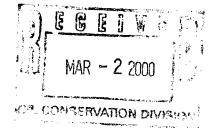
Mid-Continent Region Production United States



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 downhhole 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>	MCFPD	BWPD	Estimation Methods
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	a	

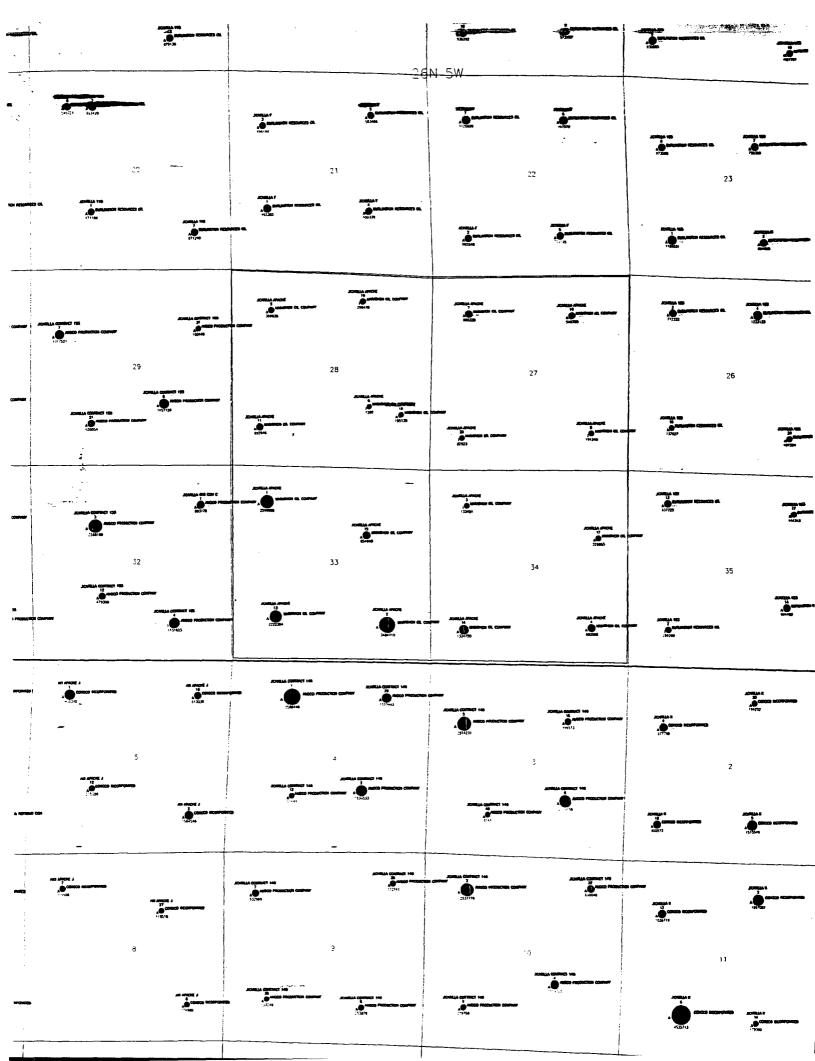
Allocated %		Oil %	Gas %	Water %
South Blanco PC		0.00	12.17	0.00
Chacra		0.00	18.73	0.00
Blanco Mesa Verde		94.12	57.30	100.00
Basin Dakota		5.88	11.80	0.00
	Total	100.00	100.00	100.00

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



Submit 2 copies to Appropriate District Office.

P.O. Box 1980, Hobbs, NM 88240

811 S. 1st Street, Artesia, NM 88210-2834 DISTRICTI

1000 Rio Brazos Rd., Aztec, NM 87410 DISTRICTIII

State of New Mexico Energy, Minerals and Natural Resources Department

OIL CONSEVATION DIVISION

Revised 1/1/89

Form C-116

2040 Pacheco St. Santa Fe, NM 87505

GAS - OIL RATIO TEST

Operator					_	Pool						<u>ٽ</u>	County			
Marathon Oil Company							outh Bl	lanco I	South Blanco Pictured Cliffs	Cliffs		-	•	Rio	Rio Arriba	
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P.O. Box 552 Midland, TX 79702	7						TEST - (X)	_ x	Scheduled		ٽ ا	Completion		Sp	Special X	
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Jicarilla Apache	14	M	34	26N	МS	12/15/99	ĵu .		31		24	0		0	65	N/A
Instructions:	;] .		;		-	,	;		nereby complete t	ertify the	at the ab st of my	I hereby certify that the above information is true complete to the best of my knowledge and belief.	rmation dge and	I hereby certify that the above information is true and complete to the best of my knowledge and belief.

