



February 17, 2003

Mr. William Jones
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Request for Exception to Rule 303-C - Downhole Commingling

Jicarilla Apache #11
Unit Letter "M", Section 28, Township 26-N, Range 5-W
South Blanco Pictured Cliffs (72439), Otero Chacra (82329) &
Blanco Mesaverde (72319)
Rio Arriba County, New Mexico

Dear Mr. Jones:

XTO Energy Inc. requests administrative approval for an exception to Rule 303-C to permit the downhole commingling of production in the aforementioned well from the South Blanco Pictured Cliffs, Otero Chacra & Blanco Mesaverde pools in Rio Arriba County, New Mexico.

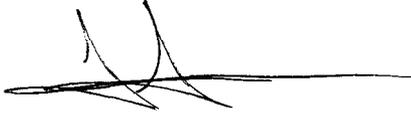
All three pools represent marginal production. The well was drilled and completed as a dual producer in the Basin Dakota and South Blanco Pictured Cliffs pools in early 1967. In August 2000, a 4-1/2" casing string was ran inside the 7-5/8" casing to isolate the Pictured Cliffs perforations. The Mesaverde and Chacra were then perforated, stimulated and tested. In September 2000, the Dakota perforations were abandoned after an unsuccessful attempt to retrieve the packer. As per MC-1759 this well is now producing from the Pictured Cliffs up the casing – casing annulus and the Chacra, Mesaverde (DHC #2717) up the tubing.

The ownership (WI, NRI and ORRI) of these pools are identical in this wellbore. Downhole commingling in this manner will offer an economic method of production while protecting against reservoir damage, waste of reserves and violation of correlative rights.

The allocation method was determined by analyzing the previous six months production data. Estimated bottomhole pressures were calculated from stabilized shut-in pressures and gradients from offset completions.

Enclosed is pertinent data to support this application as outlined in Rule 303-C. If additional information is required, please contact me at (505)324-1090.

Sincerely,

A handwritten signature in black ink, appearing to read 'Trenis', is written over a horizontal line.

Trenis Sondresen
Operations Engineer

Enclosure

cc: GLM
Wellfile

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised May 15, 2000

District II
1301 W. Grand Avenue, Artesia, NM 88210

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

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

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

APPLICATION FOR DOWNHOLE COMMINGLING

XTO Energy Inc. 2700 Farmington Ave., Bldg K, Ste 1, Farmington, NM 87401
Operator Address

Jicarilla Apache 11 M 28 T-26-N R-5-W Rio Arriba
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 167067 Property Code _____ API No. 30-039-08149 Lease Type: Federal State Fee

| DATA ELEMENT | UPPER ZONE | INTERMEDIATE ZONE | LOWER ZONE |
|---|---|---|--|
| Pool Name | South Blanco Pictured Cliffs ✓ | Otero Chacra ✓ | Blanco Mesaverde ✓ |
| Pool Code | 72439 | 82329 | 72319 |
| Top and Bottom of Pay Section (Perforated or Open-Hole Interval) | 2,848' – 2,882' (Perforated) | 3,714' – 3,739' (Perforated) | 4,808' – 5,126' (Perforated) |
| Method of Production (Flowing or Artificial Lift) | Flowing | Plunger Lift | Plunger 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) | 129 psi (est) | 386 psi (est) | 426 psi (est) |
| Oil Gravity or Gas BTU (Degree API or Gas BTU) | 1275 BTU | 1295 BTU | 1295 BTU |
| Producing, Shut-In or New Zone | Producing | Producing | 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: 07/2002 – 12/2002 Rates: 804 MCFPM 0 BOPM 0 BWPM | Date: 07/2002 – 12/2002 Rates: 2661 MCFPM 0 BOPM 23 BWPM | Date: 07/2002 – 12/2002 Rates: 2091 MCFPM 33 BOPM 18 BWPM |
| Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.) | Oil Wtr Gas 0 % 0 % 14 % | Oil Wtr Gas 0 % 56 % 48 % | Oil Wtr Gas 100 % 44 % 38 % |

ADDITIONAL DATA

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

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 _____

NMOCDC 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 Darrin Steed TITLE Regulatory Supervisor DATE 2/20/03

