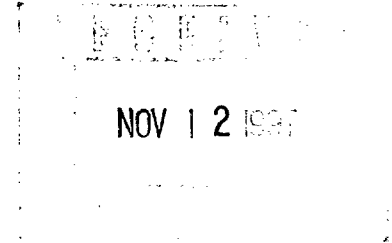




P.O. Box 2409
Hobbs, NM 88241-2409
Telephone 505/393-7106

November 10, 1997

Mr. David Catanach
Oil Conservation Department
Energy and Minerals Department
P.O. Box 2088
Santa Fe, New Mexico 87501



RE: **Request for Exception to Rule 303-A**
Application for Surface Commingling

Hansen State Lease

Section 16, T-20-S, R-37-E
Monument Paddock 47080
Lea County, New Mexico

Hansen State Well No. 7

Unit Letter B, 330' FNL & 1650' FEL
Section 16, T-20-S, R-37-E
South-East Monument Abo 96764
Lea County, New Mexico

Dear Mr. Catanach:

Marathon Oil Company respectfully requests administrative approval to permit the surface commingling of production in the above mentioned production.

Marathon Oil Company has a 100% Working Interest in the above mentioned lease. Marathon Oil Company proposes to utilize the Hansen State storage and sales facility currently utilized for the Paddock production. Production from the Hansen State Well No. 7 will be separated and metered prior to commingling at the production facility. The proposed production operation is in accordance with the applicable provisions.

Please find attached a lease plat and a production facility schematics. The Paddock oil production (55 BOPD @ 40.0 API) is currently valued at WTS crude price. The Abo oil production (159 BOPD @ 40.3 API) is valued at WTS crude price. The commingled estimated oil production (214 BOPD @ 40.2 API) is anticipated to be valued at WTS crude price. Therefore, there will not be any loss in value of the commingled production.

If additional information is necessary, please contact me at (505) 393-7106, ext 201.

Sincerely,

A handwritten signature in cursive script that reads 'Thomas P. Kacir'.

Thomas P. Kacir
Production Engineer

TPK/kc

Mid-Continent Region
Production United States



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

November 10, 1997

Mr. Pete Martinez
Commissioner of Public Lands
State Office Building
P.O. Box 1148
Santa Fe, New Mexico 87504

