



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



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

AMENDED ADMINISTRATIVE ORDER DHC-260

Marathon Oil Company
P.O. Box 2409
Hobbs, NM 88241-2409

Attention: S.P. Guidry

*Warn State AC/I Well No. 3
Unit F, Section 31, Township 17 South, Range 35 East, NMPM,
Lea County, New Mexico.
North Vacuum-Abo, Vacuum-Wolfcamp and Vacuum Upper Pennsylvanian Pools*

Dear Mr. Guidry:

Reference is made to your recent application for an amendment to Administrative Order DHC-260, dated September 11, 1978, which authorized the downhole commingling of production from the Vacuum-Upper Pennsylvanian and Vacuum-Wolfcamp Pools in the wellbore, to permit the addition of a third zone of production to be commingled in the wellbore.

It appearing that the subject well qualifies for approval for such amendment pursuant to the provisions of Rule 303-C, and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above.

In accordance with the provisions of Rule 303-C-4., total commingled oil production from the subject well shall not exceed 80 barrels per day, and total water production shall not exceed 160 barrels per day. The maximum amount of gas which may be produced daily from the well shall be determined by multiplying 2000 by the top unit allowable for the North Vacuum-Abo Pool.

Assignment of allowable to the well and allocation of production from the well shall be on the following basis:

Abo Pool	Oil	61%	Gas	78%
Wolfcamp Pool	Oil	9%	Gas	12%
Upper-Pennsylvanian Pool	Oil	30%	Gas	10%

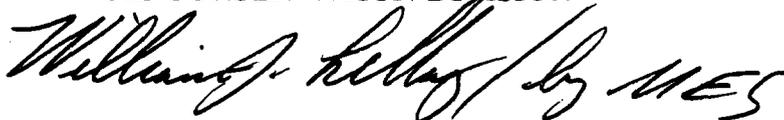
Amended Administrative Order DHC-260
Marathon Oil Company
March 21, 1994
Page 2

FURTHER: The operator shall notify the Hobbs District Office of the Division upon implementation of the commingling process.

Pursuant to Rule 303-C-5, the commingling authority granted by the order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 21st day of March, 1994.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "William J. Lemay" followed by a stylized flourish or initials.

WILLIAM J. LEMAY
Director

SEAL

WJL/DRC/amg

cc: Oil Conservation Division - Hobbs



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

March 17, 1994

Marathon Oil Company
P.O. Box 2409
Hobbs, New Mexico 88241-2409

Attention: S. P. Guidry

Dear Steve:

In reviewing your application to downhole commingle North Vacuum-Abo Pool production with Vacuum-Wolfcamp and Vacuum Upper-Pennsylvanian Pool production within the Warn State AC/1 Well No. 3, I have found that your proposed allocation factors are in error. On form C-116 within your application it is stated that 24% of oil production is allocated to the Upper Penn Pool and 76% is allocated to the Wolfcamp Pool. Please be advised that the actual allocation as contained within Division Order No. DHC-260 are as follows:

	<u>OIL</u>	<u>GAS</u>
Wolfcamp Pool	24%	56%
Upper Penn Pool	76%	44%

In accordance with these figures, I have adjusted and revised your proposed allocation factors within the amended order. If you have any questions, please contact me at (505) 827-5800.

Sincerely,

David Catanach
Engineer

xc: OCD-Hobbs
File-DHC-260

Houston Division
Production Operations, United States

OIL CONSERVATION DIVISION
RECEIVED



**Marathon
Oil Company**

FEB 9 1994 8 35

P.O. Box 2409
Hobbs, NM 88241-2409
Telephone 505/393-7106

February 9, 1994

Oil Conservation Division
Energy and Mineral Department
Mr. David Catanach
PO Box 2088
Santa Fe, NM 87501

RE: REQUEST FOR EXCEPTION TO RULE 303-A
DOWNHOLE COMMINGLING
WARN STATE A/C 1 NO. 3-F
UNIT F, 2080' FNL & 1908' FWL
SECTION 31, T-17-S, R-35-E
ABO, WOLFCAMP, AND UPPER PENN
VACUUM FIELD
LEA COUNTY, NEW MEXICO

Dear Mr. Catanach:

Marathon Oil Company respectfully requests administrative approval for an exception to Rule 303-A to permit the downhole commingling of the North Vacuum Abo with the previously downhole commingled Vacuum Wolfcamp and Upper Penn formation in Lea County, New Mexico.

Currently, the well is a dual oil well producing up two strings of 2 7/8" casing with 1.9" tubing and 5/8" steel rods (see attached wellbore sketch). Due to this configuration, the well is not being pumped efficiently. The well has experienced many rod and tubing failures resulting in expensive remedial work and lost production. The downhole commingling will allow for one 2 7/8" casing to be rod pumped with larger rods and a vent string to allow the gas to flow to the surface and not up through the pump. Production is expected to be increased due to greater drawdowns and the economic limit reduced, thus resulting in a larger ultimate recovery of oil and gas.

Enclosed is the pertinent data supporting this application and outlined in Rule 303-A. If additional information is necessary, please contact me at (505) 393-7106.

Sincerely,

A handwritten signature in cursive script that reads "S.P. Guidry".

