

DATE IN 12.12.05	SUSPENSE	ENGINEER Stagner	LOGGED IN 12.13.05	TYPE NSL	APP NO. PSEM0534731306
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

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 DIVISION

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners
 [B] ☐ Offset Operators, Leaseholders or Surface Owner
 [C] ☐ Application is One Which Requires Published Legal Notice
 [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Charles E. Kendrick
 Print or Type Name

Charles E. Kendrick
 Signature

Engineering Tech 12/7/05
 Title Date

cekendrix@marathonoil.com
 e-mail Address



**Marathon
Oil Company**

Southern Business Unit

P. O. Box 3487
Houston, TX 77253-3487

5555 San Felipe Road
Houston, TX 77056-2799

Telephone: (713) 296-2096
FAX: (713) 499-6750

December 7, 2005

New Mexico Oil Conservation Division
Attn: Mr. Micheal Stogner
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

RE: Exception to 19.15.3.104.B. (1)

Dear Mr. Stogner,

Marathon Oil Company is requesting that we be permitted a non-standard location for an existing wellbore on our McDonald State A/C 1 lease. This well, the McDonald State A/C 1 WSW No. 1 (30-025-31268) was originally drilled as a water source well which supplied water for the McDonald State A/C 1 water flood from the San Andres formation. The well is no longer needed in this capacity and has been shut in.

Marathon is seeking the NSL for the well in order to test the feasibility of developing Grayburg formation production wells in the area. A non-standard location permit would allow Marathon to benefit from the well's central location in relation to our acreage in Section 16 for testing. It would also make use of an otherwise idle wellbore, and in addition save Marathon the cost of converting a producing well or drilling a new well.

Marathon has not notified the offset operators to the McDonald State A/C 1 lease, but will be more than willing to do so if the NMOCD requires it. The two nearest wells operated by other parties are the South Eunice Unit No. 3 operated by Breck Operating located 330 FNL & 1650 FEL in Section 21, T-22-S, R-36-E, and the State E No. 9 operated by ConocoPhillips 1980' FNL & 660 FWL in Section 16, T-22-S, R-36-E. These two wells are both greater than a half mile distant from the McDonald State A/C 1 No. 1 WSW well.

It is Marathon's contention that allowing production from the Grayburg formation in this well will not impact correlative rights on any lease held by other operators. Marathon is the sole interest owner in the Grayburg formation on the McDonald State A/C 1. Please see the attached C-102 filed with the NMOCD in Hobbs, and maps of the area showing the location and proximity to other leases.

If you should need to contact Marathon please call me at ph. 713-296-2096 or you can reach me via email at cekendrix@marathonoil.com.

Sincerely,

Charles E. Kendrix
Engineering Technician
Marathon Oil Company

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

Form C-102
Revised June 10, 2003

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-31268	² Pool Code	³ Pool Name Wildcat Grayburg
⁴ Property Code	⁵ Property Name McDonald State A/C 1 (Non Unit)	⁶ Well Number 1
⁷ OGRID No. 14021	⁸ Operator Name Marathon Oil Company	⁹ Elevation 3551'

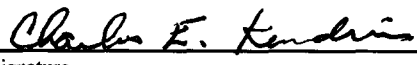
¹⁰ Surface Location

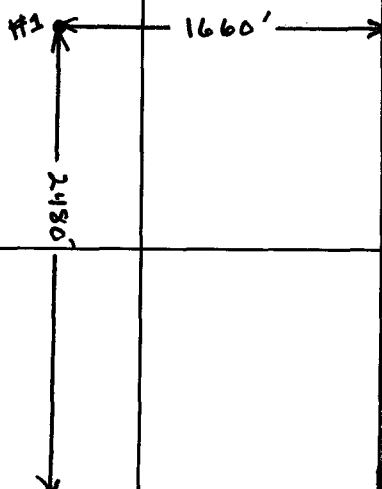
UL or lot no. J	Section 16	Township 22-S	Range 36-E	Lot. Idn	Feet from the 2480'	North/South line South	Feet from the 1660'	East/West line East	County Lea
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 40	¹³ Joint or Infill N	¹⁴ Consolidation Code	¹⁵ Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

¹⁶				¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature Charles E. Kendrick Printed Name Engineering Technician cekendrix@marathonoil.com Title and E-mail Address 11/14/2005 Date
				¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date of Survey Signature and Seal of Professional Surveyer: Certificate Number



McDonald State A/C 1

