



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Paseo Street
Santa Fe, New Mexico 87508
(505) 827-7131

COMMINGLING ORDER PLC-140

Marathon Oil Company
P.O. Box 552
Midland, Texas 79702-0559

Marathon Oil Company

MAY 01 1998

Attention: Ms. Ginny Larke

INDIAN BASIN ASSET TEAM
MID-CONTINENT REGION

The above named company is hereby authorized to commingle Indian Basin Upper Penn (Associated - 33685) and Indian Basin Upper Penn (Prorated Gas - 79040) Pool production from the following leases:

Lease: Indian Hills Unit (Including Com # NM-071145)
Including: Federal Lease Nos. NM-07260, NM-07260F, NM-30482, LC-064391B
Description: SE/4 SW/4, SW/4 SE/4 of Section 20, SW/4 SW/4 of Section 21, NE/4 SW/4 of Section 28, SE/4 NW/4, NW/4 SW/4 of Section 29, and E/2 NE/4, SW/4 SE/4, SE/4 SW/4 of Section 33, and,

Lease: IB '32' State Lease (State Lease No. V-993-3)
Description: SW/4 SW/4 of Section 33,

All in Township 21 South, Range 24 East, Eddy County, New Mexico.

The production from each pool shall be separately metered prior to commingling. Production shall be allocated to each lease and well by well tests. This method is authorized only so long as all commingled production is of identical ownership including working interest, royalty interest, and overriding royalty interest

NOTE: The commingled production shall be stored and measured at the facility located in Unit Letter 'P' of Section 19, Township 21 South, Range 24 East.

REMARKS: This installation shall be installed and operated in accordance with the applicable provisions of Rule 303 of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities." It is the responsibility of the producer to notify the transporter of this commingling authority.

FURTHER: The operator shall notify the supervisor of the Artesia district office prior to implementation of the commingling process.

PROVIDING: Validation of this authority shall be accomplished with like approval from the New Mexico Commissioner of Public Lands and the U.S. Bureau of Land Management.

RECEIVED

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 12135 Exhibit No. — 7
Submitted By:
Marathon Oil Company
Hearing Date: March 18, 1998

PLC-140 04-17-98 Mid-Continent Law Org 915 867 8171 P.08

Commingling Order PLC-140

Marathon Oil Company

April 14, 1998

Page 2

DONE at Santa Fe, New Mexico, on this 14th day of April, 1998.


LORI WROTENBERY,
Division Director

LW/BES kv

cc: Oil Conservation Division - Artesia
State Land Office - Oil & Gas Division
U.S. Bureau of Land Management - Carlsbad



NEW MEXICO ENERGY, MINERALS & NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2640 South Pacheco Street
Santa Fe, New Mexico 87506
(505) 827-7131

AMENDED COMMINGLING ORDER PLC-140

Marathon Oil Company
P.O. Box 552
Midland, Texas 79702-0559

Marathon Oil Company

AUG 13 1998

Attention: Ms. Ginny Larke

INDIAN BASIN ASSOCIATED
MID-CONTINENT REGION

The above named company is hereby authorized to commingle Indian Basin Upper Penn (Associated - 33685) and Indian Basin Upper Penn (Prorated Gas - 79040) Pool production from the following leases:

Lease: Indian Hills Unit (Including Com # NM-071145)
Including: Federal Lease Nos. NM-07260, NM-07260F, NM-30482, LC-064391B
Description: SE/4 SW/4, SW/4 SE/4 of Section 20, SW/4 SW/4 of Section 21, NE/4 SW/4 of Section 28, SE/4 NW/4, N/2 SW/4 of Section 29, and E/2 NE/4, SW/4 SE/4, SE/4 SW/4 of Section 33, and,

Lease: Indian Basin '32' State Lease (State Lease No. V-993-3)
Description: NW/4 SE/4 of Section 32, SW/4 SW/4 of Section 33, 32

All in Township 21 South, Range 24 East, Eddy County, New Mexico.

The production from each pool shall be separately metered prior to commingling. Production shall be allocated to each lease and well by well tests. This method is authorized only so long as all commingled production is of identical ownership including working interest, royalty interest, and overriding royalty interest.

NOTE: The commingled production shall be stored and measured at the facility located in Unit Letter 'P' of Section 19, Township 21 South, Range 24 East.

REMARKS: This installation shall be installed and operated in accordance with the applicable provisions of Rule 303 of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities." It is the responsibility of the producer to notify the transporter of this commingling authority.

FURTHER: The operator shall notify the supervisor of the Artesia district office prior to implementation of the commingling process.

PROVIDING: Validation of this authority shall be accomplished with like approval from the New Mexico Commissioner of Public Lands and the U.S. Bureau of Land Management.

PLC-140
Commingling Order PLC-140
Marathon Oil Company
August 10, 1998
Page 2

DONE at Santa Fe, New Mexico, on this 10th day of August, 1998.



