



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

September 12, 1994

Oil Conservation Division
State Land Office Building
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

*Rec'd
9-13-94
DOC*

RE: Surface Commingling, off lease storage and measurement of
Hydrocarbon Production for:
- North Indian Basin Unit; Sections 2 & 11, T-21-S, R-23-E
Bone Flats Federal 12; Section 2, T-21-S, R-23-E
MOC Federal; Section 1, T-21-S, R-23-E
Stinking Draw; Section 36, T-20¹/₂-S, R-23-E

Marathon as operator of the aforementioned leases respectfully requests administrative approval for surface commingling, off lease storage and measurement of production for North Indian Basin Unit & Stinking Draw and surface commingling of Moc Federal Bone Flats Federal 12.

It is requested that surface commingling of "Upper Penn." production be approved for the North Indian Basin Unit production from SW/4; N/2 SE/4 & SE/4 SE/4 Sec 2, T-21-S, R-23-E (State lease E-7906-2), SW/4 SE/4 Sec 2 (State lease E-10170-2), and Stinking Draw lot 3, Section 36, T20¹/₂S, R-23-E (State lease K-1877), lots 1,2,4, S/2 S/2 Sec 36 (State lease E-10169).

Marathon proposes to surface commingle Upper Penn production at a central battery after separating and metering fluids through production separators dedicated to the lease. Three phase separators will be utilized to separate and meter oil, water and gas prior to delivering the oil, water and gas to the centralized facility. The attached drawing IHSC 050 0001 illustrates the typical separation equipment and drawing FEDBAT3 illustrates the proposed production battery and flow scheme for liquids processed and gas dehydrated & compressed in this facility.

Marathon has made notification to all parties owning an interest in these leases, including the oil purchaser, of the intent to commingle. Attached as part of this application is a copy of the letter submitted by certified mail to each party, the purchaser, and sundry notice to the BLM.

Marathon Oil Company is respectfully requesting administrative approval of this application for surface commingling. Should you require any additional information concerning this application, please call Jim Pruden at (915) 687-8161. Thank you for your consideration of this request.

Sincerely,

A handwritten signature in cursive script, appearing to read 'R.A. Biernbaum'.

R.A. Biernbaum
Operations Superintendent

CC: NMOCD - District Office
P.O. Box DD
Atresia, NM 88211

**Upper Penn Commingling Application
North Indian Basin Unit, Stinking Draw,
Bone Flats Federal 12 & MOC Federal
South Dagger Draw Field
Eddy County, New Mexico**

Production Facilities - Zone

Wells producing from the same zone will be connected to a production header. Each production header will be equipped with a three-phase production vessel to separate and meter oil, gas and water production.

*Oil production will be metered through a positive displacement meter. The non-resetting counter head will measure fluids in barrels. Taps will be installed to accommodate meter proving. The meter will be installed between the separator and dump valve to maintain a constant head pressure on the meter.

* Water production will be metered utilizing turbine meters. Taps will be installed to accommodate meter proving.

* Gas production will be measured using a six inch gas meter run and three-pen chart recorder (static, differential and temperature).

After separation oil, gas and water will be delivered to the consolidated battery.

Production Facilities - Test facilities

Wells will be periodically tested using a common test vessel. All lease production will be separated and metered in the same manner as described above. However, after metering the fluid will be recombined and returned to the wells respective production vessel for final separation and metering.

Production Facilities - Consolidated battery

Oil production delivered to the consolidated battery will be further processed through a heater treater prior to storage at the tank battery.

Water production from the field will be stored in tankage at the consolidated facility and then pumped into a disposal system.

Gas production delivered to the consolidated facility will be further processed through a dehydrator after compression but prior to delivery to a common trunkline system for further processing at a gas processing plant.

**Upper Penn Commingling Application
North Indian Basin Unit, Stinking Draw,
Bone Flats Federal 12 & MOC Federal
South Dagger Draw Field
Eddy County, New Mexico**

Production Allocation - Lease

OIL

Daily gross production for the consolidated facility will be based on daily oil sales and daily tank gauges.

$$\text{Production} = \text{Oil Sales} + (\text{Tank Gauge Change})$$

Daily oil production will be allocated back to each property based on its daily oil meter readings and the gross daily production.

$$\text{North Indian Basin Unit Production} = \frac{(\text{sum of oil readings from North Indian basin Unit})}{(\text{sum of all oil readings})} \times \text{Gross Consolidated Facility Production}$$

$$\text{Bone Flats Federal 12} = \frac{(\text{sum of oil readings from Bone Flats Federal 12})}{(\text{sum of all oil readings})} \times \text{Gross Consolidated Facility Production}$$

$$\text{MOC Federal} = \frac{(\text{sum of oil readings from Moc Fed})}{(\text{sum of all oil readings})} \times \text{Gross Consolidated Facility Production}$$

$$\text{Stinking Draw} = \frac{(\text{sum of oil readings from Stinking Draw})}{(\text{sum of all oil readings})} \times \text{Gross Consolidated Facility Production}$$

GAS

Monthly production for the consolidated facility based on the six inch gas meter (master meter) located at the discharge of the dehydration unit.

Monthly gas production will be allocated back to each property will be based on its monthly gas meter readings and the gross monthly production.

$$\text{North Indian Basin Unit Production} = \frac{(\text{Monthly gas reading(s) from North Indian basin Unit})}{(\text{Monthly master gas reading})} \times \text{Gross Consolidated Facility Production}$$

$$\text{Bone Flats Federal 12} = \frac{(\text{Monthly gas reading(s) from Bone Flats Federal 12})}{(\text{Monthly master gas reading})} \times \text{Gross Consolidated Facility Production}$$

$$\text{MOC Federal} = \frac{(\text{Monthly gas reading(s) from Moc Fed})}{(\text{Monthly master gas reading})} \times \text{Gross Consolidated Facility Production}$$

$$\text{Stinking Draw} = \frac{(\text{Monthly gas reading(s) from Stinking Draw})}{(\text{Monthly master gas reading})} \times \text{Gross Consolidated Facility Production}$$

Production Allocation - Well

The production attributable to wells within a specific lease which are not individually metered shall be allocated as follows:

$$\text{Well production} = \frac{\text{production well test}}{\text{sum of all production well tests}} \times \text{lease allocated production}$$



**Marathon
Oil Company**

P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

September 12, 1994

New Mexico State Land Office
State Land Office Building
P.O. Box 1148
Santa Fe, New Mexico 87504-1148

Attn: Mr. Pete Martinez

RE: Surface Commingling, off lease storage and measurement of
Hydrocarbon Production for:
North Indian Basin Unit; Sections 2 & 11, T-21-S, R-23-E
Stinking Draw; Section 36, T-20^{1/2}-S, R-23-E

Dear Mr. Martinez,

Per our phone conversation concerning the commingling, off lease storage and measurement of production from state leases K-1877, E-10169-1 & E-10170, please find attached the application fee of thirty dollars and various correspondence detailing out Marathon's intent.

Please expedite your review of this matter.

