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2645

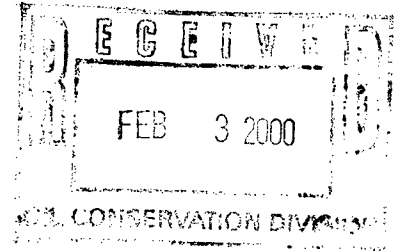
Mid-Continent Region
Production United States



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

January 21, 2000

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
Ohio 'B' Government No. 1
1190' FSL & 1190' FWL
Unit Letter "M", Section 23, Township 28-N, Range 11-W
Kutz Fruitland Sand and Fulcher Kutz Pictured Cliffs
Kutz Canyon Field
San Juan 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 Kutz Fruitland Sand and Fulcher Kutz Pictured Cliffs pools in San Juan 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 be worked on to produce from the Kutz Fruitland Sand pool only.

Both pools represent marginal production. The well was drilled and completed in the Kutz Fruitland Sand in 1957. Other than the installation of a gas gathering line in 1993, the well has not been worked on since the initial completion. Plans are to add perforations in the Fulcher Kutz Pictured Cliffs and to downhole commingle the two 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) 687-8268.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Tim L. Chase'.

Tim L. Chase
Advanced Engineer Technician

REQUEST FOR EXCEPTION TO RULE 303-A
Ohio 'B' Government No. 1, Kutz Canyon Field

A: Operator

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

B: Lease Name and Well Number

Ohio Government 'B' No. 1
1190' FSL & 1190' FWL, Unit Letter "M", Section 23, Township 28-N, Range 11-W
Kutz Canyon Field, San Juan County, New Mexico
Kutz Fruitland Sand, Fulcher Kutz Pictured Cliffs

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

None available. PI reports attached.

E: Production Decline Curves

Attached

F: Estimated Current Bottomhole Pressures (PSI)

Kutz Fruitland Sand = 300; Fulcher Kutz Pictured Cliffs = 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>
Kutz Fruitland Sand	0	80	0	Current Production
Fulcher Kutz PC	0	200	0	Post-Workover Estimate
Total	0	280	0	

<u>Allocated %</u>	<u>Oil %</u>	<u>Gas %</u>	<u>Water %</u>
Kutz Fruitland Sand	0.00	28.57	0.00
Fulcher Kutz Pictured Cliffs	0.00	71.43	0.00
Total	0.00	100.00	0.00

