

Mid-Continent Region
Production United States



**Marathon
Oil Company**

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

November 23, 1988

State of New Mexico
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87504-2088

Attention: Mr. William J. Lemay, Director

Subject Reference: Application for Lease Commingling of the
Johnson "B" Federal Lease,
Section 11, T18S, R31E,
Eddy County, New Mexico and
Marathon Shugart "B" Lease,
Section 11, T18S, R31E,
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 lease commingling for the above referenced leases.

Marathon Oil Company plans to produce the two (2) leases to a common stock tank battery with separate heater-treaters and metering facilities to accurately determine production from each lease prior to commingling. The common battery is to be located at the Johnson "B" Federal Lease Well No. 4, which is 1980' FSL & 1980' FWL, Section 11, T18S, R31E, Eddy County, New Mexico. All wells are currently producing from the Tamano-Bone Spring Pool.

Attached please find a lease commingling plat, production facility schematic, names and addresses of working interest ownership, royalty ownership, and overriding royalty ownership on both leases. Also attached is a copy of the waiver letter pertaining to this application, which was sent to all concerned parties by certified mail on November 22, 1988. The waiver letters will be forwarded to your office upon receipt.

If you require additional information concerning this request, please feel free to contact me at (915) 682-1626. Your cooperation in this matter is appreciated.

Sincerely,

A handwritten signature in dark ink, appearing to read 'J. R. Jenkins'.

J. R. Jenkins
Hobbs Production Superintendent
JRJ/sdf
Enclosure

JOHNSON "B" FEDERAL LEASE
WIO, RO, & ORRI
NAMES & ADDRESSES
FEDERAL LEASE NO. LC-029388 (d)

Working Interest Owners

Moore & Shelton Company, Ltd.
1414 Sugarcreek Boulevard
Sugarland, Texas 77478
Attention: Mr. Donald B. Moore

Edward R. Hudson, Jr. and William A. Hudson, II,
Trustees under the will of Edward R. Hudson
616 Texas Street
Fort Worth, Texas 76102-4612
Attention: Mr. Edward R. Hudson, Jr.

Francis H. Hudson, Agent and Attorney-in-Fact
for William A. Hudson
616 Texas Street
Fort Worth, Texas 76102-4612

Royalty Ownership - None

Overriding Royalty Ownership - None

MARATHON SHUGART "B" FEDERAL LEASE
WIO, RO, & ORRI
NAMES & ADDRESSES
FEDERAL LEASE NO. LC-062052

Working Interest Owners

Moore & Shelton Company, Ltd.
1414 Sugarcreek Boulevard
Sugarland, Texas 77478
Attention: Mr. Donald B. Moore

Frances H. Hudson, Agent and Attorney-in-Fact
for William A. Hudson
616 Texas Street
Fort Worth, Texas 76102-4612

Edward R. Hudson, Jr., and William A. Hudson, II,
Trustees under the will of Edward R. Hudson
616 Texas Street
Fort Worth, Texas 76102-4612
Attention: Mr. Edward R. Hudson, Jr.

Royalty Ownership - None

Overriding Royalty Ownership

Margaret Jane Johnston
2715 N. Kentucky Avenue
Unit 16, Quail Village
Roswell, New Mexico 88201

Karen Elizabeth Charles
110 Hudson Ave.
Altoona, Pennsylvania 16602

San Diego Trust & Savings Bank
Trustee of the Ralph A. Shugart Trust
P.O. Box 1968
LaJolla, California 92038-1968

Katherine Mary Scott
809 Sheridan St.
Altoona, Pennsylvania 16602

Margaret Baish Masters
47 Oakwood Drive
Wormleysburg, Pennsylvania 17043

Mary Elizabeth Baish
102 Logan Avenue
Altoona, Pennsylvania 16602

Betty Baish Strohmeier
5362 East Redwood Ave.
Tucson, Arizona 85711

Mid-Continent Region
Production United States



P.O. Box 552
Midland, Texas 79702
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November 23, 1988

TO ROYALTY INTEREST OWNERS:

Subject Reference: Application for Lease Commingling of
the Johnson "B" Federal Lease,
Section 11, T18S, R31E,
Eddy County, New Mexico and
Marathon Shugart "B" Lease,
Section 11, T18S, R31E,
Eddy County, New Mexico

Marathon Oil Company has requested that the State of New Mexico Oil Conservation Division and the Bureau of Land Management grant administrative approval for lease commingling of the above referenced leases. Marathon Oil Company plans to produce the two (2) leases to a common stock tank battery with separate heater-treaters and metering facilities to accurately determine production from each lease prior to commingling. The common battery is to be located at the Johnson "B" Federal Lease Well No. 4, 1980' FSL & 1980' FWL, Section 11, T-18-S, R-31-E, Eddy County, New Mexico.