S.P. Guidry
Northwest Operations
Production Superintendent

SPG:RDG/9420/kc

Attachments

WARN STATE A/C 1 #3
 VACUUM FIELD
 LEA COUNTY, NM

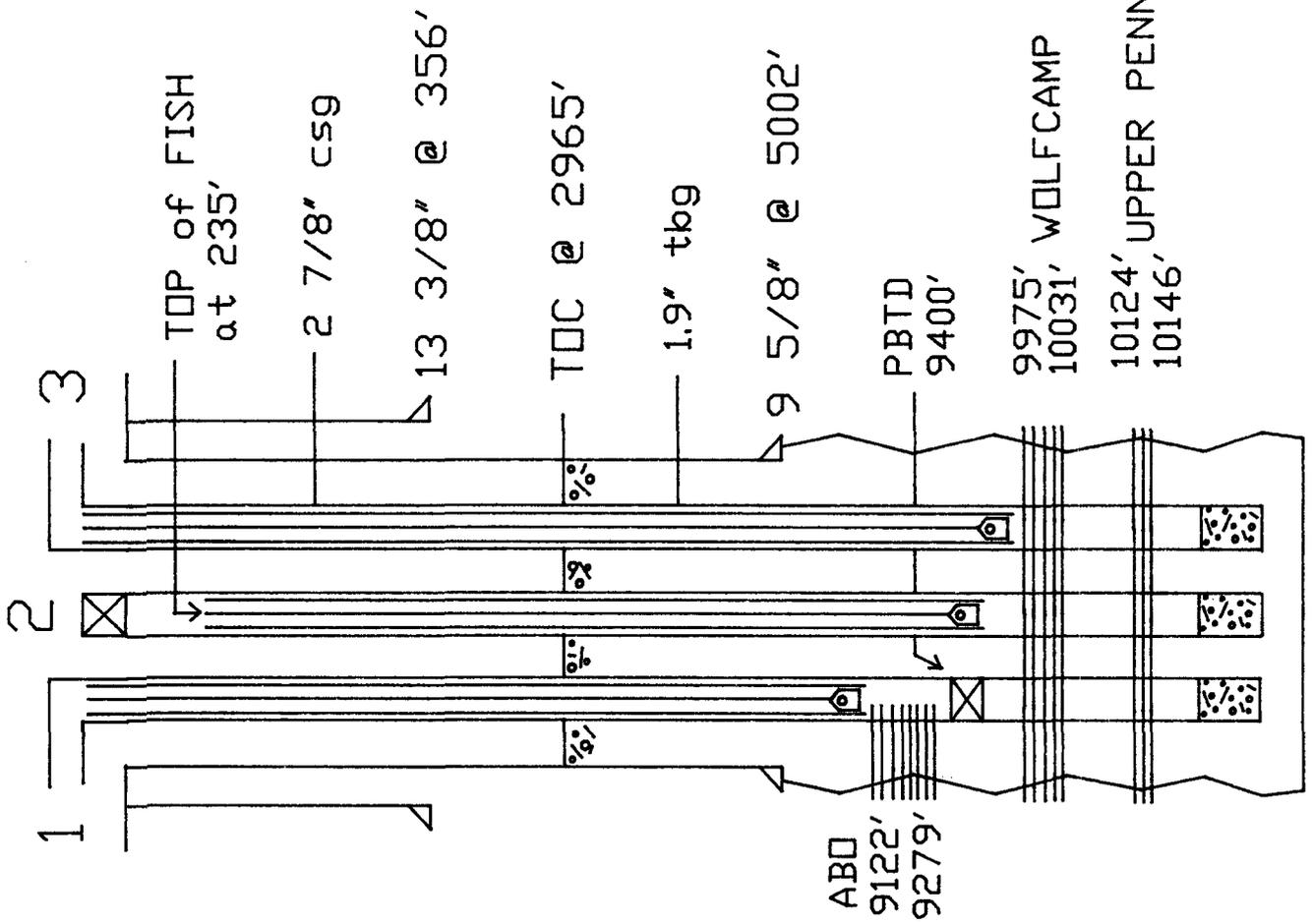
GL:3975' KDB: 3989'

PBTD: Abo: 10,187'
 Wolfcamp: 10,184'
 Penn: 10,194'

PRODUCTION STRINGS: 2 7/8", 6.5#, N-80
 EUE tbg, cemented to 2965'.

COMPLETIONS:

1. ABD- Per'd 9122-9279'. 1.9", 2.76#/ft, N-80 tbg with 5/8" high strength rods.
2. ABANDONED WOLFCAMP-10/10/78.
3. WOLFCAMP/UPPER PENN- Commingled perfs 9975-10,031' & 10,124-10,146'. 1.9", 2.76#/ft, N-80 with 5/8" high strength rods.



