



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

Mr. Pete Martinez
New Mexico State Land Office
310 Old Santa Fe Trail
PO Box 1148
Santa Fe, NM 87505

RE: Amend Order # CTB 397

Marathon Oil Co. requests an exception to Rule 303 (Segregation of Production from Pools). Marathon is authorized under the referenced order to surface commingle South Dagger Draw/Upper Penn Associated production from the leases referenced in the order. A copy of the referenced order is attached.

Marathon is requesting that the order be amended to allow surface commingling of Indian Basin Upper Penn production as well. The leases involved are the same as listed on the referenced order. All well presently producing into the commingled battery are South Dagger Draw Upper Penn Associated producers. The two Indian Basin Upper Penn wells which will be added are the Comanche Federal "3" # 1 and, N. Indian Basin Unit Gas Com # 3. Both wells are included in the order CTB 397 for off lease measurement and storage. Both wells produce minimal amounts of oil. Production allocation will be as per the detailed attachment. Hydrocarbon value will not be lowered by the proposed commingling. **All production will be metered prior to commingling.** Production data and value calculations are also attached along with lease and flow diagrams.

Sincerely

A handwritten signature in cursive script that reads 'Thomas M. Price'.

Thomas M. Price

Advanced Engineering Technician

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

SUBMIT IN TRIPLICATE

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator

Marathon Oil Company

3. Address and Telephone No.

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

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

UL "G" 1650' FNL & 1850' FEL Sec 3, T-21-S, R-23-E

5. Lease Designation and Serial No.

NM-0384623

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

NM SW 242

8. Well Name and No.

Comanche Federal "3" 1

9. API Well No.

30-015-28720

10. Field and Pool, or exploratory Area

Indian Basin; Upper Penn

11. County or Parish, State

Eddy County NM

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

TYPE OF SUBMISSION

- Notice of Intent
 Subsequent Report
 Final Abandonment Notice

TYPE OF ACTION

- Abandonment
 Recompletion
 Plugging Back
 Casing Repair
 Altering Casing
 Other Off Lease 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.)*

Ammdment to original OFF LEASE STORAGE AND MEASURMENT REQUEST.

Marathon Oil Company requests that this well be permitted to allow OFF LEASE MEASUREMENT AND STORAGE. The product from this well will be taken via pipeline to the NORTH INDIAN BASIN UNIT SATELLITE FACILITY. It will then be metered thru an individual lease separator. The water and oil will be taken to the MOC Fed Consolidated Facility. Gas will be compressed and sent directly to the IBGP. The oil (less than 2 BPD based on tests) will be sold thru the existing tankage and LACT. Gas will be compressed and sent directly to the IBGP. The water will be disposed of into one of Marathons disposal wells. Product allocation will be done based on regular well tests. Facility and Satellite.

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

Signed Thomas m Paul Title Advanced Engineering Tech. Date 5/20/96

(This space for Federal or State office use)

Approved by _____ Title _____ Date _____
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.

APPLICATION FOR SURFACE COMMINGLING
OFF LEASE STORAGE AND 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, and Off Lease Storage & Measurement of Hydrocarbon Production from the following formation and well on Federal Lease No 0384623 ;Lease Name: Comanche Federal "3" CA # NM SW 242

WELL

<u>NO.</u>	<u>LOCATION</u>	<u>SEC</u>	<u>TWP.</u>	<u>RNG</u>	<u>FORMATION</u>
1	UL "G" 1650' FNL & 1850' FEL	3	21-S	23-E	Upper Penn

Oil API

<u>BOPD</u>	<u>Gravity</u>	<u>MCFPD</u>
1	47	4138

with the already commingled Hydrocarbon Production from the Upper Penn formation **MOC Federal**, located in Section 1, T-21-S, R-23-E, Eddy County, New Mexico.

Oil API

<u>BOPD</u>	<u>Gravity</u>	<u>MCFPD</u>
904	42.0	2200

And with the already commingled Hydrocarbon Production from the Upper Penn formation on the **North Indian Basin Unit** located in the Sec 2, 3, 10 & 11 , T-21-S, R-23-E, Eddy Co., New Mexico.

