

CTB 12/24/98

Mid-Continent Region
Production United States

481



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

December 2, 1998

DEC - 4

Oil Conservation Division
Attn: Ben Stone
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: Surface Commingling, Off-Lease Storage, Measurement, and Sales and Alternative
Measurement Method of Hydrocarbon Production for the Indian Federal Gas Com
Lease, Section 20 of Township 21 South, Range 24 East

Dear Mr. Stone:

Marathon Oil Company, as operator of the aforementioned lease, respectfully requests administrative approval for surface commingling, off-lease storage, measurement and sales, and alternative measurement method of the production from the Indian Federal Gas Com #1 (LC-063245-A), and the Indian Federal Gas Com #2 (NM-0238436).

Marathon proposes to surface commingle this Morrow production at a central battery. Production will be measured by 3-phase separators, one for each well. The gas will be transported by pipeline to the Indian Basin Gas Plant for processing. After processing, the gas and NGLs will be metered and sold at the tail-gate of the plant. Liquid hydrocarbon production will be gathered into a storage tank and delivered to the central battery, located at the Indian Basin Gas Plant, by truck. It will be stored in tanks at the central battery. The liquid hydrocarbons will then be metered through a LACT unit and sold. Water production will be metered and sent to Marathon's disposal system from the separators.

The attached drawings illustrate the proposed separation equipment and the proposed production batteries and flow scheme for the production from these two (2) wells. Also attached is a more detailed description of the proposed flow and metering of all production, along with a map showing flow from wellhead to central facility.

If you require any additional information concerning this application, please call me at (915) 687-8449. Thank you for your consideration of this request.

Sincerely,

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

Ginny Larke
Engineer Technician

Attachments

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 re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

OPERATOR'S COPY

FORM APPROVED

Budget Bureau No. 1004-0135

Expires November 30 2000

5. Lease Serial No.

LC-063245-A

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and/or No
CA - SW-290

8. Well Name and No.

INDIAN FEDERAL GAS COM #1

9. API Well No.

30-015-10355

10. Field and Pool, or Exploratory Area

INDIAN BASIN MORROW

11. County or Parish, State

EDDY

NM

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Marathon Oil Company

3a. Address

P.O. Box 552 Midland, TX 79702

3b. Phone No. (include area code)

915-682-1626

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

UL "G", 1980' FNL & 1980' FEL
SECTION 19, T-21-S, R-24-E

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

☒ Notice of Intent

☐ Subsequent Report

☐ Final Abandonment Notice

TYPE OF ACTION

☐ Acidize

☐ Alter Casing

☐ Casing Repair

☐ Change Plans

☐ Convert to Injection

☐ Deepen

☐ Fracture Treat

☐ New Construction

☐ Plug and Abandon

☐ Plug Back

☐ Production (Start/Resume)

☐ Reclamation

☐ Recomplete

☐ Temporarily Abandon

☐ Water Disposal

☐ Water Shut-Off

☐ Well Integrity

☒ Other COMMINGLING

OFF-LEASE STORAGE

MEASUREMENT & SALES

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

As required by 43 CFR 3162.7-2 and Onshore Oil and Gas Order No. 4 Marathon Oil Company is requesting approval of off lease measurement, storage & sales, alternate measurement method, and commingling of liquid hydrocarbons. Also, as required by 43 CFR 3162.7-3 and Onshore Oil and Gas Order No. 5, Marathon Oil Company requests approval of off-lease measurement, commingling, and sales of gas. Gas is transported to the Marathon Oil Company Gas Plant which is located in SW/NE, Section 23, T-21-S, R-23-E, in Eddy County, NM, by pipeline. The general routing of this pipeline is shown on the attached map. Liquid hydrocarbons are gathered in a tank and truck hauled to the Marathon Oil Company Gas Plant.

Turbine meters will be used for the Alternate Method of Metering for liquid hydrocarbons per prior approvals.

A form is attached with further information regarding this request.

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

11/18/98

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

David A. Glass

Title

PETROLEUM ENGINEER

Date

NOV 27 1998

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

**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 for Surface Commingling, Off Lease Storage & Measurement and Alternative Measurement of hydrocarbon production from the following formation and well(s) on Federal Lease(s) listed below:

**INDIAN FEDERAL GAS COM: SECTION 19, T21S, R24E
FORMATION: MORROW**

Well No.	UL	LEASE NUMBER	BLHCPD	API Grav 60°F	MCFD	API NO. 30-015
1	G	LC-063245-A	1	58.1	751	10355
2	J	LC-063245-A	1	58.0	1,203	10971

The proposed operation is described in detail on the attached diagrams. Liquid hydrocarbon production will be measured using turbine meters per prior approvals. These meters are 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. Schematic diagrams are also attached which clearly identify all equipment that will be utilized.

The Storage and Measurement facility is located at Marathon's Indian Basin Gas Plant, Unit Letter "G", Section 23, T-21-S, R-23-E, Eddy County, New Mexico. The BLM will be notified of any change in facility location.

Details of the proposed method for allocating production to contributing sources are as follows: Gas is measured at the lease using allocation meters. It is then transported to the Indian Basin Gas Plant by pipeline. After processing the gas, it is metered at the tail-gate of the plant and sold. Liquid hydrocarbon production is measured on the lease and then gathered into a storage tank. It is then truck hauled to the Storage and Measurement facility shown above where it is processed and sold through a LACT unit. The produced water is injected into various water disposal wells per prior approvals. All production will be allocated to wells based on monthly well tests and the previously approved methods of lease allocation.

