

Houston Division
Production Operations, United States



P.O. Box 2490
Hobbs, New Mexico 88240
Telephone 505/393-7106

September 1, 1998

Mr. Chris Williams
District I Supervisor
Oil Conservation Division
P.O. Box 1980
Hobbs, NM 88240

DHC-1807

Re: Request for Exception to Rule 303-A
Downhole Commingling
McCallister St. No. 12
UL "L", 1,945' FSL & 850' FWL
Sec. 25, T-17-S, R-34-E
Abo, Wolfcamp, and Upper Penn Pools
Vacuum Field
Lea County, New Mexico

Dear Mr. Williams:

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 Vacuum, Abo; Vacuum, Wolfcamp; and Vacuum, Penn pools.

The McCallister St. No. 12 was recently drilled as an Atoka producer. However, the Atoka was abandoned due to uneconomical production and was completed in the Penn formation. Due to marginal Penn Production, the Penn and Wolfcamp were downhole commingled per DHC-1807. Unfortunately, the Penn and Wolfcamp production has also proved to be uneconomical. For this reason, Marathon is requesting to downhole commingle the Penn, Wolfcamp, and Abo to maximize the economical production from the well. Rod pumping equipment will be utilized to keep the PBHP as low as possible to prevent crossflow.

Enclosed is pertinent data supporting this application as outlined in Rule 303-A. If additional information is necessary, please advise.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Andrew J. Schwandt'.

Andrew J. Schwandt
Production Engineer

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Enclosure

Houston Division
Production Operations, United States



P.O. Box 2490
Hobbs, New Mexico 88240
Telephone 505/393-7106

September 1, 1998

Mr. Pete Martinez
Commissioner of Public Lands
State Land Office Building
P.O. Box 1148
Santa Fe, NM 87504-1148

Re: Request for Exception to Rule 303-A
Downhole Commingling
McCallister St. No. 12
UL "L", 1,945' FSL & 850' FWL
Sec. 25, T-17-S, R-34-E
Abo, Wolfcamp, and Upper Penn Pools
Vacuum Field
Lea County, New Mexico

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Andrew J. Schwandt
Production Engineer

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Enclosure

Houston Division
Production Operations, United States



P.O. Box 2490
Hobbs, New Mexico 88240
Telephone 505/393-7106

September 1, 1998

Mr. David Catanach
Energy and Minerals Department
Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87501-2088

Re: Request for Exception to Rule 303-A
Downhole Commingling
McCallister St. No. 12
UL "L", 1,945' FSL & 850' FWL
Sec. 25, T-17-S, R-34-E
Abo, Wolfcamp, and Upper Penn Pools
Vacuum Field
Lea 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 Vacuum, Abo; Vacuum, Wolfcamp; and Vacuum, Penn pools.

The McCallister St. No. 12 was recently drilled as an Atoka producer. However, the Atoka was abandoned due to uneconomical production and was completed in the Penn formation. Due to marginal Penn Production, the Penn and Wolfcamp were downhole commingled per DHC-1807. Unfortunately, the Penn and Wolfcamp production has also proved to be uneconomical. For this reason, Marathon is requesting to downhole commingle the Penn, Wolfcamp, and Abo to maximize the economical production from the well. Rod pumping equipment will be utilized to keep the PBHP as low as possible to prevent crossflow.

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Andrew J. Schwandt
Production Engineer

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Enclosure

REQUEST FOR EXCEPTION TO RULE 303-A
McCallister St. No. 12
Vacuum Field

A: Operator

Marathon Oil Company
P.O. Box 2409
Hobbs, NM 88241-2409

B: Lease Name and Well Number

McCallister St. No. 12
UL "L" 1945' FSL & 850' FWL
Sec. 25, T-17-S, R-34-E
Lea Co., New Mexico
Vacuum: Abo, Wolfcamp & Upper Penn Pools

C: Plats and Offset Operators

Attached

D: Form C-116

Attached

E: Production Decline Curves

Attached

F: Estimated Bottomhole Pressures

Vacuum, Abo - 2000 psi
Vacuum, Upper Penn - 2000 psi
Vacuum, Wolfcamp - 2500 psi

G: Fluid Characteristics

Marathon has additional wells within the same lease which are downhole commingled in the Abo, Wolfcamp, and Penn zones without compatibility problems.

