

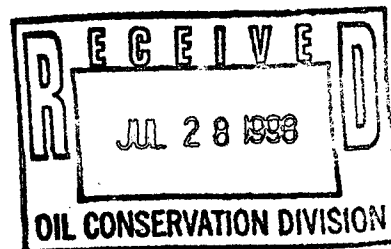
DHC

8/17/98

Mid-Continent Region
Production United States**Marathon
Oil Company**P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

July 24, 1998

2083

Mr. David Catanach
Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87501-2088Re: Request for Exception to Rule 303-A
Downhole Commingling
Warn State A/C 2 #26
Lot 5, 2180' FNL & 400' FWL
Sec. 6, T-18-S, R-35-E
Atoka, Wolfcamp and Upper Penn Pools
Vacuum 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 Vacuum (Wolfcamp) and Vacuum (Penn) pools.

The Warn State A/C 2 #26 was recently drilled an Atoka producer. However, the Atoka was shut-in due to uneconomical production and was completed in the Penn formation. Unfortunately, the Penn production has also proved to be uneconomical. For this reason, Marathon is requesting to downhole commingle the Penn, Wolfcamp, and Atoka formations to maximize the economical production from this well.

The proposed method for allocating production from the individual intervals is as follows: Originally, the well was completed in the Atoka. A substantial amount of production data was gathered during this period and a curve was fit to the subsequent decline. The Atoka was then temporarily plugged back and the Wolfcamp was perforated and produced to obtain a similar decline curve. The result of this is that both the Atoka and Wolfcamp production rates are known quantities and therefore, when the Penn is added to the total, all one has to do is subtract the known rates from the total to obtain the incremental Penn allocation.

Rod pumping equipment will be utilized to keep the PBHP as low as possible to prevent crossflow.

Enclosed is the pertinent data supporting this application as outlined in Rule 303-A. If additional information is necessary, please advise.

Sincerely,

Walter J. Dueease

WJD/dlt
Enclosure

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**Marathon Oil Company
Warn State A/C 2 #26
Lot 5, 2180' FNL & 400' FWL
Sec. 6, T-18-S, R-35-E
Atoka, Wolfcamp, and Upper Penn Pools
Vacuum Field
Lea County, New Mexico**

Offset Operator and Address:

Texaco Exploration and Production Inc.
Heritage Center
P. O. Box 3109
Midland, TX 79702-3109



**Marathon
Oil Company**

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

July 23, 1998

Texaco Exploration & Production Inc.
P. O. Box 3109
Midland, TX 79702-3109

Re: Request for Exception to Rule 303-A
Downhole Commingling
Warn State A/C 2 #26
Lot 5, 2180' FNL & 400' FWL
Sec. 6, T-18-S, R-35-E
Atoka, Wolfcamp and Upper Penn Pools
Vacuum Field
Lea County, New Mexico

Ladies and/or Gentlemen:

Marathon Oil Company has filed an application with the New Mexico Oil 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 in the enclosed addressed envelope. Also, please return one copy to Marathon at the letterhead address.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Walter J. Ducease'.

Walter J. Ducease

WJD/dlt
Enclosure

AGREED TO AND ACCEPTED THIS ____ DAY OF _____, 1998.

TEXACO EXPLORATION & PRODUCTION

By:
Title:

DISTRICT I

P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II

811 South First St., Artesia, NM 88210-2835

DISTRICT III

1000 Rio Brazos Rd, Aztec, NM 87410-1693

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429Form C-107-A
New 3-12-96

APPROVAL PROCESS:

___ Administrative ___ Hearing

EXISTING WELLBORE

___ YES ___ NO

APPLICATION FOR DOWNHOLE COMMINGLING

Marathon Oil Company

Operator

Address

Warn State A/C 2

26

Lot 5, Sec. 6, T-18-S, R-35-E, Lea County, NM

Lease

Well No.