Attached for your review is a plat showing both leases, a production facility schematic, and a waiver letter for this application. Following your review, please complete the attached waiver letters and return one copy in the enclosed envelope and retain the second copy for your files.

If you have any questions concerning this application, please feel free to contact me at (915) 682-1626. Your cooperation in this matter is appreciated.

Sincerely,

J. R. Jenkins
Hobbs Production Superintendent

JRJ/sdf

Enclosure
062-88

Mid-Continent Region
Production United States



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

November 23, 1988

TO ROYALTY INTEREST OWNERS:

Subject Reference: Application for Lease Commingling of the
Johnson "B" Federal Lease,
Section 11, T18S, R31E
Eddy County, New Mexico and
Marathon Shugart "B" Lease,
Section 11, T18S, R31E
Eddy County, New Mexico

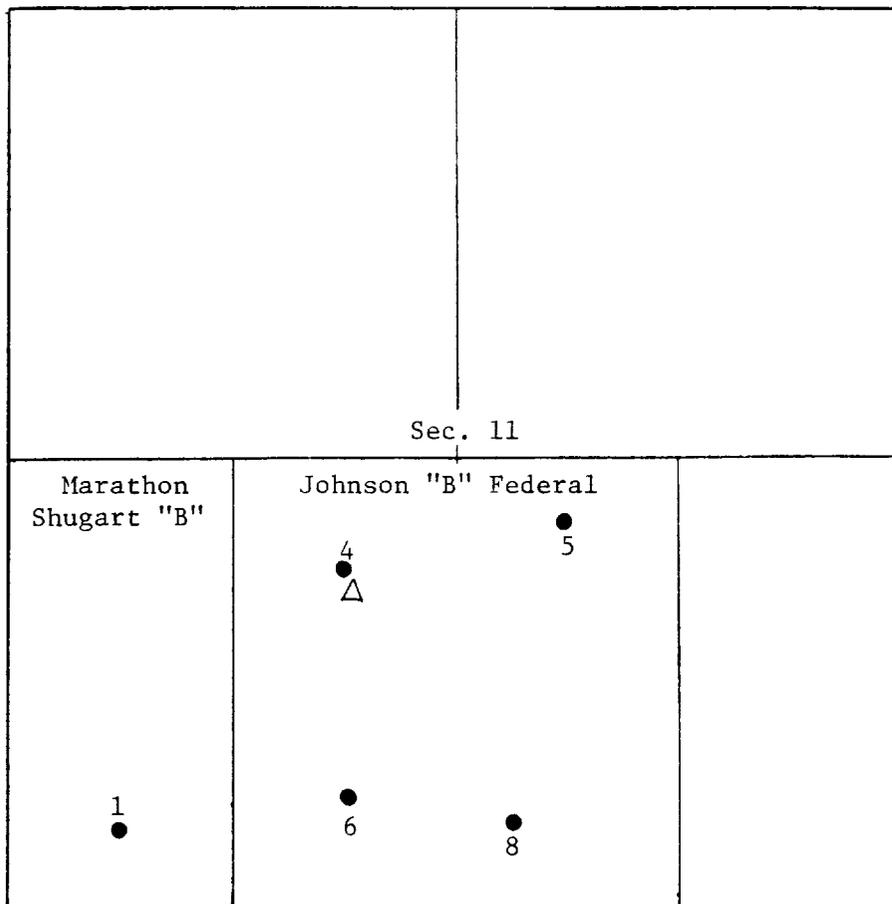
The undersigned was notified of Marathon Oil Company's application for lease commingling, Exception to Rule 309-A, of the above referenced leases and waives objection to this application.

