

DHC 6/1/00

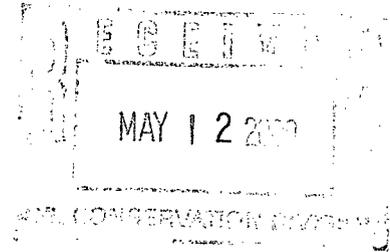
Houston Division
Production Operations, United States



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

May 8, 2000

2750



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)
& Simultaneously Dedicate Tubb Oil & Gas
J. L. Muncy Well No. 11
Unit Letter G, 2310' FNL & 1980' FEL
Section 24, T-22-S, R-37-E
Blinebry Oil & Gas, Tubb Oil & Gas
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 Tubb Oil & Gas pools in Lea County, New Mexico.

The J. L. Muncy Well No. 11 was initially drilled in June 1997. Perforations were shot in the Tubb. After stimulating, the Tubb pool was flow tested for two days before setting a RBP. The Blinebry was then perforated and stimulated. Current production is from the Blinebry Oil & Gas pool. The RBP will be removed and the two pools will be downhole commingled. 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.

Currently the Blinebry produces from six wells (5 oil & 1 gas) and are shown on attachment. The Tubb currently produces from two wells (gas) and are shown on attachment. Marathon request to simultaneously dedicate the J. L. Muncy Well No. 11, Tubb (gas) with the gas proration unit that already includes J. L. Muncy Well No. 6. 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
Production Engineer

REQUEST FOR EXCEPTION TO RULE 303-A

J. L. Muncy Well No. 11

Drinkard Field

A: Operator

Marathon Oil Company
P.O. Box 2490
Hobbs, New Mexico 88241

B: Lease Name and Well Number

J. L. Muncy Well No. 11
Unit Letter G, 2310' FNL & 1980' FEL
Section 24, T-22-S, R-37-E
Lea County, New Mexico
Drinkard: Blinebry Oil & Gas, Tubb Oil & Gas

C: Plats

Attached

D: C-116's

Attached

E: Production Decline Curves

Attached

F: Estimated Bottomhole Pressures

	Current
Blinebry Oil & Gas	350 psi
Tubb Oil & Gas	475 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

