

APPLICATION FOR SURFACE COMMINGLING
OFF LEASE SALES, MEASUREMENT AND STORAGE APPROVAL

To: Bureau of Land Management
Carlsbad, New Mexico

Marathon Oil Company is requesting approval for Surface Commingling and Off Lease Sales, Storage & Measurement of hydrocarbon production from the following formation and well(s) on Federal Lease(s) listed below:

INDIAN HILLS UNIT NO. 25, FEDERAL LEASE NO. LC-0643981-B
FORMATION: INDIAN BASIN MORROW GAS POOL

<u>Well No.</u>	<u>API No.</u>	<u>BOPD</u>	<u>MCFD</u>	<u>API Gravity</u>
25	30-015-31194	0	2203	N/A

The gas production from this well will be measured at the well's surface location. It is then transported, via pipeline, to the suction side of the compressors located at the East Indian Basin Central Facility, (Order R-11186), located at UL "P", Section 19, T-21-S, R-24-E, Eddy County, New Mexico. After compression, the gas is sent to the Marathon Oil Company Indian Basin Gas Plant (SW/NE, Section 23, T-21-S, R-24-E) by pipeline. After processing, the gas and NGLs are metered and sold at the tailgate of the plant. Water produced by this well will be sent, by pipeline, to the East Indian Basin Central Facility water storage tanks. It will then be metered and pumped to the SWD system where it will be disposed of into various wells.

The proposed operation is shown 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 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. The working interest owners were notified of the original commingling proposal.

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: Ginny Larke
Title: Engineer Technician
Date: February 14, 2001

Approved by: _____
Title: District Engineer
Date: February 14, 2001