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 require additional commingling approvals.

Signature

A handwritten signature in black ink, appearing to read 'Ken Tatarzyn', written over a horizontal line.

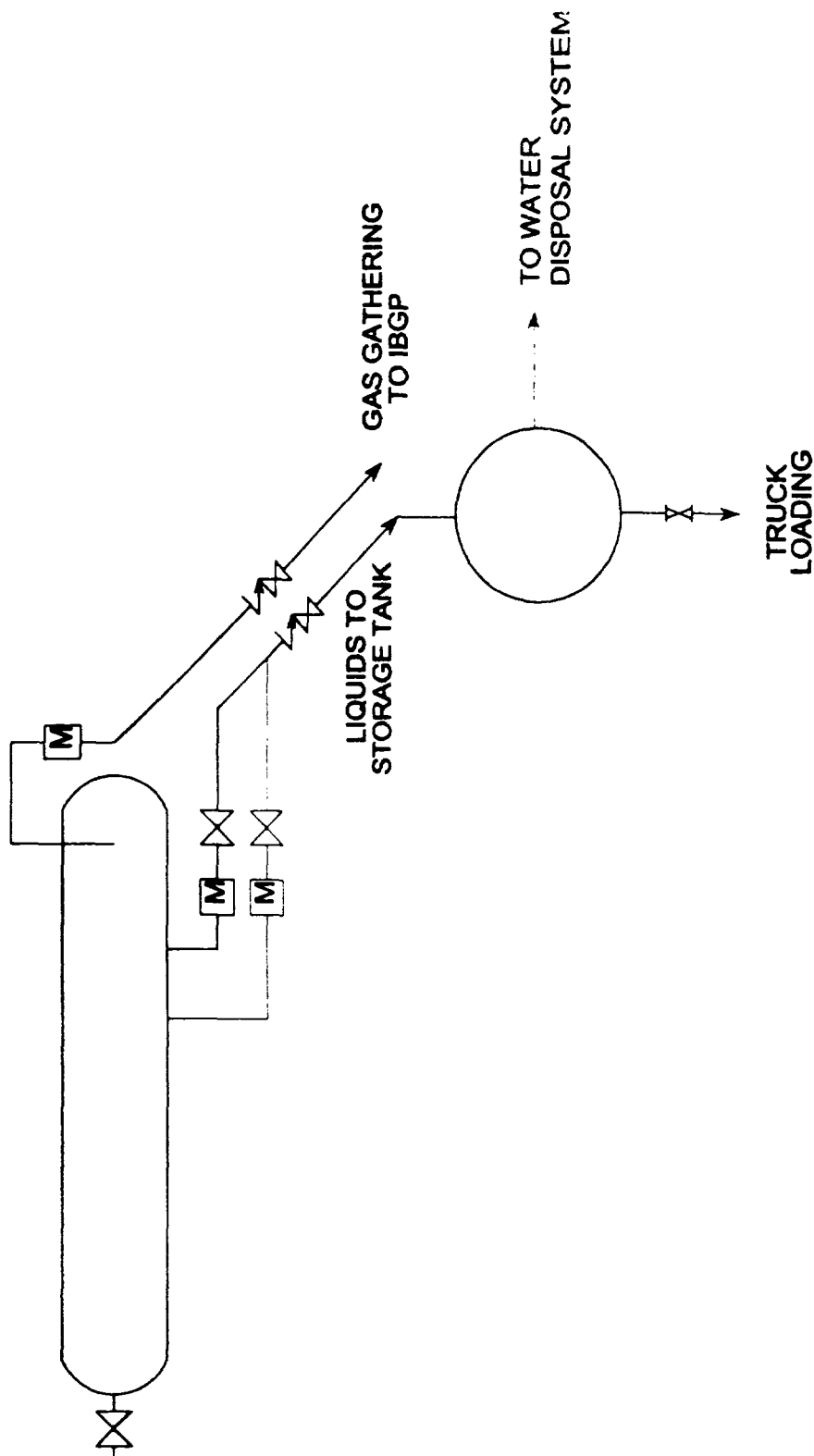
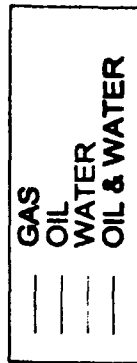
Name: Ken Tatarzyn

