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Form 3160-5 UN1	J STATES	N.M. Oil (ORM APPROVED CIT
	Γ OF THE INTERIOR	811 S. 1s	t Street		s: November 30, 2000
BUREAU OF L.	AND MANAGEMENT	Artesia, N	IM 88210		
SUNDRY NOTICES	AND REPORTS ON			SEE ATTACH	
Do not use this form for	r proposals to drill or to r	e-enter an		6. If Indian, A	Allottee or Tribe Name
abandoned well. Use Fo	m 3160-3 (APD) for suc	h proposals.			
SUBMIT IN TRIPLICATE			<u> </u>	7. If Unit or (INDIAN HI	CA/Agreement, Name and/or No.
I. Type of Well		12131A 15 16 77		NM NM 709	
Oil Well X Gas Well Other		21314101072		8. Well Name INDIAN HII	
2. Name of Operator	/.	N 4	S.	#21. 22. a	
Marathon Oil Company	/0	<u> </u>	E	9. API Well 1	
3a. Address	/ 31 5. ∞	Phone No. (include are			
P.O. Box 552 Midland, TX 79702		915-682-1626	<u>23</u>		Pool, or Exploratory Area
4. Location of Well (Footage, Sec., T., R., M., or Survey	\united	UCD ARTESI	A A		SIN UPPER PENN
SEE ATTACHMENTS	/<	сэ. Г	N57/	ASSOCIATE	r Parish, State
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12. CHECK APPROPRIATE		TE NATURE OF N			· · · · · · · · ·
TYPE OF SUBMISSION			PE OF ACTION		
X Notice of Intent	Acidize	Deepen		(Start/Resume)	Water Shut-Off
Subsequent Report	Alter Casing	Fracture Treat	Reclamatio	on	Well Integrity
Subsequent Report	Casing Repair	New Construction	Recomple	te	X Other <u>COMMINGLE</u> .
Final Abandonment Notice	Change Plans	Plug and Abandon	Temporari	ly Abandon	OFF LSE. STORAGE &
	Convert to Injection	Plug Back	Water Dis	posal	MEASUREMENT
If the proposal is to deepen directionally or recom Attach the Bond under which the work will be pa following completion of the involved operations. testing has been completed. Final Abandonment determined that the final site is ready for final insy As required by 43 CFR 3162.7-2 a approval of off-lease measuremen of the liquid hydrocarbons produ CFR 3162.7-3 and Onshore Oil and measurement, storage & sales of the attached form. Turbine meter The allocation of production wil The form, maps and schematics at equipment that will be used, and	rformed or provide the Bond If the operation results in a m Notices shall be filed only at bection.) nd Onshore Oil and (t, storage & sales, ced from the wells Gas Order No. 5, M gas, and surface coust s are to be used as 1 continue using the tached show the lea	No. on file with BLM/ nultiple completion or re far all requirements, ind Gas Order No. 4, alternate measu shown on the att arathon is reque mmingling of gas the alternate m e method approve ses and wells at	BIA. Required s completion in a cluding reclamati . Marathon (urement meth tached form. esting appro- s production method of me ed in the or ffected by f	ubsequent repor new interval, a F on, have been c Dil Company nod, and su . Also, as oval of off n from the etering lic riginal com this reques	ts shall be filed within 30 days Form 3160-4 shall be filed once completed, and the operator has is requesting arface commingling required by 43 F-lease wells shown on quid hydrocarbons. mmingle permit.
 I hereby certify that the foregoing is true and correct Name (Printed/Typed) 	Lab)	Title	on Technici		
Ginny Larke Sunnul	1) urke		er Technici	a(I	
<u>//</u>		Date 9/5/00			<u></u>
	IS SPACE FOR FEDER	Title			Date and A 2844
Approved by ORILL SGD.) GARY GOU Conditions of approval, if any, are attached. Approval certify that the applicant holds legal or equitable title t which would entitle the applicant to conduct operations	to those rights in the subject l	OUT DIALENGIN	EER		SEP 1 4 AUDU

Title 18 U.S.C. Section 1001, and Title 43 U.S.C. Section 1212, 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.

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

<u>Marathon Oil Company</u> 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>	<u>Sec</u>	<u>TWP</u>	<u>RNG</u>	Formation	<u>Fed. Lease #</u>
21	Μ	20	21-S	24-E	Upper Penn	LC-064391-B
22	Ε	33	21-S	24-E	Upper Penn	NM07260
24-Surface	В	28	21-S	24-E	Upper Penn	NM06293
24-Bottom Hole	J	21	21-S	24-E	Upper Penn	NM-67260-F

Marathon would like to commingle the production from these wells with the production of the following wells, which is commingled at the East Indian Basin Central Facility, (Order R-11186)

WELL NO.	BOPD	<u>API ^o</u>	MCFD
1	87	48.2	6227
8	50	35.7	862
9	73	40.7	2075
10	266	46.3	5676
11	180	42.2	2303
12	103	40.6	1903
17	267	41.3	4419
18	385	44.7	3628
19	3	46.3	5763
20	60	46.1	2707
Gas Com 14	9	41.2	7244
Gas Com 13	10	44.8	6821
Gas Com 3	4	61.6	3014
IB "32" State 1-Y	2	41.2	5732
IB "32" State #2	3	56.0	10616
IB "32" State #3	93	38.6	301
IB "32" State #4	0	N/A	2855

Liquid hydrocarbon production is measured using turbine meters, per prior approval. These meters are 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. Schematic diagrams of each satellite facility are also attached which clearly identify all equipment that will be utilized. The Storage and Measurement facility is located at <u>UL "P"</u>, <u>Sec. 19, T-21-S, R-24-E, Eddy County, New</u> <u>Mexico.</u> There are satellite facilities located in Sections 20, 28 and 33, T-21-S, R-24-E, Eddy County, NM. The BLM has been notified of these facilities in prior applications.

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

The gas from the separators is metered at these satellite facilities before being delivered to the compressors at the Storage and Measurement facility in Section 19. After compression, the gas is 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. 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 in Section 4. The water being processed through the 3-phase separator at the Storage and Measurement facility.

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 the continued operation of the above referenced Federal Leases.

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:

Ginny Larke

Name: Ginny Larke Title: Engineer Technician September 5, 2000

Attachments

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MARATHON OIL COMPANY CONSOLIDATED FACILITY GATHERING SYSTEMS



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