FORM APPROVED Form 3160-5 UNITED STATES Budget Bureau No. 1004-0135 (June 1990) DEPARTMENT OF THE INTERIOR Expires: March 31, 1993 5. Lease Designation and Serial No. BUREAU OF LAND MANAGEMENT NM-04827-R SUNDRY NOTICES AND REPORTS ON WELLS 6. If Indian, Allottee or Tribe Name Do not use this form for proposals to drill or to deepen or reentry to a different reservoir. Use "APPLICATION FOR PERMIT - " for such proposals 7. If Unit of CA, Agreement Designation SUBMIT IN TRIPLICATE N. Indian Basin Unit 1. Type of Well X Oil Well 8. Well Name and No. 2. Name of Operator N. Indian Basin Unit Marathon Oil Company 9. API Well No. 3. Address and Telephone No. 30-015-28782 P.O. Box 552, Midland, TX 79702 915-682-1626 10. Field and Pool, or exploratory Area 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Dagger Draw/U. Penn Assoc..S. UL "E", Sec 2, T-21-S, R-23-E 11. County or Parish, State 2310' FNL & 660' FWL Eddy County NM CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA TYPE OF SUBMISSION TYPE OF ACTION X Notice of Intent Abandonment Change of Plans Recompletion New Construction Subsequent Report Plugging Back Non-Routine Fracturing Casing Repair Water Shut-Off Final Abandonment Notice Altering Casing Conversion to Injection Other Dispose Water (Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.) 13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)* As per ONSHORE ORDER # 7. Marathon Oil Co is notifying you of existing and intended methods of water disposal from this well. This well is produced into Marathon consolidated MOC Federal Tank Battery, located in UL "D" 4. Sec 1, T-21-s, R-23-E, Eddy Co. NM. Water from this battery will be injected via pipeline from the consolidated facility into one of the wells listed on attachment "A". PRIMARY DISPOSAL WELLS. In the event that none of the wells listed under the PRIMARY listing are available, water may be trucked to approved commercial disposal wells. The Trucking Companys which may be used are listed on attachment ECEIVED DISPOSAL. A list of wells used by the trucking companys is also attached to approve the trucking companys are trucked to approve the trucking companys are trucked to approve the trucking companys are trucked to approve the trucked APR 0 1 1996 OIL CON. DIV. DIST 2

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

Title Advanced Engineering Tech

14. Thereby certify that the foregoing is true

Approved by

Conditions of approval, if any:

"JOE G. LARA

Signed

(This space for

ATTACHMENT "1" Marathon Oil Co

MOC Federal Consolidated Tank Battery, (Disposal System) Primary Disposal Operated By: Nearburg Producing Company

Operated By: Marathon Oil Company

Well Name:

MOC SWD # 1

Location:

NE/4 of SW/4

Section 7, T-20-S, R-25-E

Permit#:

SWD 448

Operated By: Marathon Oil Company

Well Name:

Indian Hills State Com # 7

Location:

NE/4 of NW/4

Section 36, t-20-S, Range 24 East

Permit #:

SWD 570

Well Name:

Aikman SWD State # 1

Location:

SE/4 of SW/4

Section 27, T-19-S, R-25-E

Permit#:

SWD 417

Operated By:

Nearburg Producing Company

Well Name:

Holstun # 1 SWD

Location:

NW/4 of NE/4

Section 4, T-20-S, R-25-E

Permit#:

R 9269

Operated By: McKay Oil Company

Well Name:

Charolette Mckay Federal # 1 SWD

Location:

SE/4 of NE/4

Section 25, T-20-S, R-25-E

Permit#:

SWD 460

February 5, 1996

Secondary Disposal

I&W Inc. Possible Wells Used By I&W

Well Name:

Walter Solt State No. 1

Location:

Unit "L", Sec 5, T-18-S, R-28-E

Permit#:

SWD 318

Well Name:

Dagger Draw Salt Water Disposal

Location:

Sec 22, T-19-S, R-25-E

Permit#:

R7637

B&E Inc.

Possible Wells Used By B&E

Well Name:

Big Eddy Federal # 100

Location:

Unit "L", Sec 8, T-21-S, R-28-E

Permit#:

SWD 461

Well Name:

Corrine Grace Salt Water Disposal Well

Location:

Sec 36, T-22-S, R-26-E

Permit#:

K6290

Well Name: Myrtle-Myra WIW # 1

Location:

Sec 21, T-21-S, R-27-E

Permit#:

NMOCD-FWD-391

BUREAU OF LAND MANAGEMENT CARLSBAD RESOURCE AREA

Disposal of Produced Water From Federal Wells

Conditions of Approval

Approval of the produced water disposal methodology is subject to the following conditions of approval:

- This agency be notified of any change in your method or location of disposal.
- 2. Compliance with all provisions of Onshore Oil and Gas Order No. 7.
- This agency shall be notified of any spill or discharge as required by NTL-3A.
- 4. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
- 5. All aboveground structures on the lease shall be painted sandstone brown, Federal Std. 595-20318, or 30318, within 90 days if you have not already done so.
- 6. Any on lease open top storage tanks or pits shall be covered with a wire screen or plastic/nylon netting to prevent entry by birds and other wildlife.
- 7. This approval does not constitute right-of-way approval for any off lease activities. If water is transported via a pipeline that extends beyond the lease boundary, you need to submit within 30 days an application for right-of-way approval to the Realty Section in this office if you have not already done so.