**RE: Request for Exception to Rule 303-A
Application for Surface Commingling**

Hansen State Lease

**Section 16, T-20-S, R-37-E
Monument Paddock
Lea County, New Mexico**

Hansen State Well No. 7

**Unit Letter B, 330' FNL & 1650' FEL
Section 16, T-20-S, R-37-E
South-East Monument Abo
Lea County, New Mexico**

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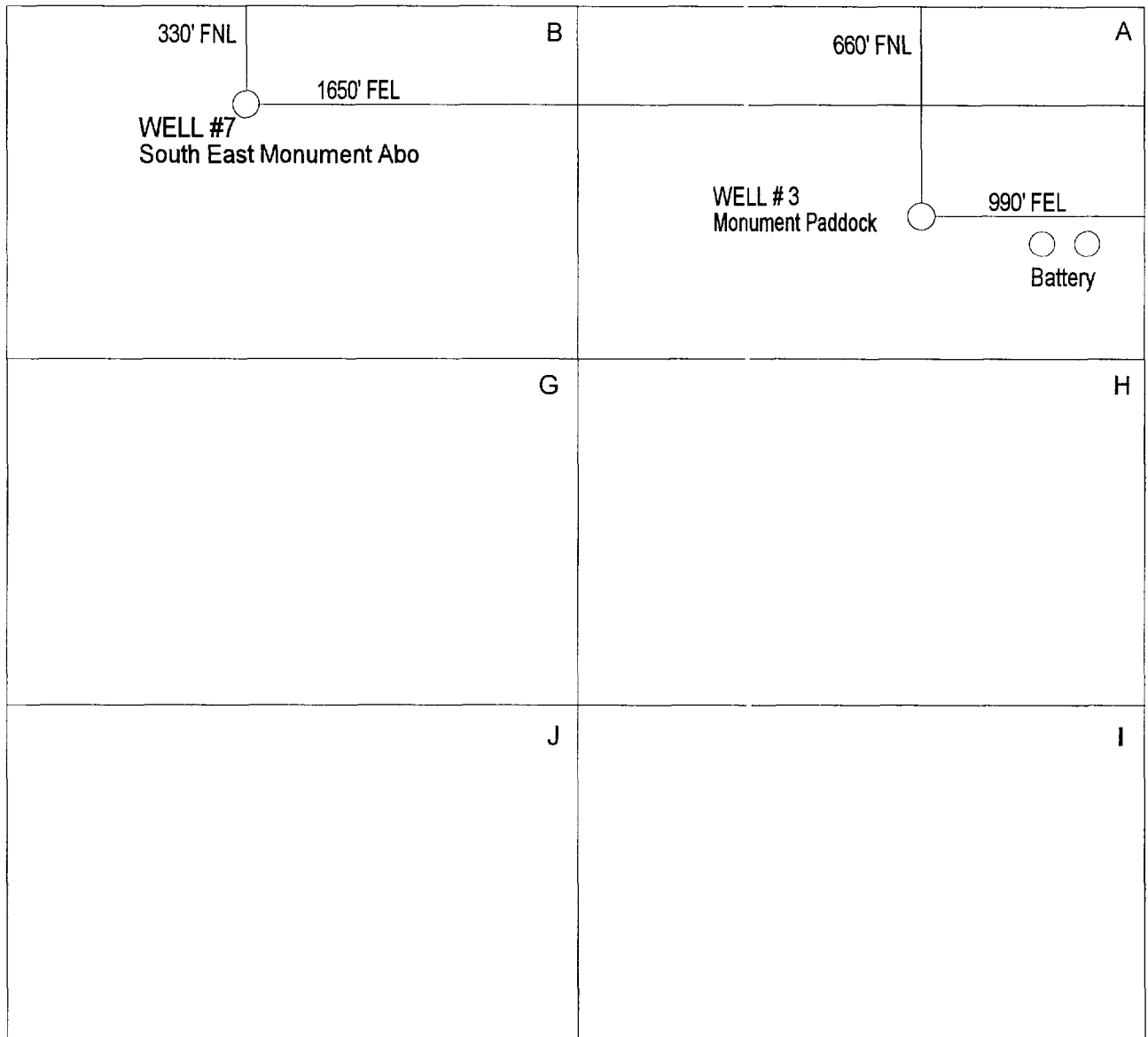
Sincerely,

A handwritten signature in cursive script that reads 'Thomas P. Kacir'.

