

DHC 8/18/97

Mid-Continent Region
Production United States



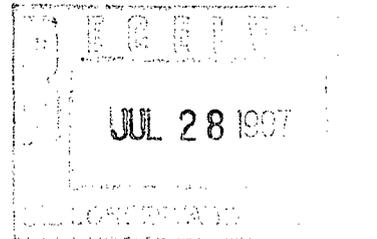
P.O. Box 2409
Hobbs, NM 88241-2409
Telephone 505/393-7106

1670

July 23, 1997

Mr. David Catanach
Oil Conservation Department
Energy and Minerals Department
P.O. Box 2088
Santa Fe, New Mexico 87501

**RE: Request for Exception to Rule 303-A
Downhole Commingling
Mark Owen Well No. 9
Unit Letter L, 1830' FSL & 660' FWL
Section 35, T-21-S, R-37-E
Blinebry Oil & Gas and Wantz Abo
Drinkard Field
Lea 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 production in the above subject well from the Blinebry Oil & Gas and Wantz Abo pools in Lea County, New Mexico.

The Wantz Abo is reaching the producible economic limit. A recent workover isolated the Wantz Abo below a bridge plug. Next pay was added in the Blinebry Oil & Gas zones. Currently production is from the Blinebry Oil & Gas pool only, but if the application is approved the bridge plug will be removed. By downhole commingling the production from the two zones, production will be realized that could not economically justify the cost of equipment to separate the zones. Rod pumping equipment will be utilized to keep the PBHP as low as possible, preventing crossflow.

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.

Sincerely,

Thomas P. Kacir
Thomas P. Kacir
Production Engineer

TPK/dbc
Enclosure

REQUEST FOR EXCEPTION TO RULE 303-A

Mark Owen Well No. 9

Drinkard Field

A: Operator

Marathon Oil Company
P.O. Box 2409
Hobbs, New Mexico 88240-2409

B: Lease Name and Well Number

Mark Owen Well No. 9
Unit Letter L, 1830' FSL & 660' FWL
Section 35, T-21-S, R-37-E
Lea County, New Mexico
Drinkard: Blinebry Oil & Gas, Wantz Abo Pools

C: Plats and Offset Operators

Attached

D: C-116's

Attached

E: Production Decline Curves

Attached

F: Estimated Bottomhole Pressures

	Current	Original
Blinebry Oil & Gas	530 psi	2260 psi
Wantz Abo	500 psi	2100 psi

G: 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.

H: Value

Marathon receives the same price for product from these zones and value will not be adversely affected.

I: Production Allocation

<u>POOL</u>	<u>BOPD</u>	<u>MCFD</u>	<u>BWPD</u>	<u>Estimated Methods</u>
Blinebry Oil & Gas	23	161	13	Post Workover Production
Wantz Abo	<u>7</u>	<u>37</u>	<u>2</u>	Pre-Workover Production
Total	30	198	15	

<u>Allocated Percentages</u>	<u>Oil %</u>	<u>Gas %</u>	<u>Water %</u>
------------------------------	--------------	--------------	----------------

Post-workover utilizing above production

Blinebry Oil & Gas	76.7	81.3	86.7
Wantz Abo	<u>23.3</u>	<u>18.7</u>	<u>13.3</u>
Total	100	100	100

J: Ownership

Ownership of all zones is common and correlative rights will not be compromised.

K: Offset Operator Notification

By copy of this letter we are notifying all offset operators (see list, Item C) of the proposed commingling, by certified mail.

