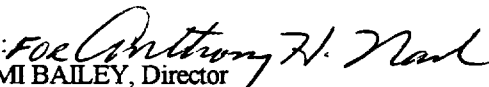


Marathon Oil Company
July 23, 1998
Page 2

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

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 
JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/JB/cpm

Enclosure

pc: Reader File

OCD--Mr. David Catanach, Mr. Ben Stone

BLM



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

**COMMINGLING ORDER PLC-124
(3rd Amendment)**

Marathon Oil Company
P.O. Box 552
Midland, Texas 79702-0559

Attention: Ms. Ginny Larke

The above named company is hereby authorized to commingle Indian Basin Upper Penn (Associated-33685) and South Dagger Draw Upper Penn (Associated-15475) Pool production from the following leases:

Lease: North Indian Basin Unit (Including Com # NM-SW 242)
Federal Leases No. NM-0487-B, NM-05608, NM-05551,
NM-05551-B and NM-SW242, and State Leases No. E-7906 and E-10170
Description: Section 2, S/2 Section 3, Section 10 and Section 11,

Lease: Comanche Federal Lease (Including Com # NM-SW 242)
Federal Leases No. NM-04827-B, NM-34623, NM-0384623
Description: N/2 of Section 3,

Lease: Bone Flats Federal 12 Lease
Federal Leases No. NM-05608, NM-81677 and NM-05551-A
Description: Section 12,

Lease: MOC Federal Lease
Federal Lease No. NM-04827-B
Description: Section 1,

all in Township 21 South, Range 23 East; and

Lease: Stinking Draw Lease
State Leases No. K-1877 and E-10169-1
Description: Section 36, Twp 20 ½-S, Rge 23-E,

Lease: Indian Hills State Com Lease
State Lease No. E-10083
Description: Section 36, Twp 20-S, Rge 24-E,

All in Eddy County, New Mexico.

Production shall be allocated to each lease by separately metering the production from each lease prior to commingling.

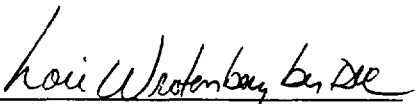
NOTE: This installation shall be installed and operated in accordance with the applicable provisions of Rule 309-B of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities." It is the responsibility of the producer to notify the transporter of this commingling authority.

REMARKS: The commingled production shall be stored in the 'MOC Central' tank battery facility located in Unit Letter D of Section 1, Township 21 South, Range 23 East.

FURTHER: The operator shall notify the supervisor of the Artesia district office prior to implementation of the commingling process.

PROVIDING: Validation of this authority shall be accomplished by like approval from the New Mexico Commissioner of Public Lands and the U.S. Bureau of Land Management.

DONE at Santa Fe, New Mexico, on this 30th day of November, 1999.



LORI WROTENBERY,
Division Director

LW/MWA/kv

cc: Oil Conservation Division - Artesia
State Land Office - Oil & Gas Division
U.S. Bureau of Land Management - Carlsbad