Title: Indian Basin Asset Team Manager

Date: November 18, 1998



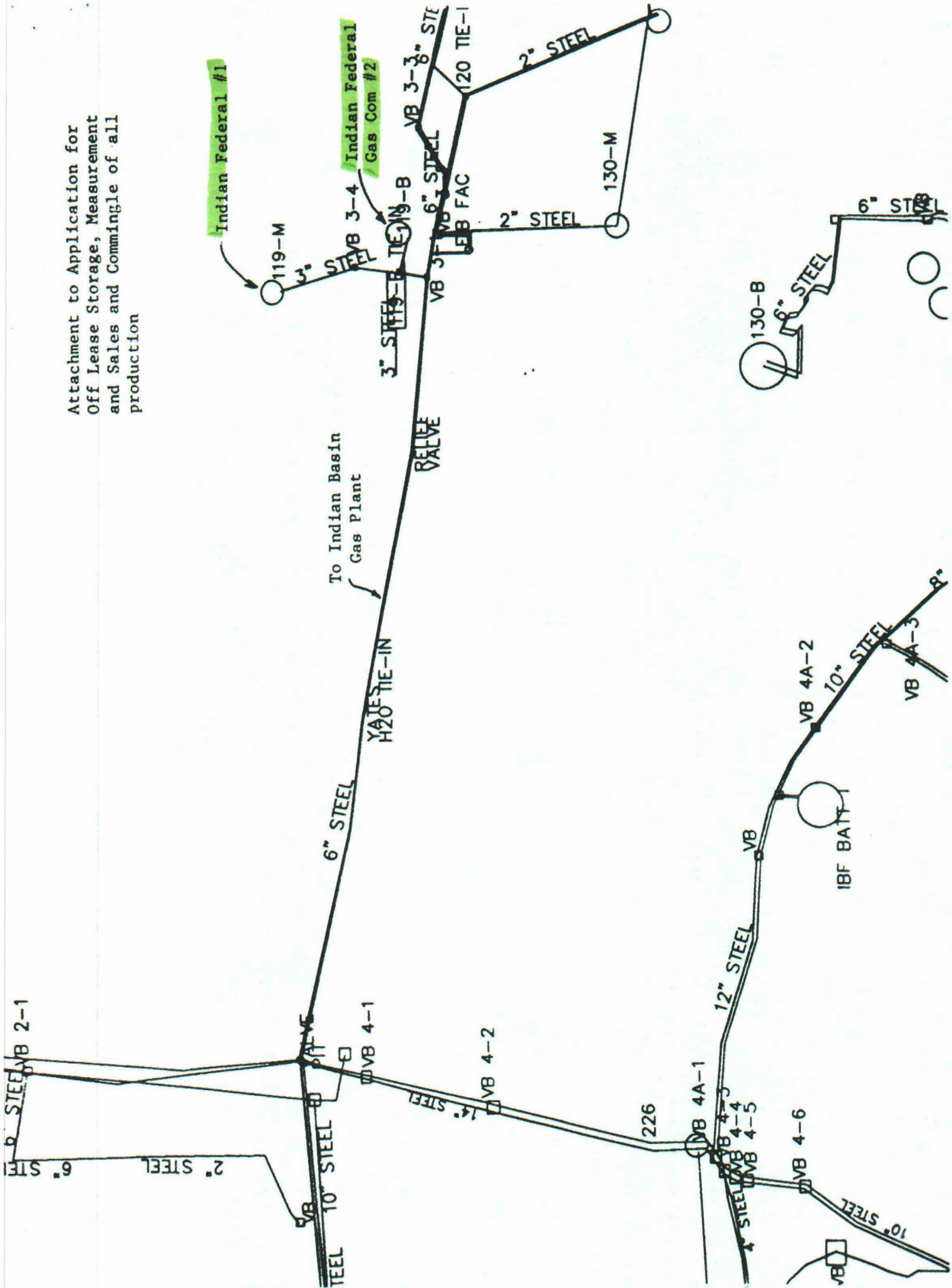
© WELLHEAD

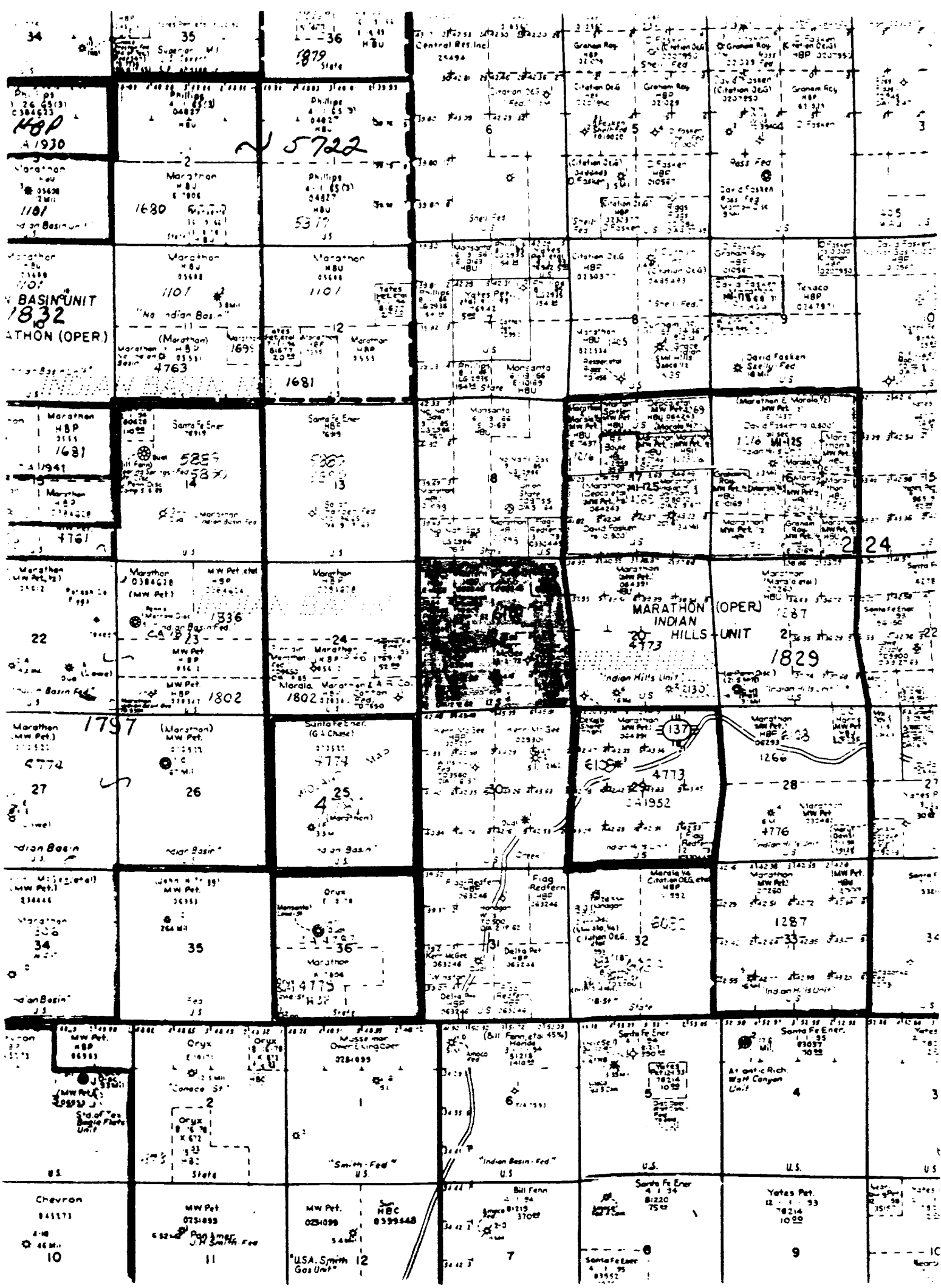


MARATHON OIL COMPANY
INDIAN FEDERAL GAS COMM. #1
Station No. 119M

1980' FNL; 1980' FEL
Sec. 19 T-21S; R-23E
EDDY COUNTY, NEW MEXICO
SW-290; LC-063245A

Attachment to Application for
Off Lease Storage, Measurement
and Sales and Commingle of all
production





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.
3. 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.

Form 3160-5
(November 1994)

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 re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

OPERATING COPY FORM APPROVED

Budget Bureau No. 1004-0135
Expires November 30 2000

5. Lease Serial No.
NRL-0238436
EE 065245-A

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator
Marathon Oil Company

3a. Address
P.O. Box 552 Midland, TX 79702

3b. Phone No. (include area code)
915-682-1626

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
**UL "J", 1349' FSL & 2025' FEL
SECTION 19, T-21-S, R-24-E**

7. If Unit or CA Agreement, Name and/or No.
CA - SW-290

8. Well Name and No.
INDIAN FEDERAL GAS COM #2

9. API Well No.
30-015-10971

10. Field and Pool, or Exploratory Area
INDIAN BASIN MORROW

11. County or Parish, State
EDDY NM

12. CHECK APPROPRIATE BOX(ES) 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"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other COMMINGLING
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	OFF-LEASE STORAGE
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	MEASUREMENT & SALES

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

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Turbine meters will be used for the Alternate Method of Metering for liquid hydrocarbons per prior approvals.

Bureau of Land Management
Received

A form is attached with further information regarding this request.

NOV 20 1998
SEE ATTACHED FOR
CONDITIONS OF APPROVAL
Carlsbad Field Office
Carlsbad, N.M.

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Ginny Larke

Title

Engineer Technician

Date **11/18/98**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

David A. Glass

Title

PETROLEUM ENGINEER

Date

NOV 27 1998

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

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 MEASUREMENT, STORAGE AND ALTERNATIVE MEASUREMENT
APPROVAL

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P.O. Box 1778
Carlsbad, New Mexico 88220-1778

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FORMATION: MORROW

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No.	UL	NUMBER	BLHCPD	Grav	MCFD	API NO.
				60°F		30-015
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2	J	LC-063245-A	1	58.0	1,203	10971

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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 require additional commingling approvals.

