

Houston Division
Production Operations, United States



P.O. Box 2409
Hobbs, NM 88241-2409
Telephone 505/393-7106

CONSERVATION RECEIVED
1994 JUN 15 AM

June 6, 1994

State of New Mexico
Oil Conservation Division
Energy and Mineral Department
Mr. David Catanach
PO Box 2088
Santa Fe, NM 87501

RE: **REQUEST FOR EXCEPTION TO RULE 303-A
DOWNHOLE COMMINGLING
J.L. MUNCY WELL NO. 2
UNIT K, 1980' FSL AND FWL
SECTION 24, T-22-S, R-37-E
TUBB AND BLINEBRY FORMATIONS
DRINKARD FIELD
LEA COUNTY, NEW MEXICO**

Dear Mr. Catanach:

Marathon Oil Company respectfully requests administrative approval for an exception to Rule 303-A to permit the downhole commingling of the Tubb and Blinebry formations in the above mentioned well.

Currently, the well is a Blinebry producer that flows up the casing. The Tubb is isolated below a tubing plug (see attached wellbore sketch). It is proposed to remove the tubing plug, downhole commingle the Tubb and Blinebry, and rod pump both zones. This method of producing the well will ensure maximum drawdown on each formation and recover additional reserves from the Blinebry and produce both zones to a lower depletion pressure thus minimizing waste.

Enclosed is the pertinent data supporting this application as outlined in Rule 303-A. If additional information is necessary, please contact Rick Gaddis at (505) 393-7106.

Sincerely,

Rick Gaddis for S.P.G. 6/8/94

S.P. Guidry
Northwest Operations
Production Superintendent

RDG:SPG/9469/kc

Attachments

REQUEST FOR EXCEPTION TO RULE 303-A

J.L. MUNCY WELL NO. 2 DRINKARD FIELD

- (A) Marathon Oil Company
PO Box 2409
Hobbs, NM 88240
- (B) J.L. Muncy Well No. 2
Unit K, 1980' FSL & FWL
Section 24, T-22-S, R-37-E
Lea County, New Mexico
Commingle Zones: Tubb
Blinebry
- (C) A plat of the area is attached showing the lease and offset operations. Also attached is a C-102 for each formation.
- (D) The Form C-116 for each of the formations is attached. The allocated production for each pool will be based upon the current and historical production declines along with the latest GOR tests.
- (E) Production curves for both the Tubb and Blinebry are attached.
- (F) Estimated bottomhole pressure for each zone:
- | | |
|----------|----------|
| Tubb | 500 psia |
| Blinebry | 450 psia |
- (G) Marathon is commingling the fluids at the surface and has not encountered incompatibility problems.
- (H) If the downhole commingling is approved, additional reserves will be recovered from the Tubb while maximizing recoveries from the Blinebry.

(I) Production from the latest GOR test as follows:

<u>FORMATION</u>	<u>OIL (bpd)</u>	<u>GAS (mcf/d)</u>	<u>WATER (bpd)</u>
Tubb*	2	8	1
Blinebry	<u>0</u>	<u>40</u>	<u>0</u>
TOTAL	<u>2</u>	<u>48</u>	<u>1</u>

* Estimated due to shut-in status.

Predicted rates are as follows:

<u>FORMATION</u>	<u>OIL (bpd)</u>	<u>GAS (mcf/d)</u>	<u>WATER (bpd)</u>
Tubb	5	50	2
Blinebry	<u>8</u>	<u>200</u>	<u>4</u>
TOTAL	<u>13</u>	<u>250</u>	<u>6</u>

Allocated Percentages should be:

<u>FORMATION</u>	<u>OIL (%)</u>	<u>GAS (%)</u>	<u>WATER (%)</u>
Tubb	38.5	20.0	33.3
Blinebry	<u>61.5</u>	<u>80.0</u>	<u>66.7</u>
TOTAL	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

(J) Ownership of the two pools to be commingled are in common and correlative rights will not be violated.

