



P.O. Box 2490  
Hobbs, New Mexico 88240  
Telephone 505/393-7106

April 20, 2000

Mr. Mark Ashley  
Petroleum Engineering Specialist  
New Mexico Oil Conservation Division  
2040 S. Pacheco  
Sante 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

#12419

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



**Marathon  
Oil Company**

P.O. Box 2490  
Hobbs, New Mexico 88240  
Telephone 505/393-7106

April 20, 2000

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

Dear Interest Owner:

Marathon Oil Company has filed an application with the New Mexico Oil Conservation Division to amend Division Order R-11112-A to include gas production from the above mentioned wells. Please find enclosed a copy of the application.

If you are in agreement and waive all objections to the surface commingling, please sign below and mail the original to the NMOCD in the enclosed addressed envelope. Also, please return one copy to Marathon in the enclosed addressed envelope. Agreement is assumed if the NMOCD receives no objections to the application within 20 days following the receipt of the application.

Sincerely,

A handwritten signature in cursive script, reading 'Andrew J. Schwandt'.

Andrew J. Schwandt  
Production Engineer

Agreed and accepted this \_\_\_\_\_ day of \_\_\_\_\_ 2000

by \_\_\_\_\_, as representative of

\_\_\_\_\_

Houston Division  
Production Operations, United States



**Marathon  
Oil Company**

P.O. Box 2490  
Hobbs, New Mexico 88240  
Telephone 505/393-7106

April 20, 2000

Mr. Pete Martinez  
Commissioner of Public Lands  
State Land Office Building  
P.O. Box 1148  
Santa Fe, NM 87504-1148

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

Dear Mr. Martinez:

Marathon Oil Company has filed an application with the New Mexico Oil Conservation Division to amend Division Order R-11112-A to include gas production from the above mentioned wells. Please find enclosed a copy of the application.

If you are in agreement and waive all objections to the surface commingling, please sign below and mail the original to the NMOCD in the enclosed addressed envelope. Also, please return one copy to Marathon in the enclosed addressed envelope.

Sincerely,

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

Andrew J. Schwandt  
Production Engineer

Agreed and accepted this \_\_\_\_\_ day of \_\_\_\_\_ 2000

by \_\_\_\_\_, as representative of

Houston Division  
Production Operations, United States



**Marathon  
Oil Company**

P.O. Box 2490  
Hobbs, New Mexico 88240  
Telephone 505/393-7106

April 20, 2000

Mr. Tim Gum  
District 2 Supervisor  
Oil Conservation Division  
811 S. First St.  
Artesia, NM 88210

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

Dear Mr. Gum:

Marathon Oil Company has filed an application with the New Mexico Oil Conservation Division to amend Division Order R-11112-A to include gas production from the above mentioned wells. Please find enclosed a copy of the application.

Enclosed is pertinent data supporting this application, if additional information is necessary, please advise.

Sincerely,

Andrew J. Schwandt  
Production Engineer  
(505) 393-7106 x216

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

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe, NM 87505

Form C-102  
Revised October 18, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT


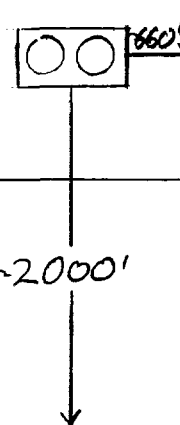
<sup>1</sup> API Number		<sup>2</sup> Pool Code		<sup>3</sup> Pool Name	
<sup>4</sup> Property Code		<sup>5</sup> Property Name Buchanan Central Battery			<sup>6</sup> Well Number
<sup>7</sup> OGRID No.		<sup>8</sup> Operator Name Marathon Oil Company			<sup>9</sup> Elevation

<sup>10</sup> Surface Location									
UL or lot no. I	Section 33	Township 18-S	Range 28-E	Lot. Idn	Feet from the ~2000	North/South Line South	Feet from the ~660	East/West line East	County Eddy

<sup>11</sup> 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
<sup>12</sup> Dedicated Acres <sup>13</sup> Joint or Infill <sup>14</sup> Consolidation Code <sup>15</sup> 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

				<sup>17</sup> OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>   Signature Andrew Schwandt Printed Name Production Engineer Title 4-20-00 Date	
				<sup>18</sup> SURVEYOR CERTIFICATION <i>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.</i>  Date of Survey Signature and Seal of Professional Surveyer:  Certificate Number	
					

