

DHC 3/22/00

Mid-Continent Region
Production United States

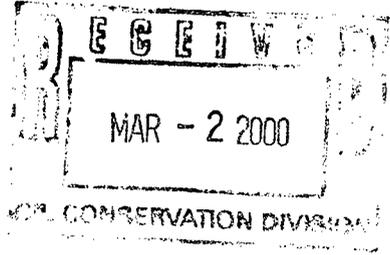


P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

2692

February 28, 2000

Mr. David Catanach
Oil Conservation Department
2040 South Pacheco
Santa Fe, New Mexico 87501



RE: **Request for Exception to Rule 303-A
Downhole Commingling
Jicarilla Apache No. 14
900' FSL & 900' FWL
Unit Letter "M", Section 34, Township 26-N, Range 5-W
South Blanco Pictured Cliffs, Chacra, Blanco Mesa Verde & Basin Dakota
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 production in the above subject well from the South Blanco Pictured Cliffs, Chacra, Blanco Mesa Verde & the Basin Dakota pools in Rio Arriba County, New Mexico. Marathon also requests a 30 day exception to Rule 303-A to permit the downhole commingling of production while awaiting for approval of this application. If this application is not approved, then the well will remain as a dual producer from the South Blanco Pictured Cliffs and Blanco Mesa Verde pools.

All four pools represent marginal production. The well was drilled and completed as a dual producer in the South Blanco Pictured Cliffs and Basin Dakota pools in 1968. In late 1999, perforations were added in the Blanco Mesa Verde. The Basin Dakota perforations were isolated, and the well was returned to dual production from the South Blanco Pictured Cliffs and the Blanco Mesa Verde. Plans are to remove the bridge plug isolating the Basin Dakota, perforate the Chacra, and downhole commingle all four pools.

By downhole commingling the production from these four 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. Producing the well in this manner will allow complete development of the productive capacity of the well, prevent crossflow and extend the economic life of both completions, thereby preventing waste.

Enclosed is pertinent data to support this application as outlined in Rule 303-A. If additional information is necessary, please contact me at (915) 687-8268.

Sincerely,

Tim L. Chase
Advanced Engineer Technician

REQUEST FOR EXCEPTION TO RULE 303-A
Jicarilla Apache No. 14, Jicarilla Field

A: Operator

Marathon Oil Company
P.O. Box 552, Midland, Texas 79702-0552

B: Lease Name and Well Number

Jicarilla Apache No. 14
900' FSL & 900' FWL, Unit Letter "M", Section 34, Township 26-N, Range 5-W
Jicarilla Field, Rio Arriba County, New Mexico
South Blanco Pictured Cliffs, Chacra, Blanco Mesa Verde, Basin Dakota

C: Plats and Offset Operators

Plat attached. Offset operator list not attached since offset operators no longer need to be notified.

D: C-116's

Attached. *30-039-20140*

E: Production Decline Curves

Attached

F: Estimated Current Bottomhole Pressures (PSI)

South Blanco Pictured Cliffs = 300, Chacra = 325, Blanco Mesa Verde = 350, Basin Dakota = 375

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, so value won't be adversely affected

I: Production Allocation

<u>POOL</u>	<u>BOPD</u>	<u>MCFPD</u>	<u>BWPD</u>	<u>Estimation Methods</u>
South Blanco PC	0	65	0	Current Production
Chacra	0	100	0	Post-Workover Estimate
Blanco Mesa Verde	16	306	9	Current Production
Basin Dakota	1	63	0	Production Before Shut-In
Total	17	534	9	

	<u>Allocated %</u>	<u>Oil %</u>	<u>Gas %</u>	<u>Water %</u>
South Blanco PC		0.00	12.17	0.00
Chacra		0.00	18.73	0.00
Blanco Mesa Verde		94.12	57.30	100.00
Basin Dakota		5.88	11.80	0.00
Total		100.00	100.00	100.00

