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JASON KELLAHIN (RETIRED 1991)

March 18, 1998

Mr. Michael E. Stogner
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

HAND DELIVERED

Mr. Tim Gum
Oil Conservation Division
Drawer DD
Artesia, New Mexico 88210

REGULAR MAIL

Re: **REQUEST FOR TEMPORARY EXCEPTION FROM RULE 506**
Application of Marathon Oil Company
for adoption of special pool rules for
the Travis-Upper Pennsylvanian Pool
Eddy County, New Mexico.

Gentlemen:

Yesterday, on behalf of Marathon Oil Company, I filed the enclosed application to be set on the next available Division Examiner's docket scheduled for April 16, 1998.

Marathon is requesting the adoption of a special 7,000 to 1 GOR for its pool and a change in the well location requirements.

The purpose of this letter is to request temporary approval to continue to produce its Crockett "27" Well No 1 and its Buchanan "33' Well No. 1 each at a daily oil rate not in excess of the 355 BOPD depth bracket allowable and with a GOR not in excess of 7,000 to 1 pending the entry of an order addressing this application.

The reason for this request for temporary approval to exceed the statewide 2,000 to 1 GOR is that these wells will only recover approximately 50-90 barrels of oil per day if produced at 710 MCFPD (the corresponding gas rate for a 2000 to 1 GOR @ 355 BOPD depth bracket allowable) At these low rates the producing GORs range from 7500 to 14,000. Both wells, however, can produce 355 barrels of oil per day if allowed to exceed the statewide GOR up to a maximum limit of 7,000 to 1 GOR.

Both wells are currently shut-in because they have each produced their March allowable. Without such temporary relief, Marathon has no choice but keep the wells shut-in for the balance of March and then produce the April allowable and shut the wells in again pending a hearing and subsequent order.

In support of this request, I am submitting the following:

Locator plat (Exhibit A)

For the Crockett Well:

Exhibit B: Tabulation of production data

Exhibit C: Tabulation of gas rate v. oil rate

Exhibit D: Tabulation of GOR v. oil rate

For the Buchanan Well:

Exhibit E: Tabulation of production data

Exhibit F: Tabulation of gas rate v. oil rate

Exhibit G: Tabulation of GOR v. oil rate

This data demonstrates that:

(1) For the Crockett Well No 1:

(a) On March 12, 1998 when the Crockett Well was tested in an attempt to restrict it to 710 MCFPD (2000 to 1 GOR for 355 depth bracket allowable) the well produced 838 MCFGPD and only 65 barrels of oil for a producing GOR of 12,892 to 1 (See Exhibit D).

(b) On March 7, 1998, the Crockett well was tested at peak oil rate of 407 BOPD which produced 2334 MCFGPD for a 5735 to 1 GOR; (See Exhibit D).

(c) On March 10, 1998, it was restricted to approximately 355 BOPD which is the depth bracket allowable with the well producing 2560 MCFGPD for a GOR of 6995 to 1 (See Exhibit D).

(2) For the Buchanan Well No. 1:

(a) On February 25, 1998 when the Buchanan Well was tested in an attempt to restrict to approximately 710 MCFPD (being a 2,000 to 1 GOR for a 355 depth bracket allowable), the well produced 795 MCFGPD and only 96 barrels of oil for a GOR of 8281 to 1 (See Exhibit F).

(b) On March 9, 1998, the Buchanan Well was tested at peak oil rate of 360 BOPD which produced 1554 MCFGPD for a 4317 to 1 GOR; (See Exhibit F).

(c) On March 15, 1998, the Buchanan Well was restricted to approximately 355 BOPD which is the depth bracket allowable with the well producing 1539 MCFGPD for a GOR of 4526 to 1. (See Exhibit F).

