

DATE IN 5/30/00	SUSPENSE 6/19/00	ENGINEER MA	LOGGED PLC	TYPE AMEND PLC
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

[NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
 [DD-Directional Drilling] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Directional Drilling

NSL NSP DD SD

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Check One Only for [B] and [C]

[B] Commingling - Storage - Measurement

DHC CTB PLC PC OLS OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

WFX PMX SWD IPI EOR PPR

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

[A] Working, Royalty or Overriding Royalty Interest Owners

[B] Offset Operators, Leaseholders or Surface Owner

[C] Application is One Which Requires Published Legal Notice

[D] Notification and/or Concurrent Approval by BLM or SLO

U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] Waivers are Attached

[3] **INFORMATION / DATA SUBMITTED IS COMPLETE** - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

K. W. Tatarzyn by Ginny Larke *Ginny Larke* Indian Basin Asset Manager 5/24/00
 Print or Type Name Signature Title Date



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

May 23, 2000

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

Subject: Amendment to Commingling Order PLC-144

Dear Mark:

Please amend PLC-144 to include the North Indian Basin Unit Well No. 36, API No. 30-015-31048. The production from this well will be sent from the wellhead to the satellite facility located at UL "M", Section 10, T-21-S, R-23-E, Eddy County, NM. At the satellite facility the production of all wells will be measured through a common 3 phase separator, (see attached flow diagram). Well tests will be taken at least once a month and allocation factors will be calculated using these well tests. The gas, after separation and measurement by allocation meters, will go through a compressor and then be transported to the Indian Basin Gas Plant via pipeline. After processing, the gas and NGLs will be metered at the tailgate of the plant and sold. Liquid Hydrocarbon production and water will be measured at the satellite facility using turbine meters per prior approvals. These meters will be proved on a regular basis. The liquid hydrocarbon production will then be sent to the storage facility located at the Indian Basin Gas Plant and then sold through a LACT meter. The water will be sent to a storage tank on the satellite facility and then injected into various water disposal wells. The Indian Basin Gas Plant is located at UL "G", Section 23, T-21-S, R-23-E, Eddy County, NM.

Allocation factors will be calculated by dividing the individual well tests by the total volume metered at the tailgate of the plant. The allocation factors will be multiplied by the total sales meter volume to obtain individual well volumes. This allocation method is approved in the original commingling order.

All interest owners were notified at the time of the original application to surface commingle the production gathered at this satellite facility. All wells measured at this facility have common ownership including working interest owners, royalty interest owners, and overriding royalty interest owners.

The original commingling order, which was signed on May 29, 1998, had two errors in it. It authorized the commingle of the Indian Basin Upper Penn Associated Pool (33685) and the South Dagger Draw Upper Penn Associated Pool (15475). It should have been the Indian Basin Upper Penn Gas Pool (79040) and the South Dagger Draw Upper Penn Associated Pool (15475). The order also calls for the production from each

May 23, 2000

pool to be measured separately prior to commingling. Even though the North Indian Basin Unit Well No. 31 is in the South Dagger Draw Upper Penn Associated Pool, it still has common ownership with all the other wells, which are in the Indian Basin Upper Penn Gas Pool. Please word the amended order to correct these errors.

I have attached a C-103 with a brief description of this request, the flow diagram of the satellite facility, two maps, and a list of all the wells included in this commingling order, their lease numbers, API numbers, and their current production. If you need any further information, please call me at (915) 687-8432. Thank you for your prompt attention to this request.

Sincerely,

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

Ginny Larke
Engineer Technician
Marathon Oil Company

Enclosures (5)

Submit 3 Copies
to Appropriate
District Office

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-103
Revised 1-1-89

OIL CONSERVATION DIVISION

DISTRICT I
P.O. Box 1980, Hobbs NM 88241-1980

2040 Pacheco St.
Santa Fe, NM 87505

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL API NO. 30-015-31048
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. NM 1832
7. Lease Name or Unit Agreement Name NORTH INDIAN BASIN UNIT 891008508-0
8. Well No. 36
9. Pool name or Wildcat INDIAN BASIN UPPER PENN GAS POOL

