

DHC

6/1/00

Houston Division
Production Operations, United States



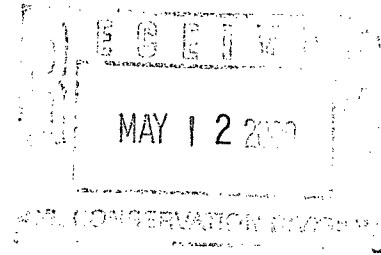
**Marathon
Oil Company**

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

May 8, 2000

Mr. David Catanach
Oil Conservation Department
Energy and Minerals Department
P.O. Box 2088
Santa Fe, New Mexico 87501

2750



**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,

A handwritten signature in cursive script that reads 'Thomas P. Kacir'.

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.

Lea Co., NM

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

GAS - OIL RATIO TEST

| | | | | | | | | | | | | | | |
|--|----------|---|----|---|--------------|------------|-------------|------------------|----------------------|-------------------|--------------|-----------|------------------------|------------|
| Operator Marathon Oil Company | | Pool Blinebry Oil & Gas; Tubb Oil & Gas | | County Lea | | | | | | | | | | |
| Address P.O. Box 2490 Hobbs, NM 88240 | | TYPE OF TEST - (X) | | Completion <input type="checkbox"/> Special <input checked="" type="checkbox"/> | | | | | | | | | | |
| LEASE NAME | WELL NO. | LOCATION | | | DATE OF TEST | CHOKE SIZE | TBG. PRESS. | DAILY ALLOW-ABLE | LENGTH OF TEST HOURS | PROD. DURING TEST | | | GAS-OIL RATIO CUFT/BBL | |
| | | U | S | T | | | | | | R | WATER BBL.S. | GRAV. OIL | | OIL BBL.S. |
| J.L. Muncy Blinebry Tubb For information only | 11 | G | 24 | 22S | 37E | 05/04/00 | P | 150 | | 24 | 4.1 | 6.8 | 114 | 16765 |
| | | | | | | | | | | | | | | |
| | | | | | | 07/21/97 | F | 15 | | 24 | 1 | 0 | 146 | NA |

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.

