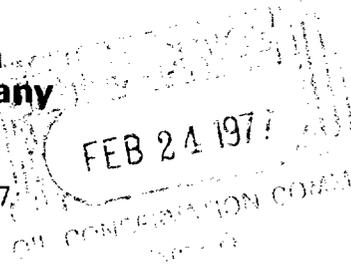




**Marathon
Oil Company**

PO Box 2409
Hobbs New Mexico 88240
Telephone 505/393 7106

February 22, 1977



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

ATTENTION: Mr. Joe D. Ramey, Secretary-Director

Re: On-Lease Commingling, Marathon Oil Company, J. L. Muncy Lease,
Drinkard Field, Lea County, New Mexico

Gentlemen:

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, surface commingling of the Blinebry, Drinkard and Wantz Granite Wash oils produced on Marathon's J. L. Muncy Lease. This lease is described as the 320 acres contained in the South Half of the Northeast Quarter, the East Half of the Southwest Quarter and the Southeast Quarter of Section 24, Township 22-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 pools that each well on the subject lease are 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 the wells operated by Marathon on the subject lease are marginal producers. Shown below are the average daily producing rates from each zone of each well:

<u>Pool</u>	<u>Well No.</u>	<u>Top Allowable (BOPD)</u>	<u>Daily Average Oil Production (barrels oil)</u>
Blinebry	4	107	11
	5	107	18**
Drinkard	1	142	7*
	4	142	6
Wantz Granite Wash	5	187	113**

*Anticipated average daily production (well recently reworked).

**Average since completion (new well).

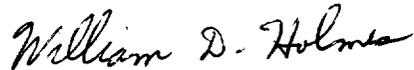
The gravities of the crude oils to be commingled are very similar and therefore the mixing of these crudes will not affect the anticipated income from the lease.

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

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



William D. Holmes
Petroleum Engineer

WDH:mfm
Attachments

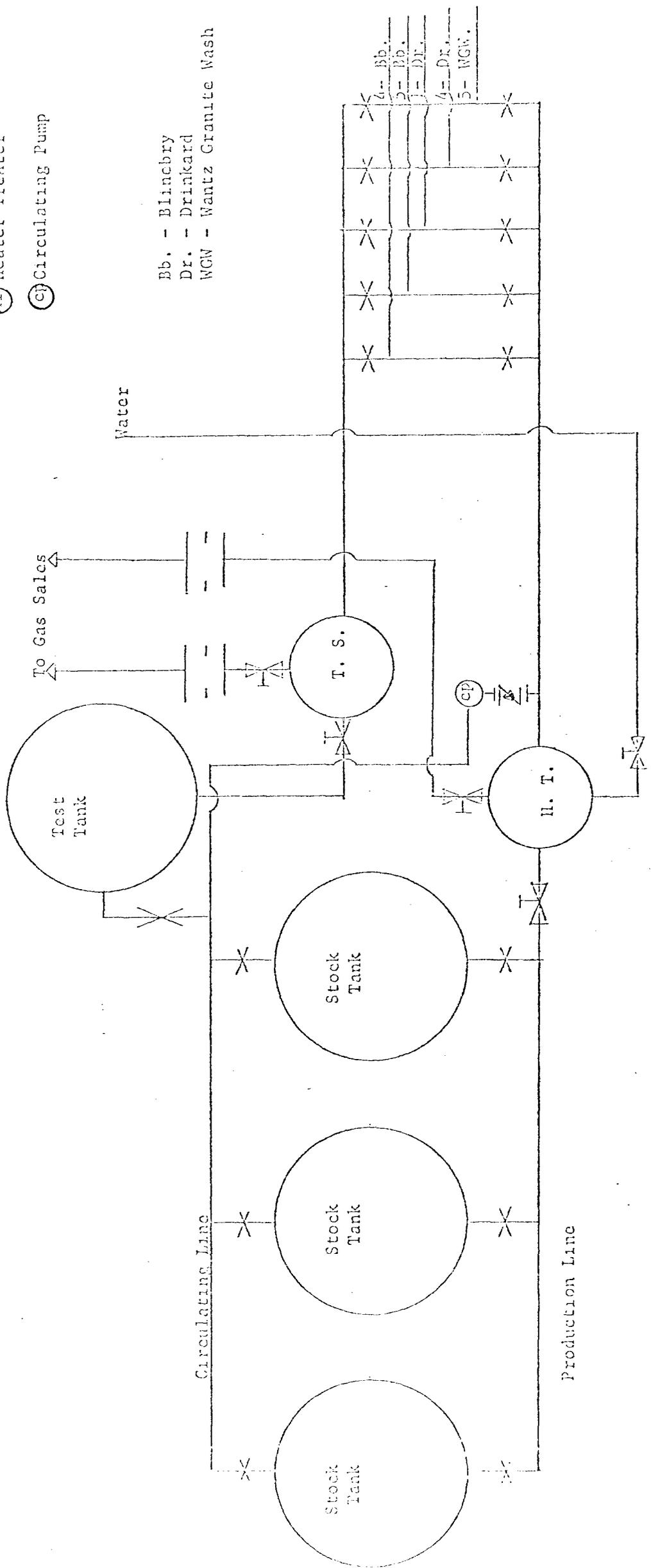
xc: Phillips Petroleum Company
Phillips Building
Odessa, Texas 79761
ATTENTION: D. Cipriani(2)

