

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires: November 30, 2000

C/SF

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.

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)

800-351-1417

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

Surface: Lot #7, 2706' FNL, 1420' FEL,
Bottom Hole: UL "J", 1837' FSL, 2309' FEL,
Section 33, T-21-S, R-24-E

5. Lease Serial No.

NM 07260

6. If Indian, Allottee or Tribe Name

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

Indian Hills Unit

NM 70964

8. Well Name and No.

Indian Hills Unit #29

9. API Well No.

30-015-31502

10. Field and Pool, or Exploratory Area

Indian Basin Upper Penn
Associated Gas Pool

11. County or Parish, State

Eddy NM

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>Commingling</u> |
| <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | <u>Off lease storage</u> |
| <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | <u>& sales</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 recompleat 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 recompleat 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 Onshore Oil and Gas Orders No. 4 and 5 and 43 CFR 3162.7-2 and 3162-7.3, Marathon Oil Company is requesting approval of off-lease storage and sales, alternate measurement method, and surface commingling of liquid hydrocarbon and gas production from the wells shown on the attached forms. Turbine meters are used as the alternate method of metering liquid hydrocarbons. The allocation of production will continue using well tests to allocate volumes to each well as approved in the original commingling permit. The form, maps and schematics attached show the leases and wells affected by this request, show the equipment that will be used, and give a more detailed explanation of this operation.

NOTE: This notice is being sent only to add a well to the existing system.

(ORIG. SGD.) GARY GOURLEY

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

Name (Printed/Typed)
Ginny Larke

Title

Engineer Technician

Date 4/27/01

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

(ORIG. SGD.) GARY GOURLEY

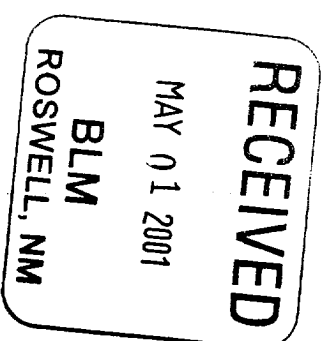
Title

Date

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, 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 STORAGE AND SALES, 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 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>
29-Surface	Lot #7	33	21-S	24-E	Upper Penn	NM-07260
29-Bottom Hole	J	33	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	85	48.2	4129
8	47	35.7	2161
9	182	40.7	1838
10	319	46.3	6742
11	167	42.2	2258
12	257	40.6	1767
17	208	41.3	3738
18	39	44.7	1745
19	164	46.3	4028
20	256	46.1	1840
21	216	41.5	3557
22	481	46.0	10251
24	75	48.0	5491
28	397	46.0	1980
Gas Com 27	26	42.6	13880
Gas Com 14	7	41.2	7517
Gas Com 13	72	44.8	8117
Gas Com 3	11	61.6	6487
IB "32" State 1-Y	10	41.2	9250
IB "32" State #2	1	56.0	7938
IB "32" State #3	144	38.6	1000
IB "32" State #4	90	41.2	5497

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.

The Storage and Measurement facility is located at UL P, Sec. 19, T-21-S, R-24-E, Eddy County, New Mexico. The satellite facility is located in UL "F", Section 33, T-21-S, R-24-E, Eddy County, NM. The BLM was notified of this satellite facility in a prior application.

The gas, liquid hydrocarbons and water from this well will be sent from the wellhead to the satellite facility where a 3-phase separator will separate the production. After separation, the gas is metered at the satellite facility 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. After processing, the gas and NGLs will be metered and sold at the tailgate of the plant.

The liquid hydrocarbons and water, after being metered through the separator 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 separated through the 3-phase separator at the Storage and Measurement facility, will be sent to the gun barrel tank for further separation. It will then be sent to the water storage tanks prior to being metered and pumped to various wells in the produced water disposal system.