Thomas P. Kacir
Signature

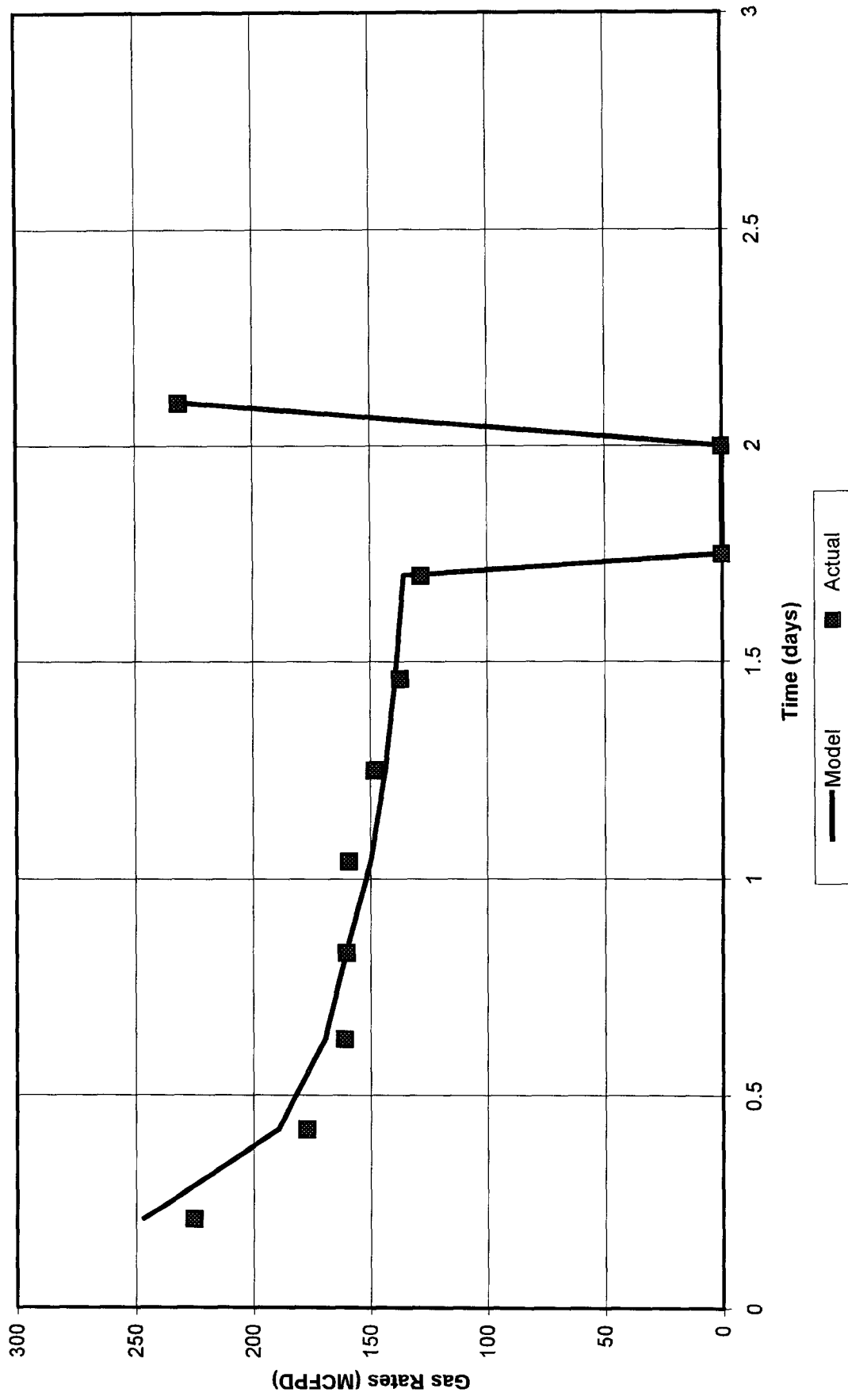
Thomas P. Kacir
