

AMEND PLC 11/29/99

Mid-Continent Region
Production United States



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

NOV - 5 1999

November 3, 1999

New Mexico Oil Conservation Division
Attn: Mark Ashley
2040 South Pacheco
Santa Fe, New Mexico 87505

Dear Mr. Ashley

Marathon Oil Company proposes to amend PLC-124 to allow the production that goes through the MOC Federal Central Tank Battery and the NIBU 11 Satellite Facility to be measured by lease instead of being measured by pool, as currently permitted. This change is being requested to bring these facilities into compliance with Bureau of Land Management regulations.

This will primarily affect the measurement of the North Indian Basin Unit. The current configuration has the North Indian Basin Unit Gas Com #3, Comanche Federal "3" #1, and the Comanche Federal "3" #2 wells producing into the same separator. The production is allocated back to the wells by well test. We propose to reroute the North Indian Basin Unit Gas Com #3 into a separator with other North Indian Basin Unit wells. This will allow the Comanche Federal wells to be measured by lease, and the North Indian Basin Unit wells to be measured by lease. Please find attached a more detailed explanation of the proposed operation, along with maps and drawings to help you understand the changes to be made. Also attached is a copy of the letter being sent by certified mail to all interest owners.

Thank you for your consideration of this matter. If you have questions, or need more information, please call me at 915-687-8449.

Sincerely,

A handwritten signature in cursive script that reads 'Ginny Larke'.

Ginny Larke
Engineer Technician

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Attachments

APPLICATION FOR SURFACE COMMINGLING
OFF LEASE MEASUREMENT, STORAGE AND ALTERNATIVE MEASUREMENT APPROVAL

To: Bureau of Land Management
P.O. Box 1778
Carlsbad, New Mexico 88220-1778

Marathon Oil Company is requesting approval to amend the Surface Commingling and Off Lease Storage permit for the hydrocarbon production from the following State and Federal Lease(s):

Lease Name	BOPD	API Grav.	MCFD
MOC Federal	297	42	12,916
North Indian Basin Unit	1,496	43	22,130
Bone Flats Federal	732	42.3	1,926
Comanche Federal "3"	17	47	8,876
Stinking Draw	157	42.2	2,498
Indian Hills State Com	164	43	2,435

Lease numbers, locations and pools of these leases are as follows:

North Indian Basin Unit (Including Com #NM-SW 242)

Lease Numbers: NM-0487-B, NM-05608, NM-05551, NM-05551-B, NM-SW242, & State Leases E-7906 and E-10170
Description: Section 2, S/2 Section 3, Section 10 and Section 11, T-21-S, R-23-E
Pool: South Dagger Draw Upper Penn Associated Pool and (W/2 Sec. 3) Indian Basin Upper Penn Gas Pool

Comanche Federal Lease (Including Com # NM-SW 242)

Lease Numbers: NM-04827-B, NM-34623, and NM-0384623
Description: N/2 of Section 3, T-21-S, R-23-E
Pool: South Dagger Draw Upper Penn Associated Pool (E/2 Sec. 3)

Bone Flats Federal "12" Lease

Lease Numbers: NM-05608, NM-81677, and NM-05551-A
Description: Section 2, T-21-S, R-23-E
Pool: South Dagger Draw Upper Penn Associated Pool

MOC Federal Lease

Lease Numbers: NM-04827-B
Description: Section 1, T-21-S, R-23-E
Pool: South Dagger Draw Upper Penn Associated Pool

Stinking Draw Lease

Lease Numbers: State Leases K-1877 and E-10169-1
Description: Section 36 T-20½-S, R-23-E
Pool: South Dagger Draw Upper Penn Associated Pool

Indian Hills State Com Lease

Lease Numbers: State Lease E-10083
Description: Section 36, T-20-E, R-24-E
Pool: South Dagger Draw Upper Penn Associated Pool

The proposed operation is shown in detail on the attached diagrams. A map is enclosed showing the location of all leases and wells that contribute production to the commingling/common storage facility. Schematic diagrams are also attached which clearly identify all equipment that will be utilized.