Sincerely,

R.A. Biernbaum
Operations Superintendent



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

September 6, 1994

Certified Mail
Return Receipt Requested

Mailing list attached

Re: Off-lease Storage

- Marathon lease NM 1832 - State of New Mexico lease K-1877
- State of New Mexico Lease E-10170-2
- State of New Mexico Lease E-7906-2
- Federal Lease NM-05607
- Federal Lease NM-05608
- Federal Lease NM-05607
- Federal Lease NM-051107
- Federal Lease NM-05551
- Federal Lease NM-05551-A
- Federal Lease NM-05551-B
- Federal Lease NM-051107
- Federal Lease NM-0926
- Federal Lease NM-0926-A
- Federal Lease NM-04827-B
- Marathon Lease NM 5722 - Federal Lease NM-04827-B
- Marathon Lease NM 1718 - State of New Mexico Lease K-1877
- State of New Mexico Lease E-10169
- Marathon Lease Nm 5758 - Federal Lease NM-05551-A
- Federal Lease NM-05608
- Federal Lease NM-81677

Sections 1,2,11,12, T21-S, R-23-E
36, T20₁₂-S, R-23-E
Eddy County, New Mexico

Gentlemen:

Marathon Oil Company is proposing off lease metering and storage of production from the North Indian Basin Unit, Stinking Draw, Bone Flats Federal 12 and MOC Federal wells, with all production being metered prior to commingling. Our records indicate that you are an interest owner in one of the subject wells and as such, pursuant to NMOCD rules and regulations, are required to provide your consent to the proposed commingling of production from the separate leases. Marathon believes that the commingling of production will result in economies of scale that will serve to lower operating cost and benefit all interest owners.

Please indicate your approval by signing in the space below and returning one copy of this letter to this office in the enclosed envelope. The second copy is for your files. Your prompt attention to this matter will be greatly appreciated.

Sincerely,,

A handwritten signature in cursive script, appearing to read 'R.A. Biernbaum'.

R.A. Biernbaum

Indian Basin Business Unit Supervisor

Approved this ___ day of _____

JLP
CC: T.M. Price
W.L. Ransbottom

By:
Title:
Company:

Mailing List:

Mildred M. Parker
c/o Texas Commerce Bank Midland N.A.
P.O. Box 200270
Houston, Tx 77216-0270

First Century Oil, Inc.
P.O. Box 1518
Roswell, NM 88202-1518

Hugh E. Hanagan
P.O. Box 329
Roswell, New Mexico 88202-0329

C. John McIntyre
732 Cloyen Road
Palos Verdes Estates, CA 90274-1833

Westway Petro/William E. Read Nominee receiptient
500 N. Akard St. Lock Box 70
Dallas, Tx 75201-3320

Hanagan Properties
P.O. Box 1887
Santa Fe, NM 87504-1887

Robert L. Bergmant and Jacquelin R. Bermant
Revocable Trust, dated 04-20-88
2515 Gaye Drive
Roswell, NM 88201-3424

P&P Producing Inc
P.O. Box 3178
Midland, Tx 79702

Wheatley Trust Agency
First National Bank of Artesia, Agent
P.O. Drawer AA
Artesia, NM 88211-7526

John W. Gates & Jean M. Gates
Revocable Trust
706 West Grand
Artesia, NM 88210-1935

William H. Stromberg Trust
William H. Stromberg Trustee
P.O. Box 1412
Ardmore, OK 73402-1412

Mary Love Stromberg Trust
Mary Love Stromberg Trustee
P.O. Box 1412
Ardmore, OK 73402-1412

The Hill Foundation
The First Natl Bank of Denver
Attn: Trust Minerals 023
P.O. Box 5825 Terminal Annex
Denver, CO 80217-5825

Wallace S. Gates
611 South Roselawn
Artesia, NM 88210-2407

Robert B. Gates
4943 Rustic Trail
Midland, TX 79707-1420

Helen Gates Maxwell
218 Aldersgate Circle. Givens Ests
Asheville, NC 28803-2044

Virginia Gates Irish
7450 Olivetos Ave., Apt 154
La Jolla, CA 92037

Sara S. Jones
1203 Vernon Rd
Ardmore, Ok 73401-3653

William G. McCoy Tr of Est of B.L. McCoy
Dep. Acct #0-68953
7524 Kachina Loop
Santa Fe, NM 87505-8425

Sarann Company
P.O. Box 2208
Ardmore, OK 73402-2208

Ann H. Stromberg
274 San Luis Place
Claremont, CA 91711-1746

NCNB Texas National Bank
Escrow Agent - Sabine Royalty Trust Department
P.O. Box 0887
Dallas, Tx 75284-0887

T C & June B Stromberg RevTr7/10/80
T C & June B Stromberg, Trustees
P.O. Box 2208
Ardmore, OK 73402-2208

Jon Stromberg
2938 Maples Springs
Dallas, TX 75235-8319

Mary Adele Stromberg Perry
72 Dalmore
Hillsboro, Tx 76645

Yates Petroleum Company
Yates Drilling Company
Abo Petroleum Corporation
Myco Industries, Inc.
105 S. Fourth Street
Artesia, Nm 88210

Joel J. Stark
521 N. Woodrow
Bartlesville, OK 74003

W.B. Stark
Route 16 - Box 915
Lubbock, Tx 79401

L.M. Stark
305 Frontera
Borger, TX 79007

Jack D. Stark
Route 1 - Box 15A
Fitzhugh, OK 74843

David L. Stark
3113 Balsam
Lake Jackson, Tx 77561

Edith Bivins
515 6th Ave., N.
Caldwell, Idaho 83605

Mary Lou Gibbs
4115 E. Zion
Tulsa, Ok 74115

Michael Ray Stark
2001 Wedgewood
Fort Smith, AR 72903

Deborah Ann Stark Wortham
Route 2 Box C W 411
Tuttle, OK 73089

Karen K Stark
2412 Southeast 59th
Oklahoma City, OK 73129

Mary Jane Stark Henderson
347 Hillside Circle
Burleson, TX 76028

Ray Hobbs
1312 Alpha
Carlsbad, NM

Leslie Riggs Mills, Trustee
Riggs-Mills Irrevocable Family Trust 12/31/92
P.O. Box 116
Carlsbad, NM 88220

Eddy Potash Company
Formerly known as "Potash Company of America"
P.O. Box 31
Carlsbad, NM 88221

Willis Royalty Company
P.O. Box 1658
Carlsbad, NM 88221



**Marathon
Oil Company**

P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

September 9, 1994

Certified Mail
Return Receipt Requested

Scurlock-Permian
P.O. Box 3119
Midland, Tx 79702

Attn: Les Harding

Re: Off-lease Storage

Marathon lease NM 1832 - State of New Mexico lease K-1877

- State of New Mexico Lease E-10170-2
- State of New Mexico Lease E-7906-2
- Federal Lease NM-05607
- Federal Lease NM-05608
- Federal Lease NM-05607
- Federal Lease NM-051107
- Federal Lease NM-05551
- Federal Lease NM-05551-A
- Federal Lease NM-05551-B
- Federal Lease NM-051107
- Federal Lease NM-0926
- Federal Lease NM-0926-A
- Federal Lease NM-04827-B

Marathon Lease NM 5722 - Federal Lease NM-04827-B

Marathon Lease NM 1718 - State of New Mexico Lease K-1877

- State of New Mexico Lease E-10169

Marathon Lease Nm 5758 - Federal Lease NM-05551-A

- Federal Lease NM-05608
- Federal Lease NM-81677

Sections 1,2,11,12, T21-S, R-23-E

36, T20_{1/2}-S, R-23-E

Eddy County, New Mexico

Gentlemen:

Marathon Oil Company is proposing off lease metering and storage of production from the North Indian Basin Unit, Stinking Draw, Bone Flats Federal 12 and MOC Federal wells, with all production being metered prior to commingling. Our records indicate that you are the purchaser of oil from the subject leases; pursuant to Rule 309-A, as set forth by the New Mexico Oil Conversation Division, Marathon Oil Company respectfully request Scurlock-Permian's approval to utilize automatic custody transfer (A.C.T.) equipment for the above referenced properties.

