(June 1990) DEPARTM	NITED STATES IENT OF THE INTERIOR OF LAND MANAGEMENT	N.M Oil C s. Di 811 S. 1st Street Artesla, NM 88210-	28 <mark>34</mark> . L	
	AND REPORTS ON WEL			384628 Indian, Allottee or Tribe Name
Do not use this form for proposals to				
	OR PERMIT - " for such pro	posals	7 16	Unit or CA. Agreement Designation
SUBMIT IN TRIPLICATE				80
Type of Well Oil X Gas Well Other Other		······	— FI	ell Name and No. EDERAL IBA GAS COM
Marathon Oil Company 3. Address and Telephone No.	······································	<u>}</u>		PI Well No.
P.O. Box 552 Midland, TX 7970	915/6	582-1626		15-30041 Field and Pool, or exploratory Area
4. Location of Well (Footage, Sec., T., R., M., or Surv 1980' FSL & 660' FEL UL "I"			SOUTI	H DAGGER DRAW UPPER PENN CIATED
SECTION 15, T-21-S, R-23-E			1	County or Parish, State
			EDDY	
12. CHECK APPROPRIATE BC	X(S) TO INDICATE NAR	JRE OF NOTICE, REPOR	I, OH O	THER DATA
TYPE OF SUBMISSION		TYPE OF ACTION	N	
X Notice of Intent	Aband	onment		Change of Plans
	Recor	pletion		New Construction
Subsequent Report	Pluggi	ng Back	니	Non-Routine Fracturing
Final Abandonment Notice	Casing	, Repair	Ц	Water Shut-Off
		ng Casing	닏	Conversion to Injection
	X Other	MEASUREMENT, COMMING		Dispose Water e: Report results of multiple completion on Well
				moletion or Recompletion Report and Low 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 required by 43 CFR 3162.7-2 and Onshore Oil and Gas Order No. 4, Marathon Oil Company requests approval of off lease measurement, storage, and sales, alternate measurement method, and commingling of liquid hydrocarbons.

As required by CFR 3162.7-3 and Onshore Oil and Gas Order No. 5, we are requesting approval of off lease measurement and sales, and commingling of gas.

Both liquid hydrocarbons and gas are transported by separate pipelines to the Marathon Oil Company Indian Basin Gas Plant, which is located at SW/NE, Section 23, T-21-S, R-23-E, in Eddy County, New Mexico. The general routing of these pipelines is shown on the attached map.

Turbine meters will be used for the Alternate Method of Metering for liquid hydrocarbons per prior approvals.

an a	CONDITIONS OF APPROVAL			
14. I hereby certify that the foregoing is true ad correct Signed	Tame Engineer Technician			
(This space for Federal or State office use) Approved by(ORIG_SGD_) IES BABYAK Conditions of approval, if any:	TTUE PETROLEUM ENGINEER	APR 0 8 1998		

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.

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 Federal Lease(s) listed below:

FEDERAL "IBA" GAS COM; FEDERAL LEASE NO. NM 0384628; COM: SW 280 FORMATION: South Dagger Draw Upper Penn Associated LOCATION: UL "I", SECTION 15, T-21-S, R-23-E

Well No.	<u>API No.</u>	<u>BOPD</u>	<u>MCFD</u>	<u>API °</u>
2	30-015-30014	2	1,479	60.2

This production will be commingled with the already commingled hydrocarbon production from the Indian Basin Upper Penn Gas Pool from the following leases, also located in Township 21 South, Range 23 East of Eddy County, New Mexico:

<u>Lease Name</u>	<u>Location</u>	BOPD	<u>MCFD</u>	<u>API°</u>
North Indian Basin Unit #4	UL "J", Sec. 16	4	1180	60
North Indian Basin Gas Com #32	UL "F", Sec. 15	4	6491	60
Federal IBA Gas Com #1	UL "K", Sec. 15	2	1124	60
Indian Basin "A" #2	UL "K", Sec. 22	3	1486	60
Indian Basin "A" #3	UL "F", Sec. 22	3	1094	60

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 <u>Unit Letter "G", Section 23, T-21-S, R-23-E</u>, <u>Eddy County, New Mexico</u>. The satellite separation and measurement facility is located at UL "K", Sec. 15, T-21-S, R-23-E. The BLM will be notified of any change in facility location. Gas is measured using allocation meters. It is then 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. 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 transported to the Indian Basin Gas Plant and sold through a LACT UNIT. The water is sent to a storage tank on the satellite location and will be injected into various water disposal wells. All production will be allocated to the wells based on monthly well tests 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.

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

Ad 7. Kurt

Name: John Kloosterman for A. B. Schoffmann Title: Indian Basin Asset Team Manager Date: March 18, 1998

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