H: Value

Marathon receives the same price for the products from each zone and value will not be adversely affected.

I: Production Allocation

Per DHC -1807

<u>Pool</u>	<u>Oil</u>	<u>Gas</u>	<u>Water</u>
Vacuum, Wolfcamp	65%	37%	77%
Vacuum, Upper Penn	35%	63%	23%

Using DHC - 1807 allocation %

<u>Pool</u>	<u>BOPD</u>	<u>MCFPD</u>	<u>BWPD</u>	
Vacuum, Wolfcamp	15	64	0.77	
Vacuum, Upper Penn	<u>8</u>	<u>110</u>	<u>0.23</u>	
	23	174	1	Well Test on 7/15/98

<u>Pool</u>	<u>BOPD</u>	<u>MCFPD</u>	<u>BWPD</u>	<u>Estimate Method</u>
Vacuum, Wolfcamp	15	64	0.77	Pre-work over
Vacuum, Upper Penn	8	110	0.23	Pre-work over
Vacuum, Abo	<u>70</u>	<u>109</u>	<u>12</u>	Post work incremental production
	93	283	13	Well Test on 8/20/98

<u>Allocated Percentages</u>	<u>Oil %</u>	<u>Gas %</u>	<u>Water %</u>
Post-workover utilizing above production			
Vacuum, Abo	75%	38%	92%
Vacuum, Wolfcamp	16%	23%	6%
Vacuum, Upper Penn	<u>9%</u>	<u>39%</u>	<u>2%</u>
Total	100	100	100

J: Ownership

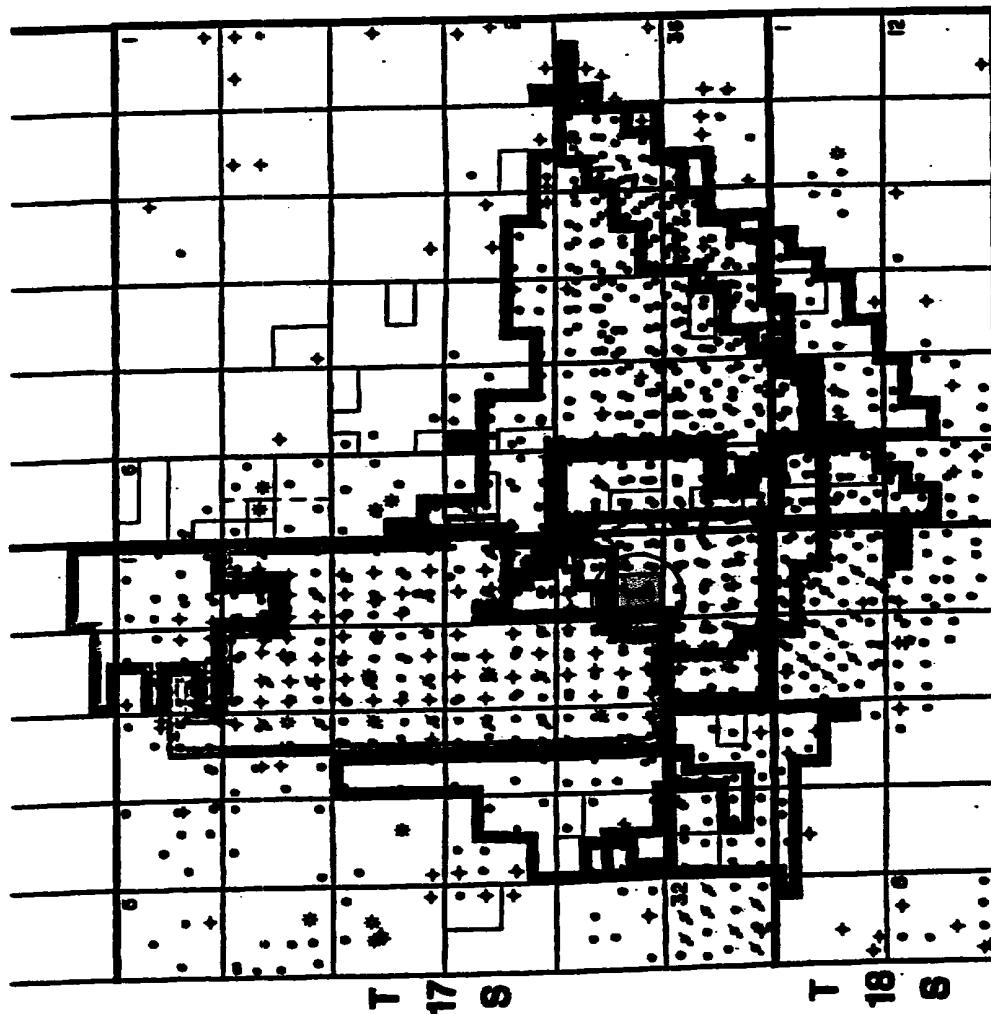
Ownership of all zones is common and correlative rights will not be violated.