Please indicate your approval by signing in the space below and returning one copy of this letter to this office in the enclosed envelope. The second copy is for your files. Your prompt attention to this matter will be greatly appreciated.

Sincerely,

R.A. Biernbaum

Indian Basin Business Unit Supervisor

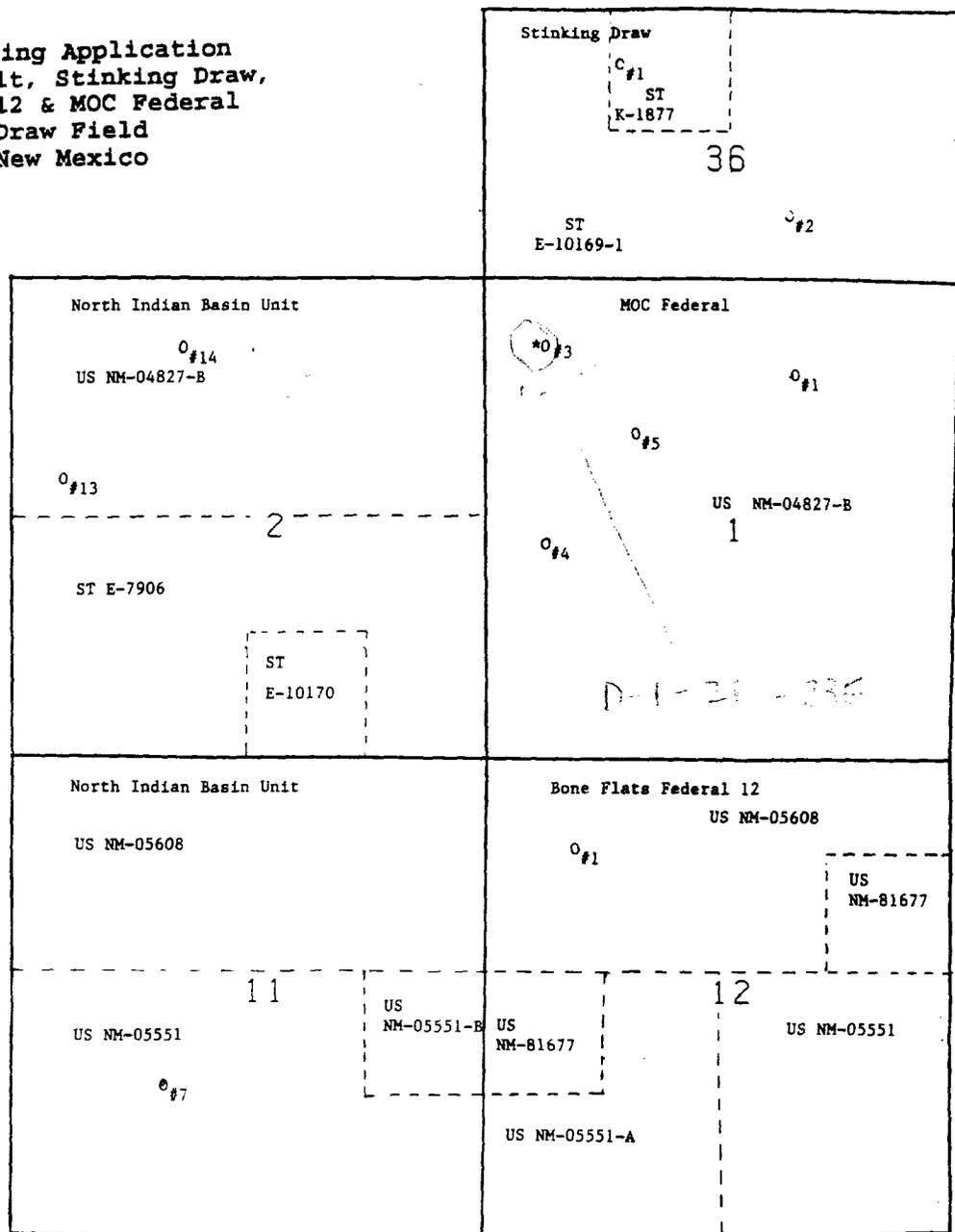
Approved this ___ day of _____

JLP
CC: T.M. Price
W.L. Ransbottom

By: _____
Title:
Company:

Upper Penn Commingling Application
 North Indian Basin Unit, Stinking Draw,
 Bone Flats Federal 12 & MOC Federal
 South Dagger Draw Field
 Eddy County, New Mexico

2012/5



* - Tank Battery Location (Facility Schematic Attached)

ILLEGIBLE

Marathon Federal # 1
 990 FNL & 1855 FEL
 Section 1, T-21-S, R-23-E

Marathon Federal # 3
 760 FNL & 660 FWL
 Section 1, T-21-S, R-23-E

Marathon Federal # 4
 (Anticipated well)
 1980 FSL & 660 FWL
 Section 1, T-21-S, R-23-E

Marathon Federal # 5
 (Anticipated well)
 1650 FNL & 1650 FSL
 SECTION 1, T-21-S, R-23-E

Bone Flats Federal 12
 990 FNL & 990 FWL
 Section 12, T-21-S, R-23E

All the wells are (will be)
 Upper Penn producers.

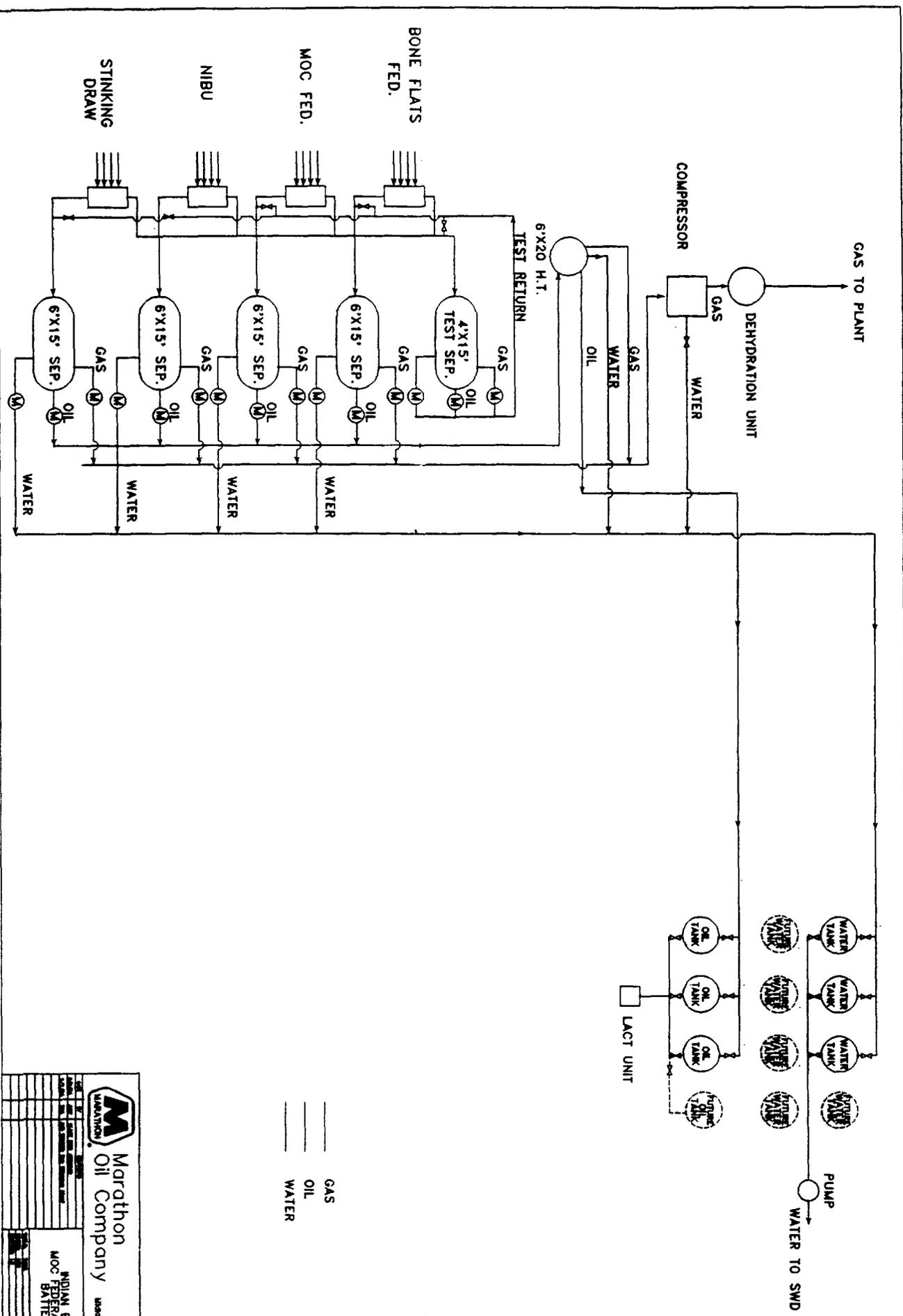
North Indian Basin Unit # 7
 1650 FSL & 1650 FWL
 Section 11, T-21-S, R-23-E

