

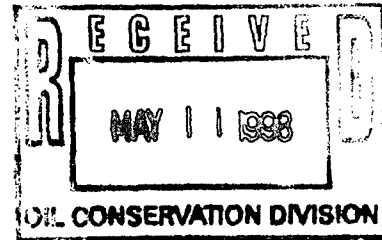


P.O. Box 2409
Hobbs, NM 88241-2409
Telephone 505/393-7106

1961

May 8, 1998

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



RE: **Request for Exception to Rule 303-A
Downhole Commingling
William Turner Well No. 4
Unit Letter J, 1980' FSL & 1980' FEL
Section 29, T-21-S, R-37-E
Blinebry Oil & Gas and Wantz Abo
Drinkard Field
Lea County, New Mexico**

Dear Mr. Catanach:

Marathon Oil Company requests administrative approval for an exception to Rule 303-A to permit the downhole commingling of production in the above subject well from the Blinebry Oil & Gas and Wantz Abo pools in Lea County, New Mexico. Marathon also request a 30 day exception to Rule 303-A to permit the downhole commingling of production while awaiting for approval of application. If application is not approved, then the well will be worked over to produce only the Blinebry Oil & Gas pool.

The Wantz Abo has marginal production. A recent workover isolated the Wantz Abo below a bridge plug. Next pay was added in the Blinebry Oil & Gas zones. Currently production is from the Blinebry Oil & Gas pool only. The RBP will be removed and the two pools will be downhole commingled. By downhole commingling the production from the two zones, production will be realized that could not economically justify the cost of equipment to separate the zones. Rod pumping equipment will be utilized to keep the PBHP as low as possible, preventing crossflow.

Enclosed is pertinent data supporting this application as outlined in Rule 303-A. If additional information is necessary, please contact me at (505) 393-7106, ext 201.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Thomas P. Kacir'.

Thomas P. Kacir
Production Engineer

TPK/dbc
Enclosure

REQUEST FOR EXCEPTION TO RULE 303-A

William Turner Well No. 4

Drinkard Field

A: Operator

Marathon Oil Company
P.O. Box 2409
Hobbs, New Mexico 88240-2409

B: Lease Name and Well Number

William Turner Well No. 4
Unit Letter J, 1980' FSL & 1980' FEL
Section 29, T-21-S, R-37-E
Lea County, New Mexico
Drinkard: Blinebry Oil & Gas, Wantz Abo Pools

C: Plats and Offset Operators

Attached

D: C-116's

Attached

E: Production Decline Curves

Attached

F: Estimated Bottomhole Pressures

	Current
Blinebry Oil & Gas	750 psi
Wantz Abo	500 psi

G: Product Characteristics

Previous commingling of these zones by Marathon and other operators in this area have shown that the produced fluids are compatible and commingling will not cause formation damage.

H: Value

Marathon receives the same price for product from these zones and value will not be adversely affected.

I: Production Allocation

<u>POOL</u>	<u>BOPD</u>	<u>MCFD</u>	<u>BWPD</u>	<u>Estimated Methods</u>
Blinebry Oil & Gas	34	218	19	Post Workover Production
Wantz Abo	<u>13</u>	<u>37</u>	<u>0</u>	Pre-Workover Production
Total	47	255	19	

<u>Allocated Percentages</u>	<u>Oil %</u>	<u>Gas %</u>	<u>Water %</u>
------------------------------	--------------	--------------	----------------

Post-workover utilizing above production

Blinebry Oil & Gas	72.3	85.5	100.0
Wantz Abo	<u>27.7</u>	<u>14.5</u>	<u>0.0</u>
Total	100	100	100

J: Ownership

Ownership of all zones is common and correlative rights will not be compromised.

K: Offset Operator Notification

By copy of this letter we are notifying all offset operators (see list, Item C) of the proposed commingling, by certified mail.

