

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.