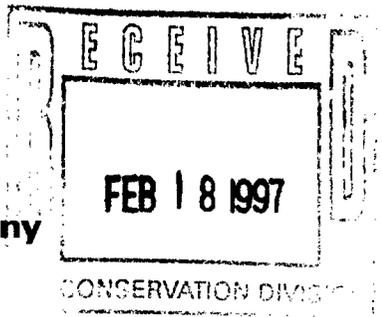


PC N/R  
946

Mid-Continent Region  
Production United States



P.O. Box 2409  
Hobbs, NM 88241-2409  
Telephone 505/393-7106

January 30, 1997

Mr. William J. Lemay, Director  
State of New Mexico  
Oil Conservation Division  
PO Box 2088  
Santa Fe NM 87504-2088

RE: Application for Surface Commingling

Warn St. A/C 2 No. 26  
Sec. 6, T-18-S, R-35-E  
2180' FNL & 400' FWL  
Lea County  
Vacuum, Atoka Wildcat

Warn St. A/C 2 Lease  
Sec. 6, T-18-S, R-35-E

Lea County  
Vacuum, Drinkard 62110

96454  
RI/OFFR?

Mr. Lemay:

Marathon Oil Company respectfully requests the State of New Mexico Oil Conservation Division to grant administrative approval for surface commingling the above mentioned production.

Marathon Oil Company has a 100% Working Interest in the above mentioned lease. Marathon Oil Company proposes to utilize the Warn St. A/C 2 storage and sales facility currently utilized for the Drinkard production. The Warn St. A/C 2 No. 26 will be separated and metered prior to commingling the production. The proposed production operation is in accordance with the applicable provisions.