The production from the North Indian Basin Unit Gas Com Well No. 3 is currently produced into a separator along with the production from the Comanche Federal "3" Wells No. 1 and 2. To bring this facility into compliance with BLM regulations, an amendment to PLC-124 is being requested from the State of New Mexico Oil Conservation Division that will allow the production from the leases mentioned above to be measured by lease before being commingled. The current order requires that the production be measured by pool before being commingled. To accomplish measurement by lease, the production from the North Indian Basin Unit Gas Com Well No. 3 will be rerouted to the separator that measures the North Indian Basin Unit wells at the NIBU 11 Satellite Facility. This will have all Unit wells measured together and all Comanche Federal wells measured together. Production will still be allocated back to each well on the basis of well tests per previous approvals.

The Storage and Measurement facility is located at UNIT Letter "D", Section 1, T-21-S, R-23-E, Eddy County, New Mexico. A satellite separation and measurement facility is located at UL "O", Sec. 2, T-21-S, R-23-E. The BLM will be notified of any change in facility location. Gas is measured using allocation meters. It is then transported to the Indian Basin Gas Plant (SW/NE, Section 23, T-21-S, R-23-E) by pipeline. After processing, the gas and NGLs are metered at the tailgate of the plant and sold. Liquid hydrocarbon production and water will be measured using turbine meters per prior approvals. These meters are proved on a regular schedule. Oil is then sold through a LACT unit. All production will be allocated to wells based on monthly well tests and the previously approved methods of lease allocation. The working interest owners have been notified of this commingling proposal by certified mail.

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 amendment will not require the purchase of new equipment, it will only require minor changes in the piping from the well's flowline to the separator.

