

DHC 3-25-96

Mid-Continent Region
Production United States

1223

RECEIVED



**Marathon
Oil Company**

MAR 6 1996

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

OIL CONSERVATION DIV.
SANTA FE

Mr. David Catanach
State of New Mexico
Oil Conservation Department
Energy and Minerals Department
2040 South Pacheo
Santa Fe, New Mexico 87505

RE: **Request for Exception to Rule 303-A
Downhole Commingling
Jicarilla Apache Well No. 16
Unit Letter I, 1,600' FSL & 900' FEL
Section 34, T-26-N, R-5-W
Blanco Mesa Verde and Basin Dakota Pools
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 the Mesa Verde and Basin Dakota zones in the referenced well.

The Mesa Verde was completed in September of 1994 and a coiled tubing string installed to aid in the production of the Dakota and the Mesa Verde (production plots attached). The coiled tubing string has not performed as expected. The downhole commingling will allow for the installation of plunger lift equipment for both formations and thus maximize production and prevent waste.

Enclosed is pertinent data supporting this application as outlined in Rule 303-A. If additional information is necessary, please contact me at (505) 393-7106, ext 201. Your prompt consideration of this issue is greatly appreciated.

Sincerely,

Ricky D. Gaddis
Advanced Production Engineer

REQUEST FOR EXCEPTION TO RULE 303-A

**JICARILLA APACHE WELL NO. 16
API NO. 30-039-20529
Unit Letter I, 1,600' FSL & 900' FEL
Section 34, T-26-N, R-5-W
Jicarilla Field
Rio Arriba County, New Mexico**

- A. Operator:
Marathon Oil Company
P.O. Box 2409
Hobbs, New Mexico 88240
- B. Plats and Offset Operators:
Attached.
- C. C-116's:
Attached.
- D. Production Decline Curves:
Attached.
- E. Estimated Bottomhole Pressures:
Mesa Verde 770 psig.
Basin Dakota 930 psig.
- F. 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.
- G. Value:
Marathon receives the same price for product from both zones and value will not be affected.

H: Production Allocation:

<u>POOL</u>	<u>BOPD</u>	<u>MCFD</u>	<u>BWPD</u>
Mesa Verde	1	100	1
<u>Basin Dakota</u>	<u>3</u>	<u>150</u>	<u>1</u>
Total	4	250	2

Allocated Percentages:

<u>POOL</u>			
Mesa Verde	25%	40%	50%
<u>Basin Dakota</u>	<u>75%</u>	<u>60%</u>	<u>50%</u>
Total	100%	100%	100%

Request for Exception to Rule 303-A
Jicarilla Apache Well No. 16
Page 2

- I. Ownership:
Ownership of all zones is in common and correlative rights will not be compromised.

- H. Offset Operator Notification:
By copy of this letter we are notifying all offset operators (see list) of the proposed commingling, by certified mail.

OFFSETTING OPERATORS
Jicarilla Apache Well No. 16
Sections 27, 28, 33 & 34 of T-26-N, R-5-W
Rio Arriba County, New Mexico