Unit Ltr. - Sec - Twp - Rge

County

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 14021 Property Code 6484 API NO. 30-025-33541 Federal ___ State X (and/or) Fee ___

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	Vacuum - Wolfcamp 62340	Vacuum - Penn 62330	Vacuum - Atoka
2. Top and Bottom of Pay Section (Perforations)	9330 - 10,069	10,259 - 10,556	11,153 - 11,206
3. Type of production (Oil or Gas)	Oil	Oil	Oil
4. Method of Production (Flowing or Artificial Lift)	RP	RP	RP
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	a. (Current) 3,000 Est. b. (Original) 3,375 RFT	a. 4,700 RFT b. 4,700 RFT	a. 3,200 Est. b. 4,180 PBU
6. Oil Gravity (° API) or Gas BTU Content	42°	37°	39°
7. Producing or Shut-In?	Producing	SI	SI
Production Marginal? (yes or no)	Yes	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	Date: Rates:	Date: Rates: New	Date: 5/20/98 Rates: 30/200/90
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: 7/20/98 Rates: 46/45/111	Date: Rates:	Date: Rates:
8. Fixed Percentage Allocation Formula - % for each zone	Oil: % Gas: %	Oil: % Gas: %	Oil: % Gas: %

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? X Yes ___ No
If not, have all working, overriding, and royalty interests been notified by certified mail? X Yes ___ No
Have all offset operators been given written notice of the proposed downhole commingling? X Yes ___ No11. Will cross-flow occur? X 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. X Yes ___ No (If No, attach explanation)12. Are all produced fluids from all commingled zones compatible with each other? X Yes ___ No13. Will the value of production be decreased by commingling? ___ Yes X 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 X No

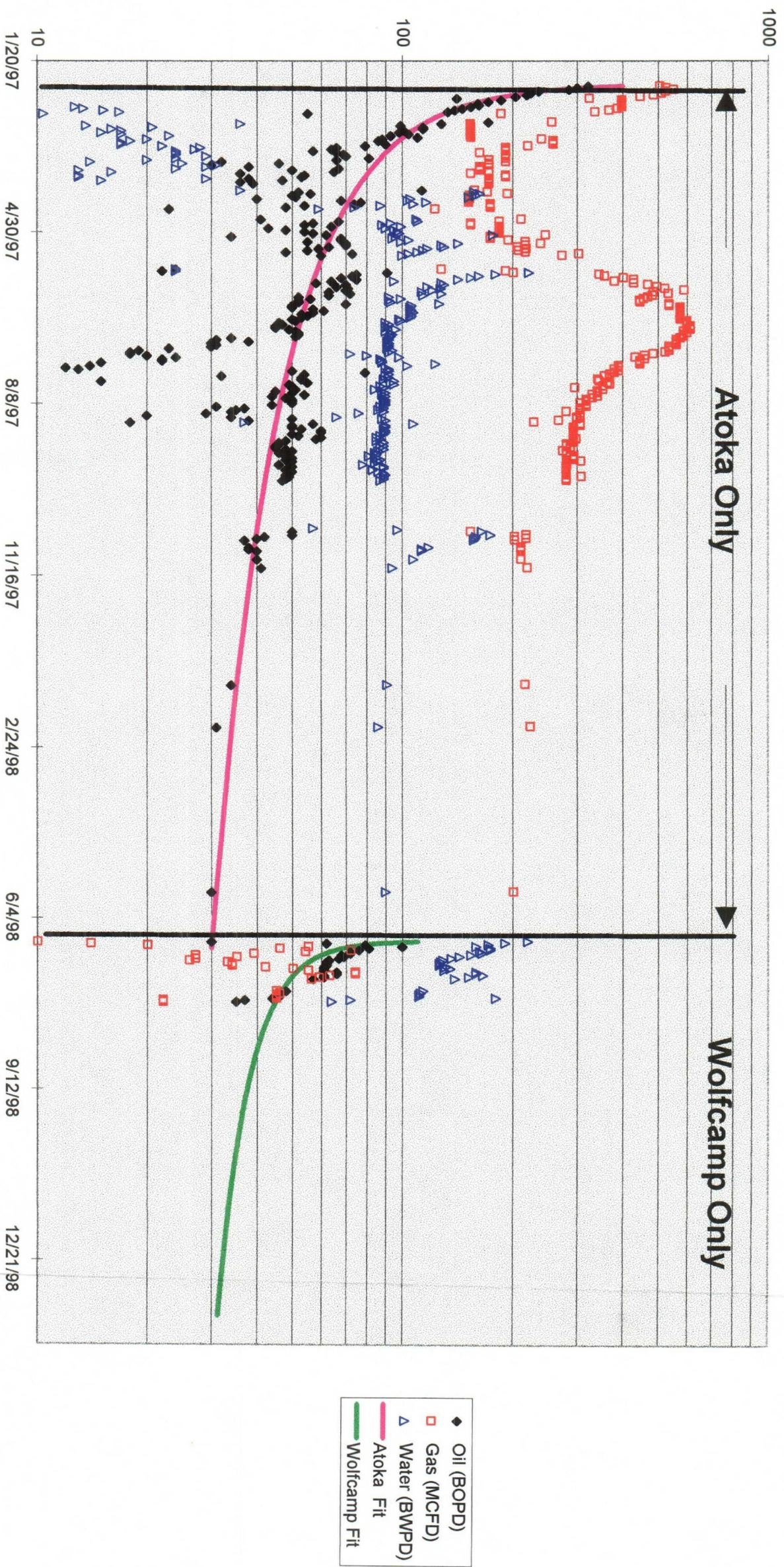
15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S) _____