Marathon Oil

William Turner well No. 4

UL "J", Sec. 29

T-21-S, R-37-E

N/2, SE/4

Marathon Oil									
William Turner well No. 4									
UL "J", Sec. 29									
T-21-S, R-37-E									
N/2, SE/4									

OFFSETTING OPERATORS
William Turner Well No. 4
UL "J", 1980' FSL, 1980' FEL
Section 29, T-21-S, R-37-E
Lea County, New Mexico
Drinkard Field

American Exploration Company
1331 Lamar St., Ste. 900
Houston, Texas 77010

John H. Hendrix Corp.
P.O. Box 3040
Midland, Texas 79702-3040

Altura Energy Ltd.
P.O. Box 4294
Houston, Texas 77210-4294

Zia Energy Inc.
P.O. Box 2219
Hobbs, New Mexico 88241

Chevron USA Inc.
P.O. Box 1150
Midland, Texas 79702

Titan Resources L.P.
400 W. Texas Ave., Ste. 500
Midland, Texas 79701

Hawkins Oil and Gas Inc.
400 S. Boston Ave., Ste. 800
Tulsa, Oklahoma 74103-5052

Mid-Continent Region
Production United States



**Marathon
Oil Company**

P.O. Box 2409
Hobbs, NM 88241-2409
Telephone 505/393-7106

May 8, 1998

Altura Energy Ltd.
P.O. Box 4294
Houston, Texas 77210-4294

RE: **Request for Exception to Rule 303-A**
Downhole Commingling
William Turner Well No. 4
Unit Letter J, 1980' FSL & 1980' FEL
Section 29, T-21-S, R-37-E
Blinebry Oil & Gas, Wantz Abo
Drinkard Field
Lea County, New Mexico

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If you are in agreement and waive all objections to the downhole commingling, please sign below and mail the original to the NMOCD in the enclosed addressed envelope. Also, please return one copy to Marathon at the letterhead address.

Sincerely,

A handwritten signature in cursive script that reads 'Thomas P. Kacir'.

Thomas P. Kacir
Production Engineer

TPK/
Enclosure

Agreed and accepted this _____ day of _____ 1998

by _____, as representative of

Mid-Continent Region
Production United States



**Marathon
Oil Company**

P.O. Box 2409
Hobbs, NM 88241-2409
Telephone 505/393-7106

May 8, 1998

Chevron USA Inc.
P.O. Box 1150
Midland, Texas 79702

RE: Request for Exception to Rule 303-A
Downhole Commingling
William Turner Well No. 4
Unit Letter J, 1980' FSL & 1980' FEL
Section 29, T-21-S, R-37-E
Blinebry Oil & Gas, Wantz Abo
Drinkard Field
Lea County, New Mexico

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Sincerely,

Thomas P. Kacir
Production Engineer

TPK/
Enclosure

Agreed and accepted this _____ day of _____ 1998

by _____, as representative of

Mid-Continent Region
Production United States



**Marathon
Oil Company**

P.O. Box 2409
Hobbs, NM 88241-2409
Telephone 505/393-7106

May 8, 1998

Hawkins Oil and Gas Inc.
400 S. Boston Ave., Ste. 800
Tulsa, Oklahoma 74103-5052

**RE: Request for Exception to Rule 303-A
Downhole Commingling
William Turner Well No. 4
Unit Letter J, 1980' FSL & 1980' FEL
Section 29, T-21-S, R-37-E
Blinebry Oil & Gas, Wantz Abo
Drinkard Field
Lea County, New Mexico**

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Sincerely,

Thomas P. Kacir
Production Engineer

TPK/
Enclosure

Agreed and accepted this _____ day of _____ 1998

by _____, as representative of

Mid-Continent Region
Production United States



**Marathon
Oil Company**

P.O. Box 2409
Hobbs, NM 88241-2409
Telephone 505/393-7106

May 8, 1998

John H. Hendrix Corp
P.O. Box 3040
Midland, Texas 79702-3040

RE: **Request for Exception to Rule 303-A**
Downhole Commingling
William Turner Well No. 4
Unit Letter J, 1980' FSL & 1980' FEL
Section 29, T-21-S, R-37-E
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Sincerely,

