

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OPERATOR'S COPY

FORM APPROVED
Budget Bureau No. 1004-0135
Expires November 30 2000

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an
abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator
Marathon Oil Company

3a. Address
P.O. Box 552 Midland, TX 79702

3b. Phone No. (include area code)
915-682-1626

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
UL "L", 1400' FSL & 1248' FWL
SECTION 28, T-21-S, R-24-E

5. Lease Serial No.

NM LC-030482

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.
INDIAN HILLS UNIT

8. Well Name and No.
INDIAN HILLS UNIT #19

9. API Well No.
30-015-30572

10. Field and Pool, or Exploratory Area
INDIAN BASIN UPPER PENN
ASSOCIATED POOL

11. County or Parish, State
EDDY NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☒ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- | | | | |
|---|---|--|--|
| <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other <u>COMMINGLING</u> |
| <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | <u>OFF-LEASE STORAGE &</u> |
| <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | <u>MSMT. & ALT. MSMT.</u> |

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

As required by 43 CFR 3162.7-2 and Onshore Oil and Gas Order No. 4, Marathon Oil Company request approval of off-lease measurement, storage & sales, alternate measurement method, and commingling of liquid hydrocarbon production. Also, as required by 43 CFR 3162.7-3 and Onshore Oil and Gas Order No. 5, we request approval of off-lease measurement & sales, and commingling of gas production. The production from this well will be gathered at a satellite facility in Section 28, (see attached map), and then transported, via pipeline, to the central storage and measurement facility, which is located at UL "P", Section 19, T-21-S, R-24-E. Turbine meters will be used as the Alternate Measurement Method for liquid hydrocarbons and water production per prior approvals.

The attachments explain this operation in detail, show the equipment that will be used, and show all leases involved in this request.

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Ginny Larke

Title

Engineer Technician

Date 3/29/99

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Alexis C. Swoboda

Title

PETROLEUM ENGINEER

Date

APR 07 1999

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

APPLICATION FOR SURFACE COMMINGLING
OFF-LEASE MEASUREMENT, STORAGE AND ALTERNATE MEASUREMENT
APPROVAL

To: Bureau of Land Management
P.O. Box 1778
Carlsbad, New Mexico 88220-1778

Marathon Oil Company is requesting approval for Surface Commingling, Off-Lease Storage, Measurement and Sales, and Alternate Measurement of hydrocarbon production from the following formation(s) and well(s) on:

Lease Name: **Indian Hills Unit**

Well No.	UL	Sec	TWP	RNG	Formation	Fed. Lease #	COM
10	E	28	21-S	24-E	Upper Penn	LC06293	N/A
19	L	28	21-S	24-E	Upper Penn	LC030482	N/A

Marathon would like to commingle the production from this well with the production of the following wells, which is commingled at the East Indian Basin Central Facility, (PLC-140)

WELL NO.	BOPD	API °	MCFD
1	16	48.2	5764
6	0	40.7	120
8	160	35.7	2618
9	23	40.7	788
12	0	40.6	0
18	19	44.7	2323
Gas Com 13	7	44.8	1038
Gas Com 3	4	61.6	4713
IB "32" State 1-Y	0	N/A	1211
IB "32" State #2	0	56.0	6269
IB "32" State #3	153	38.6	168

Liquid hydrocarbon production will be measured using turbine meters, per prior approval. These meters will be proved on a regular schedule. A map is enclosed showing the lease numbers and location of all leases and wells that will contribute production to the commingling/common storage facility. All unitized/communitized areas and producing zones/pools are also clearly illustrated. A schematic diagram is also attached which clearly identifies all equipment that will be utilized.

The Storage and Measuring facility will be located at UL "P", Sec. 19, T-21-S, R-24-E, Eddy County, New Mexico. There will be a satellite facility located at UL "C", Section 20, T-21-S, R-24-E, Eddy County, NM. The BLM has been notified of this facility in prior applications. Originally this satellite was to be located in UL "G", so please change your records to reflect the new location.