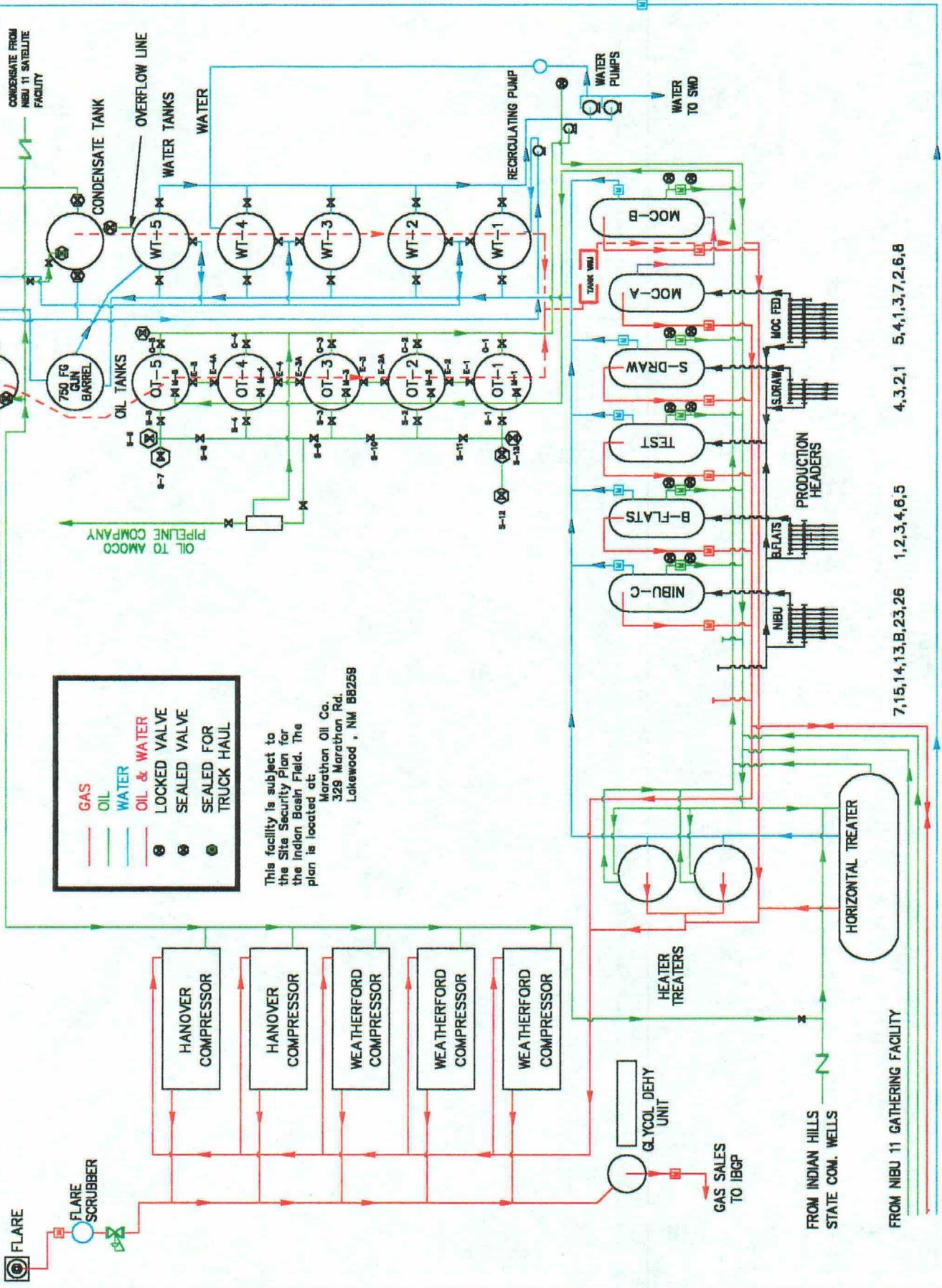
Signature



Name: Ginny Larke
Title: Engineer Technician
Date: November 3, 1999

MOC CENTRAL PRODUCTION FACILITY

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



