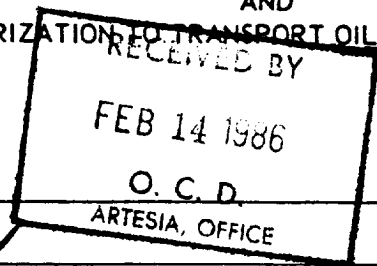


| | |
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| NO. OF COPIES RECEIVED | |
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| SANTA FE | <input checked="" type="checkbox"/> |
| FILE | <input checked="" type="checkbox"/> |
| U.S.G.S. | <input type="checkbox"/> |
| LAND OFFICE | <input type="checkbox"/> |
| TRANSPORTER | OIL <input checked="" type="checkbox"/> GAS <input checked="" type="checkbox"/> |
| OPERATOR | <input checked="" type="checkbox"/> |
| PRORATION OFFICE | <input type="checkbox"/> |

NEW MEXICO OIL CONSERVATION COMMISSION
REQUEST FOR ALLOWABLE
AND
AUTHORIZATION TO TRANSPORT OIL AND NATURAL GAS

Form C-104
Supersedes Old C-104 and C-1
Effective 1-1-65



I.

| | |
|---|---|
| Operator Kaneb Operating Company, Ltd. | |
| Address 400 Wilco Building Midland, Texas 79701-4466 | |
| Reason(s) for filing (Check proper box) | |
| New Well <input type="checkbox"/> | Change in Transporter of: Oil <input type="checkbox"/> Dry Gas <input type="checkbox"/> Casinghead Gas <input type="checkbox"/> Condensate <input type="checkbox"/> |
| Recompletion <input type="checkbox"/> | |
| Change in Ownership <input type="checkbox"/> | Other (Please explain) Change Operator name from Kaneb Energy Company to Kaneb Operating Company, Ltd. effective February 7, 1986 |

If change of ownership give name and address of previous owner _____

II. DESCRIPTION OF WELL AND LEASE

| | | | | |
|---|---------------|---|--|----------------------|
| Lease Name Mershon Gas Comm. | Well No. 1 | Pool Name, including Formation Indian Basin (Upper Penn) | Kind of Lease State, Federal or Fee Federal | Lease No. NM 3802 |
| Location Unit Letter <u>A</u> ; <u>990</u> Feet From The <u>North</u> Line and <u>990</u> Feet From The <u>East</u> Line of Section <u>21</u> Township <u>22-S</u> Range <u>23-E</u> , NMPM, <u>Eddy</u> County | | | | |

III. DESIGNATION OF TRANSPORTER OF OIL AND NATURAL GAS

| | |
|--|--|
| Name of Authorized Transporter of Oil <input type="checkbox"/> or Condensate <input checked="" type="checkbox"/> | Address (Give address to which approved copy of this form is to be sent) |
| Marathon Oil Company | P. O. Box 552 Midland, Texas 79702 |
| Name of Authorized Transporter of Casinghead Gas <input type="checkbox"/> or Dry Gas <input checked="" type="checkbox"/> | Address (Give address to which approved copy of this form is to be sent) |
| Marathon Oil Company | P. O. Box 552 Midland, Texas 79702 |
| If well produces oil or liquids, give location of tanks. | Unit Sec. Twp. Rge. Is gas actually connected? When |
| | A 21 22S 23E Yes June, 1970 |

If this production is commingled with that from any other lease or pool, give commingling order number: _____

IV. COMPLETION DATA

| | | | | | | | | |
|--------------------------------------|-----------------------------|----------|-----------------|----------|-------------------|-----------|-------------|--------------|
| Designate Type of Completion - (X) | Oil Well | Gas Well | New Well | Workover | Deepen | Plug Back | Same Res'v. | Diff. Res'v. |
| Date Spudded | Date Compl. Ready to Prod. | | Total Depth | | P.B.T.D. | | | |
| Elevations (DF, RKB, RT, GR, etc.) | Name of Producing Formation | | Top Oil/Gas Pay | | Tubing Depth | | | |
| Perforations | | | | | Depth Casing Shoe | | | |
| TUBING, CASING, AND CEMENTING RECORD | | | | | | | | |
| HOLE SIZE | CASING & TUBING SIZE | | DEPTH SET | | SACKS CEMENT | | | |
| | | | | | Post FD-3 | | | |
| | | | | | 2-21-86 | | | |
| | | | | | Chg op Name | | | |

V. TEST DATA AND REQUEST FOR ALLOWABLE OIL WELL

(Test must be after recovery of total volume of load oil and must be equal to or exceed top allowable for this depth or be for full 24 hours)

| | | | |
|---------------------------------|-----------------|---|------------|
| Date First New Oil Run To Tanks | Date of Test | Producing Method (Flow, pump, gas lift, etc.) | |
| Length of Test | Tubing Pressure | Casing Pressure | Choke Size |
| Actual Prod. During Test | Oil-Bbls. | Water-Bbls. | Gas-MCF |

GAS WELL

| | | | |
|----------------------------------|---------------------------|---------------------------|-----------------------|
| Actual Prod. Test-MCF/D | Length of Test | Bbls. Condensate/MMCF | Gravity of Condensate |
| Testing Method (pitot, back pr.) | Tubing Pressure (shut-in) | Casing Pressure (shut-in) | Choke Size |

VI. CERTIFICATE OF COMPLIANCE

I hereby certify that the rules and regulations of the Oil Conservation Commission have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Leslie M. Jensen
(Signature)

Division Production Manager
(Title)

February 10, 1986
(Date)

OIL CONSERVATION COMMISSION

APPROVED FEB 19 1986, 19
Original Signed By
BY Les A. Clements
TITLE Supervisor District II

This form is to be filed in compliance with RULE 1104.
If this is a request for allowable for a newly drilled or deepened well, this form must be accompanied by a tabulation of the deviation tests taken on the well in accordance with RULE 111.
All sections of this form must be filled out completely for allowable on new and recompleted wells.
Fill out only Sections I, II, III, and VI for changes of owner, well name or number, or transporter, or other such change of condition.
Separate Forms C-104 must be filed for each pool in multiple completed wells.