MARATHON OIL COMPANY

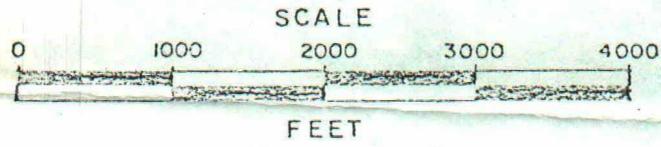
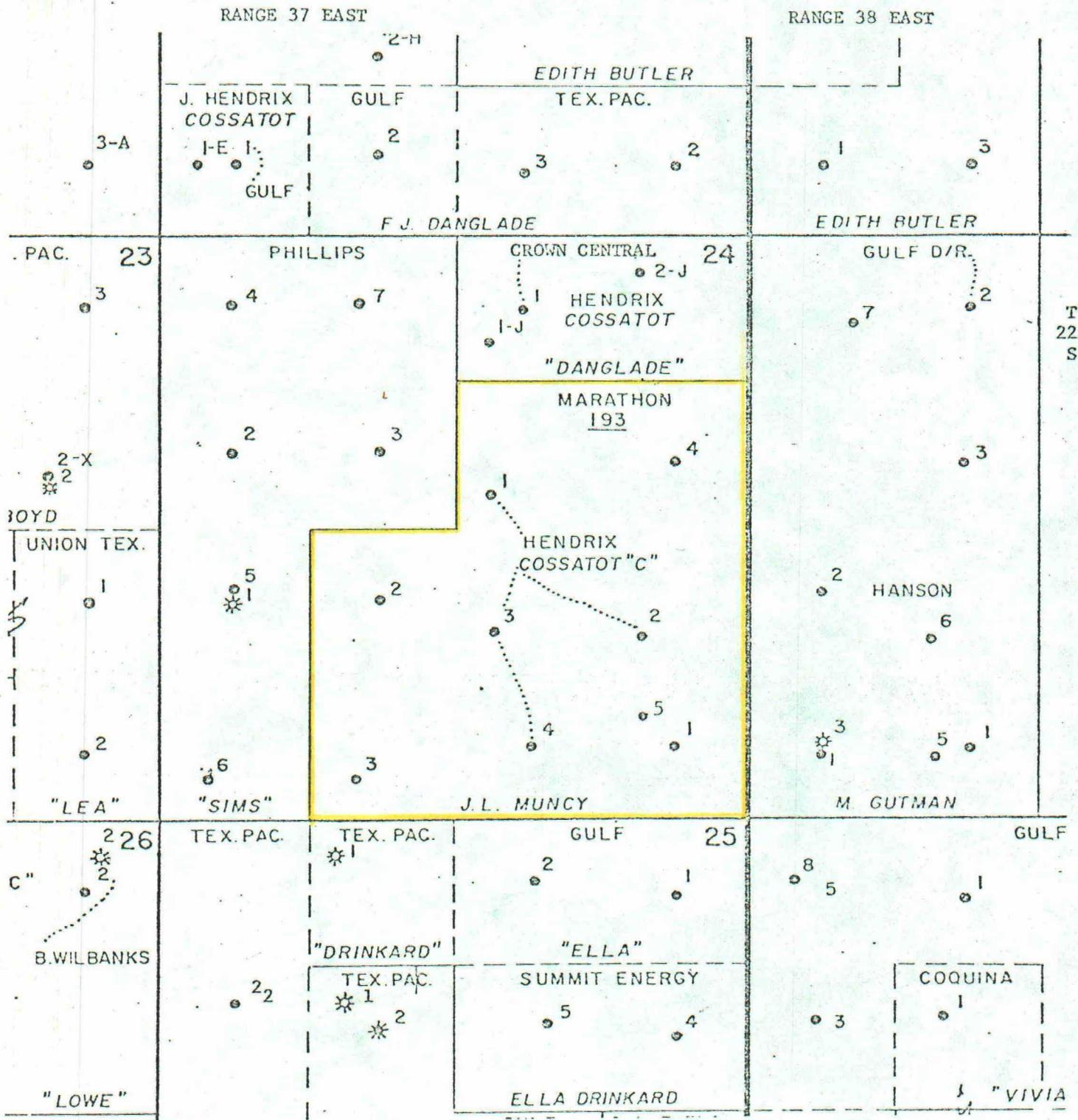
Schematic Diagram of Proposed
 Blinbery-Drinkard-Wantz Granite
 Wash Oil Commingled Tank Battery.
 J. L. Munez Lease (320 acres),
 Unit P, Sec. 24, T-22-S, R-37-E,
 Lea County, New Mexico

LEGEND

-  Check Valve
-  Block Valve
-  Dump or Back Press. Valve
-  Gas Meter Run
-  Test Separator
-  Heater Treater
-  Circulating Pump



MARATHON OIL COMPANY
 J. L. Muncy Lease
 Sec. 24 T-22-S R-37-E
 Lea County, New Mexico



J. L. MUNCY LEASE

Well No.	Zones
1	Drinkard Oil - Tubb Gas
2	Tubb Gas - Blinebry Gas
3	Drinkard Gas - Blinebry Gas
4	Drinkard Oil - Blinebry Oil
5	Wantz Granite Wash Oil - Blinebry Oil