(K) By copy of this letter, we are notifying all offset operators of the proposed commingling.

District I
 PO Box 1980, Hobbs, NM 88241-1980
 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

1 API Number 30-025-10441		2 Pool Code		3 Pool Name Tubb	
4 Property Code		5 Property Name J.L. Muncy			6 Well Number 2
7 OGRID No. 14021		8 Operator Name Marathon Oil Company			9 Elevation 3310' GL

10 Surface Location

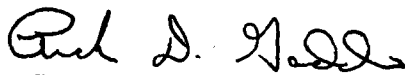
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	24	22S	37E	--	1980	South	1980	West	Lea

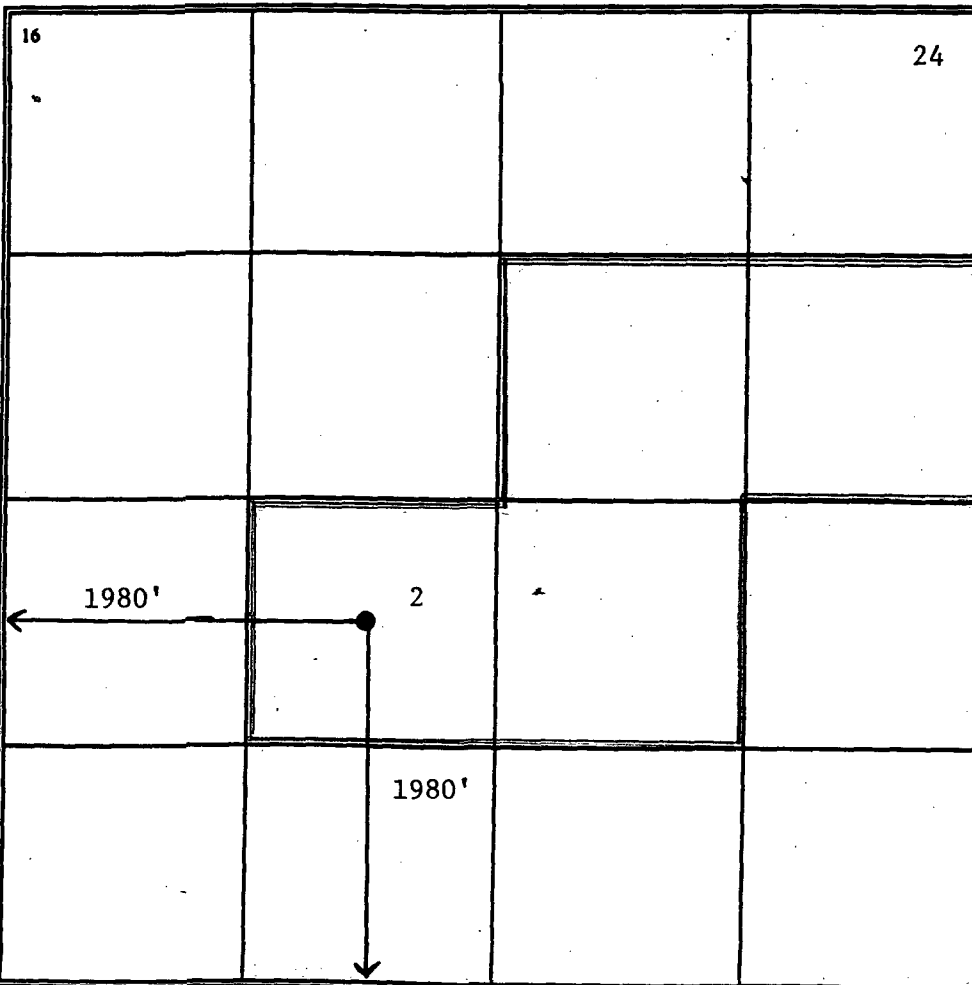
11 Bottom Hole Location If Different From Surface

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 N	14 Consolidation Code	15 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

16				24	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 Rick D. Gaddis Printed Name Petroleum Engineer Title June 1, 1994 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



