

DHC 4/24/00

Mid-Continent Region
Production United States



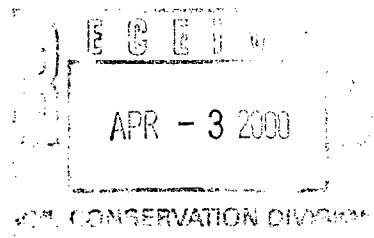
**Marathon
Oil Company**

P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

2716

March 31, 2000

Mr. David Catanach
Oil Conservation Department
2040 South Pacheco
Santa Fe, New Mexico 87501



RE: **Request for Exception to Rule 303-A
Downhole Commingling
Jicarilla Apache No. 10
1100' FNL & 1550' FEL
Unit Letter "B", Section 27, Township 26-N, Range 5-W
South Blanco Pictured Cliffs, Basin Dakota & Tapacito Gallup
Jicarilla Field
Rio Arriba 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 South Blanco Pictured Cliffs, Basin Dakota & the Tapacito Gallup pools in Rio Arriba County, New Mexico. Marathon also requests a 30 day exception to Rule 303-A to permit the downhole commingling of production while awaiting for approval of this application. If this application is not approved, then the well will remain as a dual producer from the South Blanco Pictured Cliffs and and Basin Dakota pools.

All three pools represent marginal production. The well was drilled and completed as a dual producer in the Basin Dakota and Cliffhouse (Mesa Verde) pools in late 1966. In early 1975, the Cliffhouse was re-perforated, stimulated and cement squeezed due to lack of productivity. One month later, the well was perforated in the South Blanco Pictured Cliffs and downhole commingled with the Basin Dakota. Plans are to perforate the Tapacito Gallup and downhole commingle all three pools.

By downhole commingling the production from these three 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. Producing the well in this manner will allow complete development of the productive capacity of the well, prevent crossflow and extend the economic life of both completions, thereby preventing waste.

Enclosed is pertinent data to support this application as outlined in Rule 303-A. If additional information is necessary, please contact me at (915) 687-8255.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tim L. Chase'.

Tim L. Chase
Advanced Engineer Technician

REQUEST FOR EXCEPTION TO RULE 303-A
Jicarilla Apache No. 10, Jicarilla Field

A: Operator

Marathon Oil Company
P.O. Box 552, Midland, Texas 79702-0552

B: Lease Name and Well Number

Jicarilla Apache No. 10
1100' FNL & 1550' FEL, Unit Letter "B", Section 27, Township 26-N, Range 5-W
Jicarilla Field, Rio Arriba County, New Mexico
South Blanco Pictured Cliffs, Basin Dakota & Tapacito Gallup

C: Plats and Offset Operators

Plat attached.

D: C-116's

Attached.

E: Production Decline Curves

Attached

F: Estimated Current Bottomhole Pressures (PSI)

South Blanco Pictured Cliffs = 300, Tapacito Gallup = 325, Basin Dakota = 350

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, so value won't be adversely affected

I: Production Allocation

<u>POOL</u>	<u>BOPD</u>	<u>MCFPD</u>	<u>BWPD</u>	<u>Estimation Methods</u>
South Blanco PC	0	44	0	Current Production
Tapacito Gallup	0	100	9	Estimated Production
Basin Dakota	0	75	0	Current Production
Total	0	219	9	