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

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe, NM 87505

Form C-102  
Revised October 18, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-015-30366	<sup>2</sup> Pool Code 59860	<sup>3</sup> Pool Name Travis; Upper Penn
<sup>4</sup> Property Code 23602	<sup>5</sup> Property Name Guerrero '34' State	<sup>6</sup> Well Number 1
<sup>7</sup> OGRID No. 14021	<sup>8</sup> Operator Name Marathon Oil Company	<sup>9</sup> Elevation 3553'

<sup>10</sup> Surface Location									
UL or lot no. M	Section 34	Township 18-S	Range 28-E	Lot. Idn	Feet from the 990	North/South Line South	Feet from the 330	East/West line West	County Eddy

<sup>11</sup> 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
<sup>12</sup> Dedicated Acres 80	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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

<p>The map shows a 4x4 grid of sections. A 3x3 area in the center is outlined with a dashed line and labeled '320 Acre Lease' with an arrow pointing to it. A 2x2 area in the bottom-left corner is also outlined with a dashed line and labeled '80 Dedicated Acres' with an arrow pointing to it. Dimensions '330'' and '990'' are noted on the left side of the map.</p>				<sup>17</sup> OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>   Signature Andrew Schwandt Printed Name Production Engineer Title 4-20-00 Date
				<sup>18</sup> SURVEYOR CERTIFICATION <i>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.</i>  Date of Survey Signature and Seal of Professional Surveyer:  Certificate Number

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

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe, NM 87505

Form C-102  
Revised October 18, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number <b>30-015-29375</b>	<sup>2</sup> Pool Code <b>86500</b>	<sup>3</sup> Pool Name <b>N. Turkey Track; Morrow</b>
<sup>4</sup> Property Code <b>23201</b>	<sup>5</sup> Property Name <b>Scanlon Draw '34' State</b>	<sup>6</sup> Well Number <b>1</b>
<sup>7</sup> OGRID No. <b>014021</b>	<sup>8</sup> Operator Name <b>Marathon Oil Company</b>	<sup>9</sup> Elevation <b>3524</b>

<sup>10</sup> Surface Location

UL or lot no. <b>0</b>	Section <b>34</b>	Township <b>18-S</b>	Range <b>28-E</b>	Lot. Idn	Feet from the <b>660</b>	North/South Line <b>South</b>	Feet from the <b>1650</b>	East/West line <b>East</b>	County <b>Eddy</b>
---------------------------	----------------------	-------------------------	----------------------	----------	-----------------------------	----------------------------------	------------------------------	-------------------------------	-----------------------

<sup>11</sup> 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
---------------	---------	----------	-------	----------	---------------	------------------	---------------	----------------	--------

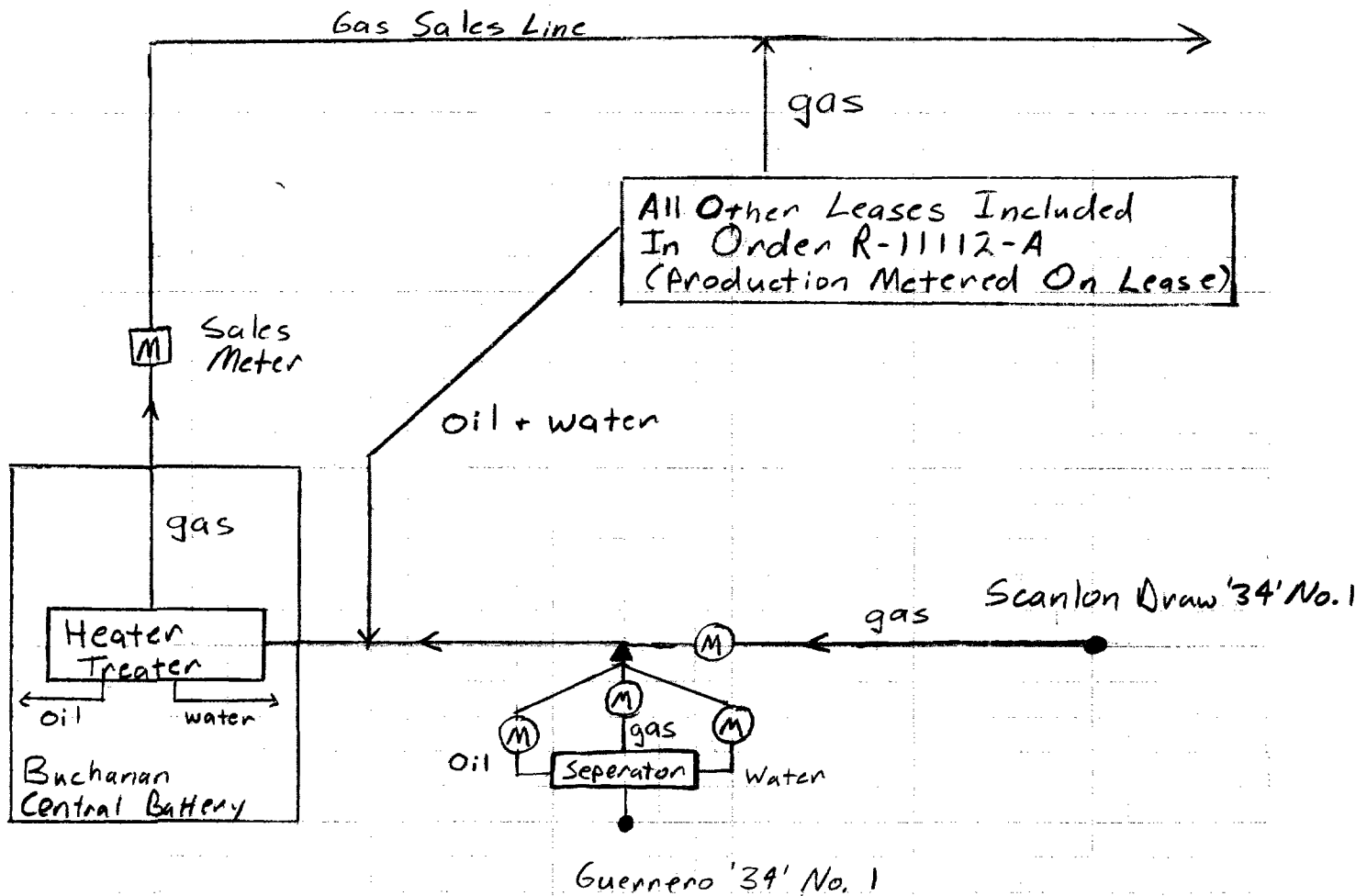
<sup>12</sup> Dedicated Acres <b>320</b>	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
---	-------------------------------	----------------------------------	-------------------------