K: Offset Operator Notification

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

R 34 E

R 35 E



MARATHON OIL COMPANY
MID-CONTINENT REGION

VACUUM FIELD

LEA COUNTY, NEW MEXICO



NORTH VACUUM
ALSO WEST UNIT
(TEXACO OPER.)
MOG W/L 3,8882%

EAST VACUUM UNIT
(SHELLS OPER.)
MOG W/L 4,4487%

VACUUM ALSO REEF UNIT
(SHELLS OPER.)
MOG W/L 2,04%

9/94

NORTH VACUUM ALSO UNIT
(MOGAL OPER.)
MOG W/L 6,8940%

CENTRAL VACUUM UNIT
(TEXACO OPER.)
MOG W/L 24,70%

VACUUM GLOMATA WEST UNIT
(TEXACO OPER.)
MOG W/L 18,92%

NORTH VACUUM ALSO NORTH
(ISACS OPER.)
MOG W/L 4,8883%

WEST VACUUM UNIT
(TEXACO OPER.)
MOG W/L 18,48%

**Marathon Oil Company
McCallister St. No. 12
UL "L", 1945' FSL & 850' FWL
Section 25, T-17-S, R-34-E
Lea County, New Mexico
Vacuum Field**

Offset Operators and Addresses

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

Mobil Exploration and Producing U.S. Inc.
500 W. Illinois, Midland, TX 79701
P.O. Box 633, Midland, TX 79702-0633

Texaco Exploration and Producing Inc.
Heritage Center, Midland, TX 79701
P.O. Box 3109, Midland, TX 79702-3109

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

State of New Mexico
Energy, Minerals and Natural Resources Department
OIL CONSERVATION DIVISION
2040 Pacheco St.
Santa Fe, NM 87505

Form C-116
Revised 1/1/89

GAS - OIL RATIO TEST

Operator Marathon Oil Company		Pool Vacuum; Wolfcamp / Upper Penn / Abo		County Lea	
Address P.O. Box 2409 Hobbs, NM 88240		TYPE OF TEST - (X)		Completion <input type="checkbox"/> Special <input checked="" type="checkbox"/>	
LEASE NAME		WELL NO.		LENGTH OF TEST HOURS	
McCallister State		12		24	
DHC Application					
Zone 011x Gasx					
Abo 75 38					
Wolfcamp 16 23					
Upper Penn 9 39					
FOR INFORMATION ONLY					
		DATE OF TEST		PROG. DURING TEST	
		9/20/98		WATER BBL'S. GRAV. OIL OIL BBL'S. GAS M.C.F. GAS-OIL RATIO CU.FT./BBL	
		34E		13 93 283	
		17S		12 70 109	
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VACUUM MCCAISTER STATE - NO.12