Printed name and title

Engineer

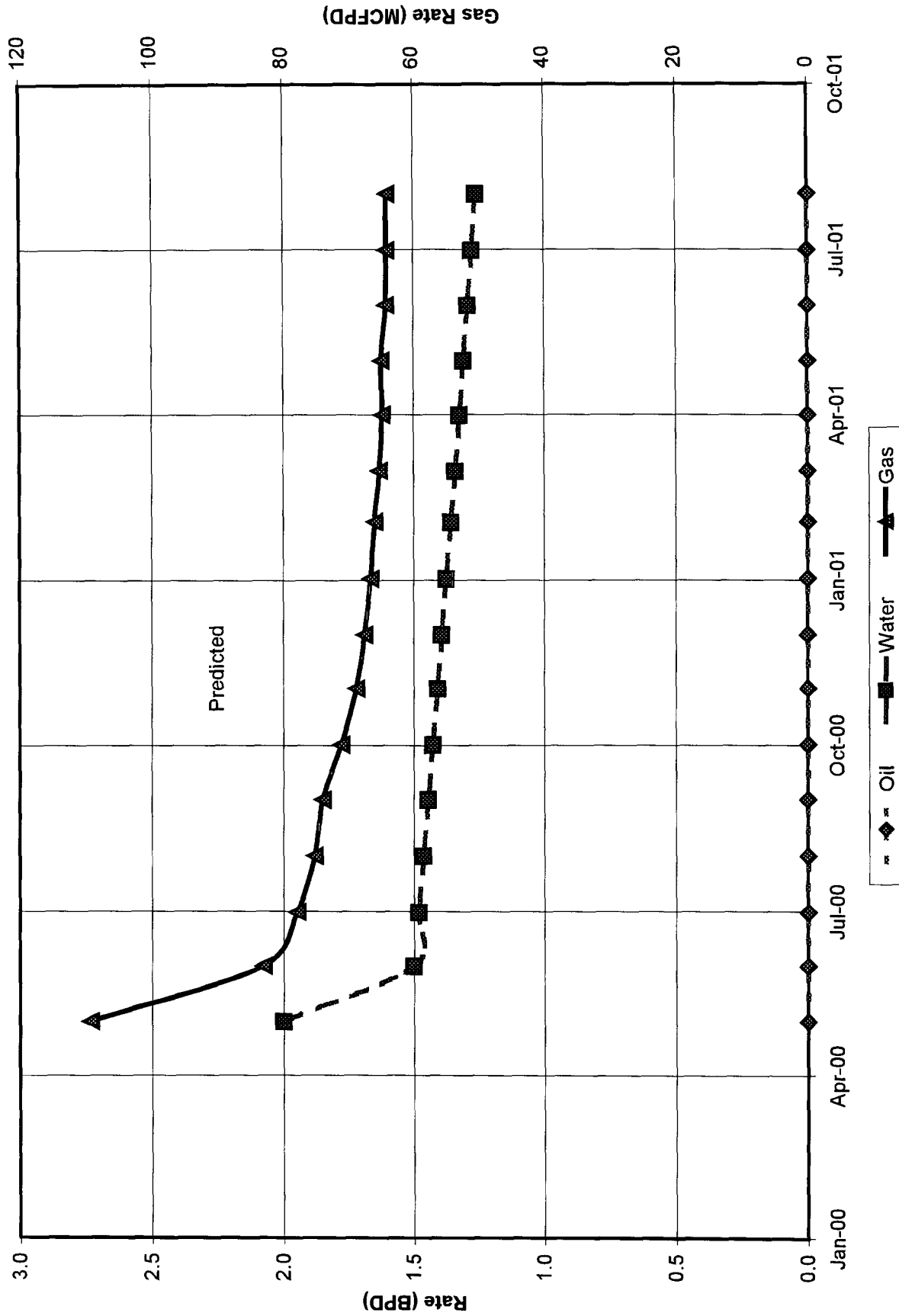
May 08, 2000
Date

393-7106
