

CTB 1.9.96



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

577 2 1 18a

RE: Amendment of Surface Commingling, Off Lease Storage and Measurement Agreement
CTB 397 Granted October 5, 1994

As originally permitted

Bone Flats "12" Federal Com; Section 12, T-21-S, R-23-E
MOC Federal Section; 1, T-21-S, R-23-E
North Indian Basin Unit; Sections 2, 11, T-21-S, R-23-E
Stinking Draw; Section 36, T-21 ½- S, R-23-E

Recommended Additions

Comanche Federal; North ½ Section 3, T-21-S, R-23-E Com # NM-SW 242
North Indian Basin Unit; South ½ Section 3, T-21-S, R-23-E Com # NM-SW 242
North Indian Basin Unit; Section 10, T-21-S, R-23-E
Eddy County, New Mexico

Marathon Oil Company sought permission for off lease measurement and storage and for surface commingling of production for the leases listed above as originally permitted. The NMOCD granted permission as per Order CTB 397. Marathon Oil Company is requesting that the administrative approval be extended to include anticipated Upper Penn production from the Federal leases listed above as recommended additions.

Marathon presently surface commingles production from the South Dagger Draw Upper Penn Associated pool from leases listed above as "originally permitted" after separating and metering fluids through three phase production vessels dedicated to each lease delivering production to the centralized facility. Any lease being added to the permit which is of different ownership than presently included leases will be individually metered and allocated as per the original formula. A detailed explanation of the production allocation formula as anticipated is attached. A drawing is attached depicting the MOC Federal CTB Centralized Facility and the well locations.

Marathon has made notification to all parties owning an interest in these leases (mailing list attached), and the oil purchaser of the intent to amend the commingle permit. Should you require any additional information concerning this application, please call Tom Price at (915)-687-8446.

Sincerely

A handwritten signature in cursive script, appearing to read 'R. A. Biernbaum'.

R. A. Biernbaum

Indian Basin Asset Team Manager

CC:NMOCD-District Office II

**Upper Penn Commingling Application
North Indian Basin Unit, Stinking Draw,
Bone Flats Federal 12 & MOC Federal, North Indian Basin Unit Com
South Dagger Draw Field
Eddy County, New Mexico**

Production Allocation - Lease

OIL

Daily gross production for the consolidated facility will be based on daily oil sales and daily tank gauges.

$$\text{Production} = \text{Oil Sales} + (\text{Tank Gauge Change})$$

Daily oil production will be allocated back to each property based on its daily oil meter readings and the gross daily production.

$$\text{North Indian Basin Unit Production} = \frac{(\text{sum of oil readings from North Indian Basin Unit})}{(\text{Sum of all oil readings})} \times \text{Gross Consolidated Facility Production}$$

$$\text{Bone Flats Federal 12} = \frac{(\text{sum of oil readings from Bone Flats Federal 12})}{(\text{Sum of all oil readings})} \times \text{Gross Consolidated Facility Production}$$

$$\text{MOC Federal} = \frac{(\text{sum of oil readings from MOC Fed})}{(\text{Sum of all oil readings})} \times \text{Gross Consolidated Facility Production}$$

$$\text{Stinking Draw} = \frac{(\text{sum of oil readings from Stinking Draw})}{(\text{Sum of all oil readings})} \times \text{Gross Consolidated Facility Production}$$

$$\text{North Indian Basin Unit "Com"} = \frac{\text{North Indian Basin Unit Com NM-SW 242}}{\text{Sum of all oil readings}}$$

GAS

Monthly production for the consolidated facility based on the six inch gas meter (master meter) located at the discharge of the dehydration unit.

Monthly gas production will be allocated back to each property will be based on its monthly gas meter readings and the gross monthly production.

$$\text{North Indian Basin Unit Production} = \frac{(\text{sum of oil readings from North Indian Basin Unit})}{(\text{Monthly Master Gas Readings})} \times \text{Gross Consolidated Facility Production}$$

$$\text{Bone Flats Federal 12} = \frac{(\text{sum of oil readings from Bone Flats Federal 12})}{(\text{Monthly Master Gas Readings})} \times \text{Gross Consolidated Facility Production}$$

$$\text{MOC Federal} = \frac{(\text{sum of oil readings from MOC Fed})}{(\text{Monthly Master Gas Readings})} \times \text{Gross Consolidated Facility Production}$$

$$\text{Stinking Draw} = \frac{(\text{sum of oil readings from Stinking Draw})}{(\text{Monthly Master Gas Readings})} \times \text{Gross Consolidated Facility Production}$$

$$\text{North Indian Basin Unit "Com"} = \frac{\text{North Indian Basin Unit Com NM-SW 242}}{(\text{Monthly Master Gas Readings})}$$

Production Allocation - Well

The production attributable to wells within a specific lease which are not individually metered shall be allocated as follows:

$$\text{Well production} = \frac{\text{Production well test}}{\text{sum of all production well tests}} \times \text{lease allocated production}$$

**Upper Penn Commingling Application
North Indian Basin Unit, Stinking Draw,
Bone Flats Federal 12 & MOC Federal, North Indian Basin Unit Com
South Dagger Draw Field
Eddy County, New Mexico**

Production Facilities - Zone

Wells producing from the same zone will be connected to a production header. Each production header will be equipped with a three-phase production vessel to separate and meter oil, gas and water production.

*Oil production will be metered through a positive displacement meter. The non-resetting counter head will measure fluids in barrels. Taps will be installed to accommodate meter proving. The meter will be installed between the separator and dump valve to maintain a constant head pressure on the meter.