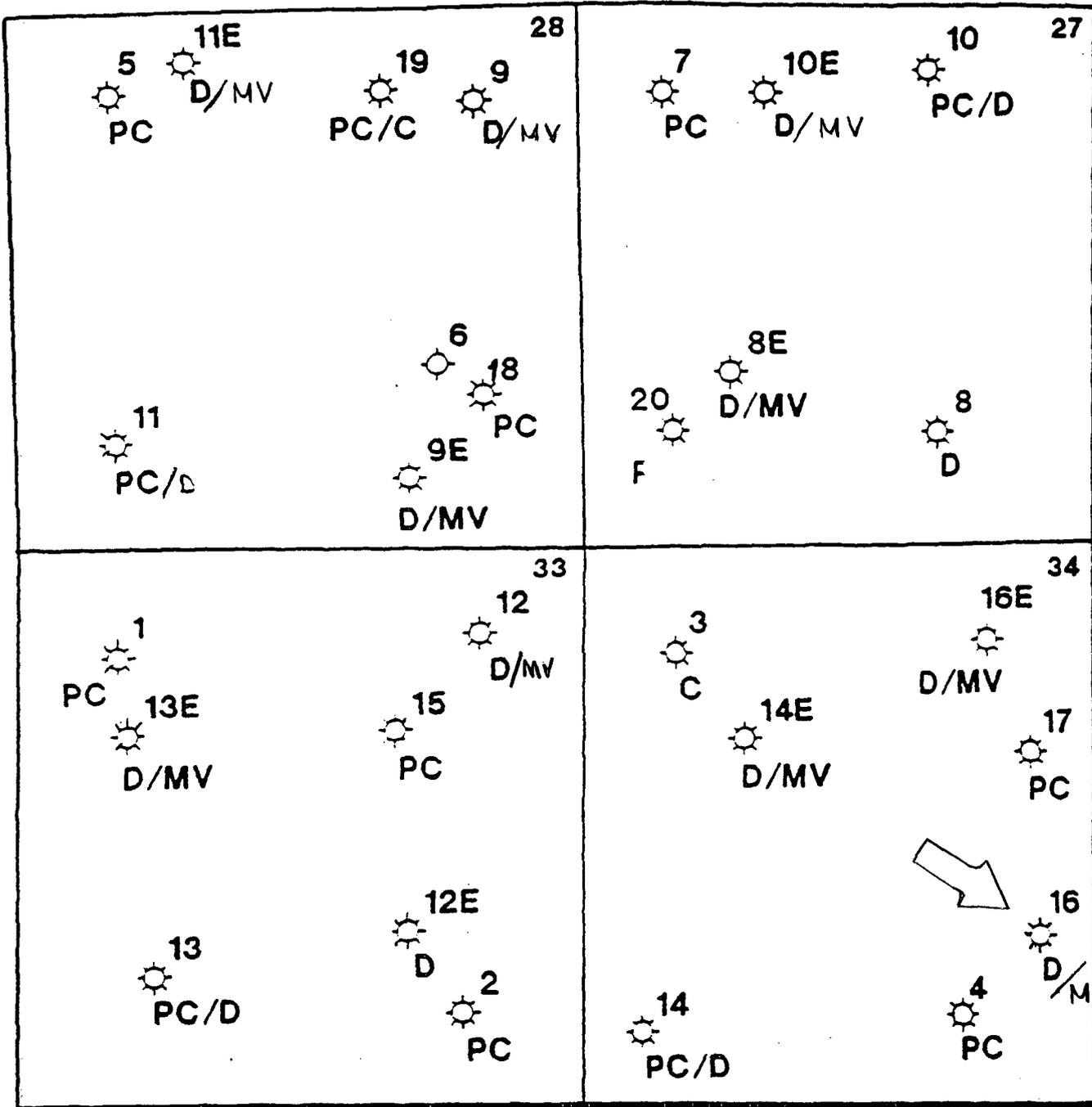
Amoco Production Company
P. O. Box 800
Denver, CO 80201-0800

Meridian Oil Inc.
P. O. Box 4289
Farmington, NM 87401-4289

Conoco Inc.
10 Desta Dr., Ste. 100W
Midland, TX 79705-4500

Merit Energy Corp.
P. O. Box 351
Midland, TX 79702-0351

R 5 W



SCALE 1/4" = 1 MILE

- PC PICTURED CLIFFS
- C CHACRA
- MV MESA VERDE
- D DAKOTA
- F COAL

MARATHON OIL COMPANY	MID-CONTINENT REGION
<h2 style="margin: 0;">JICARILLA AREA</h2> <p style="margin: 0;">RIO ARriba COUNTY, NEW MEXICO</p>	
1/98	

March 5, 1996

Offset Operator

**Re: Request for Exception to Rule 303-A
Downhole Commingling
Jicarilla Apache No. 16
UL "I", 1,600' FSL & 900' FEL
Section 34, T-26-N, R-5-W
Mesa Verde and Basin Dakota Pools
Jicarilla Field
Rio Arriba County, New Mexico**

Gentlemen:

Marathon Oil Company has filed an application with the New Mexico Conservation Division to downhole commingle the above referenced well. Please find enclosed a copy of the application as outlined in Rule 303-A.

If you are in agreement and waive all objections to the downhole commingling, please sign below and mail the original to the NMOCD, 2040 South Pacheco, Santa Fe, NM 87505, Attn: David Catanach.

Sincerely

Ricky D. Gaddis
Advanced Production Engineer

Agreed and accepted this _____ day of _____, 1996

by _____, as representative of

State of New Mexico
Energy, Minerals and Natural Resources Department
OIL CONSERVATION DIVISION

Form C-116
Revised 1/1/89

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

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

GAS - OIL RATIO TEST

Operator Marathon Oil Company		Pool Mesa Verde		County Rio Arriba								
Address P.O. Box 2409, Hobbs, NM 88240		TYPE OF TEST - (X)		Completion <input type="checkbox"/> Special <input checked="" type="checkbox"/>								
LEASE NAME Jicarilla Apache	WELL NO. 16	LOCATION		DATE OF TEST 9/23/95	CHOKE SIZE NA	TBG. PRESS. 75	DAILY ALLOW-ABLE NA	LENGTH OF TEST HOURS 24	PROD. DURING TEST			GAS - OIL RATIO CU.FT./BBL. NA
		U I	S 34						T 26N	R 5W	WATER BBL.S. 0	

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

Rick Gaddis
Signature

Rick Gaddis
Printed name and title

3/04/96
Date

(505) 393-7106
Telephone No.