North Indian Basin Unit #13
 (Anticipated well)
 2050 FNL & 660 FEL
 Section 2, T-21-S, R-23-E

North Indian Basin Unit #14
 (Anticipated well)
 2310 FEL & 660 FNL
 Section 2, T-21-S, R-23-E

Stinking Draw # 1
 660 FNL & 1650 FEL
 Section 36, T20 1/2-S, R-23-E

Stinking Draw # 2
 660 FSL & 1980 FWL
 Section 36, T20 1/2-S, R-23-E



GAS
 OIL
 WATER


Marathon Oil Company
 INDIAN BASIN
 MOC FEDERAL NO. 3
 BATTERY
 FEDERAL

CTB-897

Form 3160-5
(June 1990)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NM OIL CONS COMMISSION

Drawer DD

Artesia, NM

FORM APPROVED

Budget Bureau No. 1004-0135

Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.

Use "APPLICATION FOR PERMIT - " for such proposals

5. Lease Designation and Serial No.
NM-04827-B, NM-05608
NM-05608, NM-05551, NM-05552

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

SUBMIT IN TRIPLICATE

1. Type of Well

RECEIVED

Oil Well Gas Well Other

2. Name of Operator

Marathon Oil Company

OCT 11 1994

3. Address and Telephone No.

P.O. Box 552, Midland, TX 79702

D. C. O.

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

ARTESIA, OFFICE

Battery Location

lot 4, T-21-S, R-23-E

8. Well Name and No. MOC Federal
Bone Flats Federal 12
North Indian Basin Unit

9. API Well No.

10. Field and Pool, or exploratory Area

11. County or Parish, State

Eddy County, New Mexico

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

TYPE OF SUBMISSION

TYPE OF ACTION

Notice of Intent

Subsequent Report

Final Abandonment Notice

Abandonment

Recompletion

Plugging Back

Casing Repair

Altering Casing

Other Install L.A.C.T. Unit

Surface comingling, off lease storage and measurement

Change of Plans

New Construction

Non-Routine Fracturing

Water Shut-Off

Conversion to Injection

Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Marathon Oil Company respectfully request permission, concerning the above reference lease to utilize automatic custody transfer equipment for the disposition of oil produced from these leases. Installation, operation and maintenance will be in accordance with Federal Standard 43 CFR Part 3160, "Onshore Oil and Gas Order No. 4"

14. I hereby certify that the foregoing is true and correct

Signed

[Signature]

Title

Date

9/9/94

(This space for Federal or State office use)

Approved by

[Signature]

Title

PETROLEUM ENGINEER

Date

10/5/94

Conditions of approval, if any:

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.

* See instruction on Reverse Side

B

CRA BLM FORMAT

APPLICATION FOR SURFACE COMMINGLING
OFF LEASE STORAGE AND MEASUREMENT APPROVAL

This format should be attached to a Sundry Notice

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

Marathon Oil Company (Operator's Name) is requesting approval for surface commingling and off-lease storage and measurement of hydrocarbon production from the following formation(s) and well(s) on Federal Lease No 04827-B; Lease Name: MOC Federal

<u>Well NO.</u>	<u>LOC</u>	<u>SEC</u>	<u>TWP</u>	<u>RNG</u>	<u>Formation</u>
1	990 FNL & 1855 FEL	1	21-S	23-E	Upper Penn
3	760 FNL & 660 FWL	1	21-S	23-E	Upper Penn
4*	1980 FSL & 660 FWL	1	21-S	23-E	Upper Penn
5*	1650 FNL & 1650 FSL	1	21-S	23-E	Upper Penn

* - anticipated well

with hydrocarbon production from the following formation(s) and Well(s) on Federal Lease No. 04827-B; Lease Name North Indian Basin Unit

<u>Well NO.</u>	<u>LOC</u>	<u>SEC</u>	<u>TWP</u>	<u>RNG</u>	<u>Formation</u>
7	1650 FSL & 1650 FWL	11	21-S	23-E	Upper Penn
13*	2050 FNL & 660 FEL	2	21-S	23-E	Upper Penn
14*	2310 FEL & 660 FNL	2	21-S	23-E	Upper Penn

* - anticipated well

With hydrocarbon production from the following formation(s) and Well(s) on Federal Lease(s) No. 05608 & 05551-A, 05551, 81677; Lease Name Bone Flats Federal 12

<u>Well NO.</u>	<u>LOC</u>	<u>SEC</u>	<u>TWP</u>	<u>RNG</u>	<u>Formation</u>
1	990FNL & 990 FWL	12	21-S	23-E	Upper Penn

Production from the wells is as follows:

<u>Well Name and No.</u>	<u>BOPD</u>	<u>Oil Graviy</u>	<u>MCFPD</u>
MOC Federal # 1	2	60	2309
MOC Federal # 3	30	42	426
North Indian Basin Unit # 7	73	43	79
Bone Flats Federal 12 # 1	224	43.5	433

Continued ...

Continued:

The proposed operation is described in detail on the attached diagrams.

A map is enclosed showing the lease numbers and locations of all leases and wells that will contribute production to the proposed commingling/common storage facility. All unitized/ communitized areas, 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 is located at NW/4, Section 1, T-21-S, R-23-E on lease 04827-B, Eddy County, New Mexico. BLM will be notified if there is any change in the facility location.