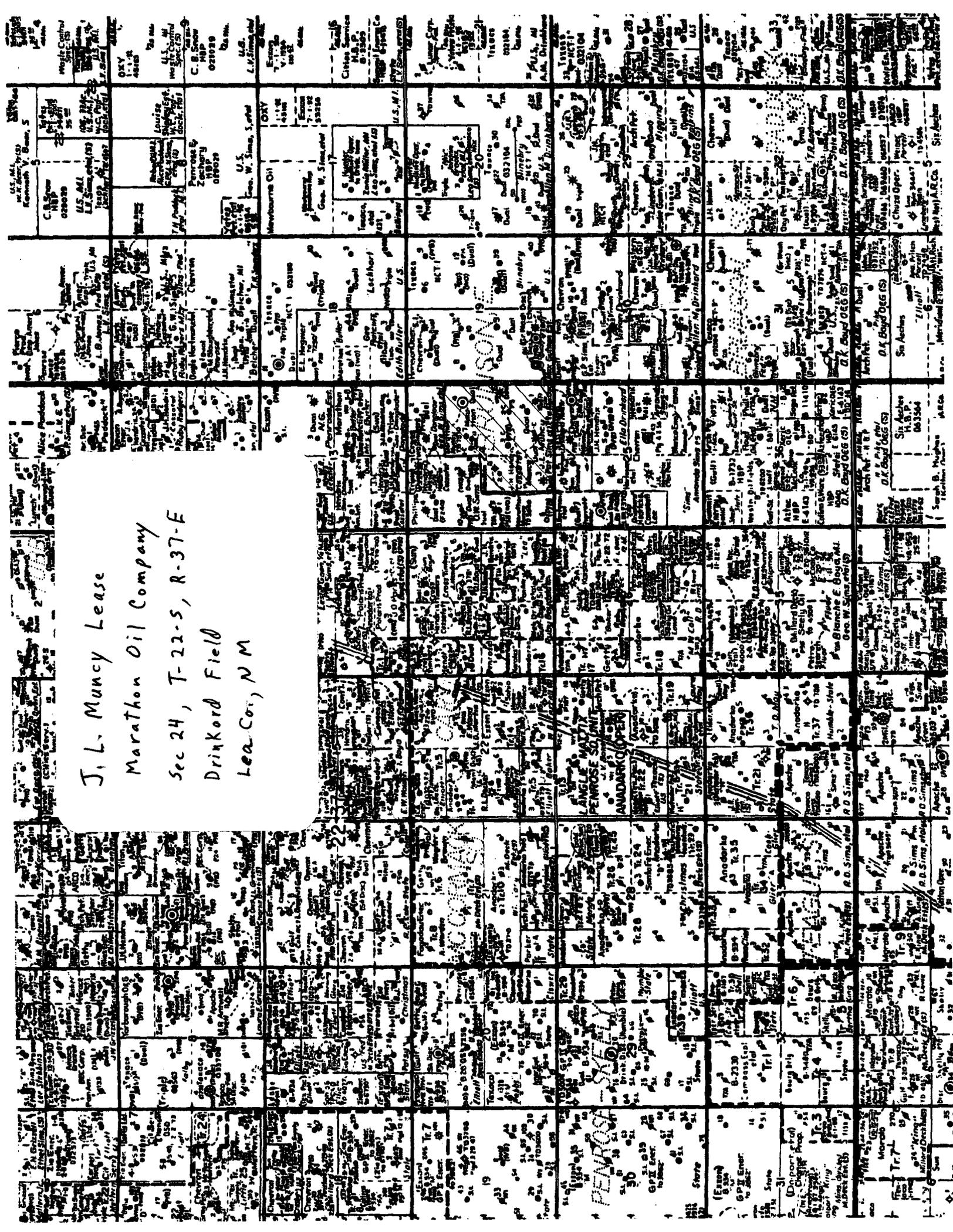
<u>POOL</u>	<u>BOPD</u>	<u>MCFD</u>	<u>BWPD</u>	<u>Estimated Methods</u>
Blinebry Oil & Gas	6.8	114	4.1	Current Production
Tubb Oil & Gas	<u>0.0</u>	<u>83</u>	<u>1.5</u>	Estimated Production (model)
Total	6.8	197	5.6	

<u>Allocated Percentages</u>	<u>Oil %</u>	<u>Gas %</u>	<u>Water %</u>
Blinebry Oil & Gas	100.0	57.9	73.2
Tubb Oil & Gas	<u>0.0</u>	<u>42.1</u>	<u>26.8</u>
Total	100	100	100

J: Ownership

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

J.L. Muncy Lease
Marathon Oil Company
Sec 24, T-22-S, R-37-E
Drinkord Field
Lea Co., N.M.



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		Blinebry Oil & Gas; Tubb Oil & Gas		Lea				
Address		TYPE OF TEST - (X)		Completion				
P.O. Box 2490 Hobbs, NM 88240		<input type="checkbox"/> Scheduled <input checked="" type="checkbox"/> Special		<input type="checkbox"/> Special <input checked="" type="checkbox"/> X				
LEASE NAME	WELL NO.	LOCATION			PROD. DURING TEST			GAS-OIL RATIO CUFT/7BBL
		U	S	T	R	GRAV. OIL	OIL BBLs.	
DATE OF TEST	CHOKE SIZE	TBG. PRESS.	DAILY ALLOWABLE	LENGTH OF TEST HOURS	WATER BBLs.			
05/04/00	P	150		24	4.1	6.8	114	16765
07/21/97	F	15		24	1	0	146	NA
For information only								

