

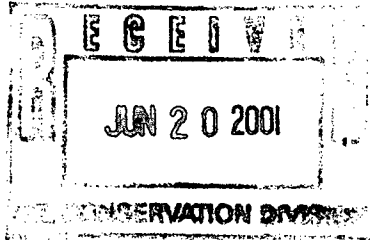
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DHC

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	

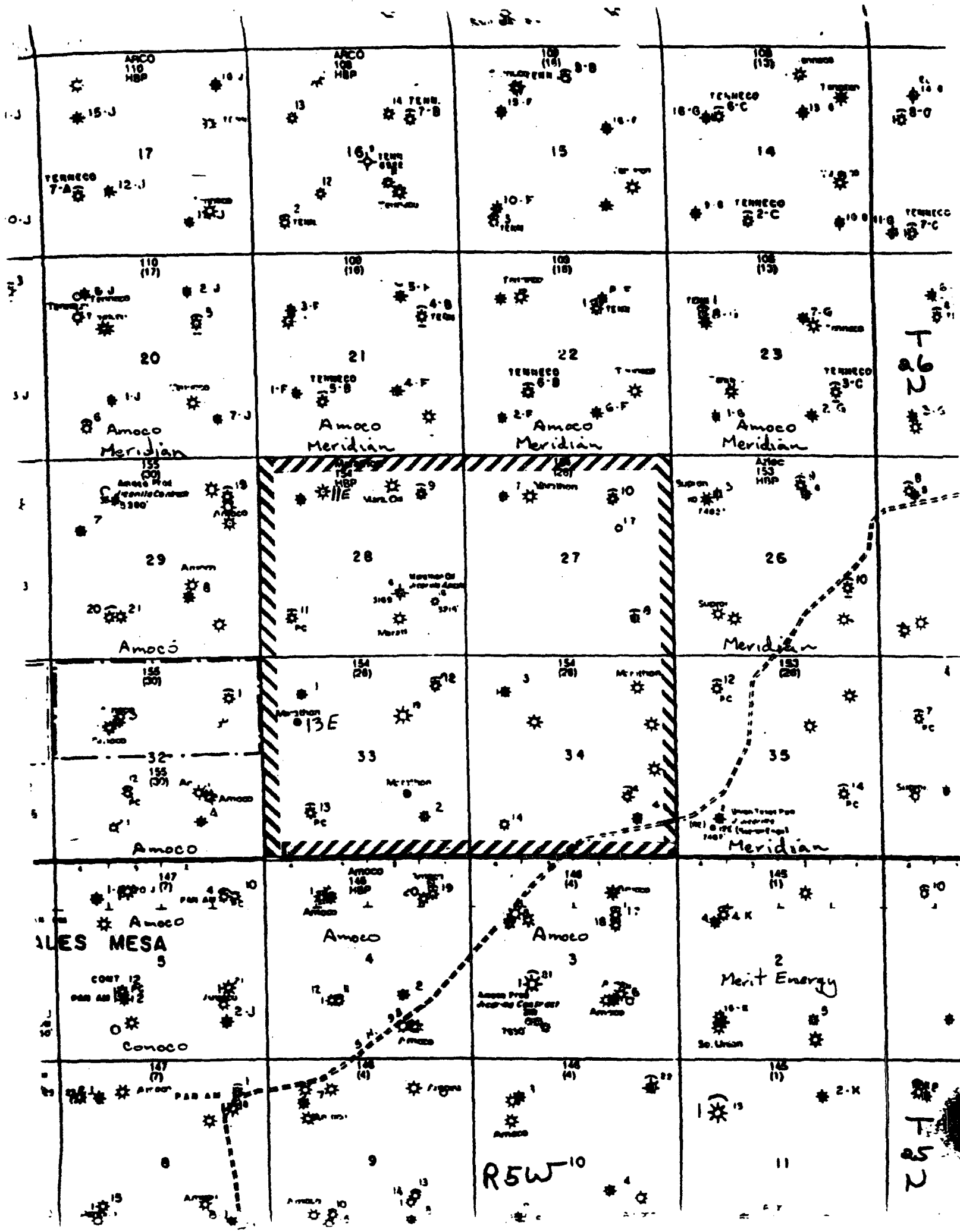
<u>Allocated %</u>	<u>Oil %</u>	<u>Gas %</u>	<u>Water %</u>
Blanco Mesa Verde	0.00	53.76	0.00
Basin Dakota	0.00	46.24	100.00
Total	0.00	100.00	100.00