Thomas P. Kacir
Thomas P. Kacir
Production Engineer

TPK/
Enclosure

Agreed and accepted this _____ day of _____ 1998

by _____, as representative of

Mid-Continent Region
Production United States



**Marathon
Oil Company**

P.O. Box 2409
Hobbs, NM 88241-2409
Telephone 505/393-7106

May 8, 1998

Titan Resources Incorporated
400 W. Texas Ste. 500
Midland, Texas 79701

RE: **Request for Exception to Rule 303-A**
 Downhole Commingling
 William Turner Well No. 4
 Unit Letter J, 1980' FSL & 1980' FEL
 Section 29, T-21-S, R-37-E
 Blinebry Oil & Gas, Wantz Abo
 Drinkard Field
 Lea County, New Mexico

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Thomas P. Kacir
Thomas P. Kacir
Production Engineer

TPK/
Enclosure

Agreed and accepted this _____ day of _____ 1998

by _____, as representative of

Mid-Continent Region
Production United States



**Marathon
Oil Company**

P.O. Box 2409
Hobbs, NM 88241-2409
Telephone 505/393-7106

May 8, 1998

American Exploration Company
1331 Lamar St., Ste. 900
Houston, Texas 77010

RE: **Request for Exception to Rule 303-A
Downhole Commingling
William Turner Well No. 4
Unit Letter J, 1980' FSL & 1980' FEL
Section 29, T-21-S, R-37-E
Blinbry Oil & Gas, Wantz Abo
Drinkard Field
Lea County, New Mexico**

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Sincerely,

Thomas P. Kacir
Thomas P. Kacir
Production Engineer

TPK/
Enclosure

Agreed and accepted this _____ day of _____ 1998

by _____, as representative of

Mid-Continent Region
Production United States



P.O. Box 2409
Hobbs, NM 88241-2409
Telephone 505/393-7106

May 8, 1998

Zia Energy Inc.
P.O. Box 2219
Hobbs, New Mexico 88241

RE: **Request for Exception to Rule 303-A**
Downhole Commingling
William Turner Well No. 4
Unit Letter J, 1980' FSL & 1980' FEL
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Blinbry Oil & Gas, Wantz Abo
Drinkard Field
Lea County, New Mexico

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Sincerely,

Thomas P. Kacir
Production Engineer

A handwritten signature in cursive script that reads 'Thomas P. Kacir'.

TPK/
Enclosure

Agreed and accepted this _____ day of _____ 1998

by _____, as representative of

Submit 2 copies to Appropriate
District Office.
DISTRICT I
P.O. Box 1980, Hobbs, NM 88240
DISTRICT II
811 S. 1st Street, Artesia, NM 88210-2834
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department
OIL CONSERVATION DIVISION
2040 Pacheco St.
Santa Fe, NM 87505

Form C-116
Revised 1/1/89

GAS - OIL RATIO TEST

Operator Marathon Oil Company		Pool Blaine 011 & Gas (011)		County Lea									
Address P.O. Box 2409 Hobbs, NM 88240		TYPE OF TEST - (X) <input type="checkbox"/> Scheduled <input type="checkbox"/> Completion		Special <input checked="" type="checkbox"/> X									
LEASE NAME William Turner	WELL NO. 4	LOCATION			DATE OF TEST 5/04/98	CHOKE SIZE P	TBG. PRESS. TP-250 CP-30	DAILY ALLOW-ABLE M	LENGTH OF TEST HOURS 24	PROD. DURING TEST			GAS-OIL RATIO CU.FT/BBL 6412
		U J	S 29	T 21						R 37	WATER BBL'S. 19	GRAV. OIL 34	
For Information Only													

Instructions:

During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order that well can be assigned increased allowables when authorized by the Division.

Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60°F. Specific gravity base will be 0.60.

Report casing pressure in lieu of tubing pressure for any well producing through casing.

I hereby certify that the above information is true and complete to the best of my knowledge and belief.

Thomas P. Kacir
Signature

Thomas P. Kacir Production Engineer

Printed name and title

5-08-98

Date

505-393-7106

Telephone No.

(See Rule 301, Rule 1116 & appropriate pool rules.)