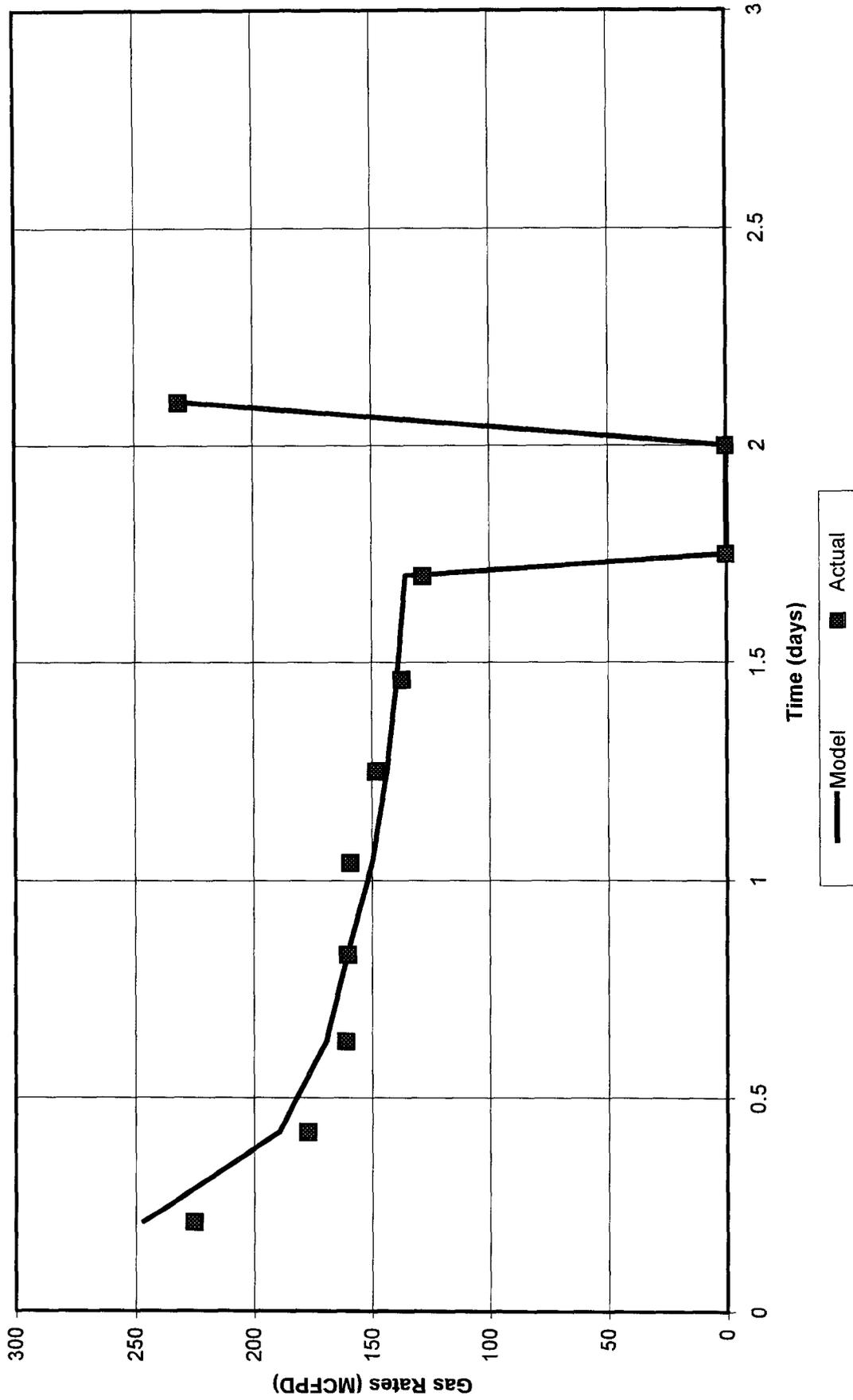
I hereby certify that the above information is true and complete to the best of my knowledge and belief.

