Form 3160-5	'ITE	D STATES			luicion FORI	M APPROVED	
(August 1999)		OF THE INTERIOR			FORM APPROVED OMB NO. 1004-0135 Expires: November 30, 2000		
	BUREAU OF LAND MANAGEMENT 811 S. 1st Street						
	SUNDRY NOTICES	AND REPORTS ON	WELLArtes	ia, NM 8821	Q-2834		
						6. If Indian, Allottee or Tribe Name	
	abandoned well. Use Fori	m 3160-3 (APD) for su	ch proposals 2				
	SUBMIT IN TRIPLICATE -	Other instructions or	n reverse side	<b>k</b>	7. If Unit or CA	Agreement, Name and/or	
			1.15	<u>- 10- 1</u>	INDIAN HILL	S UNIT	
1. Type of Well Oil Well	X Gas Well Other			RECEIVED	<b>B.</b> Well Name a	nd No.	
2. Name of Operate				RECTRICT C	INDIAN HILL		
Marathon O			150	CD ST	<u> </u>		
3a. Address		38	Phone No. Hindug	le area code) 6	9. API Well No.		
	52 Midland, TX 79702		800-351-14	4211101	30-015-3153 10. Field and Po	ol, or Exploratory Area	
	l (Footage, Sec., T., R., M., or Survey I					n upper penn	
SURFACE:	UL "A", 1089' FNL & 665'	FEL, SECTION 20, 1	2-21-S, R-24-E	8	ASSOCIATED		
	13. TH NTH 100T - 1				11. County or P		
BOTTOM HOL					EDDY COUNTY		
12.		BOX(ES) TO INDIC			ORT, OR OTH	ER DATA	
TYF	PE OF SUBMISSION			TYPE OF ACTION			
	Notice of Intent	Acidize	Deepen	Production	(Start/Resume)	Water Shut-Off	
		Alter Casing	Fracture Treat	Reclamatic	. [	Well Integrity	
X	Subsequent Report	Casing Repair	New Construction				
[]		Change Plans	Plug and Abando		••• • • • • • • • • • • • • • • • • •	X Other <u>Commingle</u>	
	Final Abandonment Notice	Convert to Injection	Plug Back		<u> </u>	Off Lease Stq/Sale	
· · · ·	·····			Water Disp	1	E Alt Measurment	
Attach the E following co testing has b	posed or Completed Operation (clearly sal is to deepen directionally or recomp and under which the work will be per impletion of the involved operations. I seen completed. Final Abandonment h hat the final site is ready for final inspec	formed or provide the Bon formed or provide the Bon f the operation results in a s lotices shall be filed only a	arface locations and d No. on file with B multiple completion	measured and true ver BLM/BIA. Required s or recompletion in a r	tical depths of all i ubsequent reports	pertinent markers and zone shall be filed within 30 day	
	Oil Company, in accordan	·	2.7-5 and One	shore Oil and G	las Order No.	. 5. is	
requesti	ng approval of off-lease :	measurement, store	ge and sales,	and surface o	commingling o	of cas	
production	on from this well. Also,	in accordance wit	h 43 CFR 3162	2.7-2 and Onsho	re Oil and G	as Order No. 4,	
we are r	equesting off-lease measu	rement, storage an	d sales, alte	ernate measuren	ent method,	and surface	
the well	ing of liquid hydrocarbon head to a 3-phase separat	or located at the	satellite fac	e production f	rom this wel	l is sent from	
R-24-E.	After being measured, th	e gas production i	s transported	l via pipeline	to the East	Indian Basin	
Central 1	Facility, Section 19, T-2	1-S, R-24-E, for c	compression, a	ind then on to	the Indian E	Basin Gas Plant	
for proc	essing and sales. The li	quid hydrocarbon a	nd water prod	luction from th	us well is m	wasured through	
the separ	rator using turbine meter	s as the alternate	measurement	method, per pr	ior approval	s, then	
separate	ed and transported via pig d. The liquid hydrocarbo	perme co une sast n production will	be sent to th	e liquid hudro	ity where it	will again be	
then be r	metered and sold at the t	ruck loading rack.	The water p	production will	be sent to	the cum harrel	
for furt	her separation, piped to	the water storage	tanks, and th	en be disposed	into the va	rious Indian	
Basin Fie	eld SWD system wells. Th	e attachments expl	ain this proc	ess and all eq	uipment to b	e used in	
detail.			·			RECORD	
Name (Printed/	Typed	La ha	Title	ACC			
<u></u>	warne purking a	junes_		ineer Technicia	MAY 21	2001	
	<i>V</i>		Date 5/15/				
	THIS	SPACE FOR FEDER	AL OR STATE (	<b>`</b>	GARY COL	IRLEY	
Approved by			Title		PETROLEUR	NGINEER	
Conditions of appro	oval, if any, are attached. Approval of	this notice does not warran	nt or Office			·	
certify that the app	plicant holds legal or equitable title to the applicant to conduct operations the	those rights in the subject	ease				

2

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.

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BUFFAU OF LAND IVOM.

## 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

<u>Well No.</u>	<u>UL</u>	Sec	<u><b>TWP</b></u>	<u>RNG</u>	<b>Formation</b>	Lease #
31-Surface	Α	20	21-S	24-E	Upper Penn	State Lease
<b>31-Bottom Hole</b>	В	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)

WELL NO.	BOPD	<u>API <sup>0</sup></u>	MCFD
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
28	354	42.8	3206
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.

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EJ : C MA IS YAY 1832 TWOM CYAL OF LAND MONT TWOM CYAL OF LAND MONT DIFUSION OF LAND MONT 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 "N", Section 17, 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 processed 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.

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:

Hinny Larke

Name: Ginny Larke Title: Engineer Technician May 18, 2001

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#### Attachments



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





# BURENCE LOUGHT