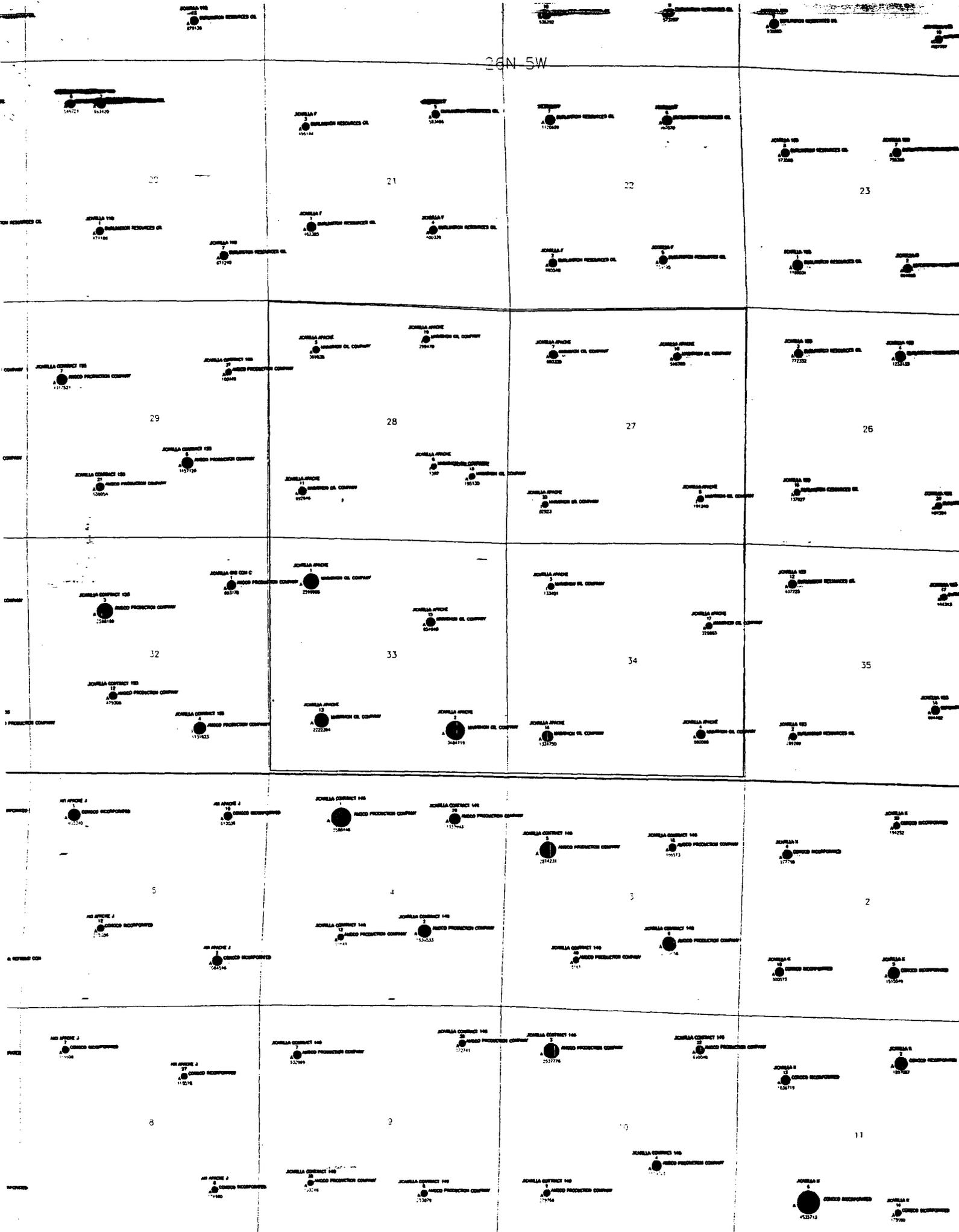
J: Ownership

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

K: Offset Operator Notification

Offset operators are not provided with a copy of this application since they no longer need to be

36N 5W



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
311 S. 1st Street, Artesia, NM 88210-2834
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

GAS - OIL RATIO TEST

Operator Marathon Oil Company		Pool Blanco: Mesa Verde		County Rio Arriba												
Address P.O. Box 2490 Hobbs, NM 88240		TYPE OF TEST - (X) <input type="checkbox"/> Scheduled <input checked="" type="checkbox"/> DAILY ALLOWABLE		Completion <input checked="" type="checkbox"/> PROD. DURING TEST <input type="checkbox"/> Special												
LEASE NAME	WELL NO.	LOCATION			DATE OF TEST	STATION	CHOKESIZE	TBG. PRESS.	LENGTH OF TEST HOURS	WATER			OIL			GAS-OIL RATIO CUFT/BBL
		U	S	T						R	GRAV. OIL	WATER BBL.	GRAV. OIL	OIL BBL.	GAS M.C.F.	
Jicarilla Apache	14	M	34	26N	5W	1/4/00	F	31	24	9	16	306	19,125			

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.

Kelly Cook
Signature

Kelly Cook
Printed name and title

Records Processor

January 10, 2000
Date

393-7106

Telephone No.

