



MARATHON OIL COMPANY

P. O. Box 220
Hobbs, New Mexico

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr.

Dear Sir:

Reference is made to Marathon Oil Company's letter dated May 15, 1964, wherein a request was made for an exception to Rule 303 (a) to permit the commingling in common facilities Vacuum Glorieta, North Vacuum Abo, and Vacuum Wolfcamp production on its State Warn A/c 1 lease comprising the NE/4 of the SW/4 and the SE/4 of the NW/4 of Section 31, T.17S, R.35E, Lea County, New Mexico.

At the time the original request was made Well No. 3 was being drilled and it was a proposed Vacuum Glorieta, North Vacuum Abo, and Vacuum Wolfcamp triple completion. This well has been drilled to a total depth of 10,301' and has penetrated the Upper Pennsylvanian pay horizon. It has been determined from the open hole logs that the Upper Pennsylvanian horizon should be productive in this well. Therefore, Marathon Oil Company respectfully request an exception to Rule 303 (a) to permit the commingling in common facilities Vacuum Glorieta, North Vacuum Abo, Vacuum Wolfcamp, and Vacuum Upper Pennsylvanian production on its State Warn A/c 1 lease. Commingling is proposed after separately metering the Vacuum Glorieta, North Vacuum Abo, and Vacuum Upper Pennsylvanian production and determining the Vacuum Wolfcamp by means of the subtraction method, allocating the production to the Vacuum Wolfcamp zone by means of periodic tests.

Marathon Oil Company presently has one Glorieta well on the subject lease. With the completion of Well No. 3 and the drilling of a single well to the Glorieta, in Unit F, Section 31, T.17S, R.35E, the State Warn A/c 1 lease will be fully developed.

The above described commingling installation will be operated in accordance with the provisions of the Commission "Manual for the Installation and Operation of Commingling Facilities," including the installation of non-reset counters on the meters.

Attached hereto is a data sheet relating to gravity, volumes, and values of the liquid hydrocarbons along with a plat of the State Warn A/c 1 lease and a schematic diagram of the proposed installation. It may be noted that top allowable for each zone has been used in preparing the above data sheet. Marathon Oil Company owns 100 percent working interest in the subject lease. The Commissioner of Public Lands for the State of New Mexico has been furnished a copy of this application and it is requested that he forward his approval of the

Accepted 226

MAIN OFFICE OCC

June 12, 1964

1964 JUN 16 AM 7 57

*Hold for
Land O/c Appr.*

proposed commingling installation to the Oil Conservation Commission.

Yours very truly,

MARATHON OIL COMPANY
Engineering Department

A handwritten signature in black ink, appearing to read "John R. Barber". The signature is fluid and cursive, with the first name "John" being the most prominent.

John R. Barber
Area Petroleum Engineer

JRB:bje

cc: State Land Commissioner
Box 791, Santa Fe, N.M.

NMOCC - Hobbs

| Zone | No. Wells | Top Unit Allow. BOPD | Daily Prod. BOPD | Gravity °API | Selling Price \$/Bbl. | Income Per Day \$ |
|--|--------------|-------------------------------|------------------------|-----------------|-----------------------------|----------------------------|
| Vacuum Glorieta | 2 | 50 | 100 | 38.5 | 2.97 | 297.00 |
| North Vacuum Abo | 1 | 177 | 177 | 39.5 | 2.99 | 529.23 |
| Vacuum Wolfcamp | 1 | 177 | 177 | 39.5 | 2.99 | 529.23 |
| Vacuum Upper Penn. | 1 | 210 | <u>210</u> | 41.0 | 3.01 | <u>632.10</u> |
| | | | 664 | | | 1987.56 |
| Total revenue from crude sold from separate storage - - - - - | | | | | | 1987.56 |
| Commingled Values | | | 664 | 39.8 | 2.99 | 1985.36 |
| Loss in value of crude as a result of commingling - - - - - | | | | | | \$ 2.20 |

* West Texas Intermediate

MAIN OFFICE 060

'64 SEP 24 PM 3 10

September 8, 1964

Marathon Oil Company
Post Office Box 220
Hobbs, New Mexico

Att: John K. Barber

In RE: Request to Commingle production
from Vacuum Upper Penn with pre-
viously approved installation of
Vacuum Glorieta, North Vacuum Abo
and Vacuum Wolfcamp, State Warn
A/c 1 Lease, Lea County, New Mexico.

Gentlemen:

This will acknowledge and thank you for your letter of September 2, 1964, which was in response to our letter of September 2, 1964, wherein we denied permission to commingle the above installation because of a loss of revenue as shown through your figures; however, since your new figures show that there will be an increase of revenue through commingling, and since ownership is common throughout, this office approves the above captioned request.

This approval, however, is given on the condition that the Commissioner of Public Lands reserves the right to amend or withdraw his approval at any time should a loss of royalty occur through this installation.

Very truly yours,

E. S. JOHNNY WALKER,
Commissioner of Public Lands

By

ROMULO MARTINEZ,
Oil and Gas Department

ESJW/RM/kcl

w/cc to: Oil Conservation Commission
Oil and Gas Accounting Commission