Oil API

<u>BOPD</u>	<u>Gravity</u>	<u>MCFPD</u>
2950	43.0	28500

And with the already commingled Hydrocarbon Production from the Upper Penn formation on the **Bone Flat Federal Com.** # 91035 located in the West ½ of Section 12, T-21-S, R-23-E, Eddy Co., New Mexico.

Oil API

<u>BOPD</u>	<u>Gravity</u>	<u>MCFPD</u>
1185	42.3	2000

And with the already commingled Hydrocarbon Production from the Upper Penn formation on the **Stinking Draw** lease numbers ST K-1877 and ST E-10169-1 located in the South ½ of Section 36, T-21 ½-S, R-23-E, Eddy County, New Mexico.

Oil API

<u>BOPD</u>	<u>Gravity</u>	<u>MCFPD</u>
300	42.2	3350

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

A map is enclosed showing the lease numbers and locating 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 illustrated which clearly identifies all equipment that will be utilized.

The Storage and Liquid Hydrocarbon Sales Facility is located at Unit Letter "D", Section 1, T-21-S, R-23-E, Eddy County, New Mexico. The Measurement Facility will be located at UL "O" Sec 11, T-21-S, R-23E. The BLM will be notified of any change in facility location.

Production will be allocated to this well based on monthly well tests and the previously approved methods of lease allocation.

The working interest owners were notified of the original commingling proposal and the afore mentioned amendments.

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 require additional commingling approvals.

Signature

Thomas m Puce for R.A. Biernbaum

Name: R. A. Biernbaum

Title: Manager, Indian Basin Asset Team

May 20, 1996

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DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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5. Lease Designation and Serial No.
NM 05608

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation
North Indian Basin
Unit Gas Com

8. Well Name and No.
N. Indian Basin U. GasCom 3

9. API Well No.
30-015-10557

10. Field and Pool, or exploratory Area
Indian Basin Upper Penn

11. County or Parish, State
Eddy NM

SUBMIT IN TRIPLICATE

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
Marathon Oil Company

3. Address and Telephone No.
P.O. Box 552, Midland, TX 79702 915/682/1626

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
UL "K", 1650' FSL & 2310' FWL
SEC 3, T-21-S, R-23-E

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

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other <u>OFF LEASE MEASUREMENT</u>
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

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

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88220-1778

Marathon Oil Company is requesting approval for Surface Commingling, and Off Lease Storage & Measurement of Hydrocarbon Production from the following formation and well on Federal Lease No NM 05608; Lease Name: N. Indian Basin Unit (GAS COM)

WELL

<u>NO.</u>	<u>LOCATION</u>	<u>SEC</u>	<u>TWP.</u>	<u>RNG</u>	<u>FORMATION</u>
3	UL "K" 1650' FSL & 2310' FWL	3	21-S	23-E	Upper Penn

	Oil API
<u>BOPD</u>	<u>Gravity</u> <u>MCFPD</u>
<1	47.9 2530

with the already commingled Hydrocarbon Production from the Upper Penn formation **MOC Federal**, located in Section 1, T-21-S, R-23-E, Eddy County, New Mexico.

	Oil API
<u>BOPD</u>	<u>Gravity</u> <u>MCFPD</u>
904	42.0 2200

And with the already commingled Hydrocarbon Production from the Upper Penn formation on the **Comanche Fed "3"** located in the Sec 2, 3, 10 & 11, T-21-S, R-23-E, Eddy Co., New Mexico.

	Oil API
<u>BOPD</u>	<u>Gravity</u> <u>MCFPD</u>
1	47 4138

And with the already commingled Hydrocarbon Production from the Upper Penn formation on the **Bone Flat Federal Com.** # 91035 located in the West ½ of Section 12, T-21-S, R-23-E, Eddy Co., New Mexico.