LORI WROTENBERY,
Division Director

LW/BES/kv

cc: Oil Conservation Division - Artesia
State Land Office - Oil & Gas Division
U.S. Bureau of Land Management - Carlsbad

RECEIVED

January 7, 1999

New Mexico Oil Conservation Division
ATTN: Ben Stone
2040 S. Pacheco
Santa Fe, New Mexico 87505

RE: Commingling Order PLC-140

Dear Mr. Stone:

Marathon Oil Company requests that Commingling Order PLC-140 be amended to allow the hydrocarbon production from the Indian Basin "32" State #3 in Section 32, T-21-S, R-24-E, to be commingled with the other Indian Basin "32" State, Indian Hills Unit, and Indian Hills Unit Gas Com wells at the Indian Hills Unit Central Battery located in Unit Letter P of Section 19, T-21-S, R-24-E. The production from the Indian Basin "32" #3, Lease No. V-992-3, will be transported to a separator at the satellite facility as shown on the attached drawings. This well was completed in the Upper Penn recently. The production will be separated at the satellite facility, then the gas and liquids will be sent to the Indian Hills Central Facility for further separation and measurement. PLC-140 authorizes the surface commingling of production from the Indian Basin Upper Penn Associated Pool and the Indian Basin Upper Penn Gas Pool. A copy of this order is attached.

Also attached is a more detailed description of the proposed operation and allocation of production, a map of the area, and flow diagrams of the facilities and equipment involved. All interest owners were notified of the original commingling proposal.

Sincerely,

Ginny Larke
Engineer Technician

vll/wperfect\b323ocd.wpd

Attachments

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

February 17, 1999

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

TO: NOTICE OF THE HEARING OF THE FOLLOWING
NEW MEXICO OIL CONSERVATION DIVISION CASE:

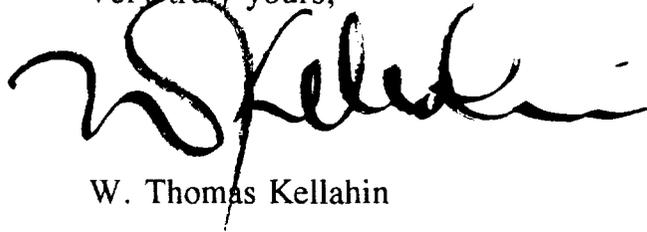
*Re: Application of Marathon Oil Company
for surface commingling, off-lease measurement and storage
Eddy County, New Mexico.*

On behalf of Marathon Oil Company, please find enclosed our a copy of its referenced application. This case has been set for hearing on the New Mexico Oil Conservation Division Examiner's docket now scheduled for March 18, 1999. The hearing will be held at the Division hearing room located at 2040 South Pacheco, Santa Fe, New Mexico.

As party who may be affected by this application, we are notifying you of your right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application. Failure to appear at the hearing may preclude you from any involvement in this case at a later date.

Pursuant to the Division's Memorandum 2-90, you are further notified that if you desire to appear in this case, then you are requested to file a Pre-Hearing Statement with the Division not later than 4:00 PM on Friday, February 26, 1999 with a copy delivered to the undersigned.

Very truly yours,



W. Thomas Kellahin

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Commissioner of Public Lands
 PO Box 1148
 Santa Fe, NM 87504
 Attn: Pete Martinez

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 number.
 the date

I also wish to receive the following services (for an extra fee):
 1. Addressee's Address
 2. Restricted Delivery
 Consult postmaster for fee.

3. Article Addressed to:
 Marathon Oil Company
 Off-lease measurement
 March 18, 1999
 2/16/99

4a. Article Number
 P 378 176 564
 4b. Service Type
 Registered Certified
 Express Mail Insured
 Return Receipt for Merchandise COD
 7. Date of Delivery

5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)
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PS Form 3811, December 1994

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Marathon Oil Company
 Off-lease measurement
 March 18, 1999
 2/16/99

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3. Article Addressed to:
 Bureau of Land Management
 2909 West Second Street
 Roswell, NM
 Attn: Amando Lopez

4a. Article Number
 P 378 176 563
 4b. Service Type
 Registered Certified
 Express Mail Insured
 Return Receipt for Merchandise COD
 7. Date of Delivery
 2-18-99

5. Received By: (Print Name)

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Marathon Oil Company
 Off-lease measurement
 March 18, 1999
 2/16/99

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3. Article Addressed to:
 Santa Fe Energy Res. Inc.
 550 W. Texas Suite 1330
 Midland, TX 79701
 Attn: Steve Smith

4a. Article Number
 P 378 176 565
 4b. Service Type
 Registered Certified
 Express Mail Insured
 Return Receipt for Merchandise COD
 7. Date of Delivery
 2-18-99

5. Received By: (Print Name)
 M. Chase

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)
 X

PS Form 3811, December 1994

102595-97-B-0179

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