The gas, liquid hydrocarbons and water from the wells in Sections 28 will be gathered at this satellite facility. The facility will consist of a 3-phase test separator and a 3-phase production separator. A production manifold will allow for individual well testing in the test separator while production from the remaining wells flows to the production separator.

The gas from the separators will be metered at this satellite facility before being delivered to the compressors at the Storage and Measurement facility in Section 19. After compression, the gas will be processed through a dehydrator, metered and delivered to the Indian Basin Gas Plant for further processing. The gas and NGLs will then be metered and sold at the tail-gate of the plant.

The liquid hydrocarbons and water, after being metered through the separators at the satellite facility, will be recombined and then flow to a 3-phase separator at the Storage and Measurement facility in Section 19, via liquid pipeline. After separation, the liquid hydrocarbon production will be processed and stored in tanks at the Storage and Measurement facility. Processing may include the use of heat treating or other liquid hydrocarbon processing equipment. The liquid hydrocarbons will then be metered through a LACT unit, per prior approval, and sold at the truck loading rack. The water production, after being processed through the 3-phase separator at the Storage and Measurement facility, will be sent to the gun barrel for further separation. It will then be stored in tanks at the Storage and Measurement facility prior to being metered and pumped to the SWD system.

Details of the proposed method for allocating production to contributing sources is as follows:

Indian Hills Unit Production=
$$\frac{(\text{Sum of LHC Readings from Indian Hills Unit wells})}{(\text{Sum of All LHC Readings})} \times \text{Gross Consolidated Facility Production}$$

Indian Hills Unit Gas Com Prod.=
$$\frac{(\text{Sum of LHC Readings from Gas Com wells})}{(\text{Sum of All LHC Readings})} \times \text{Gross Consolidated Facility Production}$$

IB "32" State Wells Production=
$$\frac{(\text{Sum of LHC Readings from IB "32" State wells})}{(\text{Sum of All LHC Readings})} \times \text{Gross Consolidated Facility Production}$$

The same formulas will be used to allocate gas and water production, per prior approval (PLC-140).

The working interest owners were notified of the original commingling proposal. The proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production. The proposed commingling is necessary for continued operation of the above referenced Federal Lease.

We understand that the requested approval will not constitute the granting of any right-of-way or construction rights not granted by lease instrument and we will submit, within 30 days, an application for right-of-way to the BLM's Realty Section in your office, if we have not already done so. Additional wells will require additional commingling approvals.

Signature:



Name: Ginny Larke

Title: Engineer Technician

March 29, 1999

SERVING WELLS: INDIAN HILLS UNIT 10, 17 AND 19

STATION NO: 128

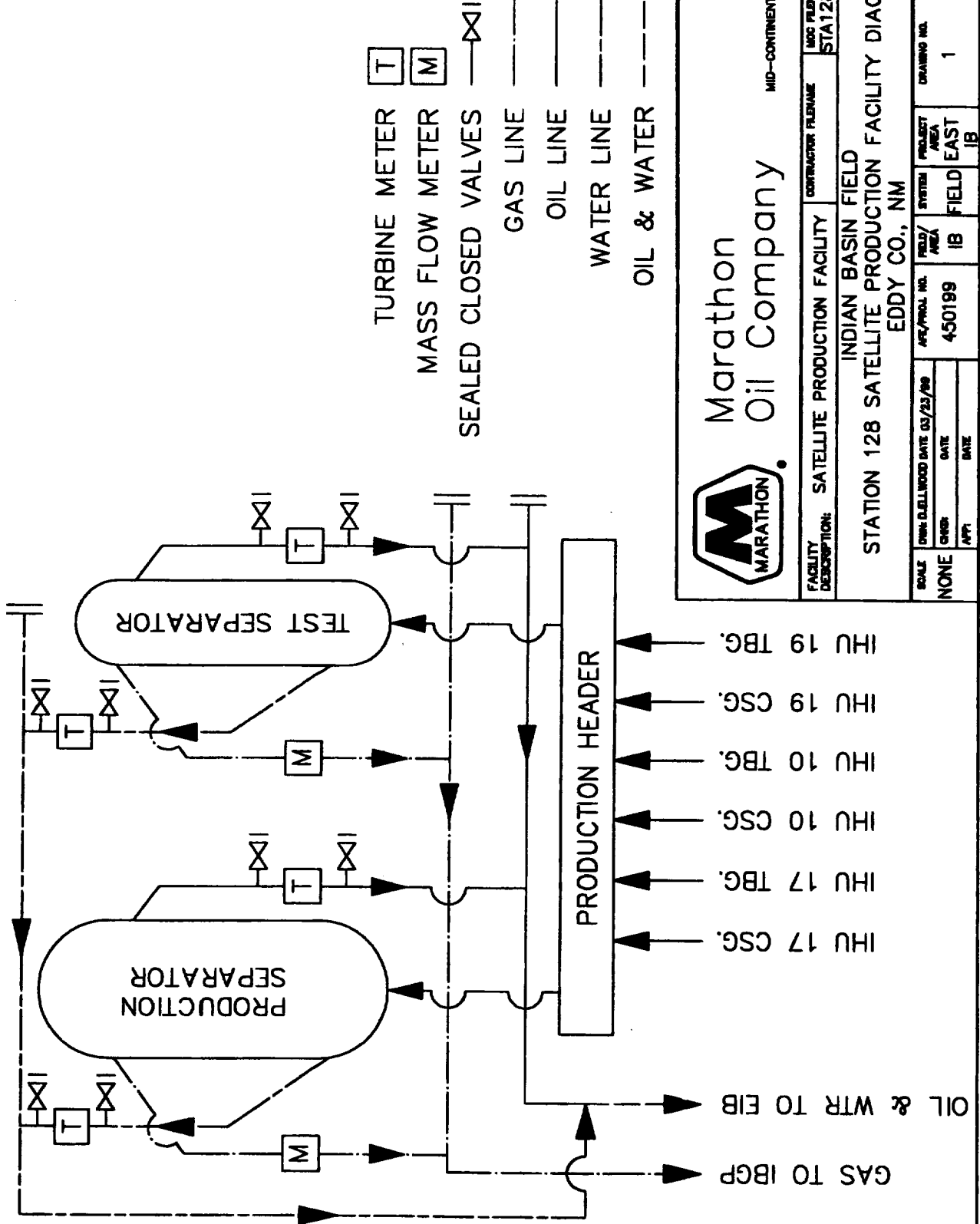
UNIT LETTER C

SEC. 28 T- 21 -S, R- 24 -E

NM LC-06293

EDDY CO. N.M.