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

North Indian Basin Unit Production = $\frac{\text{(sum of oil readings from North Indian basin Unit)}}{\text{(sum of all oil readings)}} \times \text{Gross Consolidated Facility Production}$

Bone Flats Federal 12 = $\frac{\text{(sum of oil readings from Bone Flats Federal 12)}}{\text{(sum of all oil readings)}} \times \text{Gross Consolidated Facility Production}$

MOC Federal = $\frac{\text{(sum of oil readings from Moc Fed)}}{\text{(sum of all oil readings)}} \times \text{Gross Consolidated Facility Production}$

Stinking Draw = $\frac{\text{(sum of oil readings from Moc Fed)}}{\text{(sum of all oil readings)}} \times \text{Gross Consolidated Facility Production}$

The working interest owners have been notified of the 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 leases.

We understand that the requested approval will not constitute the granting of any right-of-way or construction rights not granted by the 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 require additional commingling approvals.

Signature:



Name: R.A. Biernbaum
Title: Operations Superintendent
Date: September 9, 1994

CRA BLM FORMAT

APPLICATION FOR SURFACE COMINGLING
OFF LEASE STORAGE AND MEASUREMENT APPROVAL

This format should be attached to a Sundry Notice

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

Marathon Oil Company (Operator's Name) is requesting approval for surface comingling and off-lease storage and measurement of hydrocarbon production from the following formation(s) and well(s) on Federal Lease No 04827-B; Lease Name: MOC Federal

<u>WELL NO.</u>	<u>LOC</u>	<u>SEC</u>	<u>TWP</u>	<u>RNG</u>	<u>Formation</u>
1	990 FNL & 1855 FEL	1	21-S	23-E	Upper Penn
3	760 FNL & 660 FWL	1	21-S	23-E	Upper Penn

with hydrocarbon production from the following formation(s) and Well(s) on Federal Unit Lease No. 04827-B & 05551; Lease Name North Indian Basin Unit

<u>WELL NO.</u>	<u>LOC</u>	<u>SEC</u>	<u>TWP</u>	<u>RNG</u>	<u>Formation</u>
7	1650 FSL & 1650 FWL	11	21-S	23-E	Upper Penn
13	2050 FNL & 660 FEL	2	21-S	23-E	Upper Penn

With hydrocarbon production from the following formation(s) and Well(s) on Federal Lease(s) No. 05608 & 05551-A, 05551, 81677; Lease Name Bone Flats Federal 12

<u>WELL NO.</u>	<u>LOC</u>	<u>SEC</u>	<u>TWP</u>	<u>RNG</u>	<u>Formation</u>
1	990FNL & 990 PWL	12	21-S	23-E	Upper Penn

Production from the wells is as follows:

<u>Well Name and No.</u>	<u>BOPD</u>	<u>Oil Graviy</u>	<u>MCFPD</u>
MOC Federal # 1	2	60	2309
MOC Federal # 3	30	42	426
North Indian Basin Unit # 7	73	43	79
North Indian Basin Unit # 13	10	50	3060
Bone Flats Federal 12 # 1	224	43.5	433

Continued ...

Continued:

The proposed operation is described in detail on the attached diagrams.

A map is enclosed showing the lease numbers and locations of all leases and wells that will contribute production to the proposed commingling/common storage facility. All unitized/ communitized areas, 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 is located at NW/4, Section 1, T-21-S, R-23-E on lease 04827-B, Eddy County, New Mexico. BLM will be notified if there is any change in the facility location.

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

North Indian Basin Unit Production = $\frac{\text{(sum of oil readings from North Indian basin Unit)}}{\text{(sum of all oil readings)}} \times \text{Gross Consolidated Facility Production}$

Bone Flats Federal 12 = $\frac{\text{(sum of oil readings from Bone Flats Federal 12)}}{\text{(sum of all oil readings)}} \times \text{Gross Consolidated Facility Production}$

MOC Federal = $\frac{\text{(sum of oil readings from Moc Fed)}}{\text{(sum of all oil readings)}} \times \text{Gross Consolidated Facility Production}$

Stinking Draw = $\frac{\text{(sum of oil readings from Stinking Draw)}}{\text{(sum of all oil readings)}} \times \text{Gross Consolidated Facility Production}$

The working interest owners have been notified of the proposal.

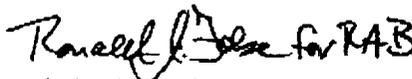
The proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production.

The proposed commingling is necessary for continued operation of the above referenced Federal leases.

We understand that the requested approval will not constitute the granting of any right-of-way or construction rights not granted by the 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 require additional commingling approvals.

Signature:



Name: R.A. Biernbaum
Title: Operations Superintendent
Date: October 4, 1994



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

September 6, 1994

Certified Mail
Return Receipt Requested

Mailing list attached

Re: Off-lease Storage

- Marathon lease NM 1832 - State of New Mexico lease K-1877
- State of New Mexico Lease E-10170-2
- State of New Mexico Lease E-7906-2
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- Marathon Lease NM 1718 - State of New Mexico Lease K-1877
- State of New Mexico Lease E-10169
- Marathon Lease Nm 5758 - Federal Lease NM-05551-A
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Sections 1,2,11,12, T21-S, R-23-E
36, T20_{1/2}-S, R-23-E

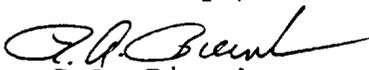
Eddy County, New Mexico

Gentlemen:

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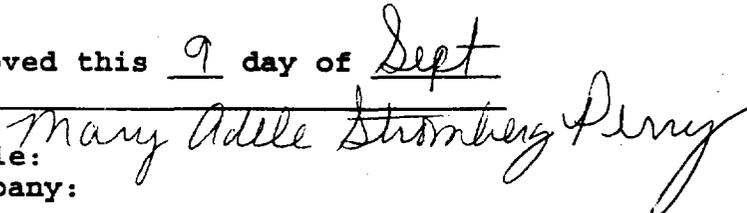
Sincerely,,


R.A. Biernbaum

Indian Basin Business Unit Supervisor

JLP
CC: T.M. Price
W.L. Ransbottom

Approved this 9 day of Sept

By: 
Title:
Company:



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

September 6, 1994

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Eddy County, New Mexico

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Sincerely,

Handwritten signature of R.A. Biernbaum in cursive.

R.A. Biernbaum
Indian Basin Business Unit Supervisor

Approved this 12 day of Sept

Handwritten signature of Jark Stark in cursive.
By: _____
Title:
Company:

JLP
CC: T.M. Price
W.L. Ransbottom



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

September 6, 1994

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Eddy County, New Mexico

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Sincerely,,

R.A. Biernbaum

Indian Basin Business Unit Supervisor

JLP
CC: T.M. Price
W.L. Ransbottom

Approved this 9 day of September 1994

By:
Title:
Company:



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

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Eddy County, New Mexico

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Sincerely,,

A handwritten signature in cursive script, appearing to read 'R.A. Biernbaum'.

R.A. Biernbaum

Indian Basin Business Unit Supervisor

Approved this 9th day of September

JLP
CC: T.M. Price
W.L. Ransbottom

By: A handwritten signature in cursive script, appearing to read 'Hugh E. Hays'.
Title:
Company:



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

September 6, 1994

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Sincerely,,

R.A. Biernbaum

Indian Basin Business Unit Supervisor

JLP
CC: T.M. Price
W.L. Ransbottom

Approved this 12 day of Sept 94

By: _____
Title:
Company:



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

September 6, 1994

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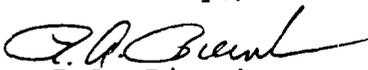
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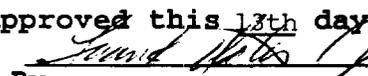
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Sincerely,


R.A. Biernbaum

Indian Basin Business Unit Supervisor

Approved this 13th day of Sept., 1994


BY: Frank Yates, Jr.
Title: Attorney-in-Fact
Company: Myco Industries, Inc.

