

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. 34; 891008580

FEDERAL LEASE NO. NM 05607

FORMATION: Indian Basin Morrow Pool

LOCATION: UL "P", SECTION 4, 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>
34	30-015-29296	0	335	N/A

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. Gas is measured at the wellhead, using allocation meters. It is transported, via pipeline, to the satellite facility where it is tied into the suction line of the compressor. After compression, the gas is metered again before being 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. There is no measurable liquid hydrocarbon or water production. All production will be allocated to the well based on the meter reading and the previously approved methods of lease allocation.

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

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.