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 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 30-025-10441		Pool Code	Pool Name Blinebry
Property Code	Property Name J.L. Muncy		Well Number 2
OGRID No. 14021	Operator Name Marathon Oil Company		Elevation 3310' GL

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
K	24	22S	37E	--	1980'	South	1980'	West	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 N	¹⁴ Consolidation Code	¹⁵ 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

16	24	2	1980'	1980'	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 Rick D. Gaddis Printed Name Petroleum Engineer Title June 1, 1994 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

Submit 2 copies to Appropriate District Office.
 DISTRICT I
 P.O. Box 1980, Hobbs, NM 88240
 DISTRICT II
 P.O. Drawer DD, Artesia, NM 88210
 DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-116
 Revised 1/1/89

OIL CONSERVATION DIVISION

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

GAS - OIL RATIO TEST

Operator, Marathon Oil Company		Pool		Blinebry		County		Lea						
Address		PO Box 2409 Hobbs, NM 88240		TYPE OF TEST - (X)		Completion		Special						
LEASE NAME	WELL NO.	LOCATION			DATE OF TEST	CHOKESIZE	TBG. PRESS.	DAILY ALLOWABLE	LENGTH OF TEST HOURS	PROD. DURING TEST			GAS - OIL RATIO CU.FT/BBL.	
		U	S	T						R	WATER BBL.	GRAV. OIL		OIL BBL.
J.L. Muncy	2	K	24	22S	37E	6/1/94	F	N/A	24	0	N/A	0	40	N/A

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.

Rick D. Gaddis

Signature

Rick D. Gaddis, Petroleum Engineer

Printed name and title

June 1, 1994

Date

393-7106

Telephone No.

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

Submit 2 copies to Appropriate District Office.

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-116
Revised 1/1/89

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240
DISTRICT II
P.O. Drawer DD, Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

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

GAS - OIL RATIO TEST

Operator		Pool		County		Lea								
Marathon Oil Company		Tubb*												
Address		TYPE OF TEST - (X)		Completion		Special								
PO Box 2409 Hobbs, NM 88240		<input type="checkbox"/> Scheduled <input checked="" type="checkbox"/> Scheduled		<input type="checkbox"/> Completion <input checked="" type="checkbox"/> Special		<input checked="" type="checkbox"/> Special <input type="checkbox"/> X								
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 CU.FT/BBL.	
		U	S	T						R	WATER BBL.S.	GRAV. OIL		OIL BBL.S.
J.L. Muncy	2	K	24	22S	37E	N/A	30	N/A	24	1	40	3	10	3333
* Zone is below tubing plug, Estimated rates for information only.														

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.