JLP
CC: T.M. Price
W.L. Ransbottom



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

September 6, 1994

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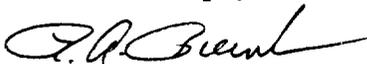
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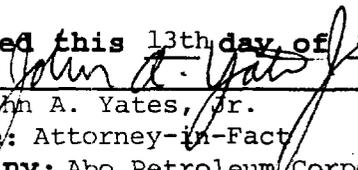
Sincerely,


R.A. Biernbaum

Indian Basin Business Unit Supervisor

JLP
CC: T.M. Price
W.L. Ransbottom

Approved this 13th day of Sept., 1994


By: John A. Yates, Jr.
Title: Attorney-in-Fact
Company: Abo Petroleum Corporation



**Marathon
Oil Company**

P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

September 6, 1994

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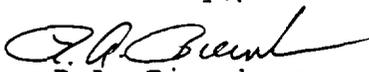
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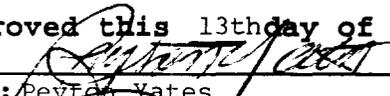
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Sincerely,,


R.A. Biernbaum

Indian Basin Business Unit Supervisor

Approved this 13th day of Sept., 1994


By: Peyton Yates
Title: Attorney-in-Fact
Company: Yates Drilling Company

JLP
CC: T.M. Price
W.L. Ransbottom



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

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Eddy County, New Mexico

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R.A. Biernbaum

Indian Basin Business Unit Supervisor

JLP
CC: T.M. Price
W.L. Ransbottom

Approved this 13th day of Sept., 1994

A handwritten signature in cursive script, appearing to read 'Peyton Yates'.

By: Peyton Yates

Title: Attorney-in-Fact

Company: Yates Petroleum Corporation



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

September 6, 1994

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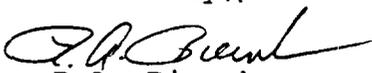
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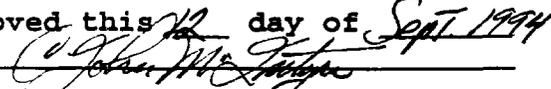
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Sincerely,


R.A. Biernbaum

Indian Basin Business Unit Supervisor

JLP
CC: T.M. Price
W.L. Ransbottom

Approved this 12 day of SEPT 1994

By: _____
Title: OWNER
Company: _____



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

September 6, 1994

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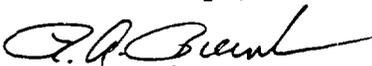
Eddy County, New Mexico

Gentlemen:

Marathon Oil Company is proposing off lease metering and storage of production from the North Indian Basin Unit, Stinking Draw, Bone Flats Federal 12 and MOC Federal wells, with all production being metered prior to commingling. Our records indicate that you are an interest owner in one of the subject wells and as such, pursuant to NMOCD rules and regulations, are required to provide your consent to the proposed commingling of production from the separate leases. Marathon believes that the commingling of production will result in economies of scale that will serve to lower operating cost and benefit all interest owners.

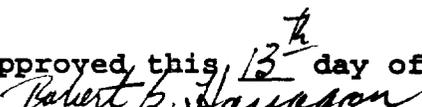
Please indicate your approval by signing in the space below and returning one copy of this letter to this office in the enclosed envelope. The second copy is for your files. Your prompt attention to this matter will be greatly appreciated.

Sincerely,


R.A. Biernbaum

Indian Basin Business Unit Supervisor

JLP
CC: T.M. Price
W.L. Ransbottom

Approved this 13th day of September, 1994

By: ROBERT G. HANAGAN
Title: PARTNER
Company: HANAGAN PROPERTIES



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

September 6, 1994

Certified Mail
Return Receipt Requested

Mailing list attached

Re: Off-lease Storage

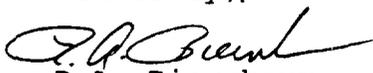
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- State of New Mexico Lease E-10169
- Marathon Lease Nm 5758 - Federal Lease NM-05551-A
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- Sections 1,2,11,12, T21-S, R-23-E
- 36, T20_{1/2}-S, R-23-E
- Eddy County, New Mexico

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Sincerely,,


R.A. Biernbaum

Indian Basin Business Unit Supervisor

JLP
CC: T.M. Price
W.L. Ransbottom

Approved this 11 day of September
May Lee Stranberg
By:
Title:
Company:



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

September 6, 1994

Certified Mail
Return Receipt Requested

Mailing list attached

Re: Off-lease Storage

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Sincerely,,

Handwritten signature of R.A. Biernbaum in cursive.
R.A. Biernbaum

Indian Basin Business Unit Supervisor

JLP
CC: T.M. Price
W.L. Ransbottom

Approved this 11 day of September
William H. Stumpey
By:
Title:
Company:



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

September 6, 1994

Certified Mail
Return Receipt Requested

Mailing list attached

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Sections 1,2,11,12, T21-S, R-23-E

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Eddy County, New Mexico

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Sincerely,,

Handwritten signature of R.A. Biernbaum in cursive.

R.A. Biernbaum

Indian Basin Business Unit Supervisor

JLP
CC: T.M. Price
W.L. Ransbottom

Approved this 15th day of Sept

Handwritten signature of Susan F. Johnson in cursive.
By: FNB ARTESIA FOR WHEATLEY TRUST AGENCY
Title: SR. VP
Company:



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

September 6, 1994

Certified Mail
Return Receipt Requested

Mailing list attached

Re: Off-lease Storage

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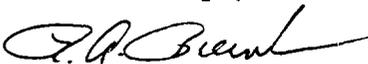
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Eddy County, New Mexico

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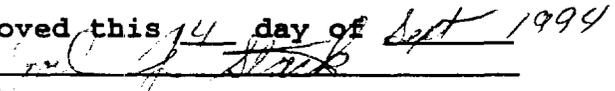
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Sincerely,


R.A. Biernbaum

Indian Basin Business Unit Supervisor

JLP
CC: T.M. Price
W.L. Ransbottom

Approved this 14 day of Sept 1994

By:
Title:
Company:



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

September 6, 1994

Certified Mail
Return Receipt Requested

Mailing list attached

Re: Off-lease Storage

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36, T20₁₂-S, R-23-E
Eddy County, New Mexico

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Sincerely,,


R.A. Biernbaum

Indian Basin Business Unit Supervisor

Approved this 15 day of Sept.
E. M. Starks

JLP
CC: T.M. Price
W.L. Ransbottom

By:
Title:
Company:



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

September 6, 1994

Mailing list attached

ONE WAS NOT ATTACHED.
WOULD LIKE TO HAVE ONE WHEN ITS CONVENIENT.

