

DATE IN <u>22 Feb 07</u>	SUSPENSE	ENGINEER <u>W. Jones</u>	LOGGED IN <u>28 Feb 07</u>	TYPE <u>DHC</u>	APP NO. <u>PLC 2005 306 19</u>
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ABOVE THIS LINE FOR DIVISION USE ONLY

3859
 PWS 0707162278

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 _____
- [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. Kendrick Charles E. Kendrick Regulatory Compliance 02/09/07
 Print or Type Name Signature Title Date

cekendrix@marathonoil.com
 e-mail Address

RECEIVED

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-107A

Revised June 10, 2003

District I

1625 N. French Drive, Hobbs, NM 88240

District II

1301 W. Grand Avenue, Artesia, NM 88210

District III

1000 Rio Brazos Road, Aztec, NM 87410

District IV

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

FEB 22 2007

Oil Conservation Division1220 South St. Francis Drive
Santa Fe, New Mexico 87505
1000 S. St. Francis Drive
Santa Fe, NM 87505**APPLICATION TYPE** Single Well
 Establish Pre-Approved Pools
EXISTING WELLBORE
 Yes No**APPLICATION FOR DOWNHOLE COMMINGLING**Operator Marathon Oil Company P.O. Box 3487 Address Houston, Tx 77253-3487Lease William Turner Well No. 7 Unit Letter-Section-Township-Range I - 29 - 215 - 37E County LeaOGRID No. 14021 Property Code 004778 API No. 30-025-37072 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Penrose Skelly GB		Eunice San Andres
Pool Code	50350		24150
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3685' - 3822'		3926' - 4085'
Method of Production (Flowing or Artificial Lift)	Pumping		Pumping
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	—		—
Oil Gravity or Gas BTU (Degree API or Gas BTU)	36.8		37.4
Producing, Shut-In or New Zone	Producing		Shut In
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.)	Date: 02/07/07 Rates: oil Gas water 14.5 31 166	Date: Rates:	Date: 8/18/06 Rates: oil Gas water 6.5 149 856
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas 73 % 56 %	Oil Gas % %	Oil Gas 27 % 44 %

ADDITIONAL DATAAre all working, royalty and overriding royalty interests identical in all commingled zones? Yes No
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? N/A Yes No Are all produced fluids from all commingled zones compatible with each other? Yes No Will commingling decrease the value of production? Yes No If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? N/A Yes No

NMOCD Reference Case No. applicable to this well: _____

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 working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE Charles E. Kendrick TITLE Reg. Compliance Rep. DATE 2/09/07TYPE OR PRINT NAME Charles E. Kendrick TELEPHONE NO. (713) 296-2096E-MAIL ADDRESS cekendrix@marathonoil.com

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

Form C-102
Revised June 10, 2003

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

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-37072		² Pool Code 24150		³ Pool Name Eunice San Andres	
⁴ Property Code 006478		⁵ Property Name William Turner			⁶ Well Number 7
⁷ OGRID No. 14021		⁸ Operator Name Marathon Oil Company			⁹ Elevation 3467'

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
I	29	21-S	37-E		2310'	South	990'	East	Lea

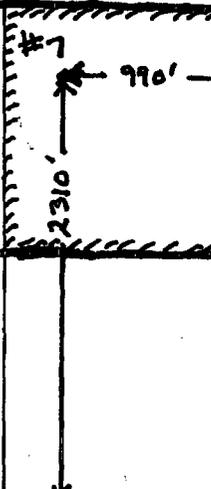
¹¹ Bottom Hole Location If Different From Surface

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 40	¹³ Joint or Infill	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>17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Charles E. Kendrick</i> Signature</p> <p>Charles E. Kendrick Printed Name</p> <p>Engineering Technician Title</p> <p>cekendrix@marathonoil.com Title and E-mail Address</p> <p>10/04/2005 Date</p>
					<p>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.</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p>
					Certificate Number



DISTRICT I
1625 N. FRENCH DR., HERBES, NM 86240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 86210

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

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised JUNE 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
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WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30.025-37072	Pool Code 50350	Pool Name PENEROSE Skelly Grayburg
Property Code 006478	Property Name WILLIAM TURNER	Well Number 7
OGRID No. 014021	Operator Name MARATHON OIL COMPANY	Elevation 3467'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	29	21-S	37-E		2310	SOUTH	990	EAST	LEA