Rick D. Gaddis

Signature

Rick D. Gaddis, Petroleum Engineer

Printed name and title

June 1, 1994

393-7106

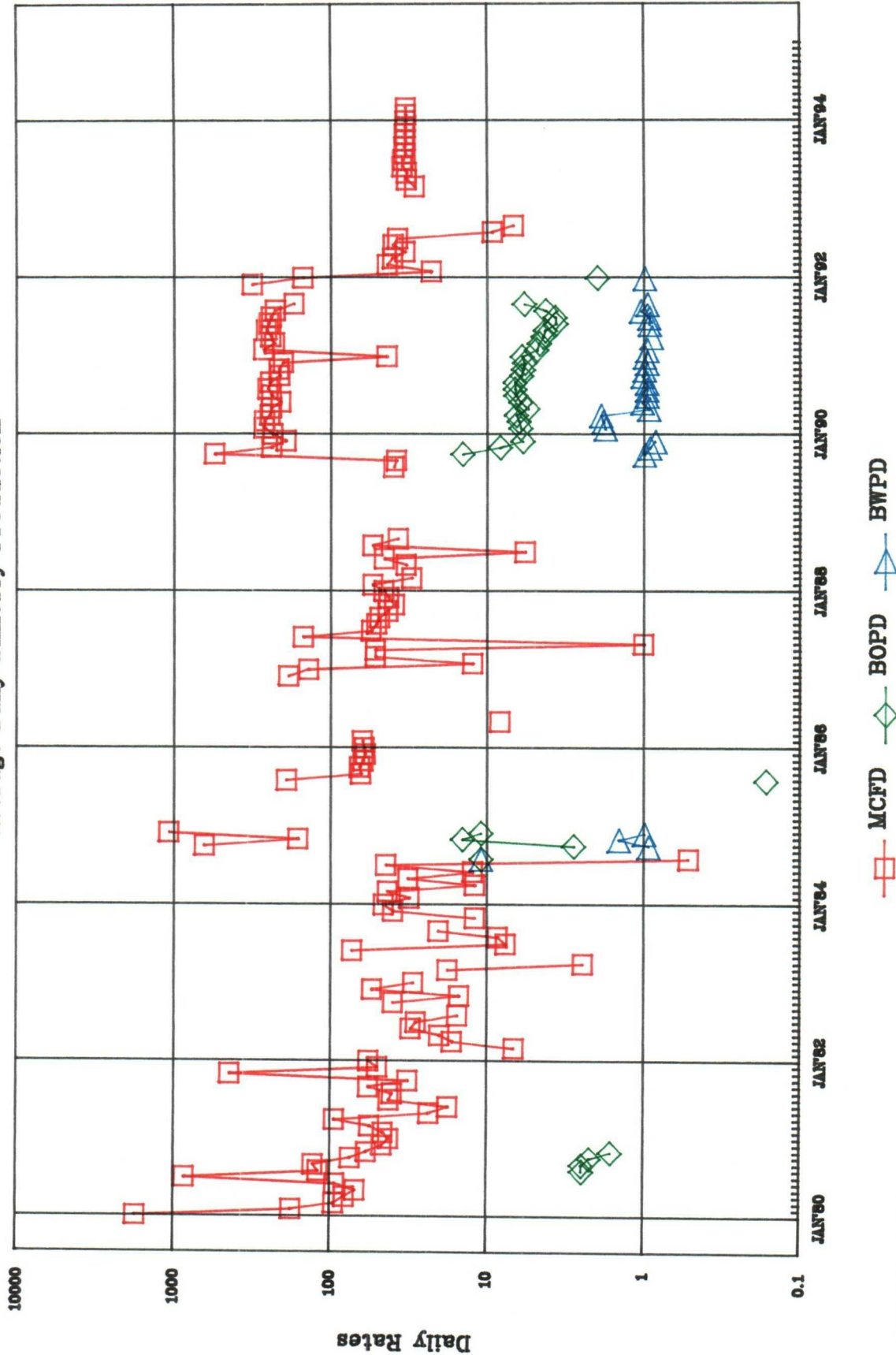
Date

Telephone No.

