

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
SUNDRY NOTICES AND REPORTS ON WELLS

N.M. Oil Cons. Division FORM APPROVED
811 S. 1st St. Budget Bureau No. 1004-0135
Artesia, NM 870-2834 Expires November 30 2000

c/15F

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
Marathon Oil Company

3a. Address
P.O. Box 552 Midland, TX 79702

3b. Phone No. (include area code)
915-682-1626

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
UL "J", 1500' FSL & 2080' FEL
SECTION 35, T-21-S, R-23-E

Well Name and No.
FEDERAL C "35" #3

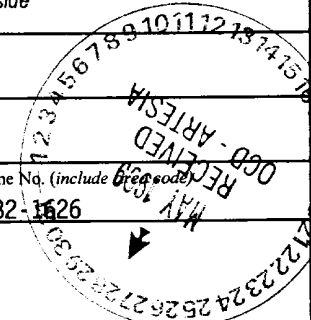
6. If Indian, Allottee or Tribe Name

8. Well Name and No.
FEDERAL C "35" #3

9. API Well No.

10. Field and Pool, or Exploratory Area
INDIAN BASIN UPPER PENN GAS POOL

11. County or Parish, State
EDDY NM



12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>COMMINGLE</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>OFF LSE MEASUREMENT</u>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	<u>ALT. MEAS. METHOD</u>

13. Describe Proposed or Completed 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 BLM/BIA. 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 request, and the equipment which will be utilized.

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

GINNY LARKE

Ginny Larke

Title

Engineer Technician

Date

4/14/99

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

(ORIG. SGD.) LES BABYAK

Title

PETROLEUM ENGINEER

Date

MAY 26 1999

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

**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

<u>No.</u>	<u>UL</u>	<u>Section</u>	<u>TWP</u>	<u>Range</u>	<u>Formation</u>
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

A handwritten signature in cursive script that reads "Ginny Larke".

Name: Ginny Larke

Title: Engineer Technician

Date: April 13, 1999

