

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**

| <u>Well No.</u> | <u>UL</u> | <u>Sec</u> | <u>TWP</u> | <u>RNG</u> | <u>Formation</u> | <u>Lease #</u> |
|-----------------|-----------|------------|------------|------------|------------------|----------------|
| 28-Surface | P | 16 | 21-S | 24-E | Upper Penn | State Lease |
| 28-Bottom Hole | B | 21 | 21-S | 24-E | Upper Penn | NM-07260 |

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, (Order R-11186)

| <u>WELL NO.</u> | <u>BOPD</u> | <u>API^o</u> | <u>MCFD</u> |
|-------------------|-------------|------------------------|-------------|
| 1 | 29 | 48.2 | 6227 |
| 8 | 51 | 35.7 | 862 |
| 9 | 161 | 40.7 | 2075 |
| 10 | 335 | 46.3 | 5676 |
| 11 | 122 | 42.2 | 2303 |
| 12 | 118 | 40.6 | 1903 |
| 17 | 395 | 41.3 | 4419 |
| 18 | 264 | 44.7 | 3628 |
| 19 | 145 | 46.3 | 5763 |
| 20 | 184 | 46.1 | 2707 |
| 21 | 364 | 41.5 | 7499 |
| 22 | 685 | 46.0 | 10868 |
| 24 | 53 | 48.0 | 4220 |
| Gas Com 27 | 46 | 42.6 | 14528 |
| 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 commingled/common storage facility. A schematic diagram of the satellite facility is attached and clearly identifies all equipment that will be utilized.