Certified Mail
Return Receipt Requested

Re: Off-lease Storage

TNR:

- Marathon lease NM 1832 - State of New Mexico lease K-1877
- State of New Mexico Lease E-10170-2
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Eddy County, New Mexico

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Sincerely,,

R.A. Biernbaum

Indian Basin Business Unit Supervisor

JLP
CC: T.M. Price
W.L. Ransbottom

Approved this 14 day of Sept, '94
Mary Lou Gibbs
By:
Title:
Company:



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

September 6, 1994

Certified Mail
Return Receipt Requested

Mailing list attached

Re: Off-lease Storage

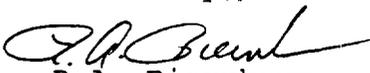
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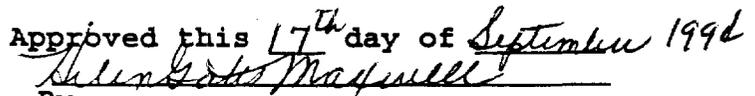
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Sincerely,


R.A. Biernbaum

Indian Basin Business Unit Supervisor

JLP
CC: T.M. Price
W.L. Ransbottom

Approved this 17th day of September 1994

By:
Title:
Company:



**Marathon
Oil Company**

P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

September 6, 1994

Certified Mail
Return Receipt Requested

Mailing list attached

Re: Off-lease Storage

- Marathon lease NM 1832 - State of New Mexico lease K-1877
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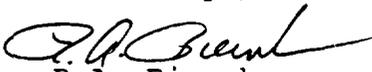
Eddy County, New Mexico

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Sincerely,,


R.A. Biernbaum

Indian Basin Business Unit Supervisor

JLP
CC: T.M. Price
W.L. Ransbottom

Approved this 21 day of Sept. 1994
Virginia Latta Jetch
By:
Title:
Company:



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

September 6, 1994

Certified Mail
Return Receipt Requested

Mailing list attached

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Eddy County, New Mexico

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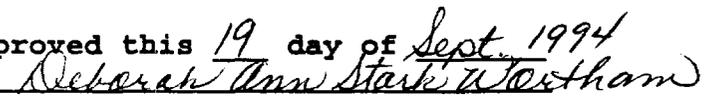
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Sincerely,


R.A. Biernbaum

Indian Basin Business Unit Supervisor

JLP
CC: T.M. Price
W.L. Ransbottom

Approved this 19 day of Sept. 1994

By:
Title:
Company:



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

September 6, 1994

Certified Mail
Return Receipt Requested

Mailing list attached

Re: Off-lease Storage

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Sincerely,,

R.A. Biernbaum

Indian Basin Business Unit Supervisor

JLP
CC: T.M. Price
W.L. Ransbottom

Approved this 17 day of Sept. 1994

By: Kevin Riggs Mills
Title: Trustee
Company: Riggs-Mills-Orw. Family Trust

note change -> Box 230430
Anchorage, AK.
99523-0430



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

September 6, 1994

Certified Mail
Return Receipt Requested

Mailing list attached

Re: Off-lease Storage

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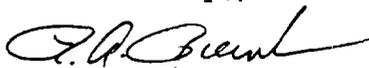
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Eddy County, New Mexico

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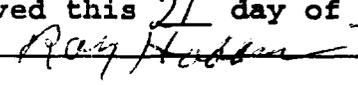
Sincerely,,


R.A. Biernbaum

Indian Basin Business Unit Supervisor

JLP
CC: T.M. Price
W.L. Ransbottom

Approved this 21 day of SEPT 1994

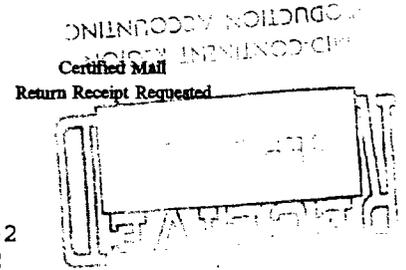

By: _____
Title:
Company:



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

September 6, 1994

Mailing list attached



Re: Off-lease Storage

- Marathon lease NM 1832 - State of New Mexico lease K-1877
- State of New Mexico Lease E-10170-2
- State of New Mexico Lease E-7906-2
- Federal Lease NM-05607
- Federal Lease NM-05608
- Federal Lease NM-05607
- Federal Lease NM-051107
- Federal Lease NM-05551
- Federal Lease NM-05551-A
- Federal Lease NM-05551-B
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- Federal Lease NM-0926
- Federal Lease NM-0926-A
- Federal Lease NM-04827-B
- Marathon Lease NM 5722 - Federal Lease NM-04827-B
- Marathon Lease NM 1718 - State of New Mexico Lease K-1877
- State of New Mexico Lease E-10169
- Marathon Lease Nm 5758 - Federal Lease NM-05551-A
- Federal Lease NM-05608
- Federal Lease NM-81677

Sections 1,2,11,12, T21-S, R-23-E
36, T20_{1/2}-S, R-23-E
Eddy County, New Mexico

Gentlemen:

Marathon Oil Company is proposing off lease metering and storage of production from the North Indian Basin Unit, Stinking Draw, Bone Flats Federal 12 and MOC Federal wells, with all production being metered prior to commingling. Our records indicate that you are an interest owner in one of the subject wells and as such, pursuant to NMOCD rules and regulations, are required to provide your consent to the proposed commingling of production from the separate leases. Marathon believes that the commingling of production will result in economies of scale that will serve to lower operating cost and benefit all interest owners.

Please indicate your approval by signing in the space below and returning one copy of this letter to this office in the enclosed envelope. The second copy is for your files. Your prompt attention to this matter will be greatly appreciated.

Sincerely,,

R.A. Biernbaum

Indian Basin Business Unit Supervisor

Approved this 17 day of SEPTEMBER

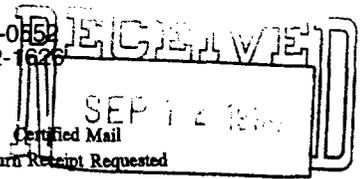
JLP
CC: T.M. Price
W.L. Ransbottom

By:
Title:
Company:



OUR COPY

P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626



September 6, 1994

Mailing list attached

Re: Off-lease Storage

MID-CONTINENT REGION
PRODUCTION ACCOUNTING

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Sincerely,

R.A. Biernbaum
R.A. Biernbaum

Indian Basin Business Unit Supervisor

Approved this ___ day of _____

JLP
CC: T.M. Price
W.L. Ransbottom

By:
Title:
Company:

*Other copy signed & returned
9/8/94*



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

September 6, 1994

Certified Mail
Return Receipt Requested

Mailing list attached

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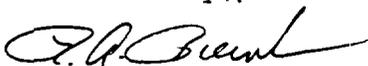
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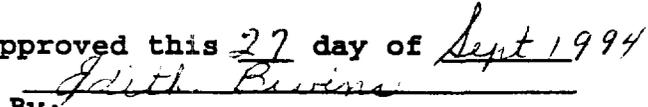
Sincerely,,


R.A. Biernbaum

Indian Basin Business Unit Supervisor

JLP
CC: T.M. Price
W.L. Ransbottom

Approved this 27 day of Sept 1994


By: _____
Title:
Company:



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

September 6, 1994

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Return Receipt Requested

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Eddy County, New Mexico

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Sincerely,

R.A. Biernbaum

Indian Basin Business Unit Supervisor

*Executed subject to there being no charges, costs or fees charged for storage to the interest owners signing hereto.

