8/18/97

Mid-Continent Region Production United States

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

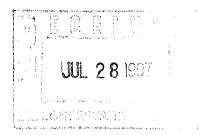
Marathon **Oil Company** AABATHON

July 23, 1997

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 Mark Owen Well No. 9 Unit Letter L, 1830' FSL & 660' FWL Section 35, T-21-S, R-37-E Blinebry Oil & Gas and Wantz Abo Drinkard Field Lea County, New Mexico

110th



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 Wantz Abo pools in Lea County, New Mexico.

The Wantz Abo is reaching the producible economic limit. A recent workover isolated the Wantz Abo below a bridge plug. Next pay was added in the Blinebry Oil & Gas zones. Currently production is from the Blinebry Oil & Gas pool only, but if the application is approved the bridge plug will be removed. 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.

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,

Thomas P Kacan

Thomas P. Kacir Production Engineer

TPK/dbc Enclosure

# <u>REQUEST FOR EXCEPTION TO RULE 303-A</u> Mark Owen Well No. 9 Drinkard Field

### A: Operator

Marathon Oil Company P.O. Box 2409 Hobbs, New Mexico 88240-2409

# **B:** Lease Name and Well Number

Mark Owen Well No. 9 Unit Letter L, 1830' FSL & 660' FWL Section 35, T-21-S, R-37-E Lea County, New Mexico Drinkard: Blinebry Oil & Gas, Wantz Abo Pools

# **C:** Plats and Offset Operators

Attached

# D: C-116's

Attached

# **E:** Production Decline Curves

Attached

### F: Estimated Bottomhole Pressures

	Current	Original
Blinebry Oil & Gas	530 psi	2260 psi
Wantz Abo	500 psi	2100 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

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POOL	<u>BOPD</u>	<u>MCFD</u>	<u>BWPD</u>	<b>Estimated Methods</b>
Blinebry Oil & Gas Wantz Abo	23 _7	161 <u>37</u>	13 _2	Post Workover Production Pre-Workover Production
Total	30	198	15	
Allocated Percentag			<u>s % W</u> a	ater <u>%</u>
Post-workover utiliz	ing above prod	luction		
Blinebry Oil & Gas Wantz Abo	76.7 <u>23.3</u>	81. <u>18.</u>		
Total	100	100	) 100	)

# J: Ownership

Ownership of all zones is common and correlative rights will not be compromised.

# K: Offset Operator Notification

By copy of this letter we are notifying all offset operators (see list, Item C) of the proposed commingling, by certified mail.

OFFSETTING OPERATORS Mark Owen Well No. 9 UL "L", 1830' FSL, 660' FWL Section 35, T-21-S, R-37-E Lea County, New Mexico Drinkard Field

Exxon Corporation P.O. Box 1600 Midland, Texas 79702

John H. Hendrix Corp. P.O. Box 3040 Midland, Texas 79702-3040

Oxy USA Inc. P.O. Box 50250 Midland, Texas 79705

Conoco, Inc. 10 Desta Drive West, Suite 100 W Midland, Texas 79701

Chevron USA Inc. P.O. Box 1150 Midland, Texas 79702

Mid-Continent Region Production United States



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

July 23, 1997

Chevron USA Inc. P.O. Box 1150 Midland, Texas 79702

RE: Request for Exception to Rule 303-A Downhole Commingling Mark Owen Well No. 9 Unit Letter L, 1830' FSL & 660' FWL Section 35, T-21-S, R-37-E Blinebry Oil & Gas and Wantz Abo Pools Drinkard Field Lea County, New Mexico

Ladies and/or Gentlemen:

Marathon Oil Company has filed an application with the New Mexico Oil Conservation division to amend the downhole commingling production permit in the above referenced well. Please find enclosed 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 mail the original to the NMOCD in the enclosed addressed envelope. Also, please return one copy to Marathon at the letterhead address.

