

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N.M. Oil & Gas Division
811 S. 1st Street
Alameda, NM 88210-2834

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

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

SUBMIT IN TRIPLICATE

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Marathon Oil Company

3. Address and Telephone No.

P.O. Box 552 Midland, TX 79702

915/682-1626

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1980' FSL & 660' FEL UL "I"
SECTION 15, T-21-S, R-23-E

NM 0384628

6. If Indian, Allottee or Tribe Name

7. If Unit or CA. Agreement Designation

SW 280

8. Well Name and No.

FEDERAL IBA GAS COM
#2

9. API Well No.

30-015-30041

10. Field and Pool, or exploratory Area

SOUTH DAGGER DRAW UPPER PENN
ASSOCIATED

11. County or Parish, State

EDDY

NM

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

TYPE OF SUBMISSION

- ☒ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- ☐ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☒ Other MEASUREMENT, COMMINGLE
☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ 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 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.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

14. I hereby certify that the foregoing is true and correct

Signed Ginny Lark

Title Engineer Technician

Date 3/18/98

(This space for Federal or State office use)

Approved by (ORIG. SGD) LES BABYAK

Title PETROLEUM ENGINEER

Date APR 08 1998

Conditions of approval, if any:

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

<u>Well No.</u>	<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>	<u>BOPD</u>	<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 Unit Letter "G", Section 23, T-21-S, R-23-E, Eddy County, New Mexico. 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



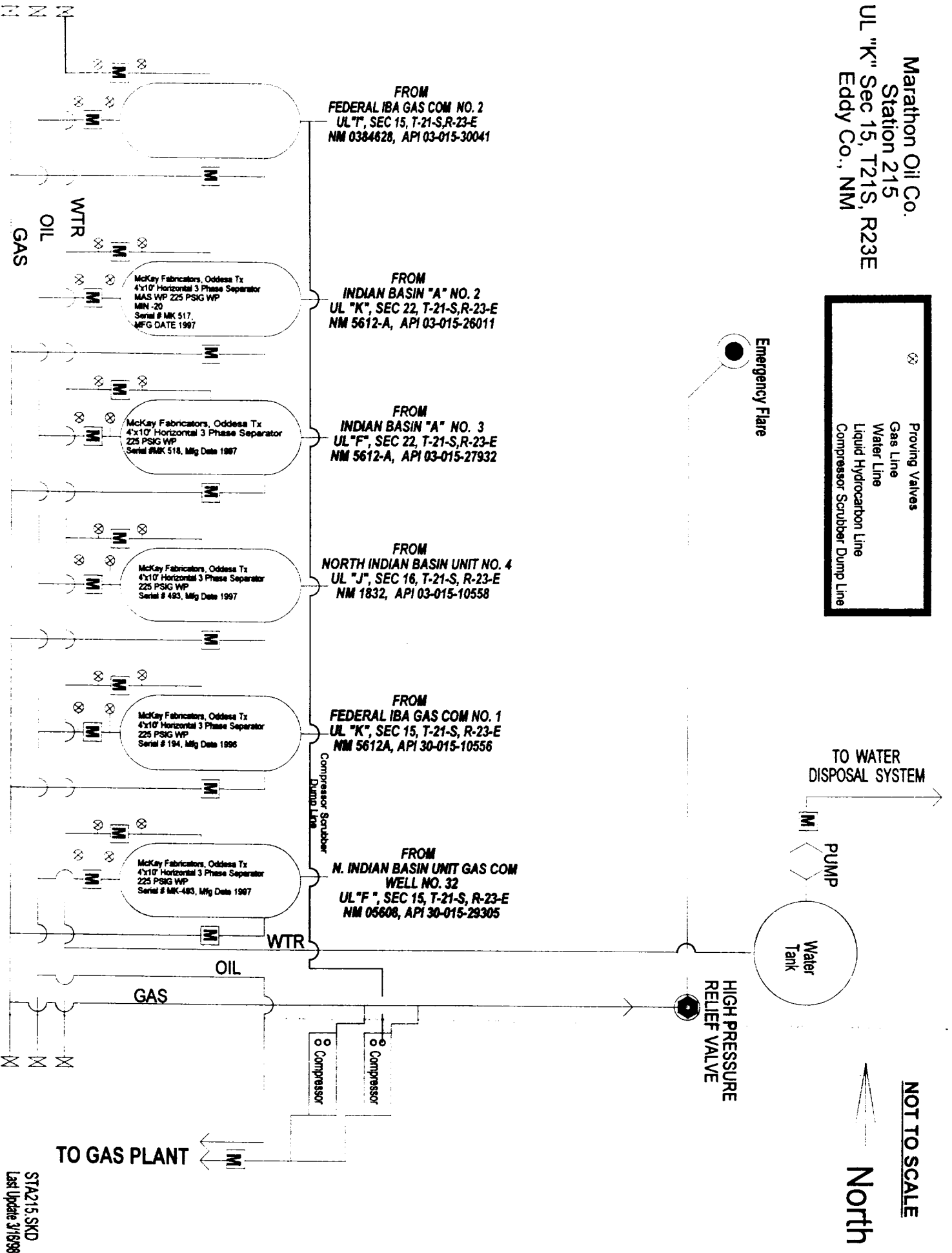
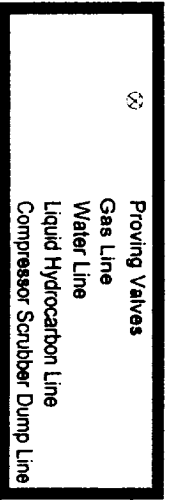
Name: John Kloosterman for A. B. Schoffmann