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

### 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.

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

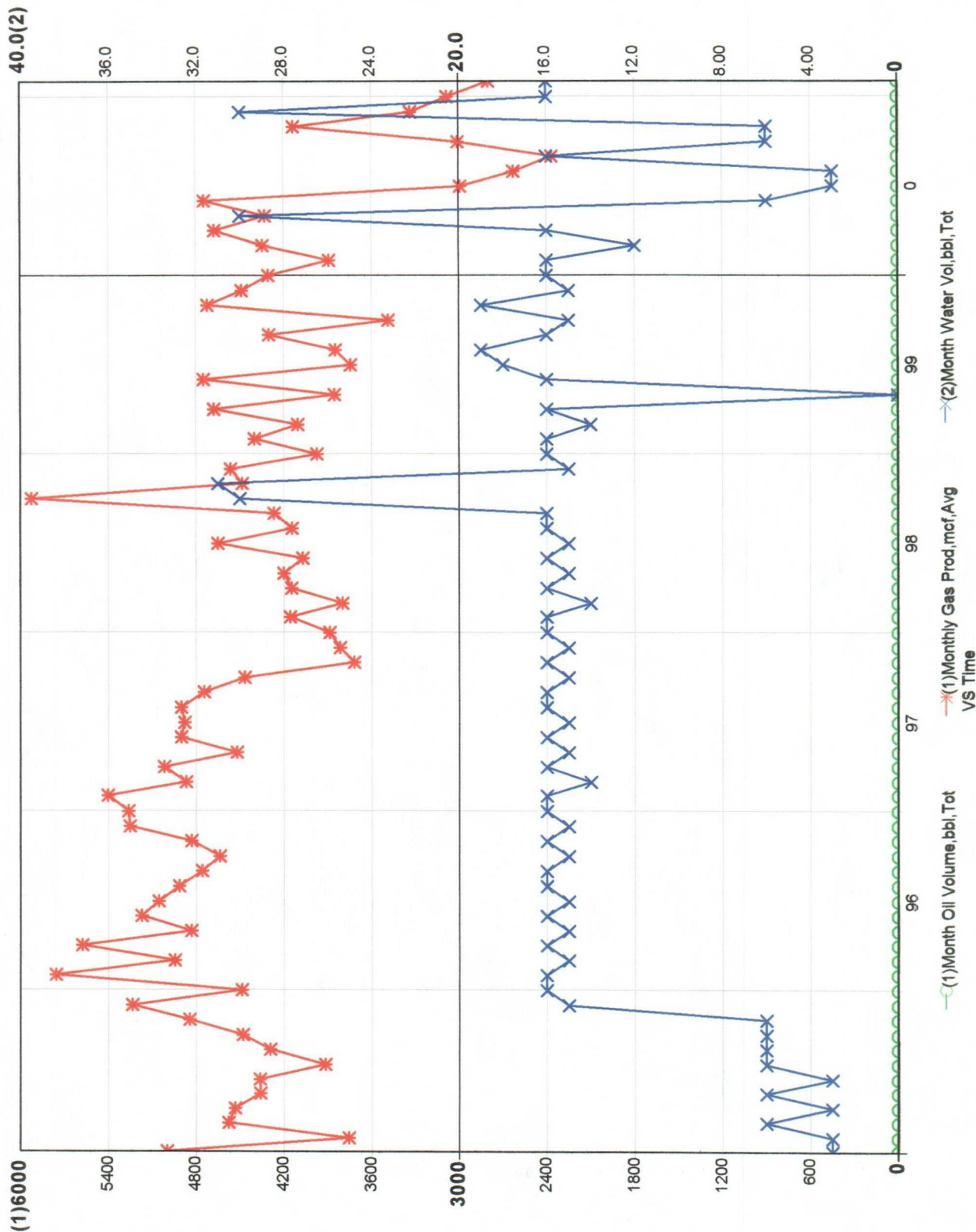
**915/687-8408**  
Telephone No.

