



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

June 22, 2000

Mr. David Catanach
Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87501

Re: **Request for Exception to Rule 303-A
Downhole Commingling
Jicarilla Apache No. 3
990' FNL & 990" FWL
Unit Letter "D", Section 34, T-26-N, R-5-W
Chacra
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 Chacra pool 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 Chacra pool producer.

This pool represents marginal production. The well was drilled and completed in the Chacra pool in late 1955. In early 1963, the Chacra was perforated and stimulated. Plans are to perforate the Pictured Cliffs 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 915/687-8357.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jerry Fletcher', written in a cursive style.

Jerry Fletcher
Engineering Technician

JF/dt
enclosure

AMENDED REPORT

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

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-06260		² Pool Code 72439		³ Pool Name PICTURED CLIFFS	
⁴ Property Code 6414		⁵ Property Name JICARILLA APACHE			⁶ Well Number # 3
⁷ OGRID No. 14021		⁸ Operator Name Marathon Oil Company			⁹ Elevation 6547'

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
"D"	34	26-N	5-W		990'	NORTH	990'	WEST	RIO ARRIBA

¹¹ Bottom Hole Location If Different From Surface

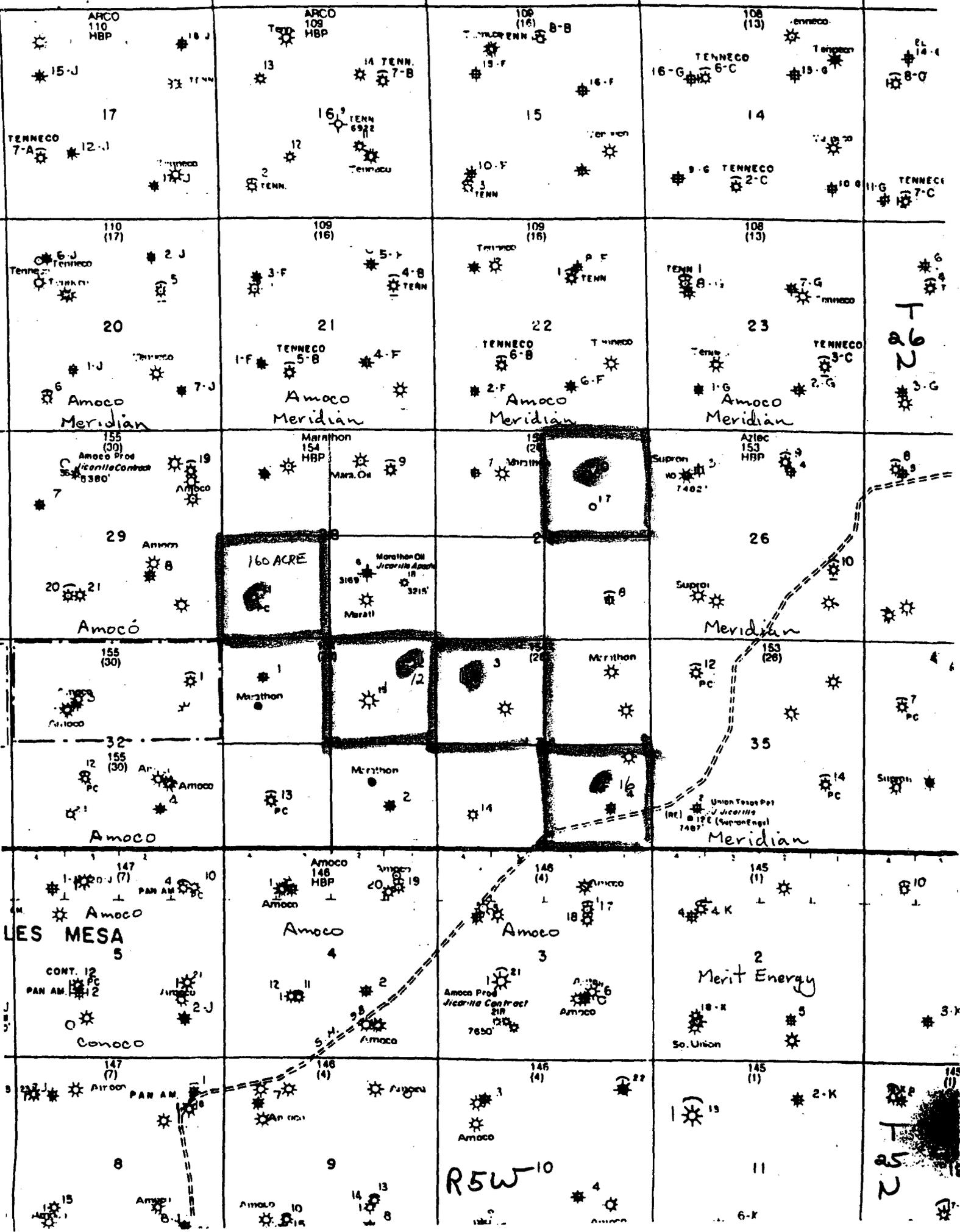
UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South Line	Feet from the	East/West line	County

¹² Dedicated Acres 160	¹³ Joint or Infill	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

	<p>Dedicated Acreage</p>	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>	
		<p><i>Jerry Fletcher</i> Signature JERRY FLETCHER Printed Name ENGINEER TECH. Title 7-19-00 Date</p>	
		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>	
		<p>N/A Date of Survey Signature and Seal of Professional Surveyer: Certificate Number</p>	

JICARILG Apache



District I
1625 N. French Drive, Hobbs, NM 88240

District II
811 South First Street, Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised May 15, 2000

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, New Mexico 87505

APPLICATION FOR DOWNHOLE COMMINGLING

APPLICATION TYPE
 Single Well
 Establish Pre-Approved Pools
EXISTING WELLBORE
 Yes No

Marathon Oil Co. P.O. Box 552 Midland, Tx. 79702
Operator Address

Jicarilla Apache # 3 "D" 34, 26N, 5W Rio Arriba
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 14021 Property Code 6414 API No. 30-039-06260 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	South Blanco Pictured Cliffs		Otero Chacra
Pool Code	72439		82329
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2918 to 3034		3800 to 3822
Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	300#		350#
Oil Gravity or Gas BTU (Degree API or Gas BTU)	37 API		39 API
Producing, Shut-In or New Zone	New Zone		Producing
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: N/A Rates: N/A	Date: N/A Rates: N/A	Date: N/A Rates: N/A
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil 0.0% Gas N/A	Oil % Gas N/A %	Oil 0.0% Gas N/A

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes No
Yes No N/A

Are all produced fluids from all commingled zones compatible with each other? Yes No

Will commingling decrease the value of production? Yes No

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes No

NMOCD Reference Case No. applicable to this well: _____

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 working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE Jerry Fletcher TITLE Engineer Tech. DATE 6-23-00
TYPE OR PRINT NAME Jerry Fletcher TELEPHONE NO. (915) 687-8357