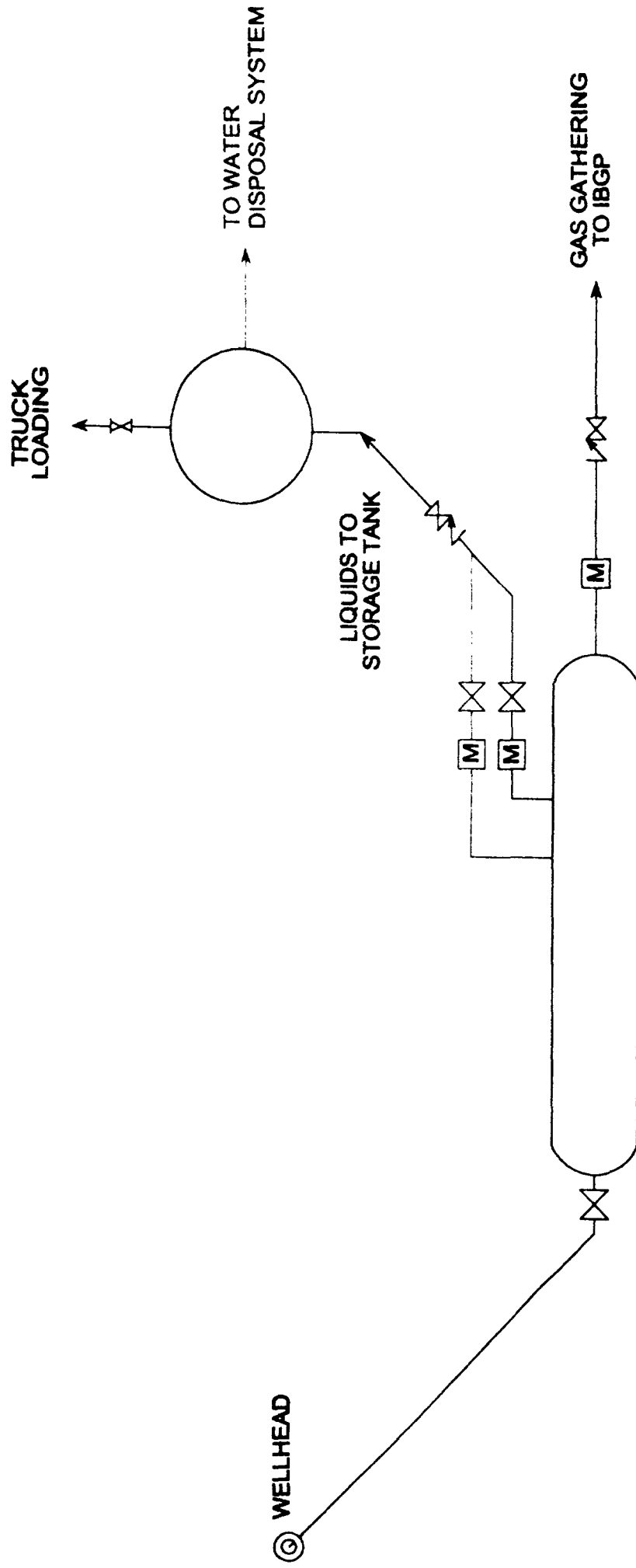
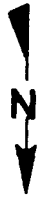
Signature