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.

Advanced Engineer Technician Printed name and title Tim L. Chase Signature

2/9/00 Date

Telephone No.

(915) 687-8268

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

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

Revised 1/1/89

Form C-116

OIL CONSERVATION DIVISION 2040 Pacheco St. Santa Fe, NM 87505

GAS - OIL RATIO TEST

Operator							Pool						S S	County			
Marathon Oil Company				,				Blar	100: M	Blanco; Mesa Verde	Je		-		R10	R10 Arr1ba	
₹	88240						<u> </u>	TYPE OF TEST - (X)		Scheduled		ŏ	Completion		S.	Special	
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Instructions:

which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool 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.

Printed name and title Kelly Cook Signature

January 10, 2000 Date

393-7106

Records Processor

Telephone No.

Revised 1/1/89 Form C-116

State of New Mexico Energy, Minerals and Natural Resources Department

OIL CONSEVATION DIVISION

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

P.O. Box 1980, Hobbs, NM 88240

DISTRICT II

Submit 2 copies to Appropriate

District Office.

DISTRICT

2040 Pacheco St. Santa Fe, NM 87505

GAS - OIL RATIO TEST

Operator					_	Pool						Ö	County			
Marathon Oil Company							tr.	lagin .	Ragin Dakota				•	<u>7</u>	Rio Arriba	
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Jicarilla Apache	14	×	34	26N	ЭW	11/19/99	[24		31		24	0		1	63	M/A
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Instructions:

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(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