Conclusion

(1) the most efficient rate at which to maximize oil production is to produce these wells is at a GOR up to 7,000 to 1;

(2) this request is consistent with a prior Division case 11853 (Order R-10909) in which the Division allowed for continued production pending a hearing;

(3) in the event the Division fails to ultimately approve an increase GOR for this pool, then Marathon will "make up" any overproduction by shutting in the wells for an appropriate period of time; and

Oil Conservation Division

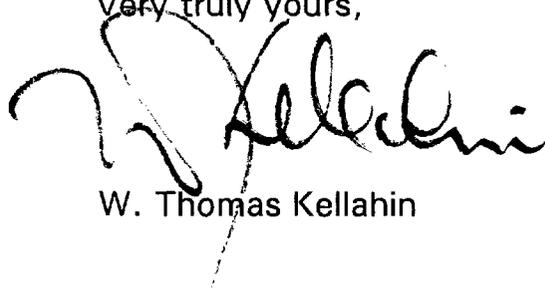
March 18, 1998

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(4) allowing Marathon to continue to produce the subject wells at the requested 7,000 to 1 GOR will result in additional revenues for both the working interest owners and the State of New Mexico totally approximately \$250,000.00 for the month of March and a similar amount could also be realized in April.

Accordingly, Marathon requests a temporary exception to Rule 506 pending hearing of this matter

Very truly yours,

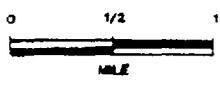
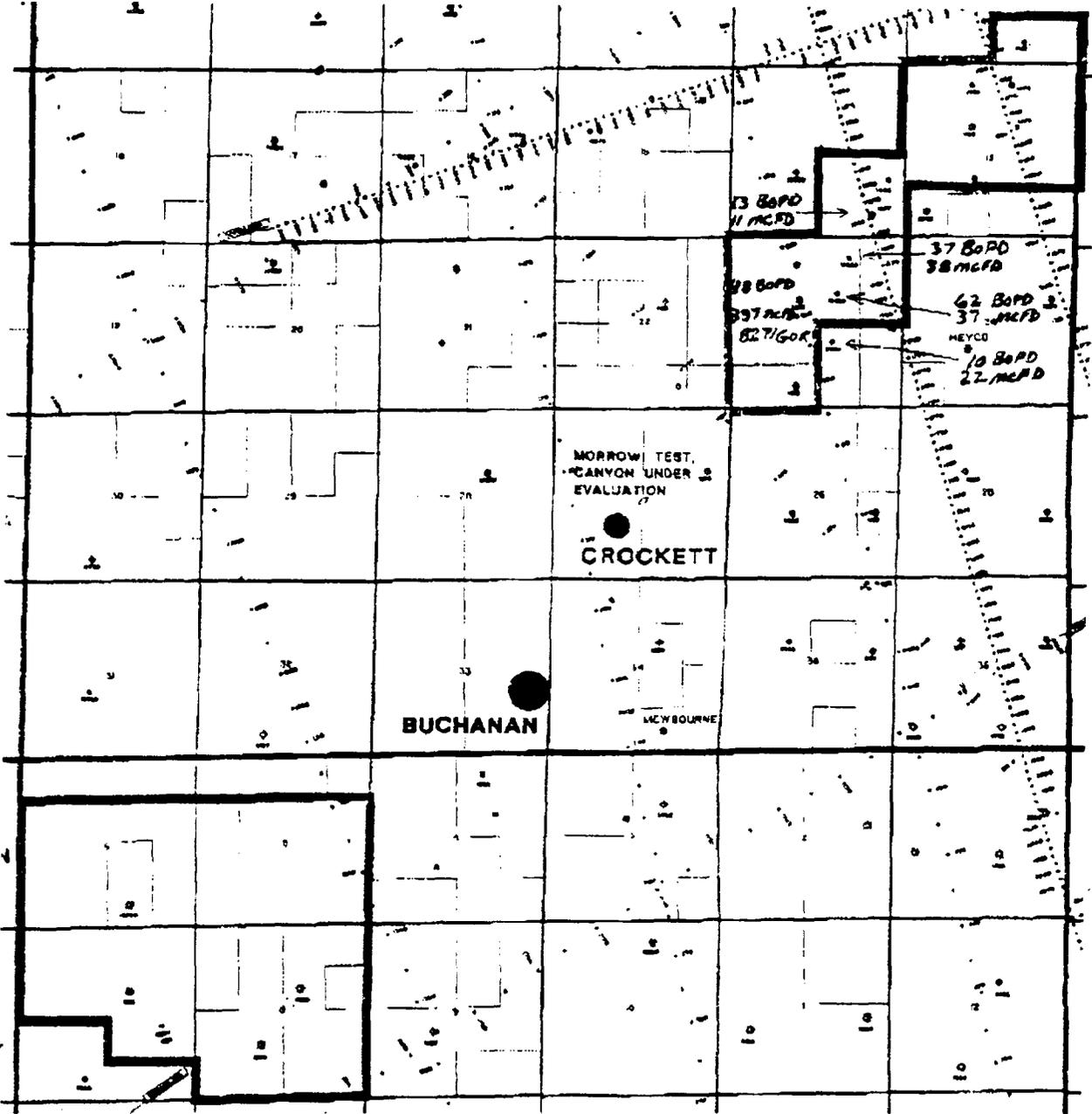
A handwritten signature in black ink, appearing to read "W. Thomas Kellahin". The signature is written in a cursive style with a large, sweeping initial "W".