Telephone No.

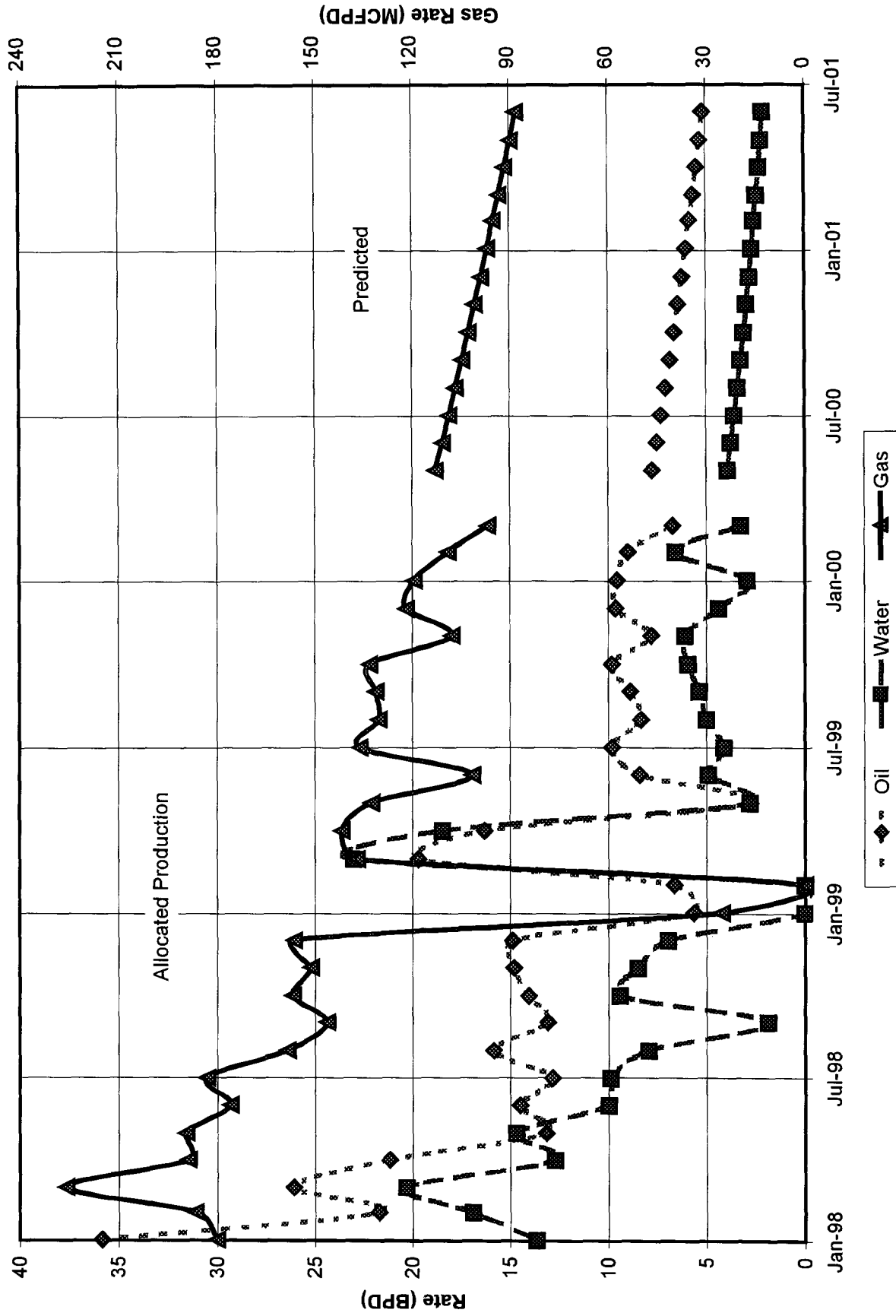
J. L. Muncy #11
Tubb (July 1997)