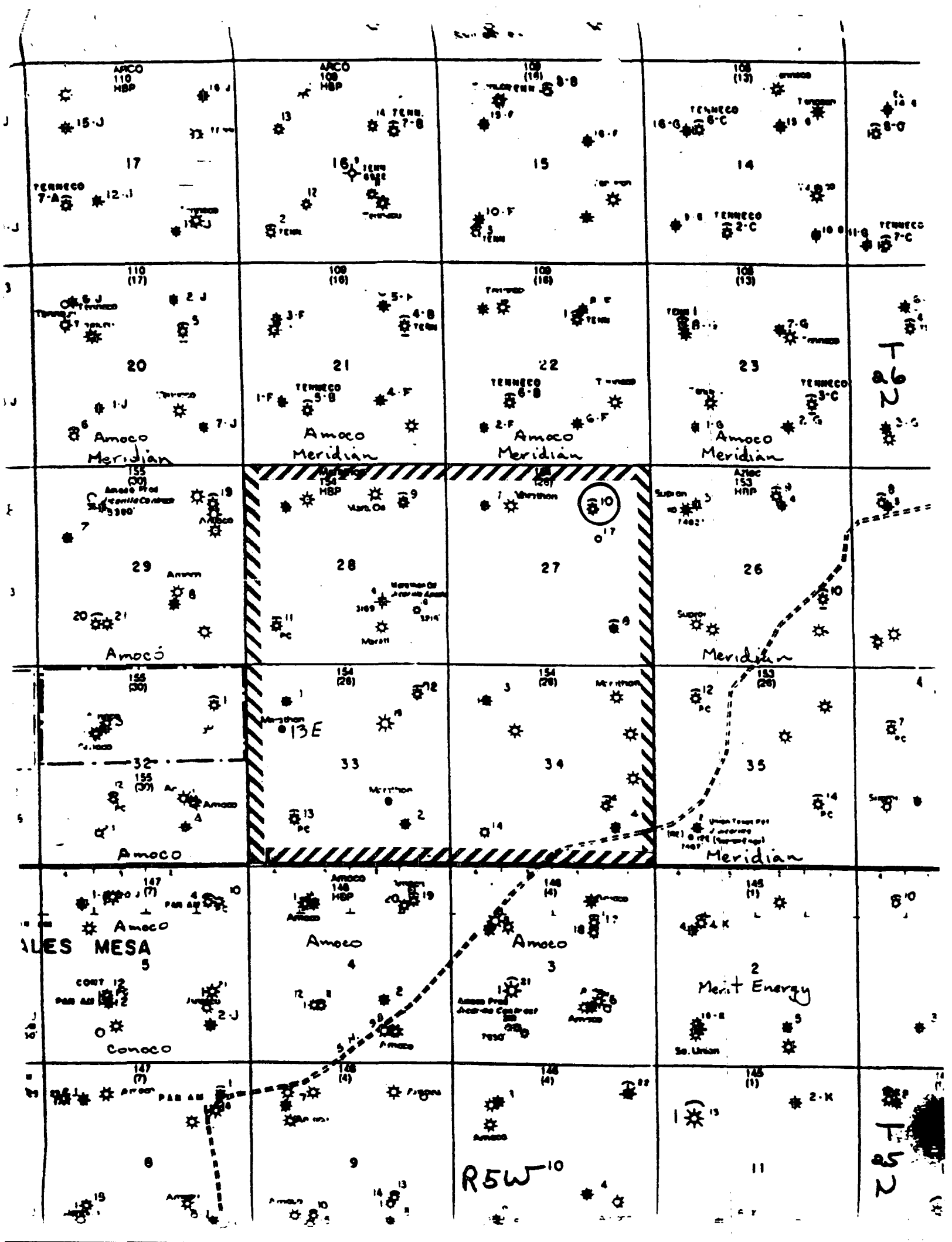
<u>Allocated %</u>	<u>Oil %</u>	<u>Gas %</u>	<u>Water %</u>
South Blanco PC	0.00	20.09	0.00
Tapacito Gallup	0.00	45.66	100.00
Basin Dakota	0.00	34.25	0.00
Total	0.00	100.00	100.00

J: Ownership

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

K: Offset Operator Notification

Offset operators are not provided with a copy of this application since they no longer need to be



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

Form C-116
Revised 1/1/89

OIL CONSERVATION DIVISION

2040 Pacheco St.
Santa Fe, NM 87505

GAS - OIL RATIO TEST

Operator Marathon Oil Company		Pool South Blanco Pictured Cliffs		County Rio Arriba											
Address P.O. Box 552 Midland, TX 79702		TYPE OF TEST - (X) <input checked="" type="checkbox"/> Scheduled <input type="checkbox"/> Completion		Special <input checked="" type="checkbox"/> X											
LEASE NAME	WELL NO.	LOCATION			DATE OF TEST	CHOKE SIZE	TBG. PRESS.	DAILY ALLOW-ABLE	LENGTH OF TEST HOURS	PROD. DURING TEST			GAS-OIL RATIO CU.FT/BBL		
		U	S	T						R	WATER BBLs.	GRAV. OIL		OIL BBLs.	GAS M.C.F.
Jicarilla Apache	10	B	27	26N	5W	2/4/00	F	66		24	0	N/A	0	44	N/A

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.