OFFSET OPERATORS

**WARN STATE A/C 2 LEASE
LEA COUNTY, NEW MEXICO**

Phillips Petroleum Company
4001 Penbrook
Odessa, TX 79762

Shell Oil Company
PO Box 2463
Houston, TX 77252

Texaco Exploration & Production, Inc.
PO Box 3109
Midland, TX 79702

REQUEST FOR EXCEPTION TO RULE 303-A

WARN STATE A/C 1 WELL NO. 3 N.VACUUM AND VACUUM FIELDS

- (A) Marathon Oil Company
PO Box 2409
Hobbs, NM 88240
- (B) Warn State A/C 1 Well No. 3
Unit F, 2080' FNL & 1908' FWL
Section 31, T-17-S, R-35-E
Lea County, New Mexico
Commingled Zones: Abo
 Wolfcamp
 Upper Penn
- (C) A plat of the area is attached showing the lease and offset operations. Also attached is a C-102 for each formation.
- (D) The Form C-116 for each of the formations is attached. The allocated production for each pool will be based upon the current production declines and the latest GOR tests.
- (E) Production curves for both the Abo, Wolfcamp and Upper Penn are attached.
- (F) Estimated bottomhole pressure for each zone:
 Abo - 700 psi Upper Penn - 500 psi
 Wolfcamp - 500 psi
- (G) Marathon has commingled the fluids at the surface and has encountered no incompatibility problems.
- (H) If the downhole commingling is approved, the rod pumping system will become more efficient due to improved gas venting of the pump, increase the reservoir drawdown and reduce costly failures. The ultimate recoveries of oil and gas will be increased due to a lower economic unit.

Submit 2 copies to Appropriate District Office.

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240
DISTRICT II
P.O. Drawer DD, Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-116
Revised 1/1/89

OIL CONSERVATION DIVISION

GAS - OIL RATIO TEST

Operator Marathon Oil Company		Pool Vacuum Wolfcamp / Upper Penn		County Lea												
Address PO Box 2409 Hobbs, NM 88240		TYPE OF TEST - (X) <input type="checkbox"/> Scheduled <input type="checkbox"/> Special <input checked="" type="checkbox"/>														
LEASE NAME	WELL NO.	LOCATION				DATE OF TEST	% TESTS	CHOKESIZE	TBG. PRESS.	DAILY ALLOWABLE	LENGTH OF TEST HOURS	PROD. DURING TEST			GAS - OIL RATIO CU FT/BBL.	
		U	S	T	R							WATER BBL'S	GRAV. OIL	OIL BBL'S		GAS MCF.
Warn State A/C 1	3	F	31	17S	35E	12/16/94	D	-	30	10	24	9	41	11	26	2364
Downhole Commingling Permit No. DHC-260 24% Upper Penn = 2.6 BOPD 76% Wolfcamp = 8.4 BOPD 11.0 $76\% - (11/2002) = 2.6 BOPD$ $24\% (11/2002) = 11.4 MCF$ $50\% (26) = 14.6 MCF$																

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.

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

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

Signature
Rick Gaddis

Printed name and title
Rick Gaddis

Date
February 8, 1994

Telephone No.
(505) 393-7106

CURRENT PRODUCTION-

	Oil	Gas
Abo	17.0	91
WC	2.6	14.6
Upper Penn	8.4	11.4

	Oil	Gas
Abo	61	78
WC	9	12
Upper Penn	30	10

(I) Production from the latest GOR test shows as follows:

<u>FORMATION</u>	<u>OIL (BPD)</u>	<u>GAS (MCFD)</u>	<u>WATER (BPD)</u>
Abo	17.0	91.0	2.0
Wolfcamp	8.4	19.8	11.8
Upper Penn	<u>2.6</u>	<u>6.2</u>	<u>2.2</u>
TOTAL	<u>28.0</u>	<u>117.0</u>	<u>16.0</u>

Allocated percentages should be:

<u>FORMATION</u>	<u>OIL (%)</u>	<u>GAS (%)</u>	<u>WATER (%)</u>
Abo	60.7	77.8	12.4
Wolfcamp	30.0	16.9	73.8
Upper Penn	<u>9.3</u>	<u>5.3</u>	<u>13.8</u>
TOTAL	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

(J) Ownership of the two pools to be commingled are in common and correlative rights will not be violated.

(K) By copy of this letter, we are notifying all offset operators of the proposed commingling.

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

WELL API NO.
30-025-20748

5. Indicate Type of Lease
STATE FEE

6. State Oil & Gas Lease No.
387

7. Lease Name or Unit Agreement Name

Warn State A/C 1

8. Well No.
3

9. Pool name or Wildcat N. Vacuum-Abo/
Vac-Wolfcamp & Upper Penn

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A
DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT"
(FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:
OIL WELL GAS WELL OTHER Dual Oil Well

2. Name of Operator
Marathon Oil Company

3. Address of Operator
PO Box 2409 Hobbs, NM 88240 (505) 393-7106

4. Well Location
Unit Letter F : 2080 Feet From The North Line and 1908 Feet From The West Line
Section 31 Township 17S Range 35E NMPM Lea County

10. Elevation (Show whether DF, RKB, RT, GR, etc.)
3975' GR

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>		CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: <u>Downhole Commingle</u> <input checked="" type="checkbox"/>		OTHER: _____ <input type="checkbox"/>	

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

Marathon Oil Company proposes the removal of a CIBP within the Abo casing (2 7/8") to allow the downhole commingling of the Abo with the previously downhole commingled Wolfcamp and Upper Penn (DHC-260). The well will then be rod pumped up one 2 7/8" casing and vented up the other. The downhole configuration will reduce failures and increase the wells ultimate recovery.