TYPE OR PRINT NAME Darrin Steed TELEPHONE NO. (505) 324-1090

erator
Copy to - Syl: er
Veri : to Sullivan

Form C-102
Supersedes C-128
Effective 1-1-65

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACERAGE DEDICATION PLAT

All distances must be from the outer boundaries of the Section

| | | | | | |
|---|---|----------------------------------|---|--|-----------------------|
| Operator MARATHON OIL COMPANY | | Lease JICARILLA APACHE | | | Well No. 11 |
| Init Letter M | Section 28 | Township 26 North | Range 5 West | County Rio Arriba | |
| Actual Footage Location of Well: 1040 feet from the South line and 800 feet from the West line | | | | | |
| Ground Level Elev. 6465 | Producing Formation PICTURED CLIFFS | | Pool SOUTH BLANCO PICTURED CLIFFS | Dedicated Acreage: 160 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

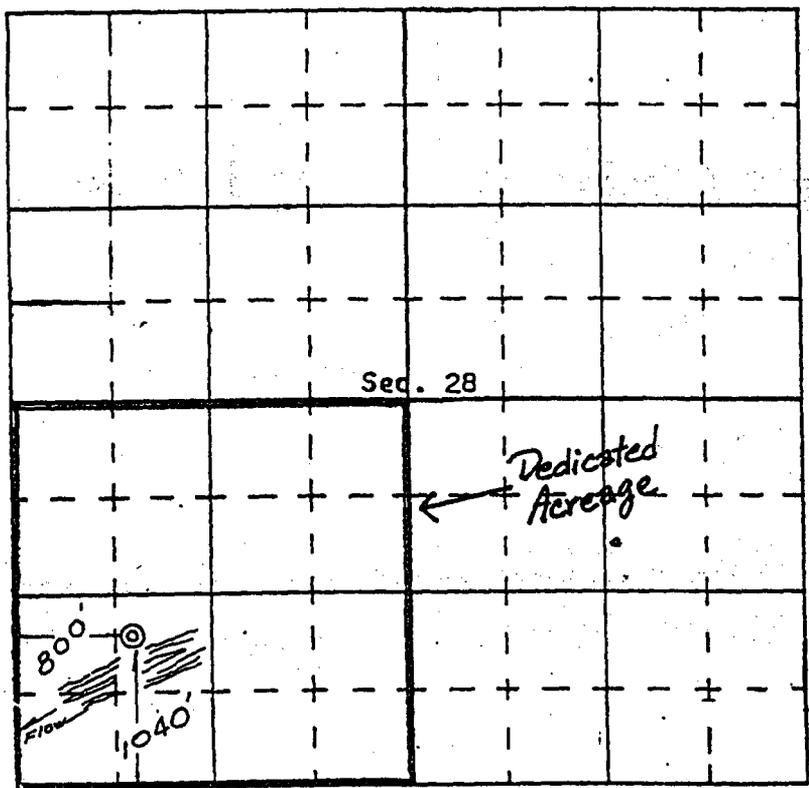
If answer is "no," list the owners and tract descriptions which have actually consolidated. (Use reverse side of this form if necessary.) MARATHON OIL COMPANY - TRACT 251

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.

P. J. Patterson
Name
AREA ENGINEER
Position
MARATHON OIL Co.
Company
APR. 4, 1967
Date



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: December 15, 1966
Registered Professional Engineer
and/or Land Surveyor

E. J. Coombs
Certificate No. 3602

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | | | | | |
|---|--|--|--|--|--|--------------------------------------|--|
| ¹ API Number 30-039-08149 | | ² Pool Code | | ³ Pool Name Otero Chacra | | | |
| ⁴ Property Code 6414 | | ⁵ Property Name Jicarilla Apache | | | | ⁶ Well Number 11 | |
| ⁷ OGRID No. 14021 | | ⁸ Operator Name Marathon Oil Company | | | | ⁹ Elevation 6478' (KB) | |

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 |
|---------------|---------|----------|-------|----------|---------------|------------------|---------------|----------------|------------|
| M | 28 | 26N | 5W | | 1040 | South | 800 | 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. |
|--------------------------------------|-------------------------------|----------------------------------|-------------------------|