W. Thomas Kellahin

cc: Marathon Oil Company
Attn: Thomas C. Lowry, Esq.

Current Production
(8/97)

TRAVIS UPPER PENN FIELD CANYON OIL FIELD 1.2 MMBO & 3.7 BCFG



MARATHON OIL COMPANY	MID-CONTINENT ENERGY
CANYON PROSPECT	
EDDY COUNTY, NEW MEXICO	
DATE: 10/1/97	DATE: 10/1/97
BY: [Signature]	BY: [Signature]
APPROVED BY: [Signature]	APPROVED BY: [Signature]

UPPER PENN PRODUCERS

EXHIBIT

A

David Crockett 27 #1 Canyon Formation - 1st Sales 2/26/98

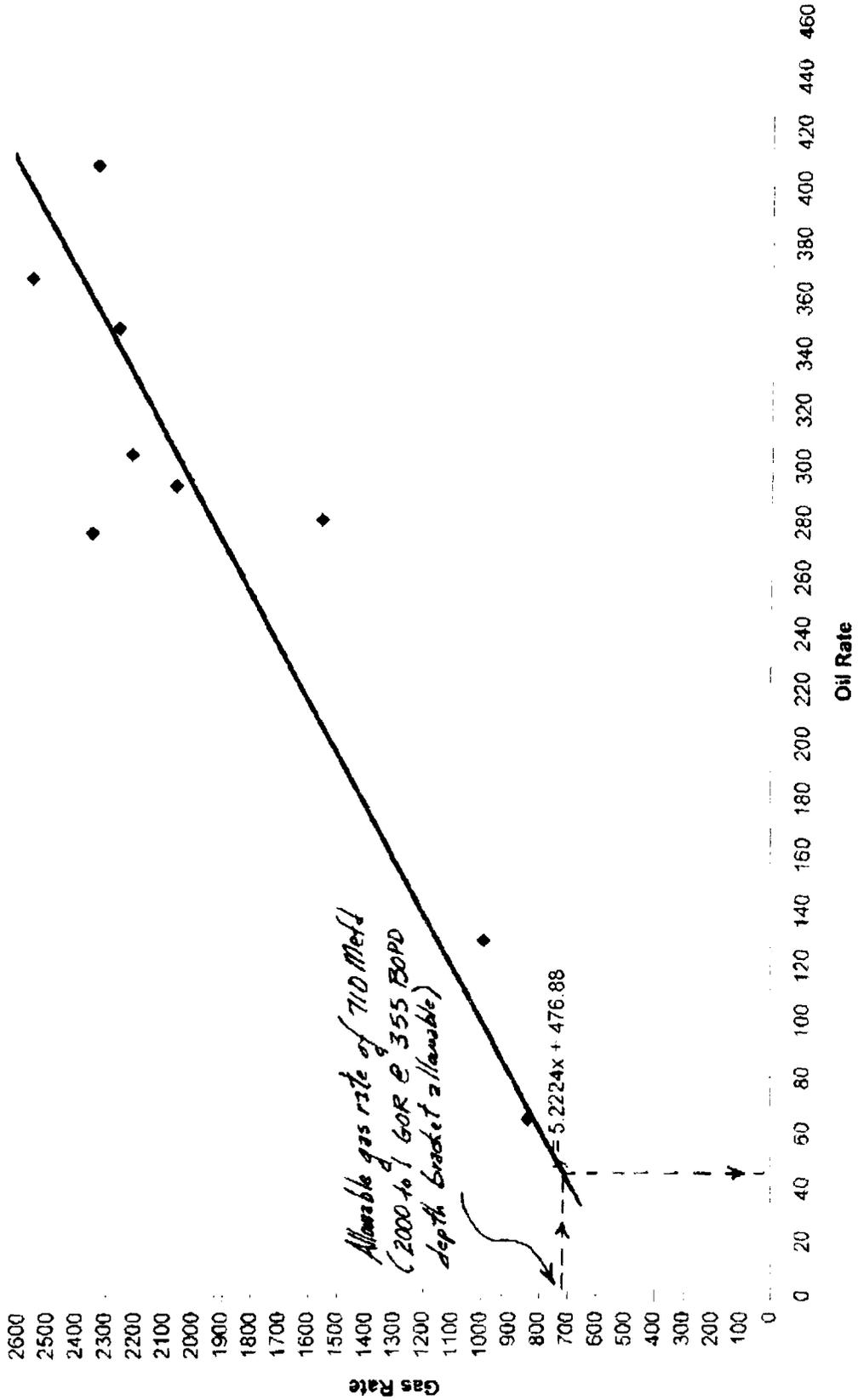
Data from Battery Handheld Production Data