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

# **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

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

Form C-102  
Revised 10-1-78

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT

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

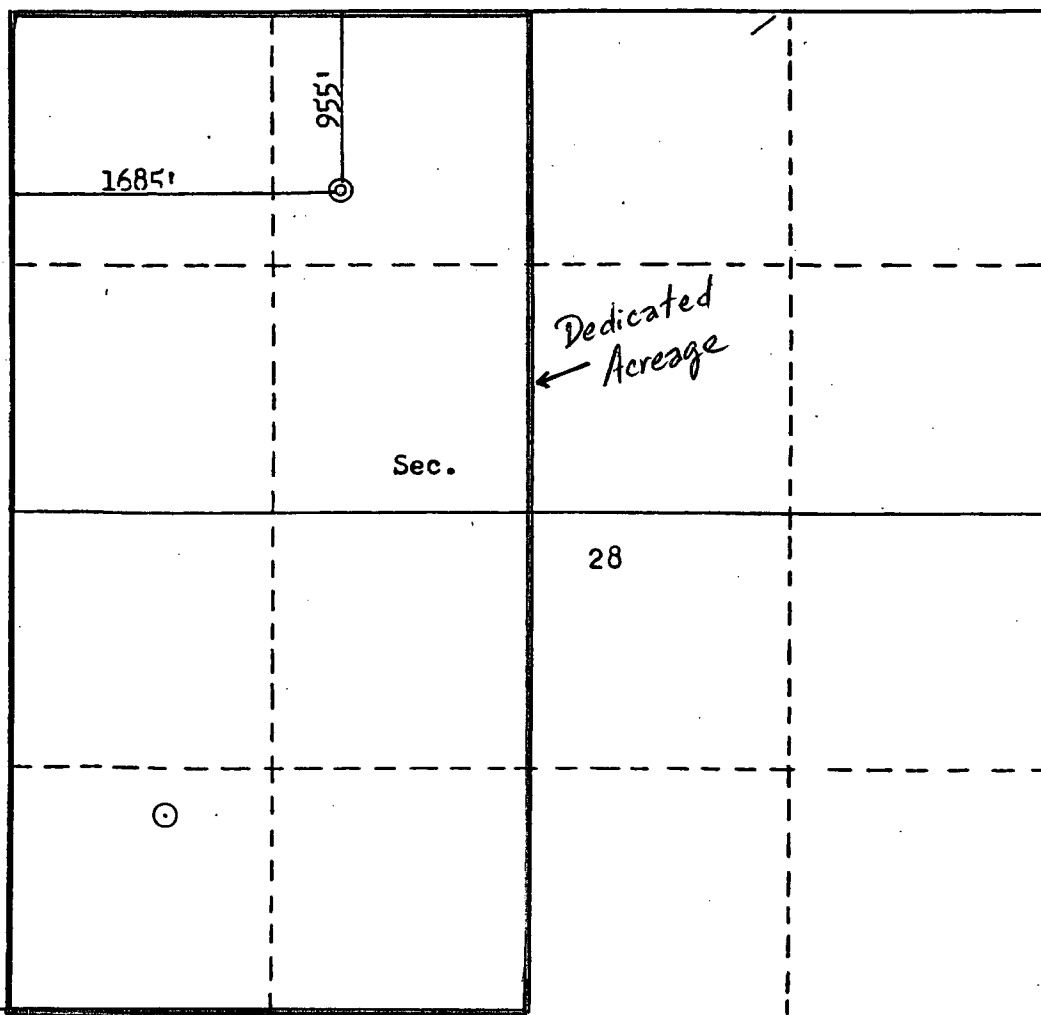
Operator <b>MARATHON OIL COMPANY</b>			Lease <b>JICARILLA APACHE</b>		Well No. <b>11-E</b>
Unit Letter <b>C</b>	Section <b>28</b>	Township <b>26N</b>	Range <b>5W</b>	County <b>Rio Arriba</b>	
Actual Footage Location of Well: <b>955</b> feet from the <b>North</b> line and <b>1685</b> feet from the <b>West</b> line					
Ground Level Elev. <b>6470</b>	Producing Formation <b>Dakota</b>		Pool <b>Basin Dakota</b>		Dedicated Acreage: <b>320</b> 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**  
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, Artesia, 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

<sup>10</sup> Surface Location

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

<sup>11</sup> 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
C	28	26N	5W	--	955	North	1685	West	Rio Arriba

<sup>12</sup> Dedicated Acres 320	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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

<sup>16</sup>  1685  955  #11E  28  <i>Dedicated Acreage</i>	<sup>17</sup> 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 M. Price</u> Signature <u>Thomas M. Price</u> Printed Name <u>Adv. Eng Tech.</u> Title <u>5/11/94</u> Date	
	<sup>18</sup> 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	

## 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

X 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, UNIT COUNTY

SPACING UNIT LEASE TYPES: (CHECK 1 OR MORE)

OGRID NO. 014021 PROPERTY CODE 6414 API NO. 30-039-08149 Federal 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	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 Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.	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%			Oil: 0.00%
	Gas: 53.76%			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? 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 (no longer necessary)

11. Will crossflow 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. X 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