

APPLICATION FOR SURFACE COMMINGLING
OFF-LEASE MEASUREMENT, STORAGE AND ALTERNATE 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, and Off Lease Storage & Measurement, and Alternate Measurement of hydrocarbon production from the following formation(s) and well(s) on:

Lease Name: **North Indian Basin Unit; 8910085080**

<u>Well No.</u>	<u>UL</u>	<u>Sec</u>	<u>TWP</u>	<u>RNG</u>	<u>Formation</u>	<u>API No.</u>	<u>Lease #</u>	<u>COM</u>
15	F	2	21-S	23-E	Upper Penn	30-015-28305	NM04827B	N/A

Production from the referenced well is as follows:

<u>WELL NAME & NO.</u>	<u>BOPD</u>	<u>API °</u>	<u>MCFD</u>
North Indian Basin Unit #15	311	42.2	902

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. A schematic diagram is also attached which clearly identifies all equipment that will be utilized.

The Storage and Measuring facility is located at UL "D", Sec. 1, T-21-S, R-23-E, Eddy County, New Mexico. A satellite separation and measurement facility is located at UL "O", Sec. 2, T-21-S, R-23-E. The BLM will be notified of any change in facility location.

Details of the proposed method for allocating production to contributing sources is as follows:

Gas is measured using allocation meters. It is then transported to the Indian Basin Gas Plant (SW/NE, Section 23, T-21-S, R-23-E) by pipeline. After processing the gas, it is 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. Oil is then sold through a LACT unit. All production will be allocated to wells based on monthly well tests and the previously approved methods of lease allocation.