



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

AJITA LOCKWOOD
CABINET SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

COMMINGLING ORDER PC-809

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

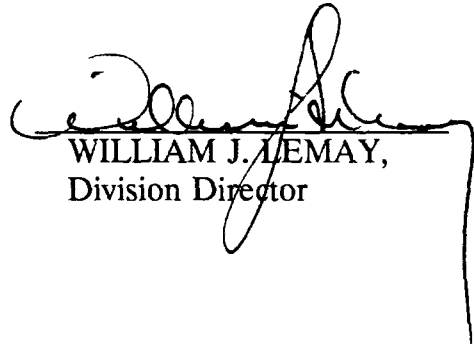
Attention: Jeff Cordera

LEASE NAME: McDonald State A/C 2
DESCRIPTION: All of Section 13, Township 22 South, Range 36 East,
Lea County, New Mexico

The above-named company is hereby authorized to commingle Blinebry, Drinkard and Eumont Pool production in a common tank battery and to determine the production from each pool by well tests. (If this method is to be authorized, all commingled production must be of marginal nature; further, the operator shall notify the Santa Fe Office of the Division in the event any well in the commingled battery becomes capable of top allowable production, at which time the Division will amend this order or take such other action as may be appropriate.

NOTE: This installation shall be installed and operated in accordance with the applicable provisions of Rule 303 of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities." It is the responsibility of the producer to notify the transporter of this commingling authority.

DONE at Santa Fe, New Mexico, on this 2nd day of September 1992.


WILLIAM J. LEMAY,
Division Director

cc: Oil Conservation Division - Hobbs
NMSLO - Pete Martinez



**Marathon
Oil Company**

Mid-Continent Region
Production United States

Division

P.O. Box 552
Midland, Texas 79702
Telephone 915/682-1626

April 27, 1992

State of New Mexico
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Attn: Mr. William J. LeMay, Director

RE: Application for Lease Production Commingling
McDonald State A/C 2 Lease Well Nos. 11, 26 and 33
Section 13, T-22-S, R-36-E
Lea County, New Mexico

Dear Mr. LeMay:

Marathon Oil Company respectfully requests that the State of New Mexico Oil Conservation Division grant administrative approval for surface production commingling in the above captioned lease. Approval of this request would allow Marathon Oil Company to produce Well Nos. 11, 26 and 33 to a common stock tank battery to be located in Unit I of Section 13, T-22-S, R-36-E.

The production from the three wells would be from the Eumont Pool which is to be surface commingled with the Blinebry and Drinkard pools. The Blinebry and Drinkard pools are presently being produced to the stock tank battery of the lease and will not alter the quality of the production from the Eumont pool when all have been commingled. Ownership and royalty interest for all three pools are identical and separate test facilities are in place to allocate production on a monthly basis from each of the wells.

Attached, please find a lease commingling plat, names and addresses of interest owners in the above captioned lease and production facility schematic. Should you require additional information concerning this request, please feel free to contact me at (505) 393-7106. Your cooperation in this matter is greatly appreciated.

Sincerely,

S. P. Guidry
S. P. Guidry

Operations Superintendent

Enclosure

SPG/MMA/032.274/sk

MCDONALD STATE A/C 2 LEASE - (640 ACRES)

INTEREST OWNERS
NAMES AND ADDRESSES
STATE LEASE NO. A-2614

INTEREST OWNERS

Marathon Oil Company	Net Working Interest:	100.00%
P. O. Box 552	Net Revenue Interest:	87.5%
Midland, Texas 79702		

New Mexico State Land Office	Net Working Interest:	0%
Commissioner of Public Lands	Net Revenue Interest:	12.5%
Santa Fe, New Mexico 87504-1148		

