



State of New Mexico
Commissioner of Public Lands

RAY POWELL, M.S., D.V.M.
COMMISSIONER

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August 23, 1994

Marathon Oil Company
P. O. Box 552
Midland, Texas 79702-0552

Attn: Mr. Robert A. Biernbaum

Re: Application for Surface Commingling

Indian Hills State Com Lease
Section 36-20S-24E
E-10083-2 and L-5098
Eddy County, New Mexico

Stinking Draw Lease
Section 36-20 1/2S-23E
K-1877 & E-10169-1
Eddy County, New Mexico

Dear Mr. Biernbaum:

This office is in receipt of your letter of June 15, 1994, wherein you have requested our approval to commingle the South Dagger Draw Upper Penn Associated Pool production from the Stinking Draw Lease (K-1877 & E-10169) with the production at the Indian Hills State Com central battery listed in commingling Order CTB-375.

It is our understanding that production from the Stinking Draw Lease (Well Nos. 1 & 2) will be separated and metered prior to delivery of the oil and water to the Indian Hills State Com central battery.

Since it appears that there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request for surface commingling the above-mentioned wells is hereby approved. Any deviation from the substance of your request will be sufficient grounds for rescinding our approval. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Marathon Oil Company

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If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY:  for F.O. Prando

FLOYD O. PRANDO, Director

Oil/Gas and Minerals Division

(505) 827-5744

RP/FOP/pm

enclos.

cc: Reader File

OCD - David Catanach, Ben Stone

L-5098

E-10083-2