Production is allocated back to each well using the following formula, per prior approval:

$$\frac{(\text{Individual Well Test X Producing Days})}{(\text{Total (Well tests X Producing Days) for all wells on the lease})} \times (\text{Gross Production Separator Volume} + \text{Test Separator Volume for the lease})$$

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:



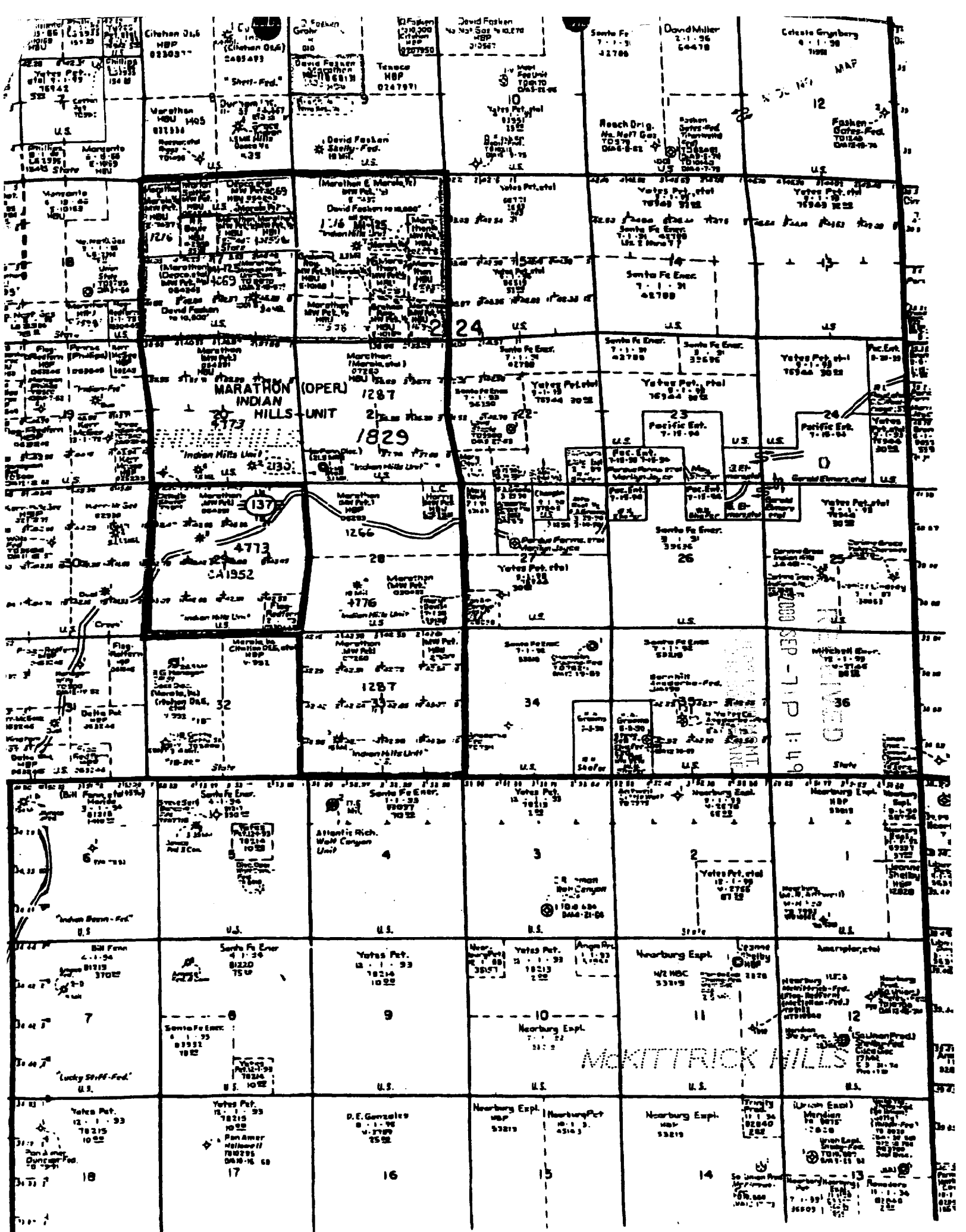
Name: Ginny Larke

Title: Engineer Technician

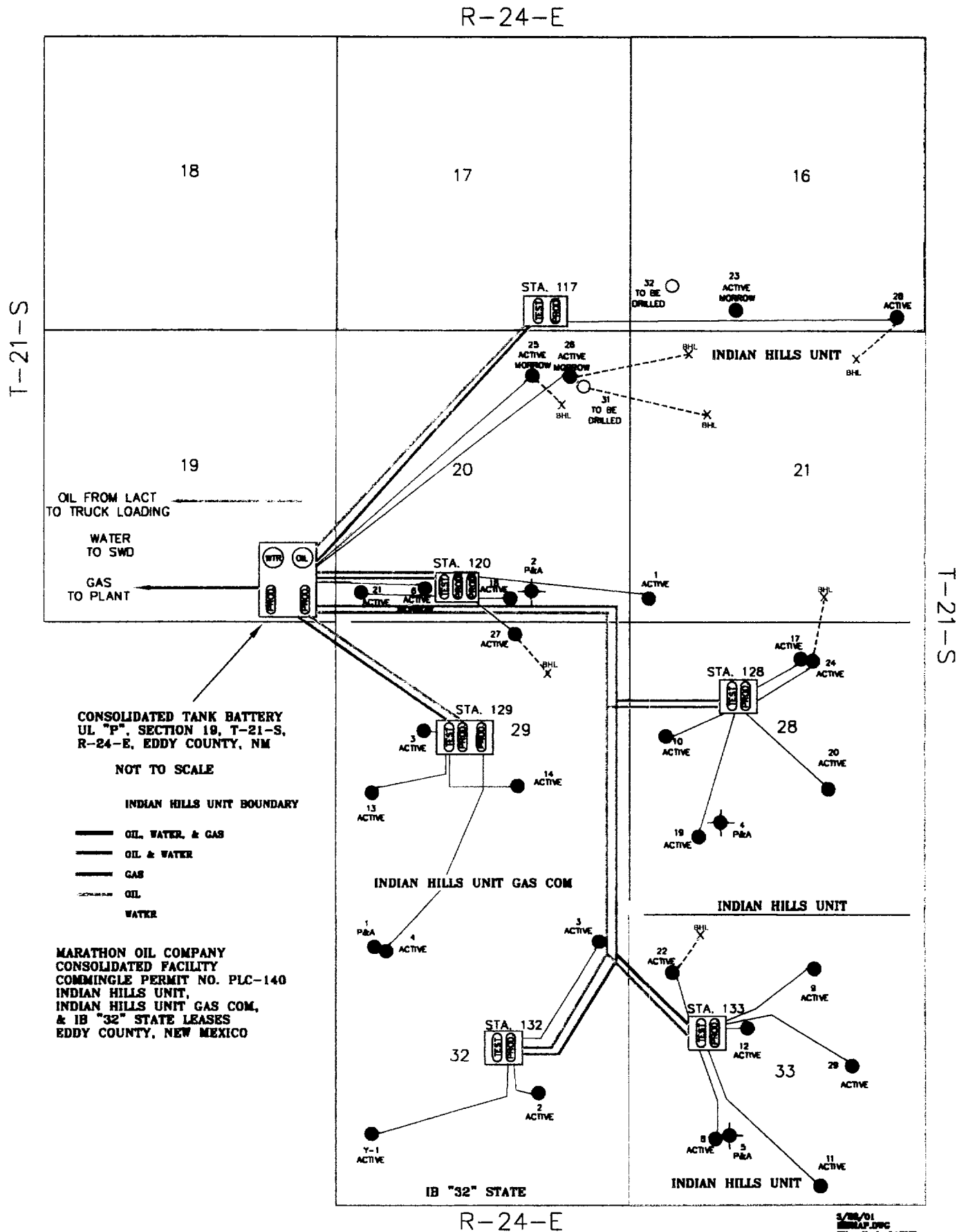
April 27, 2001

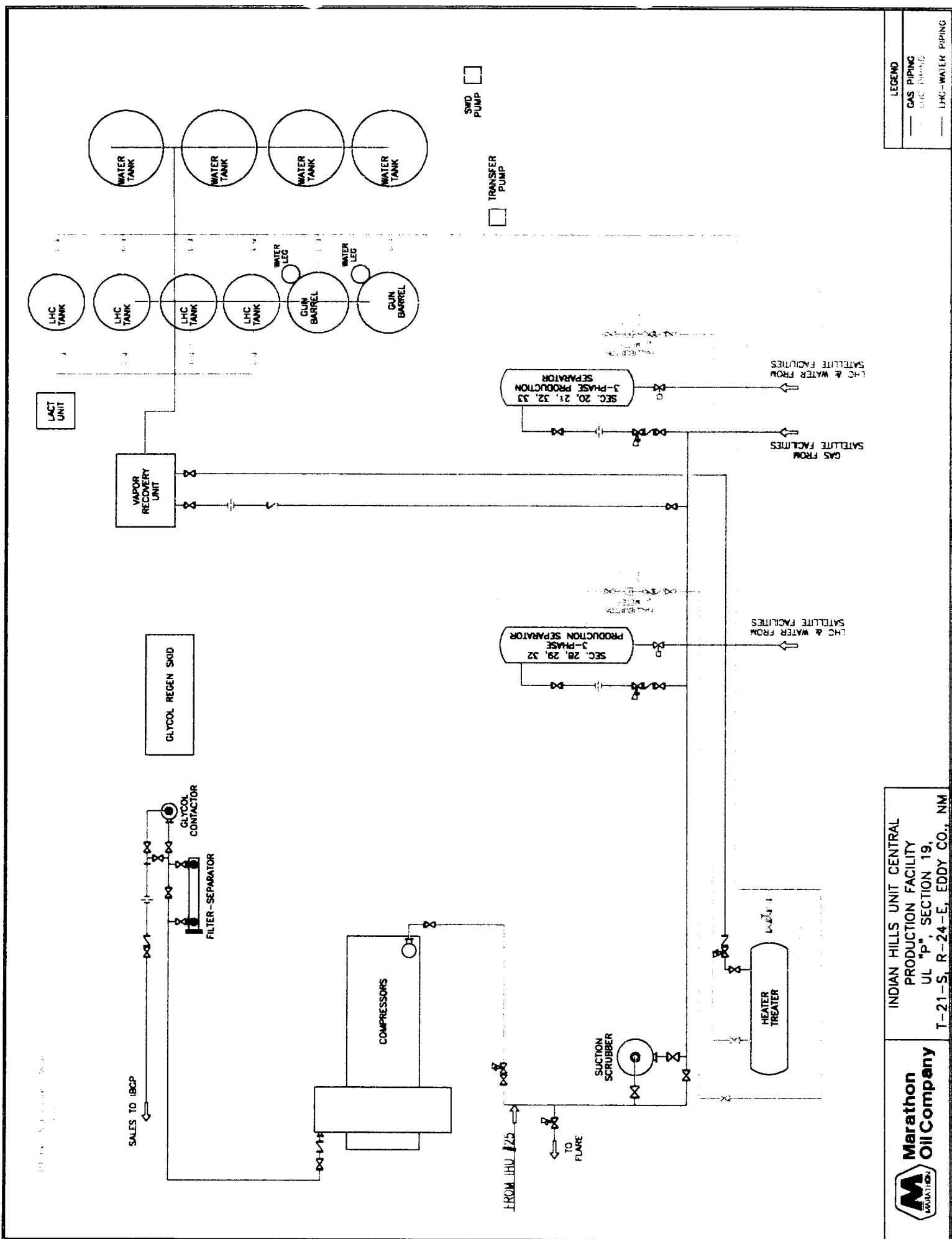
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Attachments



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





INDIAN HILLS UNIT CENTRAL
 PRODUCTION FACILITY
 UL "P", SECTION 19,
 T-21-S, R-24-E, EDDY CO., NM

**INDIAN HILLS UNIT
SECTION 33, T-21-S, R-24-E
SATELLITE SEPARATION FACILITY**

LEGEND

— LHC-WATER-GAS PIPING

— GAS PIPING

TO INDIAN HILLS CENTRAL
FACILITY COMPRESSOR
SUCTION HEADER

