

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

N.M. Oil Cons. Division

811 S. 1st Street

Artesia, NM 88210-2834

FORM APPROVED

OMB NO. 1004-0135

Expires: November 30, 2000

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: UL "A", 1089' FNL & 665' FEL, SECTION 20, T-21-S, R-24-E

BOTTOM HOLE: UL "J", 1327' FSL & 1550 FEL, SECTION 21, T-21-S, R-24-E

5. Lease Serial No.

NM 70964X

6. If Indian, Allottee or Tribe Name

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

INDIAN HILLS UNIT

NM 70964X

8. Well Name and No.

INDIAN HILLS UNIT #31

9. API Well No.

30-015-31534

10. Field and Pool, or Exploratory Area

INDIAN BASIN UPPER PENN

ASSOCIATED GAS POOL

11. County or Parish, State

EDDY COUNTY 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

☐ Acidize ☐ Deepen ☐ Production (Start/Resume) ☐ Water Shut-Off  
☐ Alter Casing ☐ Fracture Treat ☐ Reclamation ☐ Well Integrity  
☐ Casing Repair ☐ New Construction ☐ Recomplete ☒ Other Commingling,  
☐ Change Plans ☐ Plug and Abandon ☐ Temporarily Abandon Off Lease Stg/Sale  
☐ Convert to Injection ☐ Plug Back ☐ Water Disposal & Alt Measurement

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.)

Marathon Oil Company, in accordance with 43 CFR 3162.7-5 and Onshore Oil and Gas Order No. 5, is requesting approval of off-lease measurement, storage and sales, and surface commingling of gas production from this well. Also, in accordance with 43 CFR 3162.7-2 and Onshore Oil and Gas Order No. 4, we are requesting off-lease measurement, storage and sales, alternate measurement method, and surface commingling of liquid hydrocarbon production from this well. The production from this well is sent from the wellhead to a 3-phase separator located at the satellite facility at UL "N", Section 17, T-21-S, R-24-E. After being measured, the gas production is transported via pipeline to the East Indian Basin Central Facility, Section 19, T-21-S, R-24-E, for compression, and then on to the Indian Basin Gas Plant for processing and sales. The liquid hydrocarbon and water production from this well is measured through the separator using turbine meters as the alternate measurement method, per prior approvals, then recombined and transported via pipeline to the East Indian Basin Central Facility where it will again be separated. The liquid hydrocarbon production will be sent to the liquid hydrocarbon storage tanks, and then be metered and sold at the truck loading rack. The water production will be sent to the gun barrel for further separation, piped to the water storage tanks, and then be disposed into the various Indian Basin Field SWD system wells. The attachments explain this process and all equipment to be used in detail.

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

Name (Printed/Typed)

Ginny Larke

Title

Engineer Technician

Date

5/15/01

ACCEPTED FOR RECORD

MAY 21 2001

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

GARY DUNLEY  
PETROLEUM ENGINEER

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.

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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2004 MAY 21 AM 9:43  
PURVIS AND NGMT  
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**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>
31-Surface	A	20	21-S	24-E	Upper Penn	State Lease
31-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 °</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
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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U.S. DEPARTMENT OF JUSTICE

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:



Name: Ginny Larke

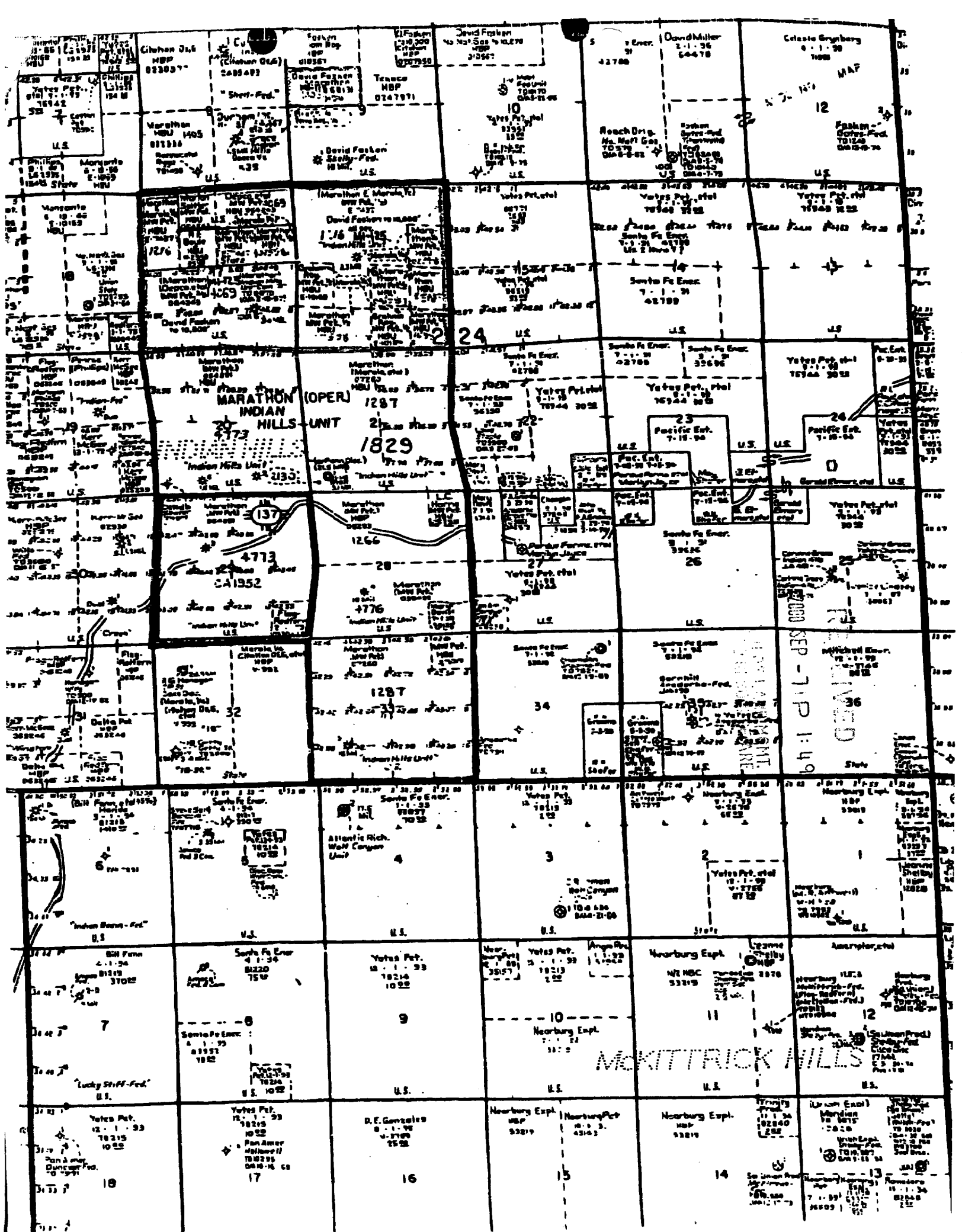
Title: Engineer Technician

May 18, 2001

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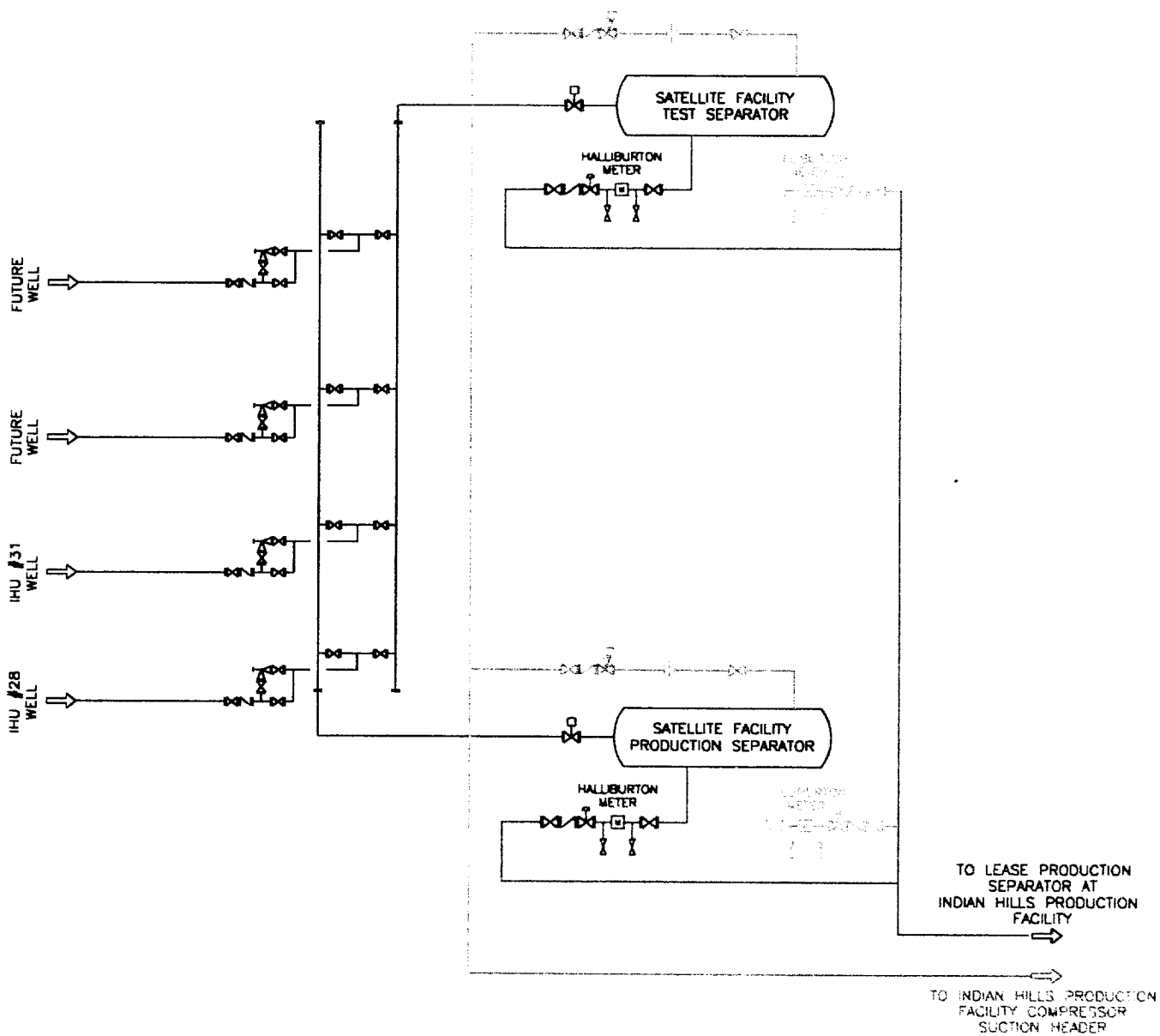
Attachments

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2001 JUN 21 AM 9:43  
BUREAU OF LAND MANAGEMENT  
FEDERAL BUREAU OF SURVEY



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2001 MAY 21 11 5:43  
BUREAU OF LAND MANAGEMENT  
F. K. WILSON