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

J. L. MUNCY WELL NO. 2

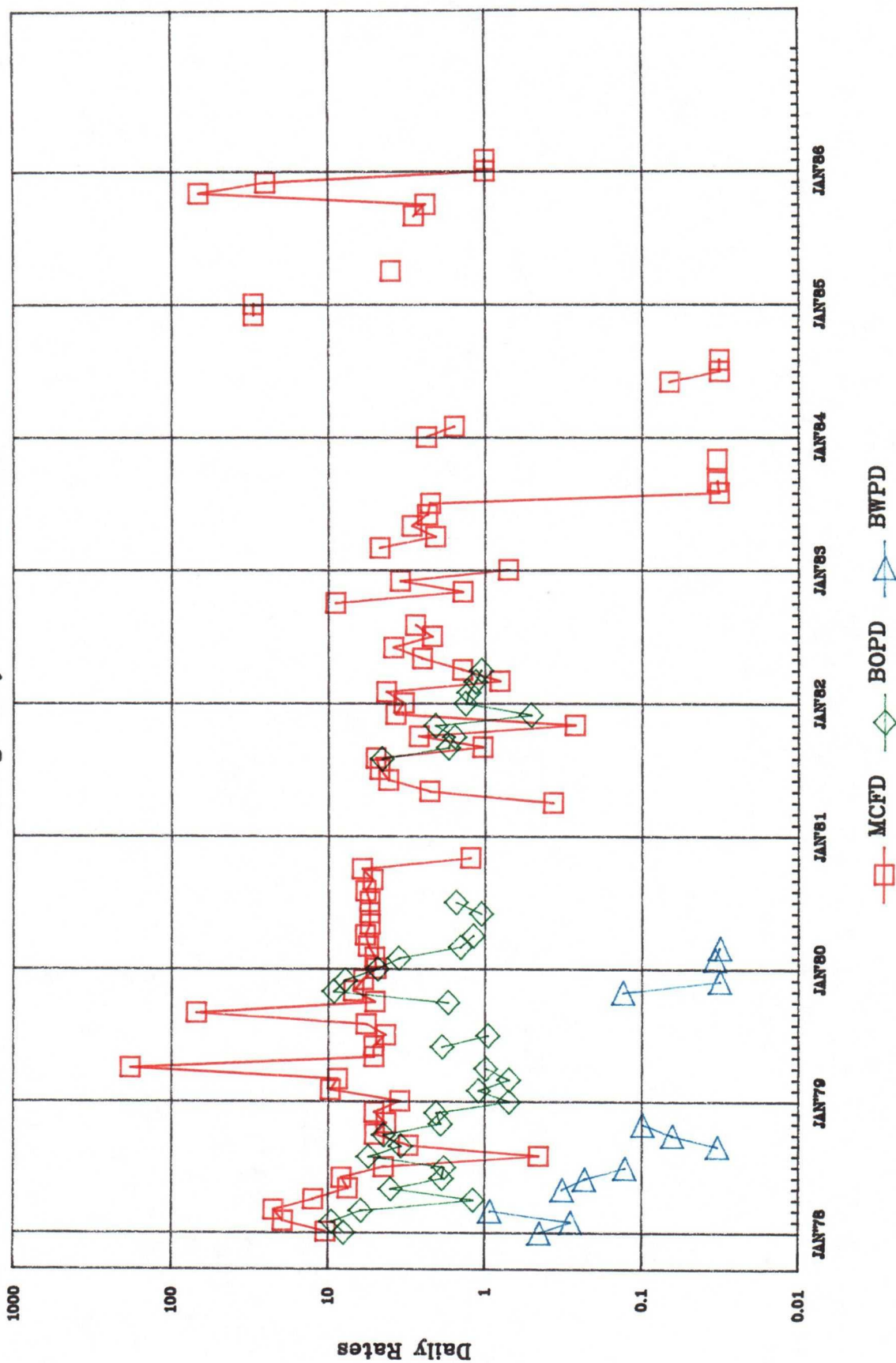
Average Daily Blinebry Production

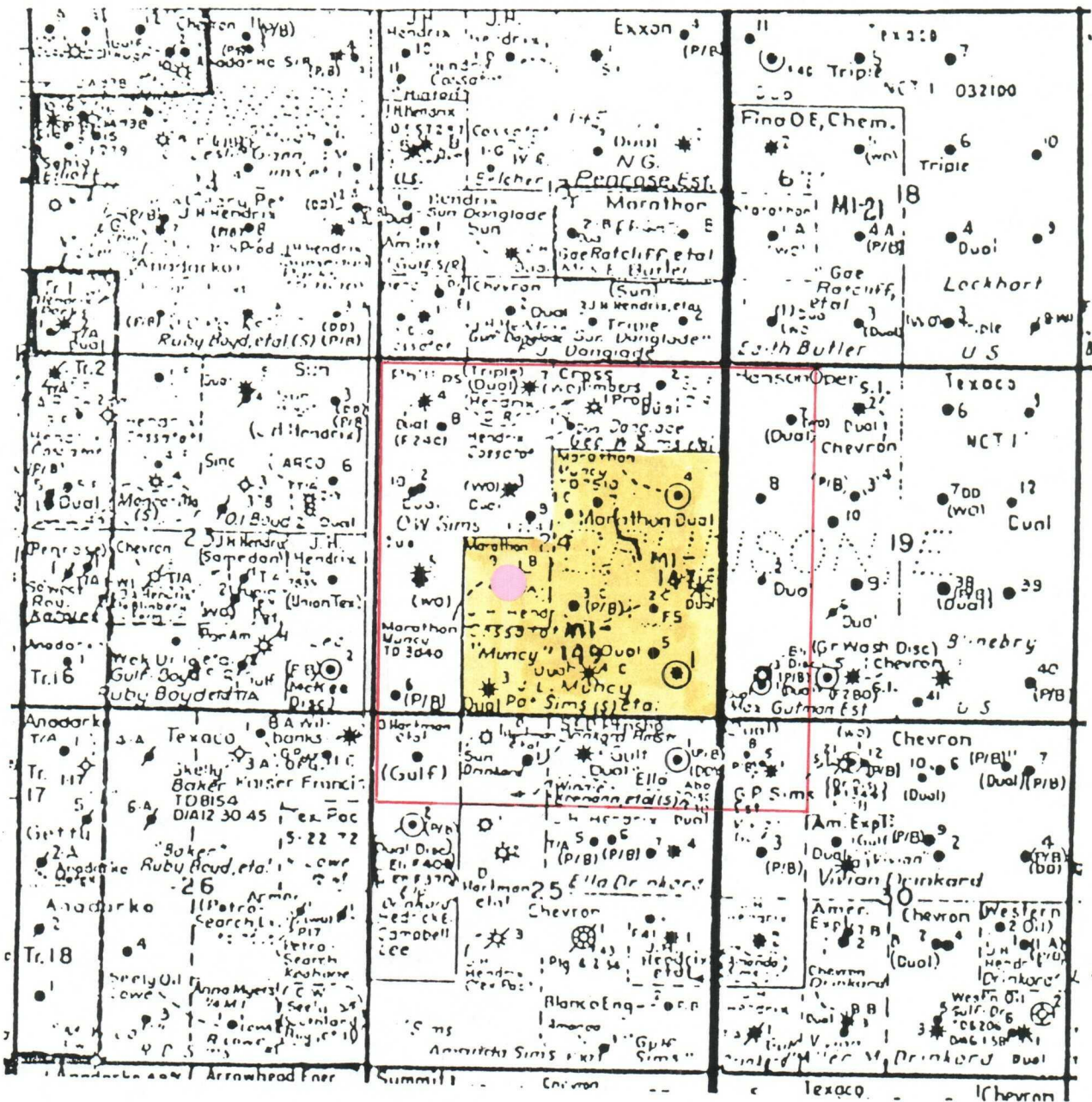


EDG/PAUNCT2/002

J. L. MUNCY WELL NO. 2

Average Daily Tubb Production





R-37-E

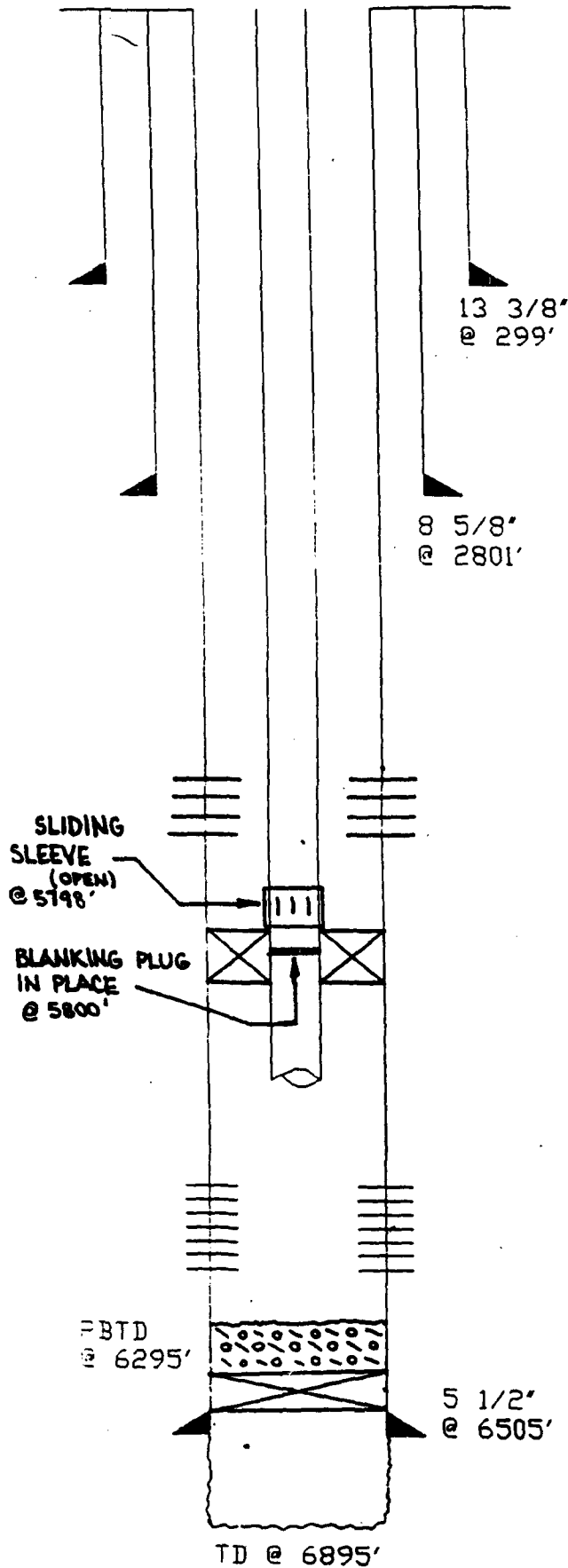
DRINKARD FIELD

J.L. Muncy Lease
Lea County, New Mexico

Land Plat

RDG- 11/30/92

WELL DATA SHEET



FIELD Drinkard

LEASE AND WELL NO J. L. Muncy No. 2

LOCATION 1980' FSL & 1980' FWL, Section 24,
T-22-S, R-37-E, Unit K

COUNTY AND STATE Lea County, New Mexico

STATUS Gas Well

TD 6895' PBDT 6295' GL 3310' KB