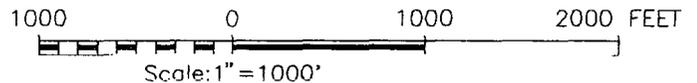
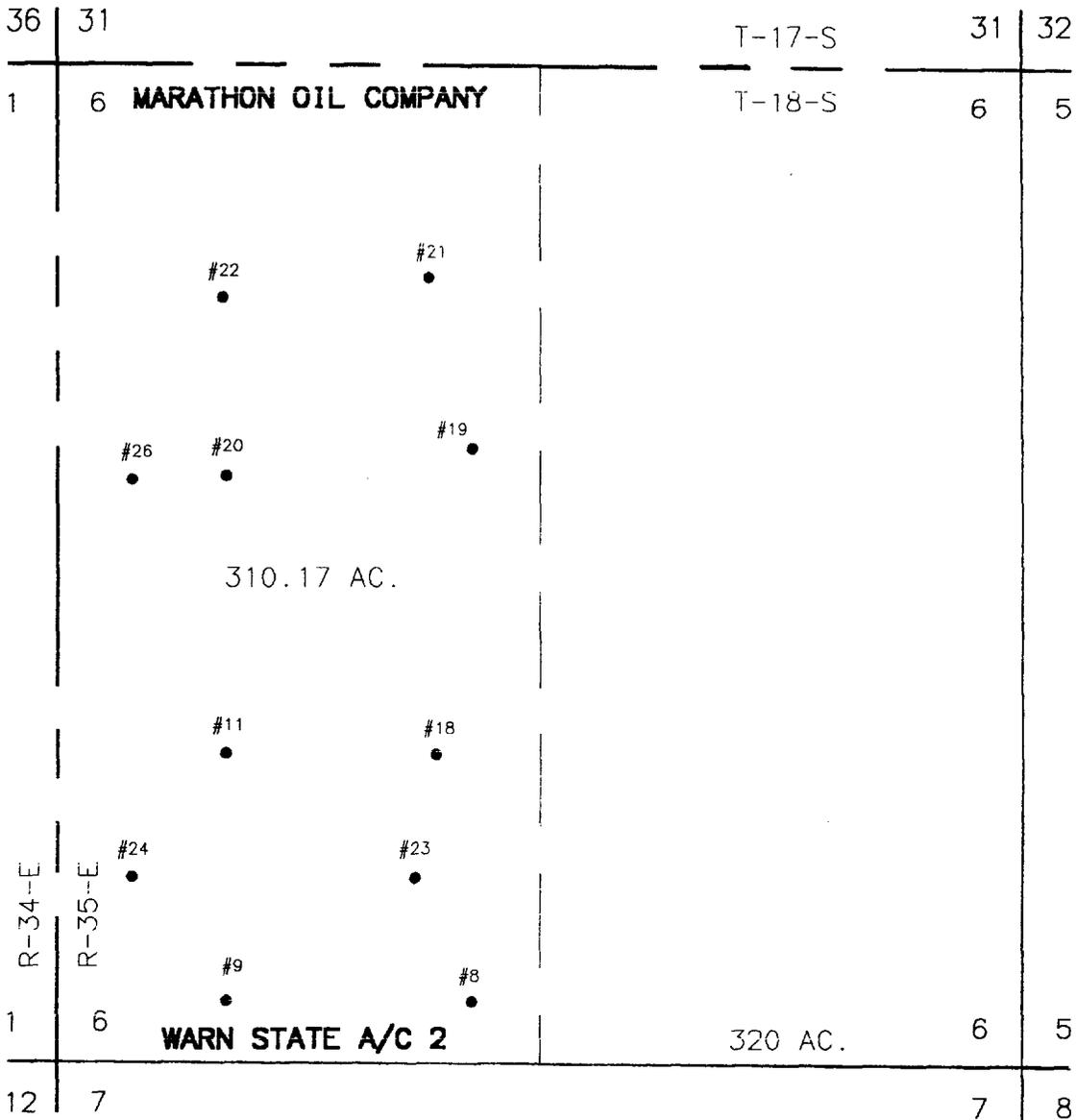
Please find attached a lease plat and a production facility schematics. The Drinkard oil production (550 - 600 BOPD @ 40.5 API) is currently valued at WTI crude price. The Atoka estimated oil production (200-300 BOPD @ 46.5 API) is valued at WTI crude price. The commingled estimated oil production (825 BOPD @ 42.3 API) is valued at WTI crude price. Therefore, there will not be any loss in value of the commingled production.

If you have any questions or comments, please advise.

Sincerely,

Bryan L. Williams  
Production Engineer  
(505) 393-7106 ext. 212

SECTION 6, TOWNSHIP 18 SOUTH, RANGE 35 EAST, N.M.P.M.,  
LEA COUNTY, NEW MEXICO.

