

11-28-05 DATE IN	SUSPENSE	JONES ENGINEER	11-29-05 LOGGED IN	PC TYPE	PPM0533326519 APP NO.
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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

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☒ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

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 DIVISION

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

[A] ☐ 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.

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

Charles E. Kendrix

Print or Type Name

Charles E. Kendrix

Signature

Engineering Technician

Title

11/16/05
Date

cekendrix@marathonoil.com
e-mail Address

**Marathon Oil Company
Hansen State Lease
Exception Request to Rule 303
Surface Commingle Pools (Oil & Gas)**

19.15.5.303.B(3)b

(i) List of leases

Hansen State (A-3071) NE4, Sec 16, T-20-S, R-37-E 160 acres

List of Pools to be Surface Commingled (Oil & Gas)

Monument Paddock (47080)

Monument Abo Southeast (96764)

Eunice Monument Grayburg San Andres (23000)

List of Wells	API No.	Legal Location
Hansen State No. 3	30-025-06124 "B",	Sec 16, T-20-S, R-37E
Hansen State No. 7	30-025-33967 "B",	Sec 16, T-20-S, R-37E
Hansen State No. 8	30-025-34203 "G",	Sec 16, T-20-S, R-37-E
Hansen State No. 9	30-025-34268 "H",	Sec 16, T-20-S, R-37-E

See attached C-102 Production plats for the wells. Also, attached are well/pool details and production rates for the active wells.

(ii) Method of Allocation – Well Test (Test Volume X Days Produced)

The current active producing wells on the Hansen State Lease are producing at rates below unit allowable for the respective pools in which they are completed. Well tests on the Hansen State No. 8 well indicate that it will not be capable of making in excess of the 80 bbls oil and 360 mcf of gas per day allowed for a well in the Eunice Monument Grayburg San Andres pool.(see attached well test data) Therefore, Marathon Oil Company is requesting that we be permitted to surface commingle all pools using well tests to determine production volumes to each pool.

(iii) Certification by qualified petroleum landman.

Please find attached a letter from Ms. Wyn Emerson, landman for Marathon Oil Company, verifying that the ownership interests in the Hansen State lease are identical for the three pools that we are requesting be permitted for surface commingling.

(iv) Notification to BLM or SLO

A copy of this application for commingling is being sent to the State Lands Office.

Southern U.S. Business Unit
Domestic Production



**Marathon
Oil Corporation**

P.O. Box 3487
Houston, TX 77253-3487
Telephone 713/629-6600

November 14, 2005

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: MOC LSE 003977
Hansen Lease
NE/4 of Section 16
T-20-S, R-37-E,
Lea County, New Mexico

To Whom It May Concern:

The purpose of this letter is to inform you of the ownership of different subsurface producing formations within the referenced lands so that we may surface commingle. The ownership of the Monument Paddock, Monument Abo (Southeast) and the Eunice Monument Grayburg/San Andres formations are all identical.

Should you require any additional information concerning the ownership of this lease, please call me at (713) 296-2084.

Sincerely,

Wyn M. Emerson
Landman

Hansen State Lease Well List and Production Data for the Last Six Months

API Number	Well Name & Number	Pool Name & Code	Product	Oct-05	Sep-05	Aug-05	Jul-05	Jun-05	May-05	Aver / Daily
30-025-06126	Hansen State No. 3	Monument Paddock (47080)	Oil	138.75	187.84	142.88	135.13	139.58	154.91	4.18
			Gas	0	0	0	0	0	0	0
30-025-33967	Hansen State No. 7	Monument Abo Southeast (96764)	Oil	527.23	511.81	542.97	513.5	530.4	588.65	14.95
			Gas	0	1238	1262	1303	1198	1142	33.39
30-025-34203	Hansen State No. 8	Eunice Monument Grayburg San Andres (23000)	Oil	0	0	0	0	0	0	0
			Gas	0	0	0	0	0	0	0
30-025-34286	Hansen State No. 9	Monument Abo Southeast (96764)	Oil	138.74	139.33	142.88	135.13	139.58	154.91	3.96
			Gas	0	1707	1682	1738	1597	1523	44.82
Well Tests Hansen State No. 8				10/27/2005	11/14/2005					
			Date							
			Oil	0	14					
			Gas	84	128					
			Water	480	769					

Revised February 10, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

1980, Hobbs, NM 88241-1980
District II
111 S. 1st Street, Artesia, NM 88210-2834
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, NM 87504-2088

