

Mid-Continent Region
Production United States



**Marathon
Oil Company**

P.O. Box 552
Midland, Texas 79702
Telephone 915/682-1626

January 27, 1992

State of New Mexico
Oil Conservation Division
P.O. Box 2083
Santa Fe, New Mexico 87504-2088

OCO
SOS-827-5802

Attention: Mr. William J. Lemay, Director

RE: Application for Lease Production Commingling
Johnson "A" Federal Lease (East Half of Section)
Section 10, T-18-S, R-31-E
Eddy County, New Mexico

Johnson "B" Federal A/C 1 Lease (West Half of Section)
Section 11, T-18-S, R-31-E
Eddy County, New Mexico

Dear Mr. Lemay,

Marathon Oil Company respectfully requests that the State of New Mexico Oil Conservation Division grant administrative approval for surface production commingling in the above referenced leases. Approval of this request would allow Marathon Oil Company to produce Well No. 4 in the Johnson "A" Federal Lease to a Common Stock Tank Battery located at Well No. 2 in the Johnson "B" Federal A/C 1 Lease.

The production for both wells would be from the Grayburg Sand Pool in which Marathon has a 100% interest to depth of 5,500'. Well No. 11 in the Johnson "B" Federal A/C 1 lease is also a Grayburg well which is currently awaiting hook-up to the same production facilities. Attached, please find a lease commingling plat, production facility schematic, names and addresses of interest owners for both the above referenced leases. Should you require additional information concerning this request, please feel free to contact me at (505) 393-7106. Your cooperation in this matter is greatly appreciated.

Sincerely,

S. P. Guidry
Operations Superintendent

Enclosure

SPG/MMA/021.274/sk

A subsidiary of USX Corporation

An Equal Opportunity Employer

JOHNSON "B" FEDERAL LEASE - (320 ACRES)

INTEREST OWNERS
NAMES AND ADDRESSES
FEDERAL LEASE NO. LC-029388-DINTEREST OWNERS

Marathon Oil Company	Net Working Interest:	100.00%
P. O. Box 552	Net Revenue Interest:	87.5%
Midland, Texas 79702		

U. S. Department of the Interior		
Bureau of Land Management	Net Working Interest:	0%
Carlsbad Resource Area	Net Revenue Interest:	12.5%
P. O. Box 1778		
Carlsbad, New Mexico 88240		

MMA/023.274/sk

MARATHON OIL COMPANY
WELLS IN LEASE COMMINGLING

Johnson "A" Federal Well No. 4
1,980' FSL and 660' FEL
Section 10, T-18-S, R-31-E
Eddy County, New Mexico

Grayburg Sand Producer
Perf'd: 3,900'-4,050'

Johnson "B" Federal A/C 1 Well No. 2
1,980' FNL and 660' FWL
Section 11, T-18-S, R-31-E
Eddy County, New Mexico