16. ATTACHMENTS:

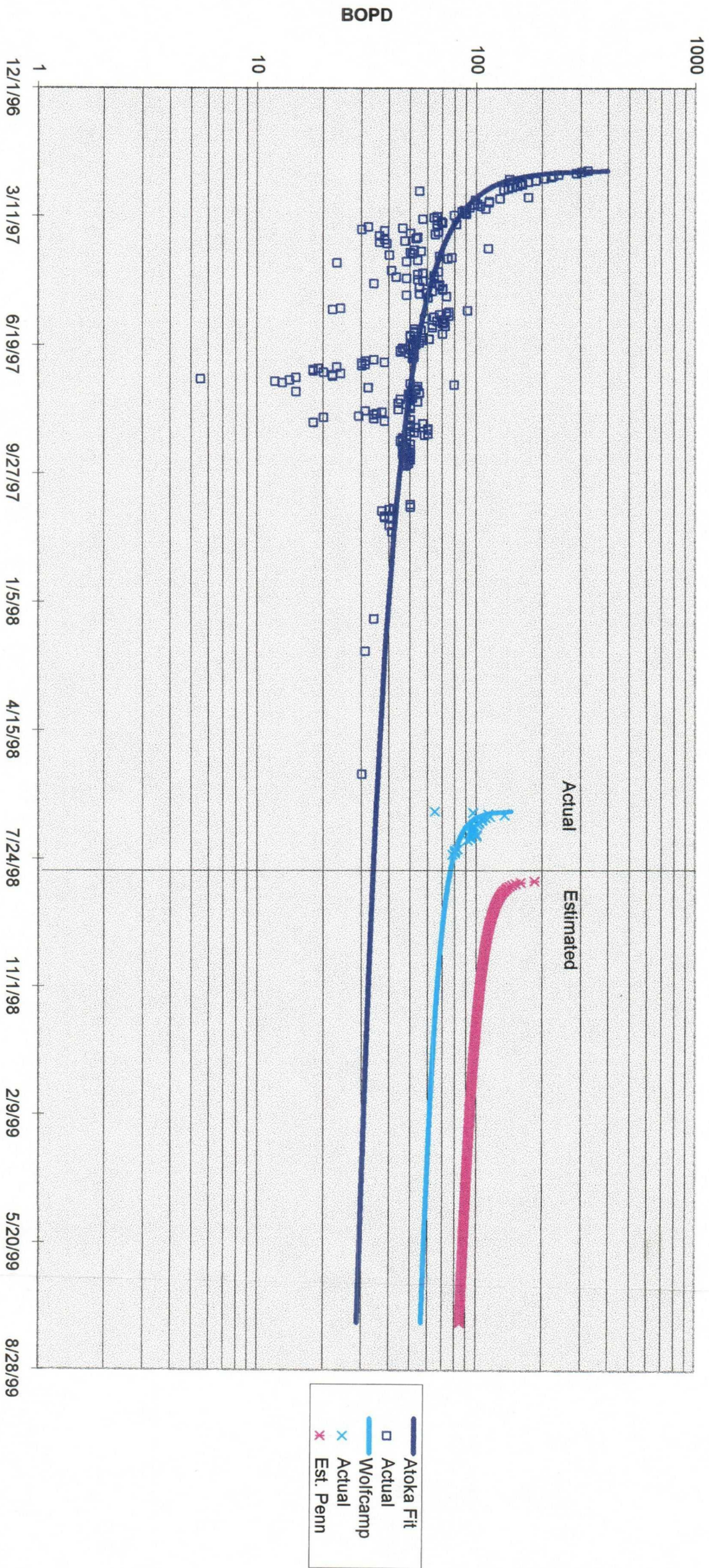
- * C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- * Production curve for each zone for at least one year. (If not available, attach explanation.)
- * For zones with no production history, estimated production rates and supporting data.
- * Data to support allocation 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 Walter J. Nordt TITLE Drlg. Superintendent DATE 7/23/98TYPE OR PRINT NAME D. P. Nordt TELEPHONE NO. (915) 587-8356