This facility is subject to the Site Security Plan for the Indian Basin Field. The plan is located at:
 Marathon Oil Co.
 328 Marathon Rd.
 Lakewood, NM 88258

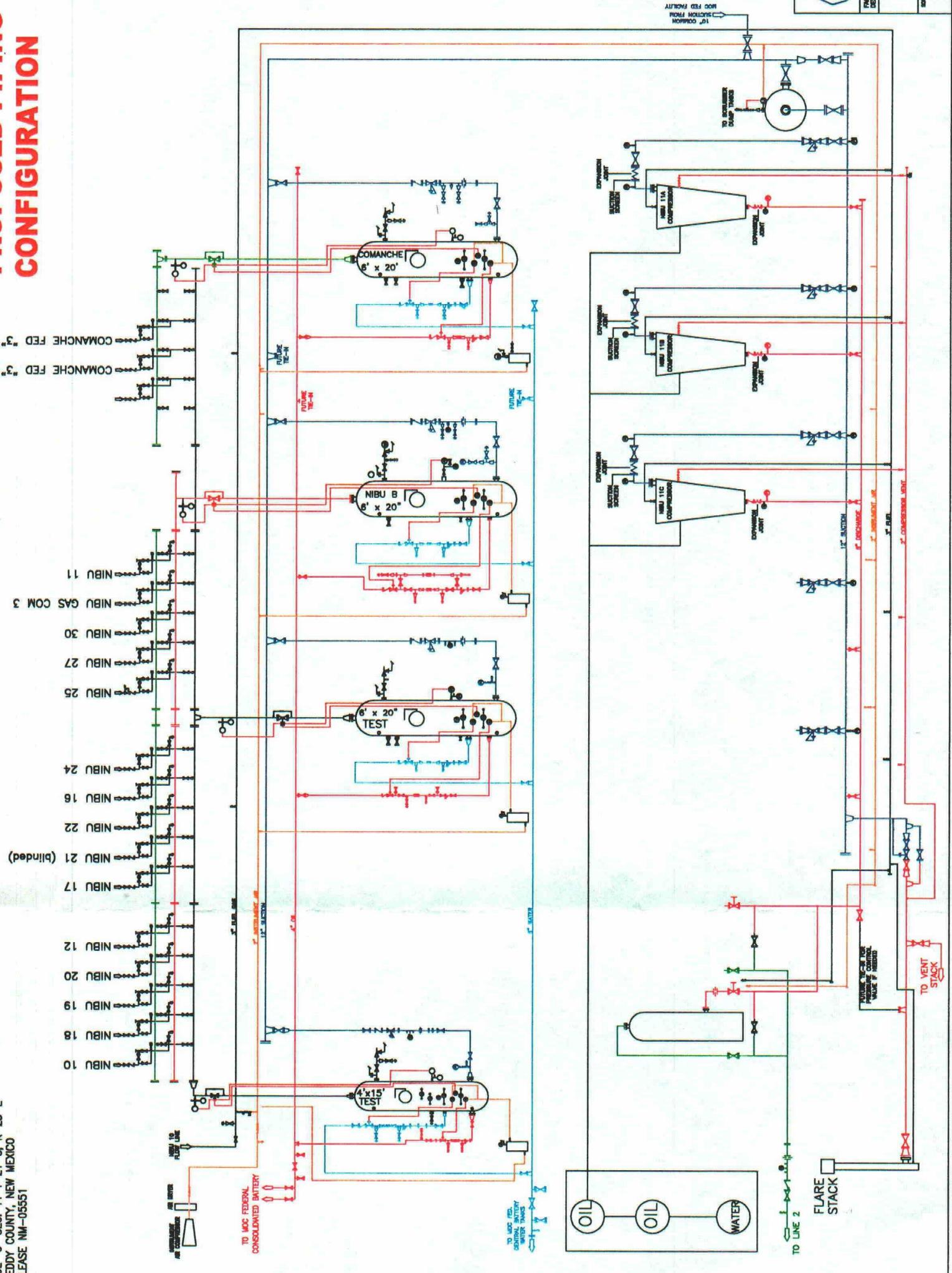
7,15,14,13,B,23,26 1,2,3,4,6,5 4,3,2,1 5,4,1,3,7,2,6,8