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

SIGNATURE [Signature] R.D. Gaddis TITLE Petroleum Engineer DATE 2/8/94
(505)
TYPE OR PRINT NAME TELEPHONE NO. 393-7106

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

Submit to Appropriate District Office
 State Lease - 4 copies
 Fee Lease - 3 copies

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-102
 Revised 1-1-89

OIL CONSERVATION DIVISION

DISTRICT I
 P.O. Box 1980, Hobbs, NM 88240

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT II
 P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator Marathon Oil Company			Lease Warn State A/C 1		Well No. 3
Unit Letter F	Section 31	Township 17S	Range 35E	County Lea	

Actual Footage Location of Well:
 2080 feet from the North line and 1908 feet from the West line

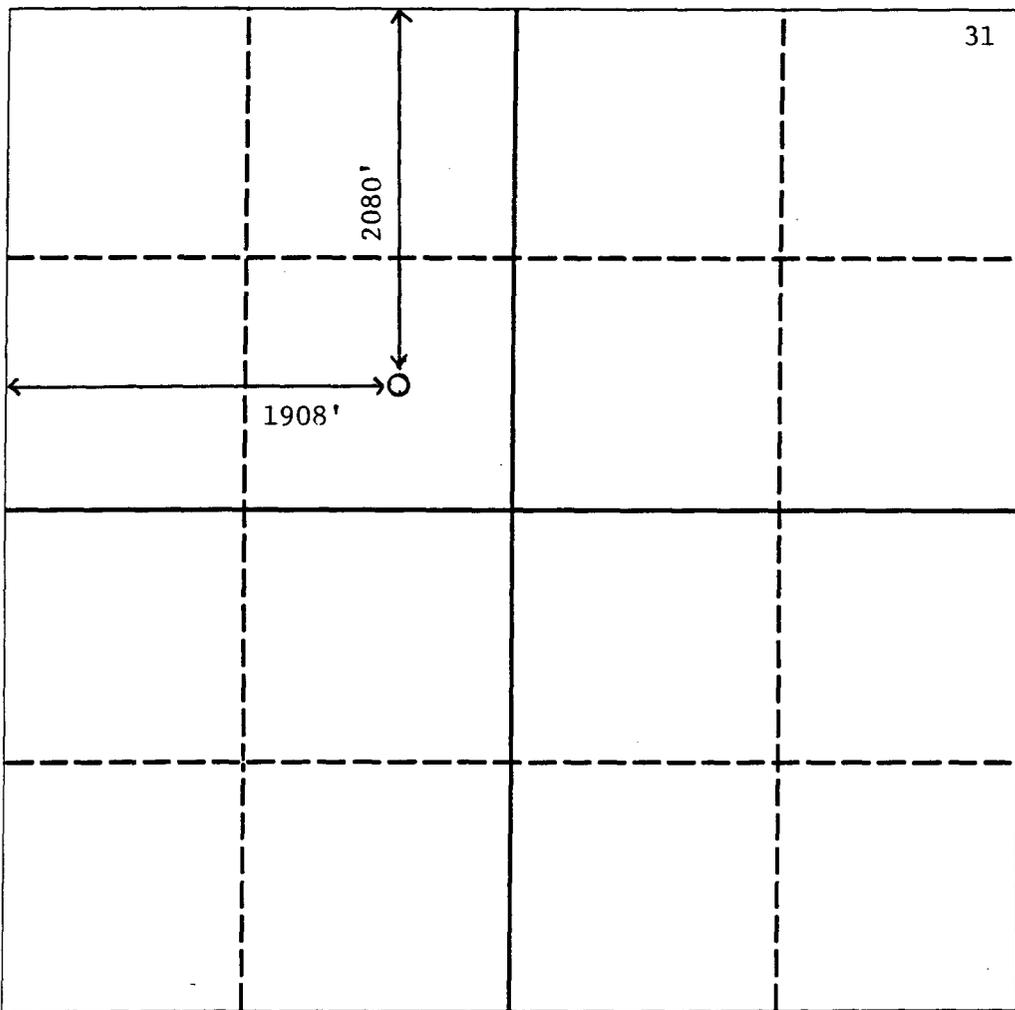
Ground level Elev. 3975' GR	Producing Formation Wolfcamp	Pool Vacuum Wolfcamp	Dedicated Acreage: 80 Acres
--------------------------------	---------------------------------	-------------------------	--------------------------------

- 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 interest of all owners 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.) _____

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 interest, has been approved by the Division.



OPERATOR CERTIFICATION

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

Signature

Printed Name
 Rick Gaddis

Position
 Production Engineer

Company
 Marathon Oil Company

Date
 February 8, 1994

SURVEYOR CERTIFICATION

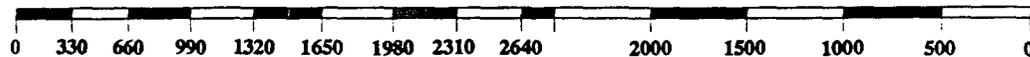
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

Signature & Seal of Professional Surveyor

See Original C-102

Certificate No.



