



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

COMMINGLING ORDER PLC-144

Marathon Oil Company
P.O. Box 552
Midland, Texas 79702-0552

Attention: Ms. Ginny Larke

The above named company is hereby authorized to commingle Indian Basin Upper Penn (Associated-33685) and South Dagger Draw Upper Penn (Associated-15475) Pool production from the following leases:

Lease: North Indian Basin Unit Well Nos.1, 4, 5, 8, 9, 31 and 34
Including: Federal Lease Nos. NM-05608, NM-1832, NM-05551, and NM-51107, and State Lease No. E-10170
Description: SE/4 SE/4 of Section 4, W/2 SW/4 of Section 9, SW/4 SW/4 and SE/4 SE/4 of Section 10, and NW/4 SE/4 and NE/4 SW/4 of Section 16,

all in Township 21 South, Range 23 East, NMPM, Eddy County, New Mexico.

The gas production from each pool shall be separately metered at the satellite facility (except Well No. 34, at the well-site) using allocation meters prior to commingling. Production shall be allocated to each lease by calculating an allocation factor by dividing individual well volumes by the total volume metered at the tail-gate of the gas processing plant. The factors shall be multiplied by the total sales meter volume to obtain individual well volumes. Liquid hydrocarbon production shall be separately metered using turbine meters, commingled and sold through a LACT unit located at the gas plant storage and measurement facility. This method is authorized only so long as all commingled production is of identical ownership including working interest, royalty interest, and overriding royalty interest.

NOTE: The commingled production shall be stored in the Indian Basin Gas Plant Storage and Measurement facility located in Unit Letter 'G' of Section 23, with a satellite facility located in Unit Letter 'M' of Section 10, Township 21 South, Range 23 East, NMPM, Eddy County, New Mexico.


REMARKS: This installation shall be installed and operated in accordance with the applicable provisions of Rule 303 of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities." It is the responsibility of the producer to notify the transporter of this commingling authority.

FURTHER: The operator shall notify the supervisor of the Artesia district office prior to implementation of the commingling process.

Commingling Order PLC-144
Marathon Oil Company
May 29, 1998
Page 2

PROVIDING: Validation of this authority shall be accomplished by like approval from the New Mexico Commissioner of Public Lands and the U.S. Bureau of Land Management.

DONE at Santa Fe, New Mexico, on this 29th day of May, 1998.


LORI WROTENBERY,
Division Director

LW/BES/kv

cc: Oil Conservation Division - Artesia
State Land Office - Oil & Gas Division
U.S. Bureau of Land Management - Carlsbad