Houston Division Production Operations, United States

P.O. Box 2490

Hobbs, New Mexico 88240

Telephone 505/393-7106

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JE - 9



June 1, 2000

Mr. Mark Ashley Oil Conservation Department Energy and Minerals Department P.O. Box 2088 Santa Fe, New Mexico 87501

RE: Request for Exception to Rule 303-A Application for Surface Commingling

Laughlin Battery Unit Letter H, 2310' FNL & 330' FEL Section 9, T-20-S, R-37-E Monument Tubb Lea County, New Mexico Laughlin Well No. 2 Unit Letter G, 2310' FNL & 2310' FEL Section 9, T-20-S, R-37-E Monument Paddock

Dear Mr. Ashley:

Marathon Oil Company respectfully requests administrative approval to permit the surface commingling of production in the above mentioned production. The Laughlin Well No. 2, will be recompleted to the Paddock and then Down-Hole Comminged with the Tubb.

Marathon Oil Company has a 100% Working Interest in the above mentioned lease and all Royalty Interest Owners are identical in both pools. We proposes to utilize the Laughlin storage and sales facility currently utilized for the Tubb production from the Laughlin wells. Since the wells/pools are marginal, the production will be determined from periodic well test. The proposed production operation is in accordance with the applicable provisions.

Please find attached a lease plat and a production facility schematics. The Tubb oil production (6 BOPD @ 37 API) is currently valued at WTI crude price. The Paddock oil production is expected to be (20 BOPD @ 36 API) and to be valued at WTI crude price. The commingled estimated oil production (26 BOPD @ 36 API) is anticipated to be valued at WTI crude price. Therefore, there will not be any loss in value of the commingled production.

If additional information is necessary, please contact me at (505) 393-7106, ext 201.

Sincerely,

Thenna P.Kan

Thomas P. Kacir Production Engineer

District I PO Box 1980, Hobbs, NM 88241-1980 District II 811 S. 1st Street, Artesia, NM 88210-2834 District III 1000 Rio Brazos Rd., Aztec, NM 87410 District IV 2040 South Pacheco, Santa Fe, NM 87505

OIL CONSERVATION DIVISION

2040 South Pacheco

Santa Fe, NM 87505

Form C-102 Revised October 18, 1994 Instructions on back Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number				² Pool Code			³ Pool Name						
30	67	47090			MONUMENT: TUBB								
⁴ Property Code		T	⁵ Property Name							⁶ Well Number		Well Number	
2465		Laughlin							2				
7 OGRID		8 Operator Name							9 Elevation				
0140		Marathon 011 Company							GL: 3541'				
	¹⁰ Surface Location												
UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the		North/South Line		Feet from the	East/W	est line	County	
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12 Dedicated Acres 13 Joint or Infill 14 Consolidation Code 15 Order No. 80 Y													
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NONSTANDARD UNIT HAS BEEN APPROVED BY THE DIVISION													
								¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.					
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			2310						Printed Name Production Engineer				
								330	Title				
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			#2			# Date			Date	Jate			
				//				1	¹⁸ SURVE	YOR	CERTI	FICATION	
									I hereby certify th	at the w	ell locati	on shown on this plat	
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			4						and correct to the b	est of my b	elief.		
<u>┣</u>			·····						Date of Survey				
								Signature and Seal of Professional Surveyer:					
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Production Facility Drawing Laughlin Battery Monument Field, NM SE/NE Sec. 9, T-20S, R-37E June 2, 2000

