

PNRM 0425841506

C-103 Received 8-10-04
DHC No. Assigned 8-11-04

Order Number	API Number	Operator	County			
HOB-0093	30-025-25884	Marathon Oil Company	Lea			
Order Date	Well Name	Number	Location			
	McDonald State A/C-2	029	H	13	22S	36E
			UL	Sec	T (+Dir)	R (+Dir)
Pool 1	Oil %	Gas %				
06660	Blinebry Oil & Gas (Oil)	58%	58%			
Pool 2						
19190	Drinkard	42%	42%			
Pool 3						
Pool 4						
Comments: Work completed effective _____ Work cancelled effective _____ Supplement _____						

9-14-2004
Posted to RBOM & 

DOWNHOLE COMMINGLE CALCULATIONS: 30-025-25884

OPERATOR: Marathon Oil Company HOB-0093

PROPERTY NAME: McDonald State A/C-2

WNULSTR: 29-H, 13-22-36

06660

19190

SECTION I:		ALLOWABLE AMOUNT	
POOL NO. 1	<u>Blinebry Oil & Gas (Oil)</u>	<u>107</u>	<u>428</u> MCF <u>4000</u>
POOL NO. 2	<u>Drinkard</u>	<u>142</u>	<u>852</u> MCF <u>6000</u>
POOL NO. 3	_____	_____	_____ MCF
POOL NO. 4	_____	_____	_____ MCF
POOL TOTALS		<u>249</u>	<u>1280</u>

SECTION II:		Oil	Gas
POOL NO. 1	<u>Blinebry Oil & Gas (Oil)</u>	<u>58%</u>	<u>58%</u>
POOL NO. 2	<u>Drinkard</u>	<u>42%</u>	<u>42%</u>
POOL NO. 3	_____	_____	_____
POOL NO. 4	_____	_____	_____

SECTION III: OIL GAS
107 ÷ 58% = 184.49 (185)

SECTION IV:
185 × 58% = 107.30 (107)
185 × 42% = 77.70 (78)

Submit 3 Copies To Appropriate District
 Office
 District I
 1625 N French Dr, Hobbs, NM 87240
 District II
 1301 W. Grand Ave., 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 and Natural Resources

Form C-103
 March 4, 2004

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

WELL API NO. 30-025-25884
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name: McDonald State A/C 2
8. Well Number 29
9. OGRID Number 14021
10. Pool name or Wildcat Blinebry (06660) / Drinkard (19190)

SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:
 Oil Well Gas Well Other

2. Name of Operator
Marathon Oil Company

3. Address of Operator
P.O. Box 3487, Houston Texas 77253-3487

4. Well Location
 Unit Letter **H** : **1800'** feet from the **North** line and **330'** feet from the **East** line
 Section **13** Township **22-S** Range **36-E** NMPM County **Lea**

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
GR 3452'

Pit or Below-grade Tank Application (For pit or below-grade tank closures, a form C-144 must be attached)
 Pit location: UL _____ Sect _____ Twp _____ Rng _____ Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____
 Distance from nearest surface water _____ Below-grade Tank Location UL _____ Sect _____ Twp _____ Rng _____ ;
 _____ feet from the _____ line and _____ feet from the _____ line

12. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK PLUG AND ABANDON
 TEMPORARILY ABANDON CHANGE PLANS
 PULL OR ALTER CASING MULTIPLE COMPLETION
 OTHER: **Downhole Commingle**

SUBSEQUENT REPORT OF:

REMEDIAL WORK
 COMMENCE DRILLING OPNS.
 CASING TEST AND CEMENT JOB
 ALTERING CASING
 PLUG AND ABANDONMENT
 OTHER:

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Marathon Oil Company requests approval to downhole commingle production in McDonald State A/C 2 No. 29. This well is currently shut in due to a casing leak. Marathon plans to squeeze the casing leak, and requests that we be allowed to downhole commingle the well once we have established casing integrity.

Please see the attachments for details of Marathon's proposal for downhole commingling.

DHC Order No. HOB-0093

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines , a general permit or an (attached) alternative OCD-approved plan

SIGNATURE Charles E. Kendrick TITLE Engineering Technician DATE 08/05/2004
 E-mail address: cekendrix@MarathonOil.com
 Telephone No. 713-296-2096

(This space for State use) OC DISTRICT SUPERVISOR/GENERAL MANAGER
 APPROVED BY Chris Williams TITLE _____ DATE AUG 11 2004
 Conditions of approval, if any:

McDonald State A/C 2 No. 29
Downhole Commingle Application

- i) Pre-approved pool status was established by Division Order R-11363.
- ii) Blinbry Oil & Gas (06660), Drinkard (19190)
- iii) Blinbry Oil & Gas (5460'-5672'), Drinkard (6485'-6653')
- iv) Blinbry Oil & Gas (58% Oil, 58% Gas, 95% Water),
Drinkard (42% Oil, 42% Gas, 5% Water) Supported from well tests
prior to temporary abandonment and shut in on both zones.
- v) The proposed commingling will not reduce the value of the total remaining
production.
- vi) The ownership and percentages of ownership are identical for both zones.

