Form 3160-5 (November 1994)

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.

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DIVISION FORM APPROVED

Budget Bureau No. 1004-0135

5. Lease Serial No.

6. If Indian, Allottee or Tribe Name

abandoned well. Use Fo.	rm 3160-3 (APD) for such proposals.					
SUBMIT IN TRIPLICATE	7. If Unit or CA/Agreement, Name and/or No. INDIAN HILLS UNIT					
1. Type of Well Oil X Gas Well Other 2. Name of Operator	8. Well Name and No. INDIAN HILLS UNIT #10					
Marathon Oil Company		9. API Well No.				
3a. Address	3b. Phone No. (include area code)	30-015-30571				
P.O. Box 552 Midland, TX 79702	915-682-1626	10. Field and Pool, or Exploratory Area				
 Location of Well (Footage, Sec., T., R., M., or Survey Descripted UL "E", 2080' FNL & 660' FWL 	ion)	INDIAN BASIN UPPER PENN ASSOCIATED				
SECTION 28, T-21-S, R-24-E		11. County or Parish, State EDDY NM				
12. CHECK APPROPRIA	TE BOX(ES) TO INDICATE NATURE OF NOTICE,	, REPORT, OR OTHER DATA				
TYPE OF SUBMISSION	TYPE OF	ACTION				
X Notice of Intent	Acidize Deepen	Production (Start/Resume) Water Shut-Off				
Subsequent Report	Alter Casing Fracture Treat Casing Repair New Construction	Reclamation Well Integrity Recomplete X Other COMMINGLE.				
Final Abandonment Notice	Change Plans Plug and Abandon	Temporarily Abandon OFF LSE STORAGE &				
i mai ricalastanon ricate	Convert to Injection Plug Back	Water Disposal MSMT. & ALT. MSMT.				
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.						
involved in this application.	SEE ATTA CONDITIONS	CHED FOR OF APPROVAL				
14. I hereby certify that the foregoing is true and correct have (Printed Typed)	Larke Engineer Te	chnician				
To a rest view	Date 3/29/99					
THIS	SPACE FOR FEDERAL OR STATE OFFICE L					
Approved by (ORIG. SGD.) ALEXIS C. S		ENGINEER Date APR () 7 1999				
Conditions of approval, if any, are attached. Approval of certify that the applicant holds legal or equitable title to which would entitle the applicant to conduct operations thereon.						

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

Well No.	<u>UL</u>	Sec	TWP	RNG	Formation	Fed. Lease #	COM
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)

WELL NO.	BOPD	API o	MCFD
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 <u>UL "P"</u>, <u>Sec. 19, T-21-S, R-24-E, Eddy County</u>, <u>New Mexico</u>. 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=(Sum of LHC Readings from Indian Hills Unit wells)X Gross Consolidated Facility Production
(Sum of All LHC Readings)

Indian Hills Unit Gas Com Prod.=(Sum of LHC Readings from Gas Com wells) X Gross Consolidated Facility Production (Sum of All LHC Readings)

IB "32" State Wells Production=(Sum of LHC Readings from IB "32" State wells) X Gross Consolidated Facility Production (Sum of All LHC Readings)

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:

Linny Larke
Name: Ginny Larke

Title: Engineer Technician

March 29, 1999

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⋖ THE FACILITY IS SUBJECT TO THE SITE SECURITY PLAN FOR THE INDIAN BASIN FIELD. THE MOC FLBIANE STA 1 28. DWG MID-CONTINENT REGION INDIAN BASIN FIELD
STATION 128 SATELLITE PRODUCTION FACILITY DIAGRAM EDDY CO., NM PLAN IS LOCATED AT:
MARATHON OIL CO.
329 MARATHON RD.
LAKEWOOD, NM 88259 \overline{X} TURBINE METER MASS FLOW METER SEALED CLOSED VALVES WATER LINE & WATER GAS LINE OIL LINE SYSTEM PROJECT
ANEX
FIELD EAST
18 Company SATELLITE PRODUCTION FACILITY Marathon Oil Compo 등 ME/PROL NO. 450199 NONE DHE D.ELLWOOD DATE 03/23/99 FACILITY DESCRIPTION: TEST SEPARATOR .DAT 61 UHI PRODUCTION HEADER 19 CSG. NHI 10 TBG. NHI 10 CZC' NHI IHU 17 TBG. IHN 17 CSG. **SEPARATOR Р**ВОДСТІОИ MARATHON OIL COMPANY SERVING WELLS:INDIAN HILLS UNIT 10, 17 AND 19 STATION NO:128 & WTR TO EIB OIL UNIT LETTER C SEC. 28 T- 21 -S, R- 24 -E NM LC-06293 EDDY CO. N.M. GAS TO IBGP

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

R-24-E INDIAN HILLS UNIT 19 20 21 OIL FROM LACT TO TRUCK LOADING WATER TO SWD (VTF) (OIL) NE SAT. ACTIVE GAS TO PLANT INDIAN HILLS UNIT 17 TO BE DRILLED E SAT CONSOLIDATED TANK BATTERY 28 UL "P", SECTION 19, T-21-S, R-24-E, EDDY COUNTY, NM 29 O10 TO BE DRHLLED NOT TO SCALE TO BE INDIAN HILLS UNIT BOUNDARY TO BEC INDIAN HILLS UNIT GAS COM INDIAN HILLS UNIT TO BE DRILLED 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 32 33 ACTIVE Y-1 ACTIVE 11 JO BE DRILLED INDIAN HILLS UNIT IB "32" STATE

R-24-E

3/15/99 EIBMAP.DWG BY: V. L. LARKE

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