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

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-116
 Revised 1/1/89

OIL CONSERVATION DIVISION

2040 Pacheco St.
 Santa Fe, NM 87505

GAS - OIL RATIO TEST

Operator		Pool		County										
Marathon Oil Company		Basin, Dakota		Rio Arriba										
Address		TYPE OF TEST - (X)		Completion		Special								
P.O. Box 552 Midland, TX 79702		Scheduled <input type="checkbox"/>		Completion <input type="checkbox"/>		Special <input checked="" type="checkbox"/>								
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		OIL BBL'S.
Jicarilla Apache	14	M	34	26N	5W	11/19/99	F		24	0		1	63	N/A

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.

Tim L. Chase

Signature

Printed name and title
Tim L. Chase Advanced Engineer Technician

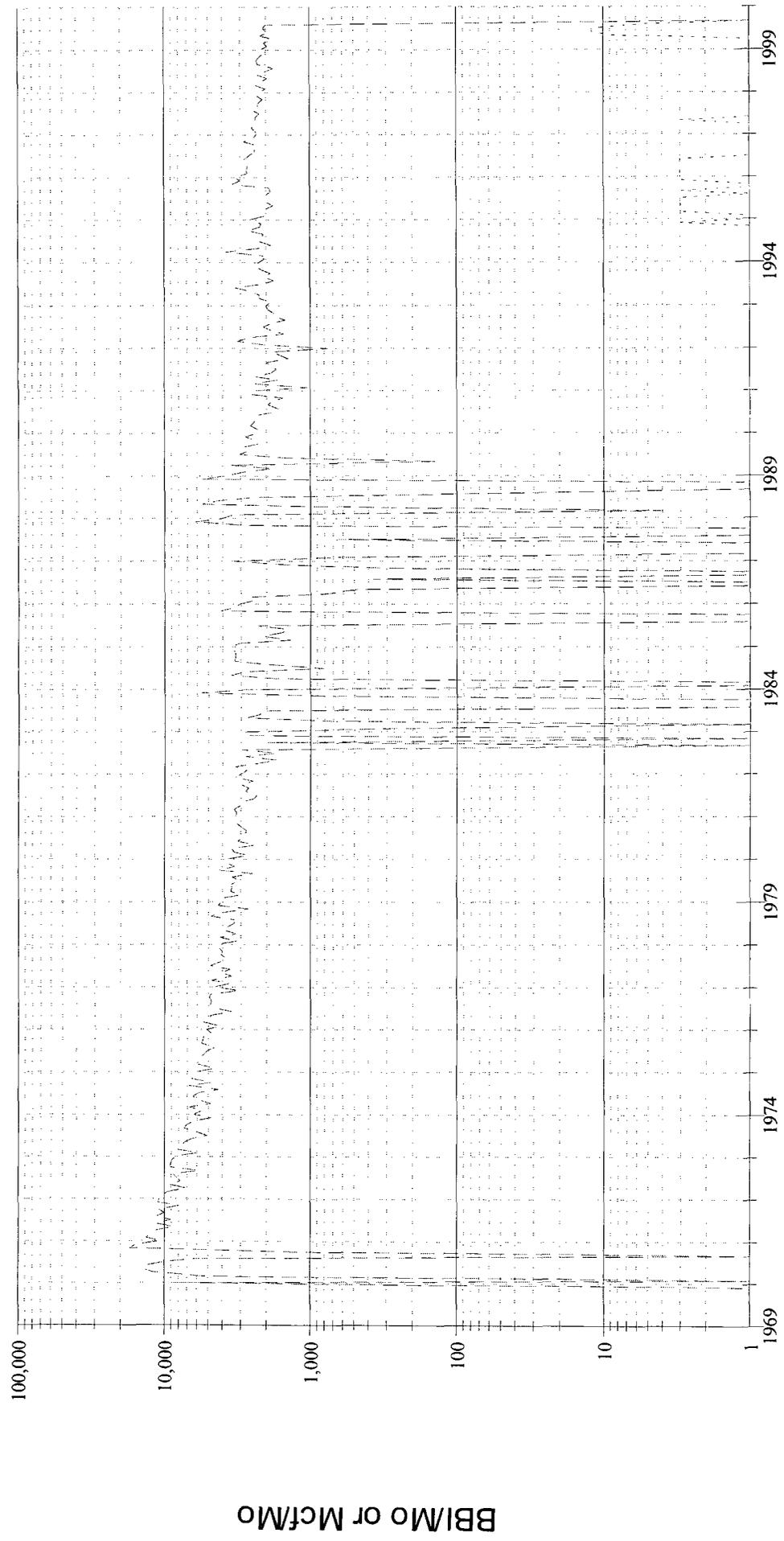
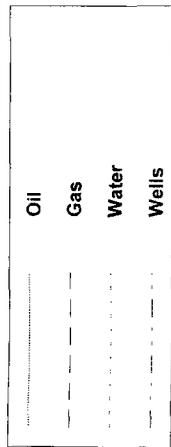
Date
 2/9/00

