(November 1994)

#### CHERT OF STREET DEPARTMENT OF THE INTERIOR

BUREAU ( LAND MANAGEMENT

CHANDY NOTICES AND DEDODES ON WELLS

Budget Bureau No. 1004-0135 Expires November 30 2000

_ SUNDAT NOTICES	AND REPORTS ON WELLS	LC-064391-B
	proposals to drill or to re-enter an m 3160-3 (APD) for such proposals.	6. If Indian, Allottee or Tribe Name
	- Other instructions on reverse special 30 31 - 72	7. If Unit or CA/Agreement, Name and/or No. INDIAN HILLS UNIT
1. Type of Well Oil X Gas Well X Well Other  2. Name of Operator V	OCH BEN SOL	NM NM 70964X  8. Well Name and No. INDIAN HILLS UNIT #18
Marathon Oil Company	AREN SE	0.4019193
3a. Address	3h Phone No. (Politice area code)	9. API Well No. 30-015-30564
P.O. Box 552 Midland, TX 79702	915-682-16 <b>2</b> 6	10. Field and Pool, or Exploratory Area
4. Location of Well (Footage, Sec., T., R., M., or Survey Descripti UL "O", 409' FSL & 2324' FEL	on) 21.91.91.71.E	INDIAN BASIN UPPER PENN ASSOCIATED
SECTION 20, T-21-S, R-24-E		11. County or Parish, State
		EDDY NM
12. CHECK APPROPRIA	TE BOX(ES) TO INDICATE NATURE OF NOTICE, REPOR	RT, OR OTHER DATA
TYPE OF SUBMISSION	TYPE OF ACTION	
X Notice of Intent	][	on (Start/Resume) Water Shut-Off
Subsequent Report	Alter Casing Fracture Treat Reclamate Reclamate Recomple	
Final Abandonment Notice	Change Plans Plug and Abandon Temporar	rily Abandon STORAGE & MEASUR.
<del></del>	Convert to Injection Plug Back Water Dis	sposal & COMMINGLE
If the proposal is to deepen directionally or recomp Attach the Bond under which the work will be per following completion of the involved operations. If testing has been completed. Final Abandonment N determined that the final site is ready for final inspection As required by 43 CFR 3162.7-2 an approval of off-lease measurement	d Onshore Oil and Gas Order No. 4, Marathon , storage & sales, alternate measurement met	ntical depths of all pertinent markers and zones. ubsequent reports shall be filed within 30 days new interval, a Form 3160-4 shall be filed once on, have been completed, and the operator has Oil Company is requesting thod, and surface commingling
If the proposal is to deepen directionally or recomp Attach the Bond under which the work will be per following completion of the involved operations. If testing has been completed. Final Abandonment N determined that the final site is ready for final inspection. As required by 43 CFR 3162.7-2 and the state of the proposal site is ready for final inspection.	lete horizontally, give subsurface locations and measured and true ver- formed or provide the Bond No. on file with BLM/BIA. Required s the operation results in a multiple completion or recompletion in a n otices shall be filed only after all requirements, including reclamation.) d Onshore Oil and Gas Order No. 4, Marathon	rtical depths of all pertinent markers and zone ubsequent reports shall be filed within 30 da new interval, a Form 3160-4 shall be filed on on, have been completed, and the operator holl Company is requesting
	ell. Also, as required by 43 CFR 3162.7-3 a	

The form, maps and schematics attached show the leases and wells affected by this request, the equipment that will be used, and give a more detailed explanation of this operation.

No. 5, we are requesting approval of off-lease measurement, storage & sales of gas. Turbine meters are

proposed to be used for the alternate method of metering liquid hydrocarbons.

