/6/2006	7.96	116.46	553.069
3/7/2006	4.435	102.8	481.128
3/8/2006	15.506	105.64	503.857
3/9/2006	1.716	113.19	530.884
3/10/2006	11.23	116.94	523.357
3/11/2006	14.567	85.88	484.95
3/12/2006	5.296	107.54	535.276
3/13/2006	4.737	101.87	471.601
3/14/2006	11.325	113.32	617.682
3/15/2006	6.859	101.59	550.888
3/16/2006	36.221	99.27	534.266
3/17/2006	10.753	91.25	348.982
3/18/2006	9.553	89.13	425.017
3/19/2006	0.85	74.04	100.114
3/20/2006	3.4	69.09	491.296
3/21/2006	5.448	107.84	499.026
3/22/2006	8.075	111.27	514.488
3/23/2006	7.65	110.91	535.748
3/24/2006	8.501	112.43	449.549
3/25/2006	9.776	109.6	640.115
3/26/2006	7.225	112.07	530.336
3/27/2006	8.501	111	615.376
3/28/2006	8.943	114.32	650.28
3/29/2006	7.65	112.68	566.398
3/30/2006	8.397	113.86	619.497
3/31/2006	5.988	111.33	627.547
4/1/2006	11.095	90.55	601.798
4/2/2006	9.392	72.69	468.94
4/3/2006	7.968	71.06	474.421
4/4/2006	9.362	71.96	562.524
4/5/2006	6.553	64.11	510.98
4/6/2006	1.899	94.3	500.955
4/7/2006	1.773	90.56	497.558
4/8/2006	2.933	63.32	533.779
4/9/2006	2.631	70.97	539.478
4/10/2006	2.396	64.95	575.707
4/11/2006	2.529	68.14	523.734
4/12/2006	1.679	0	657.9
4/13/2006	1.196	18.72	574.315
4/14/2006	0.538	34	723.532
4/15/2006	0.558	34.44	715.354
4/16/2006	0.554	34.8	732.948
4/17/2006	0.728	34.14	612.487
4/18/2006	4.077	56.58	730.675
4/19/2006	8.865	55.53	636.387
4/20/2006	7.796	65.36	657.974
4/21/2006	14.062	73.75	815.985