



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

Mr David Catanach
New Mexico Oil Conservation Division
2040 South Pacheco
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.

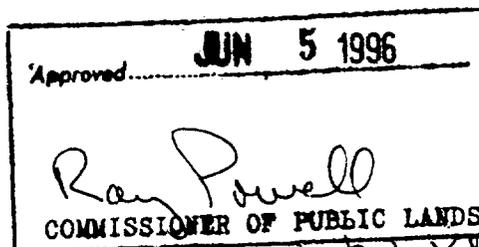
Marathon is requesting that the order be amended to allow surface commingling of Indian Basin Upper Penn production as well. The leases involved are the same as listed on the referenced order. All well presently producing into the commingled battery are South Dagger Draw Upper Penn Associated producers. 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





Marathon Oil Company ^{TMP}

JAN 15 1996

INDIAN BASIN ASSET TEAM
MID-CONTINENT REGION

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

January 10, 1996

Marathon Oil Company
Post Office Box 552
Midland, Texas 79702-0552

Attn: Mr. Robert A. Biernbaum

Re: Amendment of Surface Commingling, Off Lease Storage and Measurement Agreement
Hydrocarbon Production for

As originally permitted

Bone Flats "12" Federal Com; Section 12-T-21-S, R-23-E

MOC Federal Section 1-T-21-S, R-23-E

North Indian Basin Unit; Section 2 and 11, T-21-S, R-23-E

Stinking Draw Unit; Section 36, T-21-S, R-23-E

K-1877, E-10169 and E-10170

Recommended Additions

Comanche Federal; North 1/2 Section 3, T-21-S, R-23-E Com #NM-SW 242

North Indian Basin Unit; South 1/2 Section 3, T-21-S, R-23-E Com #NM-SW 242

North Indian Basin Unit; Section 10, T-21-S, R-23-E

Eddy County, New Mexico

Dear Mr. Biernbaum:

We have received your letter of December 8, 1995, requesting approval for surface commingling, off lease storage and measurement of the Upper Penn production for the above-mentioned wells.

We understand that three phase separators will be utilized to separate and meter oil, water and gas prior to delivering such 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 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.

Marathon Oil Company
January 10, 1996
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Please provide us with an approval letter from the Oil Conservation Division and the Bureau of Land Management for this amended application.

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: 
LARRY KEHOE, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/LK/cpm

Enclosure

cc: Reader File
Commissioner's File
OCD--Attention: David Catanach, Ben Stone