Thomas P. Kacir
Production Engineer

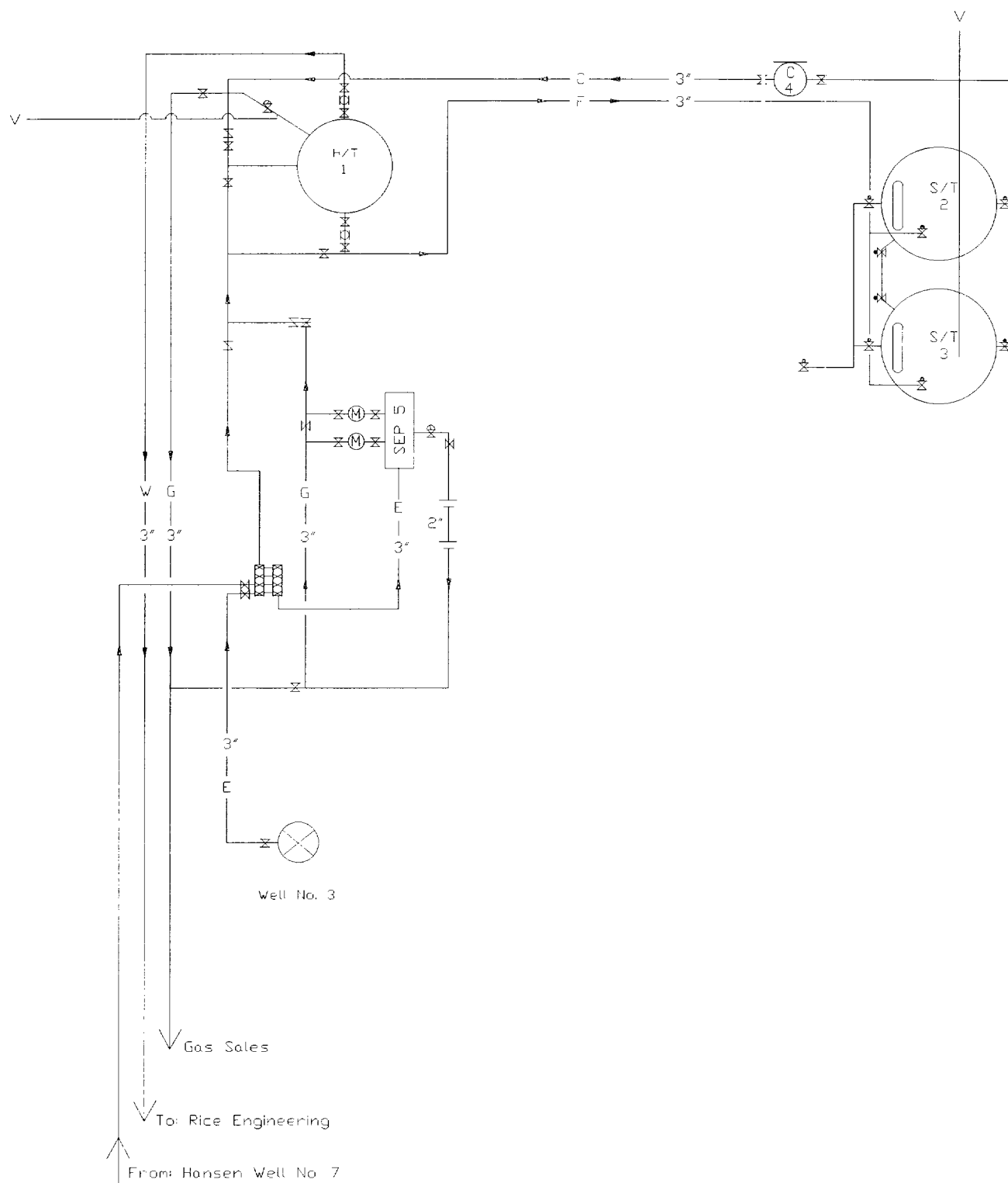
TPK/kc

HANSEN STATE LEASE SEC. 16, T-20-S, R-37-E MONUMENT FIELD LEA COUNTY, NM



Production Facility Drawing
Hansen State Battery
Monument Field, NM
November 4, 1996

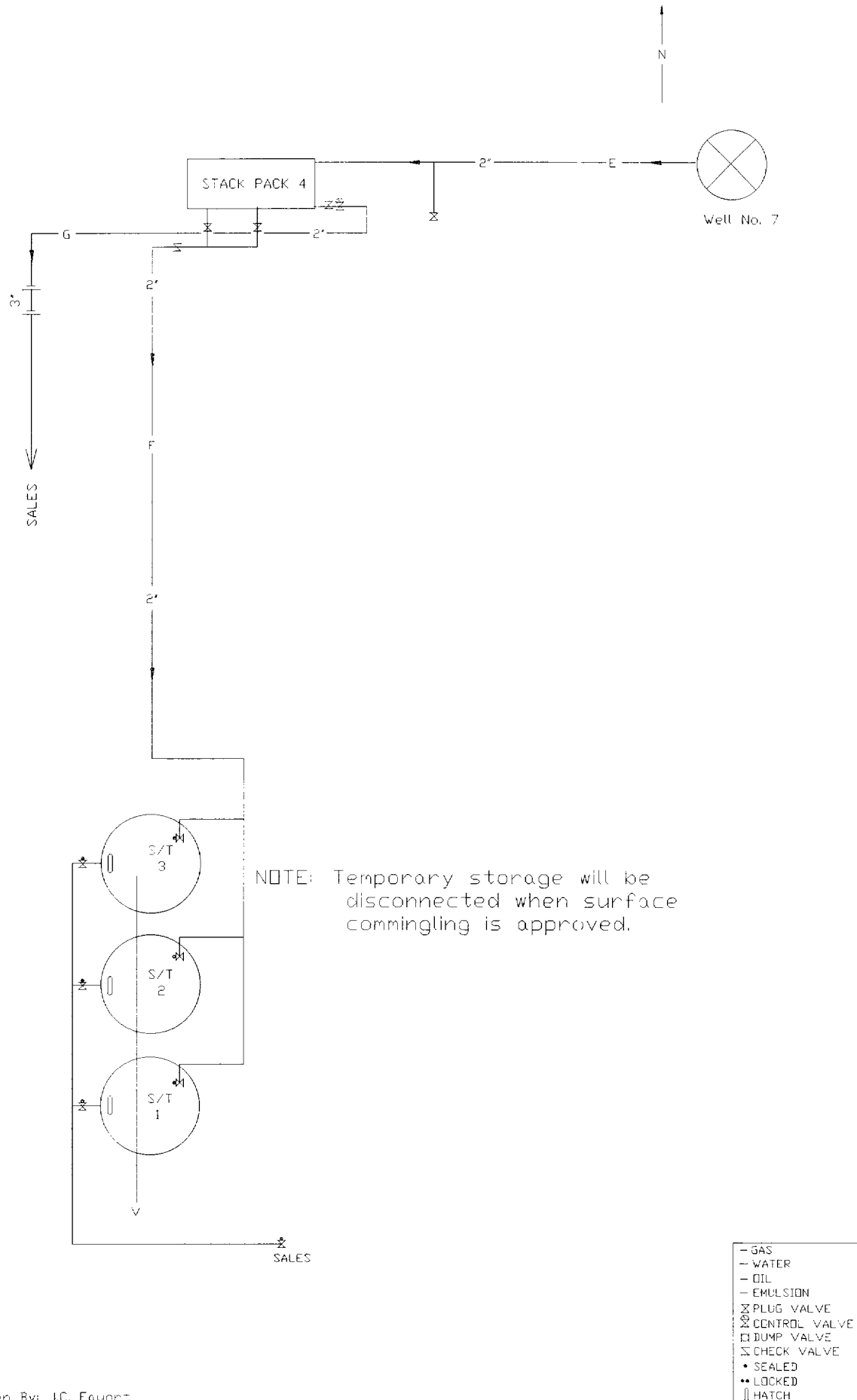
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Drawn By: J.C. FAUGHT