Thomas P. Kacir
Signature
Thomas P. Kacir
Engineer

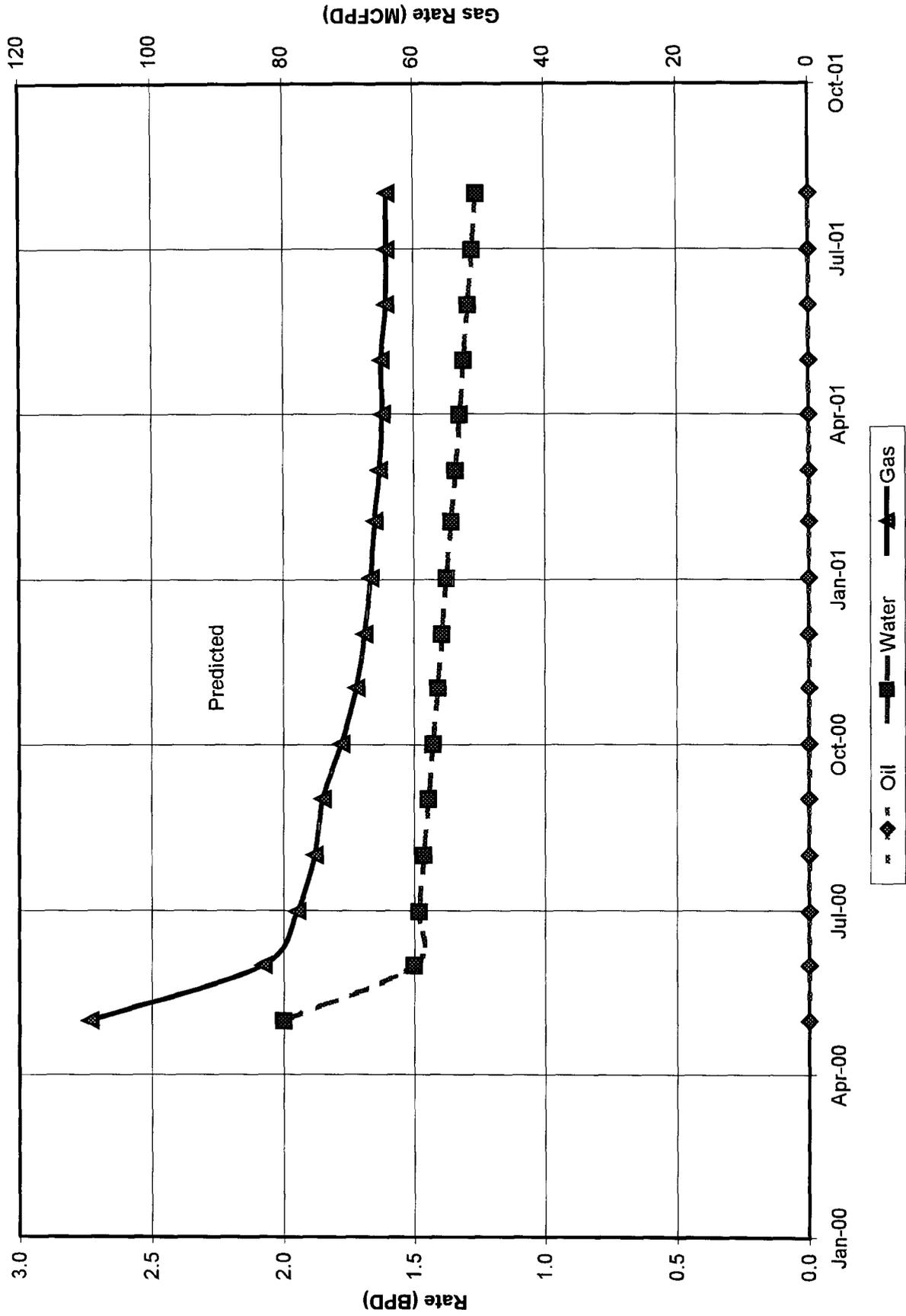
Printed name and title
May 08, 2000
Date
393-7106
Telephone No.

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.)