Submit to Appropriate District Office
 State Lease - 4 copies
 Fee Lease - 3 copies

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-102
 Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
 Santa Fe, New Mexico 87504-2088

DISTRICT I
 P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
 P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

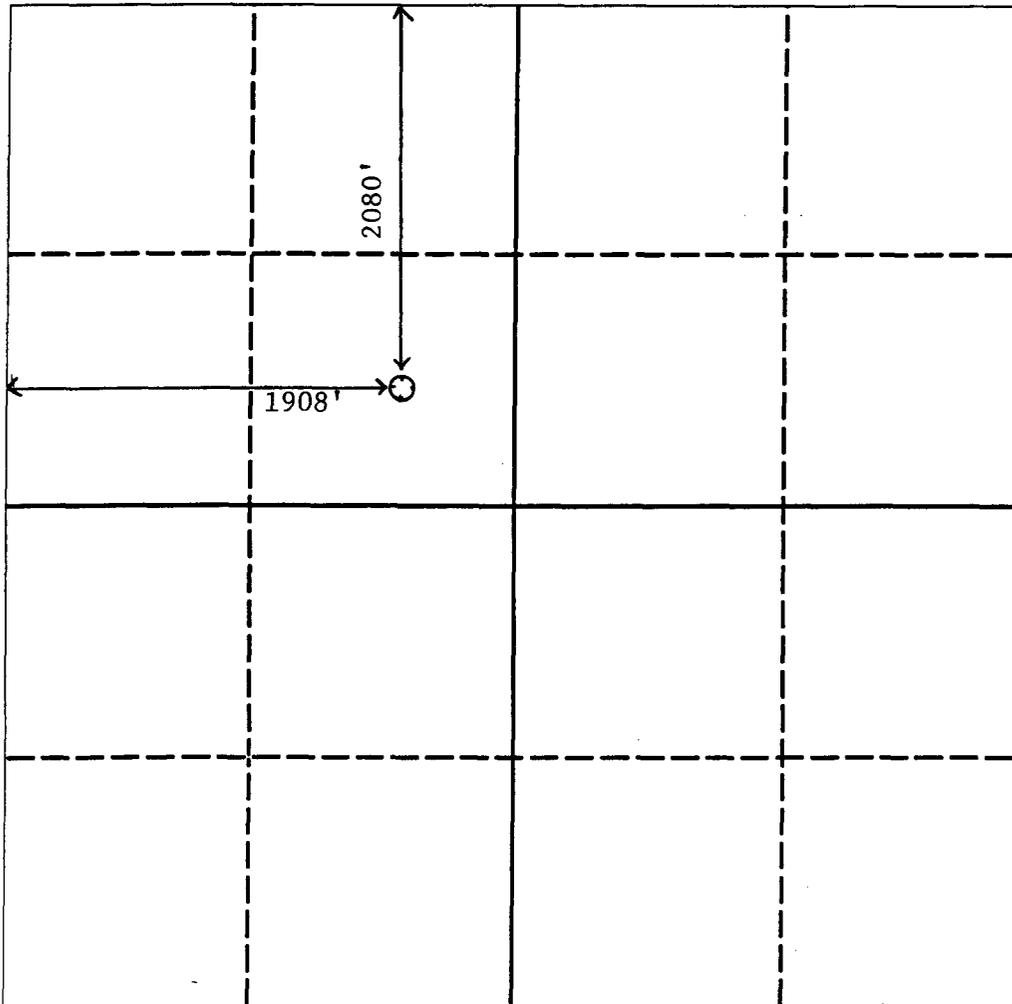
Operator Marathon Oil Company			Lease Warn State A/C 1		Well No. 3
Unit Letter F	Section 31	Township 17S	Range 35E	County Lea	
Actual Footage Location of Well: 2080 feet from the North line and 1908 feet from the West line					
Ground level Elev. 3975' GR	Producing Formation Pennsylvanian		Pool Vacuum Upper Penn	Dedicated Acreage: 80 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
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OPERATOR CERTIFICATION

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

Signature: *Rick Gaddis*

Printed Name: Rick Gaddis

Position: Production Engineer

Company: Marathon Oil Company

Date: February 8, 1994

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 knowledge and belief.