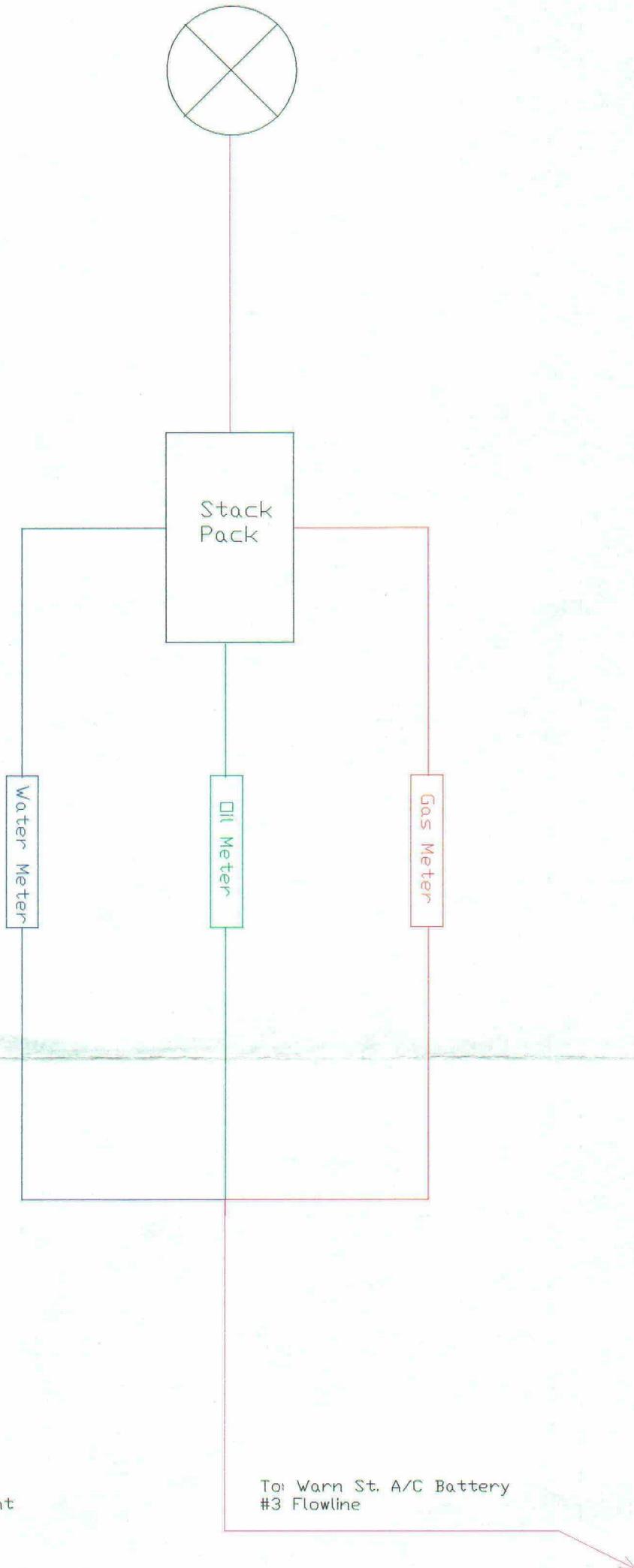


<b>MARATHON OIL COMPANY</b>			
WARN STATE A/C 2 LEASE IN THE WEST HALF OF SECTION 6, TOWNSHIP 18 SOUTH, RANGE 35 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO			
Survey Date:	Sheet 1 of 1 Sheets		
W.O. Number: 97-13-0254	Drawn By: D.McCARLEY		
Date: 2/5/97	MARATHON	MARA0254	Scale: 1" = 1000'

Production Facility Drawing  
 Warn State A/C 2 Well No. 26  
 2180' FNL & 400' FWL  
 Sec. 6, T-18S, R-35E  
 Vacuum Field, NM  
 January 29, 1997