Approved this 27th day of Sept-
ember 1994
By:
Title: T.C. Stromberg June B. Stromberg
Company: Trustee Trustee

JLP
CC: T.M. Price
W.L. Ransbottom



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

September 6, 1994

Certified Mail
Return Receipt Requested

Mailing list attached

Re: Off-lease Storage

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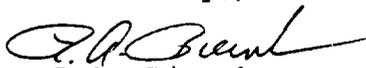
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Eddy County, New Mexico

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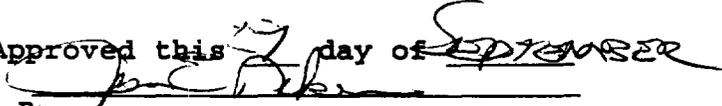
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Sincerely,,


R.A. Biernbaum

Indian Basin Business Unit Supervisor

JLP
CC: T.M. Price
W.L. Ransbottom

Approved this 7 day of SEPTEMBER

By: _____
Title: EXECUTIVE V.P.
Company: EDDY POTASK



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

September 6, 1994

Certified Mail
Return Receipt Requested

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Eddy County, New Mexico

RECEIVED SEP 14 1994

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Sincerely,,

R.A. Biernbaum

Indian Basin Business Unit Supervisor

ILP
CC: T.M. Price
W.L. Ransbottom

Approved this 26th day of Sept. 1994

By: William E. Road
Title: Managing Venturer
Company: WESTWAY PETRO



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

September 6, 1994

Certified Mail
Return Receipt Requested

Mailing list attached

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Eddy County, New Mexico

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Sincerely,,

Handwritten signature of R.A. Biernbaum in cursive.
R.A. Biernbaum

Indian Basin Business Unit Supervisor

JLP
CC: T.M. Price
W.L. Ransbottom

Approved this 15 day of SEPT., 1994

By:
Title:
Company:

Handwritten signature of Robert B. Hates in cursive.
4943 Rustic Trail
MIDLAND, TEX. 79707



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

September 6, 1994

Certified Mail
Return Receipt Requested

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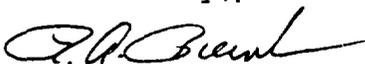
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Sincerely,,


R.A. Biernbaum

Indian Basin Business Unit Supervisor

JLP
CC: T.M. Price
W.L. Ransbottom

Approved this 14 day of SEPT
M.A. Smith
By: _____
Title: OWNER
Company: _____



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

September 6, 1994

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RECEIVED
SEP 12 1994
MIDLAND, TX

Sections 1,2,11,12, T21-S, R-23-E
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Eddy County, New Mexico

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R.A. Biernbaum

Indian Basin Business Unit Supervisor

JLP
CC: T.M. Price
W.L. Ransbottom

Approved this 16 day of

September 1994
By:
Title: MARK C. EDWARDS
Company: VICE PRESIDENT AND TRUST OFFICER.

Mailing List:

Mildred M. Parker

c/o Texas Commerce Bank Midland N.A.
P.O. Box 200270
Houston, Tx 77216-0270

First Century Oil, Inc.

P.O. Box 1518
Roswell, NM 88202-1518

Hugh E. Hanagan

P.O. Box 329
Roswell, New Mexico 88202-0329

C. John McIntyre

732 Cloyen Road
Palos Verdes Estates, CA 90274-1833

Westway Petro/William E. Read Nominee receiptient

500 N. Akard St. Lock Box 70
Dallas, Tx 75201-3320

Hanagan Properties

P.O. Box 1887
Santa Fe, NM 87504-1887

Robert L. Bergmant and Jacquelin R. Bermant

Revocable Trust, dated 04-20-88
2515 Gaye Drive
Roswell, NM 88201-3424

P&P Producing Inc

P.O. Box 3178
Midland, Tx 79701

Wheatley Trust Agency

First National Bank of Artesia, Agent
P.O. Drawer AA
Artesia, NM 88211-7526

John W. Gates & Jean M. Gates

Revocable Trust
706 West Grand
Artesia, NM 88210-1935



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

September 6, 1994

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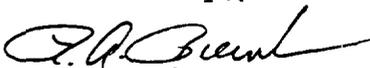
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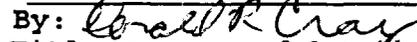
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R.A. Biernbaum

Indian Basin Business Unit Supervisor

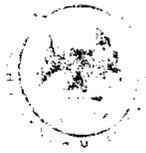
Approved this 21st day of September, 1994

JLP
CC: T.M. Price
W.L. Ransbottom

By: 
Title: Manager of Outside Operated Properties
Company:

Parker & Parsley Development Company on behalf
of P&P Producing, Inc.

C1B 397



State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL P.O. BOX 1148

SANTA FE, NEW MEXICO 87504-1148

(505) 827-5760
FAX (505) 827-5766

RAY POWELL, M.S., D.V.M.
COMMISSIONER

September 26, 1994

Marathon Oil Company
P. O. Box 552
Midland, Texas 79702-0552

Attn: Mr. Robert A. Biernbaum

Re: Application for Surface Commingling and
Off Lease Storage
North Indian Basin Unit; Sections 2 & 11, T-21-S, R-23-E
Stinking Draw Unit; Section 36, T-20 1/2-S, R-23-E
K-1877, E-10169 & E-10170
Eddy County, New Mexico

Dear Mr. Biernbaum:

This office is in receipt of your letter of September 12, 1994, wherein you have requested our approval for surface commingling, off lease storage and measurement of the Upper Penn production for the North Indian Basin Unit, Stinking Draw, Moc Federal and Bone Flats Federal 12 wells.

According to your application, it is our understanding that three phase separators will be utilized to separate and meter oil, water and gas prior to delivering the oil, water and gas to the centralized facility.

Since it appears that there will be no loss of revenue to the State of New Mexico as a result of your proposed request, your application for surface commingling and off lease storage of the production for the above-mentioned wells is hereby approved. Any deviation from the substance of your request will be sufficient grounds for rescinding our approval. Our approval is subject to like approval by the New Mexico Oil conservation Division and the Bureau of Land Management.

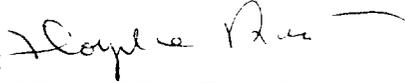
By our letter of August 23, 1994, this office approved the surface commingling of the Indian Hills State Com Lease and the Stinking Draw Lease. Please advise this office when this approval is no longer needed.

Marathon Oil Company
September 26, 1994
Page 2

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 

FLOYD O. PRANDO, Director
Oil/Gas and Minerals Division
(505) 827-5744
RP/FOP/pm

cc: Reader File
OCD-Santa Attn: Mr. David Catanach, Ben Stone
North Indian Basin Unit



CTB-397

RAY POWELL, M.S., D.V.M.
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL P.O. BOX 1148

SANTA FE, NEW MEXICO 87504-1148

(505) 827-5760
FAX (505) 827-5766

August 23, 1994

Marathon Oil Company
P. O. Box 552
Midland, Texas 79702-0552

Attn: Mr. Robert A. Biernbaum

Re: Application for Surface Commingling

Indian Hills State Com Lease
Section 36-20S-24E
E-10083-2 and L-5098
Eddy County, New Mexico

Stinking Draw Lease
Section 36-20 1/2S-23E
K-1877 & E-10169-1
Eddy County, New Mexico

Dear Mr. Biernbaum:

This office is in receipt of your letter of June 15, 1994, wherein you have requested our approval to commingle the South Dagger Draw Upper Penn Associated Pool production from the Stinking Draw Lease (K-1877 & E-10169) with the production at the Indian Hills State Com central battery listed in commingling Order CTB-375.

It is our understanding that production from the Stinking Draw Lease (Well Nos. 1 & 2) will be separated and metered prior to delivery of the oil and water to the Indian Hills State Com central battery.

Since it appears that there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request for surface commingling the above-mentioned wells is hereby approved. Any deviation from the substance of your request will be sufficient grounds for rescinding our approval. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Marathon Oil Company

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August 23, 1994

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 
FLOYD O. PRANDO, Director
Oil/Gas and Minerals Division
(505) 827-5744
RP/FOP/pm
enclos.

cc: Reader File
OCD - David Catanach, Ben Stone
L-5098
E-10083-2