TEST OIL, BOPD
% RUN TIME

TEST WTR, BWPD

TEST GAS, MCFPD

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102

Revised October 18, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-33954	² Pool Code 62340	³ Pool Name Vacuum; Wolfcamp
⁴ Property Code 6431	⁵ Property Name McCallister State	⁶ Well Number 12
⁷ OGRID No. 014021	⁸ Operator Name Marathon Oil Company	⁹ Elevation GL 4008 KB 4026

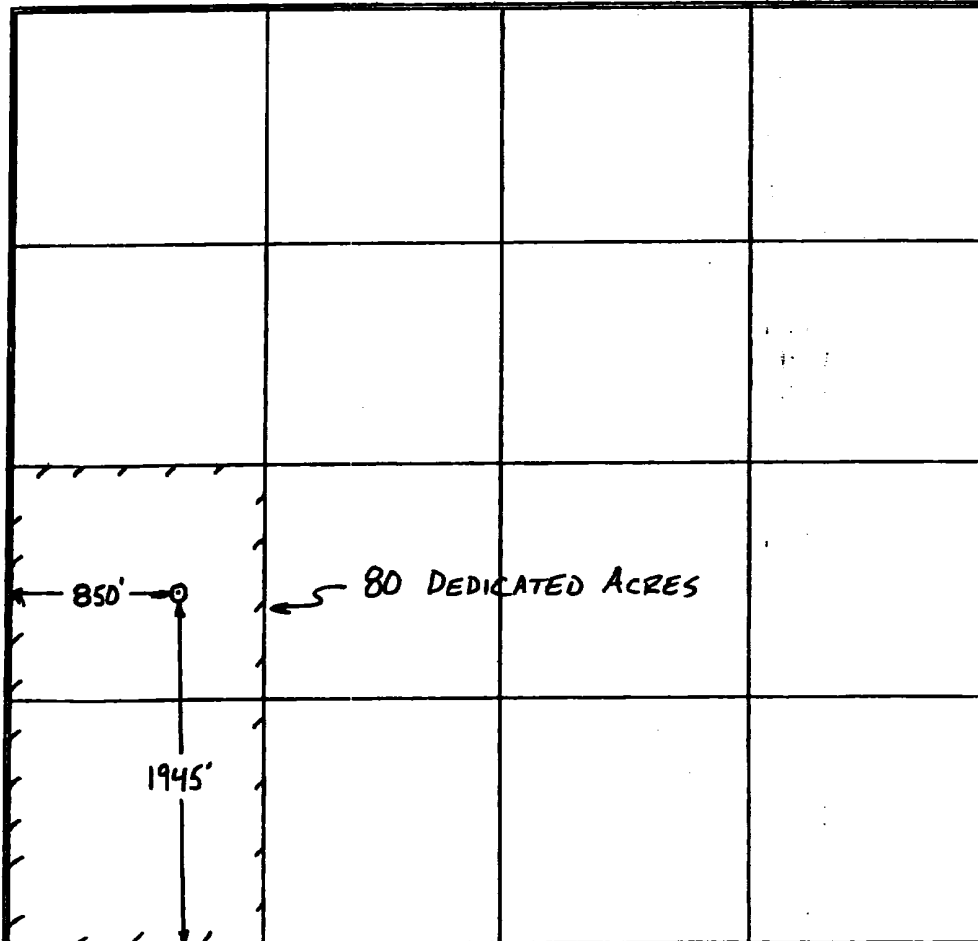
¹⁰ Surface Location									
UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South Line	Feet from the	East/West line	County
L	25	17S	34E		1945	South	850	West	Lea

