

CRA BLM FORMAT

**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 & Sales of hydrocarbon production from the following formation and well(s) on Federal Lease(s) listed below:

NORTH INDIAN BASIN UNIT WELL NO. 8; 891008580

FEDERAL LEASE NO. NM 05551

FORMATION: Indian Basin Morrow Pool

LOCATION: UL "N", SECTION 9, T-21-S, R-23-E, EDDY COUNTY, NM

<u>Well No.</u>	<u>API No.</u>	<u>BOPD</u>	<u>MCFD</u>	<u>API °</u>
8	30-015-26324	2	2641	60

The proposed operation is described in detail on the attached diagrams. A map is enclosed showing the 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 Unit Letter "G", Section 23, T-21-S, R-23-E, Eddy County, New Mexico. The satellite facility is located at UL "M", Sec. 10, T-21-S, R-23-E. The BLM will be notified of any change in facility location. All production is transported, via pipeline, to the satellite facility where it is separated using a 2-phase separator. The gas is then metered, using an orifice meter, compressed, and transported to the Marathon Oil Company Indian Basin Gas Plant (SW/NE, Section 23, T21S, R23E) by pipeline. After processing the gas and NGLs are metered at the tail-gate of the plant and sold. The liquid hydrocarbon and water production are sent, from the separator, to a storage tank. The storage tank is gauged and the tank's strapping chart and Color Cut are used to measure liquid hydrocarbon and water production each day. This production is truck hauled to the storage facility at the Indian Basin Gas Plant. After further separation, the water is sent to the disposal system where it is disposed of in one of the SWD wells in the Indian Basin Field. The liquid hydrocarbon production is sent to a storage tank and sold through a LACT meter. All production will be allocated to the well based on the daily production measurements and meter readings and previously approved methods of lease allocation.

The working interest owners were notified of the original commingling proposal.