Warn State A/C "2" #26 Production



DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

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

OIL CONSERVATION DIVISION

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-33541	Pool Code	Pool Name Vacuum - Atoka
Property Code 6484	Property Name WARN STATE ACCOUNT 2	Well Number 26
OGRIID No. 14021	Operator Name MARATHON OIL COMPANY	Elevation 3967

Surface Location

UL or lot No. LOT 4	Section 6	Township 18 S	Range 35 E	Lot Idn	Feet from the 2180	North/South line NORTH	Feet from the 400	East/West line WEST	County LEA
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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
Dedicated Acres 80 - S/2, NW/4	Joint or Infill	Consolidation Code	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

LOT 4	LOT 3	LOT 2	LOT 1
37.43 ACRES	40.00 ACRES	40.00 ACRES	40.00 ACRES
LOT 5	2 80 AC PROPRATION UNIT		
37.52 ACRES			
LOT 6	2 320 AC. LEASE		
37.57 ACRES			
LOT 7			
37.65 ACRES			

OPERATOR CERTIFICATION

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

W.J. Nordt
Signature
D.P. Nordt
Printed Name
Drilling Superintendent
Title
7/24/98
Date

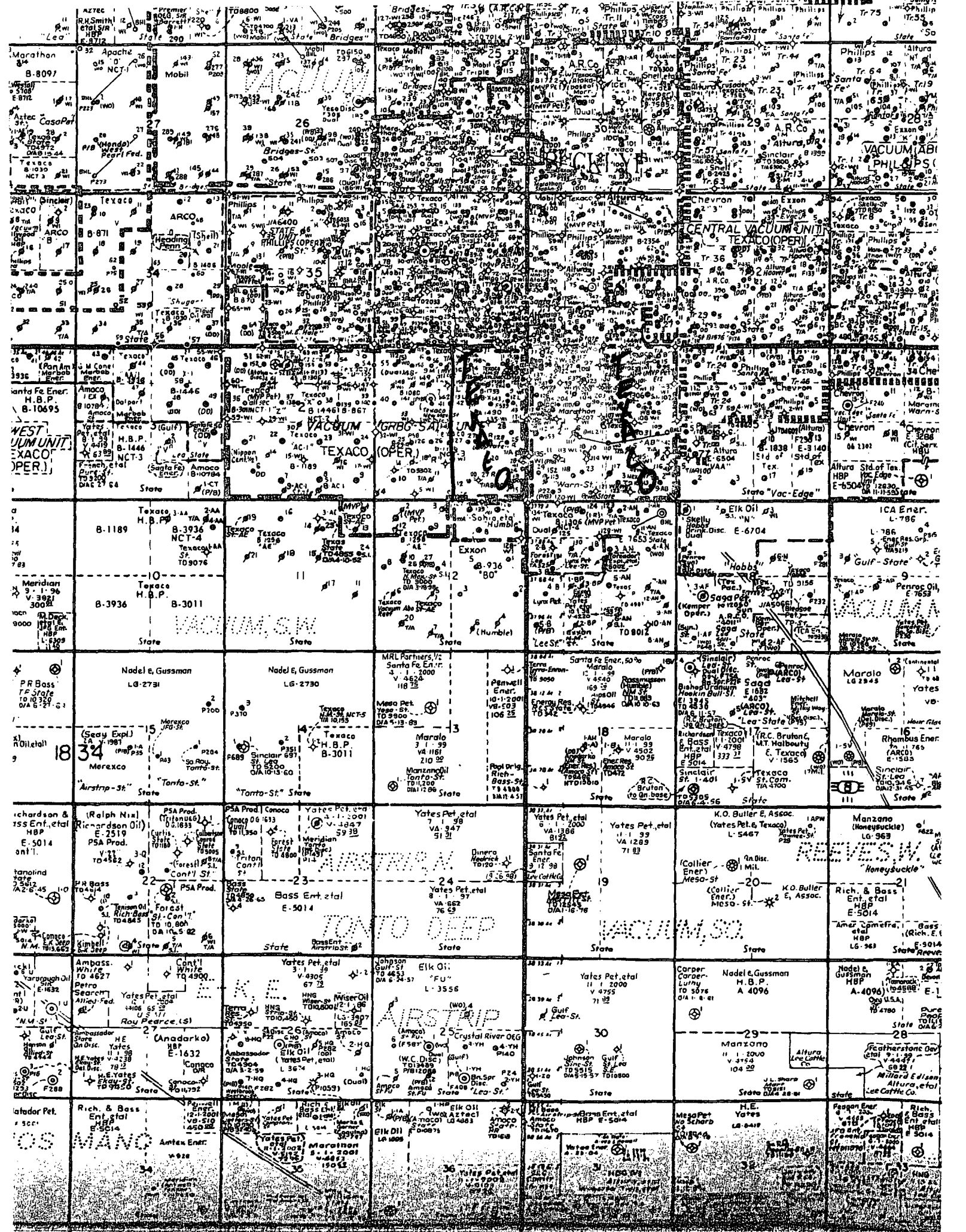
SURVEYOR CERTIFICATION

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.

JULY 30, 1996

Date Surveyed
Signature & Seal of Professional Surveyor
RONALD J. EDSON
8-12-96
96-11-0927
DMCC

Certificate No. JOHN W. WEST 676
RONALD J. EDSON 3239
GARY EDSON 12641





**Marathon
Oil Company**

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

July 24, 1998

Mr. David Catanach
Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87501-2088

Re: Request for Exception to Rule 303-A
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Sincerely,

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Walter J. Dueease

WJD/dlt
Enclosure

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DHC-2083



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

7/17/00

GOVERNOR

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

RE: Proposed:

MC
DHC X
NSL
NSP
SWD
WFX
PMX

Gentlemen:

I have examined the application for the:

Marathon Oil Co Warn State A/c-2 # 26-E, 6-185-350
Operator Lease & Well No. Unit S-T-R 3D-025-33541

and my recommendations are as follows:

OK.

Yours very truly,

Chris Williams

Chris Williams
Supervisor, District 1

/ed

**Marathon Oil Company
Warn State A/C 2 #26
Lot 5, 2180' FNL & 400' FWL
Sec. 6, T-18-S, R-35-E
Atoka, Wolfcamp, and Upper Penn Pools
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Midland, TX 79702-3109