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DHC

7/10/01

Southern U.S. Business Unit
Domestic Production

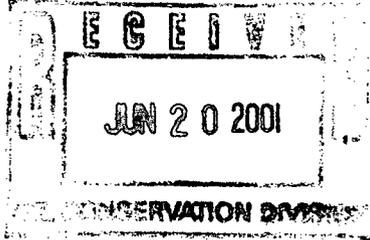


**Marathon
Oil Company**

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

June 12, 2001

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



2949

RE: **Request for Exception to Rule 303-A
Downhole Commingling
Jicarilla Apache No. 11E
955' FNL & 1685' FWL
Unit Letter "C", Section 28, Township 26-N, Range 5-W
Basin Dakota & Blanco Mesa Verde
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 Basin Dakota and the Blanco Mesa Verde 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 single producer from the Basin Dakota.

Both pools represent marginal production. The well was drilled and completed as a single producer in the Basin Dakota in early 1980. Plans are to perforate the Blanco Mesa Verde and downhole commingle both pools.

By downhole commingling the production from these 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. 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) 687-8408.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tim L. Chase'.

Tim L. Chase
Advanced Engineer Technician

REQUEST FOR EXCEPTION TO RULE 303-A
Jicarilla Apache No. 11E, Jicarilla Field

A: Operator

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

B: Lease Name and Well Number

Jicarilla Apache No. 11E
955' FNL & 1685' FWL, Unit Letter "C", Section 28, Township 26-N, Range 5-W
Jicarilla Field, Rio Arriba County, New Mexico
Basin Dakota & Blanco Mesa Verde

C: Plats and Offset Operators

Plat attached.

D: C-116's

Attached.

E: Production Decline Curves

Attached

F: Estimated Current Bottomhole Pressures (PSI)

Blanco Mesa Verde = 300, Basin Dakota = 325

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>
Blanco Mesa Verde	0	100	0	Post-Workover Estimate
Basin Dakota	0	86	1	Current Production
Total	0	186	1	

<u>Allocated %</u>	<u>Oil %</u>	<u>Gas %</u>	<u>Water %</u>
Blanco Mesa Verde	0.00	53.76	0.00
Basin Dakota	0.00	46.24	100.00
Total	0.00	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 no longer need to be notified

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-1116
Revised March 17, 1999

Submit 2 copies
To Appropriate
District Office

GAS - OIL RATIO TEST

Operator Marathon Oil Company		Pool Basin Dakota		County Rio Arriba											
Address 125 W. Missouri, Midland, Tx 79701		TYPE OF TEST - (X)													
LEASE NAME	WELL NO.	LOCATION			DATE OF TEST	SIZE	TBG. PRESS	DAILY ALLOW-ABLE	Scheduled <input type="checkbox"/>		Completion <input type="checkbox"/>			Special <input type="checkbox"/>	
		U	S	T					R	LENGTH OF TEST HOURS	WATER BBLs.	GRAV. OIL	OIL BBLs.		GAS M.C.F.
Jicarilla Apache	11E C	28	26N	5W	3/31/01	F	48/64	151	---	24	1	38	0	86	---