☐ AMENDED REPORT

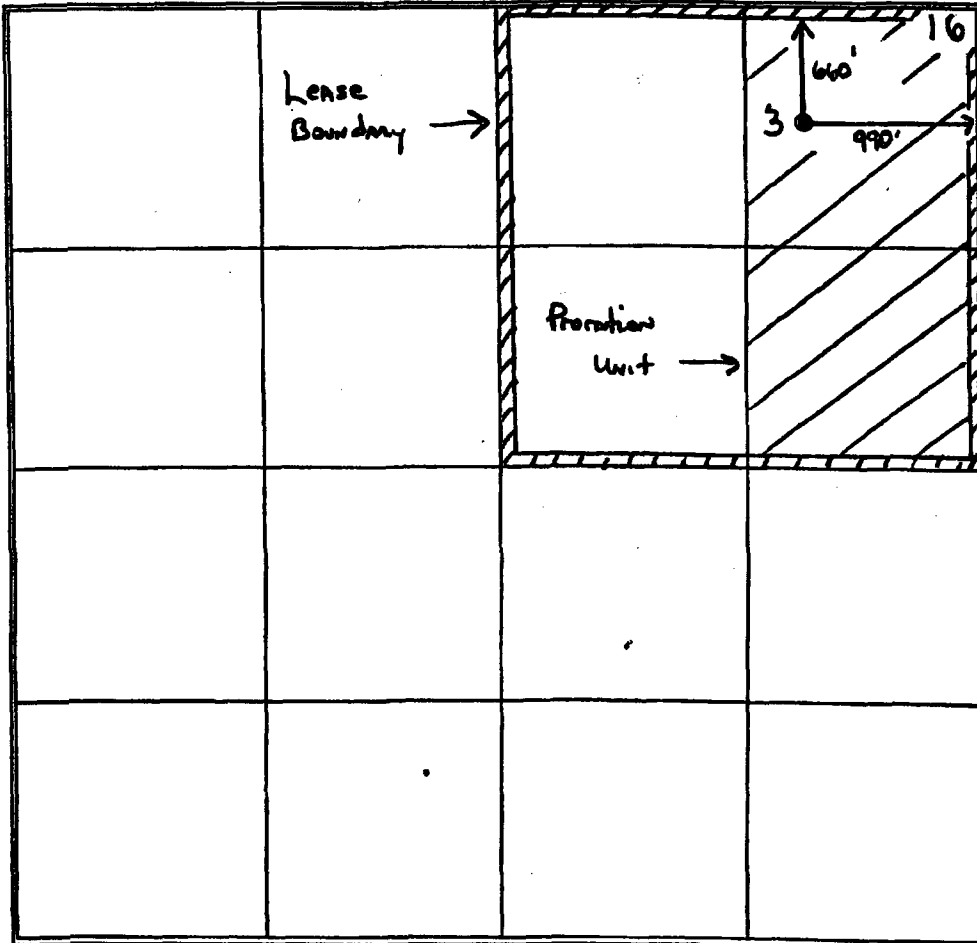
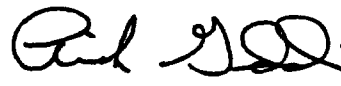
WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-06126		² Pool Code 47098-47080		³ Pool Name Monument: Tubbr Paddock	
⁴ Property Code 6398		⁵ Property Name Hansen State			⁶ Well Number 3
⁷ OGRID No. 14021		⁸ Operator Name Marathon Oil Company			⁹ Elevation 3563'

¹⁰ Surface Location									
UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South Line	Feet from the	East/West line	County
A	16	20-S	37-E		660	North	990	East	Lea

¹¹ Bottom Hole Location If Different From Surface									
UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South Line	Feet from the	East/West line	County
¹² Dedicated Acres 80		¹³ Joint or Infill N		¹⁴ Consolidation Code		¹⁵ Order No.			