### SEE ATTACHED FOR **CONDITIONS OF APPROVAL**

14. I hereby certify that the foregoing is true and correct Name (Printed Typed) Ginny Larke  Ginny Larke	Title Engineer Technician					
	Date 3/12/99					
THIS SPACE FOR FEDERAL OR STATE OFFICE USE						
Approved by Olomas Q. Swaboda	THETROLEUM ENGINEER Date MAR 2 4 7399					
Conditions of approval, Af any, are attached. Approval of this notice does not warrancertify that the applicant holds legal or equitable title to those rights in the subject which would entitle the applicant to conduct operations thereon.	t or Office case					

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 MEASUREMENT, STORAGE AND ALTERNATE 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, Off-Lease Storage, Measurement and Sales, and Alternate Measurement of hydrocarbon production from the following formation(s) and well(s) on:

Lease Name: Indian Hills Unit

Well No.	UL	Sec	<b>TWP</b>	RNG	<b>Formation</b>	Fed. Lease #	COM
18	0	20	21-S	24-E	Upper Penn	LC064391B	N/A

Marathon would like to commingle the production from this well with the production of the following wells, which is commingled at the East Indian Basin Central Facility, (PLC-140)

WELL NO.	<b>BOPD</b>	API o	<b>MCFD</b>
1	0	N/A	4214
6	0	40.7	0
8	225	35.7	2997
9	0	40.7	1604
12	0	40.6	0
Gas Com 13	0	44.8	744
Gas Com 3	0	61.6	4518
IB "32" State 1-Y	0	N/A	1211
IB "32" State #2	0	56.0	5793
IB "32" State #3	119	38.6	331

Liquid hydrocarbon production will be measured using turbine meters, per prior approval. These meters will be proved on a regular schedule. A map is enclosed showing the lease numbers and location 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 attached which clearly identifies all equipment that will be utilized.

The Storage and Measuring facility will be located at <u>UL "P"</u>, <u>Sec. 19, T-21-S, R-24-E, Eddy County</u>, <u>New Mexico</u>. There will be a satellite facility located at UL "N", Section 20, T-21-S, R-24-E, Eddy County, NM.

The BLM has been notified of this facility in prior applications and will be notified of any change in facility location. The gas, liquid hydrocarbons and water from the wells in Sections 20 and 21 will be gathered at this satellite facility. The facility will consist of a 3-phase test separator and a 3-phase production separator. A production manifold will allow for individual well testing in the test separator while production from the remaining wells flows to the production separator.

The gas from the separators will be metered at this satellite facility before being delivered to the compressors at the Storage and Measurement facility in Section 19. After compression, the gas will be

processed through a dehydrator, metered and delivered to the Indian Basin Gas Plant for further processing. The gas and NGLs will then be metered and sold at the tail-gate of the plant.

The liquid hydrocarbons and water, after being metered through the separators at the satellite facility, will be recombined and then flow to a 3-phase separator at the Storage and Measurement facility in Section 19, via liquid pipeline. After separation, the liquid hydrocarbon production will be processed and stored in tanks at the Storage and Measurement facility. Processing may include the use of heat treating or other liquid hydrocarbon processing equipment. The liquid hydrocarbons will then be metered through a LACT unit, per prior approval, and sold at the truck loading rack. The water production, after being processed through the 3-phase separator at the Storage and Measurement facility, will be sent to the gun barrel for further separation. It will then be stored in tanks at the Storage and Measurement facility prior to being metered and pumped to the SWD system.

Details of the proposed method for allocating production to contributing sources is as follows:

Indian Hills Unit Production=(Sum of LHC Readings from Indian Hills Unit wells)X Gross Consolidated Facility Production
(Sum of All LHC Readings)

Indian Hills Unit Gas Com Prod.=(Sum of LHC Readings from Gas Com wells) X Gross Consolidated Facility Production (Sum of All LHC Readings)

IB "32" State Wells Production=(Sum of LHC Readings from IB "32" State wells) X Gross Consolidated Facility Production (Sum of All LHC Readings)

The same formulas will be used to allocate gas and water production, per prior approval (PLC-140).

The working interest owners were notified of the original commingling 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 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 will require additional commingling approvals.