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

Tim L. Chase **Advanced Engineer Technician**
Printed Name and Title

June 12, 2001
Date

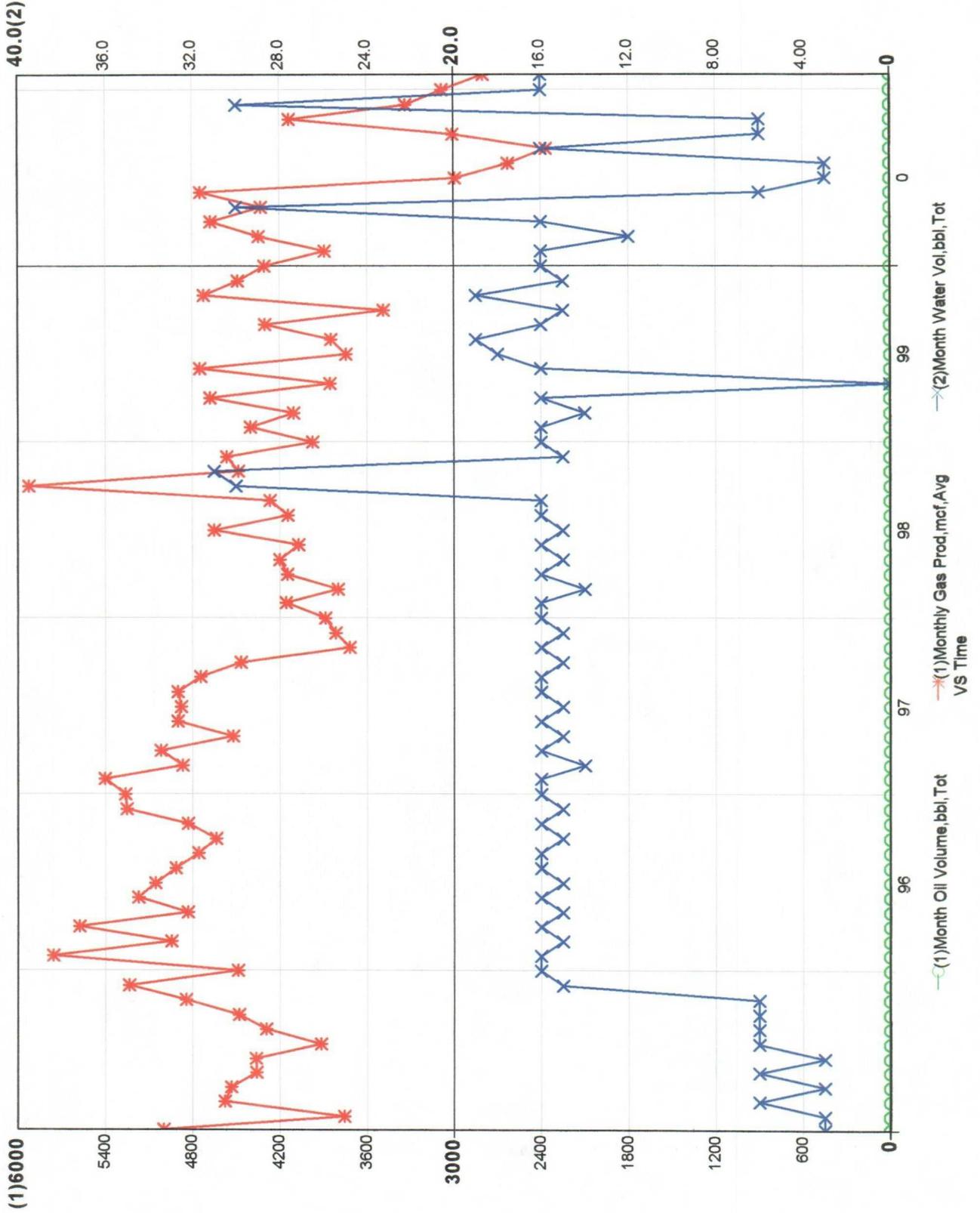
915/687-8408
Telephone No.

Marathon Oil Company

Jicarilla (Basin Dakota) No. 11E

Well Name: JICARILLA BD 11E
 PDEN_ID: 5000130.000
 Property No: TOW5000130
 Production Area: FARMINGTON 3253
 API No: 30039224600000

Lease: JICARILLA APACHE
 County: RIO ARRIBA
 State: NEW MEXICO
 Status: P
 Well Type: PG



Copy

CONSERVATION DIVISION

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

Form C-107
Revised 10-1-78

All distances must be from the outer boundaries of the Section.

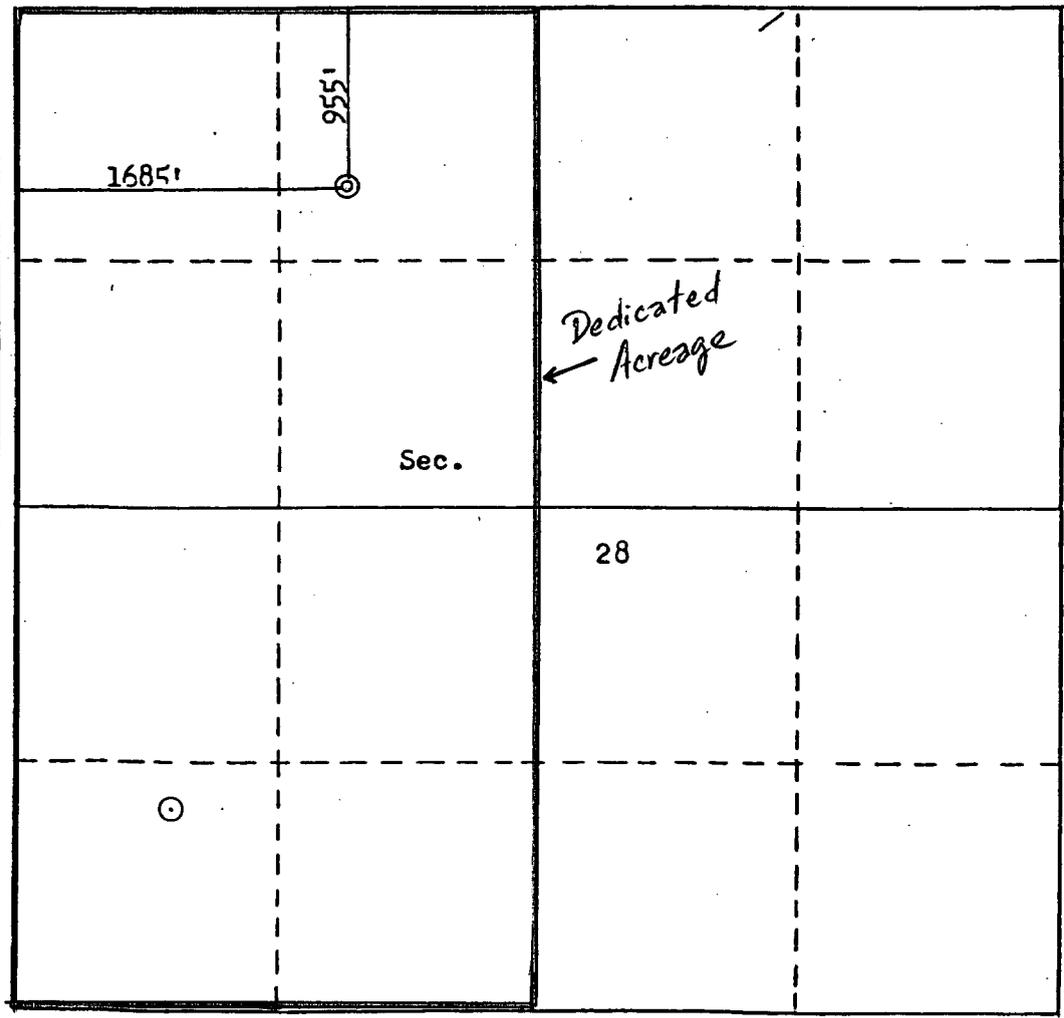
Operator MARATHON OIL COMPANY			Lease JICARILLA APACHE		Well No. 11-E
Unit Letter C	Section 28	Township 26N	Range 5W	County Rio Arriba	
Actual Footage Location of Well: 955 feet from the North line and 1685 feet from the West line					
Ground Level Elev. 6470	Producing Formation Dakota		Pool Basin Dakota		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 N/A