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>800' " "</p> <p>1040'</p> | | | | ¹⁷ OPERATOR CERTIFICATION |
| | | | | <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p></p> <p>Signature Tim L. Chase Printed Name Advanced Engineer Technician Title March 31, 2000 Date</p> |
| | | | | ¹⁸ SURVEYOR CERTIFICATION |
| | | | | <p><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> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyer:</p> |
| | | | | Certificate Number |

Dedicated Acreage

District I
 Box 1980, Hobbs, NM 88241-1980
 District II
 11 S. 1st Street, Artesia, NM 88210-2834
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 1040 South Pacheco, Santa Fe, NM 87505

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | | | |
|---|--|--|--|---|--------------------------------------|
| ¹ API Number 30-039-08149 | | ² Pool Code | | ³ Pool Name Blanco Mesa Verde | |
| ⁴ Property Code 6414 | | ⁵ Property Name Jicarilla Apache | | | ⁶ Well Number 11 |
| ⁷ OGRID No. 14021 | | ⁸ Operator Name Marathon Oil Company | | | ⁹ Elevation 6478' (KB) |

| ¹⁰ Surface Location | | | | | | | | | |
|--------------------------------|---------------|-----------------|-------------|----------|-----------------------|---------------------------|----------------------|------------------------|----------------------|
| UL or lot no. M | Section 28 | Township 26N | Range 5W | Lot. Idn | Feet from the 1040 | North/South Line South | Feet from the 800 | East/West line West | County 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. |
|--------------------------------------|-------------------------------|----------------------------------|-------------------------|

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 <u>Tim L. Chase</u> Printed Name <u>Advanced Engineer Technician</u> Title <u>March 31, 2000</u> 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 | | |