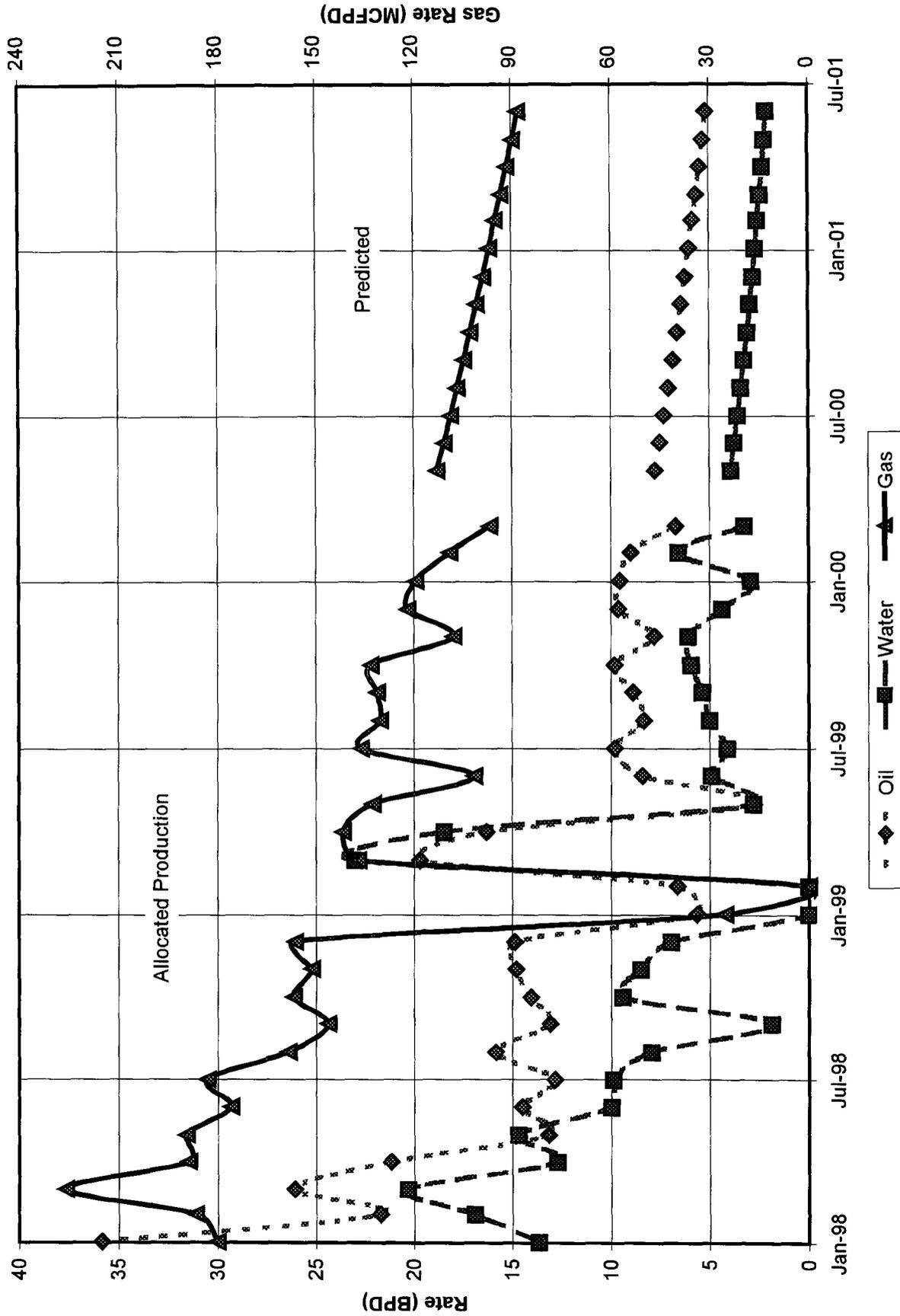
J. L. Muncy #11
Tubb (July 1997)