Sincerely,

Thoma P Kan

Thomas P. Kacir Production Engineer

TPK/ Enclosure

Agreed and accepted this	day of	1997
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, as representative of

by\_



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

July 23, 1997

Conoco Inc. 10 Desta Drive West, Suite 100 W Midland, Texas 79705

RE: Request for Exception to Rule 303-A Downhole Commingling Mark Owen Well No. 9 Unit Letter L, 1830' FSL & 660' FWL Section 35, T-21-S, R-37-E Blinebry Oil & Gas and Wantz Abo Pools Drinkard Field Lea County, New Mexico

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Thomas Kant

Thomas P. Kacir Production Engineer

TPK/ Enclosure

Agreed and accepted this	day of	1997
by		, as representative of



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

July 23, 1997

Exxon Corporation P.O. Box 1600 Midland, Texas 79702

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Sincerely,

Thomas PKau

Thomas P. Kacir Production Engineer

TPK/ Enclosure

Agreed and accepted this	day of	1997

\_\_\_\_\_, as representative of

by\_

Mid-Continent Region Production United States



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

July 23, 1997

. •

John H. Hendrix Corp P.O. Box 3040 Midland, Texas 79702-3040

RE: Request for Exception to Rule 303-A Downhole Commingling Mark Owen Well No. 9 Unit Letter L, 1830' FSL & 660' FWL Section 35, T-21-S, R-37-E Blinebry Oil & Gas and Wantz Abo Pools Drinkard Field Lea County, New Mexico

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Thomas P Kano

Thomas P. Kacir Production Engineer

TPK/ Enclosure

Agreed and accepted this	day of	1997
by		, as representative of

Mid-Continent Region Production United States



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

July 23, 1997

Oxy USA Inc. P. O. Box 50250 Midland, Texas 79705

RE: Request for Exception to Rule 303-A Downhole Commingling Mark Owen Well No. 9 Unit Letter L, 1830' FSL & 660' FWL Section 35, T-21-S, R-37-E Blinebry Oil & Gas and Wantz Abo Pools Drinkard Field Lea County, New Mexico

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Thomas P. Kacir Production Engineer

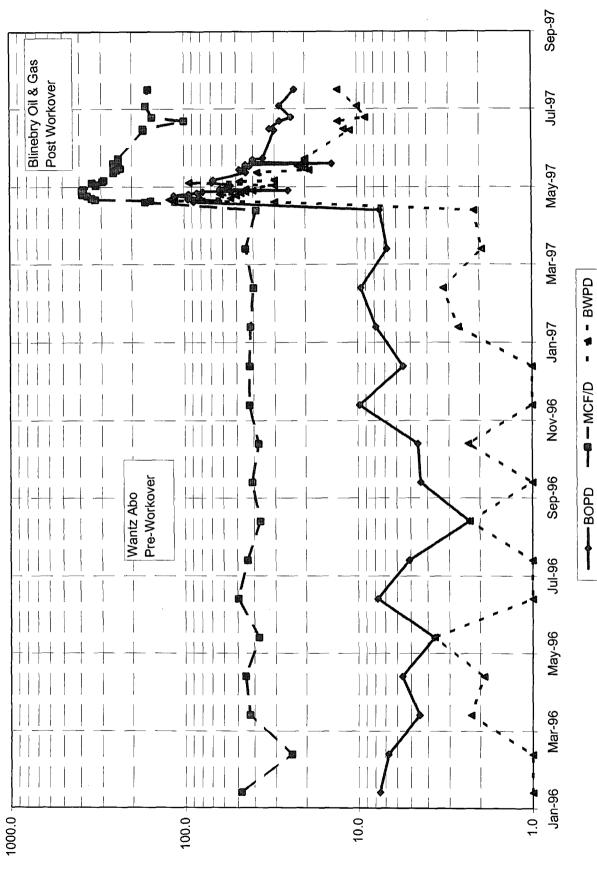
TPK/ Enclosure

Agreed and accepted this	day of	1997
by		, as representative of





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Liquid Production Rate

Blinebry Oil Gas / Wantz Abo DHC Application

Sec. 35, T-21-S, R-37-E 1830' FSL, 660' FWL

7/22/97

DISTRICT II 811 S. 1st Street, Artesia, NM 88210-2834 DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410 Submit 2 copies to Appropriate District Office. DISTRICT 1 P.O. Box 1980, Hobbs, NM 88240

