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JAN 29 1991

3162 (067)
LC-029388-C

Marathon Oil Company
Attn.: Mr. J. R. Jenkins
P. O. Box 552
Midland, TX 79702

RE: LC-029388-C
Stetco "10" Federal #1 & #2
Sec. 10, T18S, R31E
Eddy County, New Mexico

Gentlemen:

Your request to surface commingle production from the Stetco "10" Federal Wells No. 1 & 2, is hereby approved.

As stated in your application, production allocation will be made based on well tests. Also, it is our understanding that commingling is based on economics and will not result in reduced royalty.

This approval is subject to the concurrence of the New Mexico Oil Conservation Division.

Please contact Shannon Shaw or Adam Salameh at (505) 887-6544 or at the letterhead address if any further information is required.

Sincerely,

Orig. Signed by Richard L. Manus

Richard L. Manus
Area Manager

cc: NM (065, B. Lopez)
NM (067, S. Shaw; E. Inman)

NMOCD - Attn.: Mr. D. R. Catanach
P. O. Box 2088
Santa Fe, NM 87504



**Marathon
Oil Company**

RECEIVED
OIL CONSERVATION
DIVISION
DEC 10 1990 9 46

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

December 4, 1990

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

Re: Application for Surface Commingling of the
Stetco "10" Federal No. 1,
Section 10, T18S, R31E,
Eddy County, New Mexico; and
Stetco "10" Federal No. 2,
Section 10, T18S, R31E,
Eddy County, New Mexico

Dear Mr. Lemay:

Marathon Oil Company respectfully requests the State of New Mexico Oil Conservation Division grant administrative approval for surface commingling for the Stetco "10" Federal Wells No. 1 and No. 2. This application is required due to separate royalty interest owners.

Marathon Oil Company plans to produce the two wells 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 Section 10, T18S, R31E, Eddy County, New Mexico.

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 December 4, 1990. 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,

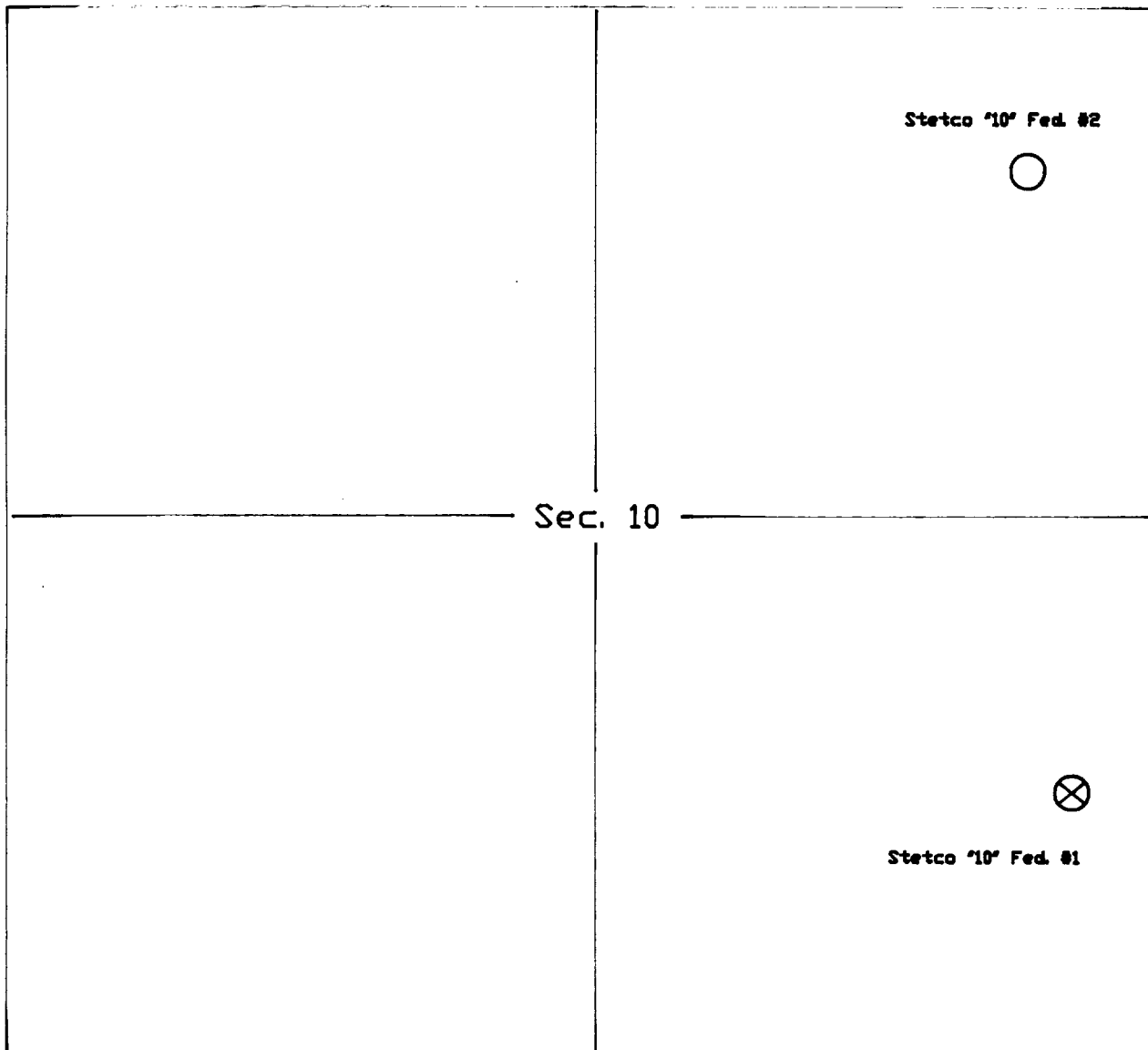
A handwritten signature in dark ink, appearing to read 'J. R. Jenkins', with a horizontal line extending to the right.