DATE	Oil (BOPD)	Gas (MCFD)	Water (BWPD)	Water Cut (%)	GOR	Tbg Press	Choke (64's)
2/25/98	** 266	0	100	27.3	0	-	-
2/26/98	** 17	58	21	55.3	3,412	850	20
2/27/98	** 251	624	56	18.2	2,486	840	32
2/28/98	** 88	259	9	9.3	2,943	-	32
3/1/98	** 260	868	34	11.6	3,331	970	32
3/2/98	** 225	1012	16	6.6	4,498	1150	32
3/3/98	** 181	1106	14	7.2	6,110	1150	32
3/4/98	** 167	1078	9	5.1	6,455	1180	32
3/5/98	280	1556	6	2.1	5,557	1180	35
3/6/98	348	2262	8	2.2	6,500	1000	38
3/7/98	407	2334	29	6.7	5,735	1050	38
3/8/98	292	2060	5	1.7	7,055	1050	38
3/9/98	275	2350	23	7.7	8,545	1050	36
3/10/98	366	2560	48	11.6	6,995	1025	36
3/11/98	303	2214	5	1.6	7,307		
3/12/98	65	838	0	0.0	12,892	1310	14
3/13/98	129	991	0	0.0	7,682		
3/14/98	0	0	0	0.0	0		
3/15/98	0	0	0	0.0	0		
3/16/98	0	0	0	0.0	0		
3/17/98	0	0	0	0.0	0		
3/18/98	0	0	0	0.0	0		
3/19/98	0	0	0	0.0	0		
3/20/98	0	0	0	0.0	0		

