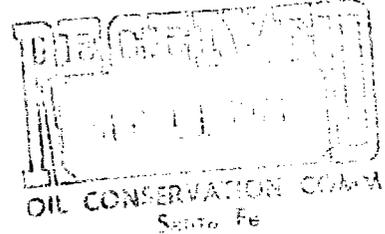




MARATHON OIL COMPANY

PRODUCTION - UNITED STATES AND CANADA

September 9, 1974
P. O. Box 2409
Hobbs, New Mexico 88240



New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

ATTENTION: Mr. A. L. Porter, Jr.,
Director

Gentlemen:

Re: On-Lease Commingling,
Marathon Oil Company,
Mark Owen Lease, Drinkard
Field, Lea County, N.M.

Marathon Oil Company respectfully requests administrative approval of an exception to Rule 303(a) of the Commission Rules and Regulations to permit the on-lease commingling of the Blinebry, Tubb, Drinkard, and Wantz-Abo liquid hydrocarbons produced on Marathon's Mark Owen Lease. This lease is described as the SW/4 of Section 35, Township 21-South, Range 37-East, Lea County, New Mexico.

Attached hereto is a plat showing the wells on the subject lease, the offset wells, and the pool(s) that each well is completed in. Also attached is a diagrammatic sketch of the proposed commingling facility showing it to be of an acceptable design in accordance with the Commission "Manual for the Installation and Operation of Commingling Facilities."

All of the wells operated by Marathon on the subject lease are marginal producers. A tabulation of the average daily liquid hydrocarbon production from each well (completion) during a three-month's period ending July 31, 1974 follows:

<u>Pool</u>	<u>Well No.</u>	<u>Daily Avg. Prod. May thru July 1974</u>	<u>Top Allowable</u>
Blinebry	2	2	-
Tubb	3	1	-
Drinkard	1	5	142
	2	3	142
	3	3	142
Wantz-Abo	4	SI	142
	4*	70**	187

*Completed 8-25-74.

**Average since completion.

Since the value of each of the above oils is based on Texaco's posting for New Mexico "Intermediate Sweet," the API gravity of the Drinkard and Wantz-Abo are similar and only a small volume (1 1/2 to 3 BPD) of high gravity condensate is involved, the mixing of these crudes will not affect the income anticipated from this lease.

The ownership of the wells operated by Marathon on the subject lease, along with the royalty ownership, are common throughout.

Texaco, Incorporated, the crude oil purchaser, has verbally approved the proposed application.

To allocate the production to the proper well and pool, Marathon proposes to monitor each completion's producing potential by periodic well tests.