J. R. Jenkins
Hobbs Production Superintendent

RJP/lr
Attachments
016-90

MARATHON OIL COMPANY
LEASE COMMINGLING PLAT
SEC.10 T18S R31E
EDDY CO., NM

1
2
1

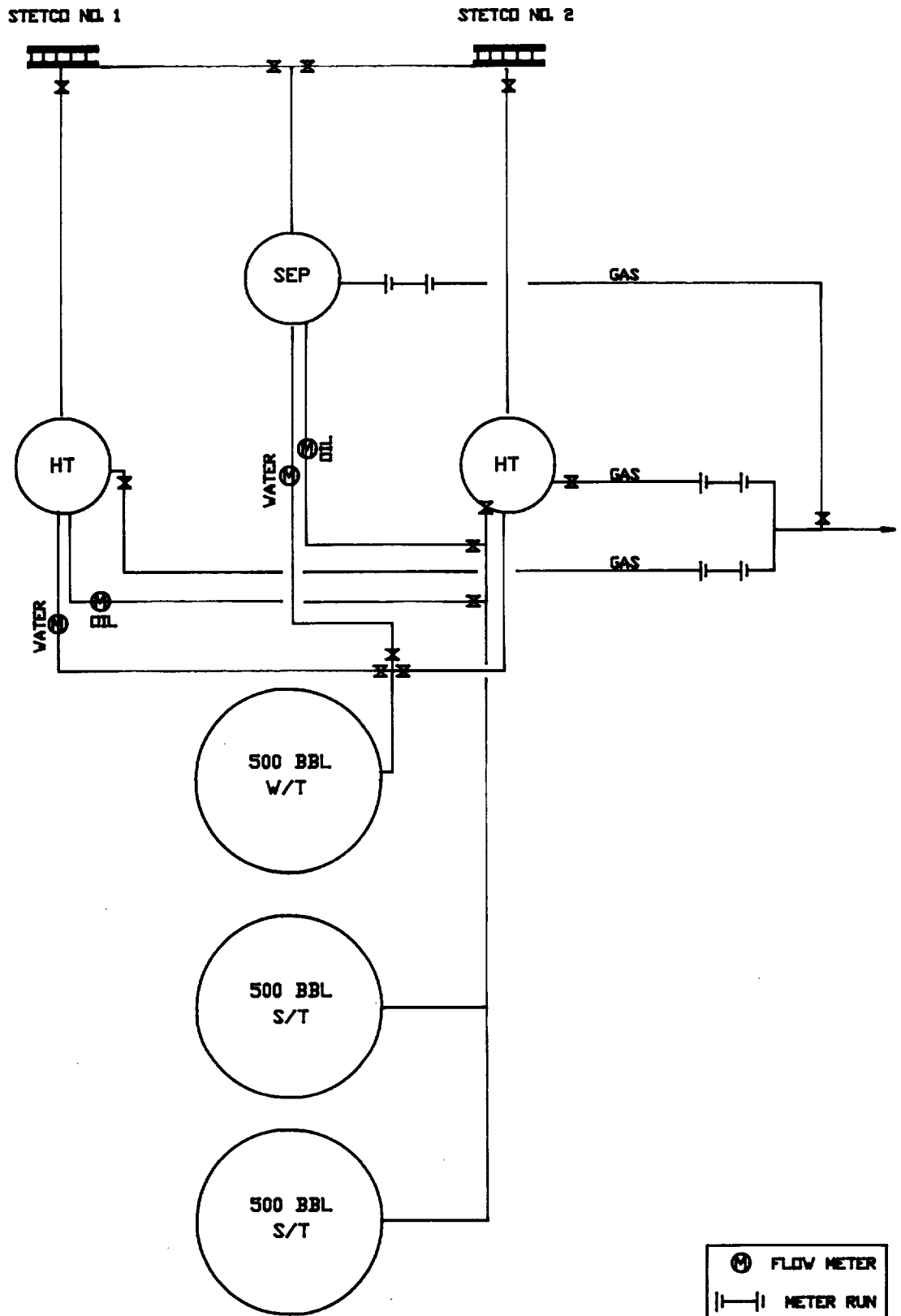


Well



Battery at Well

Production Facility Drawing
Stetco "10" Federal No.1,2 Battery
Eddy County, New Mexico



