

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

N.M.C.O.S.  
811 S. 1st  
Artesia, N.M.

Division

FORM APPROVED

Budget Bureau No. 1004-0135

Expires November 30 2000

5. Lease Serial No.

NM LC-06293

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.  
INDIAN HILLS UNIT

8. Well Name and No.  
INDIAN HILLS UNIT #10

9. API Well No.

30-015-30571

10. Field and Pool, or Exploratory Area  
INDIAN BASIN UPPER PENN  
ASSOCIATED

11. County or Parish, State

EDDY NM

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Marathon Oil Company

3a. Address

P.O. Box 552 Midland, TX 79702

3b. Phone No. (include area code)

915-682-1626

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

UL "E", 2080' FNL & 660' FWL  
SECTION 28, T-21-S, R-24-E

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

TYPE OF SUBMISSION

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

TYPE OF ACTION

- |   |   |  |  |
|---|---|--|--|
| <input type="checkbox"/> Acidize              | <input type="checkbox"/> Deepen           | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off                    |
| <input type="checkbox"/> Alter Casing         | <input type="checkbox"/> Fracture Treat   | <input type="checkbox"/> Reclamation               | <input type="checkbox"/> Well Integrity                    |
| <input type="checkbox"/> Casing Repair        | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete                | <input checked="" type="checkbox"/> Other <u>COMMINGLE</u> |
| <input type="checkbox"/> Change Plans         | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon       | <u>OFF LSE STORAGE &amp;</u>                               |
| <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back        | <input type="checkbox"/> Water Disposal            | <u>MSMT. &amp; ALT. MSMT.</u>                              |

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

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 & sales, alternate measurement method, and commingling of liquid hydrocarbon production for the well shown above. Also, as required by 43 CFR 3162.7-3 and Onshore Oil and Gas Order No. 5, we request approval of off-lease measurement and sales, and commingling of gas production from this well. The production from this well will be gathered at a satellite facility in Section 28, (see attached map), and then transported, via pipeline, to the central storage, measurement, & sales facility, which is located at UL "P", Section 19, T-21-S, R-24-E. Turbine meters will be used as the Alternate Measurement Method for liquid hydrocarbons and water production per prior approvals.

The attachments explain this operation in detail, show the equipment to be used, and show the leases involved in this application.

SEE ATTACHED FOR  
CONDITIONS OF APPROVAL

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

Name (Printed/Typed)  
Ginny Larke

Title

Engineer Technician

Date

3/29/99

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

(ORIG. SGD.) ALEXIS C. SWOBODA

Title

PETROLEUM ENGINEER

Date

APR 07 1999

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

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.

(Instructions on reverse)

**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, Off-Lease Storage, Measurement and Sales, and Alternate Measurement of hydrocarbon production from the following formation(s) and well(s) on:

Lease Name: **Indian Hills Unit**

<b><u>Well No.</u></b>	<b><u>UL</u></b>	<b><u>Sec</u></b>	<b><u>TWP</u></b>	<b><u>RNG</u></b>	<b><u>Formation</u></b>	<b><u>Fed. Lease #</u></b>	<b><u>COM</u></b>
10	E	28	21-S	24-E	Upper Penn	LC06293	N/A
19	L	28	21-S	24-E	Upper Penn	LC030482	N/A

Marathon would like to commingle the production from this well with the production of the following wells, which is commingled at the East Indian Basin Central Facility, (PLC-140)

<b><u>WELL NO.</u></b>	<b><u>BOPD</u></b>	<b><u>API °</u></b>	<b><u>MCFD</u></b>
1	16	48.2	5764
6	0	40.7	120
8	160	35.7	2618
9	23	40.7	788
12	0	40.6	0
18	19	44.7	2323
Gas Com 13	7	44.8	1038
Gas Com 3	4	61.6	4713
IB "32" State 1-Y	0	N/A	1211
IB "32" State #2	0	56.0	6269
IB "32" State #3	153	38.6	168

Liquid hydrocarbon production will be measured using turbine meters, per prior approval. These meters will be 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 will be located at **UL "P", Sec. 19, T-21-S, R-24-E, Eddy County, New Mexico.** There will be a satellite facility located at UL "C", Section 20, T-21-S, R-24-E, Eddy County, NM. The BLM has been notified of this facility in prior applications. Originally this satellite was to be located in UL "G", so please change your records to reflect the new location.