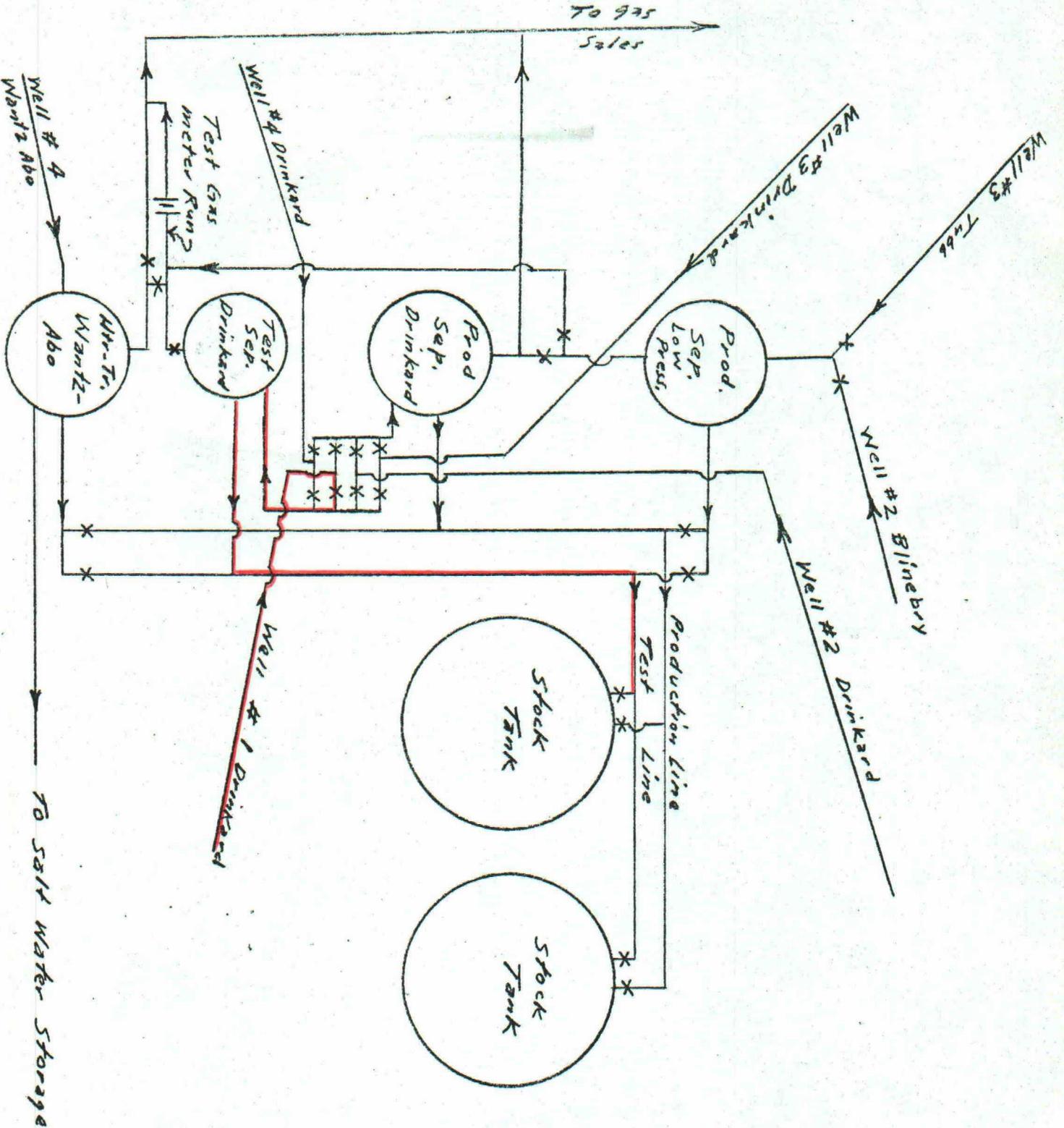
Very truly yours,

MARATHON OIL COMPANY

A handwritten signature in black ink, appearing to read "M. L. Johnston", written in a cursive style.

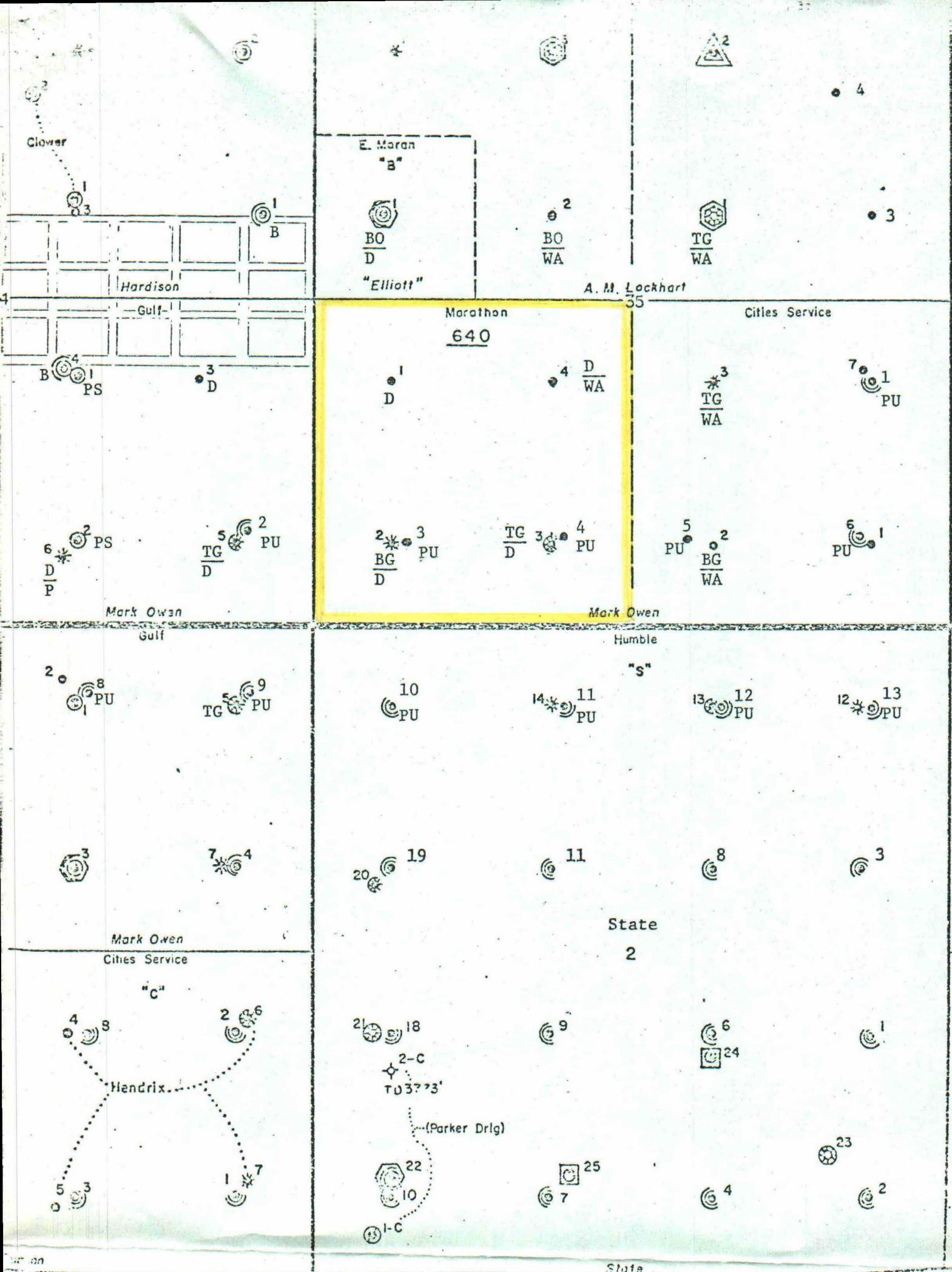
M. L. Johnston
Petroleum Engineer

MLJ:mfm



MARATHON OIL COMPANY
 Schematic Diagram of Proposed Tubb,
 Blinebry, Drinkard, and Wantz Commingled
 Tank Battery, Mark Owen Lease (160 Acres)
 Drinkard Field, Section 35, T-21S, R-37E,
 Lea County, New Mexico

LEGEND
 X Block Valve
 → Direction of Flow



MARATHON OIL COMPANY
 Mark Owen Lease
 Sec. 35, T-21S, R-37E
 Drinkard Area
 Lea County, New Mexico

LEGEND
 O - Oil
 G - Gas
 B - Blinebry
 D - Drinkard
 T - Tubb
 WA - Wantz Abo
 PS - Penrose Skelly
 P - Paddock
 PU - Paddock Unit
 (Exxon)

MLJ:mfm
 8-29-74