** These data points eliminated due to recovery of acid load fluid.

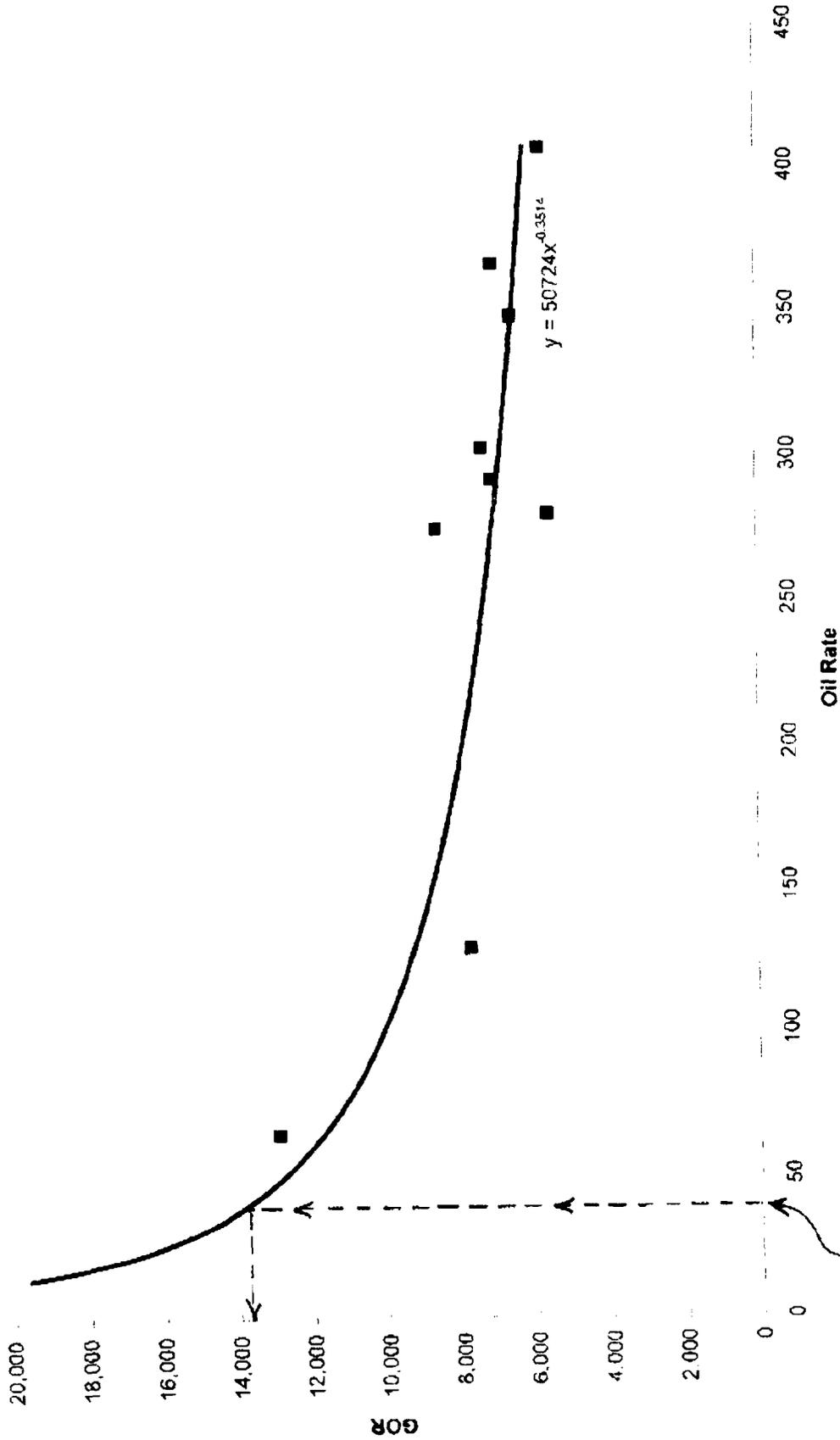
B

Crockett 27 #1



C

Crockett 27 #1



*Oil rate at 710 Mch/d
 (2000 to 1 GOR @ 355 BOPD
 depth bracket allowable)*

A

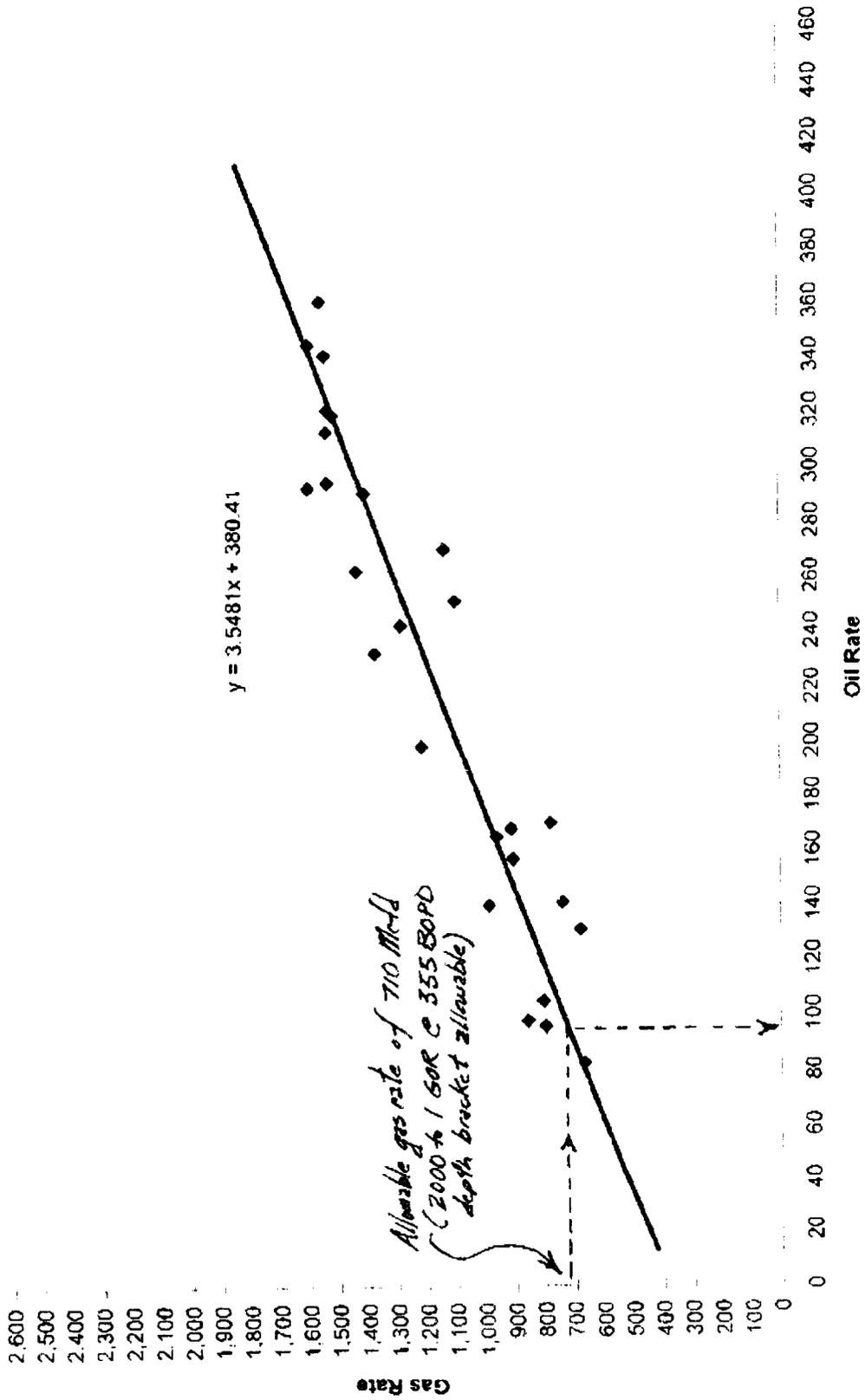
James Buchanan 33 #1 Canyon Formation - 1st Sales 2/16/98

Data from Battery Handheld Production Data

DATE	Oil (BOPD)	Gas (MCFD)	Water (BWPD)	Water Cu:	GOR	Tbg Press	Choke (64's)
2/17/98							
2/18/98	141	737	10	6.6	5,227	-	-
2/19/98	168	910	17	9.2	5,417	-	-
2/20/98	105	802	15	12.5	7,638	-	-
2/21/98	157	904	14	8.2	5,758	1180	13
2/22/98	165	961	13	7.3	5,824	1180	13
2/23/98	170	778	7	4.0	4,576	-	-
2/24/98	98	856	19	16.2	8,735	-	-
2/25/98	96	795	8	7.7	8,281	1150	11