— GAS
— WATER
— OIL
— EMULSION
⊗ PLUG VALVE
⊗ CONTROL VALVE
⊗ DUMP VALVE
⊗ CHECK VALVE
• SEALED
• LOCKED
⊗ HATCH
⊗ FLOW METER

Production Facility Drawing
Hansen State Well No. 7 Battery
Moruent Field, NM
October 1, 1997



Submit 2 copies to Appropriate
District Office.
DISTRICT I
P.O. Box 1980, Hobbs, NM 88240
DISTRICT II
811 S. 1st Street, Artesia, NM 88210-2834
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department
OIL CONSERVATION DIVISION
2040 Pacheco St.
Santa Fe, NM 87505

Form C-116
Revised 1/1/89

GAS - OIL RATIO TEST

Operator Marathon Oil Company		Pool Monument Paddock		County Lea											
Address P.O. Box 2409, Hobbs, NM 88240		TYPE OF TEST - (X) <input type="checkbox"/> Scheduled <input type="checkbox"/> Completion <input type="checkbox"/> Special <input checked="" type="checkbox"/>													
LEASE NAME	WELL NO.	LOCATION				DATE OF TEST	STATUS	CHOKE SIZE	TBG. PRESS.	DAILY ALLOW-ABLE	LENGTH OF TEST HOURS	PROD. DURING TEST			GAS-OIL RATIO CU/FT/BBL
		U	S	T	R							WATER BBL.S.	GRAV. OIL	OIL BBL.S.	
Hansen State	3	A	16	20S	37E	08/30/97 09/10/97	P P		160 120		24 24	1 1	58 55	3 2	52 36
For Information Only															

Instructions:

During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order that well can be assigned increased allowables when authorized by the Division.

Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60 °F.

Specific gravity base will be 0.60.

Report casing pressure in lieu of tubing pressure for any well producing through casing.

(See Rule 301, Rule 1116 & appropriate pool rules.)

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

Signature

Thomas P. Kacir

Printed name and title

Production Engineer

Date

October 23, 1997

Date

Telephone No.

Submit 2 copies to Appropriate District Office.

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240
DISTRICT II
811 S. 1st Street, Artesia, NM 88210-2834
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

2040 Pacheco St.
Santa Fe, NM 87505

Form C-116
Revised 1/1/89

OIL CONSERVATION DIVISION

GAS - OIL RATIO TEST

Operator Marathon Oil Company		Pool South-East Monument Abo		County Lea											
Address P.O. Box 2409 Hobbs, NM 88240		TYPE OF TEST - (X)		Completion <input type="checkbox"/> Special <input checked="" type="checkbox"/>											
LEASE NAME Hansen State	WELL NO. 7	LOCATION U S T R			DATE OF TEST 08/26/97	STATUS F	CHOKE SIZE 19/64	TBG. PRESS. 1580	DAILY ALLOW-ABLE <input type="checkbox"/>	LENGTH OF TEST HOURS 24	WATER BBL.S. 58	PROD. DURING TEST			GAS-OIL RATIO CU/FT/BBL. 9791
												OIL BBL.S. 182	GAS M.C.F. 1782		
For Information Only															
					08/27/97	F	19/64	1580		24	58				
					09/23/97	F	19/64	1550		24	90				
					09/24/97	F	19/64	1550		24	92				
					10/15/97	F	19/64	1470		24	88				
					10/17/97	F	19/64	1470		24	88				

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Signature

Thomas P. Kacir

Printed name and title

Production Engineer

November 10, 1997

393-7106

Date

Telephone No.