(November 1994) DEPAR1	ITED STATES INT OF THE INTERIOR LAND MANAGEMENT S AND REPORTS ON WELLS for proposals to drill or to re-enter an Form 3160-3 (APD) for such proposals.	FORM APPROVED Budget Bureau No. 1004-0135 CSF Expires November 30 2000 5. Lease Serial No. <u>NM-05612-A</u> 6. If Indian, Allottee or Tribe Name
SUBMIT IN TRIPLICA	TE - Other instructions on reverse side	7. If Unit or CA/Agreement, Name and/or No.
Type of Well Oil X Gas Well Other Other Name of Operator Marathon Oil Company	5 AN AN AN	8. Well Name and No. INDIAN BASIN A #1 9. API Well No.
3a. Address P.O. Box 552 Midland, TX 79702	36. Phone No. (into Kuda Euroda Edge) 55 915-682-1626 - ARTESIA 57	30-015-00034 10. Field and Pool, or Exploratory Area INDIAN BASIN UPPER PENN GAS
4. Location of Well (Footage, Sec., T., R. M., or Survey Desc UL "J" 1650' FSL & 1650' FEL SECTION 22, T-21-S, R-23-E 12. CHECK APPROP	RIATE BOX(ES) TO INDICATE NATURE OF NOTICE. REPOR	POOL 11. County or Parish, State EDDY NM
TYPE OF SUBMISSION	TYPE OF ACTION	
Notice of Intent Subsequent Report Final Abandonment Notice	Actidize   Decent   Press     Alter Casing   Fracture Treat   Reclamat     Casing Repair   New Construction   Recompil     Change Plans   Plug and Abandon   Temporal     Convert to Injection   Plug Back   Water Di	iete X Other <u>COMMINGLE</u> . rily Abandon <u>OFF-LEASE MEASHT.</u> isposal <u>ALT. MEAS. METHOD</u>
Attach the Bond under which the work will be following completion of the involved operation testing has been completed. Final Abandonme determined that the final site is ready for final ins	clearly state all pertinent details, including estimated starting date of any promplete horizontally, give subsurface locations and measured and true very performed or provide the Bond No. on file with BLM/BIA. Required so is in the operation results in a multiple completion or recompletion in a sint Notices shall be filed only after all requirements, including reclamation pection.)	new interval, a Form 3160-4 shall be filed once ion, have been completed, and the operator has

As required by 43 CFR 3162.7-2 and Onshore 011 and Gas Order NO. 4 Marathon off company of approval of off-lease measurement, storage & sales, alternate measurement method, and commingling of liquid hydrocarbons. Also, as required by CFR 3162.7-3 and Onshore 011 and Gas Order No. 5, we are requesting approval of off-lease measurement, commingling, and sales of gas.

Production is sent from the wellhead to a separator located at UL "F" of Section 26, T-21-S, R-23-E. Both liquid hydrocarbons and gas are measured and then transported to Marathon's Indian Basin Gas Plant by separate pipelines. The general routing of these pipelines is shown on the attached map.

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

A form is attached which further explains this operation.

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Ginny Larke Linny Carke	Title Engineer Technician	
	Date 12/30/98	
THIS SPACE FOR FEDER	AL OR STATE OFFICE USE	
		Dm IAN 0.7 4000
Approved by (ORIG. SGD.) DAVID R. GLASS	PETROLEUM ENGINEER	Date JAN 07 1939
Conditions of approval, if any, are attached. Approval of this notice does not warra certify that the applicant holds legal or equitable title to those rights in the subject	nt of Office	
which would entitle the applicant to conduct operations thereon.	C.t. H	ited States any false fictitious or
Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and will fraudulent statements or representations as to any matter within its jurisdiction.	fully to make to any denartment or agency of the Un	
fraudulent statements or representations as to any matter within its jurisdiction		
(Instructions on reverse)	<b>CONDITIONS OF AP</b>	PROVAL

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## APPLICATION FOR SURFACE COMMINGLING OFF LEASE MEASUREMENT. STORAGE AND ALTERNATIVE MEASUREMENT APPROVAL

## **Bureau of Land Management** To: 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:

INDL FORM	AN BASIN	<u>NA: NM 05612- UPPER PENN</u>	A SECTION	22, T21S, R23	E
			API		
Well <u>No</u> . 1	UL J	<u>BOPD</u> 20	Grav <u>60°F</u> 61.6	<u>MCFD</u> 2,458	API NO. 30-015-00034

The proposed operation is described in detail on the attached diagrams. 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 the 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. The production is sent from the wellhead to a 3-phase separator located at a satellite separation facility, Unit Letter "F", Section 26, T-21-S, R-23-E. Gas production is measured using allocation meters. It is then transported to the Indian Basin Gas Plant via pipeline. After processing, the gas and NGLs are metered at the tail-gate 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. Liquid hydrocarbon production is then sent to the Indian Basin Gas Plant for further processing. It is sold through a LACT Unit at the plant. The water production is injected into various 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 510hik

Name: Kirk W. Spilman for K. W. Tatarzyn Title: Indian Basin Asset Team Manager Date: December 30, 1998

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