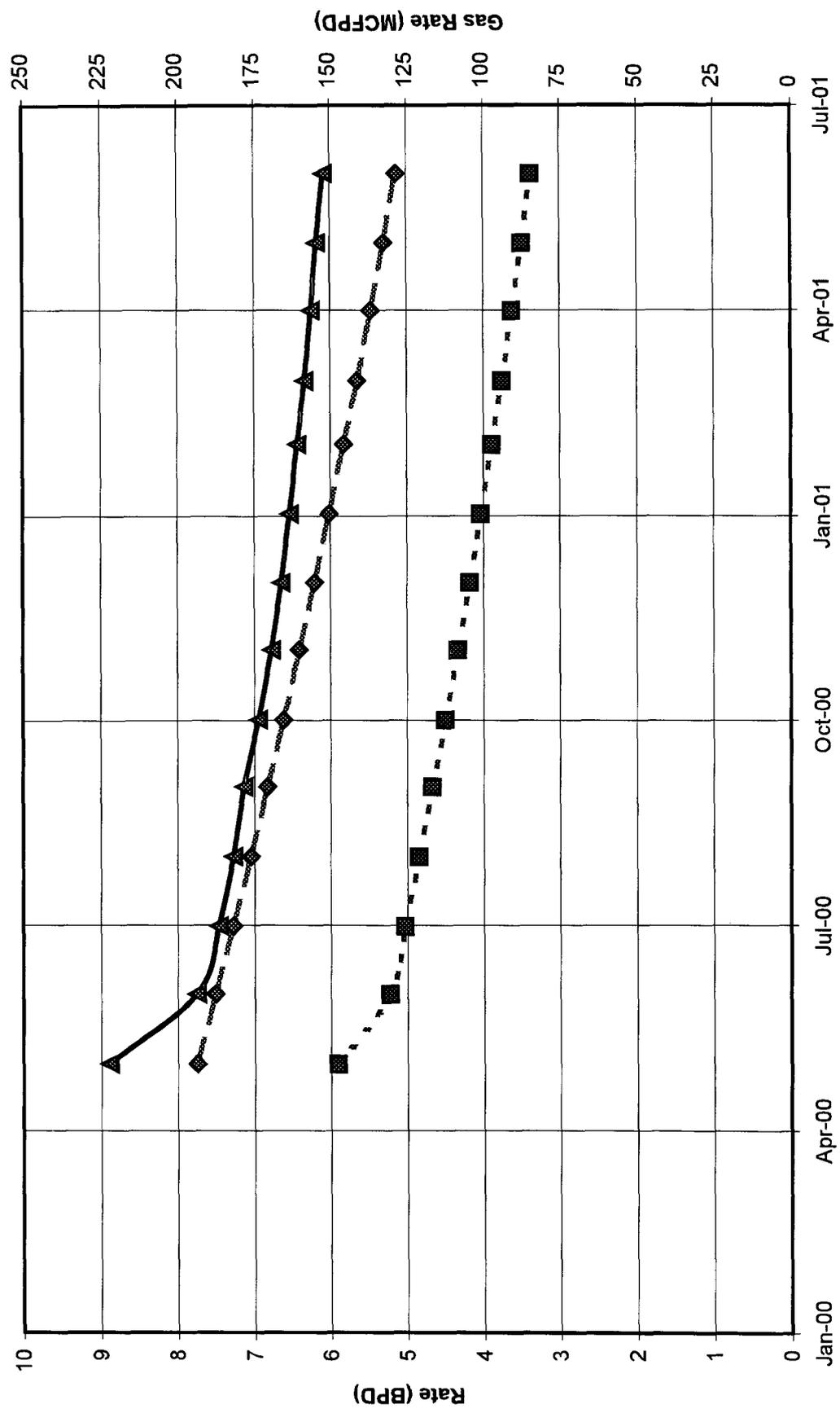
J. L. Muncy Well No. 11 Tubb Production



**J. L. Muncy Well No. 11
Blinebry Production**



**J. L. Muncy Well No. 11
Total DHC Production**



Oil Water Gas

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

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 30-025-33947		² Pool Code 86440		³ Pool Name Tubb 011 & Gas	
⁴ Property Code 6442		⁵ Property Name J. L. Muncy			⁶ Well Number 11
⁷ OGRID No. 014021		⁸ Operator Name Marathon Oil Company			⁹ Elevation GL 3313; KB 3329