OFFSETTING OPERATORS
Mark Owen Well No. 9
UL "L", 1830' FSL, 660' FWL
Section 35, T-21-S, R-37-E
Lea County, New Mexico
Drinkard Field

Exxon Corporation
P.O. Box 1600
Midland, Texas 79702

John H. Hendrix Corp.
P.O. Box 3040
Midland, Texas 79702-3040

Oxy USA Inc.
P.O. Box 50250
Midland, Texas 79705

Conoco, Inc.
10 Desta Drive West, Suite 100 W
Midland, Texas 79701

Chevron USA Inc.
P.O. Box 1150
Midland, Texas 79702



**Marathon
Oil Company**

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

July 23, 1997

Chevron USA Inc.
P.O. Box 1150
Midland, Texas 79702

**RE: Request for Exception to Rule 303-A
Downhole Commingling
Mark Owen Well No. 9
Unit Letter L, 1830' FSL & 660' FWL
Section 35, T-21-S, R-37-E
Blinebry Oil & Gas and Wantz Abo Pools
Drinkard Field
Lea County, New Mexico**

Ladies and/or Gentlemen:

Marathon Oil Company has filed an application with the New Mexico Oil Conservation division to amend the downhole commingling production permit in 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 in the enclosed addressed envelope. Also, please return one copy to Marathon at the letterhead address.

Sincerely,

A handwritten signature in cursive script that reads "Thomas P. Kacir".

Thomas P. Kacir
Production Engineer

TPK/
Enclosure

Agreed and accepted this _____ day of _____ 1997

by _____, as representative of



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

July 23, 1997

Conoco Inc.
10 Desta Drive West, Suite 100 W
Midland, Texas 79705

**RE: Request for Exception to Rule 303-A
Downhole Commingling
Mark Owen Well No. 9
Unit Letter L, 1830' FSL & 660' FWL
Section 35, T-21-S, R-37-E
Blinebry Oil & Gas and Wantz Abo Pools
Drinkard Field
Lea County, New Mexico**

Ladies and/or Gentlemen:

Marathon Oil Company has filed an application with the New Mexico Oil Conservation division to amend the downhole commingling production permit in 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 in the enclosed addressed envelope. Also, please return one copy to Marathon at the letterhead address.

Sincerely,


Thomas P. Kacir
Production Engineer

TPK/
Enclosure

Agreed and accepted this _____ day of _____ 1997

by _____, as representative of

Mid-Continent Region
Production United States



**Marathon
Oil Company**

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

July 23, 1997

Exxon Corporation
P.O. Box 1600
Midland, Texas 79702

RE: **Request for Exception to Rule 303-A
Downhole Commingling
Mark Owen Well No. 9
Unit Letter L, 1830' FSL & 660' FWL
Section 35, T-21-S, R-37-E
Blinbry Oil & Gas and Wantz Abo Pools
Drinkard Field
Lea County, New Mexico**

Ladies and/or Gentlemen:

Marathon Oil Company has filed an application with the New Mexico Oil Conservation division to amend the downhole commingling production permit in 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 in the enclosed addressed envelope. Also, please return one copy to Marathon at the letterhead address.

Sincerely,

Thomas P. Kacir
Thomas P. Kacir
Production Engineer

TPK/
Enclosure

Agreed and accepted this _____ day of _____ 1997

by _____, as representative of

Mid-Continent Region
Production United States



**Marathon
Oil Company**

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

July 23, 1997

John H. Hendrix Corp
P.O. Box 3040
Midland, Texas 79702-3040

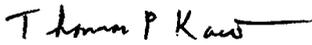
**RE: Request for Exception to Rule 303-A
Downhole Commingling
Mark Owen Well No. 9
Unit Letter L, 1830' FSL & 660' FWL
Section 35, T-21-S, R-37-E
Blinbry Oil & Gas and Wantz Abo Pools
Drinkard Field
Lea County, New Mexico**

Ladies and/or Gentlemen:

Marathon Oil Company has filed an application with the New Mexico Oil Conservation division to amend the downhole commingling production permit in 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 in the enclosed addressed envelope. Also, please return one copy to Marathon at the letterhead address.