Date Surveyed: _____

Signature & Seal of Professional Surveyor: _____

See Original C-102

Certificate No. _____



Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

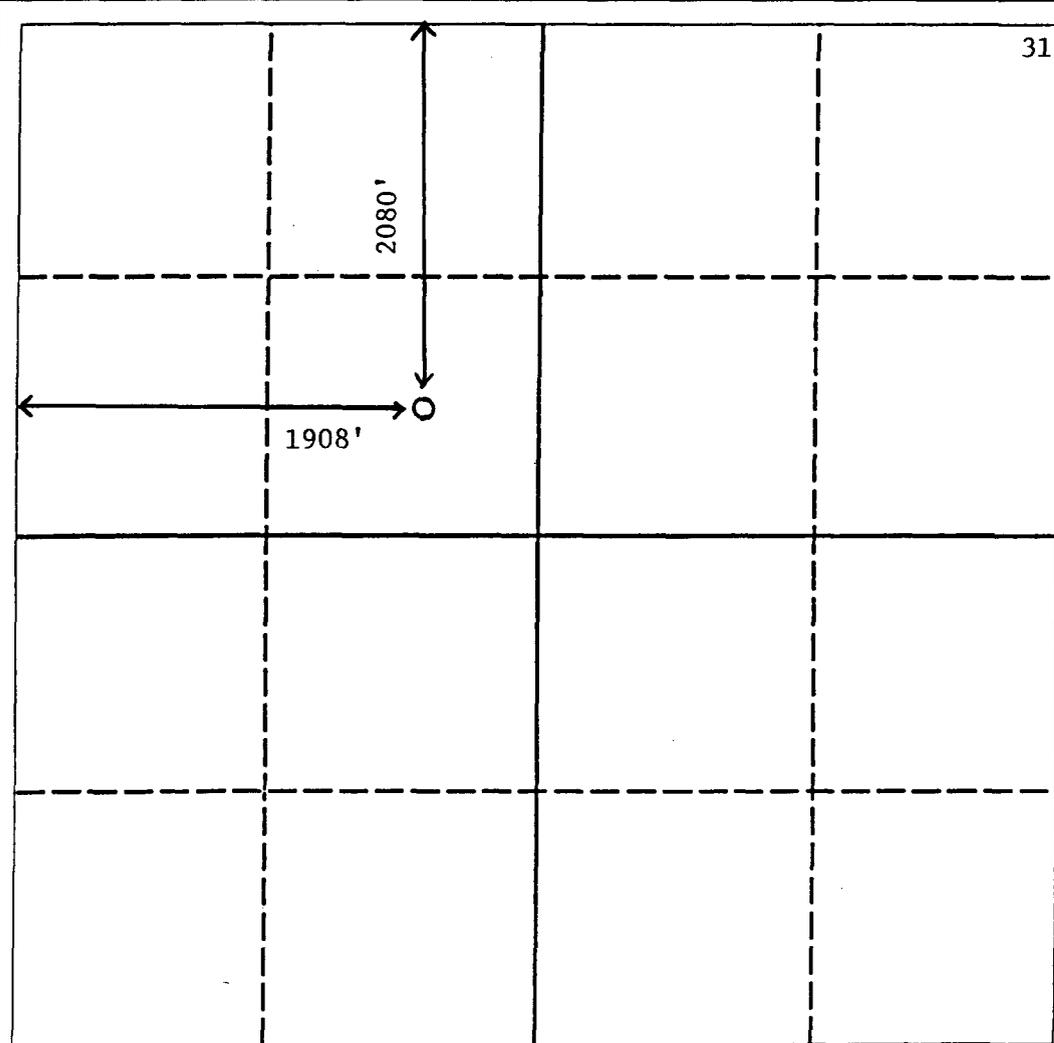
Operator Marathon Oil Company		Lease Warn State A/C 1		Well No. 3
Unit Letter F	Section 31	Township 17S	Range 35E	County Lea
Actual Footage Location of Well: 2080 feet from the North line and 1908 feet from the West line				
Ground level Elev. 3975' GR	Producing Formation Abo	Pool North Vacuum Abo	Dedicated Acreage: 80 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
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OPERATOR CERTIFICATION

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

Signature
Rick Gaddis

Printed Name
Rick Gaddis

Position
Production Engineer

Company
Marathon Oil Company

Date
February 8, 1994

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 knowledge and belief.

Date Surveyed

Signature & Seal of Professional Surveyor

See Original C-102

Certificate No.



Submit 2 copies to Appropriate District Office.
 DISTRICT I
 P.O. Box 1980, Hobbs, NM 88240
 DISTRICT II
 P.O. Drawer DD, Artesia, NM 88210
 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

P.O. Box 2088
 Santa Fe, New Mexico 87504-2088

GAS - OIL RATIO TEST

Operator Marathon Oil Company		Pool North Vacuum Abo		County Lea										
Address PO Box 2409, Hobbs, NM 88240		TYPE OF TEST - (X)		Completion <input type="checkbox"/> Scheduled <input type="checkbox"/> Special <input checked="" type="checkbox"/>										
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.S.	GRAV. OIL		OIL BBL.S.
Warn State A/C 1	3	F	31	17S	35E	12/15/93	P	-	24	2	41	17	91	5353

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.