in the

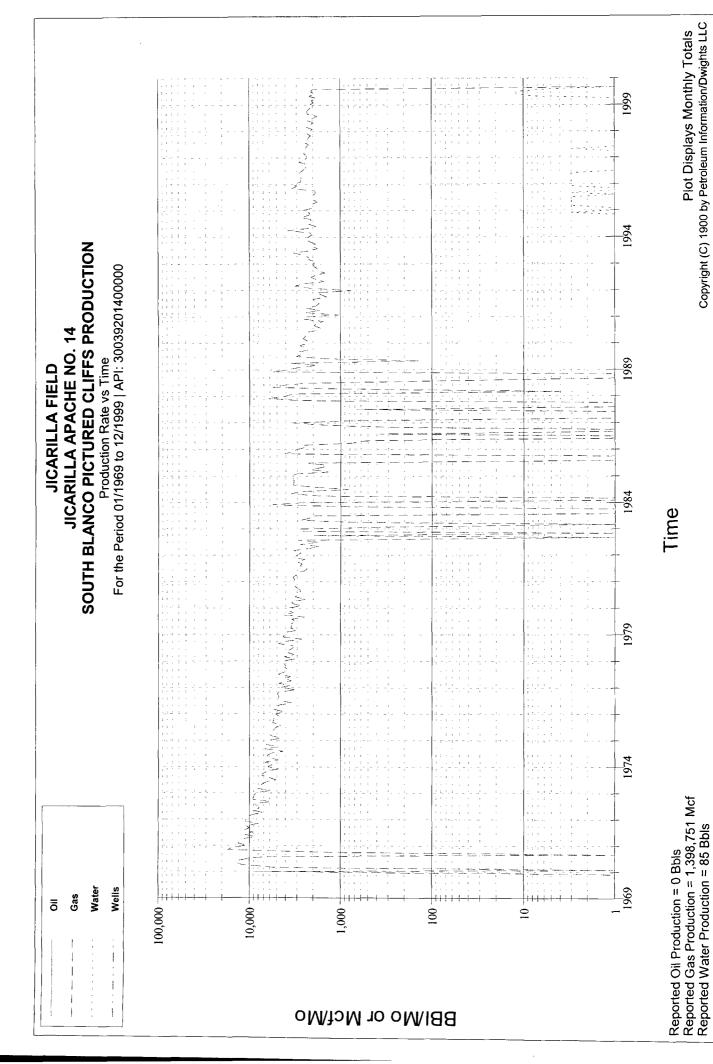
Tim L. Chase

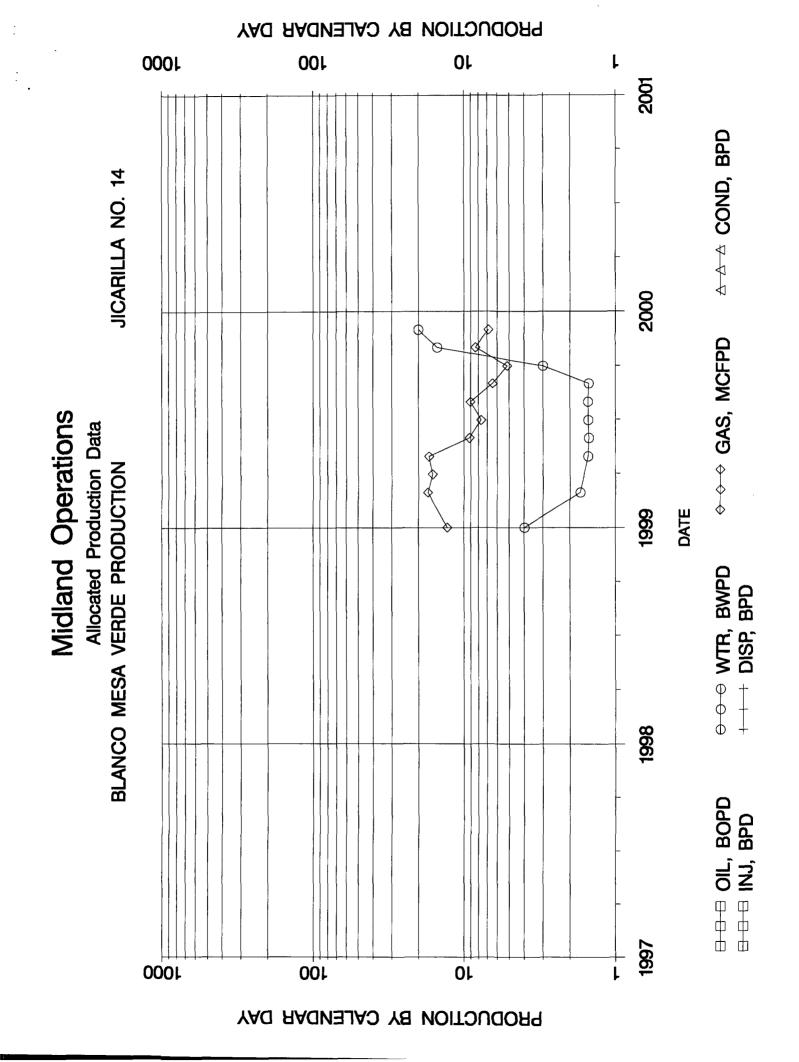
Advanced Engineer Technician Printed name and title

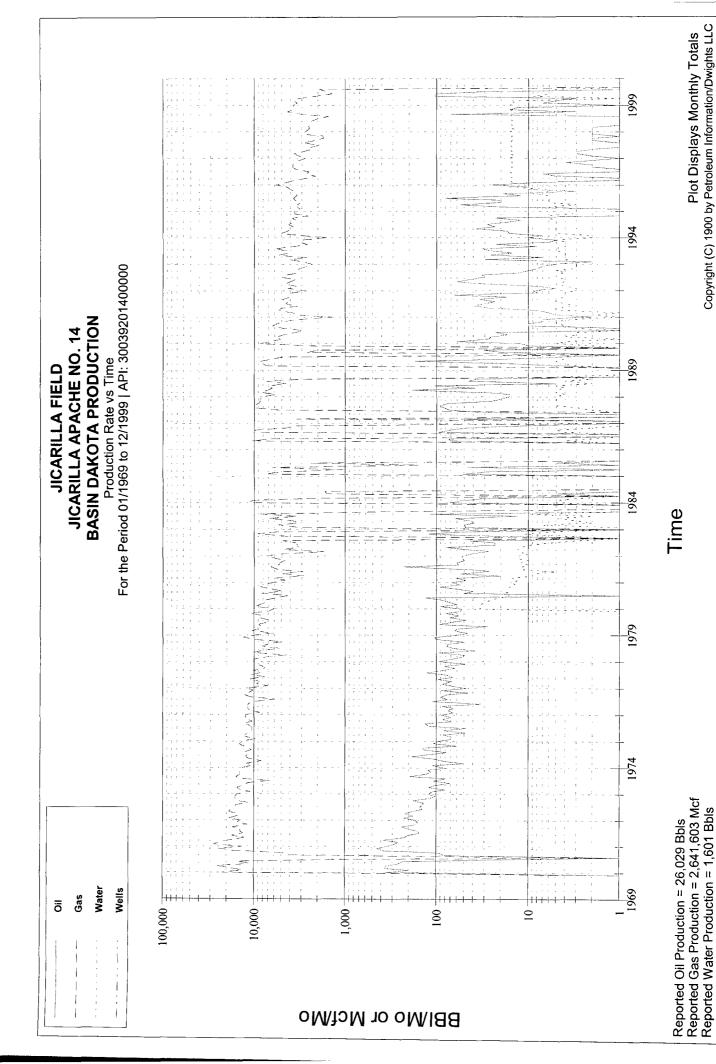
(915) 687-8268

2/9/00 Date

Telephone No.