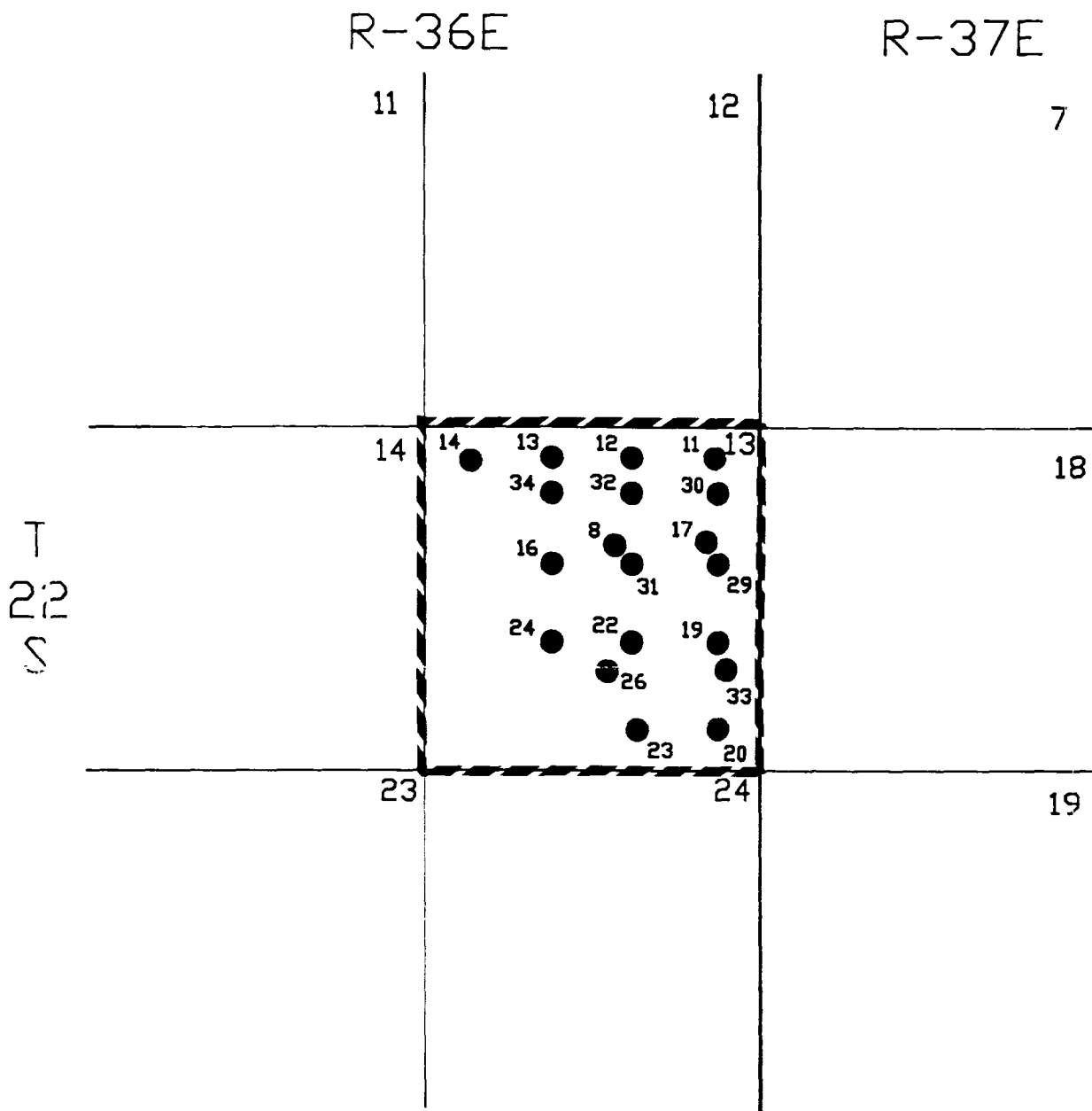
MARATHON OIL COMPANY

WELLS IN LEASE PRODUCTION COMMINGLING

McDonald State A/C 2 Well No. 11 Unit A, 330' FNL and 330' FEL Section 13, T-22-S, R-36-E Lea County, New Mexico	Eumont Seven Rivers Queen Producer Perf'd: 3,458'-3,589'
McDonald State A/C 2 Well No. 26 Unit J, 1,980' FSL and 1,980' FEL Section 13, T-22-S, R-36-E Lea County, New Mexico	Eumont Seven Rivers Queen Producer Perf'd: 3,186'-3,440' Upper Penrose Producer Perf'd: 3,528'-3,594'
McDonald State A/C 2 Well No. 29 Unit H, 1,800' FNL and 330' FEL Section 13, T-22-S, R-36-E Lea County, New Mexico	Drinkard Producer Perf'd: 6,445'-6,653'
McDonald State A/C 2 Well No. 30 Unit A, 660' FNL and 330' FEL Section 13, T-22-S, R-36-E Lea County, New Mexico	Blinebry Producer Perf'd: 5,452'-5,686'