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
G	24	22-S	37-E		2310	North	1980	East	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 160	¹³ Joint or Infill Y	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

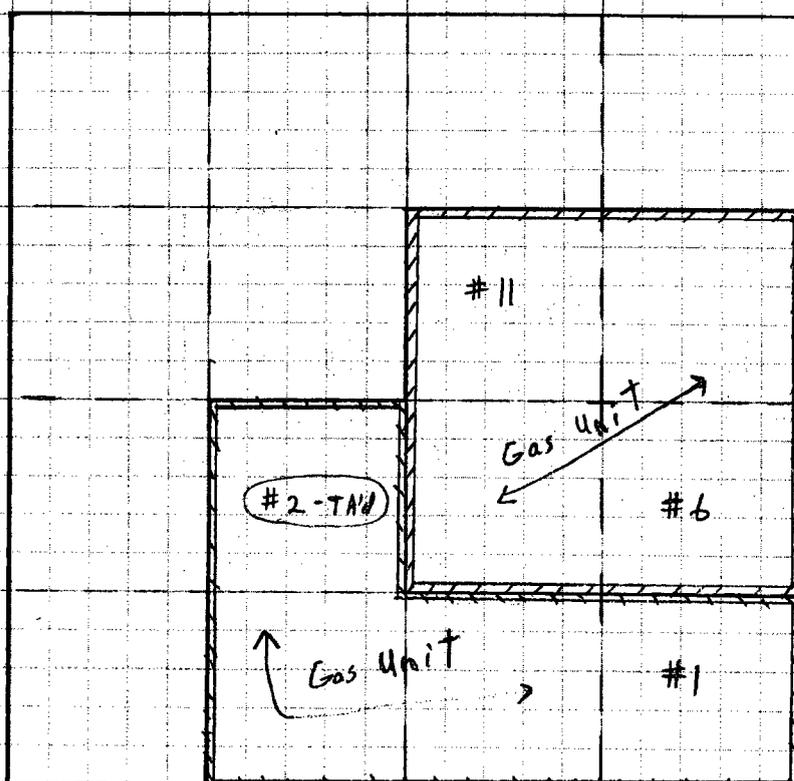
	<p>¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Thomas P. Kacir</i> Signature Thomas P. Kacir Printed Name Production Engineer Title 05/08/00 Date</p>
	<p>¹⁸ SURVEYOR CERTIFICATION I hereby certify 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 belief.</p> <p>_____ Date of Survey Signature and Seal of Professional Surveyer:</p> <p>_____ Certificate Number</p>



Subject	J. L. Muncy Lease	Page No.	Of
File	Tubb Oil + Gas Production Units	By	TPK
		Date	2-14-00

160 Acre Tubb (Gas) Well # 1

160 Acre Tubb Gas Well # 6 add # 11



40 A. Blinbry (Oil) K, H, P, I, G

80 A. Blinbry (Gas) N + O

160 A. Tubb (Oil) K (TA'd)

160 A. Tubb (Gas) P, I, G

Pool Code

6660

72480

60240

86440

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 30-025-33947		² Pool Code 6660		³ Pool Name Blinbry Oil & Gas	
⁴ Property Code 6442		⁵ Property Name J. L. Muncy			⁶ Well Number 11
⁷ OGRID No. 014021		⁸ Operator Name Marathon Oil Company			⁹ Elevation GL 3313; KB 3329

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
G	24	22-S	37-E		2310	North	1980	East	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.
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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