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 Well No. Operator ᅫ Jicarilla Apache MARATHON OIL COMPANY County Township Range Unit Letter 26 North 5 West Rio Arriba Actual Footage Location of Wells 900 leet from the teet from the line Ground Level Elev: Dedicated Acreage: PICTURED CLIFFS S. BLANCO PICTURED CLIFFS 320 Acres 6541, ungr. 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 rovalty). 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 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 Commis-CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Position Area Superintendent Company Marathon Oil Company August, 22, .. 1968 Sec. Ehereby certify that the well location n on thiquelat was platted from field otes of actual, surveys mo ier my supervision, and that the same I's true and correct to the knowledge and belief. Table States of the States Date Surveyed August 13. 1968 Registered Professional Enginee and/or Land Surveyor 1320 1680 1980 2310

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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

⁴ Property Code

¹ API Number

30-039-20140

State of New Mexico Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION 2040 South Pacheco Santa Fe, NM 87505

Revised October 18, 1994 Instructions on back

Form C-102

Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

³ Pool Name

CHACRA

AMENDED REPORT

6 Well Number

WELL LOCATION AND ACREAGE DEDICATION PLAT

⁵ Property Name

Jicarilla Apache

² Pool Code

⁷ OGRID No	0.				8 Operator l	Name			9	Elevation
14021					arathon Oil					6541'
				10	Surface Loc	ation				
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PO Box 1980, Hobbs, NM 88241-1980

811 S. 1st Street, Artesia, NM 88210-2834

1000 Rio Brazos Rd., Aztec, NM 87410

District I

District II

District III

915 687 8337

10/19 '99 09:49 NO.035 03/06

State of New Mexico gy, Minerals & Natural Resources Depart. It

Form C-102 Revised October 18, 1994 Instructions on back

OIL CONSERVATION DIVISION 2040 South Pacheco Santa Fe, NM 87505

Submit to Appropriate District Office State Lease - 4 Copies

Fee Lease - 3 Copies

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NEW MEXICO OIL CONSERVATION COMMISSION WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102 Supersedes G-128 Effective 1-1-65

MARATHON OIL COMPANY Unit Letter Section Township Range County M 34 26 North 5 West Rig Arriba Actual Footage Location of Wells 900 feet from the South line and 900 feet from the West line			All distances must be fr	om the outer boundari	es of the Section.	
Section Section Township Reage County	Operator MARATHON	OIL COMPANY			carilla Apach	1
Access Footsque Locations of walls 900 test treet the South time and 900 test treem the West time and 500 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 X 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.) 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 haveby certify their the information contained when it is tree and complete to the section of the provided procession of the plate of my inswedge and ballet. Normal Area Superintendent Company Area Superintendent Company Date August, 22, 1,2688 Elevatory certify their the information contained my inswed provided processional Engineer and on the plate of my inswedge and ballet. Date Surveyed August, 12, 1,968 Registered Professional Engineer and on the plate of my inswedge and ballet. C. J. Ca. M. A. C. J. C. M. C. J. C. J			Township	Range	County	
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Sec. 34 CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Name Position Area Superintendent Company Marathon 011 Company Date August, 229: 1968 Sec. 34 Febreby certify that the well facetion about or thingle that the same if my	this form i No allowa	f necessary.) ble will be assign	Marathon Oil ned to the well until all	Company - Tra	ct 251 een consolidated	l (by communitization, unitization,
Total derein is true and complete to the best of my knowledge and belief. Nome Position Area Superintendent Company Marathon 0il Company Date August, 223, 1968 Sec. 34 Sec. 34 Date Surveys made by me er under hyper sported from field potes of actual surveys made by me er under hyper and hallen of my knowledge and belief. Date Surveyed August 13, 1968 Registered Professional Engineer and/or Land Surveyor August 13, 1968 Registered Professional Engineer and/or Land Surveyor		ing, or otherwise	or until a non-standar	d unit, eliminatin	g such interests,	
Position Area Superintendent Company Marathon 0il Company Date August, 223, 1968 Sec. 34 Engraphy certify that the well secation is hown on this plan was plotted from field going of actual surveys made by me or under my supervision, and that the same is right and correct to the best of my knowledge and belief: Date Surveyed August 13, 1968 Registered Professional Engineer and/or Land Surveyor				1		tained herein is true and complete to the
Date August, 22,5; 1968 Sec. 34 Ehereby certify that the well location about on this plant was plotted from field potes of actual, surveys made by me or under my supervision, and that the same is the location of the best of my knowledge and belief. Date Surveyed August 13, 1968 Registered Professional Engineer and/or Land Surveyor		+ 	Dadic Padic Acr	ated eage		Position Area Superintendent Company
Date Surveyed August 13, 1968 Registered Professional Engineer and/or Land Surveyor Land Surveyor			Sec. 34	 		Date
Date Surveyed August 13, 1968 Registered Professional Engineer and/or Land Surveyor		 				shown on this plat was plotted from field pores of actual surveys made by me or under my supervision, and that the same lift the and correct to the best of my knowledge and belief.
August 13, 1968 Registered Professional Engineer and/or Land Surveyor	1	- @ '		. 1	1 _	
August 13, 1968 Registered Professional Engineer and/or Land Surveyor	9	•			. 1 [Date Surveyed
	1 1	,,,,,,				Registered Professional Engineer and/or Land Surveyor
Certificate No. 3600	1			<u> </u>		
		7-7-7-				Certificate No. 3602