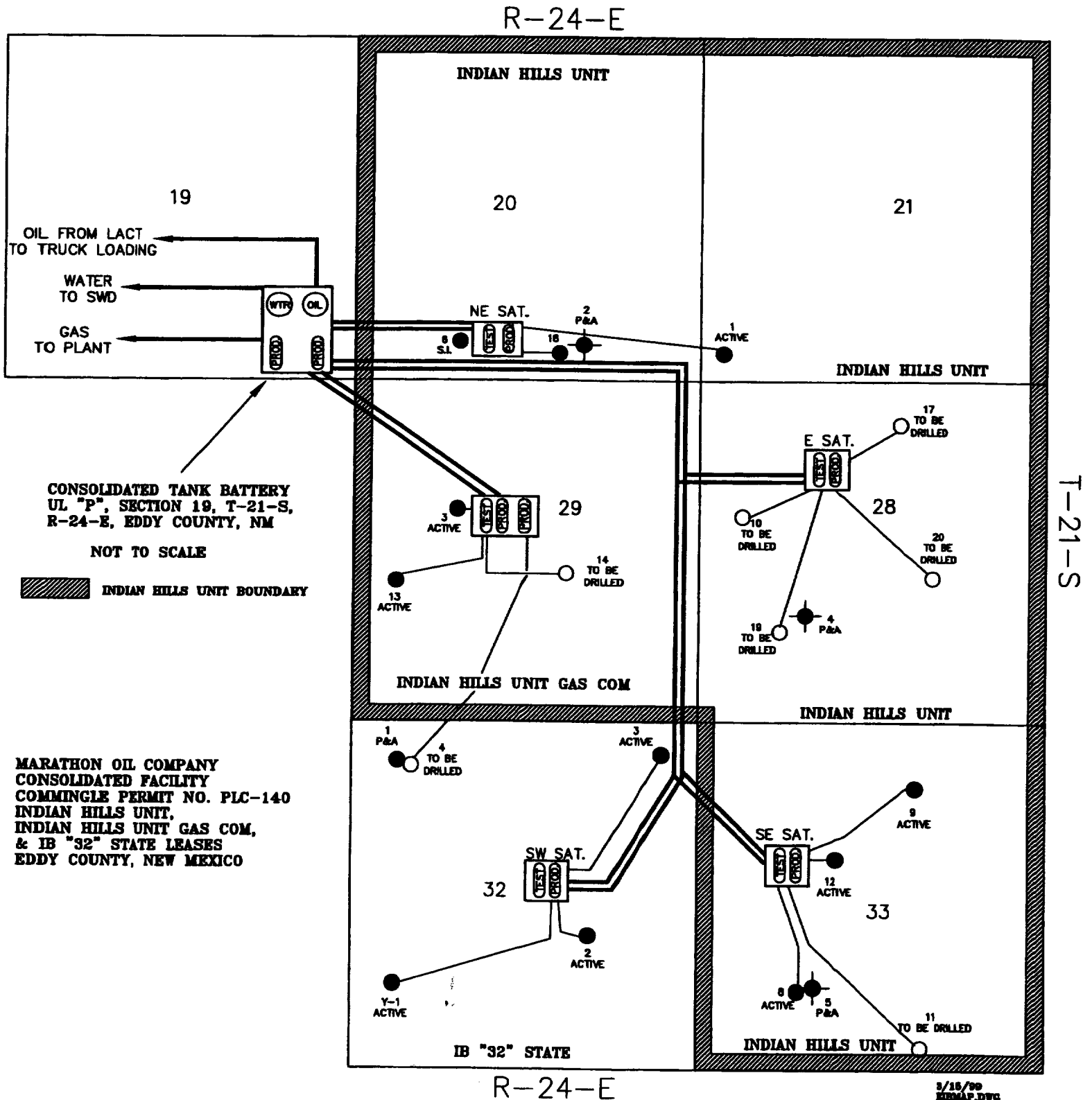
THE FACILITY IS SUBJECT
TO THE SITE SECURITY PLAN FOR
THE INDIAN BASIN FIELD. THE
PLAN IS LOCATED AT:
MARATHON OIL CO.
329 MARATHON RD.
LAKEWOOD, NM 88259