Sincerely,


Thomas P. Kacir
Production Engineer

TPK/
Enclosure

Agreed and accepted this _____ day of _____ 1997

by _____, as representative of

Mid-Continent Region
Production United States



**Marathon
Oil Company**

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

July 23, 1997

Oxy USA Inc.
P. O. Box 50250
Midland, Texas 79705

**RE: Request for Exception to Rule 303-A
Downhole Commingling
Mark Owen Well No. 9
Unit Letter L, 1830' FSL & 660' FWL
Section 35, T-21-S, R-37-E
Blinbry Oil & Gas and Wantz Abo Pools
Drinkard Field
Lea County, New Mexico**

Ladies and/or Gentlemen:

Marathon Oil Company has filed an application with the New Mexico Oil Conservation division to amend the downhole commingling production permit in 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 in the enclosed addressed envelope. Also, please return one copy to Marathon at the letterhead address.

Sincerely,

Thomas P. Kacir
Thomas P. Kacir
Production Engineer

TPK/
Enclosure

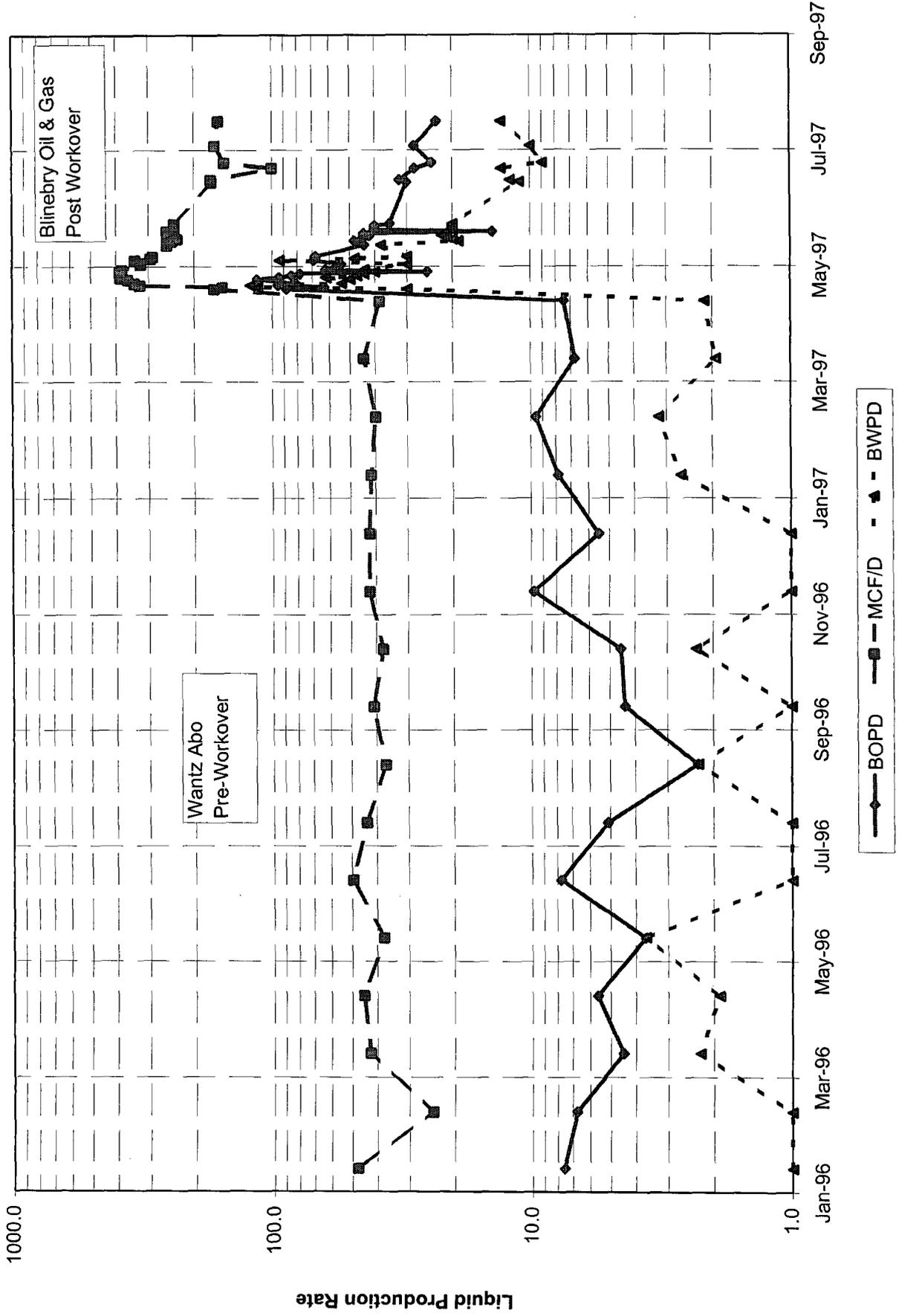
Agreed and accepted this _____ day of _____ 1997