2/26/98	131	675	0	0.0	5,153	1180	11
2/27/98	83	667	5	5.7	8,036	1180	11
2/28/98	344	1595	0	0.0	4,637	1000	18
3/1/98	290	1406	7	2.4	4,848	1130	18
3/2/98	270	1133	2	0.7	4,196	1275	18
3/3/98	140	985	0	0.0	7,036	1275	18
3/4/98	198	1212	9	4.3	6,121	1130	18
3/5/98	242	1283	4	1.6	5,302	1100	19
3/6/98	232	1370	13	5.3	5,905	1100	20
3/7/98	262	1432	18	6.4	5,466	1080	20
3/8/98	251	1097	0	0.0	4,371	1050	20
3/9/98	360	1554	10	2.7	4,317	1050	20
3/10/98	294	1531	7	2.3	5,207	1000	20
3/11/98	318	1512	9	2.8	4,755	1000	20
3/12/98	320	1531	5	1.5	4,784	1000	20
3/13/98	292	1597	0	0.0	5,469	1020	20
3/14/98	312	1533	8	2.5	4,913		
3/15/98	340	1539	0	0.0	4,526		
3/16/98	0	0	0	0.0	0		
3/17/98	0	0	0	0.0	0		
3/18/98	0	0	0	0.0	0		
3/19/98	0	0	0	0.0	0		
3/20/98	0	0	0	0.0	0		