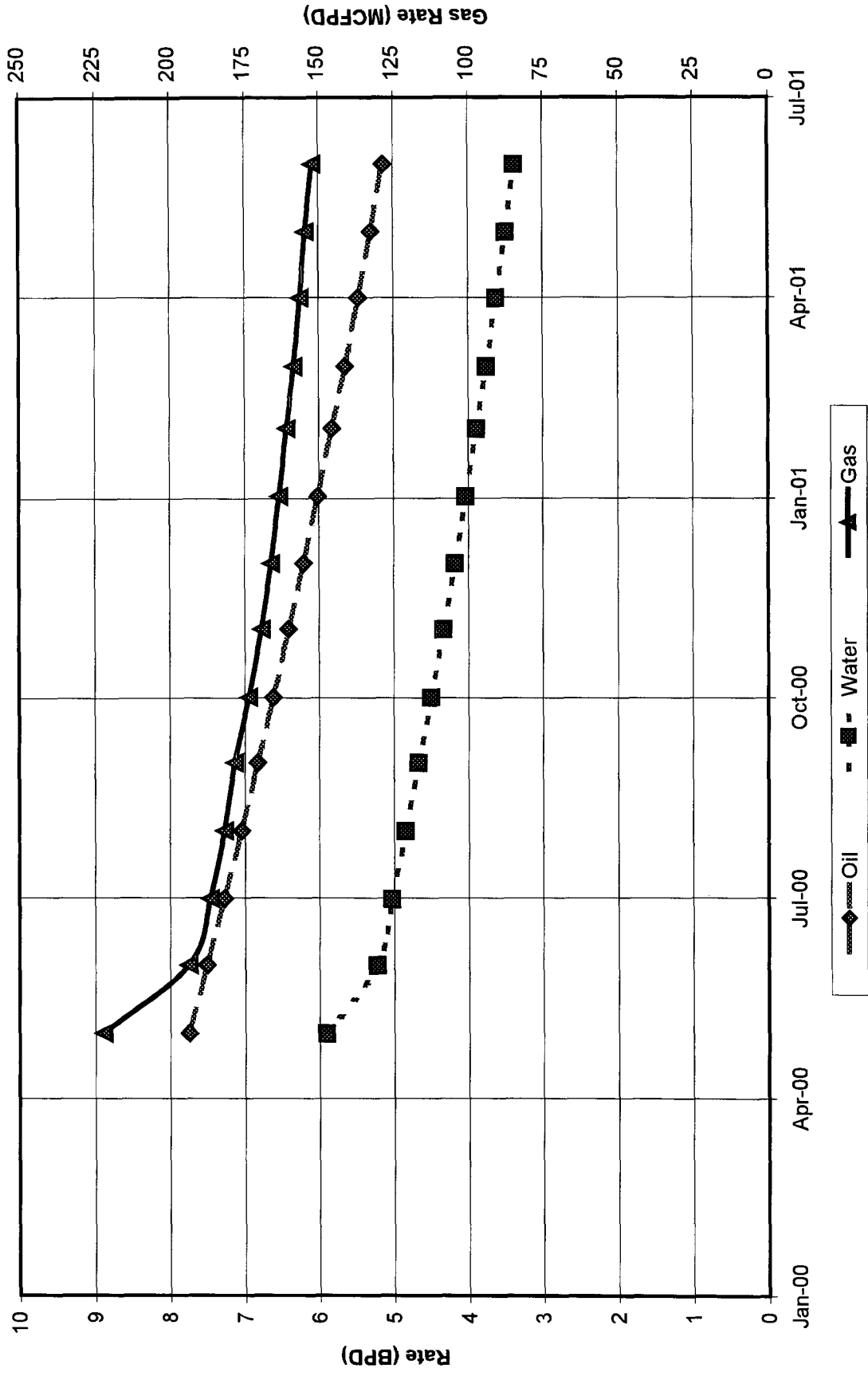
J. L. Muncy Well No. 11 Tubb Production



J. L. Muncy Well No. 11 Blinebry Production



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



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

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised October 18, 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

| | | |
|--|---|---|
| ¹ API Number 30-025-33947 | ² Pool Code 86440 | ³ Pool Name Tubb 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 160 | ¹³ Joint or Infill Y | ¹⁴ Consolidation Code | ¹⁵ 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

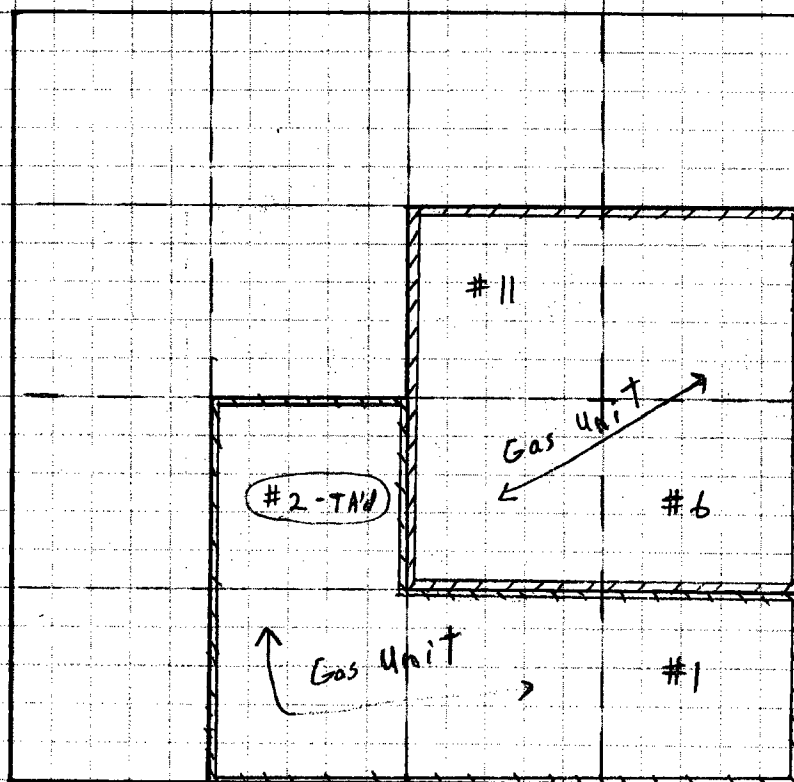
| | |
|--|--|
| | ¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i> Signature Thomas P. Kacir Printed Name Production Engineer Title 05/08/00 Date |
| | ¹⁸ SURVEYOR CERTIFICATION <i>I hereby certify that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



| | | | |
|---------|---------------------------------|----------|--------------|
| Subject | J. L. Muncy Lease | Page No. | Of |
| File | Tubb Oil + Gas Production Units | By T P K | 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