by _____, as representative of

Drinkard Field
Lea County, N.M.
Mark Owen Lease
Sec. 35
T-21-S
R-37-E



Mark Owen #9



State of New Mexico
 Energy, Minerals and Natural Resources Department
OIL CONSERVATION DIVISION
 2040 Pacheco St.
 Santa Fe, NM 87505

Form C-116
 Revised 1/1/89

Submit 2 copies to Appropriate District Office.
 DISTRICT I
 P.O. Box 1980, Hobbs, NM 88240
 DISTRICT II
 811 S. 1st Street, Artesia, NM 88210-2834
 DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410

GAS - OIL RATIO TEST

Operator		Pool		County								
Marathon Oil Company		Blaineby Oil & Gas (011)		Lea								
Address		TYPE OF TEST - (X)		Completion								
P.O. Box 2409 Hobbs, NM 88240		<input type="checkbox"/> Scheduled <input checked="" type="checkbox"/> Daily Allowable		<input type="checkbox"/> Prod. During Test <input checked="" type="checkbox"/> Special								
LEASE NAME	WELL NO.	LOCATION			DATE OF TEST	CHOKE SIZE	TBG. PRESS.	LENGTH OF TEST HOURS	PROD. DURING TEST			GAS-OIL RATIO CU.FT/BBL
		U	S	T					R	WATER BBL.S.	GRAV. OIL	
Mark Owen	9	L	35	21	37	7/18/97	csg 30	24	13	23	161	7000

For Information Only

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.

Thomas Kacir
 Signature

Thomas Kacir
 Printed name and title

July 23, 1997
 Date

393-7106
 Telephone No.

Lea

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 Pacheco St.
Santa Fe, NM 87505

Form C-116
Revised 1/1/89

Submit 2 copies to Appropriate District Office.
DISTRICT I
P.O. Box 1980, Hobbs, NM 88240
DISTRICT II
811 S. 1st Street, Artesia, NM 88210-2834
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

GAS - OIL RATIO TEST

Operator		Pool		County									
Marathon Oil Company		Wantz Abo		Lea									
Address		TYPE OF TEST - (X)		Completion									
P.O. Box 2409 Hobbs, NM 88240		<input type="checkbox"/> Scheduled <input checked="" type="checkbox"/> Special		<input type="checkbox"/> Special <input checked="" type="checkbox"/> Special									
LEASE NAME	WELL NO.	LOCATION			DATE OF TEST	CHOKE SIZE	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	
Mark Owen	9	L	35	21	37	3/10/97	csg 25		24	2	7	37	5286
For Information Only													

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.

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

Thomas Kacir
Signature

Thomas Kacir
Printed name and title
Production Engineer

July 23, 1997
Date

393-7106
Telephone No.

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

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102

Revised October 18, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code 6660		³ Pool Name Blinebry Oil & Gas (011)	
⁴ Property Code 6454		⁵ Property Name Mark Owen			⁶ Well Number
⁷ OGRID No. 014021		⁸ Operator Name Marathon Oil Company			⁹ Elevation GL 3383'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South Line	Feet from the	East/West line	County
L	35	21-S	37-E		1830'	South	660'	West	Lea

¹¹ 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

¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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>35</p>				<p>¹⁷ OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><i>Thomas Kacir</i></p> <p>Signature</p> <p>Thomas Kacir</p> <p>Printed Name</p> <p>Production Engineer</p> <p>Title</p> <p>7/23/97</p> <p>Date</p>
				<p>¹⁸ SURVEYOR CERTIFICATION</p> <p><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> <p>Certificate Number</p>