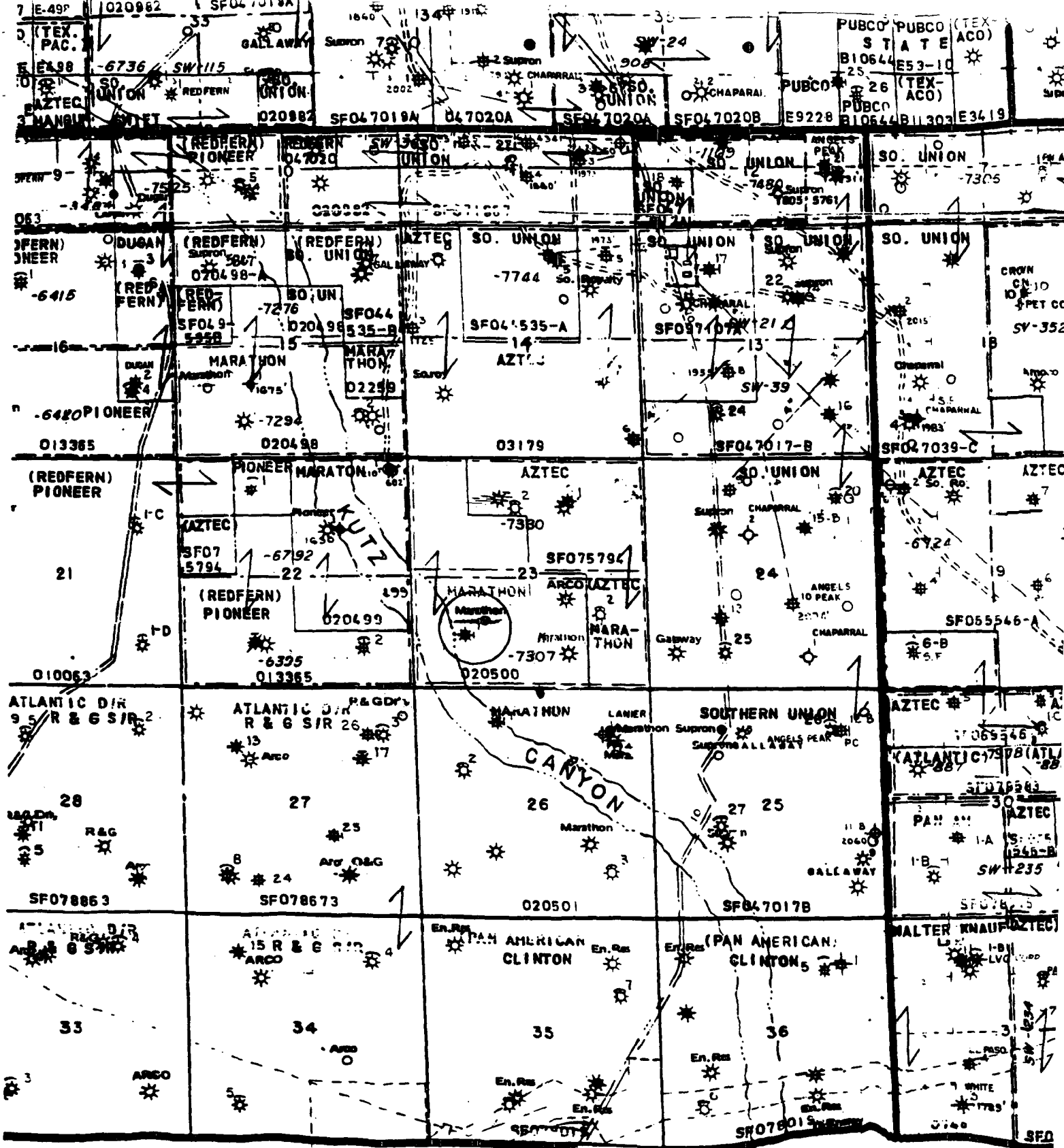
Actual allocation will be determined from post-workover rates.

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



San Juan County
Township 28 North
Range 11 West



MARATHON OIL COMPANY

KUTZ CANYON GAS FIELD

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Entity   : OHIO B GOVT (006447)      Product: GAS
Field    : KUTZ (30700)              Start  : 195707
Reservoir: FRUITLAND (610)           Stop   : 199908
Operator : MARATHON OIL COMPANY (21224) Status : ACTIVE
Location : S23 T28N R11W M SAN JUAN  Dist   : AZTEC
Basin    : SAN JUAN (580)            Well#  : 1
Zone     : FRUITLAND (604FRLD)       Lat    : 36.64363
API      : 30045072850000           Lng    : 107.97758
  
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Well Information

API	Well Number	Total Depth	Upper Perf	Lower Perf	BHP	Well Type	Dev. Shale	Tight HRZ	Sand
30045072850000	1	1618	1292	1330		PRORATED	NO	NO	NO

Test Information

Well Nbr	Test Date	Upper Perf	Lower Perf	Gas MCFD	Liq BPD	Wtr BPD	GOR	SITP	FTP	Liq Grav	Gas Grav	IP
1	19570724	1292	1330	2780	0.0					0.0	0.000	IP
1	19790418	1292	1330	67	0.0			145	117	0.0	0.000	
1	19831121	1292	1330	54	0.0			165	149	0.0	0.000	