Signature

Tim L. Chase Advanced Engineer Technician

Printed name and title

3/31/00

Date

(915) 687-8268

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

Form C-116
Revised 1/1/89

OIL CONSERVATION DIVISION

2040 Pacheco St.
Santa Fe, NM 87505

GAS - OIL RATIO TEST

Operator Marathon Oil Company		Pool Basin Dakota		County Rio Arriba											
Address P.O. Box 552 Midland, TX 79702		TYPE OF TEST - (X) <input checked="" type="checkbox"/> Scheduled <input type="checkbox"/> Completion		Special <input checked="" type="checkbox"/> X											
LEASE NAME	WELL NO.	LOCATION			DATE OF TEST	CHOKE SIZE	TBG. PRESS.	DAILY ALLOW-ABLE	LENGTH OF TEST HOURS	PROD. DURING TEST			GAS-OIL RATIO CU.FT/BBL		
		U	S	T						R	WATER BBL.	GRAV. OIL		OIL BBL.	GAS M.C.F.
Jicarilla Apache	10	B	27	26N	5W	2/4/00	F	66		24	0	N/A	0	75	N/A

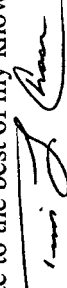
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Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60 F. Specific gravity base will be 0.60.

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

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Signature

Tim L. Chase Advanced Engineer Technician

Printed name and title

3/31/00

Date

(915) 687-8268

Telephone No.

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

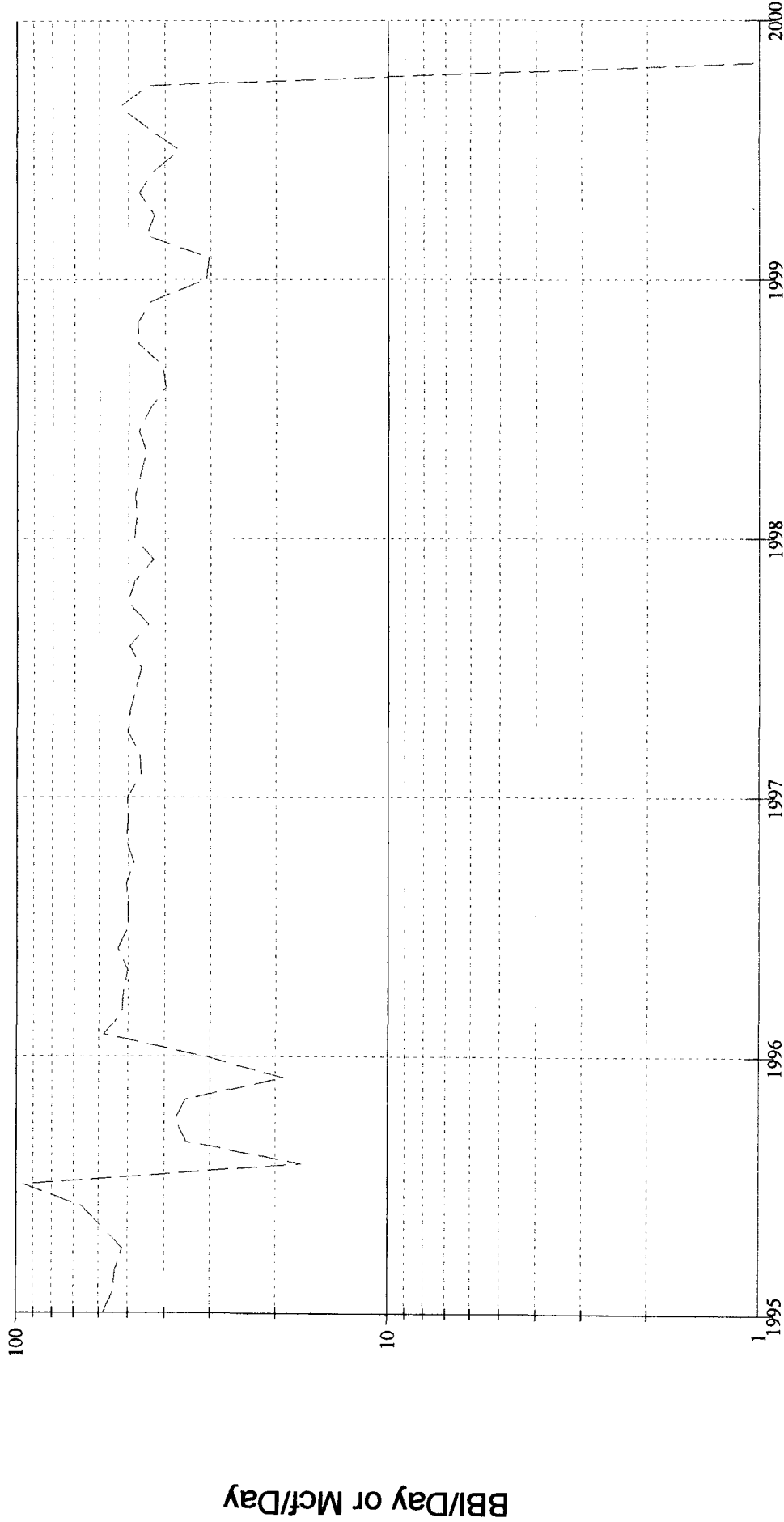
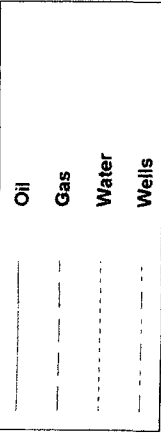
SOUTH BLANCO PICTURED CLIFFS