	Oil API
<u>BOPD</u>	<u>Gravity</u> <u>MCFPD</u>
1185	42.3 2000

And with the already commingled Hydrocarbon Production from the Upper Penn formation on the **Stinking Draw** lease numbers ST K-1877 and ST E-10169-1 located in the South ½ of Section 36, T-21 ½-S, R-23-E, Eddy County, New Mexico.

	Oil API
<u>BOPD</u>	<u>Gravity</u> <u>MCFPD</u>
300	42.2 3350

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

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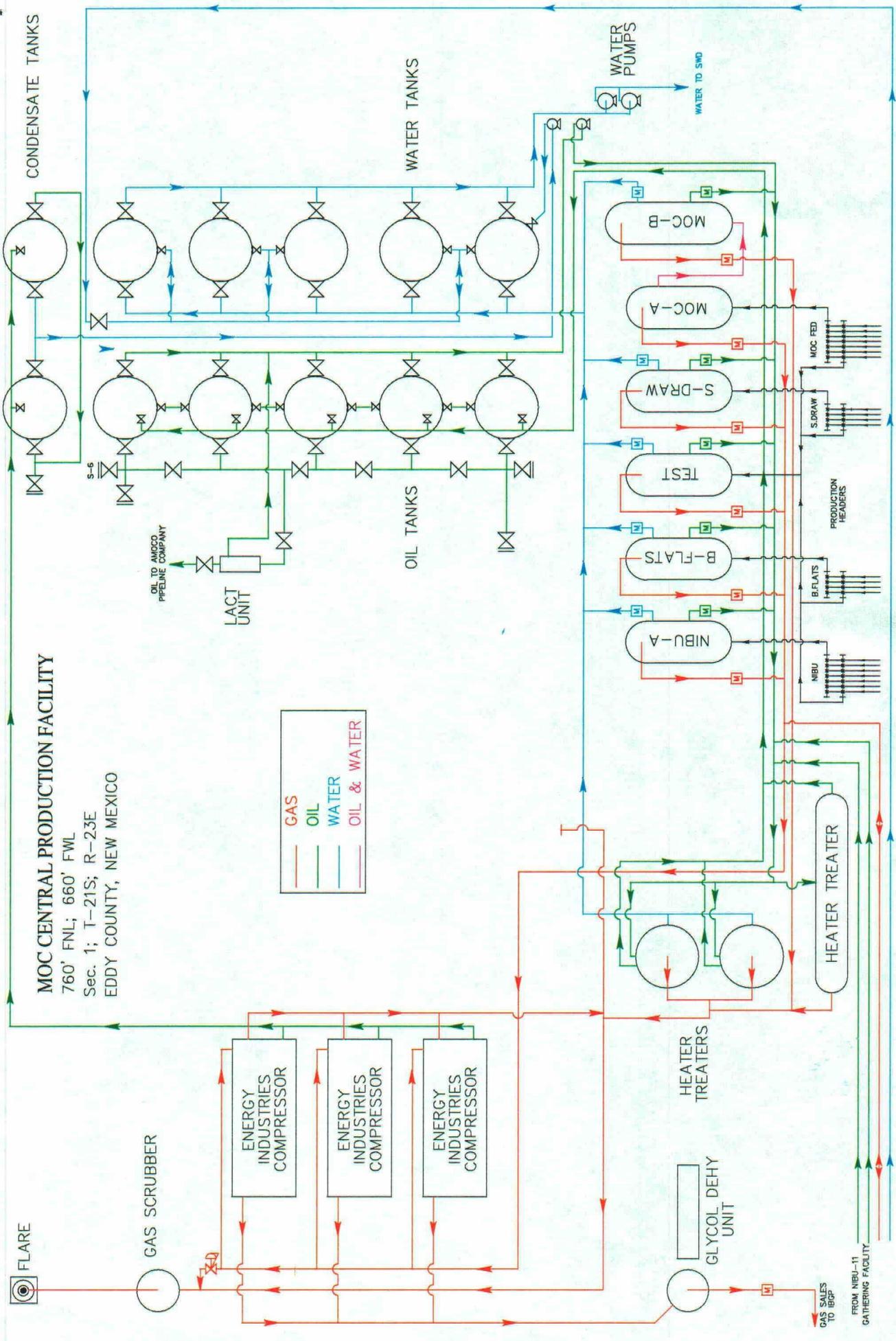
Signature