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER
2. Name of Operator Marathon Oil Company
3. Address of Operator P.O. Box 552, Midland, TX 79702
4. Well Location Unit Letter <u>F</u> : <u>2210</u> Feet From The <u>NORTH</u> Line and <u>1650</u> Feet From The <u>WEST</u> Line Section <u>16</u> Township <u>21-S</u> Range <u>23-E</u> NMPM <u>EDDY</u> County
10. Elevation (Show whether DF, RKB, RT, GR, etc.) GL-3988' KB-4006'

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

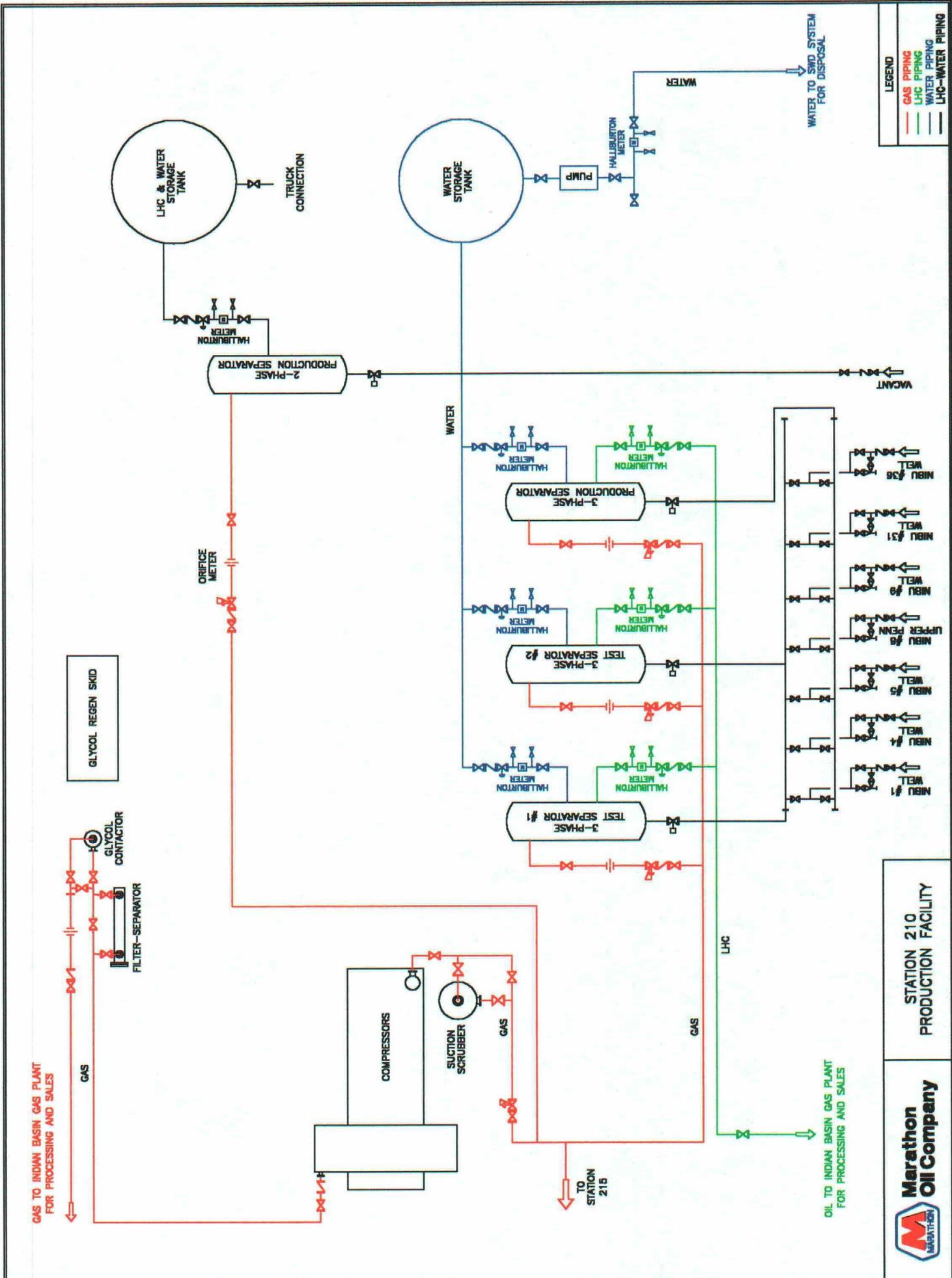
NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>
PLUG AND ABANDON <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>
CHANGE PLANS <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>
OTHER: SURFACE COMMINGLE, OFF-LEASE MEAS. & STORAGE <input checked="" type="checkbox"/>	OTHER: <input type="checkbox"/>

