	12.05 SUSPE	NSE ENGINEER GREF LOGGED IN JQ:13.05 TYPE NSC PSEMD534731306
		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
Ť	HIS CHECKLIST IS I	MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE
Appli	[DHC-Dov [PC-P	ns: andard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication] vnhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling] ool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement] [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion] [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase] alified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]
[1]	TYPE OF A [A]	<b>PPLICATION</b> - Check Those Which Apply for [A]     Location - Spacing Unit - Simultaneous Dedication     Image: SD
	Chec [B]	k One Only for [B] or [C]   Pressure - Measurement     DHC   CTB   PLC   PC   OLS   OLM   OEC   22005     Injection - Disposal - Pressure Increase - Enhanced Oil Recovery   OIL   CONSULT   OIL   OIL
	[C]	DHC CTB PLC PC OLS OLM OFC 22005 Injection - Disposal - Pressure Increase - Enhanced Oil Recovery WFX PMX SWD PMX E FILE EOR PPR UVISION TON Other: Specify
	[D]	Other: Specify
[2]	NOTIFICA [A]	<b>TION REQUIRED TO:</b> - Check Those Which Apply, or Does Not Apply     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.

**CERTIFICATION:** I hereby certify that the information submitted with this application for administrative [4] 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.

<u>Charles E. Kendrix</u> <u>Charles E. Kendbis</u> <u>Engineering Tech</u> <u>12/2/05</u> Print or Type Name Signature Title <u>Cekendry & Marcthongil, Con</u> <u>e-mail Address</u>



**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 wells 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 an 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. Kendin

Charles E. Kendrix Engineering Technician Marathon Oil Company

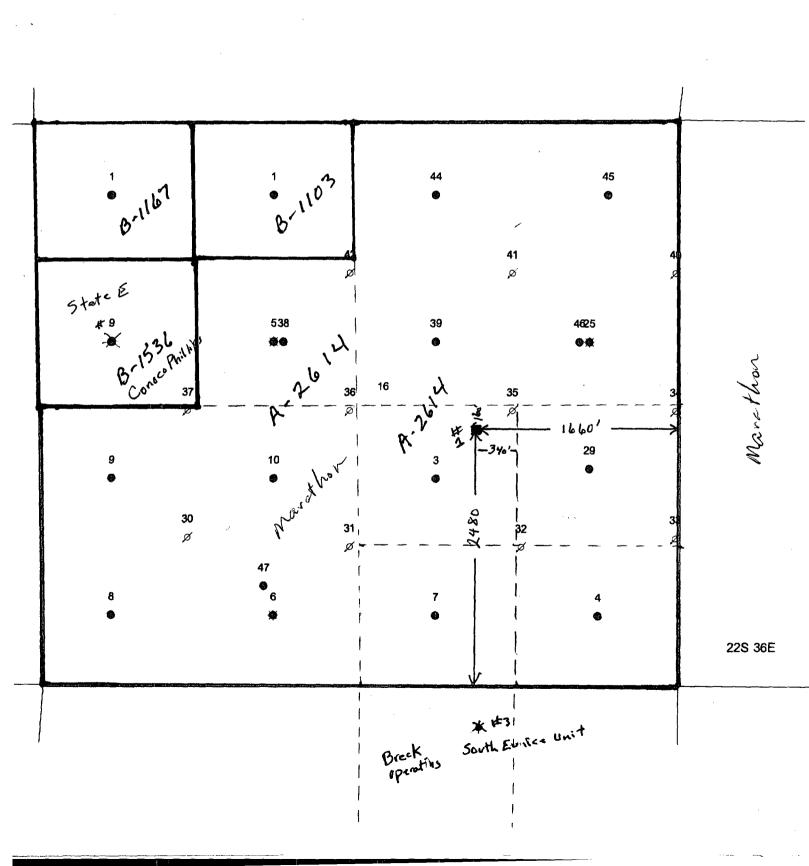
District I 1625 N. French Dr., Hobbs, NM 88240				State of New Mexico Energy, Minerals & Natural Resources						Form C-102 Revised June 10, 2003
District II 1301 W. Grand Avenue, Artesia, NM 88210 District III 1000 Rio Brazos Rd., Aztec, NM 87410 District IV				· · · · · ·		N DIVISION ancis Dr. 37505	Sub	Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies		
1220 S. St. Francis I	Dr., Santa			LOCATION AND ACREAGE DEDICATION PLAT					AMENDED REPORT	
	A DI Museh		<u>LL L</u>	OCATION <sup>2</sup> Pool		<u>CREA</u>	GE DEDICA	ATION PLA <sup>3</sup> Pool Na		
<sup>1</sup> API Number <b>30–025–31268</b>				FOOI	Code	Wildcat Grayburg				
<sup>4</sup> Property Code				<sup>5</sup> Property Name					<u> </u>	<sup>6</sup> Well Number
				McDonald State A/C 1 (Non Unit)						1
<sup>7</sup> OGRID No.			<sup>8</sup> Operator Name <sup>9</sup> Elevation						<sup>9</sup> Elevation	
14021		Marathon Oil Company 3551'								
<sup>10</sup> Surface Location										
UL or lot no.	Section	Township	R	ange Lo	t. Idn Feet	from the	North/South line	Feet from the	East/West	i line County
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<sup>11</sup> Bottom Hole Location If Different From Surface										
UL or lot no.	Section	Township	R	ange Lo	t. Idn Feet	from the	North/South line	Feet from the	East/Wes	t line County
<sup>12</sup> Dedicated Acres <sup>13</sup> J		t or Infill	14 Consol	lidation Code	<sup>15</sup> Order No.		<u></u>	<u></u>		
40		N								

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## 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

		MILLE ON THE DEL		
16				<sup>17</sup> OPERATOR CERTIFICATION
				I hereby certify that the information contained herein is
				true and complete to the best of my knowledge and
				belief .
				Charles E. Lending
				Signature
			· · · · · · · · · · · · · · · · · · ·	Charles E. Kendrix
÷ 4				Printed Name
				Engineering Technician
1. 5				cekendrix@marathonoil.com
				Title and E-mail Address
				11/14/2005
5				Date
			- 1660'	<sup>18</sup> SURVEYOR CERTIFICATION
		H2 K	1660	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.
		بر		
		0 <b>8</b> hC		
	i	0,		Date of Survey
				Signature and Seal of Professional Surveyer:
		<u> </u>		Certificate Number

## McDonald State A/C 1



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