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Name: Ken Tatarzyn

Title: Indian Basin Asset Team Manager

Date: November 18, 1998

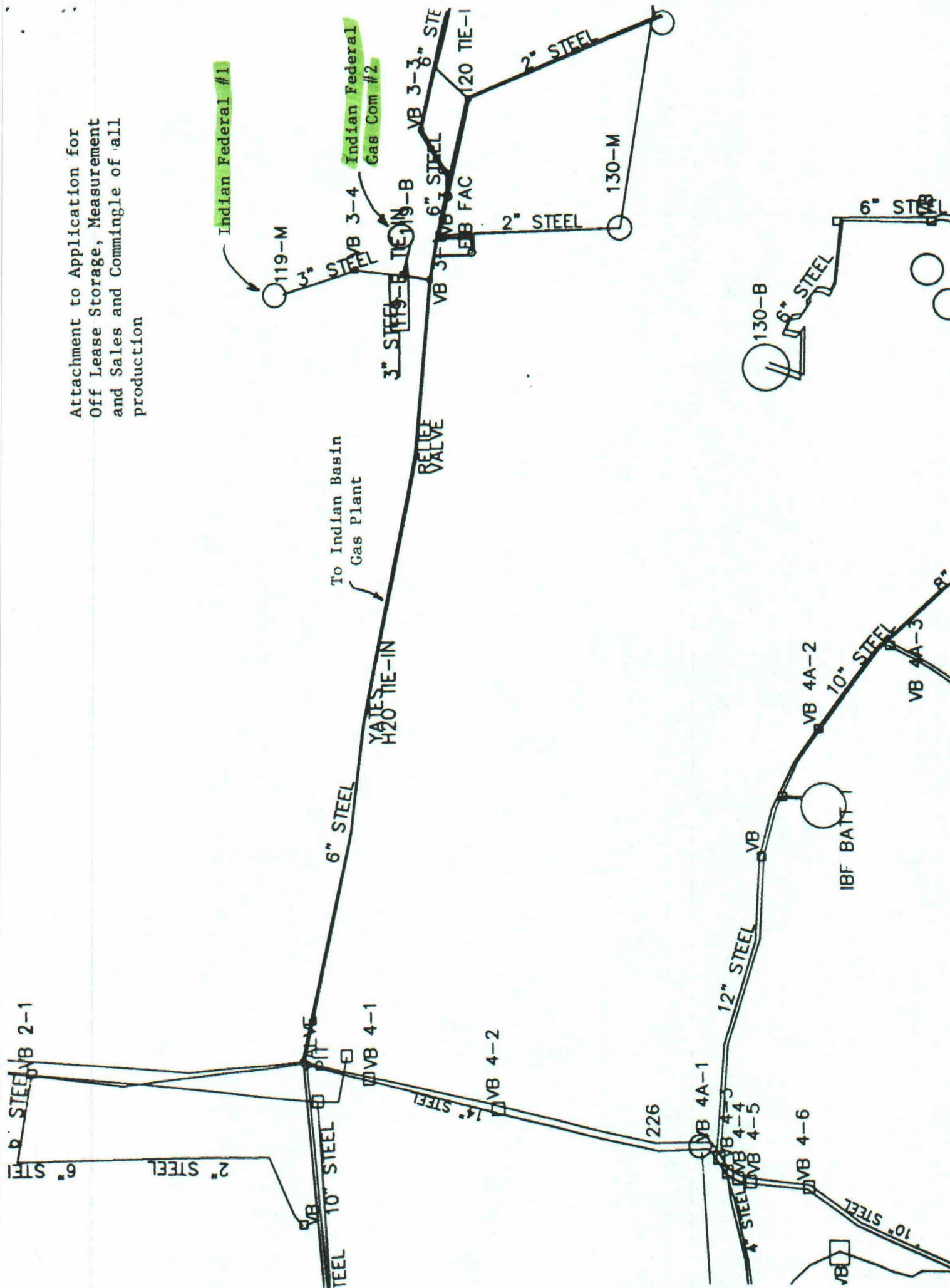


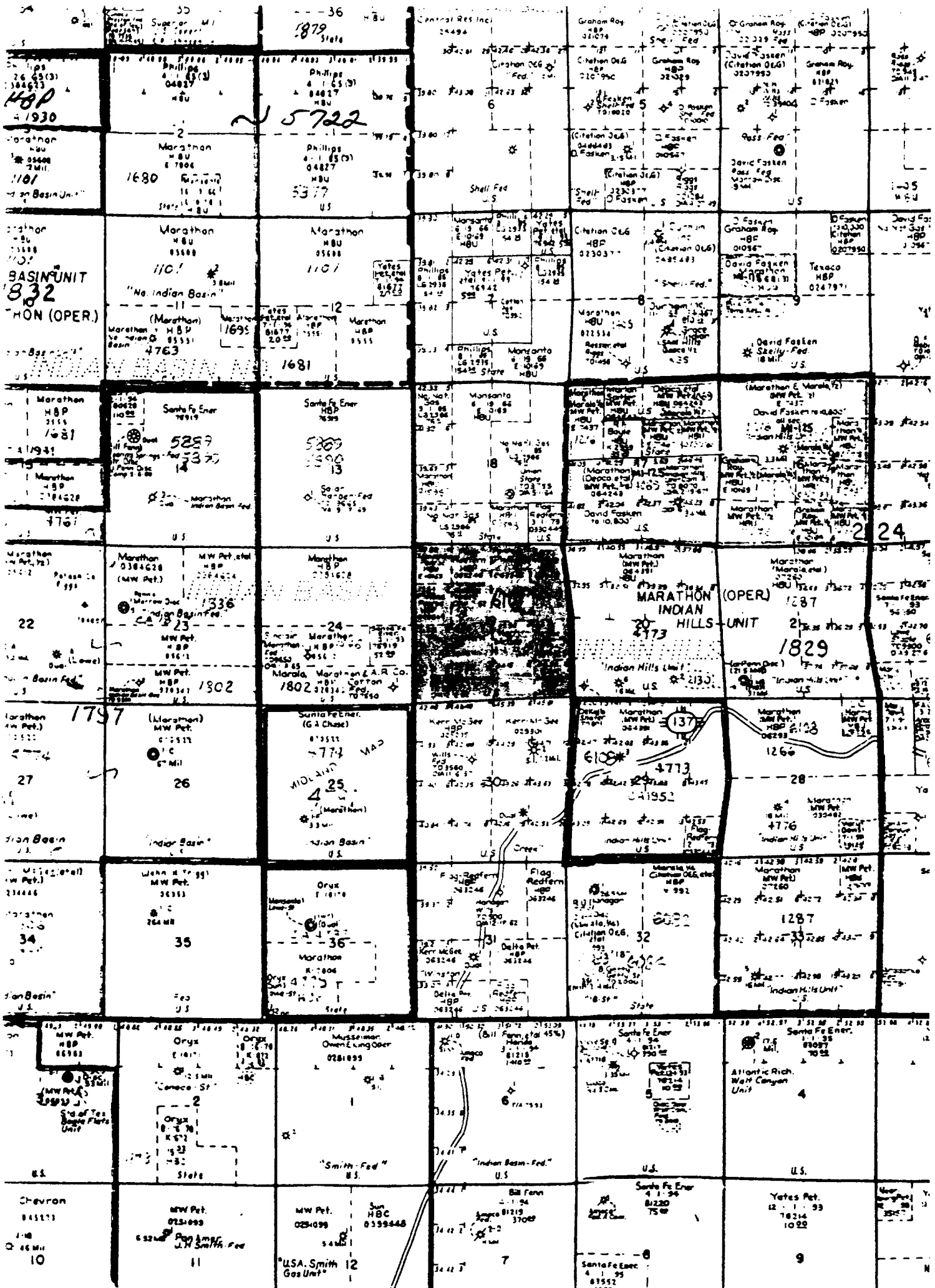
---	GAS
---	OIL
---	WATER
---	OIL & WATER

Q. LARKE\J. VACADOWS\ACAD\TOWNS\INDOVED.2 (11/18/98)

MARATHON OIL COMPANY
INDIAN FEDERAL GAS COM. #2
Station No. 119M
UL "J", 1348' FSL; 2025' FEL
Sec. 19 T-21S; R-23E
EDDY COUNTY, NEW MEXICO
SW-290; LC-063245A

Attachment to Application for
Off Lease Storage, Measurement
and Sales and Commingle of all
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Bureau of Land Management
Roswell District
2909 West Second Street
Roswell, New Mexico 88201
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**Off-Lease Measurement, Storage, and Surface Commingling
Conditions of Approval**

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2. This agency shall be notified of any spill or discharge as required by NTL-3A.
3. 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.