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

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

Rich Gaddis
 Signature

Printed name and title

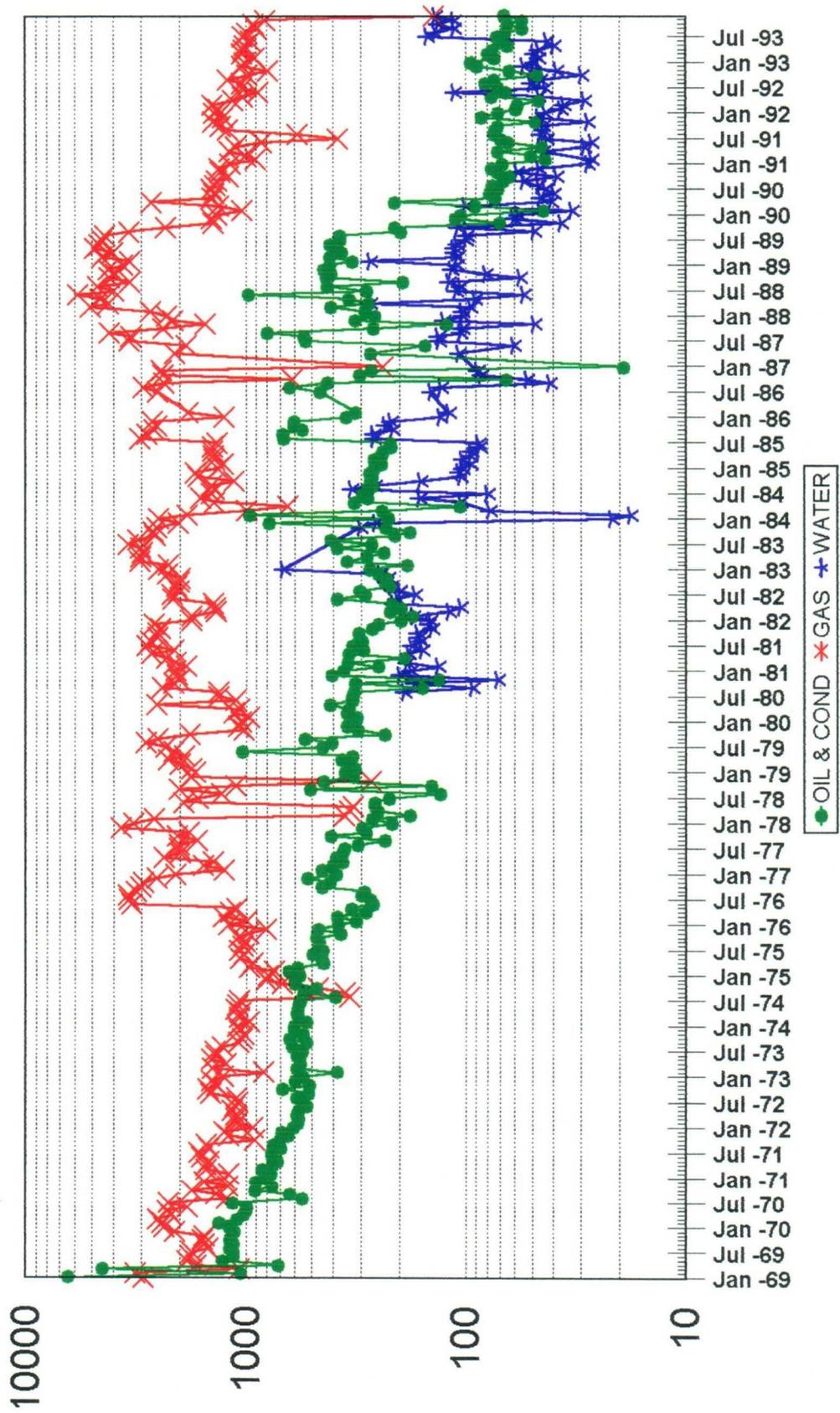
Rick Gaddis Production Engineer

February 8, 1994

Date

(505) 393-7106
 Telephone No.

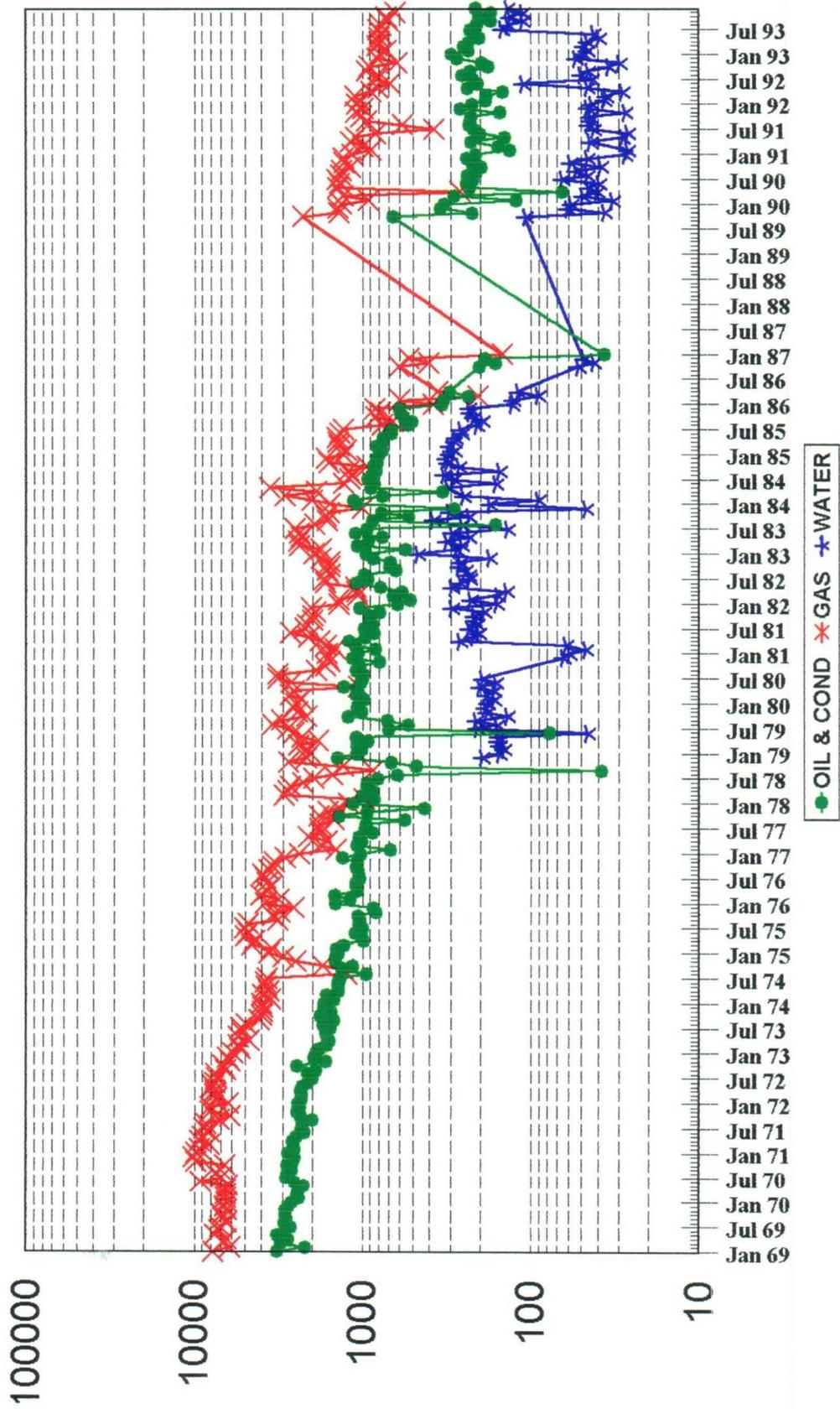
Warn State A/C 1 # 3
Monthly Totals
Vacuum Wolfcamp