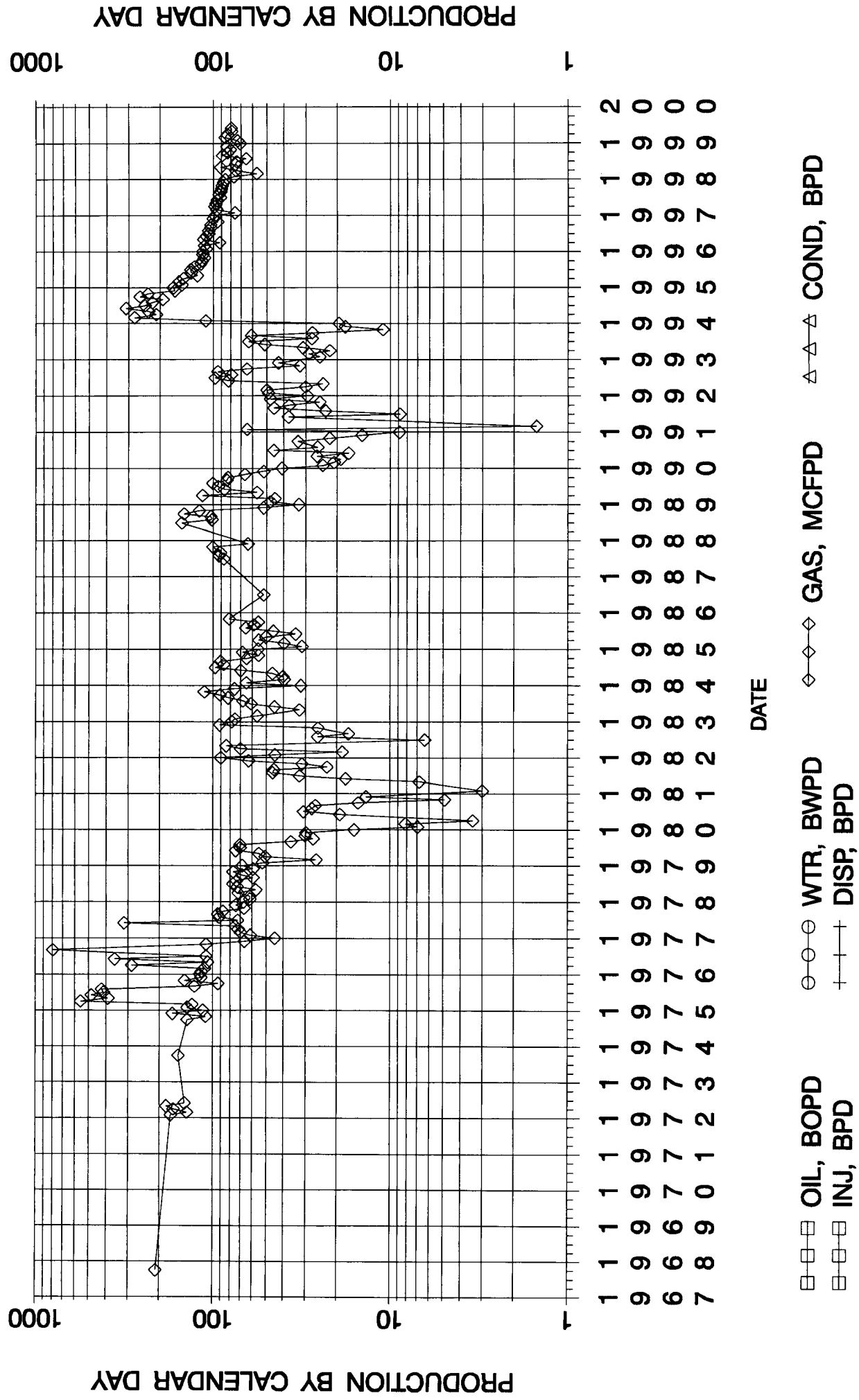
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API      : 30045072850000           Lng    : 107.97758

1998 DEC      2293      EPG      SOP      1      31
1998 ANN      29672      0      0
1999 CUM      1740475      228
1999 JAN      2037      EPG      SOP      1      31
1999 FEB      2497      EPG      SOP      1      28
1999 MAR      2584      EPG      SOP      1      31
1999 APR      2413      EPG      SOP      1      30
1999 MAY      2605      EPG      SOP      1      31
1999 JUN      2125      EPG      SOP      1      30
1999 JUL      2269      EPG      SOP      1      31
1999 AUG      2671      EPG      SOP      1      31
1999 SEP
1999 OCT
1999 NOV
1999 DEC
1999 ANN      19201      0      0
  