Company

Company Representative

Title

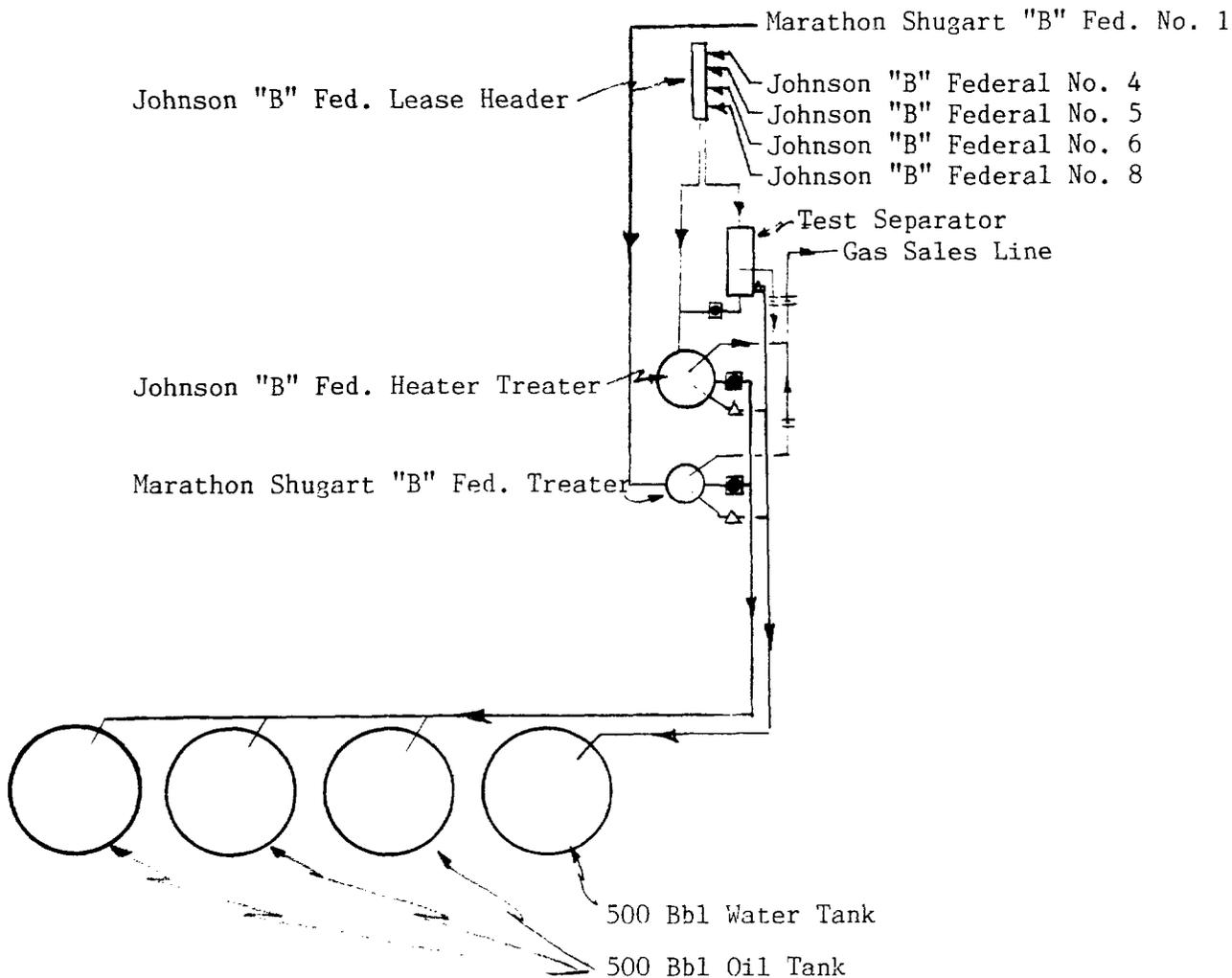
MARATHON OIL COMPANY
 LEASE COMMINGLING
 PLAT



- Johnson "B" Federal No. 4
 1980' FSL & 1980' FWL
 Sec. 11, T.18S, R.31E
 Eddy County, New Mexico
 Tamano-Bone Spring Pool Producer
 8060-8150'
- Johnson "B" Federal No. 5
 2260' FSL & 1980' FEL
 Sec. 11, T.18S, R.31E
 Eddy County, New Mexico
 Tamano-Bone Spring Pool Producer
 8082-98', 8110-18', 8128-40',
 8170-8224'
- Johnson "B" Federal No. 6
 1980' FWL & 660' FSL
 Sec. 11, T.18S, R.31E
 Eddy County, New Mexico
 Tamano-Bone Spring Pool Producer
 7924-42', 7962-98', 8018-38'
- Johnson "B" Federal No. 8
 510' FSL & 2030' FEL
 Sec. 11, T.18S, R.31E
 Eddy County, New Mexico
 Tamano-Bone Spring Pool Producer
 8115'-8200'
- Marathon Shugart "B" Federal No. 1
 660' FWL & 470' FSL
 Sec. 11, T.18S, R.31E
 Eddy County, New Mexico
 Tamano-Bone Spring Pool Producer
 8072-8120'

△-Tank Battery Location (Facility Schematic Attached)

MARATHON OIL COMPANY
 PRODUCTION FACILITY SCHEMATIC
 APPLICATION FOR LEASE COMMINGLING



LEGEND

- Oil Meter
- ⊕ Gas Meter
- △ Water Meter

NOT TO SCALE

PRODUCTION FACILITIES LOCATED
 UNIT K, SECTION 11, T-18S, R-31E
 LEA COUNTY, NEW MEXICO