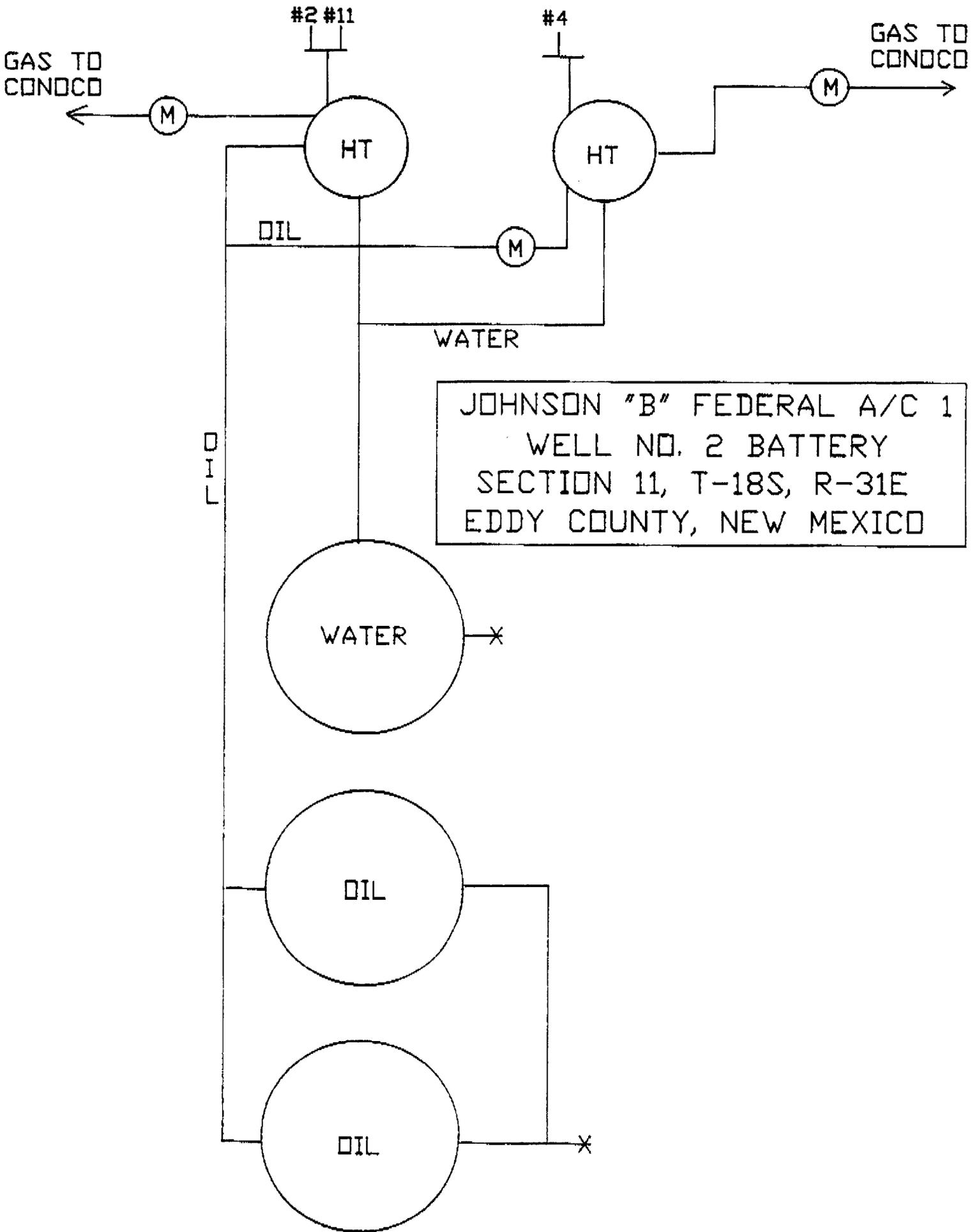
Grayburg Sand Producer
Perf'd: 4,021'-4,186'

Johnson "B" Federal A/C 1 Well No. 11
2,060' FWL and 2,310' FNL
Section 11, T-18-S, R-31-E
Eddy County, New Mexico

Grayburg Sand Producer
(Well Not Tied Into Production)
Perf'd: 4,040'-4,132'

NOTE: Perforations are at various depths between the indicated upper and lower perforation intervals.

MMA/024.274/sk



JOHNSON "A" FEDERAL LEASE - (320 ACRES)