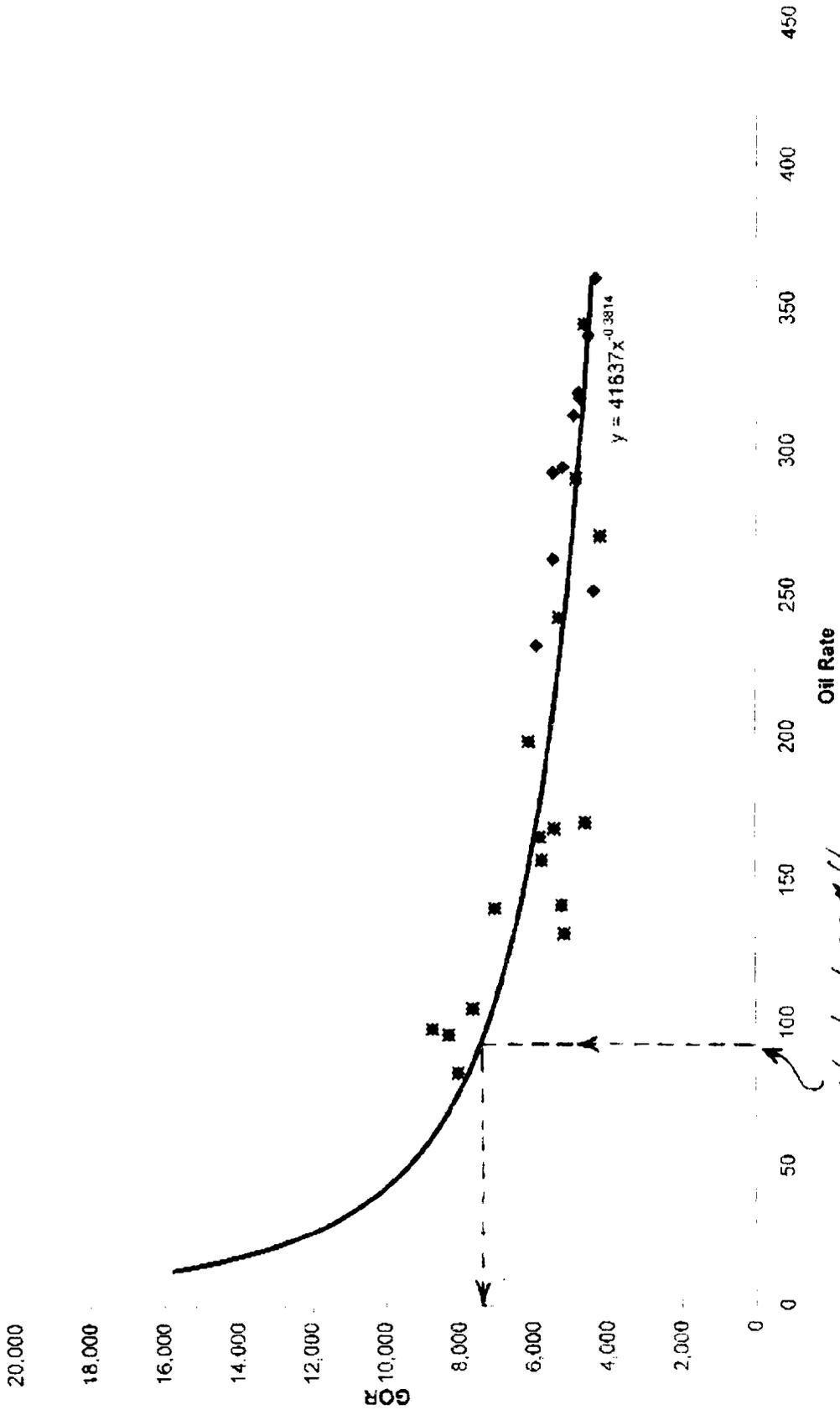
E

James Buchanan 33 #1



T

Buchanan 33 #1



Oil rate at 710 Mcfd
(2000 to 1 GOR @ 355 BORD
depth bracket allowable)