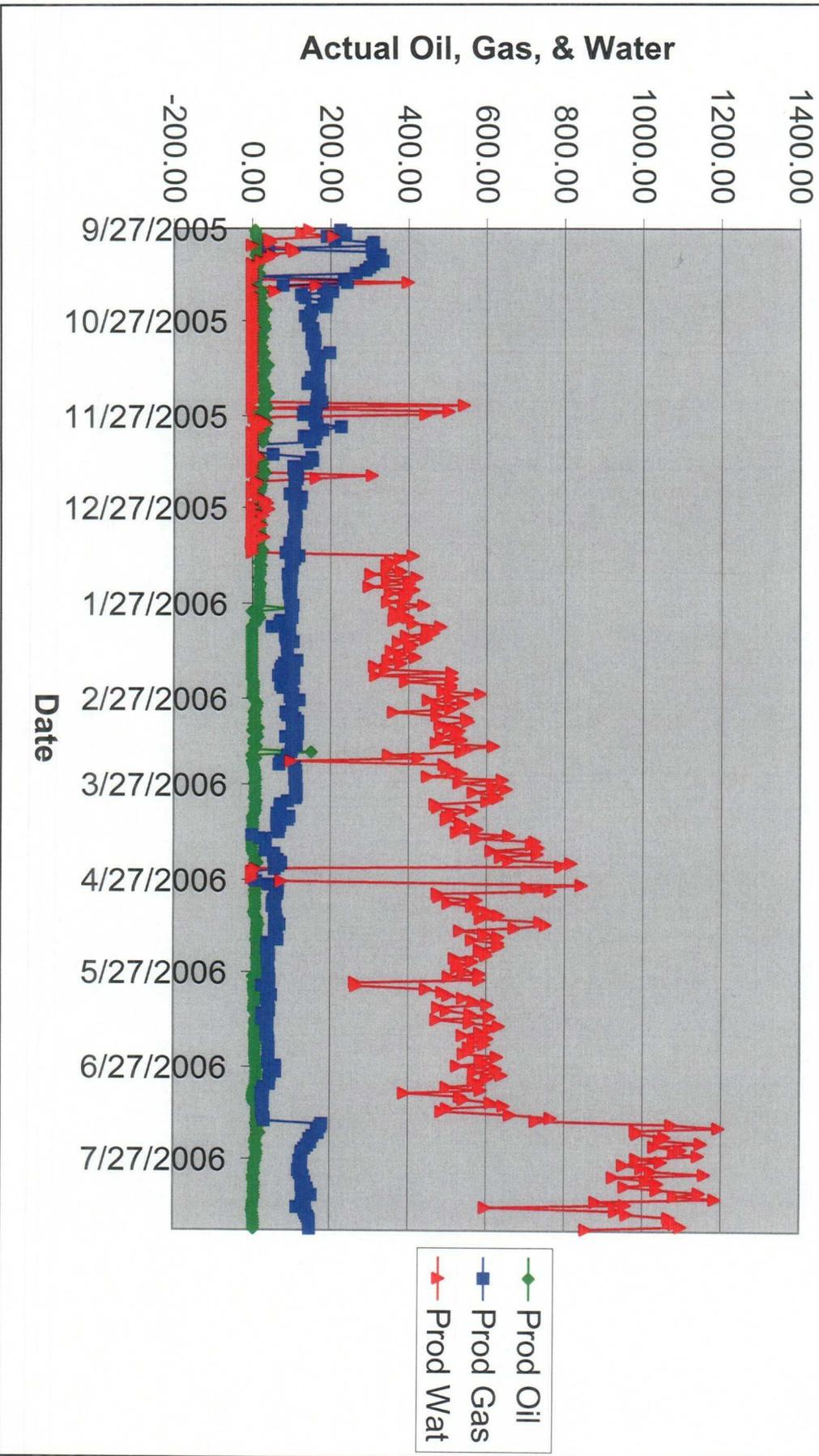
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County				
<table border="1"> <tr> <td>Dedicated Acres 40 Acres</td> <td>Joint or Infill</td> <td>Consolidation Code</td> <td>Order No.</td> </tr> </table>										Dedicated Acres 40 Acres	Joint or Infill	Consolidation Code	Order No.
Dedicated Acres 40 Acres	Joint or Infill	Consolidation Code	Order No.										