Telephone No.
 (915) 687-8268

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

JICARILLA FIELD
JICARILLA APACHE NO. 14
SOUTH BLANCO PICTURED CLIFFS PRODUCTION

Production Rate vs Time
 For the Period 01/1969 to 12/1999 | API: 30039201400000



Time

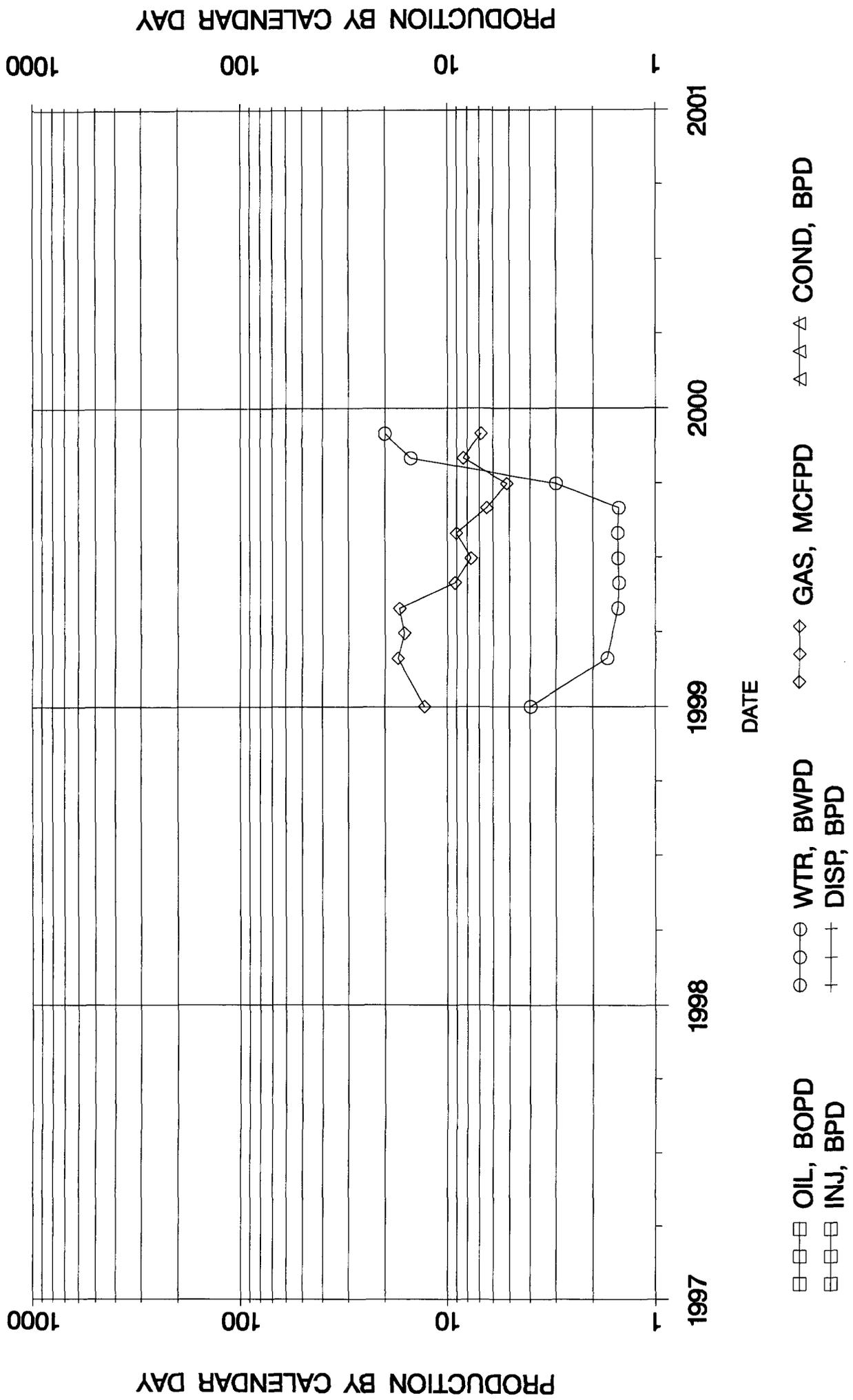
Reported Oil Production = 0 Bbls
 Reported Gas Production = 1,398,751 Mcf
 Reported Water Production = 85 Bbls