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Allocated Production Data

OHIO 'B' GOVERNMENT 1



NEW MEXICO
OIL CONSERVATION COMMISSION

Form C-128

Well Location and/or Gas Proration Plat

Date July 10, 1957

Operator OHIO OIL COMPANY

Lease N. M. 085100 - Cont. Sec. 23

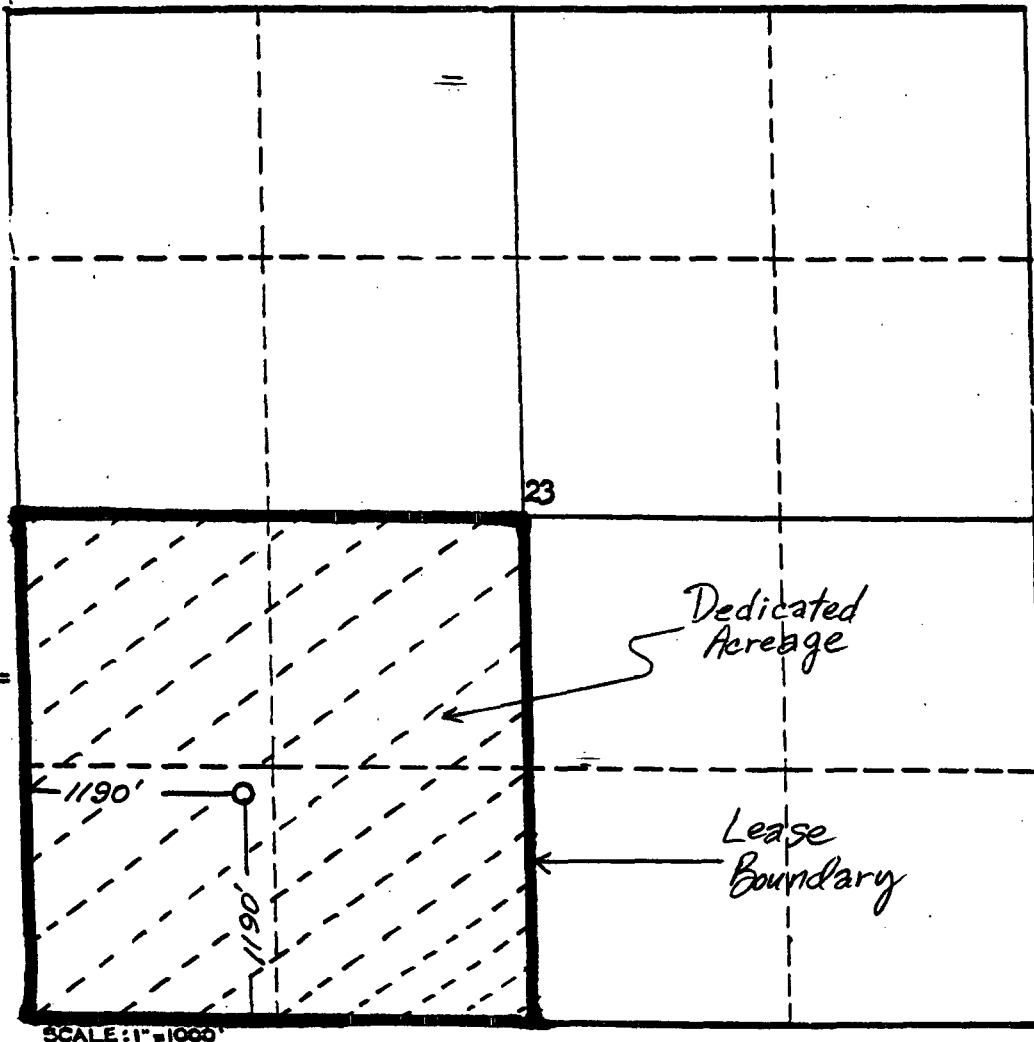
Well No. 1 Section 23 Township 28 NORTH Range 11 WEST, NMPM

Located 1190 Feet From the SOUTH Line, 1190 Feet From the WEST Line,

SAN JUAN County, New Mexico. G. L. Elevation 5539.4 UNGRADED.