State of New Mexico Energy, Minerals and Natural Resources Department

# Form C-116 Revised 1/1/89

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

# GAS - OIL RATIO TEST

Operator Marathon 011 Company						Pool	Blinebry Oil & Gas	10 >		(110)		ပိ	County		Lea		<b></b>
Address P.O. Box 2409 Hobbs NN 88240							TYPE OF TEST - (X)		1 8		С	Completion		ςς	Special X		
			LOCATION	NOIT				┢		DAILY	LENGTH		PROD. DU	PROD. DURING TEST		GAS-OIL	· · · ·
LEASE NAME	MELL NOI N	∍	S	F	œ	TEST	UTAT2	SIZE	PRESS.	ALLOW- ABLE	TEST HOURS	WATER BBLS.	GRAV. OIL	BBLS. BBLS	GAS M.C.F.	RATIO CU.FT/BBL	r
Mark Owen	σ		35	21	37	7/18/97			csg 30		24	13		53	161	7000	
For Information Only								4						,			
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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	all be pr at. Ope	oduced rator is	at a rate encourt	e not ex aged to	ceeding take ad	the top unit all vantage of this	lowable fo 25 percent	or the po t tolerar	ol in 1ce in		ereby certify mplete to the	× ĕ₽	at the above st of my kn	e inform Iowledge	ation is tr and belic	ue and ef.	
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.	lowables F measu Ig pressu	s when a uncertainty when a transmission of the second sec	pressu pressu ury well	ed by the factor of the factor	he Divi of 15.0 ;ing thr	sion. 25 psia and a to ough casing.	2mperature	e of 60°	, F	· 표극 정	Signature Thomas Kac1r Printed name au			oduct 10	Production Engineer	eer	1
(See Rule 301, Rule 1116 & appropriate pool rules.)	priate ]	pool r	ules.)							⊰ ä 	Date 1331	1661		וי	Telephe	Telephone No.	1

State of New Mexico Energy, Minerals and Natural Resources Department

# Form C-116 Revised 1/1/89

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

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

Submit 2 copies to Appropriate District Office. DISTRICT 1 P.O. Box 1980, Hobbs, NM 88240

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

# CAS\_OIL BATIO TRST

Operator Marathon 011 Company						P001		, new	Wantz Abo			8	County		Lea		
NN	88240						TYP	TYPE OF TEST - (X)	Scheduled		Ŏ	Completion		୍ଚି ଜ	Special X		
			Ľ	LOCATION		DATE OF	SN	CHOKE	TBG.				PROD. DU	PROD. DURING TEST	1 1	GAS-OIL	
LEASE NAME	O.	⊐	S	<u>۲</u>	œ	TEST	TAT2	SIZE	PRESS.	ALLOW-	TEST HOURS	WATER BBLS.	GRAV. OIL	BBLS.	GAS M.C.F.	CU.FT/BBL	
Mark Owen	6		35	21	37	3/10/97			csg 25		24	2		7	37	5286	
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During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in	shall be p	produce	d at a r	ate not e	xceedin	g the top unit a	llowat	le for the	pool in	۲ ==	01	2	•	)			
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Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60.9F.	ACF meas	ured at	a press	ure base	of 15.0	25 psia and a	temper	ature of 6	) о <b>Р</b> .	5 F	gualuic	-	0		, Constant		
Specific gravity base will be 0.60.				}			1			= 4	Inomas Kachr	CIF Condetail		Production Englineer			ł
Report casing pressure in lieu of tubing pressure for any well producing through casing	bing pres	sure for	r any we	ell prodi	thi	ough casing.						1007 ULU	ų	2	393-7106		
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(see kuie 301, kuie 1110 & appropriate pool ruies.)	ropriaue	bool	ruics.	-						۱ 	arv				- J		

District IPO Box 1980, Hobbs, NM 88241-1980District II811 S. 1st Street, Artesia, NM 88210-2834District III1000 Rio Brazos Rd., Aztec, NM 87410District IV2040 South Pacheco, Santa Fe, NM 87505

# State of New Mexico Energy, Minerals & Natural Resources Department

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# 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** 