McDonald State A/C 2 Well No. 31 Unit G, 1,800' FNL and 1,650' FEL Section 13, T-22-S, R-36-E Lea County, New Mexico	Drinkard Producer Perf'd: 6,538'-6,654'
McDonald State A/C 2 Well No. 32 Unit B, 660' FNL and 1,650' FEL Section 13, T-22-S, R-36-E Lea County, New Mexico	Blinebry Producer Perf'd: 5,525'-5,664'
McDonald State A/C 2 Well No. 33 Unit I, 2,160' FSL and 330' FEL Section 13, T-22-S, R-36-E Lea County, New Mexico	Blinebry Producer* Perf'd: 5,484'-5,629'
McDonald State A/C 2 Well No. 34 Unit C, 660' FNL and 1,980' FWL Section 13, T-22-S, R-36-E Lea County, New Mexico	Drinkard Producer Perf'd: 6,545'-6,605'

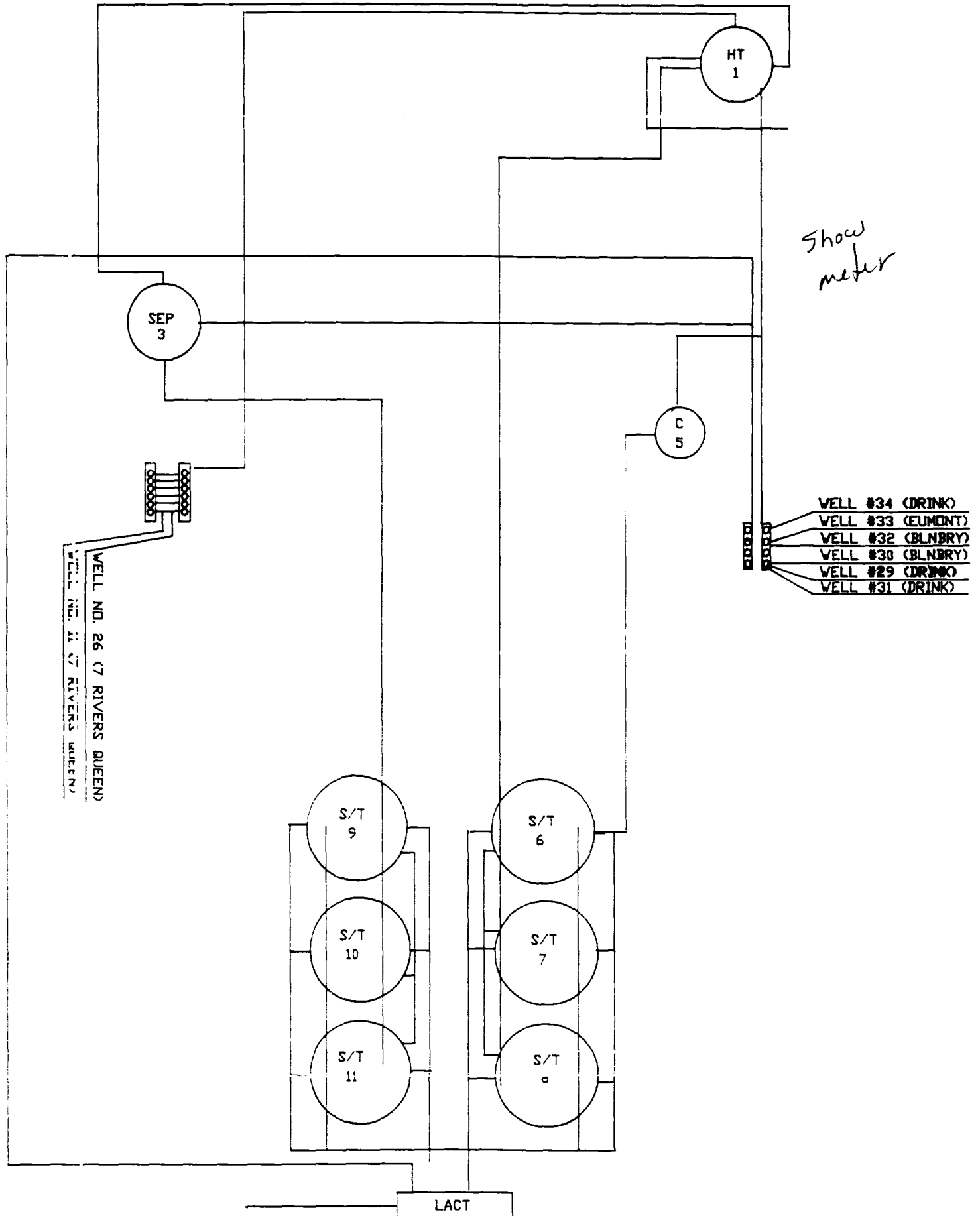
Note: Perforations are at various depths between the indicated upper and lower perforation intervals.