Name: R. A. Biernbaum

Title: Manager, Indian Basin Asset Team

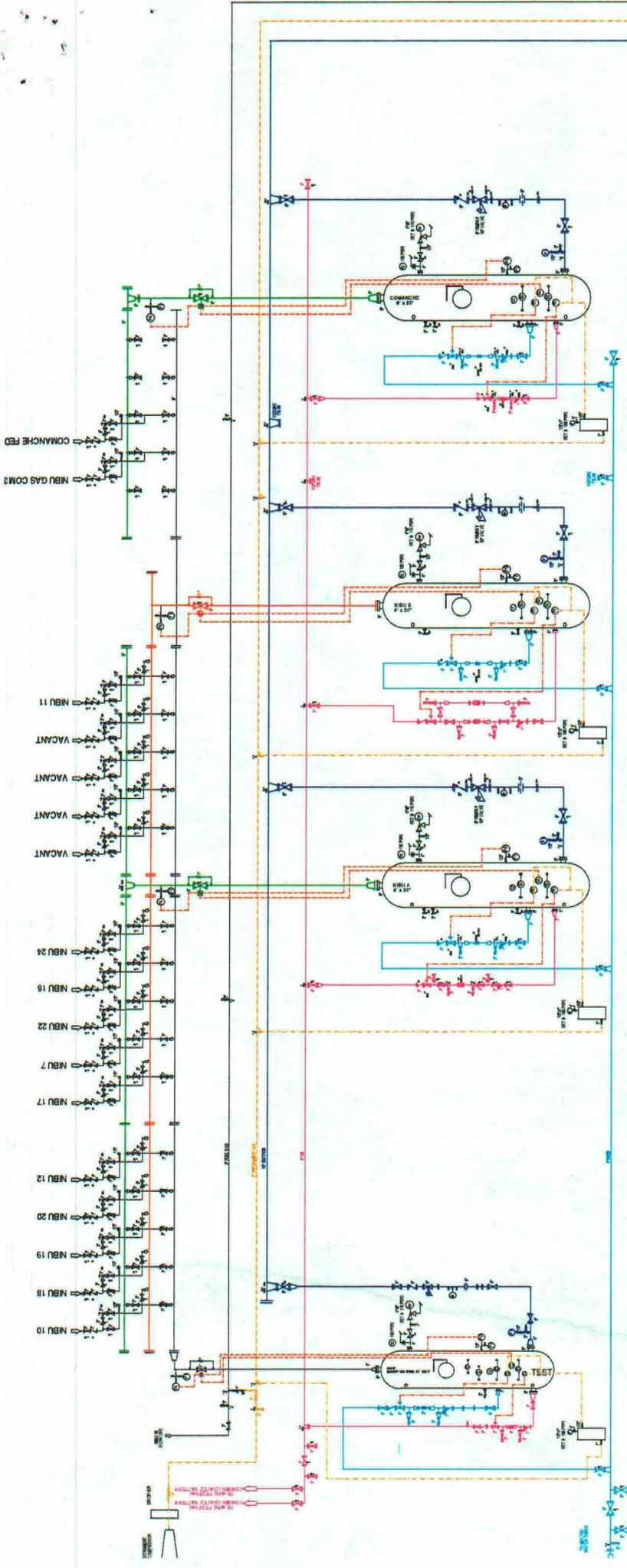
May 20, 1996



MOC CENTRAL PRODUCTION FACILITY
 760' FNL; 660' FWL
 Sec. 1; T-21S; R-23E
 EDDY COUNTY, NEW MEXICO

GAS
OIL
WATER
OIL & WATER

GAS SALES TO IBGP
 FROM NIBU-11
 GATHERING FACILITY



**NIBU SATELLITE FACILITY
UL "O" SEC 11, T21S, R23E**