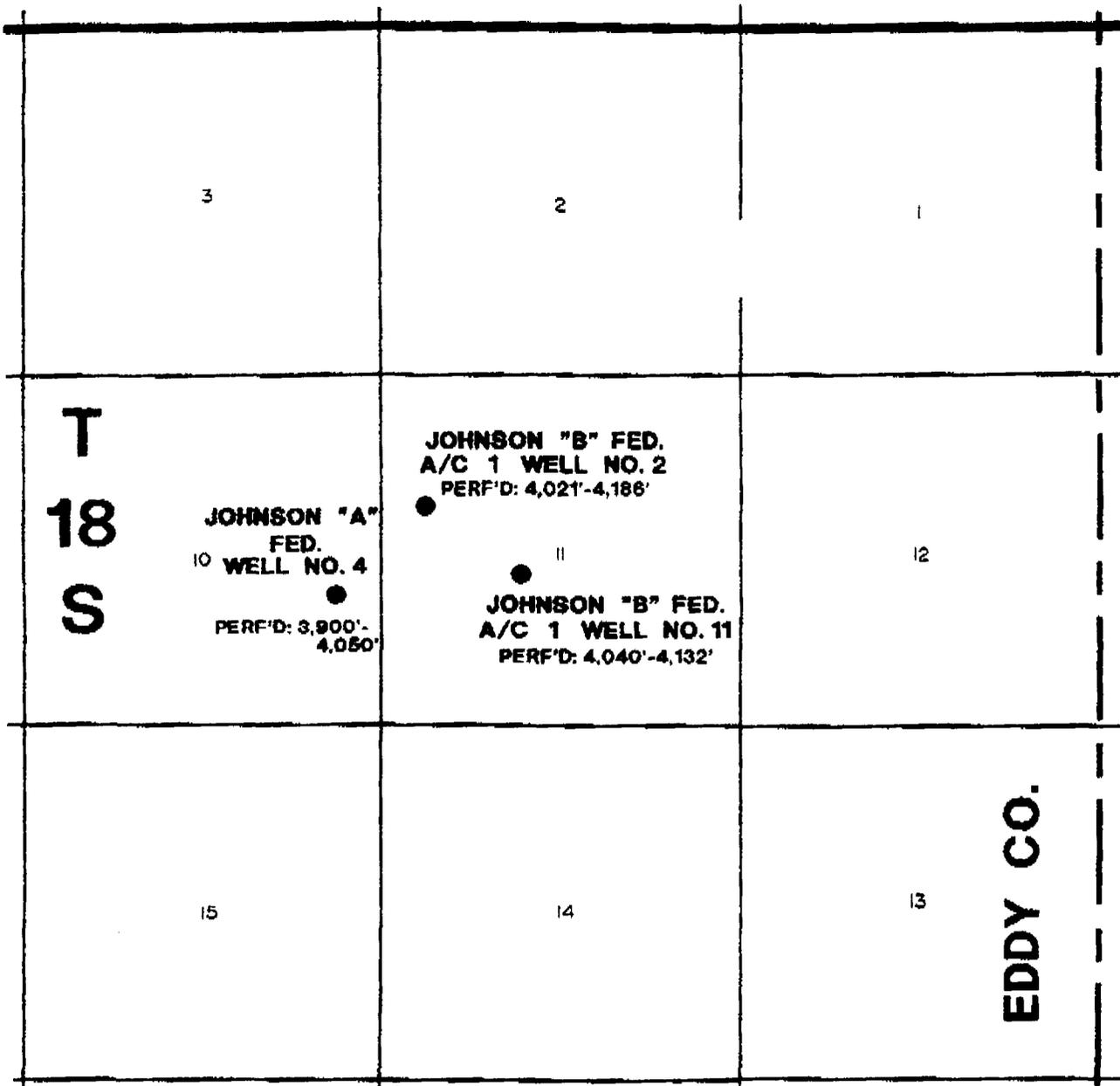
INTEREST OWNERS
 NAMES AND ADDRESSES
 FEDERAL LEASE NO. LC-029388-C

INTEREST OWNERS

Marathon Oil Company	Net Working Interest:	100.00%
P. O. Box 552	Net Revenue Interest:	87.5%
Midland, Texas 79702		

U. S. Department of the Interior		
Bureau of Land Management	Net Working Interest:	0%
Carlsbad Resource Area	Net Revenue Interest:	12.5%
P. O. Box 1778		
Carlsbad, New Mexico 88240		

R 31 E

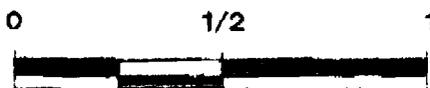


NOTE: PERFORATIONS ARE AT VARIOUS DEPTHS BETWEEN THE INDICATED UPPER AND LOWER PERFORATION INTERVALS

**MARATHON OIL COMPANY
MID-CONTINENT REGION**

**SHUGART
EDDY COUNTY, NEW MEXICO**

**WELLS IN LEASE COMMINGLING
(GRAYBURG SAND PRODUCERS)**



MILE

To SHANNON SHAW / DAVID CATANACH

DATA ON THIRD LEASE

Johnson "B" Federal A/C 2
 Section 15, T-18-S, R-31-E
 Eddy County, New Mexico
 LC-

Working Interest - 100.00%
 Net Revenue Interest - 87.50%
 Federal NRI - 12.50%

Active Well

Johnson "B" Federal A/C 2 No. 2
 660' FNL & 1980' FNL
 Section 15, T-18-S, R-31-E
 Eddy County, New Mexico

Reservoir - Grayburg Sand
 Zones - 3972-81'
 4015-20'
 4023-28'
 4034-41'
 4066-67'
 4089-90'

