

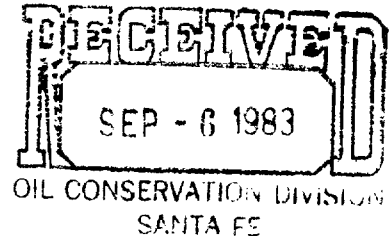
Houston Division
Production Operations, United States



P.O. Box 2409
Hobbs, New Mexico 88240
Telephone 505/393-7106

September 2, 1983

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501



Re: Surface Commingling - Rule 303A
McDonald State A/C 2 Lease
Lea County, New Mexico

Dear Sir;

Marathon Oil Company requests administrative approval to commingle the production from wells #13 and #14 with that of well #26. The attached plat shows the present arrangement. Wells #13 and #14 are producing from the Grayburg formation. Well #26 was a shut-in Eumont gas well. On July 26, 1983 Marathon reactivated the Upper Penrose perforations (3186 - 3440). This well is presently producing from these sets of perforations. On August 1, 1983 production was 29 BOPD, 50 BWPD, and 37MCFD.

Production from wells #13 and #14 averages 4 BOPD and 75 BWPD each for a combined total of 8 BOPD and 150 BWPD. The oil gravity of this Grayburg is 35.6° API, gravity of the Eumont has been measured at 35.4° API. Therefore the gravity of the commingled liquid will not change from the present gravity. Production will be allocated according to the monthly well tests.

If you have any further questions please contact this office.

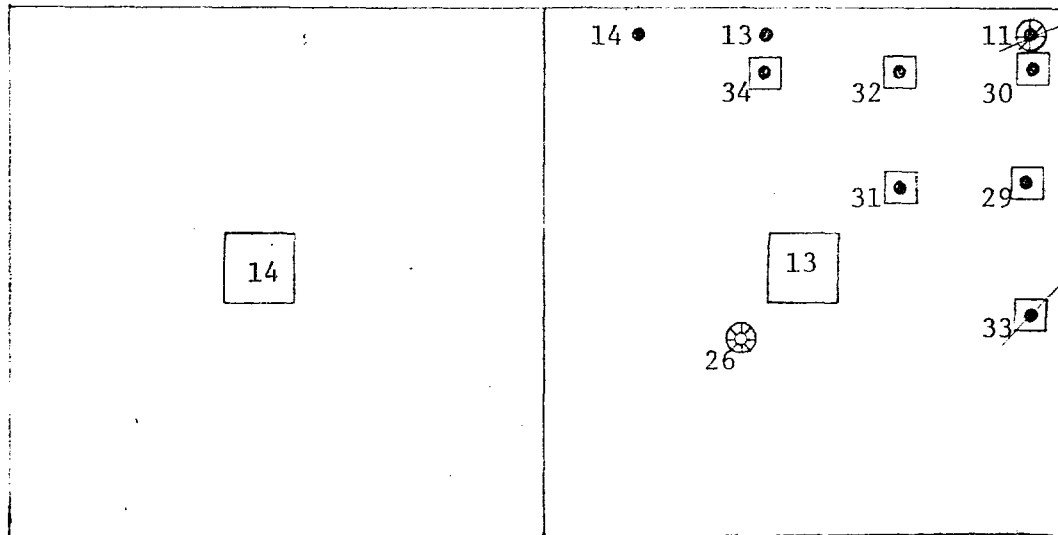
Sincerely,

A handwritten signature in ink, appearing to read 'Thomas F. Zapatka'.