Warn State A/C 1 Well # 3

Monthly Totals

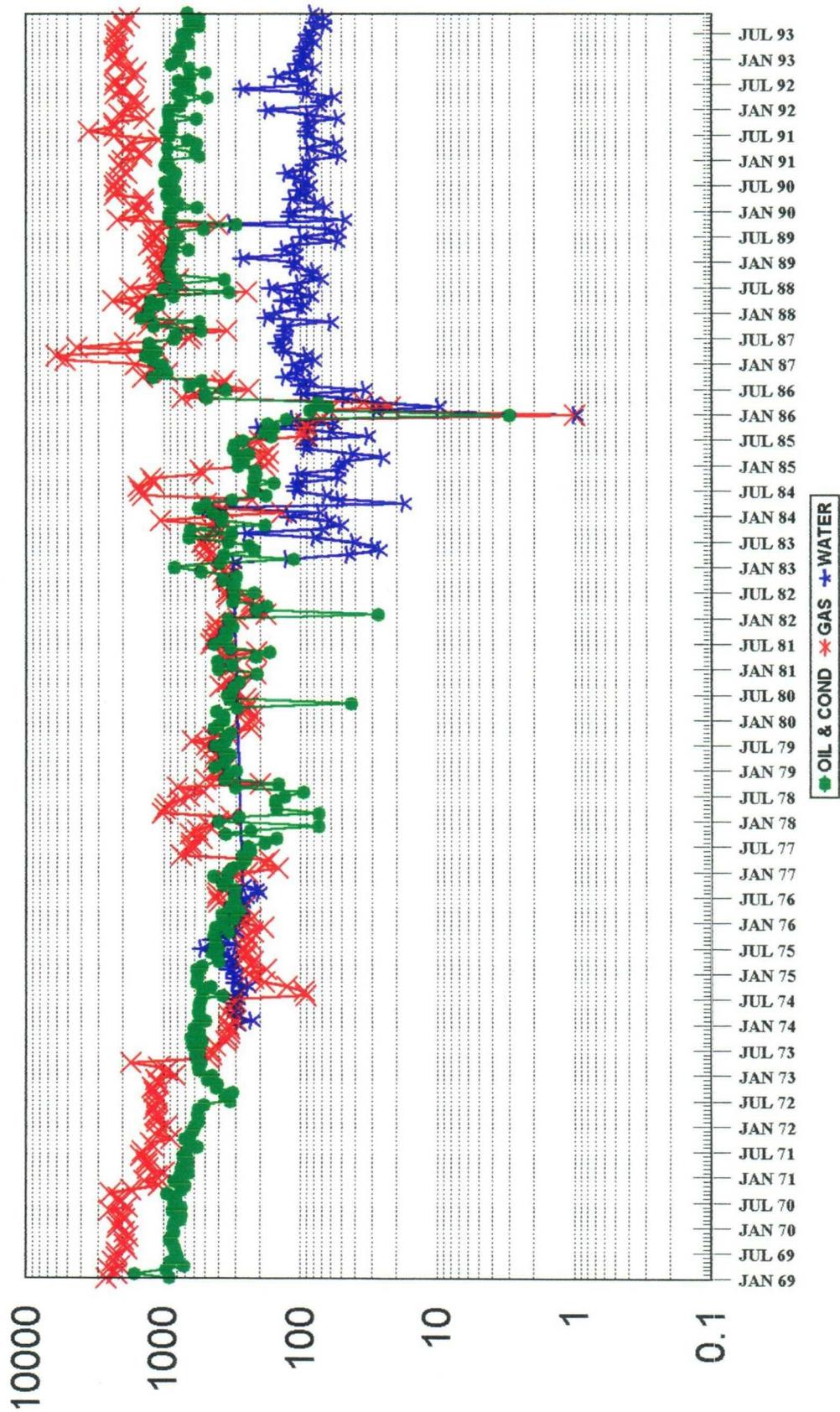
Upper Penn



Warn State A/C 1 Well # 3

Monthly Totals

Abo Reef





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

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

RECEIVED

'94 FEB 21 AM 8 35

2-17-94

BRUCE KING
GOVERNOR

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

RE: Proposed:

- MC _____
- DHC X _____
- NSL _____
- NSP _____
- SWD _____
- WFX _____
- PMX _____

Gentlemen:

I have examined the application for the:

<i>Marathon Oil Co</i>	<i>Warn State A/c-1</i>	<i>#3-F</i>	<i>31-17-35</i>
Operator	Lease & Well No.	Unit	S-T-R

and my recommendations are as follows:

OK

Yours very truly,

Jerry Sexton
 Jerry Sexton
 Supervisor, District 1

/ed