The gas, liquid hydrocarbons and water from the wells in Sections 28 will be gathered at this satellite facility. The facility will consist of a 3-phase test separator and a 3-phase production separator. A production manifold will allow for individual well testing in the test separator while production from the remaining wells flows to the production separator.

The gas from the separators will be metered at this satellite facility before being delivered to the compressors at the Storage and Measurement facility in Section 19. After compression, the gas will be processed through a dehydrator, metered and delivered to the Indian Basin Gas Plant for further processing. The gas and NGLs will then be metered and sold at the tail-gate of the plant.

The liquid hydrocarbons and water, after being metered through the separators at the satellite facility, will be recombined and then flow to a 3-phase separator at the Storage and Measurement facility in Section 19, via liquid pipeline. After separation, the liquid hydrocarbon production will be processed and stored in tanks at the Storage and Measurement facility. Processing may include the use of heat treating or other liquid hydrocarbon processing equipment. The liquid hydrocarbons will then be metered through a LACT unit, per prior approval, and sold at the truck loading rack. The water production, after being processed through the 3-phase separator at the Storage and Measurement facility, will be sent to the gun barrel for further separation. It will then be stored in tanks at the Storage and Measurement facility prior to being metered and pumped to the SWD system.

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

Indian Hills Unit Production=
$$\frac{(\text{Sum of LHC Readings from Indian Hills Unit wells})}{(\text{Sum of All LHC Readings})} \times \text{Gross Consolidated Facility Production}$$

Indian Hills Unit Gas Com Prod.=
$$\frac{(\text{Sum of LHC Readings from Gas Com wells})}{(\text{Sum of All LHC Readings})} \times \text{Gross Consolidated Facility Production}$$

IB "32" State Wells Production=
$$\frac{(\text{Sum of LHC Readings from IB "32" State wells})}{(\text{Sum of All LHC Readings})} \times \text{Gross Consolidated Facility Production}$$

The same formulas will be used to allocate gas and water production, per prior approval (PLC-140).

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 will require additional commingling approvals.

Signature:



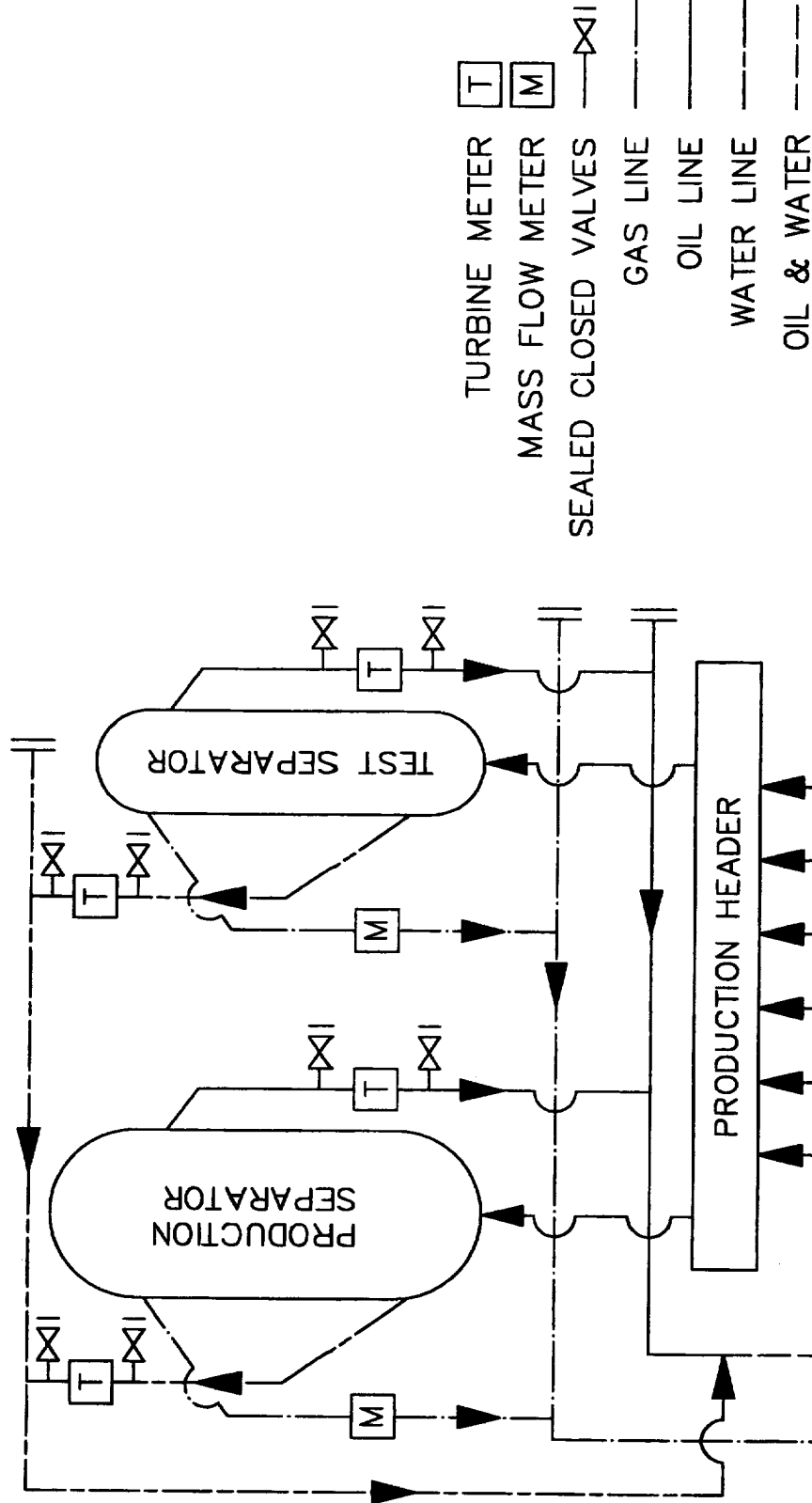
Name: Ginny Larke

Title: Engineer Technician

March 29, 1999

MARATHON OIL COMPANY  
 SERVING WELLS: INDIAN HILLS UNIT 10, 17 AND 19  
 STATION NO: 128  
 UNIT LETTER C  
 SEC. 28 T- 21 -S, R- 24 -E  
 NM LC-06293  
 EDDY CO. N.M.

THE FACILITY IS SUBJECT  
 TO THE SITE SECURITY PLAN FOR  
 THE INDIAN BASIN FIELD. THE  
 PLAN IS LOCATED AT:  
 MARATHON OIL CO.  
 329 MARATHON RD.  
 LAKEWOOD, NM 88259