Midland Operations

Allocated Production Data

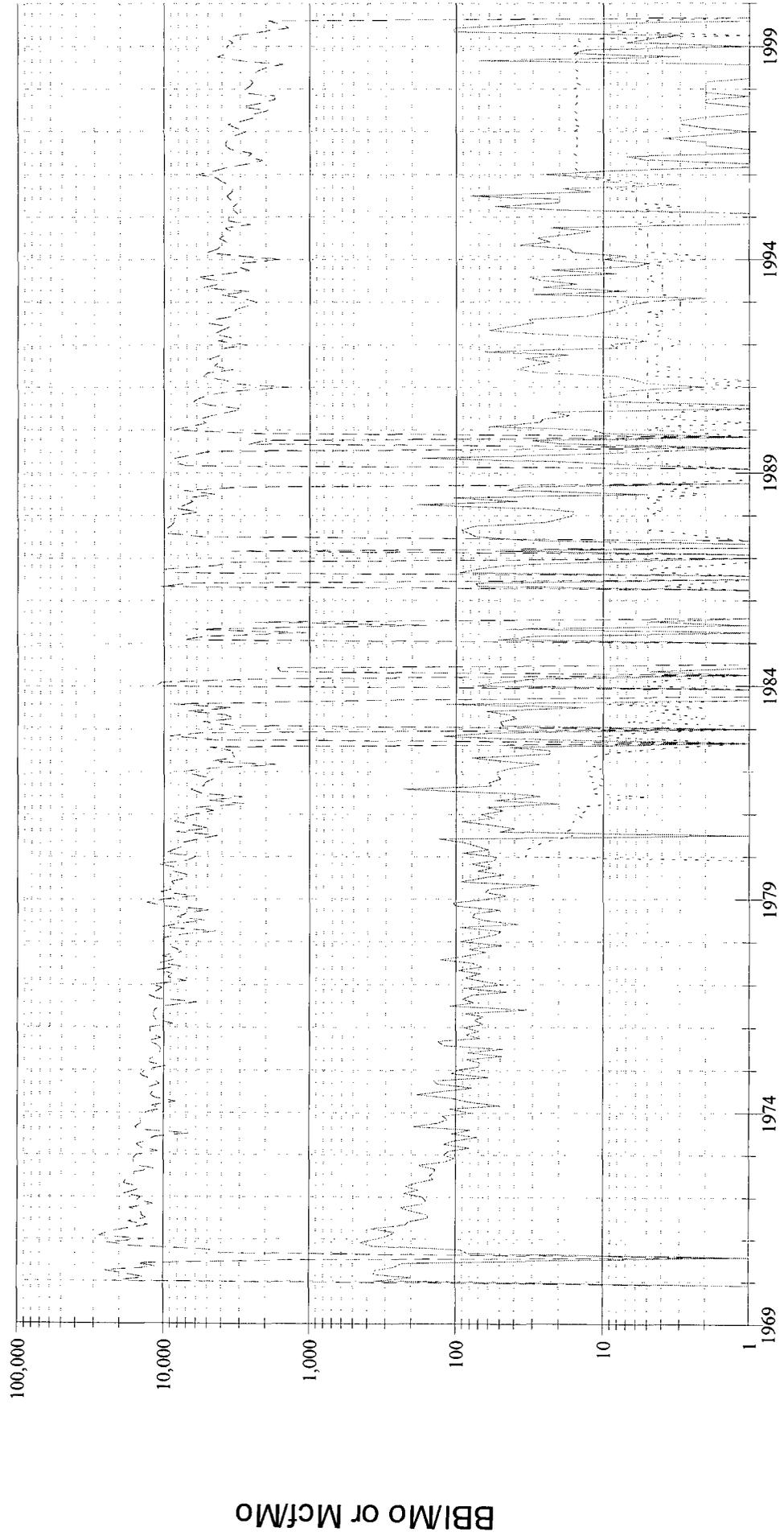
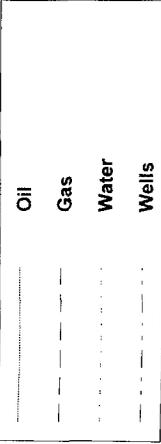
BLANCO MESA VERDE PRODUCTION

JICARILLA NO. 14



JICARILLA FIELD
JICARILLA APACHE NO. 14
BASIN DAKOTA PRODUCTION

Production Rate vs Time
 For the Period 01/1969 to 12/1999 | API: 30039201400000



Time

Reported Oil Production = 26,029 Bbls
 Reported Gas Production = 2,641,603 Mcf
 Reported Water Production = 1,601 Bbls