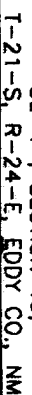
LEGEND

- LHC-GAS-WATER PIPING
- - - GAS PIPING
- LHC PIPING
- LHC-WATER PIPING

SECTION 17 SATELLITE  
SEPARATION FACILITY  
STATION 117



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### LEGEND

## GAS PIPING

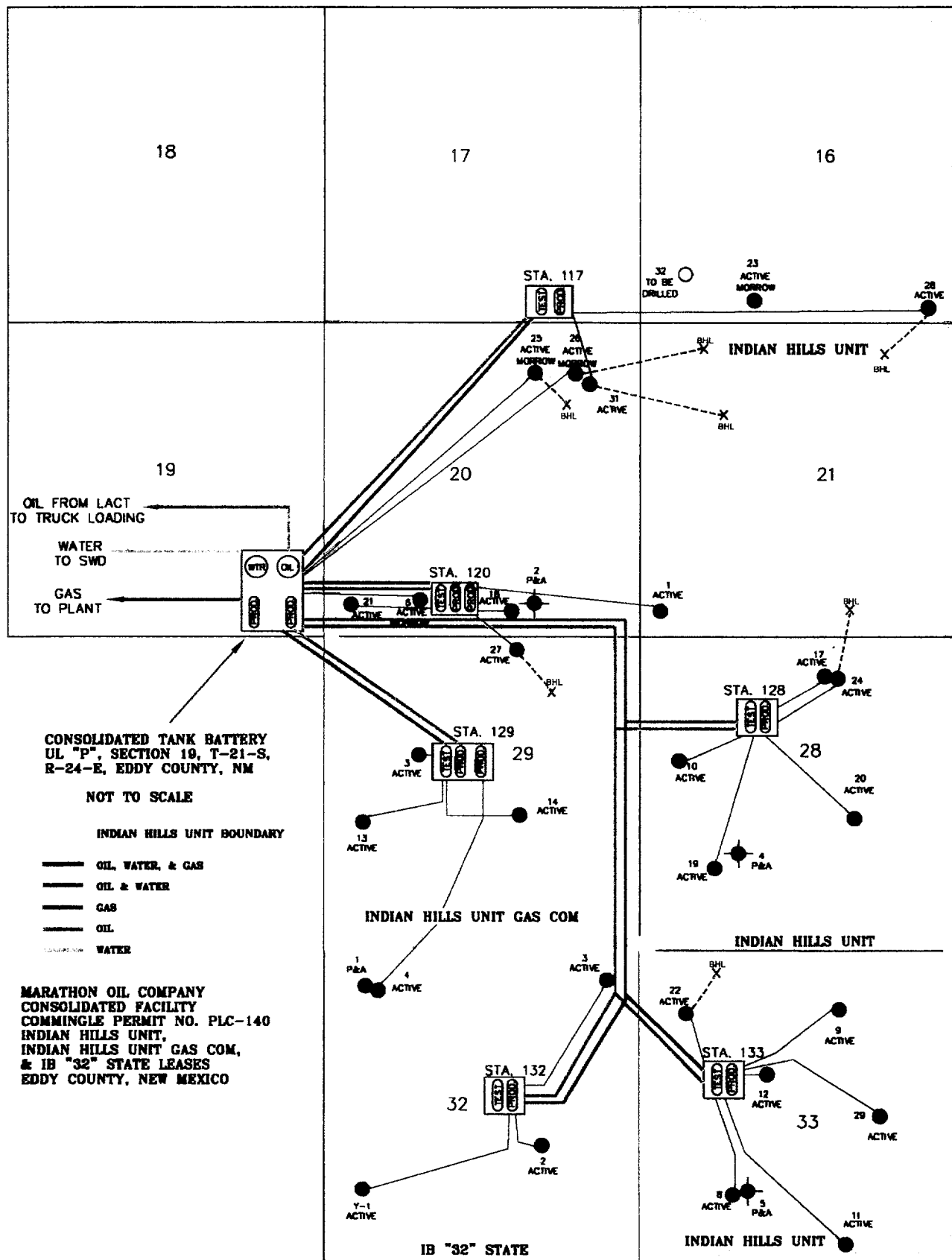
## GAS PIPING

## LHC-WATER PIPING

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IN CHARGE OF BUREAU

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

R-24-E



R-24-E

5/18/91  
BMAP.DWG  
BY: V. L. LARKER

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BUREAU OF LAND MGMT  
FOR THE BUREAU