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.

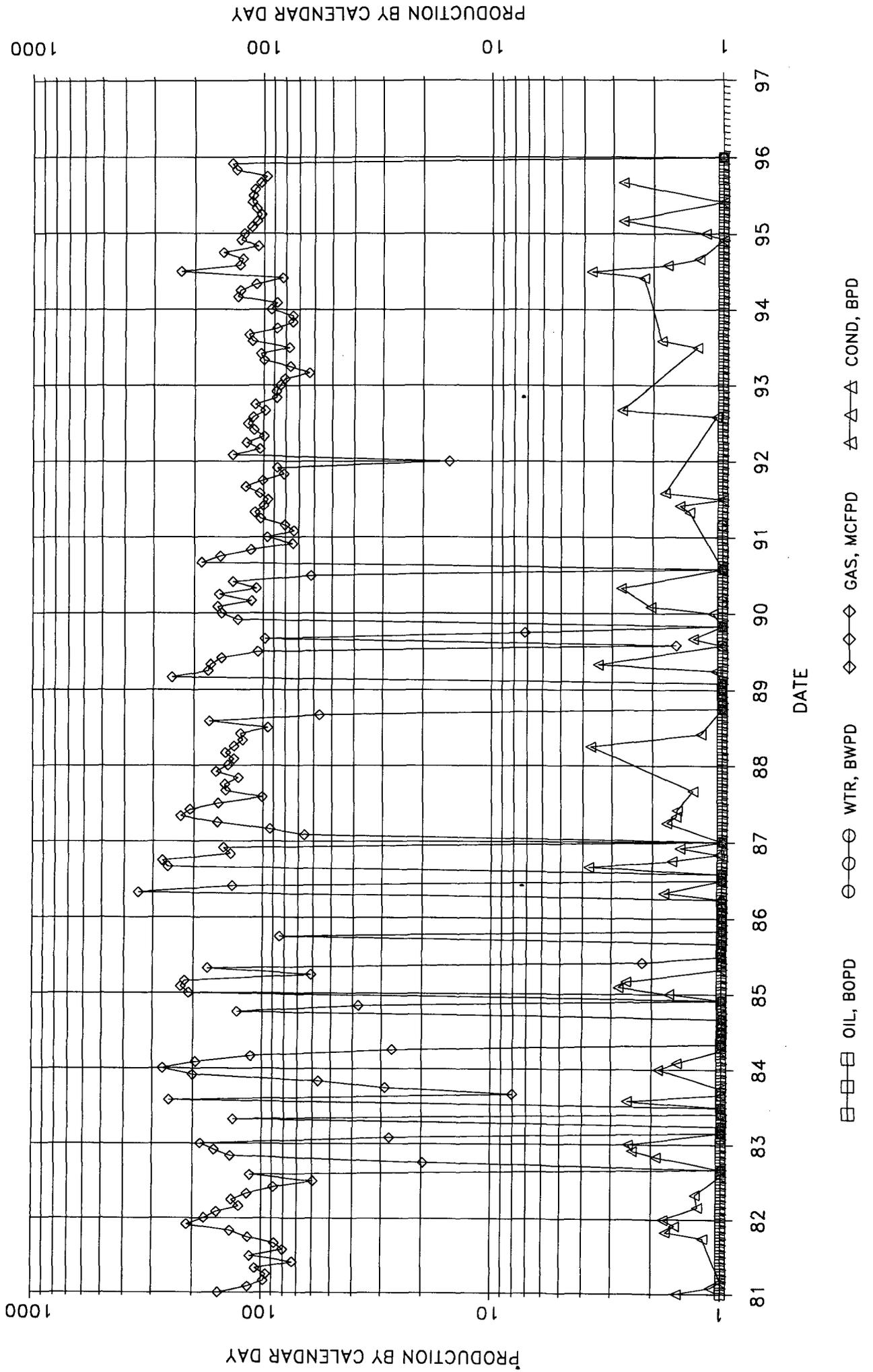
Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60°F. Specific gravity base will be 0.60.