**NEW MEXICO OIL CONSERVATION COMMISSION
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.

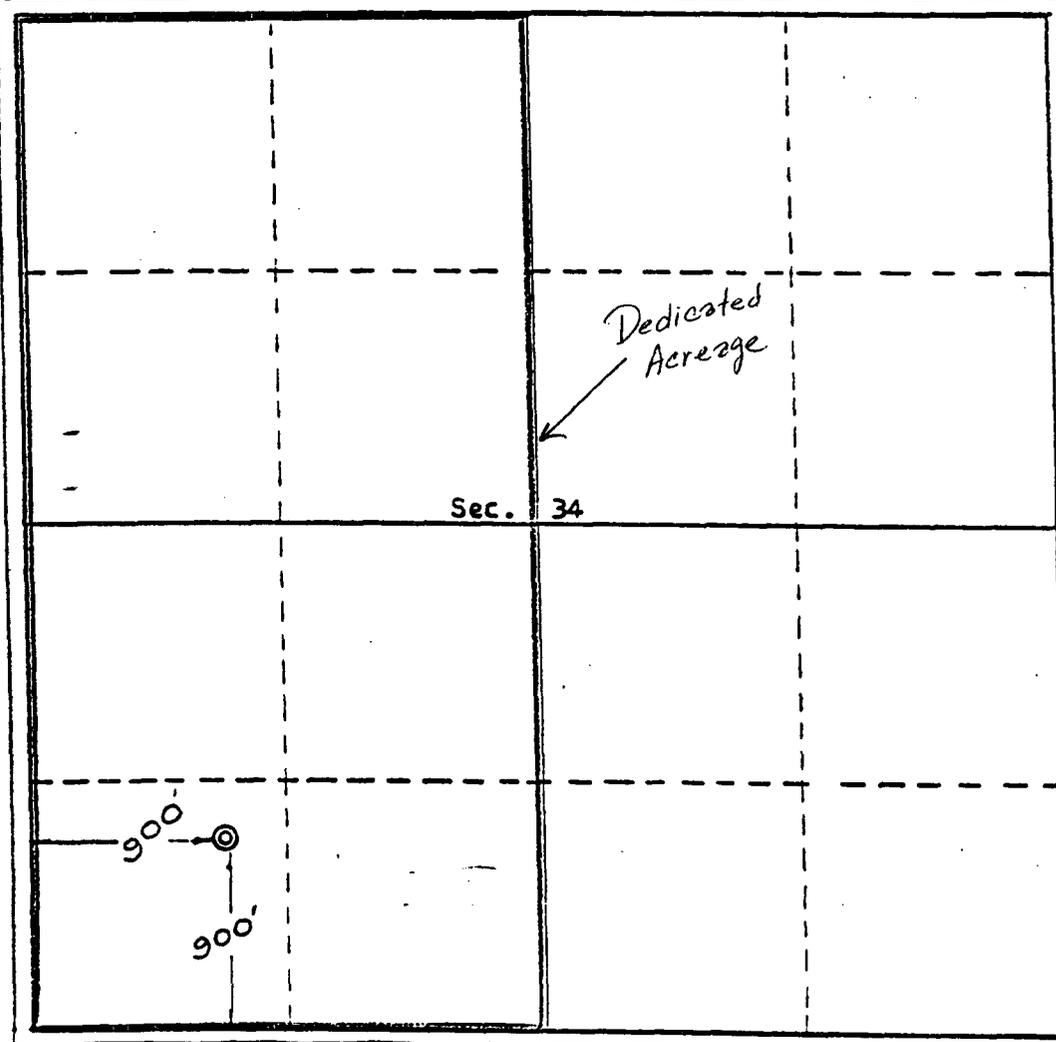
Operator MARATHON OIL COMPANY		Lease Jicarilla Apache		Well No. 14
Unit Letter M	Section 34	Township 26 North	Range 5 West	County Rio Arriba
Actual Footage Location of Well: 900 feet from the South line and 900 feet from the West line				
Ground Level Elev: 6541, ungr.	Productn. Formation PICTURED CLIFFS	Pool S. BLANCO PICTURED CLIFFS	Dedicated Acreage: 320 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.) Marathon Oil Company - Tract 251

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.

