



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

September 26, 2000

Lori Wrotenbery
Director
Oil Conservation Division

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

Attention: Mr. Jerry Fletcher

Re: Division Administrative Orders No.
DHC-2786 & DHC-2787

Dear Mr. Fletcher:

Division Orders No. DHC-2786 and DHC-2787, both dated August 7, 2000, approved the downhole commingling of Basin-Dakota, Blanco-Mesaverde and Otero-Chacra Gas Pool production within the Marathon Jicarilla Apache No. 12 (**API No. 30-039-20002**) located in Unit A of Section 33, Township 26 North, Range 5 West, and the Marathon Jicarilla Apache No. 16 (**API No. 30-039-20529**) located in Unit I of Section 34, Township 26 North, Range 5 West, NMPM, respectively, both in Rio Arriba County, New Mexico. It has been brought to my attention that these wells were previously approved to downhole commingle Basin-Dakota and Blanco-Mesaverde Pool production by Division Orders No. DHC-1182 dated January 4, 1996, and DHC-1223 dated April 12, 1996.

The Form C-107-A's for these wells dated June 22, 2000, state that:

"If this application is not approved, then the well will remain as a dual producer for the Mesa Verde and Basin Dakota pools"

Again, there appears to be inconsistency and confusion in your applications.

Issue No. 1

Your application failed to notify the Division that there are existing downhole commingling orders for these wells. Generally, adding a zone to an already downhole commingled wellbore involves amending the previous orders, not issuing a duplicate order.

Issue No. 2

Are these wells downhole commingled in the Basin-Dakota and Blanco-Mesaverde Gas Pools as authorized by Orders No. DHC-1182 and DHC-1223, or are these wells dually completed as stated in your June 22, 2000 application?

Additional clarification on these issues is requested. If a satisfactory clarification is not submitted, your applications will be set for hearing before a Division examiner.

In addition, in view of the fact that there are existing downhole commingling orders for these wells, Division Orders No. DHC-2786 and DHC-2787 are hereby **cancelled**.

If a reasonable clarification is submitted, the Division will allow the addition of the Otero-Chacra Gas Pool as a third commingled zone in the wells by **amending** Division Orders No. DHC-1182 and DHC-1223.

If you should have any questions, please contact me at (505) 827-8184.

Sincerely,



David Catanach
Engineer/examiner

Xc: OCD-Aztec
Bureau of Land Management-Farmington
Files-DHC-1182, DHC-1223, DHC-2786, DHC-2787