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

	<p><sup>17</sup> OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p>Signature <i>Andrew Schwandt</i></p> <p>Printed Name <b>Andrew Schwandt</b></p> <p>Title <b>Production Engineer</b></p> <p>Date <b>4-20-00</b></p>
	<p><sup>18</sup> SURVEYOR CERTIFICATION <i>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.</i></p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p>
	Certificate Number



Subject	Scanlon Draw + Guerrero Surface Comm.	Page No.	Of
File		By	AJS
		Date	4-20-00



Ⓜ → Allocation Meter

\* Not To Scale



**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:**

**CASE NO. 12162  
Order No. R-11112-A**

**APPLICATION OF MARATHON OIL COMPANY FOR AMENDMENT OF  
DIVISION ORDER NO. R-11112 FOR POOL AND LEASE COMMINGLING, AND  
TO ADOPT AN ADMINISTRATIVE PROCEDURE FOR ADDING AND  
SUBTRACTING WELLS FROM THE BUCHANAN CENTRALIZED FACILITY,  
EDDY COUNTY, NEW MEXICO.**

**ORDER OF THE DIVISION**

**BY THE DIVISION:**

This case came on for hearing at 8:15 a.m. on April 29, 1999, at Santa Fe, New Mexico, before Examiner Mark W. Ashley.

NOW, on this 14th day of May, 1999 the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

**FINDS THAT:**

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) By Order No. R-11112 issued in Case No. 12068 and dated December 15, 1998, the Division authorized the commingling of oil and condensate production from the Undesignated North Illinois Camp-Morrow Gas, Undesignated Illinois Camp-Morrow Gas, North Turkey Track-Morrow Gas, Travis-Wolfcamp, Undesignated Travis-Wolfcamp, and Travis Upper Pennsylvanian Pools from the following leases in Eddy County, New Mexico, comprising 2,880 acres, more or less:

**Township 18 South, Range 28 East, NMPM**

**David Crockett '27' State Lease  
(3 wells producing from the Travis-Upper Pennsylvanian Pool)  
W/2 of Section 27;**

**James Buchanan '33' State Lease**

**Case No. 12162**

**Order No. R-11112-A**

**Page 2**

---

(1 well producing from the Travis-Upper Pennsylvanian Pool)  
E/2 of Section 33;

**Samuel Burns '34' State Lease**

(1 well producing from the Undesignated Travis-Upper Pennsylvanian Pool,  
and 1 well producing from the Undesignated Travis-Wolfcamp Pool)  
N/2 of Section 34;