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

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

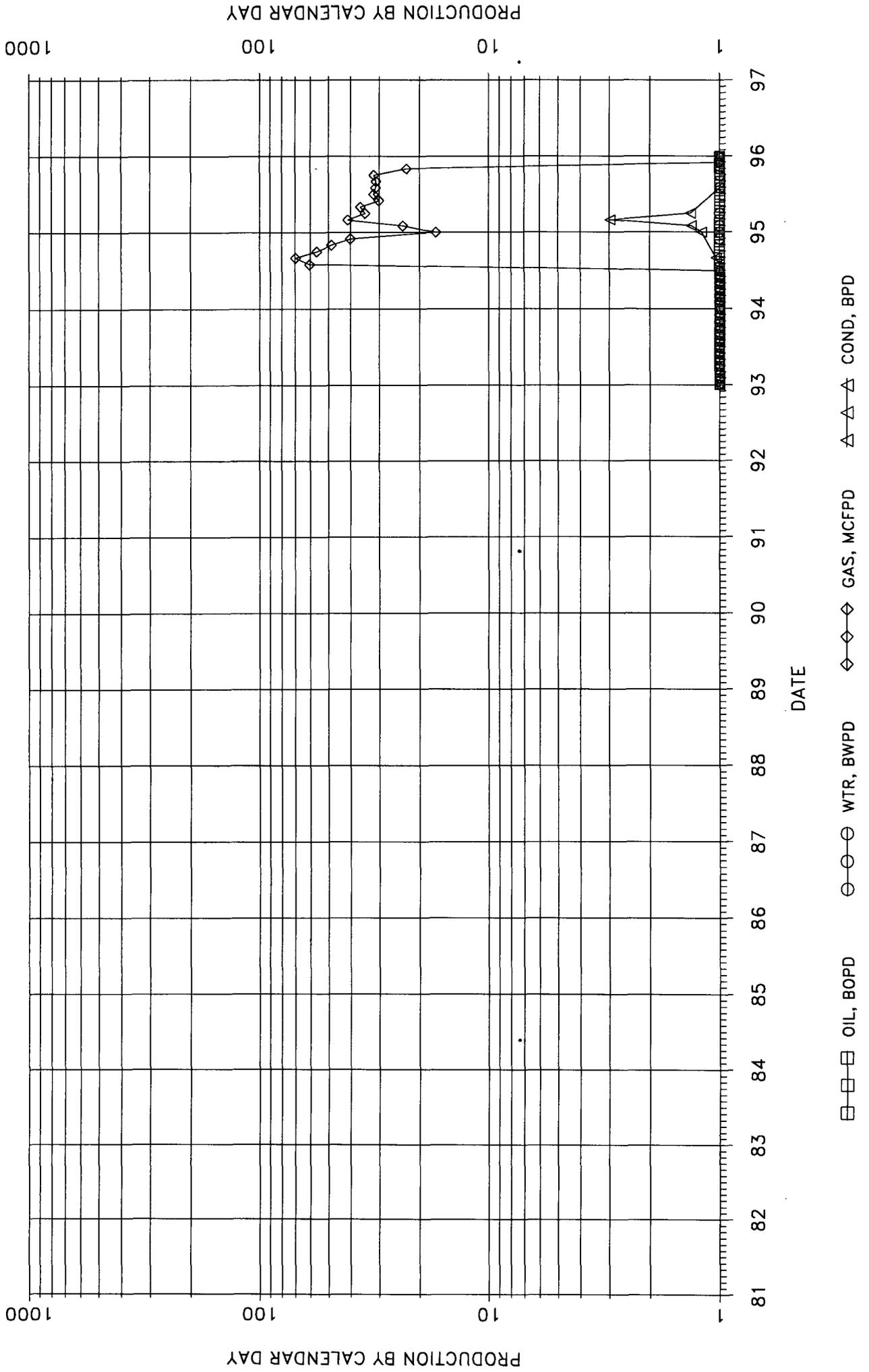
Midland Operations

JICARILLA APACHE WELL NO. 16 - DAKOTA



Midland Operations

JICARILLA APACHE WELL NO. 16 - MESA VERDE



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT -" for such proposals

5. Lease Designation and Serial No.
Tract 251-Contract 154

6. If Indian, Allottee or Tribe Name
Jicarilla Apache

SUBMIT IN TRIPLICATE

7. If Unit or CA, Agreement Designation
NA

1. Type of Well
 Oil Well Gas Well Other

8. Well Name and No.
Jicarilla Apache No. 16

2. Name of Operator
Marathon Oil Company

9. API Well No.
30-039-20529

3. Address and Telephone No.
P.O. Box 2409, Hobbs, NM 88240 (505) 393-7106

10. Field and Pool, or exploratory Area
Mesaverde/Basin Dakota

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
**Unit Letter I, 1,600' FSL and 900' FEL
Section 34, T-26-N, R-5-W**

11. County or Parish, State
Rio Arriba, NM

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other Remove Coiled Tbg & DHC.
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Marathon Oil Company proposes the downhole commingling of the Jicarilla Apache Well No. 16 by the removal of the existing coiled tubing string, removal of a packer and the installation of plunger lift equipment. The application to downhole commingling has been submitted to the NMOCD. Work to DHC will be initiated upon NMOCD approval to DHC.

14. I hereby certify that the foregoing is true and correct

Signed [Signature] Title Advanced Production Engineer Date 2/27/96

(This space for Federal or State office use)

Approved by _____ Title _____ Date _____
Conditions of approval, if any:

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.