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 80	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>¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Bryan L. Williams</i> Signature Bryan L. Williams Printed Name Production Engineer Title January 13, 1998 Date</p>
	<p>¹⁸ SURVEYOR CERTIFICATION 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.</p> <p>ORIGINAL - APRIL 22, 1997 Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p>
	Certificate Number

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102

Revised October 18, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

☐ AMENDED REPORT

Box 1989, Hobbs, NM 88241-1989
District II
611 S. 1st Street, Artesia, NM 88210-2834
District III
1800 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-33954		² Pool Code 62320		³ Pool Name Vacuum; Upper Penn	
⁴ Property Code 6431		⁵ Property Name McCallister State			⁶ Well Number 12
⁷ OGRID No. 014021		⁸ Operator Name Marathon Oil Company			⁹ Elevation GL 4008 KB 4026

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot. Ida	Feet from the	North/South Line	Feet from the	East/West line	County
L	25	17S	34E		1945	South	850	West	Lea

¹¹ Bottom Hole Location If Different From Surface

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

¹² Dedicated Acres 80	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>¹⁷ OPERATOR CERTIFICATION</p> <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 Bryan L. Williams Printed Name Production Engineer Title January 13, 1998 Date</p>
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <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>ORIGINAL - APRIL 22, 1997 Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>

DISTRICT I
P.O. Box 1088, Santa Fe, NM 87504-2088

DISTRICT II
P.O. Box 1088, Santa Fe, NM 87504-2088

DISTRICT III
1000 Rio Grande Blvd., Santa Fe, NM 87504-2088

DISTRICT IV
P.O. Box 1088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-101
Revised February 10, 1984
Submit to Appropriate District Office
State Leases - 4 Copies
Fee Leases - 3 Copies

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

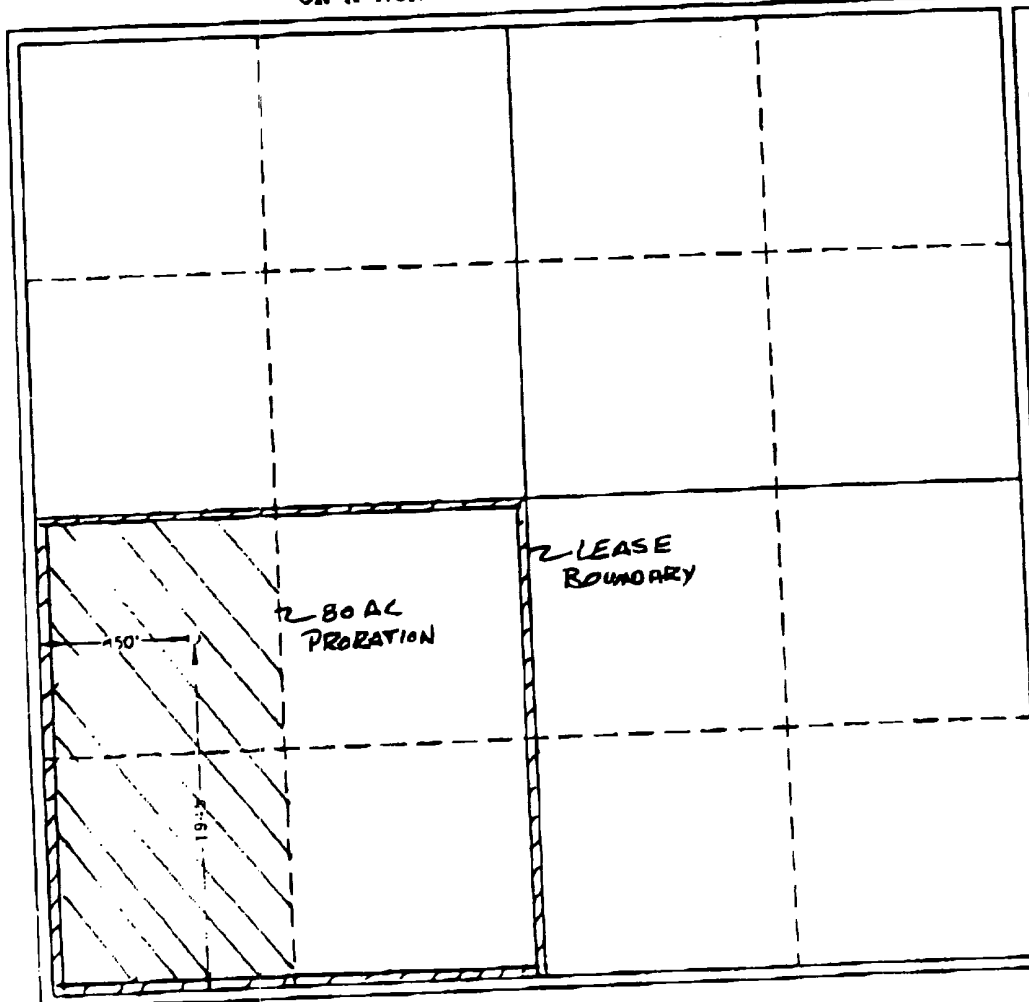
API Number 30-025-33954	Pool Code	Pool Name Vacuum (Abo, Wolfcamp, Upper Pennsylv.)
Property Code 63476431	Property Name MCCALLISTER STATE	Well Number 12
OCRD No. 14021	Operator Name MARATHON OIL COMPANY	Reversion 4008