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

DISTRICT !

P.O. Box 1980, Hobbs, NM 88240

State of New Mexico

Energy, Minerals and Natural Resources Department

New 3-12-96

DISTRICT II

911 S. 1st, Artesia, NM 86210

OIL CONSERVATION DIVISION APPROVAL PROCESS:

2040 S. Pacheco, Santa Fe, NM 87505-6429

___Administrative ___Hearing

<u>DISTRICT III</u> 1000 Rio Brazos, Aztec, NM 87410	APPLICAT		EXISTING WELLBORE	E					
	DOWNHOLE C		_X_YesNo						
Marathon Oil Company OPERATOR	P.O. Box 552 ADDRESS	Midland, Tx 79702							
Jicanila		Sec 34, T-26N, R-5W,	Rio Arriba						
LEASE OGRID NO. <u>014021</u> PROPERTY			r county PES: (CHECK 1 OR MORE) deral X, 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					
Method of Production (Flowing or Artificial Lift)	Artificial Lift	N/A	Artificial Lift	Artificial Lift					
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	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					
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) Rates: 0/65/0 Rates: N/A Rates: 16/306/9 Rates: N/A									
estimates and supporting data. * If producing, give date and o/g/w rates of recent test (within 60 days) Rates: 0/65/0 Rates: N/A Date: N/A Rates: 01/10/00 Date: N/A Rates: 16/306/9 Rates: N/A									
of recent test (within 60 days) Rates: 0/65/0 Rates: N/A Rates: 16/306/9 Rates: N/A 8. Fixed Percentage Allocation Formula - Oil: 0.00% Oil: 0.00% Oil: 94.12% Oil: 5.88%									
8. Fixed Percentage Allocation Formula - Oil: 0.00% Oil: 0.00% Oil: 94.12% Oil: 5.88% Gas: 12.17% Gas: 18.73% Gas: 57.30% 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 10. Are all working, overriding, and royal If not, have all working, overriding, ar Have all offset operators been given 11. Will crossflow occur? X Yes be recovered, and will the allocation i 12. Are all produced fluids from all comm 13. Will the value of production be decree 14. If this well is on, or communitized will Management has been notified in wri 15. NMOCD Reference Cases for Rule 16. ATTACHMENTS: * C-102 for each zone to be * Production curve for each * For zones with no product * Data to support allocation * Notification list of all offse * Notification list of all worki	g method and providing rate pro- ty interests identical in all common or royalty interests been notifite written notice of the proposed of the	ojections or other required data ningled zones? od by certified mail? downhole commingling? tible, will the formations not beNo(If No, attach expla each other?YesX_No(If Yes, a the Commissioner of Public L esNo ER NO(S) ing unit and acreage dedication not available, attach explanation on rates and supporting data. ery) ests for uncommon interest ca	a. _X_Yes No Yes No Yes No (no longer ne e damaged, will any cross-flowe mation) _X_Yes No ttech explanation) .ands or the United States Bure n. in.)	ocessary) od production					
I hereby certify that the information above		est of my knowledge and belief	f.	-					
SIGNATURE / M	TIM L. CHASE	TITLE <u>Advance</u> TELEPHONE NO.	ed Engineer Technician . (915) 687-8268	DATE <u>02/28/00</u>					