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

Please amend PLC-144 to include this well. Marathon Oil Company proposes to measure the production from this well through the Gross production separator and Test separator of the satellite facility located at UL "M", Section 10, T-21-S, R-23-E, Eddy County, NM. The production will then be transferred, via pipeline, to the storage facility, located at the Indian Basin Gas Plant, UL "G", Section 23, T-21-S, R-23-E, Eddy County, NM, where it will be sold through a LACT meter. Allocation factors will be calculated by dividing individual well tests by the total volume metered at the tail gate of the plant. The allocation factors will be multiplied by the total sales meter volume to obtain individual well volumes. Drawings and maps are attached which show the equipment to be used, and the locations of the wells and facilities affected by this request.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.
SIGNATURE Ginny Larke TITLE Engineer Technician DATE 5/23/00
TYPE OR PRINT NAME Ginny Larke TELEPHONE NO. 915-682-1626

(This space for State Use)
APPROVED BY _____ TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY:



LEGEND

—	GAS PIPING
—	LHC PIPING
—	WATER PIPING
—	LHC-WATER PIPING

STATION 210
PRODUCTION FACILITY



GAS TO INDIAN BASIN GAS PLANT FOR PROCESSING AND SALES

OIL TO INDIAN BASIN GAS PLANT FOR PROCESSING AND SALES

WATER TO SMD SYSTEM FOR DISPOSAL

TO STATION 215

GLYCOL REGEN SKID

FILTER-SEPARATOR
GLYCOL CONTACTOR

LHC & WATER STORAGE TANK

WATER STORAGE TANK

2-PHASE PRODUCTION SEPARATOR

3-PHASE PRODUCTION SEPARATOR

3-PHASE TEST SEPARATOR #2

3-PHASE TEST SEPARATOR #1

COMPRESSORS
SUCTION SCRUBBER

NIBU WEL #1
NIBU WEL #4
NIBU WEL #5
NIBU WEL #6
UPPER PENN WEL #8
NIBU WEL #9
NIBU WEL #31
NIBU WEL #36

ORIFICE METER

HALLIBURTON METER

TRUCK CONNECTION

GAS

LHC

WATER

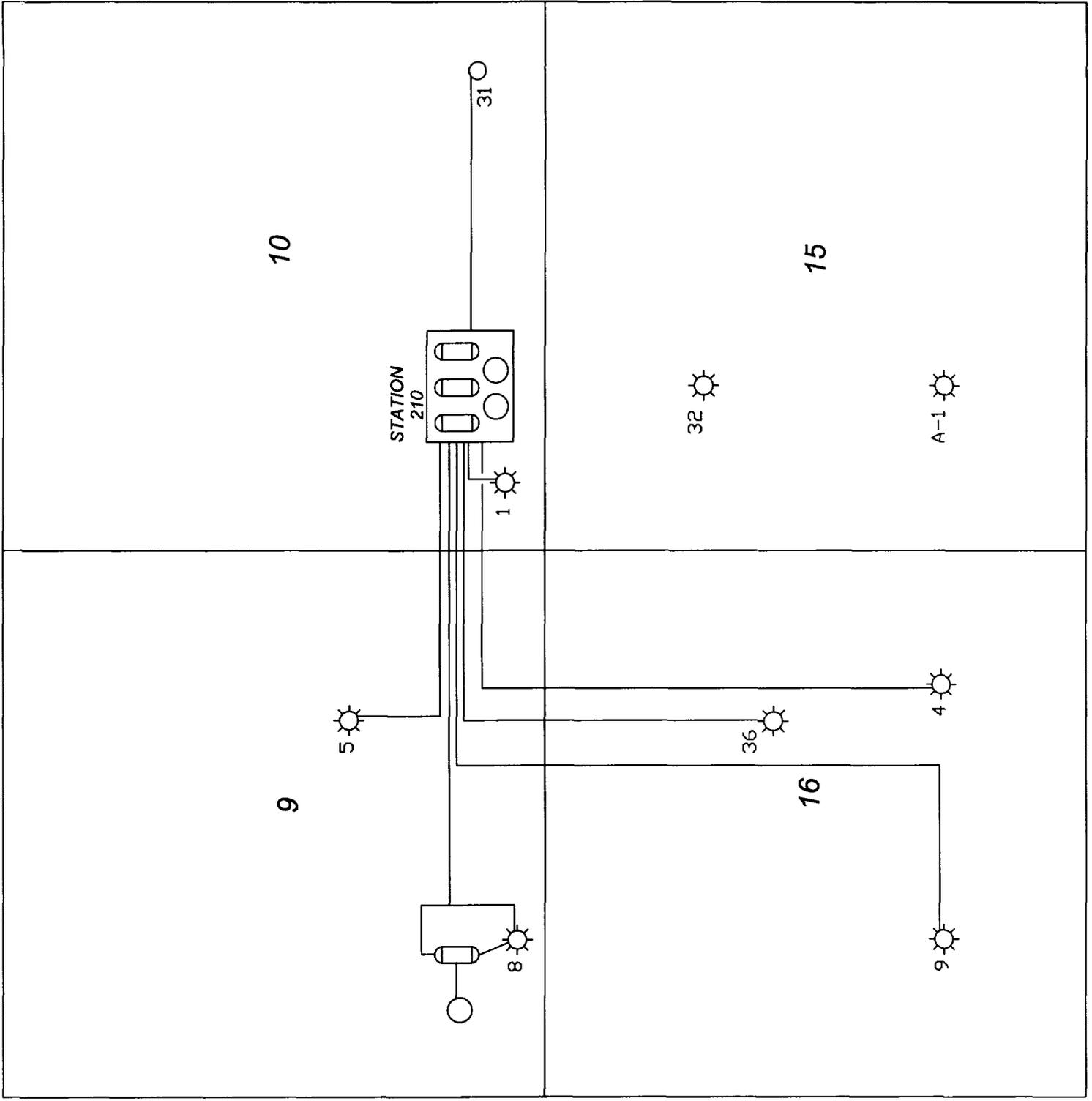
WATER

HALLIBURTON METER

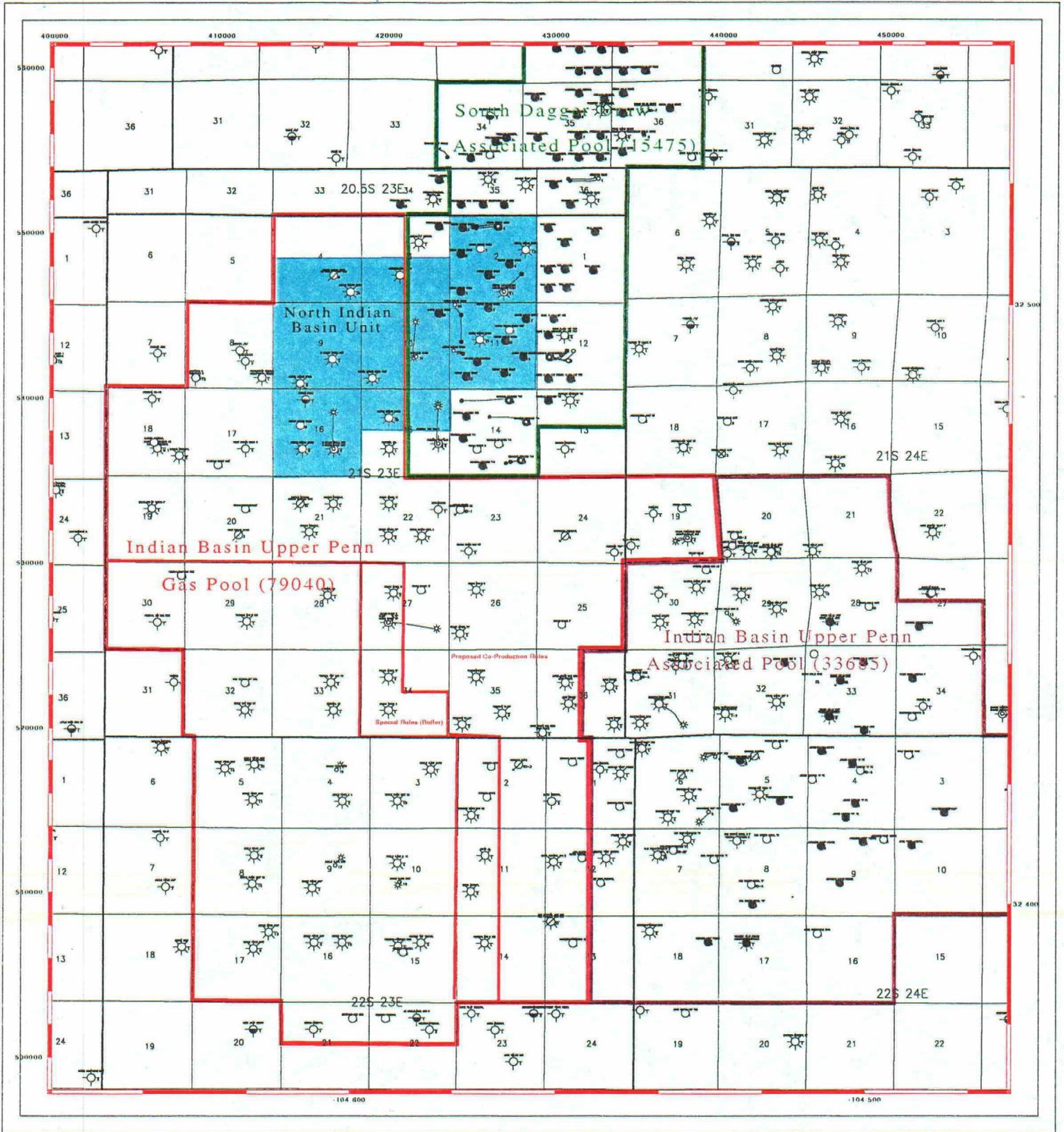
PUMP

HALLIBURTON METER

STATION 210
UL "M", SECTION 10,
T-21-S, R-23-E
EDDY COUNTY, NM



ATTACHMENT TO APPLICATION