Signature:

Genny Larke
Name: Ginny Larke

Title: Engineer Technician March 12, 1999

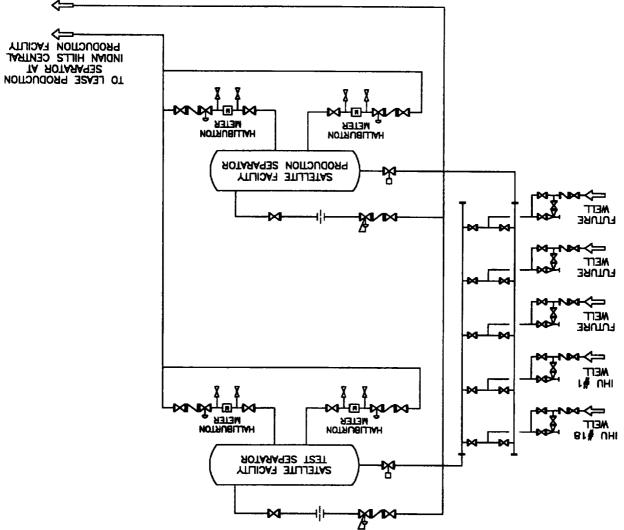
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Attachments

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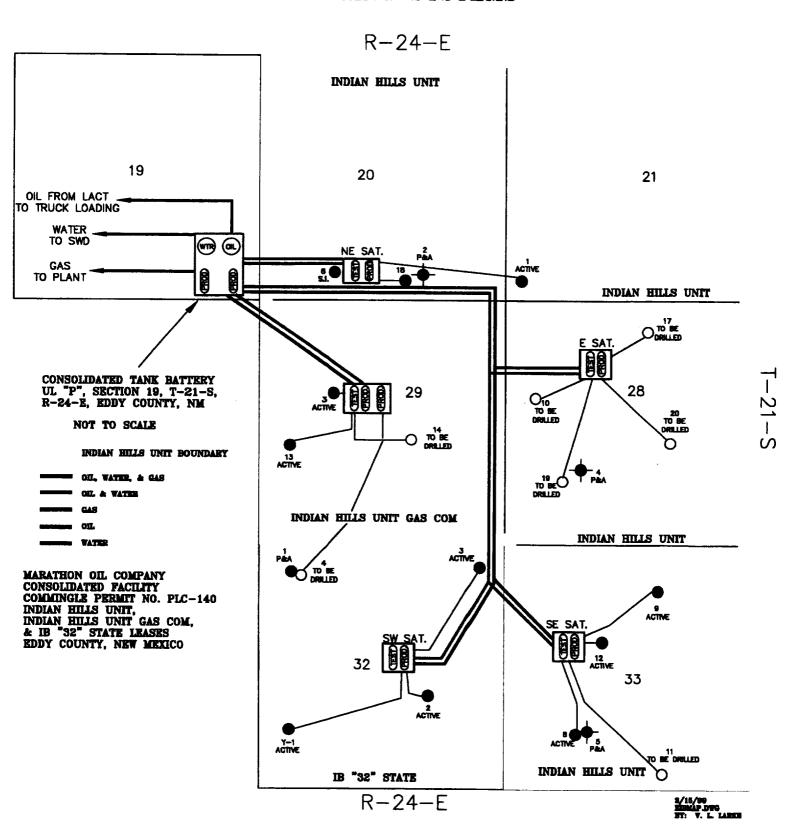
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INDIAN HILLS UNIT SATELLITE SEPARATION FACILITY IN SECTION 20, T-21-S, R-24-E

Marathon SA Oil Company FA

### MARATHON OIL COMPANY CONSOLIDATED FACILITY COMMINGLE PERMIT NO. PLC-140 GATHERING SYSTEMS



Bureau of Land Management Roswell District 2909 West Second Street Roswell, New Mexico 88201 505-627-0272

## Off-Lease Measurement, Storage, and Surface Commingling Conditions of Approval

Approval of surface commingling and off-lease storage and/or measurement is subject to the following conditions of approval:

- 1. This agency shall be notified of any change in sales method or location of the facility.
- 2. This agency shall be notified of any spill or discharge as required by NTL-3A.
- This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
- 4. This approval is subject to like approval by the New Mexico Oil Conservation Division.
- 5. Additional wells and/or leases require additional commingling approvals.
- 6. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days, an application for right-of-way approval must be submitted to the Realty Section if not already done.