Stetco "10" Federal Well No. 2
WIO, RO, ORRI
Names and Addresses
Federal Lease No. LC-029388(C)
NE/4, E-2, Section 10, T18S, R31E

Working Interest

Marathon Oil Company
P. O. Box 552
Midland, TX 79702

Pennzoil Exploration & Production Co.
P. O. Box 2967
Houston, TX 77252

Wainoco Oil & Gas Co.
1200 Smith St., Suite 1500
Houston, TX 77002

Hudson & Hudson
616 Texas St.
Forth Worth, TX 76102

Moore & Shelton Co., Ltd.
1414 Sugarcreek Blvd.
Sugarland, TX 77478

Royalty Interest

United States of America

Overriding Royalty Interest

Braille Institute of America
c/o NCNB Trust - Oil & Gas
P. O. Box 842029
Dallas, TX 75284

NCNB Texas, C. R. Mallison
Independent Executors & Trustees of
the Selma E. Andrews Trust
P. O. Box 842029
Dallas, TX 75284

Jane Johnston
2715 Kentucky Ave.
Unit 16, Quail Village
Roswell, NM 88201

San Diego Trust & Savings Bank
Trustee U.T.D. 5/26/83 of the Ralph
Albert Shugart Trust
P. O. Box 8529
La Jolla, CA 92038

Ralph A. Shugart, Jr.
c/o San Diego Trust & Savings Bank
Trustee of the R. A. Shugart Trust
P. O. Box 8529
La Jolla, CA 92038

Margaret Baish Masters
47 Oakwood Dr.
Woamleysburg, PA 17043

Betty Baish Strohmeier
5362 E. Rosewood
Tucson, AZ 85711

Karen Elizabeth Charles
110 Hudson
Altoona, PA 16602

Katherine Mary Scott
809 Sheridan St.
Altoona, PA 16602

Mary Elizabeth Baish
102 Logan Ave.
Altoona, PA 16602

Spindletop Exploration Co., Inc.
P. O. Box 25504
Dallas, TX 75225

Laura B. Lodewick
P. O. Box 1180
Roswell, NM 88201

John Widney Lodewick
3305 Wentwood
Dallas, TX 75225

Lodewick Energy, Inc.
5927 Morningside
Dallas, TX 75206

S. P. Johnson, III & Patricia
J. Cooper, Trustees U/W of
S. P. Johnson, Jr.
P. O. Box 1641
Roswell, NM 88202

John W. Higgins
2502 Quail Point
Midland, TX 79705

Laura Patricia Lodewick
511 Newell
Dallas, TX 75223

Richard B. Lodewick
c/o Lodewick Energy, Inc.
5927 Morningside
Dallas, TX 75206

First Interstate Bank of Roswell,
Trustee U/W of Geraldine D.
Johnson
P. O. Box 2057
Roswell, NM 88202

Stetco "10" Federal Well No. 1
WIO, RO, ORRI
Names and Addresses
Federal Lease No. LC-029388(C)
SE/4, E/2, Section 10, T18S, R31E

Working Interest

Marathon Oil Company
P. O. Box 552
Midland, TX 79702

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Houston, TX 77252

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Houston, TX 77002

Hudson & Hudson
616 Texas Street
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Altoona, PA 16602

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Roswell, NM 88202

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2502 Quail Point
Midland, TX 79705

Patricia J. Cooper, Trustee of
the PJC Revocable Trust
P. O. Box 1641
Roswell, NM 88202

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Dallas, TX 75206

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Trustee U/W of Geraldine D. Johnson
P. O. Box 2057
Roswell, NM 88202

S. P. Johnson, III, & Barbara
Jo Johnson, Co-Trustees of
the S. P. Johnson, III & Barbara
Jo Johnson Trust
P. O. Box 1641
Roswell, NM 88202



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Midland, Texas 79702
Telephone 915/682-1626

December 4, 1990

To Royalty Interest Owners:

Re: Application for Surface Commingling of the
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Section 10, T18S, R31E,
Eddy County, New Mexico; and
Stetco "10" Federal No. 2,
Section 10, T18S, R31E,
Eddy County, New Mexico

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

Company

Company Representative

Title



**Marathon
Oil Company**

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

December 4, 1990

To Working Interest Owners:

Re: Application for Surface Commingling of the
Stetco "10" Federal No. 1,
Section 10, T18S, R31E,
Eddy County, New Mexico; and
Stetco "10" Federal No. 2,
Section 10, T18S, R31E,
Eddy County, New Mexico

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

Company

Company Representative

Title