Santa re, mar	0/202					
	WELL	LOCATION	AND	ACREAGE	DEDICATION	PLAT

1	API Numbe	r		<sup>2</sup> Pool Code	s			<sup>3</sup> Pool Name	>		
				6660		₩, <sup>1</sup> * ·	D11	nebry 011 &	<u>Gas (Q1</u>	1)	
<sup>4</sup> Property	Code				5 Proj	perty Nar	ne			6 V	Vell Number
645					Ma	rk Owe	<u>n</u>				
7 OGRID	No.				8 Ope	rator Nar	ne			y	Elevation
0140	)21				Marathor						<u>GL 3383'</u>
					<sup>10</sup> Surface	1.5					
UL or lot no.	Section	Township	Range	Lot. Idn	Feet from	112.5	North/South Line	Feet from the	East/Wes		County
<u> </u>	35	21-S	37-E	L	18:		South	660*	Wes	t	Lea
			<sup>11</sup> Bo	ttom Hole	Location 2	If Diffe	rent From Surfac	e			
UL or lot no.	Section	Township	Range	Lot. Idn	Feet from	m the	North/South Line	Feet from the	East/We	st line	County
12 Dedicated Acro	es 13 Joint	or Infill	<sup>14</sup> Consolidation	Code 15 O	rder No.	!	L		<u>I</u>		
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							<u></u>	Date			
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# N IEXICO OIL CONSERVATION COMMISS WELL LOCATION AND ACREAGE DEDICATION PLAT

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ARACHINGS OIL CONTAGE  ARACHINGS OF CONTAGE  A Control of Weils  A			All distances must	be from the out	ter bounderies o	f the Section		
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L       35       2) SOUTH       37 EAST       LEA         Last construction of Weilt       1830 test into into: SOUTH       inter and       660 test into into: WEST       Inter         2383.4*       Producing Promotion       40       A0       A0       A0         1. Outline the acreage dedicated to the well, outline each and identify the ownership thereof (both as to work interest and royalty).       3. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to work 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 (I'se reverse sidthis form if necessary).       No of I sasser is "yes!" type of consolidation         If answer is "no." list the owners and tract descriptions which have actually been consolidated (I'se reverse sidthis for ed-pooling, or otherwise) or until a non-standard unit. eliminating such interests, has been approved by the Commission.         Vo allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, un	'nit Letter	Section	Township	Rano	je	County		<b>k</b>
Ital Facing Lesting of Weil:       100 for item the SOUTH ine and 660 for item the WEST ine         2383.41       Producting Formation       Pool         2383.41       Abo       Cast from the WEST ine         1. Outline the acreage dedicated to the subject well by colored parelion hachure marks on the plat below.       40		35	21 SOU	ТН	37 EAST		LEA	
Sound Lipsel Line       Producting Tormation       Pool       Wantz Abo       40       A         1. Outline the acreage dedicated to the aubject well by colored panell or hachure marks on the plat below.       10       10       Tormation the serves of				~~~ <b>*</b> ~~~				
3383.4'       Abo       Wantz Abo       40 _ A         1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.       1         2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to work 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?	1830	feet from the SO	UTH line	and	660 fe	et from the	WEST	line
1. Outline the acreage dedicated to the subject well by colored pencil or bachure 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 work interest and royalty). 3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been considered by communitization, unitization, force-pooling-etc? Yes No If answer is "yes," type of consolidation	round Level Elev.	Producing Fo	rmation	Pool				Dedicated Acreage:
<ul> <li>If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to work interest and royalty).</li> <li>If more than one lease of different ownership is dedicated to the well, have the interests of all owners been considered by communitization, unitization, force-pooling.etc?         <ul> <li>Yes</li> <li>No</li> <li>If answer is "no." list the owners and tract descriptions which have actually been consolidated. (I'se reverse sidthis form if necessary.)</li> <li>Yo 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.</li> </ul> </li> <li>CERTIFICATION         <ul> <li>I haraby certify that the ordination is plant them is plant them in the plant tage of a built of the start of my knowledge ond built.</li> <li>Thomas P. Zapatka             <ul> <li>Production Engineer</li> <li>Company</li> <li>Marachon Oll Company</li> <li>I haraby certify that the well have all loce shown on this plant was planted from in the plant tage of the start of my knowledge on the bart of more the bart of the start of the sta</li></ul></li></ul></li></ul>	3383.4*	A	bo		Want	z Abo		40 Acre
dated by communitization, unitization, force-pooling, etc?         Yes       No         If answer is "no." list the owners and tract descriptions which have actually been consolidated. (I'se reverse sidthis form if necessary.)         No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitizati forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.         CERTIFICATION         If enswer is "no."         CERTIFICATION         If enswer is "no	2. If more t	han one lease is						
Sion. CERTIFICATION	dated by o Yes If answer this form i No allowa	No If e No If e is "no." list the if necessary.) ble will be assign	unitization, force-p answer is "yes," ty owners and tract of med to the well unti	pe of consol descriptions	idation which have a ts have been	actually be consolida	en consolic ted (by cor	lated. (l'se reverse side nmunitization, unitizatio
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660'-0 660'-0 Constrained from the solution of the solution		               					Name Thoma Position Produ Company Marat	as F. Zapatka
OCTOBER 1,1985 Registered Professional Engineer and/or Land Surveyor Continue Cont	-660'0						l hereby shown a notes of under my is true	r certify that the well location this plat was plotted from file actual surveys made by me r supervision, and that the son and correct to the best of n
	-,0830				         		OC Registered and/or Lar	TOBER 1,1985 Professional Engineer ad Surveyor
330 660 '90 1320 1680 1980 2310 2640 2000 1800 1000 800 0 RONALD J. EIDSON,	339 660				r	2	Pertilicate	