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 re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

FORM APPROVED
Budget Bureau No. 1004-0135
Expires November 30 2000

5. Lease Serial No.

LC-063245-A

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.
SW-290

8. Well Name and No.
INDIAN FEDERAL GAS
COM #1

9. API Well No.
30-015-10355

10. Field and Pool, or Exploratory Area
INDIAN BASIN MORROW

11. County or Parish, State
EDDY NM

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator
Marathon Oil Company

3a. Address
P.O. Box 552 Midland, TX 79702

3b. Phone No. (include area code)
915-682-1626

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
UL "G", 1980' FNL & 1980' FEL
SECTION 19, T-21-S, R-24-E

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other CORRECTION
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	TO COMMINGLE APP.
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	DATED 11/18/98

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

On 11/18/98 I sent form 3160-5 requesting approval for off lease measurement, storage & sales, alternate measurement method, and commingling of the gas and liquid hydrocarbons from the lease shown above. There was an error in the manner of measuring liquid hydrocarbons. The production from this well goes into a 2-phase separator. The gas is metered and sent to the Indian Basin Gas Plant via pipeline as previously shown. The liquids, both water and liquid hydrocarbons, are sent to a storage tank on location where they are gauged and "color cut" and the strapping chart for the tank is used to calculate the daily production. The liquids are then truck hauled to the Indian Basin Gas Plant for further separation. The liquid hydrocarbons, after further processing, are sold through a LACT meter. After separation, the water is pumped into various water disposal wells per prior approvals. A corrected drawing of the facility is attached.

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Ginny Larke

Title

Engineer Technician

Date 12/18/98

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

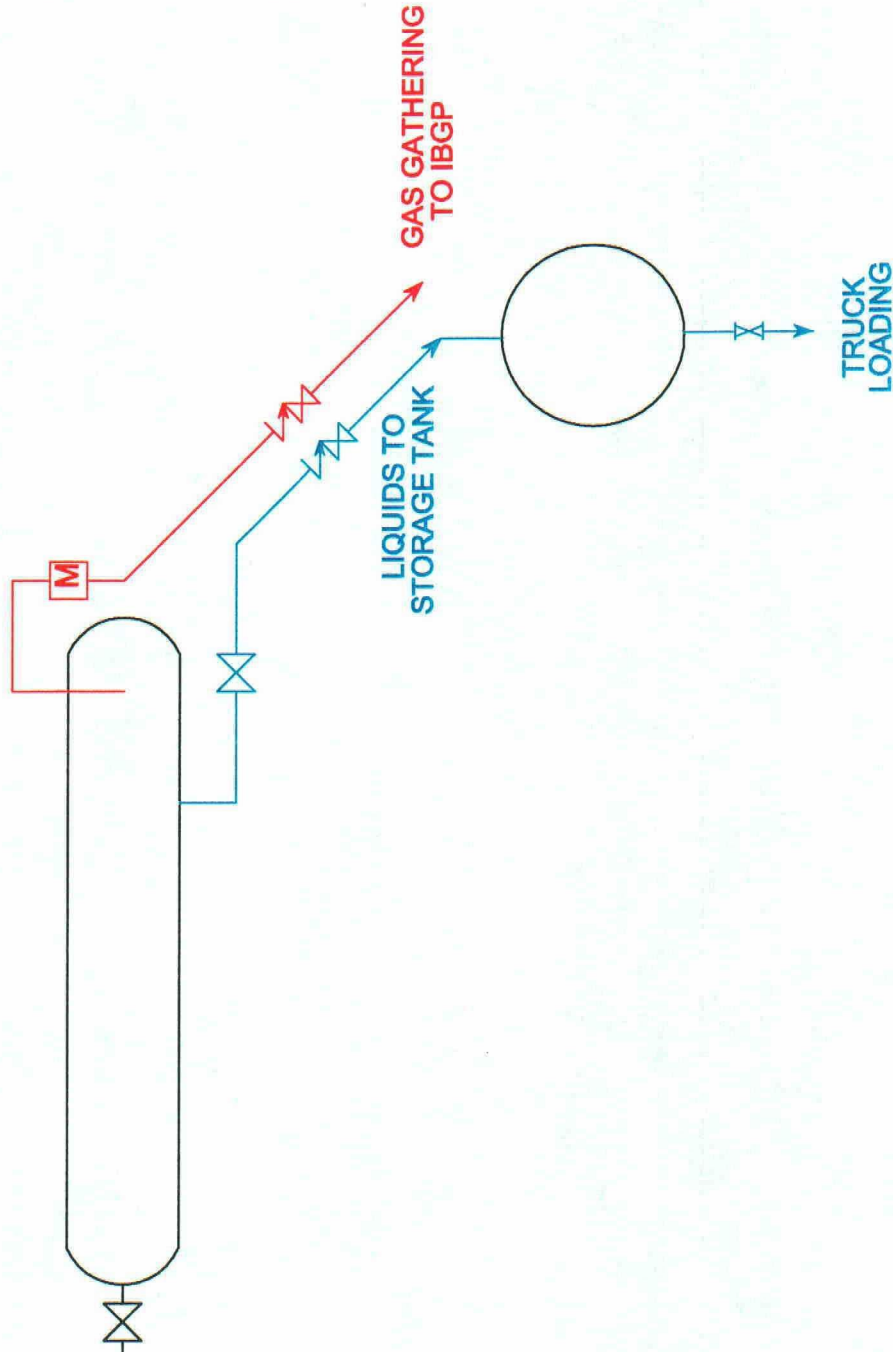
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© WELLHEAD