MARATHON OIL COMPANY
 NIBU 11 SATELLITE FACILITY
 UL "0" SEC. 11 T-21-S, R-23-E
 EDDY COUNTY, NEW MEXICO
 LEASE NM-05551

COMANCHE FED "3" # 1
 COMANCHE FED "3" # 2

PROPOSED PIPING CONFIGURATION

THE FACILITY IS SUBJECT
 TO THE SITE SECURITY PLAN FOR
 THE INDIAN BASIN FIELD. THE
 PLAN IS LOCATED AT:
 MARATHON OIL CO.
 329 MARATHON RD.
 LAKEWOOD, NM 88259



Marathon Oil Company

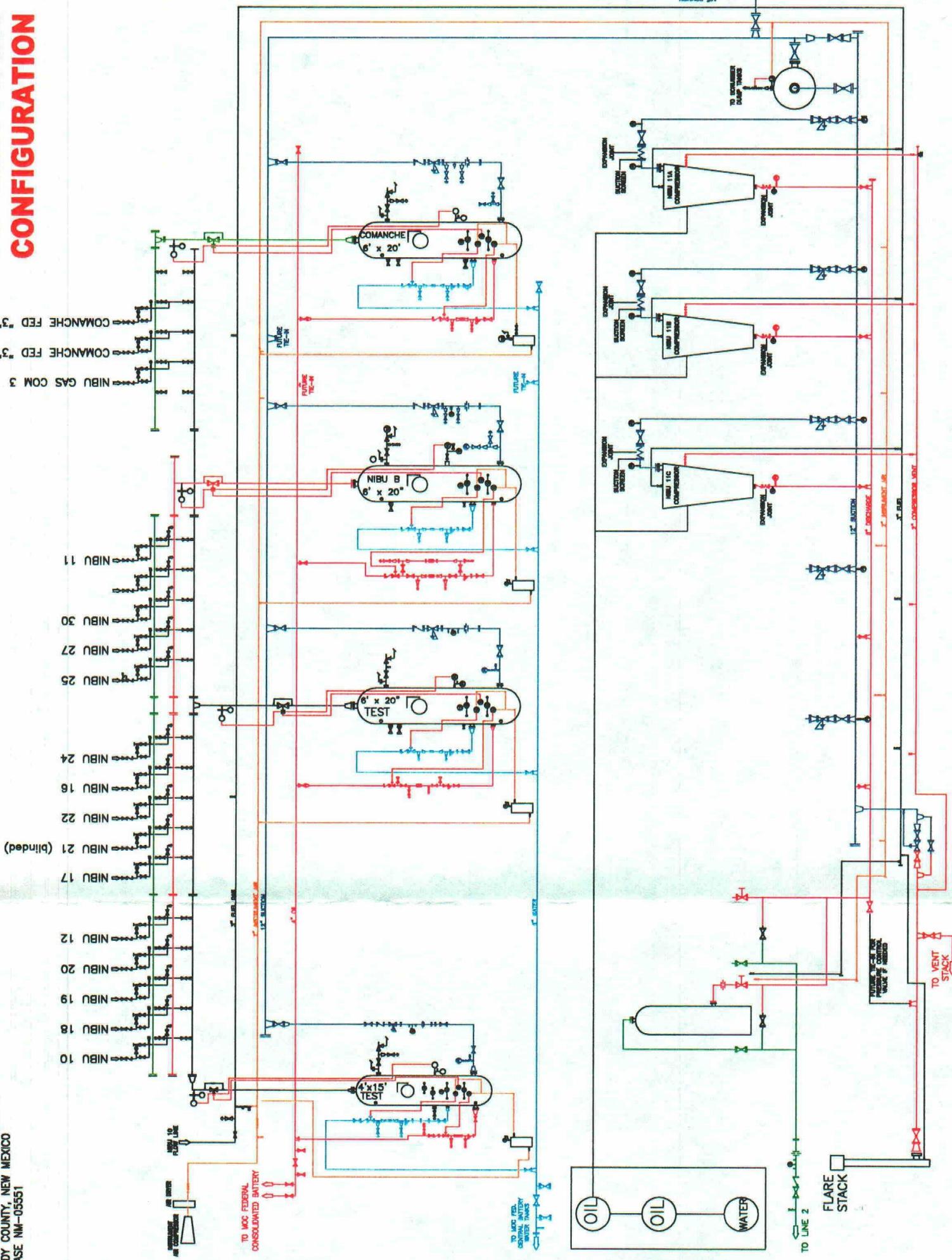
INDIAN BASIN FIELD
 NIBU 11 SATELLITE FACILITY
 EDDY COUNTY, NM

FACILITY DESCRIPTION: ATTACHMENT TO PROPOSAL TO AMEND PLG-124		JOB NUMBER: NIBU11FC-DWG	
DATE: 11/7/98	PROJECT NUMBER:	DATE:	DATE:
SCALE:	APP'D BY:	PROJECT:	DATE:
DATE:	DATE:	DATE:	DATE:

MARATHON OIL COMPANY
 NIBU 11 SATELLITE FACILITY
 UL "O" SEC. 11 T-21-S, R-23-E
 EDDY COUNTY, NEW MEXICO
 LEASE NM-05551

CURRENT PIPING CONFIGURATION

THE FACILITY IS SUBJECT
 TO THE SITE SECURITY PLAN FOR
 THE INDIAN BASIN FIELD. THE
 PLAN IS LOCATED AT:
 MARATHON OIL CO.
 329 MARATHON RD.
 LAKEWOOD, NM 88259



Marathon
 Oil Company

IND-COMTENT REGION

FACILITY DESCRIPTION		ATTACHMENT TO PROPOSAL TO AMEND PLU-124		JOB NUMBER	
NIBU 11 SATELLITE FACILITY		NIBU 11C-DWG		NIBU 11C-DWG	
DATE	BY	DATE	BY	DATE	BY
11/7/98	WJC	11/7/98	WJC	11/7/98	WJC
11/7/98	WJC	11/7/98	WJC	11/7/98	WJC