Submit 2 copies to Appropriate
District Office.
DISTRICT I
P.O. Box 1980, Hobbs, NM 88240
DISTRICT II
811 S. 1st Street, Artesia, NM 88210-2834
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department
OIL CONSERVATION DIVISION
2040 Pacheco St.
Santa Fe, NM 87505

Form C-116
Revised 1/1/89

GAS - OIL RATIO TEST

Operator Marathon Oil Company		Pool Wantz Abo		County Lea								
Address P.O. Box 2409 Hobbs, NM 88240		TYPE OF TEST - (X) <input type="checkbox"/> Scheduled <input type="checkbox"/> Completion		Special <input checked="" type="checkbox"/> X								
LEASE NAME William Turner Abo is currently SI below RBP	WELL NO. 4	LOCATION			DATE OF TEST 3/04/98	CHOKE SIZE TP-150 CP- 45	DAILY ALLOW- ABLE	LENGTH OF TEST HOURS 24	PROD. DURING TEST			GAS-OIL RATIO CU.FT/BBL 2846
		U	S	T					R	WATER BBLs.	GRAV. OIL	
		J	29	21	37				0	13	37	
For Information Only												

Instructions:

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Thomas P. Kacir
Signature

Thomas P. Kacir Production Engineer

Printed name and title

5-08-98

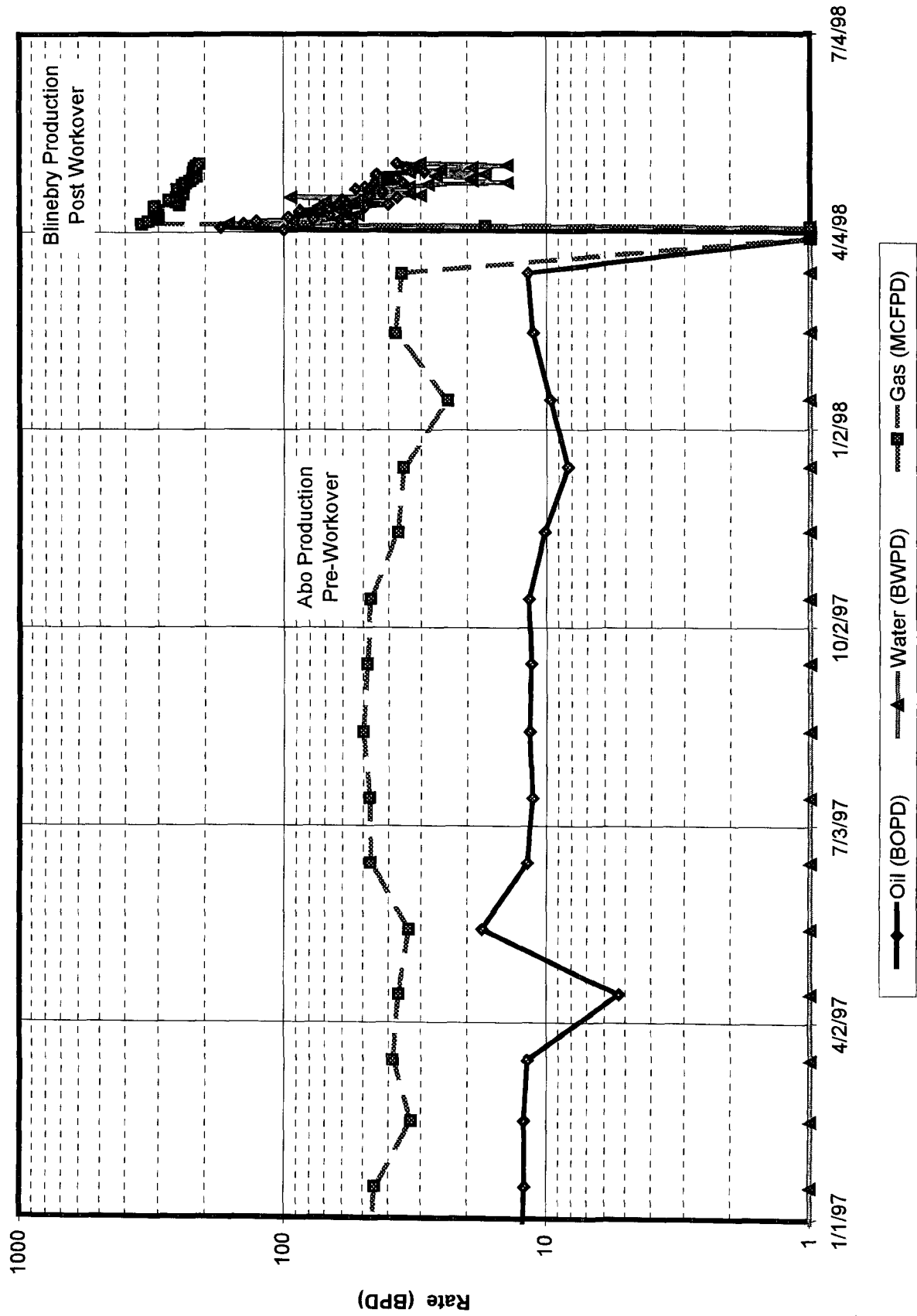
Date

505-393-7106

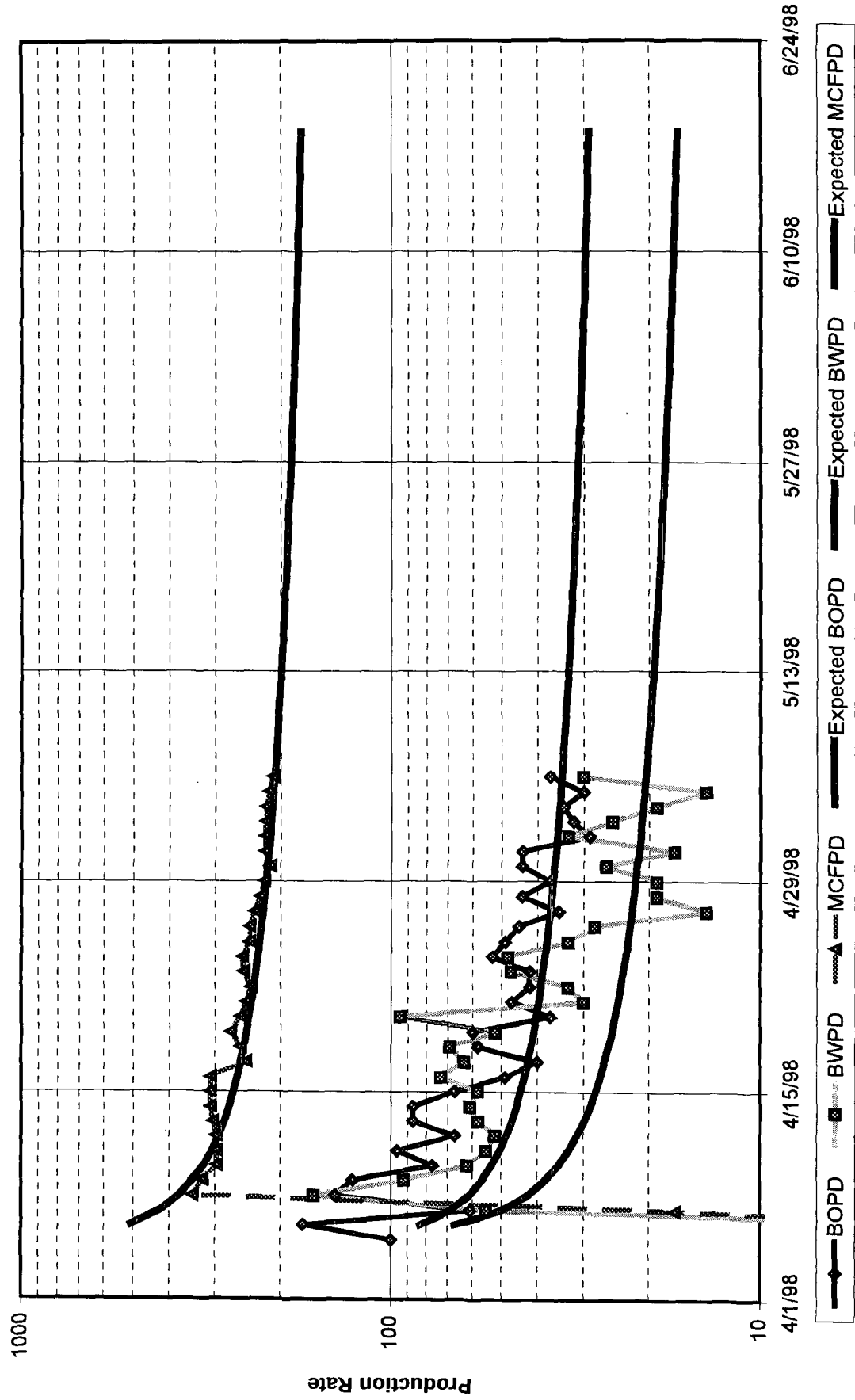
Telephone No.