MARATHON OIL COMPANY
INDIAN FEDERAL GAS COMM. #1
Station No. 119M

1980' FNL; 1980' FEL
Sec. 19 T-21S; R-23E
EDDY COUNTY, NEW MEXICO
SW-290; LC-063245A

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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Budget Bureau No. 1004-0135
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SW-290

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COM #2

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Marathon Oil Company

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915-682-1626

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<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other CORRECTION
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	TO COMMINGLE APP.
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	DATED 11/18/98

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

On 11/18/98 I sent form 3160-5 requesting approval for off lease measurement, storage & sales, alternate measurement method, and commingling of the gas and liquid hydrocarbons from the lease shown above. There was an error in the manner of measuring liquid hydrocarbons. The production from this well goes into a 2-phase separator. The gas is metered and sent to the Indian Basin Gas Plant via pipeline as previously shown. The liquids, both water and liquid hydrocarbons, are sent to a storage tank on location where they are gauged and "color cut" and the strapping chart for the tank is used to calculate the daily production. The liquids are then truck hauled to the Indian Basin Gas Plant for further separation. The liquid hydrocarbons, after further processing, are sold through a LACT meter. After separation, the water is pumped into various water disposal wells per prior approvals. A corrected drawing of the facility is attached.

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Ginny Larke

Title

Engineer Technician

Date

12/18/98

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

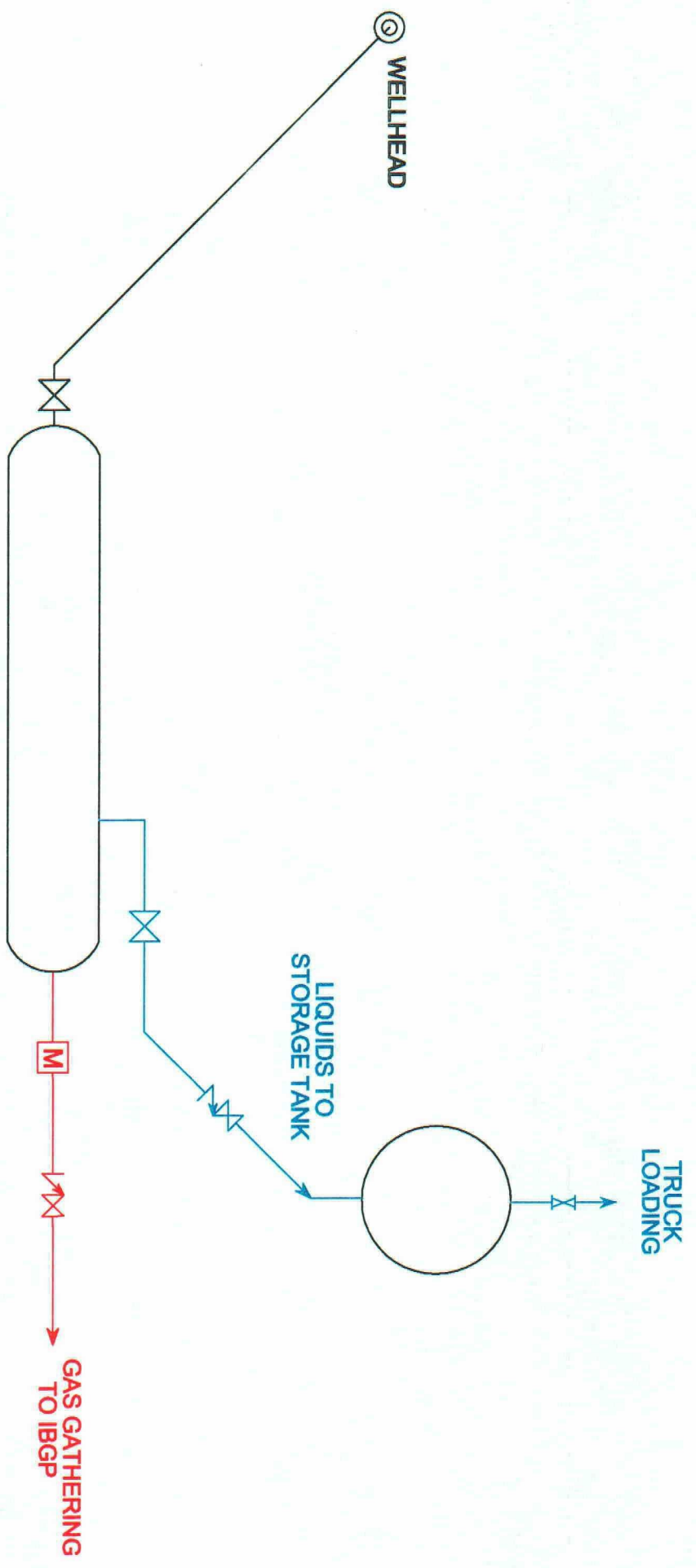
Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office



MARATHON OIL COMPANY
INDIAN FEDERAL GAS COM. #2
Station No. 119M
UL "J", 1349' FSL; 2025' FEL
Sec. 19 T-21S; R-23E
EDDY COUNTY, NEW MEXICO
SM-290; LC-063245A

—	GAS
—	OIL
—	WATER
—	OIL & WATER