* Presently the well is completed in the Blinebry pool and is also temporarily abandoned. It has been proposed to recompleate the well within the Eumont pool in early second quarter of 1992.



MARATHON OIL COMPANY
MCDONALD ST. A/C 2 LEASE
LEA COUNTY, NEW MEXICO

PRODUCTION FACILITY DRAWING
McDONALD ST. A/C 2 BATTERY
ARROWHEAD FIELD





JIM BACA
COMMISSIONER

State of New Mexico

OFFICE OF THE

Commissioner of Public Lands

Santa Fe

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

May 4, 1992

Marathon Oil Company
Attn: Mr. S. P. Guidry
P. O. Box 552
Midland, Texas 79702

Re: Surface Commingling Application
McDonald State A/C 2 Lease Well Nos. 11, 26 and 33
Section 13, T-22-S, R-36-E
State Lease No. A-2614
Lea County, New Mexico

Dear Mr. Guidry:

We are in receipt of your letter of April 27, 1992, wherein you have applied for our approval to surface commingle the production from the McDonald A/C Well Nos. 11, 26 and 33 to a common stock tank battery to be located in Unit I of Section 13, Township 22 South, Range 36 East (State Lease No. A-2614).

Your application advises that the above Eumont wells are to be surface commingled with production from the Blinebry and Drinkard pools. Before the Commissioner can approve your request, we would like additional information to be submitted regarding this project for further review.

Enclosed is a Commingling Pre-Application form which contains a list of required information. We are especially interested in receiving an economic analysis of the proposed operation showing profit or loss to the State of New Mexico. Please submit additional data regarding the gravity, price and amount of production by pool, for the wells to be affected before and after commingling. Also any other pertinent data that will assist the Commissioner in deciding upon the application should be submitted.

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

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*
FLOYD O. PRANDO, Director
Oil/Gas and Minerals Division
(505) 827-5744
JB/FOP/pm
encls.

cc: Reader File
OCD-Attn: David Catanach