EUR: 852 m mcf
35 m bo

BASE
100731

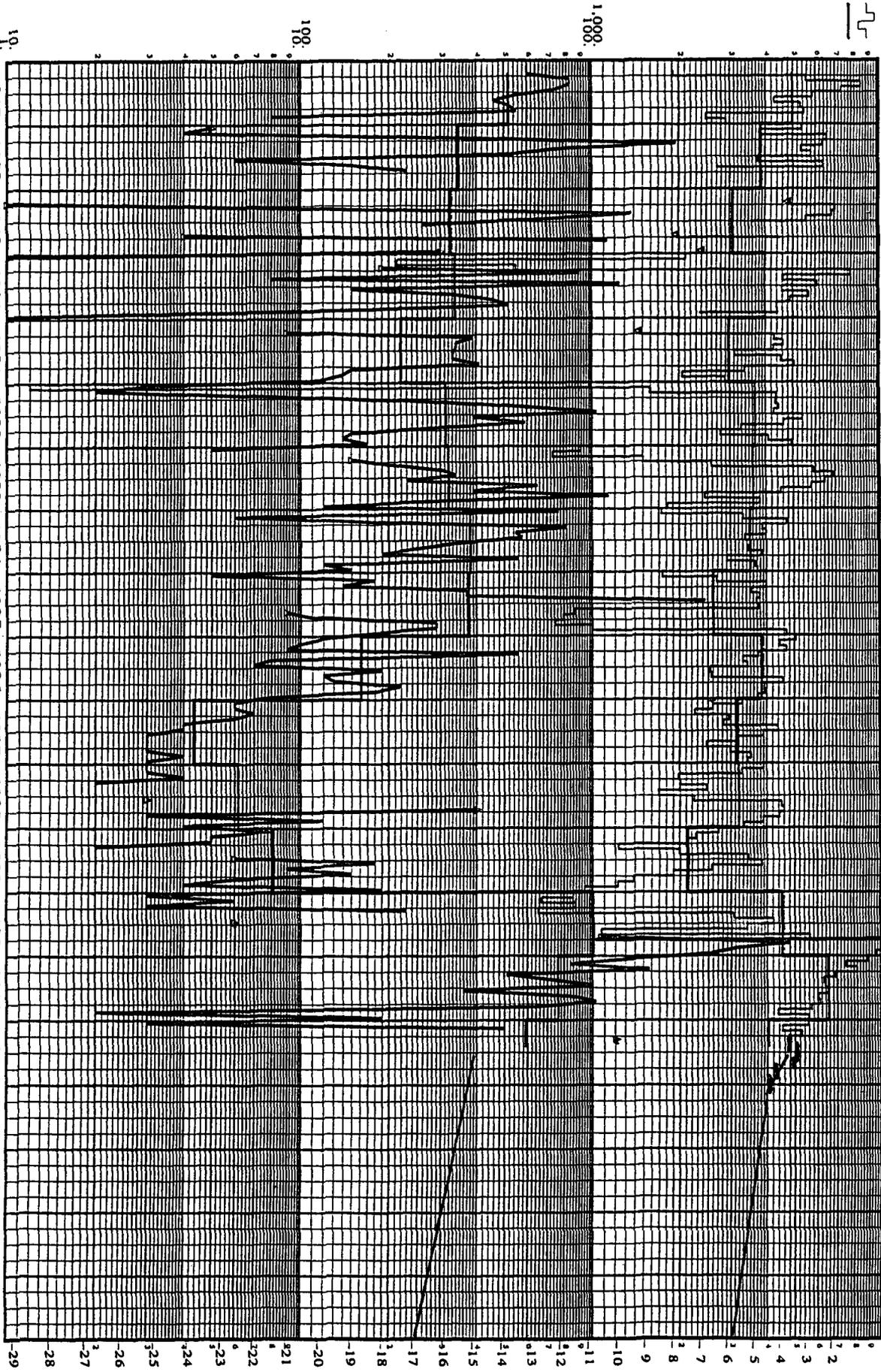
JICARILLA APACHE
MARATHON
BASIN (DAKOTA)
RIO ARRIBA, NEW MEXICO
28 26N 5W

11

SAN JUAN

CTOC - 7/02 BASIN DAKOTA ← → OTERO CERRA BLANCO MESAVERDE

GAS (mcf/mo)
OIL (bbl/mo)

