



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,

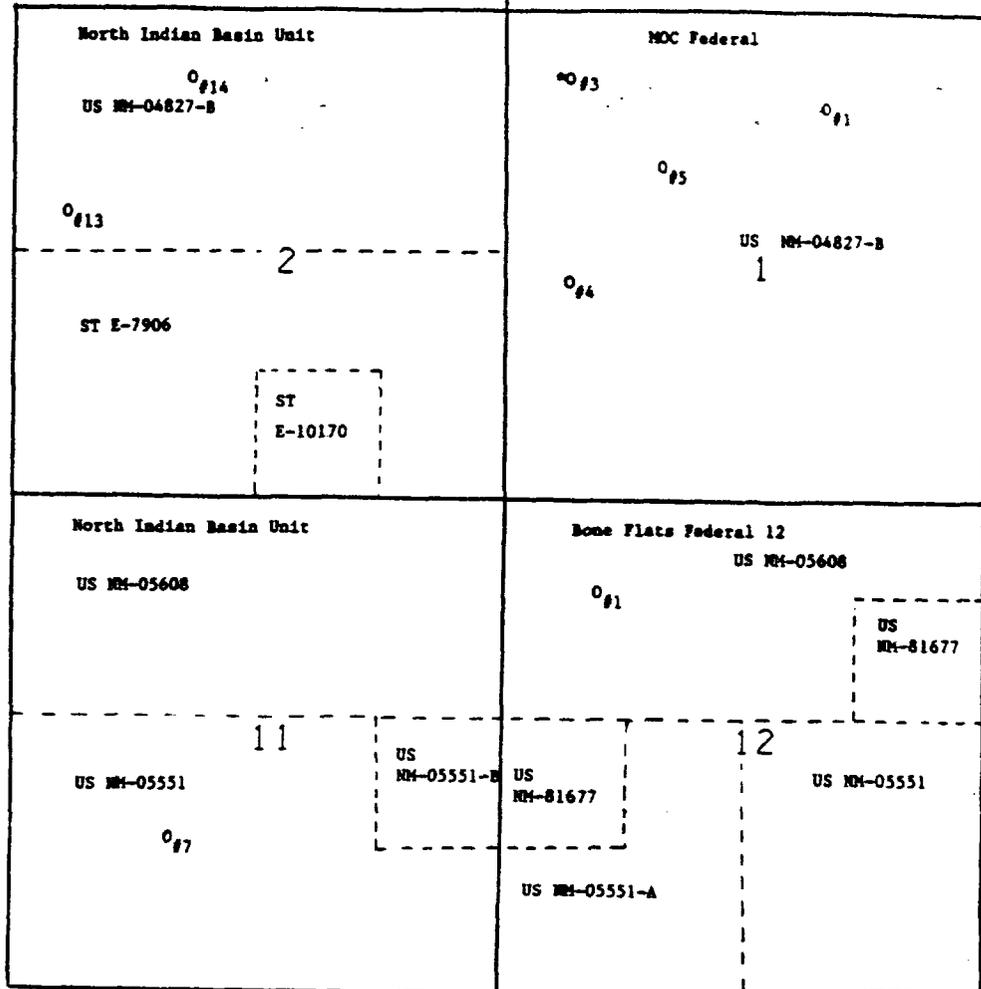
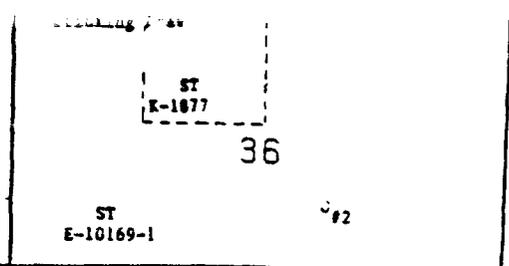
R.A. Biernbaum
Indian Basin Business Unit Supervisor

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



* - Tank Battery Location (Facility Schematic Attached)

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.