SURFACE CASING 13 3/8", 48#/Ft.

INTERMEDIATE CASING 8 5/8", 32#/Ft.

PRODUCTION CASING 5 1/2", 17#/Ft.

TUBING 2 3/8", 4.7#/Ft., J-55

PRESENT COMPLETION: (Formation and Interval)

Blinebry - 5412'-5525' (4 SPF)
 5542', 49', 51', 53', 55',
 62', 64', 76', 78', 5607',
 35', 37', 39', 41'

P/A COMPLETION:

Drinkard - 6390'-6410' (120 holes)

T/A COMPLETION:

TUBB - 5855'-5915', 6005'-6063',
 6073'-6120' (4 SPF)

HISTORY Drilled and completed as a Drinkard completion in January, 1948 and IP @ 29 BOPD with a tubing pressure of 70 PSI. Acidized with 2000 gallons 15% acid. Squeezed Drinkard in 1958 and recompleate in Blinebry-Tubb as a dual completion. Stimulated Tubb w/750 gallons mud acid and 20,000 gallons oil w/1#/gallon sand. Stimulated Blinebry w/500 gallons mud acid and 20,000 gallons oil w/1#/gallon sand. Tubb IP: 1118 MCFPD w/FTP of 586 PSI. Blinebry IP: 6023 MCFPD w/FTP of 1195 PSI. In 1976 Tubb foam frac'd w/50,000 gallons 70% foam and 67,140# 20/40 sand. 1976 Blinebry perfs added and fractured w/1,500 gallons 15% and 39,500 gallons gelled 2% KCL and 60,000# 20/40 sand. Tubb IP: 54 MCFPD w/FTP of 175 PSI. Blinebry IP: 1728 MCFPD, 2 BOPD, 3 BOPD w/FTP of 235 PS. 1984 blanking plug set and circulating sleeve opened to flow Blinebry up tubing.