(See Rule 301, Rule 1116 & appropriate pool rules.)

William Turner Well No. 4



William Turner Well No. 4 Blinebry Production



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

State of New Mexico
Energy, Minerals & Natural Resources Department

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 30-025-27261	² Pool Code 6660	³ Pool Name Blinebry Oil & Gas (Oil)
⁴ Property Code 6478	⁵ Property Name William Turner	⁶ Well Number 4
⁷ OGRID No. 014021	⁸ Operator Name Marathon Oil Company	⁹ Elevation 3487 KB, 3474 GL

¹⁰ Surface Location									
UL or lot no. J	Section 29	Township 21-S	Range 37-E	Lot. Idn	Feet from the 1980'	North/South Line South	Feet from the 1980'	East/West line East	County 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 40		¹³ Joint or Infill		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. Thomas P. Kacir Signature Thomas P. Kacir Printed Name Production Engineer Title 3/20/98 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	

RECEIVED
MAR 27 1998
NORTHWEST OPERATIONS

All distances must be from the outer boundaries of the Section.

Operator Marathon Oil Company			Lease William Turner			Well No. 4		
Unit Letter J	Section 29	Township 21S	Range 37E	County Lea				
Actual Footage Location of Wells:								
1980 feet from the South line and		1980 feet from the East line						
Ground Level Elev. 3474	Producing Formation Wantz-Abo		Pool Wantz Abo		Dedicated Acreage: 40 Acres			