Surface Location									
UL or lot No.	Section	Township	Range	Lot Idn	Feet from line	North/South line	Feet from line	East/West line	County
L	25	17 S	34 E		1945	SOUTH	850	WEST	LEA

Bottom Hole Location if Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from line	North/South line	Feet from line	East/West line	County
Dedicated Acres		Joint or Infill	Consolidation Code		Order No.				
80									

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



OPERATOR CERTIFICATION

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

Walter J. Nordt
Signature
D. P. Nordt
Printed Name
Drilling Superintendent
Title
5/2/97
Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes, aerial surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

APRIL 22, 1997

Date Surveyed
Signature (or Seal) of Professional Surveyor
Ronald A. Eidsen
W.D. (Number) 424-9
Certificate No. 10161
RONALD A. EIDSON
LAND SURVEYOR

Houston Division
Production Operations, United States



P.O. Box 2490
Hobbs, New Mexico 88240
Telephone 505/393-7106

September 1, 1998

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

Re: Request for Exception to Rule 303-A
Downhole Commingling
McCallister St. No. 12
UL "L", 1945' FSL & 850' FWL
Sec. 25, T-17-S, R-34-E
Abo, Wolfcamp, and Upper Penn Pools
Vacuum Field
Lea County, New Mexico

Ladies and/or Gentlemen:

Marathon Oil Company has filed an application with the New Mexico Oil Conservation Division to downhole commingle 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,

A handwritten signature in cursive script, appearing to read 'A. J. Schwandt'.

Andrew J. Schwandt
Production Engineer

n:\reglatory\comming\dbc\wio\ncal12_g
Enclosure

Agreed and accepted this _____ day of _____ 1998

by _____, as representative of

Houston Division
Production Operations, United States



P.O. Box 2490
Hobbs, New Mexico 88240
Telephone 505/393-7106

September 1, 1998

Mobil Exploration and Producing U.S. Inc.
500 W. Illinois, Midland, TX 79701
P.O. Box 633, Midland, TX 79702-0633

Re: Request for Exception to Rule 303-A
Downhole Commingling
McCallister St. No. 12
UL "L", 1945' FSL & 850' FWL
Sec. 25, T-17-S, R-34-E
Abo, Wolfcamp, and Upper Penn Pools
Vacuum Field
Lea County, New Mexico

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Sincerely,

A handwritten signature in cursive script, appearing to read 'A. J. Schwandt'.

