

Houston Division  
Production Operations, United States



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April 20, 2000

Mr. Mark Ashley  
Petroleum Engineering Specialist  
New Mexico Oil Conservation Division  
2040 S. Pacheco  
Santa Fe, NM 87505

RE: Request to amend R-11112-A

Scanlon Draw '34' State No. 1  
Sec. 34, T-18-S, R-28-E  
660' FSL & 1650' FEL  
Eddy County, New Mexico  
Turkey Track North; Morrow

Jose Guerrero '34' State No. 1  
Sec. 34, T-18-S, R-28-E  
990' FSL & 330' FWL  
Eddy County, New Mexico  
Travis; Upper Penn

Mr. Ashley:

Marathon Oil Company respectfully requests the State of New Mexico Oil Conservation Division to grant administrative approval to amend Division Order R-11112-A to include gas production from the above mentioned wells.

The Scanlon Draw '34' State No. 1 is a 45 MCFD flowing gas well and the Jose Guerrero '34' State No. 1 is a 9 BOPD, 5 BWPD, & 6 MCFD rod pump well. The gas previously has been sold to a high pressure gas sales line. Due to production decline it has become uneconomical to compress the gas into the high pressure line. Marathon Oil Company wishes to surface commingle the gas from the above mentioned wells with the gas at the Buchanan Central Battery.

The Buchanan Central Battery currently receives surface commingled liquids from the following leases: David Crockett '27' State, James Buchanan '33' State, Henry Courtman '4' State, Samuel Burns '34' State, W.B. Travis '15' State, James Garvin '22' State, George Pagan '26' State, J. Guerrero '34' State, Edward Mitchusson '4' State, & Walker '33' State. The gas from the wells is sold on lease, and production at the battery is currently 263 BOPD, 71 BWPD, & 9 MCFD.

Gas from the Scanlon Draw '34' State No. 1 and Jose Guerrero '34' State No. 1 will be metered on lease before being commingled.

It should be noted that there is a diversity of ownership between the leases. However, the proposed production operation is in accordance with the applicable provisions and all necessary parties have been notified by certified mail.

Please find attached a lease commingling plat and a production facility schematic. Please note that the value of the gas will not be adversely affected.

If you have any questions or comments, please advise.

Sincerely,

A handwritten signature in cursive script that reads 'Andrew J. Schwandt'.

Andrew J. Schwandt  
Production Engineer  
(505) 393-7106 ext. 216

BEFORE THE  
OIL CONSERVATION DIVISION  
Case No. 12419 Exhibit No. — 2  
Submitted By:  
Marathon Oil Company  
Hearing Date: June 29, 2000