Name Lester Brown

Position Area Superintendent

Company Marathon Oil Company

Date August 22, 1968

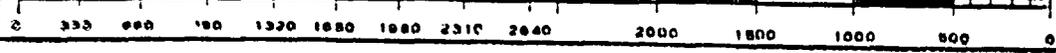
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed August 13, 1968

Registered Professional Engineer and/or Land Surveyor

E. J. Calkins

Certificate No. 3602



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

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

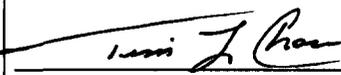
¹ API Number 30-039-20140		² Pool Code		³ Pool Name CHACRA	
⁴ Property Code		⁵ Property Name Jicarilla Apache			⁶ Well Number 14
⁷ OGRID No. 14021		⁸ Operator Name Marathon Oil Company			⁹ Elevation 6541'

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
M	34	26N	5W		900	South	900	West	Rio Arriba

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 160	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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

				¹⁷ 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 Tim L. Chase Printed Name Advanced Engineer Technician Title February 28, 2000 Date
				¹⁸ 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
			Dedicated ← Acreage	

District I
PO Box 1980, Hobbs, NM 88241-1980
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811 S. 1st Street, Artesia, NM 88210-2834
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1000 Rio Brazos Rd., Artec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Geology, 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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-20140		² Pool Code		³ Pool Name BLANCO MESA VERDE	
⁴ Property Code		⁵ Property Name JICARILLA APACHE			⁶ Well Number 14
⁷ OGRID No. 14021		⁸ Operator Name Marathon Oil Company			⁹ Elevation 6541'

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
M	34	26-N	5-W		900	SOUTH	900	WEST	RIO ARRIBA

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 160-SW/4	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

	¹⁷ 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: <u>Walter J. Longmire</u> Printed Name: R. J. LONGMIRE Title: DRILLING SUPERINTENDENT Date: 10/19/99	
	¹⁸ 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:	

NEW MEXICO OIL CONSERVATION COMMISSION
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.

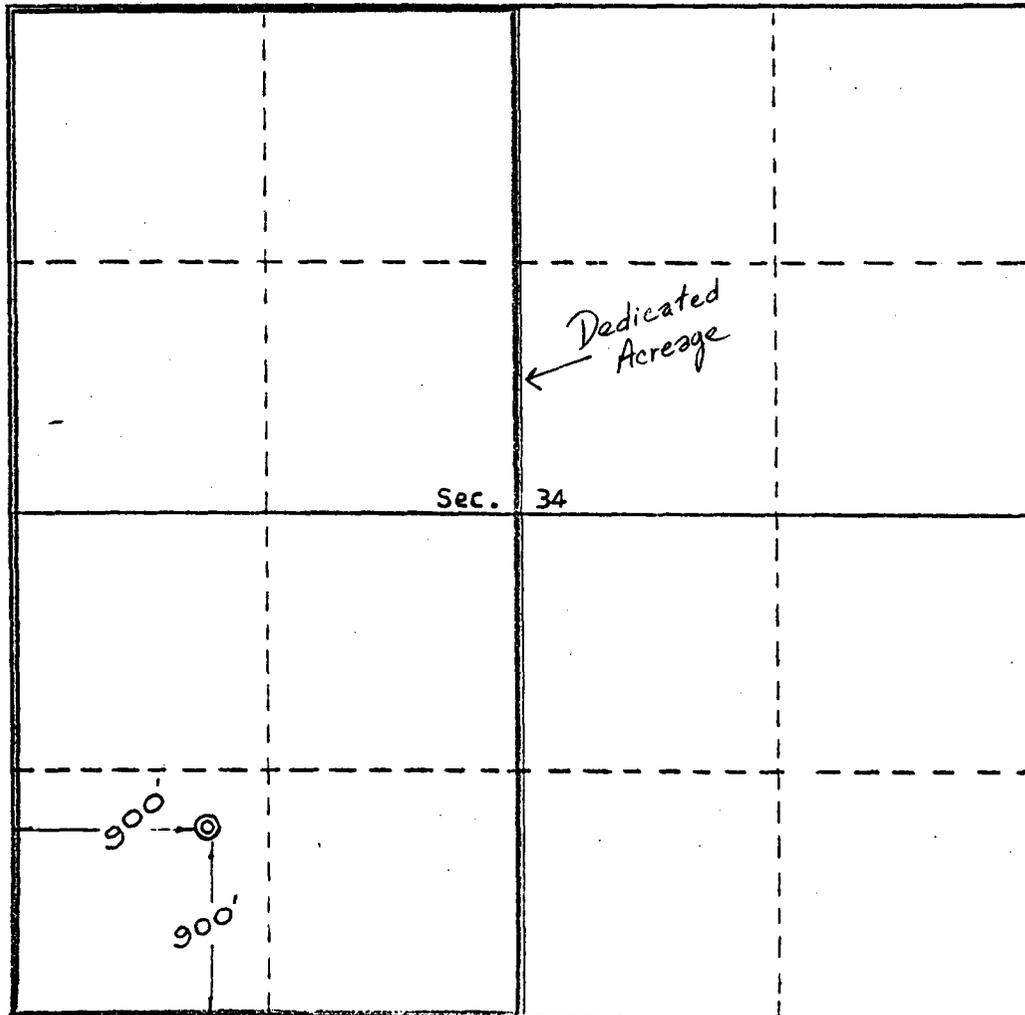
Operator MARATHON OIL COMPANY		Lease Jicarilla Apache		Well No. 14
Unit Letter M	Section 34	Township 26 North	Range 5 West	County Rio Arriba
Actual Footage Location of Well: 900 feet from the South line and 900 feet from the West line				
Ground Level Elev: 6541, ungr.	Producing Formation Dakota	Pool Basin Dakota	Dedicated Acreage: 320 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.) Marathon Oil Company - Tract 251