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.

Name
Dale T. Caddy *Dale T. Caddy*

Position
District Operations Manager

Company
Marathon Oil Company

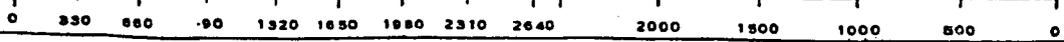
Date
April 15, 1980

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
March 20, 1980

Registered Professional Engineer and/or Land Surveyor
Fred B. Kerr Jr.

Certificate No.
3950



District I
 PO Box 1988, Hobbs, NM 88241-1988
 District II
 PO Drawer DD, Aztec, NM 88211-0719
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

Form C-102
 Revised February 10, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-039-22460		Pool Code 72319		Pool Name Blanco Mesa Verde	
Property Code 6414		Property Name Jicarilla Apache			Well Number 11E
OGRID No. 014021		Operator Name Marathon Oil Company			Elevation GL: 6470

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
C	28	26N	5W	--	955	North	1685	West	Rio Arriba

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
C	28	26N	5W	--	955	North	1685	West	Rio Arriba

¹² Dedicated Acres 320	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

¹⁶ 1685 955 #11E 28 Dedicated Acreage	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
	Signature: <u>Thomas M. Price</u> Printed Name: Thomas M. Price Title: Adv. Eng Tech.	
	Date: 5/11/94	
	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.	
Date of Survey: _____ Signature and Seal of Professional Surveyor: _____		Certificate Number: _____

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

Jicarilla 11E Sec 28, T-26N, R-5W, Rio Arriba

LEASE WELL NO. SECTION, TOWNSHIP, RANGE, UN^{ITS} COUNTY

SPACING UNIT LEASE TYPES: (CHECK 1 OR MORE)

OGRID NO. 014021 PROPERTY CODE 6414 API NO. 30-039-08149 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	Blanco Mesa Verde			Basin Dakota
2. Top & Bottom of Pay Section (Perforations)	4787-5194'			7041-7269'
3. Type of production (Oil or Gas)	Gas (Expected)			Gas
4. Method of Production (Flowing or Artificial Lift)	Artificial Lift (Proposed)			Artificial Lift
5. Bottomhole Pressure Oil Zones-Artificial Lift (Est Current)	a. (Current) 300			a. (Current) 325
	b. (Original) ___			b. (Original) ___
6. Oil Gravity (API) or Gas BTU Content	37 API			38 API
7. Producing or Shut-in?	Not Yet Perforated			Producing
Production Marginal? (yes or no)	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
* If producing, give date and o/g/w rates of recent test (within 60 days)	Date: N/A Rates: N/A			Date: 03/31/01 Rates: 0/86/1
8. Fixed Percentage Allocation Formula % for each zone	Oil: 0.00% Gas: 53.76%			Oil: 0.00% Gas: 46.24%

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)

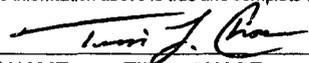
14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. Yes No

15. NMOC 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 
TYPE OR PRINT NAME TIM L. CHASE

TITLE Advanced Engineer Technician
TELEPHONE NO. (915) 687-8408

DATE 06/12/01