JICARILLA APACHE Well #10

Operator: MARATHON OIL COMPANY

Production Rate vs Time

For the Period 01/1995 to 12/1999 | API: 30039081200000



Time

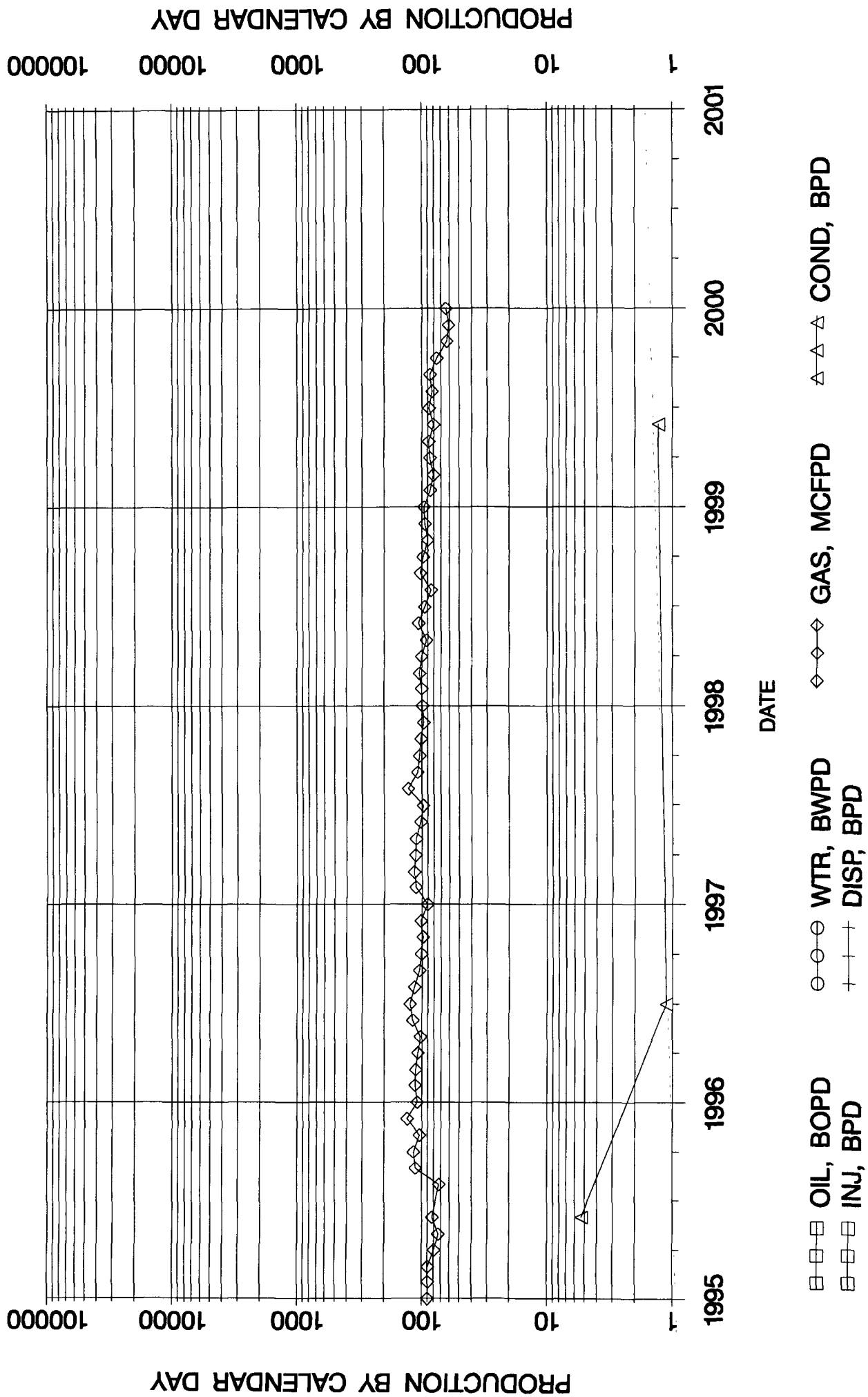
Reported Oil Production = 0 Bbls
Reported Gas Production = 552,987 Mcf
Reported Water Production = 18 Bbls