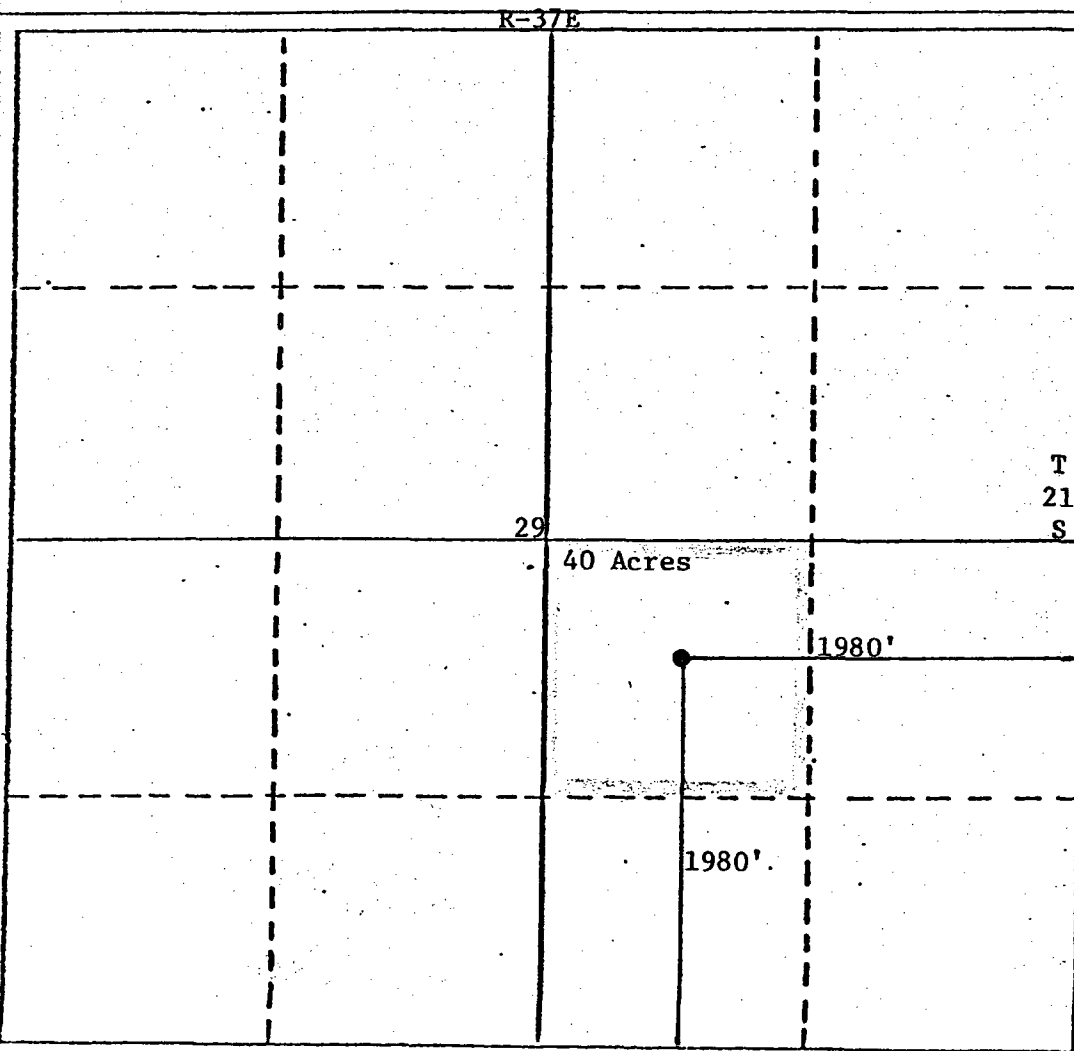
1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.

RECEIVED
SEP 11 1982
MARATHON OIL CO.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name *Thomas F. Zaparka*

Position **Thomas F. Zaparka**

Production Engineer

Company

Marathon Oil Company

Date

September 8, 1982

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 knowledge and belief.

1-30-81

Date Surveyed

John W. West

Registered Professional Engineer and/or Land Surveyor

676

Certificate No.

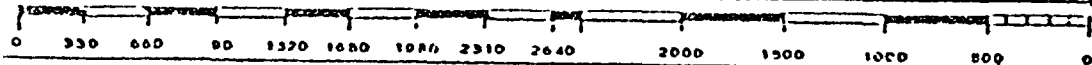


EXHIBIT "B" - CASE NO. 11353, ORDER NO. R-10470-A

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
811 South First St., Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-8429

Form C-107-A
New 3-12-96

APPROVAL PROCESS:

Administrative Hearing

EXISTING WELLBORE

YES NO

APPLICATION FOR DOWNHOLE COMMINGLING

Marathon Oil Company PO Box 2409 Hobbs, NM 88240

William Turner 4 UI, J. Sec 29 T-21-S. R-37-E Lea

OGRID NO. 014021 Property Code 6478 API NO. 30-025-27261 Federal State (and/or) Fee X

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zones	Lower Zone
1. Pool Name and Pool Code	Blinebry Oil & Gas 6660	N/A	Wantz Abo 62700
2. Top and Bottom of Pay Section (Perforations)	5726-5762'	N/A	6797-7165'
3. Type of production (Oil or Gas)	Oil	N/A	Oil
4. Method of Production (Flowing or Artificial Lift)	Artificial Lift	N/A	Artificial Lift
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: Estimated Current All Gas Zones: Measured Current Estimated Or Measured Original	a. (Current) 750	a. N/A	a. 500
	b. (Original) N/A	b. N/A	b. N/A
6. Oil Gravity (°API) or Gas BTU Content	37°	N/A	39°
7. Producing or Shut-In?	Producing	N/A	Shut-In
Production Marginal? (yes or no) • If Shut-In, give date and oil/gas/water rates of last production Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data • If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Yes	N/A	Yes
	Date: N/A Rates:	Date: N/A Rates:	Date: 3/4/98 Rates: 13/37/0
	Date: 5/4/98 Rates: 34/218/19	Date: N/A Rates:	Date: N/A Rates:
8. Fixed Percentage Allocation Formula - % for each zone	Oil: 72.3 % Gas: 85.5 %	Oil: % Gas: %	Oil: 27.7 % Gas: 14.5 %