Andrew J. Schwandt
Production Engineer

n:\regitory\comming\dlc\wio\ncal12_h
Enclosure

Agreed and accepted this _____ day of _____ 1998

by _____, as representative of

Houston Division
Production Operations, United States



**Marathon
Oil Company**

P.O. Box 2490
Hobbs, New Mexico 88240
Telephone 505/393-7106

September 1, 1998

Texaco Exploration and Producing Inc.
Heritage Center, Midland, TX 79701
P.O. Box 3109, Midland, TX 79702-3109

Re: Request for Exception to Rule 303-A
Downhole Commingling
McCallister St. No. 12
UL "L", 1945' FSL & 850' FWL
Sec. 25, T-17-S, R-34-E
Abo, Wolfcamp, and Upper Penn Pools
Vacuum Field
Lea County, New Mexico

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Sincerely,

Andrew J. Schwandt
Production Engineer

n:\reg\tory\comming\dhc\wio\mcal12_i
Enclosure

Agreed and accepted this _____ day of _____ 1998

by _____, as representative of

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

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429Form C-107-A
New 3-12-98

APPROVAL PROCESS:

☐ Administrative ☐ Hearing

EXISTING WELLBORE

☒ YES ☐ NO

APPLICATION FOR DOWNHOLE COMMINGLING

Operator Marathon Oil Company Address PO Box 2490 Hobbs, NM 88240

Well No. 12 UL L. Sec. 25, T-17-S, R-34-E Lea County

CGS# 014021 Property Code 6431 API NO. 30-025-33954 Spacing Unit Lease Types: (check 1 or more) Federal ☐ State ☒ (and/or) Fee ☐

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zones	Lower Zone
1. Pool Name and Pool Code	N.Vacuum; Abo 61760	Vacuum; Wolfcamp 62340	Vacuum; Upper Penn 62320
2. Top and Bottom of Pay Section (Perforations)	8379-9228'	9541-10,002'	10,964-10,994'
3. Type of production (Oil or Gas)	Oil	Oil	Oil
4. Method of Production (Flowing or Artificial Lift)	Artificial Lift	Artificial Lift	Artificial Lift
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: Estimated Current All Gas Zones: Measured Current Estimated Or Measured Original	a. (Current) 100 PBHP 2000 SBHP b. (Original)	a. 100 PBHP 2500 SBHP b.	a. 100 PBHP 2000 SBHP b.
6. Oil Gravity ($^{\circ}$ API) or Gas BTU Content	39 API	40 API	41 API
7. Producing or Shut-In?	Producing	Producing	Producing
Production Marginal? (yes or no)	Yes	Yes	Yes
* If Shut-In, give 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 * If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: Rates: Date: 8/20/98 Rates: 70/109/12	Date: Rates: Date: 8/20/98 Rates: 15/64/0.77	Date: Rates: Date: 8/20/98 Rates: 8/110/0.23
8. Fixed Percentage Allocation Formula - % for each zone	Oil: 75 % Gas: 38 %	Oil: 16 % Gas: 23 %	Oil: 9 % Gas: 39 %

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? ☒ Yes ☐ No
If not, have all working, overriding, and royalty interests been notified by certified mail? ☒ Yes ☐ No
Have all offset operators been given written notice of the proposed downhole commingling? ☒ Yes ☐ No11. Will cross-flow occur? ☐ Yes ☒ No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. ☐ Yes ☐ No (If No, attach explanation)12. Are all produced fluids from all commingled zones compatible with each other? ☒ Yes ☐ No13. Will the value of production be decreased by commingling? ☐ Yes ☒ 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. ☒ Yes ☐ No

15. NMOCD Reference Cases for Rule 303(C) Exceptions: ORDER NO(S). _____

16. 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 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.

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

SIGNATURE Andrew J. Schwandt TITLE Production Engineer DATE 9/2/98TYPE OR PRINT NAME Andrew J. Schwandt TELEPHONE NO. (505) 393-7106