FOR OFF-LEASE MEASUREMENT,
STORAGE & SALES, & ALTERNATIVE
MEASUREMENT METHOD FOR
NORTH INDIAN BASIN UNIT WELL #36
UPPER PENN PRODUCTION



ATTACHMENT TO REQUEST FOR
 AMENDMENT TO COMMINGLING ORDER PLC-144
 MAY 23, 2000

Marathon Oil Company is requesting approval to amend PLC-144 to include the North Indian Basin Unit Well No. 36. The following is a list of all wells affected by this order:

NORTH INDIAN BASIN UNIT, Unit Designation 891008508-O

Well No.	Location	Lease Number	API Number
1	UL M, Sec. 10, T-21-S, R-23-E	NM05608	30-015-10065
4	UL J, Sec. 16, T-21-S, R-23-E	NM 1832	30-015-10558
5	UL K, Sec. 9, T-21-S, R-23-E	NM51107	30-015-10559
8	UL N, Sec. 9, T-21-S, R-23-E	NM05551	30-015-26324
9	UL K, Sec. 16, T-21-S, R-23-E	E-10170	30-015-27917
31	UL P, Sec. 10, T-21-S, R-23-E	NM05608	30-015-30111
36	UL G, Sec. 10, T-21-S, R-23-E	NM05608	30-015-31048

Production from the referenced wells is as follows:

Well No.	BCPD	API Gravity	MCFD
1	2	60.3	3305
4	1	60	1520
5	2	60.3	3802
8	1	60	1312
9	1	42	641
31	0	N/A	2930
36	Well Not Completed		