Thomas F. Zapatka
Production Engineer

cc: C. C. Saathoff
N. R. Daniels
W. D. Holmes

Marathon Oil Company
State McDonald A/C "2"
Arrowhead Field
1600 Acres

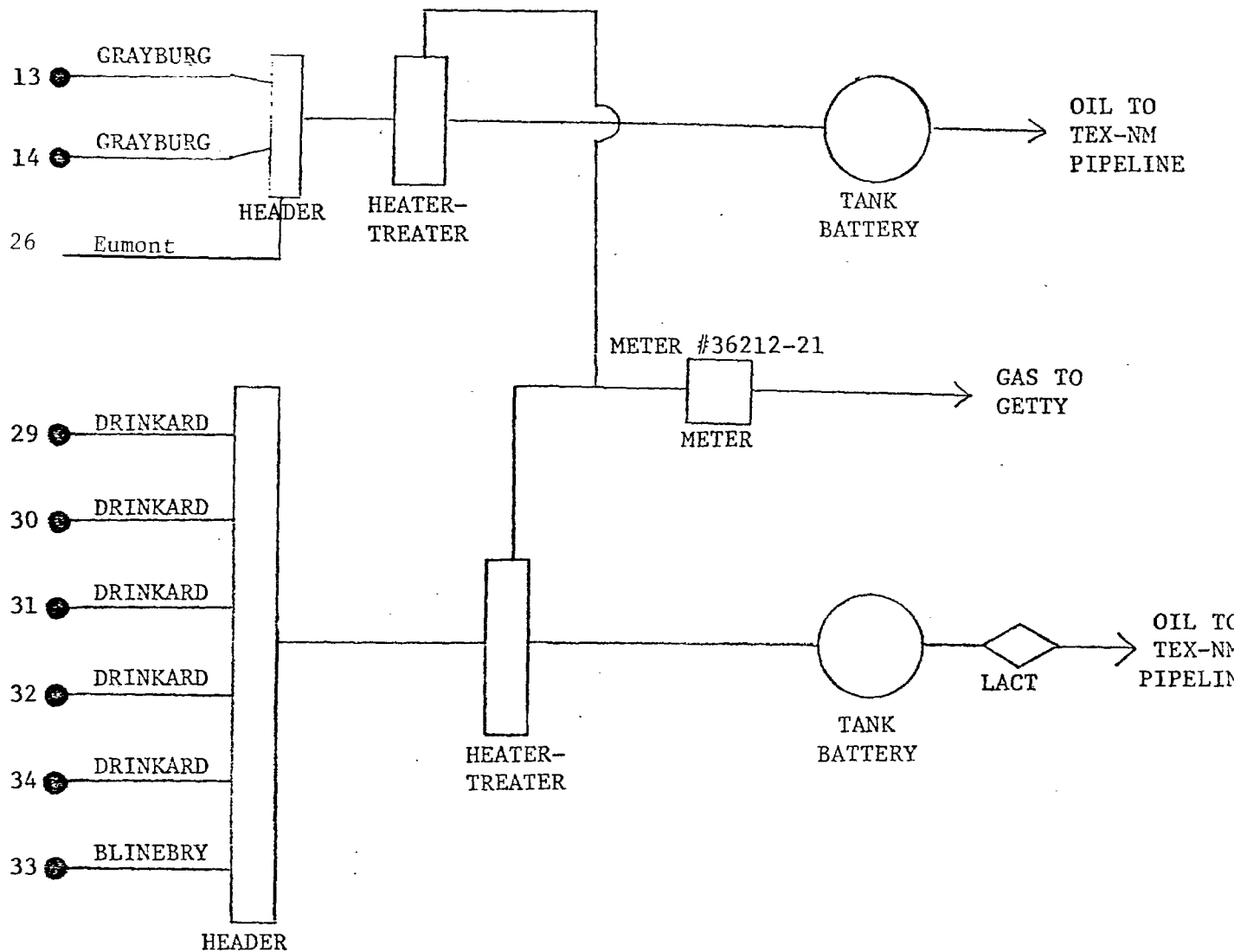


- Grayburg (Arrowhead) Oil Well
- Drinkard Oil
- ⊗ Grayburg Oil - Eumont Gas Dual
- ⊗ Eumont Gas Well

Note: Arco owns and operates the Jalmat gas wells on section 14 & 24.
Well Nos. 15, 16, 18, 19, 20, 23, 24 are plugged and abandoned.
Well Nos. 11, 17, 22, and 27 are temporarily abandoned.

Scale 1" = 2000'

ARROWHEAD FIELD
GRAYBURG, BLINEBRY, DRINKARD POOLS
McDONALD STATE A/C 2 LEASE



OIL AND GAS CALCULATED BY COMPUTER/WELL TEST
 WELLS 13, 14 SPUDDED PRIOR TO 1-1-72
 WELL NO. 29 SPUDDED ON 3-24-78
 WELL NO. 30 SPUDDED ON 6-5-78
 WELL NO. 31 SPUDDED ON 6-29-78
 WELL NO. 32 SPUDDED ON 7-15-78
 WELL NO. 33 SPUDDED ON 7-30-78
 WELL NO. 34 SPUDDED ON 1-1-81