PREPARED BY: S. K. Potter

DATE: 3/16/92

OFFSET OPERATORS

J.L. MUNCY LEASE LEA COUNTY, NEW MEXICO

John H. Hendrix Corporation
Suite 325
223 W. Wall
Midland, TX 79702

Cross Timbers Operating Company
3000 N. Garfield St.
Midland, TX 79705

Phillips Petroleum Company
600 W. Illinois Ave.
Midland, TX 79702

Chevron USA, Inc.
PO Box 670
Hobbs, NM 88240

RDG/9475/kc

June 3, 1994

Offset Operators
J.L. Muncy Well No. 2
(mailing list attached)

RE: REQUEST FOR EXCEPTION TO RULE 303-A
DOWNHOLE COMMINGLING
MARATHON OIL COMPANY
J.L. MUNCY WELL NO. 2
UNIT K, 1980' FSL & FWL
SECTION 24, T-22-S, R-37-E
TUBB AND BLINEDRY FORMATIONS
DRINKARD FIELD
LEA COUNTY, NEW MEXICO

Gentlemen:

Marathon Oil Company has filed an application with the New Mexico Oil Conservation Division to downhole commingle the above captioned well. Enclosed, please find 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 return one copy to Marathon at the above address.

Sincerely,

 for S.P. 6/3/94

S.P. Guidry
Northwest Operations
Production Superintendent

RDG:SPG/9471/kc
Attachments

Agreed and accepted this _____ day of _____,
1994 by _____, as representative of
_____.

Submit 3 Copies
to Appropriate
District Office

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-103
Revised 1-1-89

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

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

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

WELL API NO. 30-025-10441
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name J.L. Muncy
8. Well No. 2
9. Pool name or Wildcat Blinebry/Tubb

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER
2. Name of Operator Marathon Oil Company
3. Address of Operator PO Box 2409 Hobbs, NM 88240
4. Well Location Unit Letter <u>K</u> : <u>1980</u> Feet From The <u>South</u> Line and <u>1980</u> Feet From The <u>West</u> Line Section <u>11</u> Township <u>22-S</u> Range <u>37-E</u> NMPM Lea County

10. Elevation (Show whether DF, RKB, RT, GR, etc.) 3310-GR

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>		CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: Downhole Commingle <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

Marathon Oil Company proposes the downhole commingling of the Blinebry and Tubb formations within the J.L. Muncy Well No. 2. The Tubb is isolated below a tubing plug and the Blinebry is flowing up the casing (sliding sleeve open) at a rate of 40 MCFD. The tubing plug will be removed, the tubing lowered to +/- 6250' and both zones rod pumped. Estimated production is 8 BOPD, 200 MCFD, and 2 BWPD. The project will be initiated upon NMOCD approval to downhole commingle.

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

SIGNATURE Rick Gaddis TITLE Production Engineer DATE 6/1/94
TYPE OR PRINT NAME Rick Gaddis TELEPHONE NO. 393-7106

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY:



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT DIVISION

OIL CONSERVATION DIVISION
HOBBBS DISTRICT OFFICE '94 JUN 17 AM 8 50

BRUCE KING
GOVERNOR

61594

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

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

RE: Proposed:

- MC _____
- DHC _____
- NSL _____
- NSP _____
- SWD _____
- WFX _____
- PMX _____

Gentlemen:

I have examined the application for the:

Marathon Oil Co. J. Murey #2-K-24-22-37
Operator Lease & Well No. Unit S-T-R

and my recommendations are as follows:

OK

Yours very truly,

Jerry Sexton
Supervisor, District 1

/ed