**W.B. Travis '15' State Lease**

(1 well producing from the Travis-Upper Pennsylvanian Pool)  
E/2 of Section 15;

**James Garvin '22' State Lease**

(1 well producing from the Undesignated North Turkey  
Track-Morrow Gas Pool)  
S/2 of Section 22;

**George Pagan '26' State Lease**

(2 wells producing from the Undesignated Travis-Upper Pennsylvanian Pool)  
W/2 of Section 26; and

**J. Guerrero '34' State Lease**

(1 well producing from the Undesignated Travis-Upper Pennsylvanian Pool)  
S/2 of Section 34; and

**Township 19 South, Range 28 East, NMPM**

**Henry Courtman '4' State Lease**

(1 well producing from the Travis-Upper Pennsylvanian Pool)  
N/2 of Section 4; and

**Edward Mitchusson '4' State Lease**

(1 well producing from the Travis-Wolfcamp Pool)  
S/2 of Section 4.

(3) Commingled production is stored at the Buchanan No. 1 tank battery facility located in Unit Letter I, Section 33, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico.

(4) The Division further authorized production allocation to each well and lease on the basis of monthly well tests.

(5) Marathon seeks to amend Order No. R-11112 by adding its Walker "33" State lease comprising the W/2 of Section 33, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico, for existing and future wells, to the Buchanan centralized facility.

*Case No. 12162*  
*Order No. R-11112-A*  
*Page 3*

---

(6) Marathon proposes to store and measure production from the above-described State lease at the Buchanan No.1 tank battery facility and allocate production on the basis of monthly well tests.

(7) Natural gas production from the above-described State lease will not be commingled prior to marketing.

(8) Marathon further seeks the adoption of an administrative procedure to add and subtract existing and future wells to the Buchanan centralized facility without the requirement of notice and hearing.

(9) This case was styled such that ***"IN THE ABSENCE OF OBJECTION THIS CASE WILL BE TAKEN UNDER ADVISEMENT."***

(10) Legal counsel appeared on behalf of Marathon and presented evidence for admission in this case.

(11) Each working, royalty, and overriding royalty interest owner within the proposed commingled area was provided notice of this application.

(12) No interested party entered an appearance in this case or filed an objection to the application.

(13) Division Rule No. 309-B.A.(5) provides for administrative approval of lease commingling, provided however that in order to commingle the production from two or more separate leases in a common tank battery without first separately metering the production from each such lease, the ownership must be common throughout, including working, royalty and overriding royalty interest ownership.

(14) According to the applicant's evidence and testimony, the working, royalty and overriding royalty interest ownership between the subject State leases is not common.

(15) Approval of the application will result in economic savings to the operator, is in the best interest of conservation, is based on sound engineering principles, and will serve to prevent waste and protect correlative rights, provided the installation of facilities for commingling production will permit the individual testing of each well on the leases on at least a monthly basis.

(16) The operator should notify the supervisor of the Division's Artesia District Office prior to implementation of the commingling process and at such time as wells are

**Case No. 12162**

**Order No. R-11112-A**

**Page 4**

---

completed and production from those wells is commingled at the central tank battery.

**IT IS THEREFORE ORDERED THAT:**

(1) Pursuant to the application of Marathon Oil Company ("Marathon"), Division Order No. R-11112 is hereby amended to include the Walker "33" State lease comprising the W/2 of Section 33, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico for existing and future wells.

(2) Marathon is further authorized to commingle oil and condensate production for existing and future wells from the pools and on the leases defined by Division Order No. R-11112.

(3) Commingled production shall be stored in the Buchanan No. 1 tank battery facility located in Unit I, Section 33, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico.

(4) Production shall be allocated to each well and lease on the basis of monthly well tests.

(5) The operator shall notify the supervisor of the Division's Artesia District Office prior to commingling and at such time as wells are completed and production from those wells is commingled at the central tank battery.

(6) The operator shall notify the supervisor of the Division's Artesia District Office, on Division Form C-103, when existing and future wells are added and/or subtracted.

(7) It is the responsibility of the producer to notify the transporter of this commingling authority.

(8) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

**Case No. 12162**

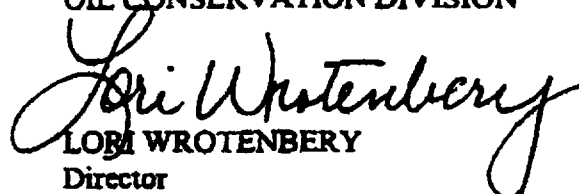
**Order No. R-11112-A**

**Page 5**

---

**DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.**

**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**

  
**LORI WROTENBERY  
Director**

**S E A L**