MEXICO OIL CONSERVATION COMMISS
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
 Supersedes C-128
 Effective 1-1-65

All distances must be from the outer boundaries of the Section

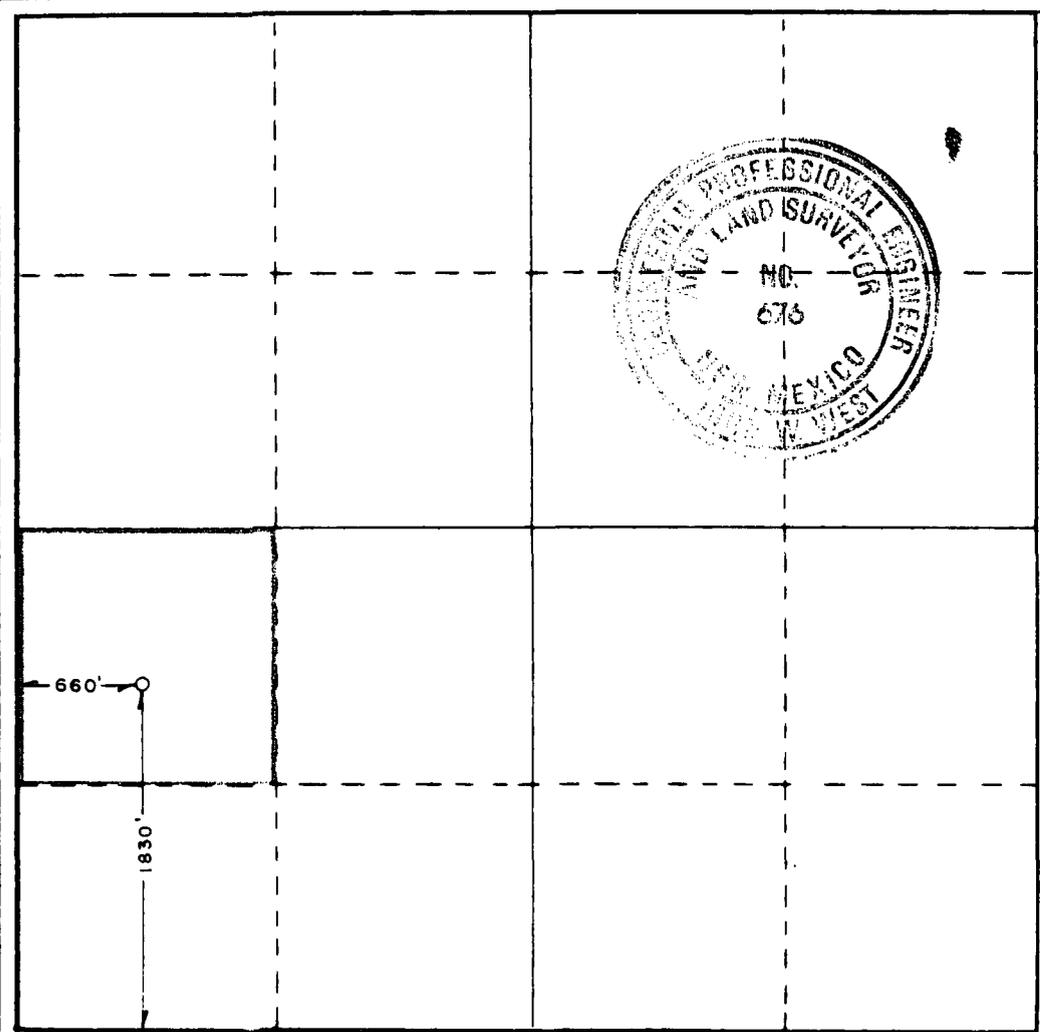
Operator MARATHON OIL COMPANY			Lease MARK OWEN			Well No. 9		
Unit Letter L	Section 35	Township 21 SOUTH		Range 37 EAST	County LEA			
Actual Footage Location of Well: 1830 feet from the SOUTH line and 660 feet from the WEST line								
Ground Level Elev. 3383.4'		Producing Formation Abo			Pool Wantz Abo		Dedicated Acreage: 40 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests 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 interests, has been approved by the Commission.