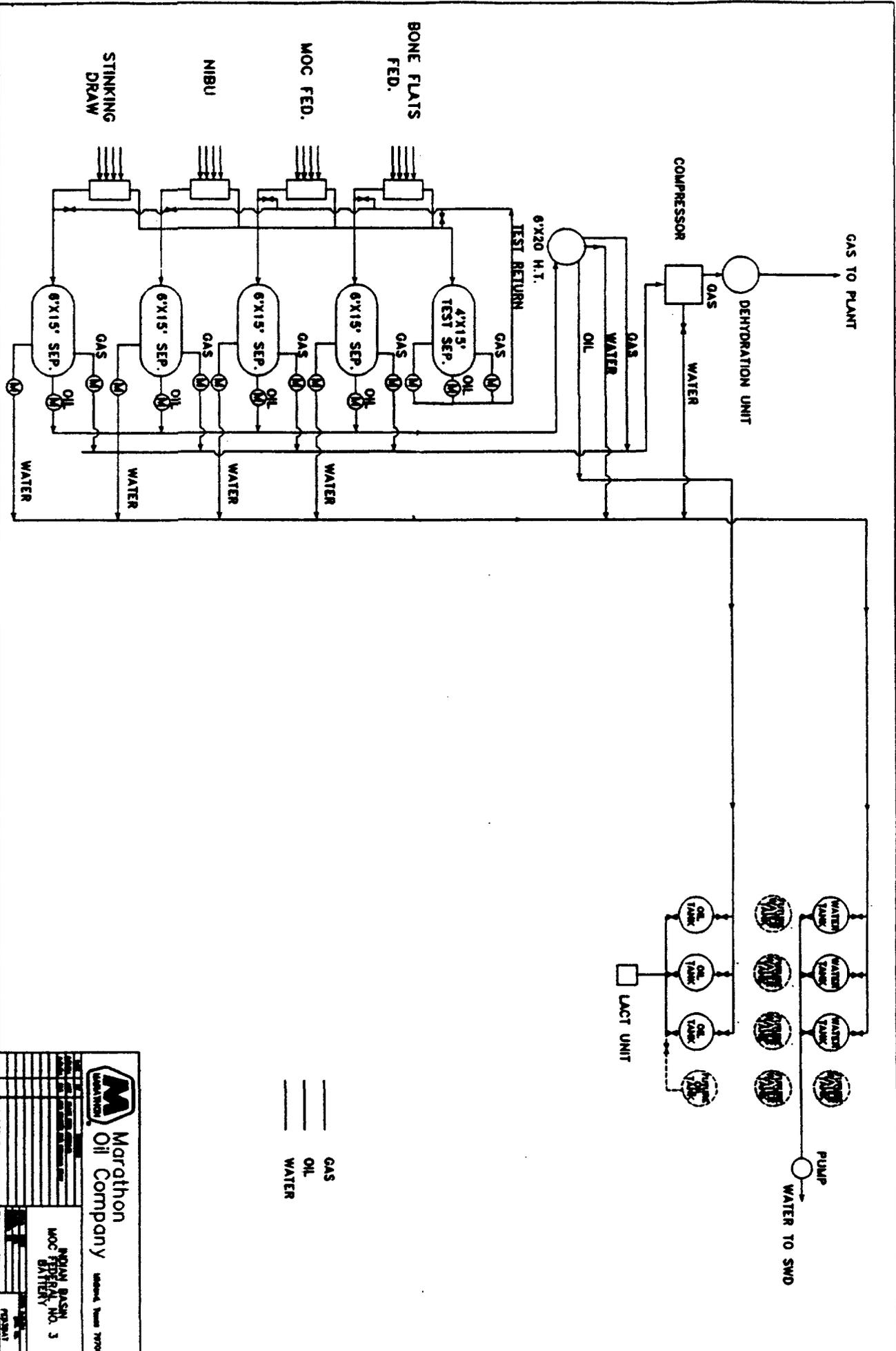
North Indian Basin Unit # 7
 1650 FSL & 1650 FWL
 Section 11, T-21-S, R-23-E

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, T20¹/₂-S, R-23-E

Stinking Draw # 2
 660 FSL & 1980 FWL
 Section 36, T20¹/₂-S, R-23-E



Marathon
Oil Company

INDIAN BASIN
MOC FIELD NO. 3
BATTERY

— GAS
- - - OIL
... WATER

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

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

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

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

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

Battery Location
lot 4, 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>Install L.A.C.T. Unit</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

Surface comingling, off lease storage and measurement

(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 _____

(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.

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

Sinking 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



**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 $\frac{1}{2}$ -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,

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

R.A. Biernbaum
Operations Superintendent