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

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

Marathon Oil Company

**\*** ...

Operator

# State of New Maxico Energy, Minerals and Natural Resources Department **OIL CONSERVATION DIVISION**

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

Form C-107-A APPROVAL PROCESS: Administrative \_\_\_\_Hearing EXISTING WELLBORE \_\_\_YES \_\_\_NO

# APPLICATION FOR DOWNHOLE COMMINGLING

Hobbs, NM 88241 PO Box 2409

Mark Owen	9 UL 	L. Sec.35, T-21-S, R-			
GRID NO Property Code	<u> </u>	60-025-29468 Federal	pacing Unit Lease Types: (check 1 or more), State, (and/or) Fee X		
The following facts are submitted in support of downhole commingling:	Upper Zone	Internediate Zones	Lower Zone		
1. Pool Name and Pool Code	Blinebry Oil & Gas 6660	N/A	Wantz Abo 62700		
2. Top and Bottom of Pay Section (Perforations)	5458-5861'	N/A	6568-7305'		
3. Type of production (Oil or Gas)	011	N/A	011		
4. Method of Production (Flowing or Artificial Lift)	Artificial Lift (Rod Pumping)	N/A	Artificial Lift (Rod Pumping)		
5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current	a. (Current) 530 psi	8. N/A	<b>a.</b> 500 psi		
Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	b. (Original) 2260 psi	<b>b.</b> N/A	<sup>b.</sup> 2100 psi		
6. Oil Gravity ( <sup>°</sup> API) or Gas BTU Content	37.6	N/A	39,2		
7. Producing or Shut-In?	Producing	N/A	Shut-in		
Production Marginal? (yes or no)	Yes	N/A	Yes		
• If Shut In aive data and ail/and/	Date: N/A	Date: NI / A	Date: 3/10/97		

If Shut-In, give date and oil/gas/ water rates of last production Date: Date: Date: N/A N/A 7/37/2 Rates: Rates: Rates: Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data 7/18/97 Date: If Producing, give date andoil/gas/ water rates of recent test (within 60 days) Date: Date: Rates: N/A 23/161/13 N/A Rates: Rates: Oil: Oil: Gas: Oil: 8. Fixed Percentage Allocation Formula -% for each zone Gas: Gas: 76.7 **%** 81.3 % % 23.3 % 18,7 %

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?	<u> </u>
Have all offset operators been given written notice of the proposed downhole commingling?	Yes No

11.	Will cross-flow occur?	Yes X		If yes,	are fluids	compatible,	will the	formations	not	be damaged,	will any	CIOSS-
	flowed production be	recovered, an	lliw 6	the allo	cation for	mula be relia	ible.	Yes	No	(If No, atta	ch exnla	ination)
	•						_					

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. XYes No

15. NMOCD Reference Cases for Rule 303(C) Exceptions:

16. ATTACHMENTS

- MENTS: 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 explaination.) 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. ٠

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

SIGNATURE Thomas PKant	TITLE Production Engr DATEJuly 23, 1997
TYPE OR PRINT NAME Thomas P. Kacir	TELEPHONE NO. ( <sup>505</sup> )393-7106

ORDER NO(S).