Title: Indian Basin Asset Team Manager

Date: March 18, 1998

ABS:vll/wperfect\iba#2com.wpd

Marathon Oil Co.
 Station 215
 UL "K" Sec 15, T21S, R23E
 Eddy Co., NM

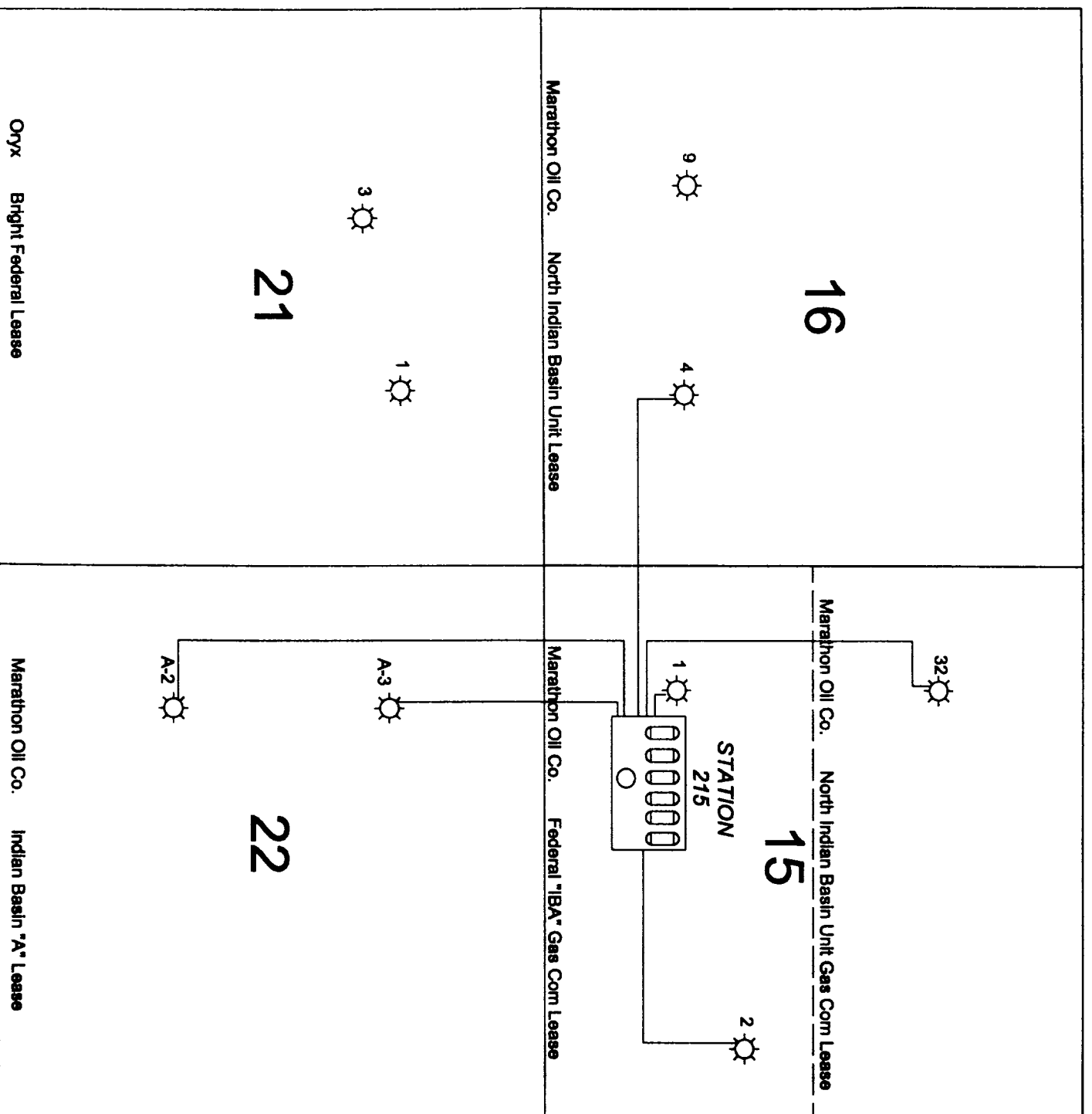


NOT TO SCALE



STA215.SKD
 Last Update 3/16/98

STATION 215
UL "K", SECTION 15,
T-21-S, R-23-E
EDDY COUNTY, NM



ATTACHMENT TO APPLICATION
FOR SURFACE COMMINGLE,
OFF LEASE MEASUREMENT,
STORAGE, AND SALES, AND
ALTERNATIVE MEASUREMENT
METHOD FOR FEDERAL "IBA" #2

T-21-S

R-23-E