Well No. 26

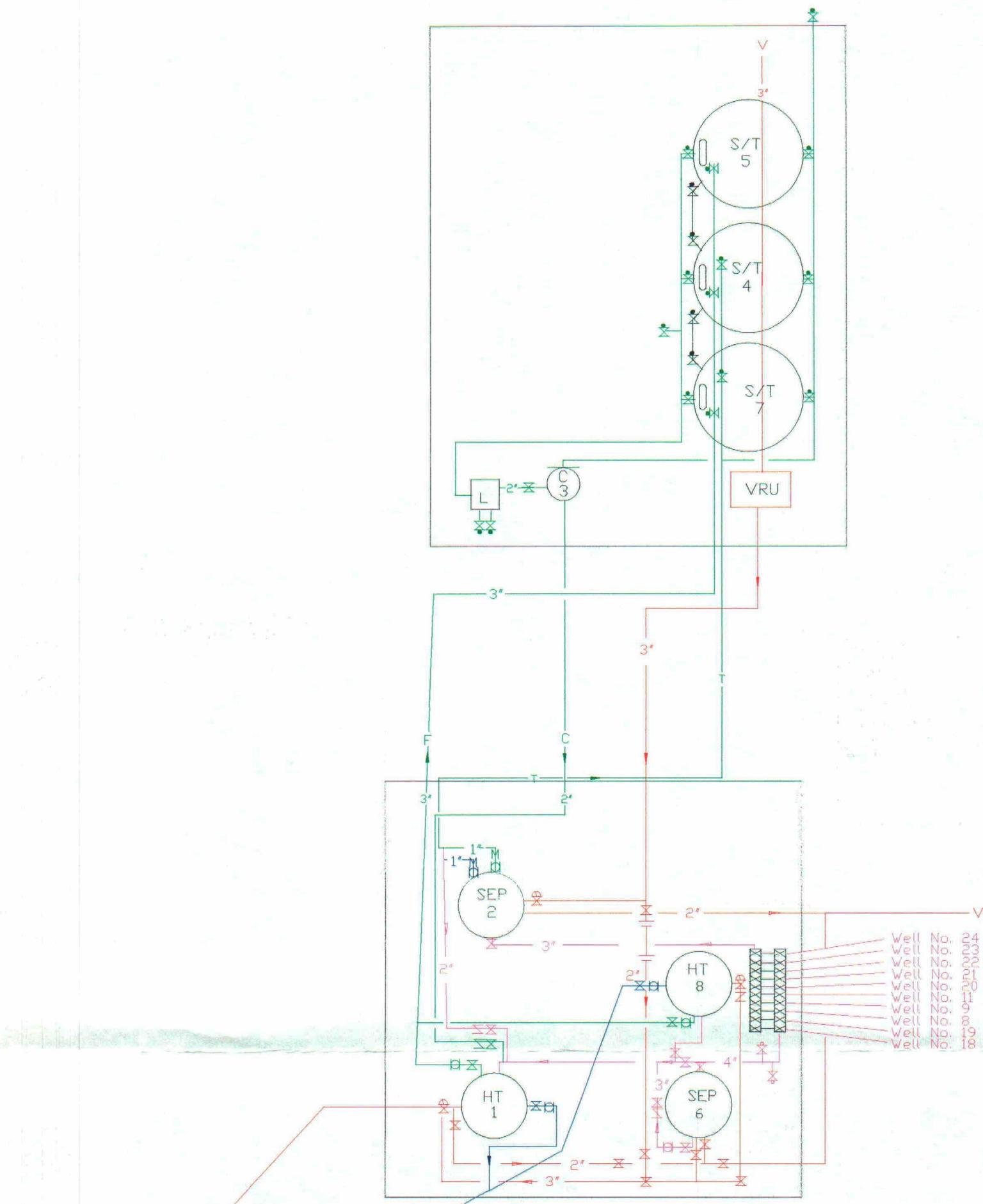


Drawn By: J. C. Faught

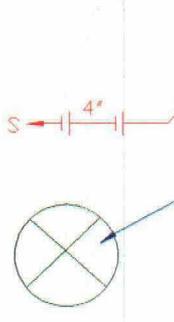
To: Warn St. A/C Battery  
 #3 Flowline

- GAS
- WATER
- OIL
- EMULSION
- ⊗ PLUG VALVE
- ⊗ CONTROL VALVE
- ⊗ DUMP VALVE
- ∇ CHECK VALVE
- SEALED
- LOCKED
- HATCH
- ⊗ FLOW METER

Production Facility Drawing  
 Warn State A/C 2 Battery  
 Vacuum Field, NM  
 July 13, 1995



- Well No. 10004
- Well No. 10003
- Well No. 10002
- Well No. 10001
- Well No. 9110
- Well No. 8009
- Well No. 8008
- Well No. 8007
- Well No. 8006



- GAS
- WATER
- OIL
- EMULSION
- X PLUG VALVE
- ⊗ CONTROL VALVE
- DUMP VALVE
- Σ CHECK VALVE
- SEALED
- LOCKED
- ⊏ HATCH
- ⊕ FLOW METER

Drawn By: R.J. PROSCEND  
 REVISED BY: JAMES FAUGHT