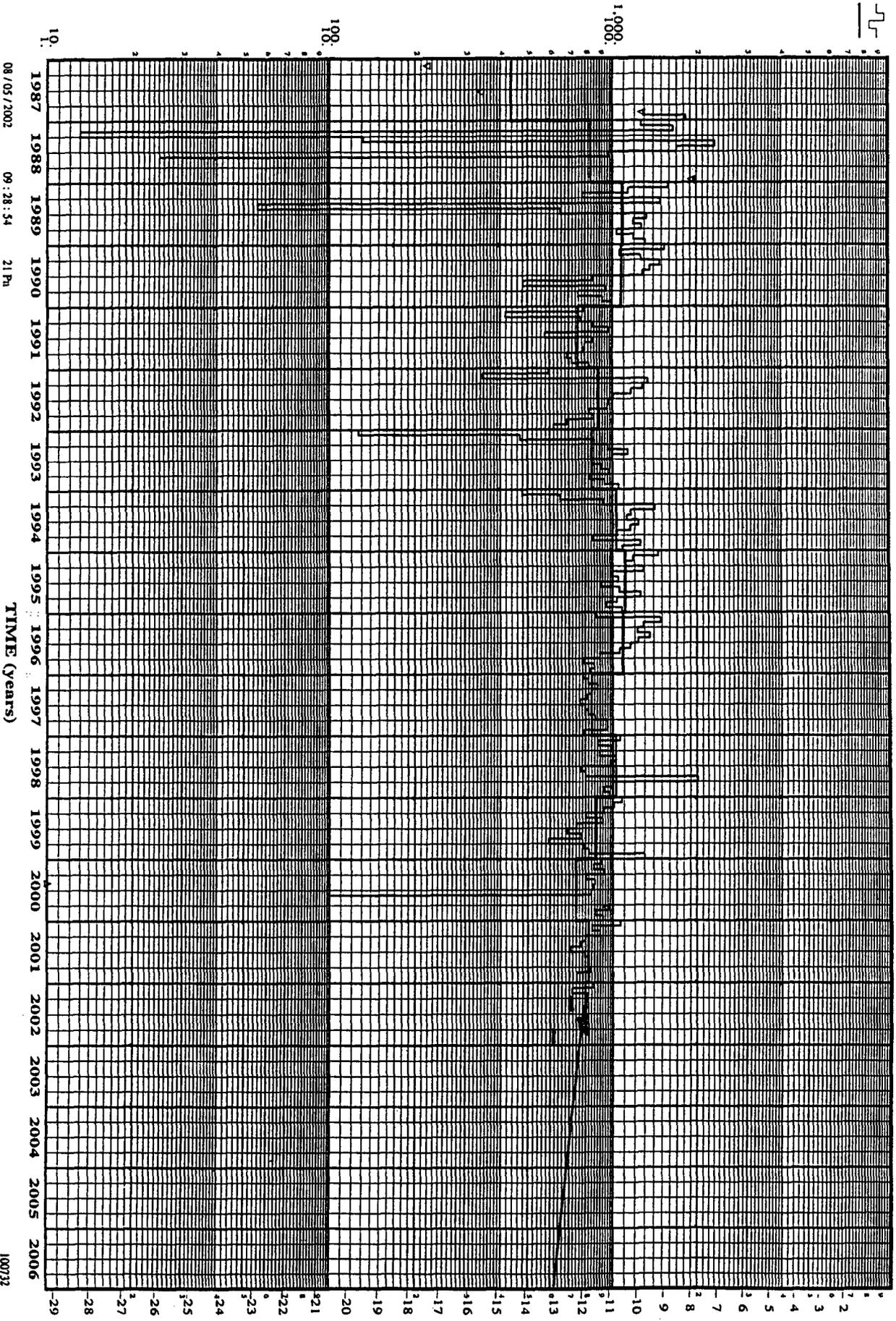


EUR: 849 mmcf
0 mbo

JICARILLA APACHE 11
MARATHON
BLANCO S (PICTURED CLIFFS)
RIO ARRIBA, NEW MEXICO
28 26N 5W
SAN JUAN
BASE
100732

CTOC - 7/02

GAS (mcf/line)
OIL (bbl/line)



08 / 05 / 2002 09 : 28 : 54 21 Pm

TIME (Years)

100732

Jicarilla #11
Unit M, Sec 28, T-26-N, R-5-W

| Date | Picture Cliffs | | | Chacra | | | Mesaverde | | |
|------------------------|----------------|-------------|------------|------------|-------------|------------|------------|-------------|------------|
| | Oil (BOPM) | Gas (MCFPM) | Wtr (BWPM) | Oil (BOPM) | Gas (MCFPM) | Wtr (BWPM) | Oil (BOPM) | Gas (MCFPM) | Wtr (BWPM) |
| July, 2002 | -- | 707 | -- | -- | 2661 | 0 | 18 | 2090 | 0 |
| August, 2002 | -- | 815 | -- | -- | 2955 | 0 | 20 | 2321 | 0 |
| September, 2002 | -- | 830 | -- | -- | 2878 | 22 | 30 | 2262 | 18 |
| October, 2002 | -- | 844 | -- | -- | 2757 | 20 | 52 | 2167 | 15 |
| November, 2002 | -- | 808 | -- | -- | 2393 | 28 | 0 | 1880 | 22 |
| December, 2002 | -- | 822 | -- | -- | 2324 | 65 | 78 | 1826 | 50 |
| 6 month Average | -- | 804 | -- | -- | 2661 | 23 | 33 | 2091 | 18 |
| Allocation % | -- | 14% | -- | -- | 48% | 56% | 100% | 38% | 44% |

Proposed Allocations:

| | Gas % | Oil % | Water % |
|------------------------|-------|-------|---------|
| Pictured Cliffs | 14% | 0% | 0% |
| Chacra | 48% | 0% | 56% |
| Mesaverde | 38% | 100% | 44% |

Estimated Bottomhole Pressure Calculations

1. Pictured Cliffs: Perforations 2,848' - 2,882'

11/5/2001: SICP 98 psig, gradient .0056 psi/ft

$$\text{BHP} = 98 \text{ psig} + 14.7 + (2,848 * 0.0056)$$

$$\text{BHP} = 129 \text{ psi}$$

2. Chacra: Perforations 3,714' - 3,739'

11/5/2001: SICP 339 psig, gradient .0087 psi/ft

$$\text{BHP} = 339 \text{ psig} + 14.7 + (3,714 * 0.0087)$$

$$\text{BHP} = 386 \text{ psi}$$

3. Mesaverde: Perforations 4,808' - 5,126'

11/5/2001: SICP 339 psig, gradient .015 psi/ft

$$\text{BHP} = 339 \text{ psi} + 14.7 + (4,808 * 0.015)$$

$$\text{BHP} = 426 \text{ psi}$$