Midland Operations

Allocated Production Data

BASIN DAKOTA

JICARILLA NO. 10



NF MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

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

Operator Marathon Oil Company			Lease Jicarilla Apache		Well No. 10
Unit Letter B	Section 27	Township 26N	Range 5W	County Rio Arriba	
Actual Footage Location of Well: 1100' feet from the North line and 1550' feet from the SE/4 NW/4 NE/4 line					
Ground Level Elev. 6525'	Producing Formation Pictured Cliffs		Pool South Blanco Pictured Cliffs		Dedicated Acreage: 160 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure 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 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.) Marathon Oil Company - Tract 251

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 Commission.

RECEIVED

MAY 20 1975

**CASPER DISTRICT
OPERATIONS**

CERTIFICATION

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

Name: Charles J. Johnson

Position: District Operations Manager

Company: Marathon Oil Company

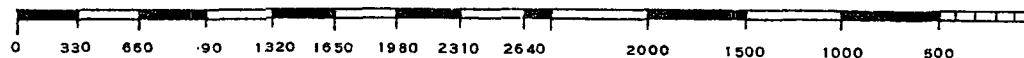
Date: 5-12-75

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.

Date Surveyed _____

Registered Professional Engineer and/or Land Surveyor _____

Certificate No. _____



Copies to: WCS - Div., REW - m. Padden
5-20-75

NEW MEXICO OIL CONSERVATION COMMISSION

WELL LOCATION AND ACERAGE DEDICATION PLAT

All distances must be from the outer boundaries of the Section

Operator MARATHON OIL COMPANY		Lease Jicarilla Apache		Well No. 10
Unit Letter B	Section 27	Township 26 North	Range 5 West	County Rio Arriba
Actual Footage Location of Well:				
1100 feet from the North line and		1550 feet from the East line		
Ground Level Elev. 6525	Producing Formation Dakota	Pool Basin-Dakota	Dedicated Acreage: 320 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- 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 (X) No If answer is "yes," type of consolidation

If answer is "no," list the owners and tract descriptions which have actually consolidated. (Use reverse side of this form if necessary.) Marathon Oil Company - Tract 251

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 Commission.

CERTIFICATION

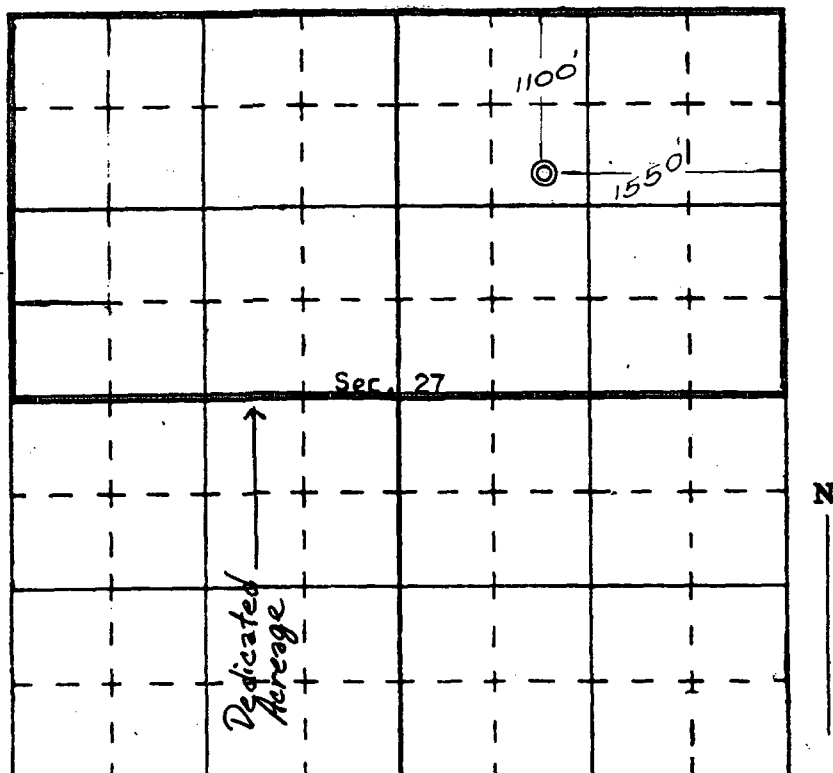
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name *A. J. Sullivan*
Position District Operations Manager
Company Marathon Oil Company
Date October 24, 1966

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.