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

	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature Rick Gaddis Printed Name Advanced Production Engineer Title 3/26/96 Date
	¹⁸ SURVEYOR CERTIFICATION 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. Date of Survey Signature and Seal of Professional Surveyor: Certificate Number

DISTRICT I
P.O. Box 1880, Hobbs, NM 88241-1880

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0710

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
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Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

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WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 3D-025-33967	Pool Code 85410	Pool Name Skaggs Abo
Property Code 6398	Property Name HANSEN STATE	Well Number 7
OGRIID No. 14021	Operator Name VARADHON OIL COMPANY	Elevation 3341

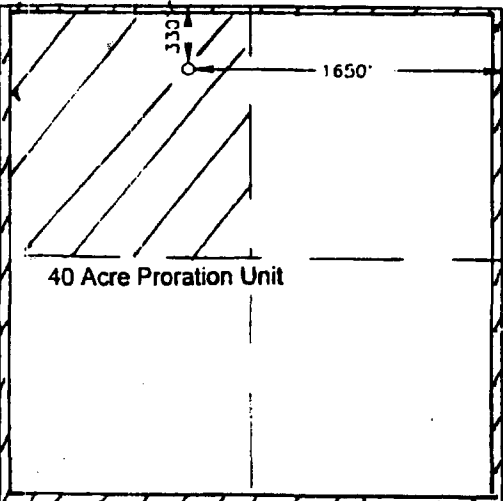

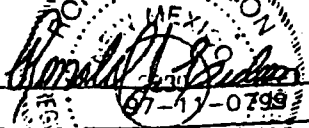
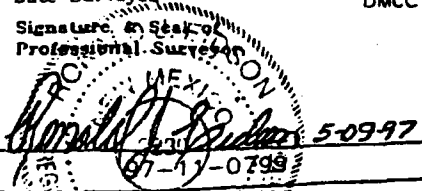
Surface Location

UL or lot No. B	Section 16	Township 20 S	Range 37 E	Lot Idn	Feet from the 330	North/South line NORTH	Feet from the 1650	East/West line EAST	County LEA
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Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.						

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

	OPERATOR CERTIFICATION I hereby certify the information contained herein is true and complete to the best of my knowledge and belief.  Signature D. P. Nordt Printed Name Drilling Superintendent Title 5/13/97 Date
	SURVEYOR CERTIFICATION 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. MAY 7, 1997 Date Surveyed  Signature, in State of Professional Surveyor  50997 67-17-0799 JOHN W. SWEET RONALD L. EDSON PROFESSIONAL SURVEYOR 678 3239 12641

District I
1625 N. French Dr., Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised June 10, 2003

Submit to Appropriate District Office
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Fee Lease - 3 Copies

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WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-34203	² Pool Code 23000	³ Pool Name Emice Monument Grayburg San Andres
⁴ Property Code 006398	⁵ Property Name Hansen State	⁶ Well Number 8
⁷ OGRID No. 01363	⁸ Operator Name Marathon Oil Company	⁹ Elevation 3354'

¹⁰ Surface Location

UL or lot no. G	Section 16	Township 20-S	Range 37-E	Lot. Idn	Feet from the 1650'	North/South line North	Feet from the 1890'	East/West line East	County Lea
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South line	Feet from the	East/West line	County
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¹² Dedicated Acres 40	¹³ Joint or Infill N	¹⁴ Consolidation Code	¹⁵ Order No.
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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

¹⁶				<p>A diagram showing a well location on a grid. A vertical line is labeled 1650' and a horizontal line is labeled 1890'. A dashed rectangle is drawn around the intersection of these lines. The well location is marked with a star and the number 1890'.</p>	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <i>Charles E. Kendrick</i> Signature Charles E. Kendrick Printed Name Engineering Technician cekendrix@marathonoil.com Title and E-mail Address 11/14/2005 Date
					¹⁸ SURVEYOR CERTIFICATION 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.
					Date of Survey Signature and Seal of Professional Surveyer:
					Certificate Number

DISTRICT I
P.O. Box 1000, Hobbs, NM 88241-1000

DISTRICT II
P.O. Box 2000, Artesia, NM 88211-0710

DISTRICT III
1000 Rio Grande Rd., Artesia, NM 87410

DISTRICT IV
P.O. Box 2000, Santa Fe, NM 87504-2000

State of New Mexico
Energy, Minerals and Natural Resources Department

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P.O. Box 2088
Santa Fe, New Mexico 87504-2088

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WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-34286	Pool Code 96764	Pool Name Southeast Monument Abo
Property Code 6398	Property Name HANSEN STATE	Well Number 9
OGRID No. 14021	Operator Name MARATHON OIL COMPANY	Elevation 3544