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised October 18, 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

| | | |
|--|---|---|
| ¹ API Number 30-025-33947 | ² Pool Code 6660 | ³ Pool Name Blinebry 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. G | Section 24 | Township 22-S | Range 37-E | Lot. Idn | Feet from the 2310 | North/South Line North | Feet from the 1980 | East/West line East | County 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. | | | | | | |

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

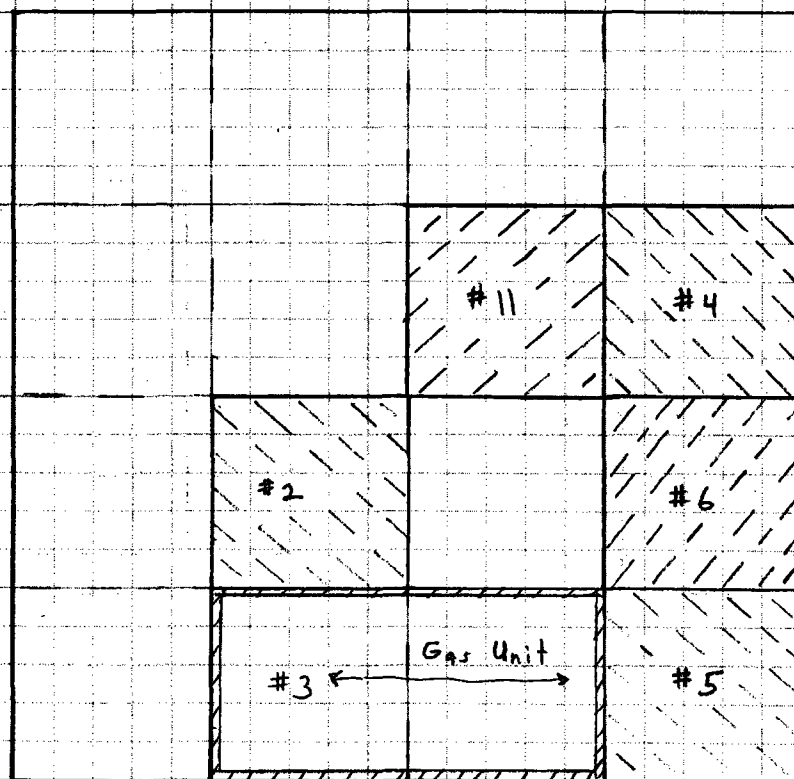
| | | | | |
|--|--|--|--|---|
| | | | | ¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i> <u>Thomas P. Kacir</u> Signature Thomas P. Kacir Printed Name Production Engineer Title 05/08/00 Date |
| | | |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



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

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

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



| | Well | U.L. | Pool Code |
|---------------------|---------------|------|-----------|
| 40 A. Blinbry (oil) | K, H, P, I, G | | 6660 |
| 80 A. Blinbry (Gas) | N + O | | 72480 |
| 160 A. Tubb (oil) | K | TA'd | 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

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429

Form C-107-A
New 3-12-96

APPROVAL PROCESS:

___ Administrative ___ Hearing

EXISTING WELLBORE

X YES ___ NO

APPLICATION FOR DOWNHOLE COMMINGLING

Marathon Oil Company PO Box 2490 Hobbs, NM 88241
Operator Address
J.L. Muncy 11 UL G. Sec. 24, T-22-S, R-37-E Lea
Lease Well No. Unit Ltr. - Sec - Twp - Rge County
OGRID NO. 014021 Property Code 6442 API NO. 30-025-33947 Spacing Unit Lease Types: (check 1 or more)
Federal ___ State ___ (land/ro) Fee X

| 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: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original | a. (Current) 350 psi b. (Original) | a. b. | a. 475 psi (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 | Date: Rates: N/A | Date: Rates: | Date: (7/21/1997) Rates: 0 / 146 / 1 |
| * If Producing, give date and oil/gas/water rates of recent test (within 60 days) | 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? X 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? 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 ___ No

13. 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 ___ 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