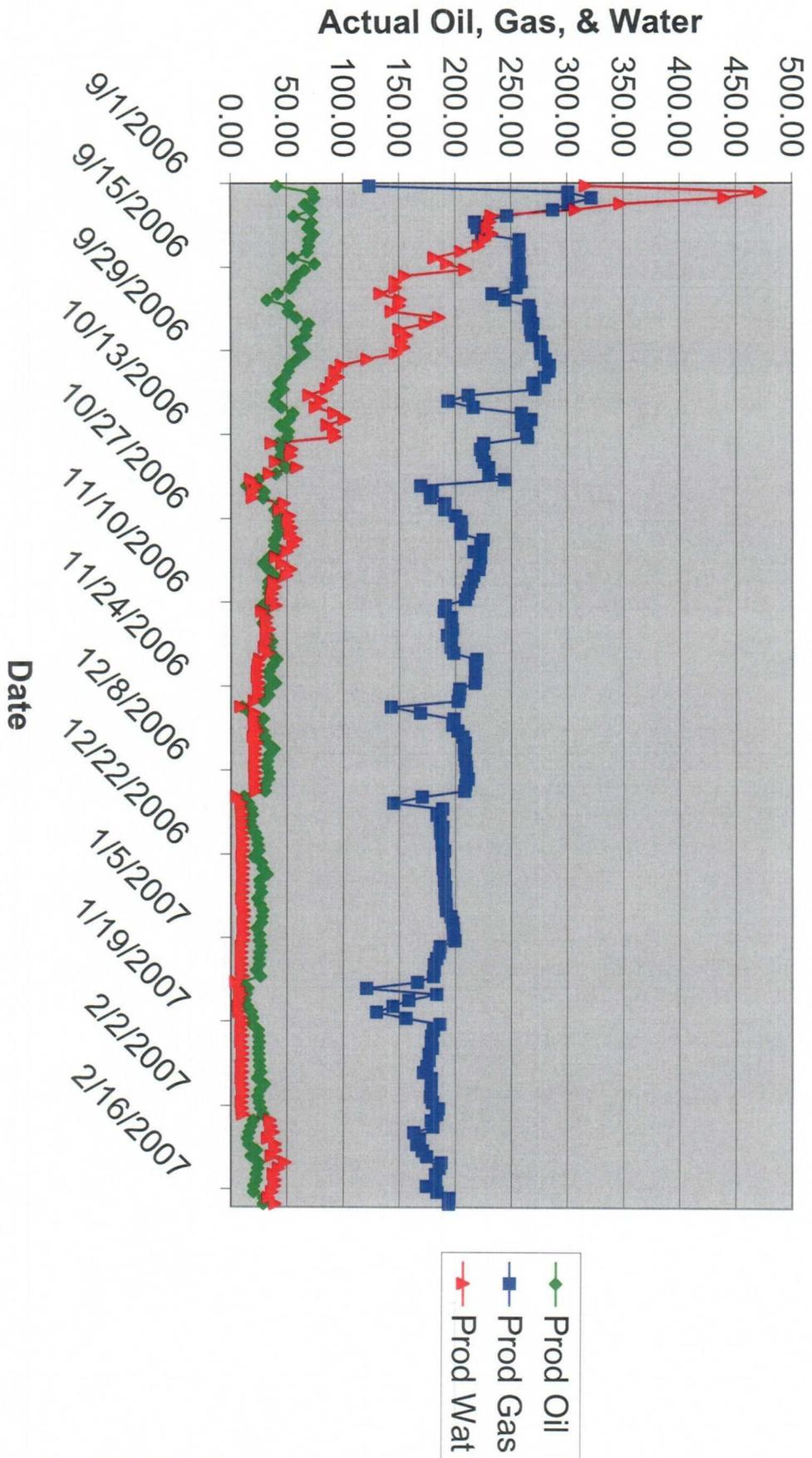
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=528932.1 N X=856009.2 E</p> <p>LAT.=32°26'55.89" N LONG.=103°10'45.38" W</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><u>m7mick</u> Signature</p> <p><u>Mike Mick</u> Printed Name</p> <p><u>Adv. Sr. Eng. Tech</u> Title</p> <p><u>1-26-05</u> Date</p> <hr/> <p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>OCTOBER 12, 2004 Date Surveyed</p> <p><u>JR</u> Signature & Seal of Professional Surveyor</p> <p><u>Gary E. Edson 11/17/04</u> 04.11.1341</p> <p>Certificate No. <u>GARY EDSON</u> 12641</p>
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William Turner No 7 San Andres Production (09/28/05 to 08/18/06)



William Turner No 7 Grayburg Production (09/01/06 to 02/18/07)



**William Turner No. 7
Downhole Commingle
San Andres and Grayburg Formations**

The production graph for the San Andres completion is slightly less than one year due to the fact that the well was not produced a complete year in the San Andres before moving to the Grayburg formation. The production curve for the Grayburg goes back to its production start date of 09/01/2006 to present. The request to combine the completions in a downhole commingle wellbore is attempt to make the well more economically viable to produce.

The allocation percentages for the downhole commingled well bore were calculated by using average daily production for the last thirty days of production for each pool as follows:

	Oil	Gas	Water
San Andres	7.85	136.70	1019.56
Grayburg	<u>20.70</u>	<u>174.67</u>	<u>13.98</u>
Totals	28.55	311.37	1033.54

Percentages	Oil	Gas	Water
San Andres	$7.85 / 28.55 = .2749$ (27%)	$136.70 / 311.37 = .4390$ (44%)	$1019.56 / 1033.54 = .9864$ (99%)
Grayburg	$20.70 / 28.55 = .7250$ (73%)	$174.67 / 311.37 = .5609$ (56%)	$13.98 / 1033.54 = .0135$ (1%)