Marathon  
 Oil Company

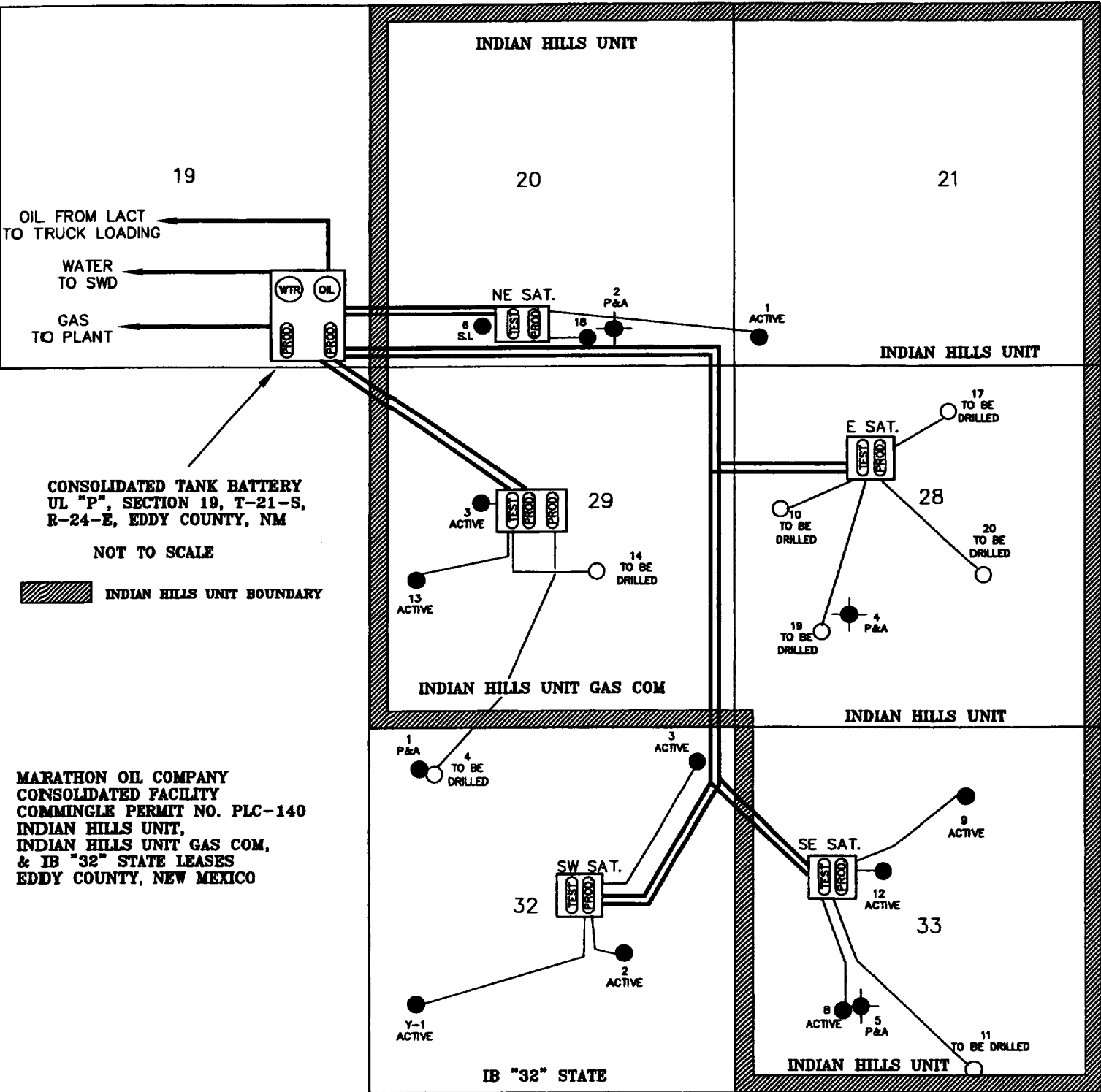
MID-CONTINENT REGION

FACILITY DESCRIPTION: SATELLITE PRODUCTION FACILITY		CONTRACTOR FILENAME	MOC FILENAME
			STA128.DWG
INDIAN BASIN FIELD			
STATION 128 SATELLITE PRODUCTION FACILITY DIAGRAM			
EDDY CO., NM			
SCALE: NONE	OWN: DELWOOD DATE: 03/23/99	APR: 450199	FIELD/AREA: IB
	CHG: DATE		SYSTEM: FIELD EAST
	APP: DATE		IB
		DRAWING NO. 1	SHT NO. 1
			REV. A

# MARATHON OIL COMPANY CONSOLIDATED FACILITY COMMINGLE PERMIT NO. PLC-140 GATHERING SYSTEMS

R-24-E

T-21-S



MARATHON OIL COMPANY  
CONSOLIDATED FACILITY  
COMMINGLE PERMIT NO. PLC-140  
INDIAN HILLS UNIT,  
INDIAN HILLS UNIT GAS COM,  
& IB "32" STATE LEASES  
EDDY COUNTY, NEW MEXICO

R-24-E

3/16/99  
KIRMAP.DWG  
BY: V. L. LARKE