Date Surveyed August 25, 1966
Registered Professional Engineer
and/or Land Surveyor

E. J. C. [Signature]
Certificate No. **3602**



State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised October 18, 1994

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

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

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 30-039-08120		² Pool Code		³ Pool Name Tapacito Gallup	
⁴ Property Code 6414		⁵ Property Name Jicarilla Apache			⁶ Well Number 10
⁷ OGRID No. 14021		⁸ Operator Name Marathon Oil Company			⁹ Elevation 6538' (KB)

¹⁰ Surface Location									
UL or lot no. B	Section 27	Township 26N	Range 5W	Lot. Idn	Feet from the 1100	North/South Line North	Feet from the 1550	East/West line East	County Rio Arriba

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 160		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. Signature Tim L. Chase Printed Name Advanced Engineer Technician Title March 31, 2000 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	

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

DISTRICT I

P.O. Box 1980, Hobbs, NM 88240

State of New Mexico

Energy, Minerals and Natural Resources Department

FORM C-107-A

New 3-12-96

DISTRICT II

911 S. 1st, Artesia, NM 86210

OIL CONSERVATION DIVISION

2040 S. Pacheco, Santa Fe, NM 87505-6429

APPROVAL PROCESS:

___ Administrative ___ Hearing

DISTRICT III

1000 Rio Brazos, Aztec, NM 87410

APPLICATION FOR

DOWNHOLE COMMINGLING

EXISTING WELLBORE

☒ Yes ___ No

Marathon Oil Company		P.O. Box 552		Midland, Tx 79702	
Jicanilla		10		Sec 34, T-26N, R-5W, Rio Arriba	
LEASE		WELL NO.		SECTION, TOWNSHIP, RANGE, UNIT, COUNTY	
SPACING UNIT LEASE TYPES: (CHECK 1 OR MORE)					

OGRID NO. 014021 PROPERTY CODE 6414 API NO. 30-039-08120 Federal ☒ State ___ (and/or) Fee ___

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zones	Lower Zone
1. Pool Name & Pool Code	South Blanco Pictured Cliffs	Tapacito Gallup	Basin Dakota
2. Top & Bottom of Pay Section (Perforations)	2968-2990'	6508-6760'	7154-7382'
3. Type of production (Oil or Gas)	Gas	Gas (Expected)	Gas
4. Method of Production (Flowing or Artificial Lift)	Artificial Lift	Artificial Lift (Proposed)	Artificial Lift
5. Bottomhole Pressure Oil Zones-Artificial Lift (Est Current)	a. (Current) 300	a. (Current) 325	a. (Current) 350
	b. (Original) ___	b. (Original) ___	b. (Original) ___
6. Oil Gravity (API) or Gas BTU Content	37 API	38 API	39 API
7. Producing or Shut-in?	Producing	Not Yet Perforated	Producing
Production Marginal? (yes or no)	Yes	Yes (Expected)	Yes
* If Shut-in, give date and o/g/w rates of last production <small>Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.</small>	Date: N/A Rates: N/A	Date: N/A Rates: N/A	Date: N/A Rates: N/A
* If producing, give date and o/g/w rates of recent test (within 60 days)	Date: 02/04/00 Rates: 0/44/0	Date: N/A Rates: N/A	Date: 02/04/00 Rates: 0/75/0
8. Fixed Percentage Allocation Formula - % for each zone	Oil: 0.00%	Oil: 0.00%	Oil: 0.00%
	Gas: 20.09%	Gas: 45.66%	Gas: 34.25%

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 (no longer necessary)

11. Will crossflow 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. (no longer necessary)
- * Notification list of all 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 
TYPE OR PRINT NAME TIM L. CHASE

TITLE Advanced Engineer Technician
TELEPHONE NO. (915) 687-8255

DATE 03/31/00