Name of Producing Formation Fruitland Coal Pool Undesignated Dedicated Acreage 160

(Note: All distances must be from outer boundaries of Section)



NOTE

This section of form is to be used for gas wells only.

1. Is this Well a Dual Comp. ? Yes No .
2. If the answer to Question 1 is yes, are there any other dually completed wells within the dedicated acreage? Yes No .

Name
Position
Representing
Address

This is to certify that the above plat was prepared from field notes of actual surveys made by me or under my supervision and that the same are true and correct to the best of my knowledge and belief.

Date Surveyed 9 FEBRUARY 1957

James P. Leese
Registered Professional Engineer and/or
Land Surveyor James P. Leese
N. Mex. Reg. No. 1463

Form C-128

Well Location and/or Gas Proration Plat

Date: July 10, 1957

Operator OHIO OIL COMPANY

Lease No. 11. C-3100 - Gen'l. Res. 23

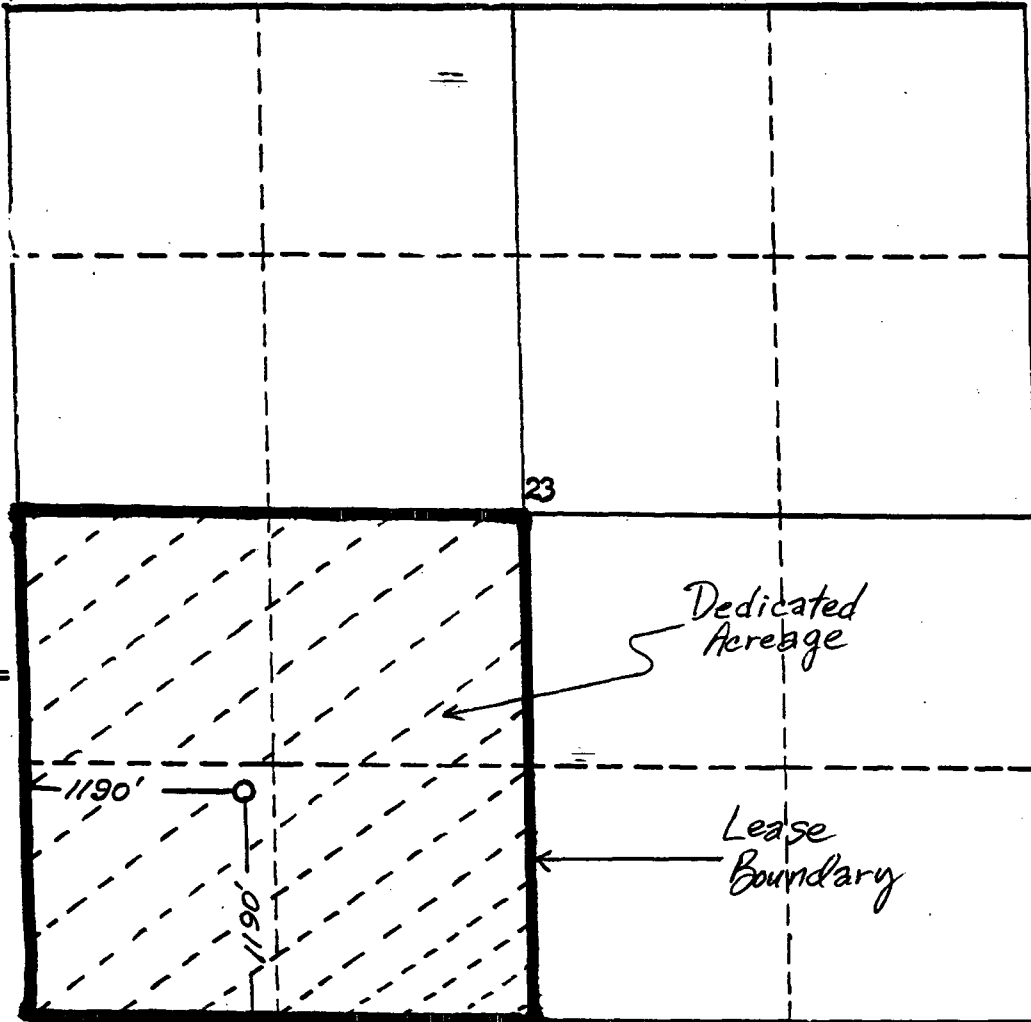
Well No. 1 Section 23 Township 28 NORTH Range 11 WEST, NMPM