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.
10. Are all working, overriding, and royalty interests identical in all commingled zones? ☒ Yes ☐ No
If not, have all working, overriding, and royalty interests been notified by certified mail? ☒ Yes ☐ No
Have all offset operators been given written notice of the proposed downhole commingling? ☒ Yes ☐ No
11. Will cross-flow occur? ☐ Yes ☒ No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. ☐ Yes ☐ No (If No, attach explanation)
12. Are all produced fluids from all commingled zones compatible with each other? ☒ Yes ☐ No
13. Will the value of production be decreased by commingling? ☐ Yes ☒ No (If Yes, attach explanation)
14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. ☐ Yes ☐ No
15. NMOCD Reference Cases for Rule 303(C) Exceptions: ORDER NO(S).
16. ATTACHMENTS:
- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
 - Production curve for each zone for at least one year. (If not available, attach explanation.)
 - For zones with no production history, estimated production rates and supporting data.
 - Data to support allocation method or formula.
 - Notification list of all offset operators.
 - Notification list of working, overriding, and royalty interests for uncommon interest cases.
 - Any additional statements, data, or documents required to support commingling.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Thomas P. Kacir TITLE Production Eng. DATE 5/8/98

TYPE OR PRINT NAME Thomas P. Kacir TELEPHONE NO. (505) 393-7106



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

5/13/98

GOVERNOR

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

RE: Proposed:

MC	_____
DHC	_____X_____
NSL	_____
NSP	_____
SWD	_____
WFX	_____
PMX	_____

Gentlemen:

I have examined the application for the:

Marathon Oil Co William Turner #4-J-29-215-370
Operator Lease & Well No. Unit S-T-R

and my recommendations are as follows:

Recommend Approval

Yours very truly,

Chris Williams
Supervisor, District 1

/ed

Mid-Continent Region
Production United States

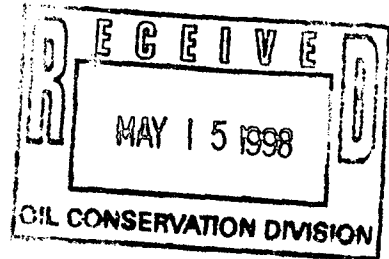


**Marathon
Oil Company**

P.O. Box 2409
Hobbs, NM 88241-2409
Telephone 505/393-7106

May 8, 1998

Zia Energy Inc.
P.O. Box 2219
Hobbs, New Mexico 88241



RE: **Request for Exception to Rule 303-A
Downhole Commingling
William Turner Well No. 4
Unit Letter J, 1980' FSL & 1980' FEL
Section 29, T-21-S, R-37-E
Blinebry Oil & Gas, Wantz Abo
Drinkard Field
Lea County, New Mexico**

Ladies and/or Gentlemen:

Marathon Oil Company has filed an application with the New Mexico Oil Conservation division to downhole commingling production permit in the above referenced well. Please find enclosed a copy of the application as outlined in Rule 303-A.

If you are in agreement and waive all objections to the downhole commingling, please sign below and mail the original to the NMOCD in the enclosed addressed envelope. Also, please return one copy to Marathon at the letterhead address.

Sincerely,

Thomas P. Kacir
Production Engineer

A handwritten signature in cursive script that reads 'Thomas P. Kacir'.

TPK/
Enclosure

Agreed and accepted this 12th day of May 1998
by Scott Nelson, as representative of
Zia Energy, Inc.