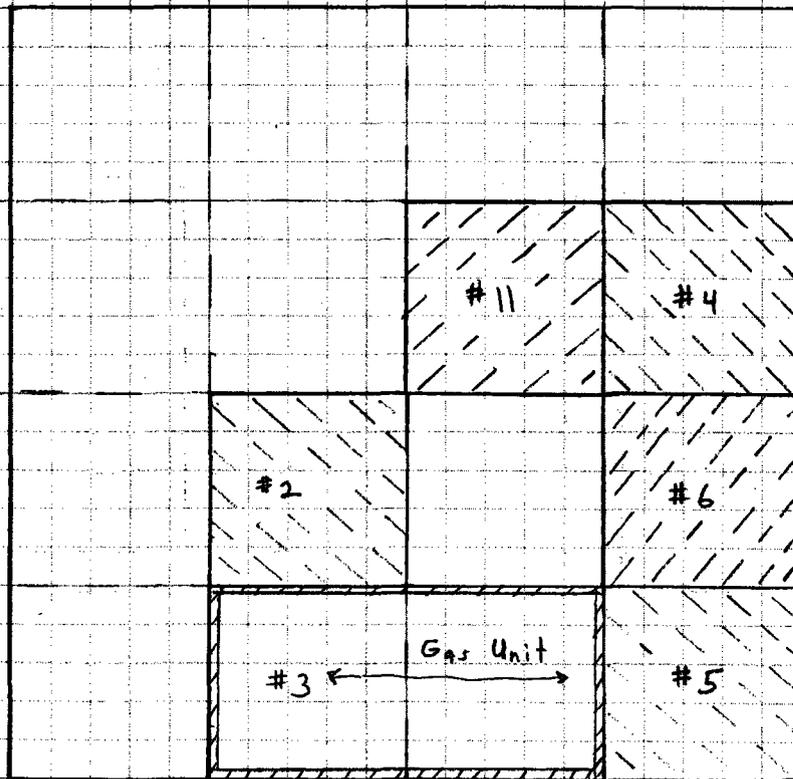
	<p>¹⁷ OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><u>Thomas P. Kacir</u> Signature Thomas P. Kacir Printed Name Production Engineer Title 05/08/00 Date</p>
	<p>¹⁸ SURVEYOR CERTIFICATION</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 _____ Signature and Seal of Professional Surveyer: _____ Certificate Number</p>



Subject	J. L. Muncy Lease	Page No.	Of
File	Blinebry Production Units	By	TPK
		Date	2-14-00

40 Acre Blinebry (oil) Well # 2, 4, 5, 6, 11

80 Acre Blinebry (Gas) Well # 3 NSP-1476



	Well	U.L.	Pool Code
40 A.	Blinebry (oil)	K, H, P, I, G	6660
80 A.	Blinebry (Gas)	N + O	72480
160 A.	Tubb (oil)	K TAD	60240
160 A.	Tubb (Gas)	P, I, G	86440

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 87505-6429

APPROVAL PROCESS:

Administrative Hearing

EXISTING WELLBORE

YES NO

APPLICATION FOR DOWNHOLE COMMINGLING

Operator Marathon Oil Company Address PO Box 2490 Hobbs, NM 88241

Lease J.L. Muncy Well No. 11 Unit Loc. - Sec - Twp - Rge UL G, Sec. 24, T-22-S, R-37-E Lea Lea County

OGRID NO. 014021 Property Code 6442 API NO. 30-025-33947 Spacing Unit Lease Types: (check 1 or more)
Federal State (and/or) Fee

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	Tubb Oil & Gas 86440
2. Top and Bottom of Pay Section (Perforations)	5430-5770'		6045-6200'
3. Type of production (Oil or Gas)	Oil		Gas
4. Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	a. (Current) 350 psi	a.	a. 475 psi
	b. (Original)	b.	b. (July 97) 475 psi
6. Oil Gravity (°API) or Gas BTU Content	37° API		1200 BTU
7. Producing or Shut-In?	Producing		Shut-in
Production Marginal? (yes or no)	Yes		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: Rates: N/A	Date: Rates:	Date: (7/21/1997) Rates: 0 / 146 / 1
	Date: 5/4/2000 Rates: 6.8/114/4.1	Date: Rates:	Date: Rates: N/A
8. Fixed Percentage Allocation Formula - % for each zone	Oil: 100% Gas: 58%	Oil: % Gas: %	Oil: 0% Gas: 42%

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 - N/A
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 - N/A
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 Eng. DATE 5/9/2000

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