Located 1190 Feet From the SOUTH Line, 1190 Feet From the WEST Line,

SAN JUAN County, New Mexico. G. L. Elevation 5539.4 UNGRADED.

Name of Producing Formation	Pool	Undesignated	Dedicated Acreage	160
Pictured Cliffs				

(Note: All distances must be from outer boundaries of Section)



NOTE

This section of
form is to be
used for gas
wells only.

1. Is this Well a Dual Comp. ? Yes ___ No ___.
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Representing _____
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Date Surveyed 9 FEBRUARY 1957
James P. Leese
 Registered Professional Engineer and/or
 Land Surveyor James P. Leese
N. Mex. Reg. No. 1463

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

EXISTING WELLBORE

☒ Yes ☐ No

APPLICATION FOR DOWNHOLE COMMINGLING

Marathon Oil Company	P.O. Box 552	Midland, Tx 79702
OPERATOR	ADDRESS	
Ohio Government 'B'	1	Sec 23, T-28N, R-11W, UL "M"
LEASE	WELL NO.	SECTION, TOWNSHIP, RANGE, UNIT LETTER
		COUNTY

SPACING UNIT LEASE TYPES: (CHECK 1 OR MORE)

OGRID NO. 151618 PROPERTY CODE 6448 API NO. 30-045-07285 Federal ☒ State ☐ (and/or) Fee ☐

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zones	Lower Zone
1. Pool Name & Pool Code	Kutz Fruitland Sand (GAS-77200)	N/A	Fulcher Kutz Pictured Cliffs (GAS-77200)
2. Top & Bottom of Pay Section (Perforations)	1292-1330'	N/A	1494-1565'
3. Type of production (Oil or Gas)	Gas	N/A	Gas
4. Method of Production (Flowing or Artificial Lift)	Artificial Lift	N/A	Artificial Lift
5. Bottomhole Pressure Oil Zones-Artificial Lift (Est Current)	a. (Current) 300	a. (Current) N/A	a. (Current) 325
	b. (Original) —	b. (Original) N/A	b. (Original) —
6. Oil Gravity (API) or Gas BTU Content	37 API	N/A	38 API
7. Producing or Shut-in?	Producing	N/A	Shut-in (Not Yet Perforated)
Production Marginal? (yes or no)	Yes	N/A	Yes
* If Shut-in, give date and o/g/w rates of last production	Date: N/A Rates: N/A	Date: N/A Rates: N/A	Date: N/A Rates: N/A
Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.			
* If producing, give date and o/g/w rates of recent test (within 60 days)	Date: 11/15/99 Rates: 0/80/0	Date: N/A Rates: N/A	Date: N/A Rates: N/A
8. Fixed Percentage Allocation Formula - % for each zone	Oil: 0.00% Gas: 28.57% 29	Date: N/A Rates: N/A	Oil: 0.00% Gas: 71.43% (Estimated) 71

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 ☐ NoIf not, have all working, overriding, and royalty interests been notified by certified mail? ☐ Yes ☐ NoHave 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 ☐ No13. 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 (or C-128) 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. CHASETITLE Advanced Engineer Technician
TELEPHONE NO. (915) 687-8268

DATE 01/21/00