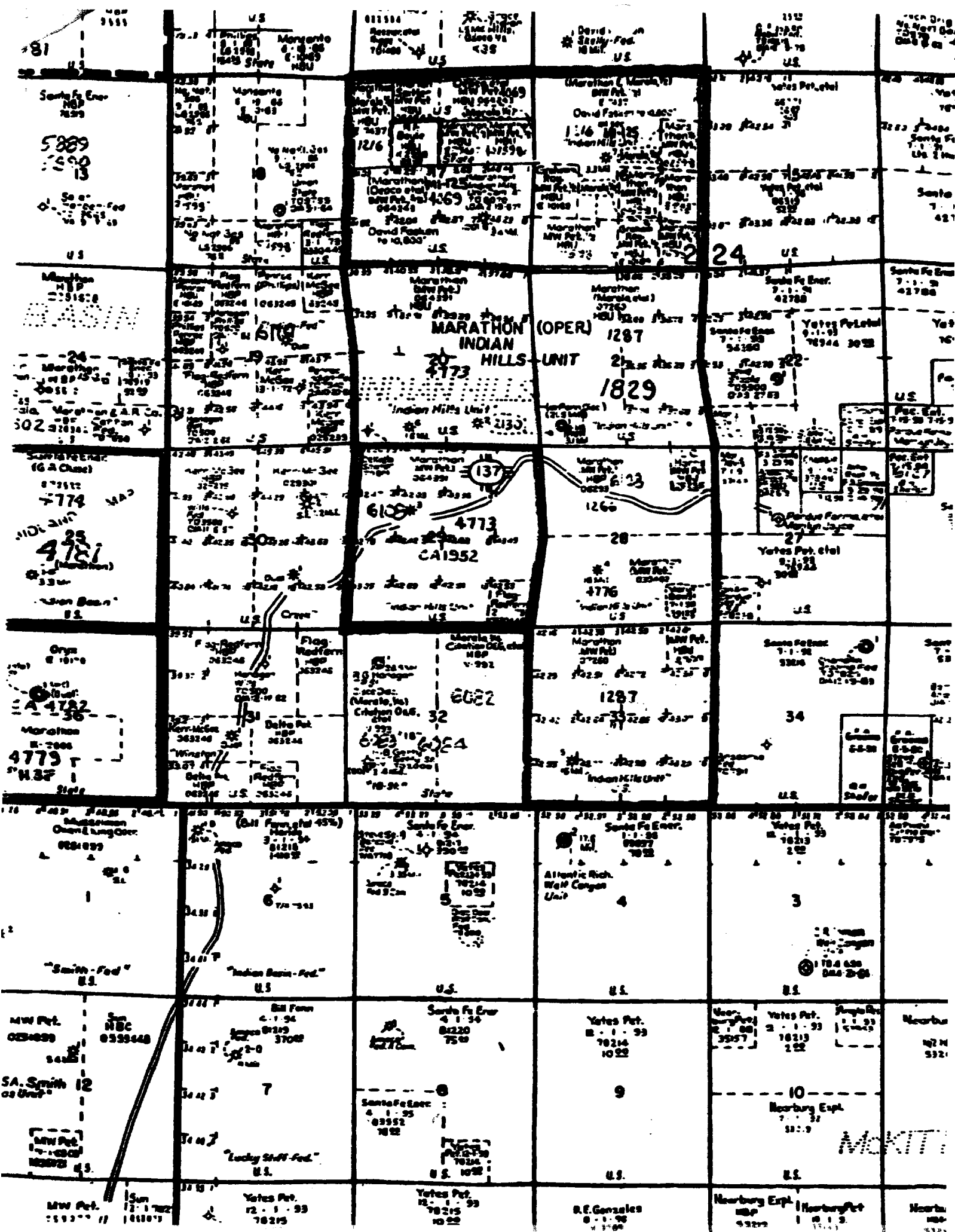
Marathon
Oil Company

MID-CONTINENT REGION

FACILITY DESCRIPTION:		SATELLITE PRODUCTION FACILITY		CONTRACTOR FIRM NAME		MISC FIRM NAME	
						STA128.DWG	
<p style="text-align: center;">INDIAN BASIN FIELD</p> <p style="text-align: center;">STATION 128 SATELLITE PRODUCTION FACILITY DIAGRAM</p> <p style="text-align: center;">EDDY CO., NM</p>							
SCALE NONE	OWN DUELLWOOD DATE 03/23/88		APR/PROJ. NO.		FIELD/AREA		SYSTEM FIELD
	CHGR		450199		IB		
	DATE						
APP		DATE					
				PROJECT AREA		DRAWING NO.	
				EAST		1	
				IB			
REV		SHT NO		1		A	

MARATHON OIL COMPANY CONSOLIDATED FACILITY COMMINGLE PERMIT NO. PLC-140 GATHERING SYSTEMS





Bureau of Land Management
Roswell District
2909 West Second Street
Roswell, New Mexico 88201
505-627-0272

**Off-Lease Measurement, Storage, and Surface Commingling
Conditions of Approval**

Approval of surface commingling and off-lease storage and/or measurement is subject to the following conditions of approval:

1. This agency shall be notified of any change in sales method or location of the facility.
2. This agency shall be notified of any spill or discharge as required by NTL-3A.
3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
4. This approval is subject to like approval by the New Mexico Oil Conservation Division.
5. Additional wells and/or leases require additional commingling approvals.
6. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days, an application for right-of-way approval must be submitted to the Realty Section if not already done.