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.

Name
Lester Brown
Position
Area Superintendent
Company
Marathon Oil Company

Date
August 22, 1968

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
August 13, 1968
Registered Professional Engineer
and/or Land Surveyor

C. J. Carls
Certificate No. **3602**

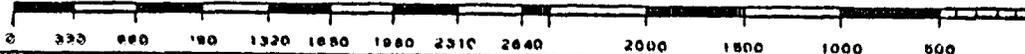


EXHIBIT "B" - CASE NO. 11353, ORDER NO. R-10470-A

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

State of New Mexico
Energy, Minerals and Natural Resources Department

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

DISTRICT II
911 S. 1st, Artesia, NM 86210

OIL CONSERVATION DIVISION
2040 S. Pacheco, Santa Fe, NM 87505-6429

APPROVAL PROCESS:
 Administrative Hearing

DISTRICT III
1000 Rio Brazos, Aztec, NM 87410

APPLICATION FOR
DOWNHOLE COMMINGLING

EXISTING WELLBORE
 Yes No

Marathon Oil Company	P.O. Box 552	Midland, Tx 79702
<small>OPERATOR</small>	<small>ADDRESS</small>	
Jicana	14	Sec 34, T-26N, R-5W, Rio Arriba
<small>LEASE</small>	<small>WELL NO.</small>	<small>SECTION, TOWNSHIP, RANGE, UNIT COUNTY</small>

SPACING UNIT LEASE TYPES: (CHECK 1 OR MORE)
OGRID NO. 014021 PROPERTY CODE 6414 API NO. 30-039-20006 Federal State (and/or) Fee

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zones	Intermediate Zones	Lower Zone
1. Pool Name & Pool Code	South Blanco Pictured Cliffs	Chacra	Blanco Mesa Verde	Basin Dakota
2. Top & Bottom of Pay Section (Perforations)	2865-2919'	3950-4750'	4820-5202'	7042-7278'
3. Type of production (Oil or Gas)	Gas	N/A	N/A	Gas
4. Method of Production (Flowing or Artificial Lift)	Artificial Lift	N/A	Artificial Lift	Artificial Lift
5. Bottomhole Pressure Oil Zones-Artificial Lift (Est Current)	a. (Current) 300	a. (Current) 0	a. (Current) 325	a. (Current) 350
	b. (Original) ___	b. (Original) ___	b. (Original) ___	b. (Original) ___
6. Oil Gravity (API) or Gas BTU Content	37 API	37 API	38 API	39 API
7. Producing or Shut-in?	Producing	Not Yet Perforated	Producing	Shut-In (Isolated)
Production Marginal? (yes or no)	Yes	Yes	Yes	Yes
* If Shut-in, give date and o/g/w rates of last production <small>Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.</small>	Date: N/A Rates: N/A	Date: N/A Rates: N/A	Date: N/A Rates: N/A	Date: 11/19/99 Rates: 1/63/0
* If producing, give date and o/g/w rates of recent test (within 60 days)	Date: 12/15/99 Rates: 0/65/0	Date: N/A Rates: N/A	Date: 01/10/00 Rates: 16/306/9	Date: N/A Rates: N/A
8. Fixed Percentage Allocation Formula - % for each zone	Oil: 0.00% Gas: 12.17%	Oil: 0.00% Gas: 18.73%	Oil: 94.12% Gas: 57.30%	Oil: 5.88% Gas: 11.80%

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 (no longer necessary)
11. Will crossflow 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 communutilized 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. (no longer necessary)
 - * Notification list of all 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  TITLE Advanced Engineer Technician DATE 02/28/00
TYPE OR PRINT NAME TIM L. CHASE TELEPHONE NO. (915) 687-8268