Form 3160-5 (November 1994)	DEPARTMEN BUREAU OF L SUNDRY NOTICES	ED STATES T OF THE INTER AND MANAGEM AND REPORTS OF proposals to drill or to re-	ENT 811 Street			Expi	res november 50	
	abandoned well. Use For	F-FF-FF-FF-FF-FF-FF-FF-FF-FF-FF-FF-FF-F						
	SUBMIT IN TRIPLICATE	- Other instructions on re	verse side	010111	210	7. If Unit or C	A/Agreement, Na	me and/or No.
1. Type of Well Oil X Gas Well Well	Other		- 561		107777 107777	8. Well Name FEDERAL C		
2. Name of Operator V Marathon Oil Com	pany			OJALY Y		C9. API Well N	lo.	
3a. Address	d]and, TX 79702		b. Phone No. (<i>include</i> 15-682-1626	e b ifeg sode)	A CO	G V0 Field and I	Pool, or Explorate	Try Area
	ec., T., R., M., or Survey Descripti		15 001 MILO	2626272	\$256.66	INDIAN BA POOL 11. County or	SIN UPPER	
12.	CHECK APPROPRIA	TE BOX(ES) TO IND	CATE NATURE		E, REPOR	T, OR OTHER	DATA	
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13. Describe Proposed or Coommpleted 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 recomplete 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 BLMBLA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion 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 and sales, alternate measurement method, and surface commingling of the liquid hydrocarbon production from this well. Also, as required by 43 CFR 3162-7.3 and Onshore Oil and Gas Order No. 5, we are requesting approval of off-lease measurement, storage and sales, alternate measurement method, and surface commingling of the gas production from this lease. Turbine meters will be used for the Alternate Method of Measurement for liquid hydrocarbons. A form along with maps and schematics are attached showing the lease and wells addressed by this requiset, and the equipment which will be utilized.								
				C	se Ondi	e atta tions	CHED I OF API	PROVAL
14. I hereby certify that the for Name (Printed/Typed) Ginny Larke	J.	Larke	Title	ngineer 1	<u>echnici</u>	an		
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certify that the applicant h which would entitle the applica	any, are attached. Approval o olds legal or equitable title to ant to conduct operations thereon.	those rights in the subje	ct lease					
Title 18 U.S.C. Section 10 fraudulent statements or rep	001, makes it a crime for any resentations as to any matter with	person knowingly and w thin its jurisdiction.	illfully to make to	any departm	ent or agen	cy of the Unite	ed States any fa	ulse, fictitious or

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

FEDERAL C "35" : NM 06953 SECTION 35, T21S, R23E FORMATION UPPER PENN

Well					
No.	\mathbf{UL}	Section	TWP	Range	Formation
3	J	35	21-S	23-E	Upper Penn

The proposed operation is shown 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 Unit Letter "K" (#2 well pad), Section 35, 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 through the liquid gathering system to the Indian Basin Gas Plant for further processing and storage. It is sold through a LACT Unit at the plant. The water production is measured, sent to a storage tank, pumped into the SWD system and 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

Linny Larke Name: Ginny Larke Title: Engineer T

Title: Engineer Technician Date: April 13, 1999



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