CERTIFICATION

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

Thomas F. Zapatka
 Name

Thomas F. Zapatka
 Position

Production Engineer
 Company

Marathon Oil Company
 Date

October 21, 1985

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
OCTOBER 1, 1985

Registered Professional Engineer
 and/or Land Surveyor

John W. West
 Certificate No. **JOHN W. WEST, 676**

RONALD J. EIDSON, 3239

91746



EXHIBIT "B" - CASE NO. 11353, ORDER NO. R-10470-A

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

DISTRICT II
811 South First St., Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd. Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-A
New 3-12-96

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-8429

APPROVAL PROCESS:

___ Administrative ___ Hearing

EXISTING WELLBORE

___ YES ___ NO

APPLICATION FOR DOWNHOLE COMMINGLING

Operator Marathon Oil Company Address PO Box 2409 Hobbs, NM 88241

Case Mark Owen Well No. 9 Unit Loc. - Sec - Twp - Rgs UL L, Sec. 35, T-21-S, R-37-E Lea Lea County Lea

OGRID NO. 014021 Property Code 6454 API NO. 30-025-29468 Spacing Unit Lease Types: (check 1 or more) Federal ___ State ___ (and/or) Fee X

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zones	Lower Zone
1. Pool Name and Pool Code	Blinebry Oil & Gas 6660	N/A	Wantz Abo 62700
2. Top and Bottom of Pay Section (Perforations)	5458-5861'	N/A	6568-7305'
3. Type of production (Oil or Gas)	Oil	N/A	Oil
4. Method of Production (Flowing or Artificial Lift)	Artificial Lift (Rod Pumping)	N/A	Artificial Lift (Rod Pumping)
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	a. (Current) 530 psi	a. N/A	a. 500 psi
	b. (Original) 2260 psi	b. N/A	b. 2100 psi
6. Oil Gravity (° API) or Gas BTU Content	37.6	N/A	39.2
7. Producing or Shut-in?	Producing	N/A	Shut-in
Production Marginal? (yes or no)	Yes	N/A	Yes
* If Shut-in, give date and oil/gas/water rates of last production Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data * If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: N/A Rates:	Date: N/A Rates:	Date: 3/10/97 Rates: 7/37/2
	Date: 7/18/97 Rates: 23/161/13	Date: Rates: N/A	Date: Rates: N/A
8. Fixed Percentage Allocation Formula - % for each zone	Oil: 76.7 % Gas: 81.3%	Oil: % Gas: %	Oil: 23.3 % Gas: 18.7 %

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.
10. Are all working, overriding, and royalty interests identical in all commingled zones? Yes ___ No
If not, have all working, overriding, and royalty interests been notified by certified mail? Yes ___ No
Have all offset operators been given written notice of the proposed downhole commingling? Yes ___ No
11. Will cross-flow occur? ___ Yes No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. ___ Yes ___ No (If No, attach explanation)
12. Are all produced fluids from all commingled zones compatible with each other? Yes ___ No
13. Will the value of production be decreased by commingling? ___ Yes No (If Yes, attach explanation)
14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. Yes ___ No
15. NMOCD Reference Cases for Rule 303(C) Exceptions: ORDER NO(S). _____
16. ATTACHMENTS:
- * C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
 - * Production curve for each zone for at least one year. (If not available, attach explanation.)
 - * For zones with no production history, estimated production rates and supporting data.
 - * Data to support allocation method or formula.
 - * Notification list of all offset operators.
 - * Notification list of working, overriding, and royalty interests for uncommon interest cases.
 - * Any additional statements, data, or documents required to support commingling.

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

SIGNATURE Thomas P. Kacir TITLE Production Engr. DATE July 23, 1997

TYPE OR PRINT NAME Thomas P. Kacir TELEPHONE NO. (505) 393-7106