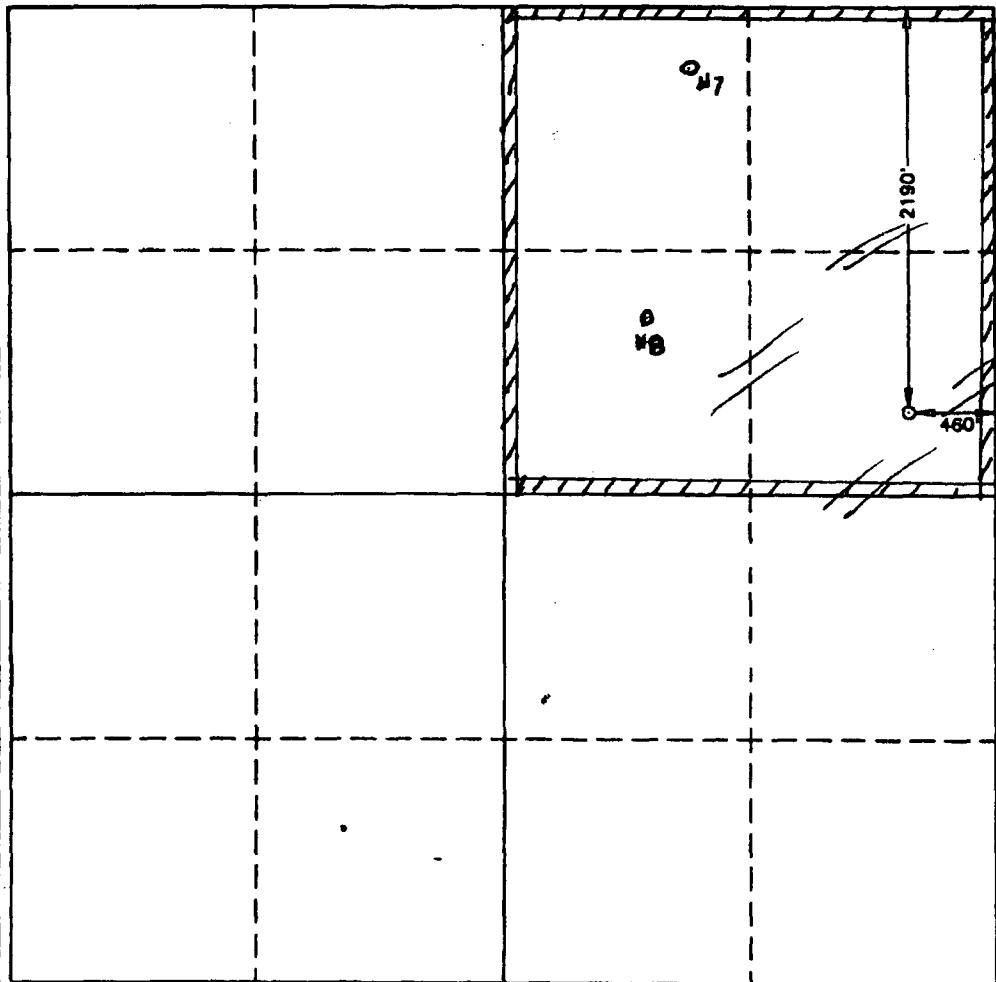

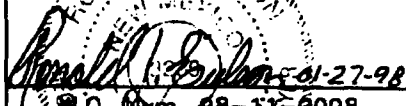
Surface Location

UL or Lot No. H	Section 16	Township 20 S	Range 37 E	Lot Idn	Feet from the 2190	North/South line NORTH	Feet from the 460	East/West line EAST	County LEA
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Bottom Hole Location if Different From Surface

UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40 - SE NE	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
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	OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature D. P. Nordt Printed Name Drilling Superintendent Title 1/30/98 Date
	SURVEYOR CERTIFICATION 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. JANUARY 26, 1998 Date Surveyed  Signature & Seal of Professional Surveyor RONALD E. EDSON P.O. Box 98-116098 Certification No. RONALD E. EDSON, 3239 CARRIE EDSON, 12641 RONALD E. EDSON, 12185



**Marathon
Oil Company**

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

November 16, 2005

New Mexico Oil Conservation Division
Attn: Mr. Will Jones
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

RE: Surface Commingle Hansen State Battery

Dear Mr. Jones,

This application is for surface commingling of multiple pools underlying Marathon Oil Company's Hansen State Lease. Please see attachments for details. A copy of this notice is being sent to Mr. Chris Williams at the New Mexico OCD District I office in Hobbs, and to Mr. Pete Martinez with the New Mexico State Lands Office in Santa Fe.

If you have any questions in regard to this application, please contact me at ph. 713-296-2096 or through email at cekendrix@marathonoil.com.

Thank You,

A handwritten signature in cursive script that reads "Charles E. Kendrix".

Charles E. Kendrix
Engineering Technician
Marathon Oil Company

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