*Water production will be metered utilizing turbine meters. Taps will be installed to accommodate meter proving.

*Gas production will be measured using a gas meter run and three-pen chart recorder (static, differential and temperature).

After separation oil, gas and water will be delivered to the consolidated battery.

Production Facilities - Test facilities

Wells will be periodically tested using a common test vessel. All lease production will be separated and metered in the same manner as described above. However, after metering the fluid will be recombined and returned to the wells respective production vessel for final separation and metering.

Production Facilities - Consolidated battery

Oil production delivered to the consolidated battery will be further processed through a heater treater prior to storage at the tank battery. Sales will be accomplished through a LACT Unit.

Water production from the field will be stored in tankage at the consolidated facility and then pumped into a disposal system.

Gas production delivered to the consolidated facility will be further processed through a dehydrator after compression but prior to delivery to a common trunkline system for further processing at a gas processing plant.



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

New Mexico State Land Office
Oil Gas and Minerals Division
State Land Office Building
P.O. Box 1148
Santa Fe, New Mexico 87504-1148
Attn. Mr. Pete Martinez

RE: Amendment of Surface Commingling, Off Lease Storage and Measurement Agreement
Hydrocarbon Production for
As originally permitted

Bone Flats "12" Federal Com; Section 12, T-21-S, R-23-E
MOC Federal Section; 1, T-21-S, R-23-E
North Indian Basin Unit; Sections 2, 11, T-21-S, R-23-E
Stinking Draw; Section 36, T-21 ½- S, R-23-E

Recommended Additions

Comanche Federal; North ½ Section 3, T-21-S, R-23-E Com # NM-SW 242
North Indian Basin Unit; South ½ Section 3, T-21-S, R-23-E Com # NM-SW 242
North Indian Basin Unit; Section 10, T-21-S, R-23-E
Eddy County, New Mexico

Marathon Oil Company sought permission for off lease measurement and storage and for surface commingling of production for the leases listed above as originally permitted. In a letter dated September 26, 1994 permission was granted by the NM State Land Office for the original application. The NMOCD granted permission as per Order CTB 397 for the same request. Marathon Oil Company is requesting that the administrative approval be extended to include anticipated Upper Penn production from the Federal leases listed above as recommended additions.

Marathon presently surface commingles production from the South Dagger Draw Upper Penn Associated pool from leases listed above as "originally permitted" after separating and metering fluids through production vessels dedicated to each lease. A drawing is attached depicting the MOC Federal CTB Centralized Facility.

Marathon has made notification to all parties owning an interest in these leases, and the oil purchaser of the intent to amend the commingle permit. Should you require any additional information concerning this application, please call Tom Price at (915)-687-8446.

Sincerley
A handwritten signature in cursive script, appearing to read 'R. A. Biernbaum'.
R. A. Biernbaum
Indian Basin Asset Team Manager

CC:NMOCD-District Office II



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

December 8, 1995

Certified Mail
Return Receipt Requested

Mailing List Attached

Re: Amendment of Off Lease Storage and Measurement Agreement
Leases previously approved for Off Lease Storage and Measurement

Marathon Lease NM 1832 -State of New Mexico Leases K-1877, E- 10170-2, E - 7906-2
-Federal Leases NM-050607, NM-050608, NM-051107, NM-05551, NM-05551-A, NM-0926
NM-0926-A, NM-04827-B

Marathon Lease NM 5772 -Federal Lease NM-04827-B *ALCO. FED*
Marathon Lease NM 1718 -State Of New Mexico Lease K-1877, E-10169 *STINKING DRAW*
Marathon Lease NM 5758 -Federal Lease NM-05551-A, NM-050608, NM-81677 *BONE SPRINGS*

Proposed Additions to Agreement

Marathon Lease NM 5723 -Federal Lease NM-034623

Marathon Lease NM 05608 -Federal Lease NM-05608

Sections 1, 2, 3, 10, 11, 12; T-21-S, Range 23-East, and Section 36 T-21 ½ S, R-23-E Eddy County New Mexico

Gentlemen:

Marathon Oil Company is proposing that the previously approved Off Lease Storage and Measurement agreement which included the North Indian Basin Unit, Stinking Draw, Bone Springs "12" Federal Com, and the MOC Federal leases be amended to include highlighted sections above. The leases to be added are the South ½ of Sec. 3 and all of Sec. 10 which are included in the North Indian Basin Unit and the north ½ of section 3 which has been designated the Comanche Federal Lease. Both Sections 3 and 10 are in T-21-S, R-23-E of Eddy County New Mexico. All production will be metered prior to commingling. Our records indicate you are an interest owner in one of the subject wells. Pursuant to NMOCD Rule 309-A, Marathon is required to seek your consent to the proposed commingling of production from the separate leases. Marathon believes that amending the original agreement to include to include Sec 3 & 10 will enhance the economic life of project and all leases involved.

Please indicate your approval by signing in the space below and returning one copy of this letter to this office in the enclosed envelope. The second copy is for your files. Your very prompt consideration of this matter will be greatly appreciated.

Sincerely,

A handwritten signature in cursive script, appearing to read 'R. A. Biernbaum'.

R. A. Biernbaum

Indian Basin Asset Team Supervisor

CC: T. L. Guillory
W. L. Ransbottom

Approved this _____ day of _____

By: _____

Title: _____

Company: _____

Virginia Gates Irish
7450 Olivetos Ave., Apt 154
La Jolla, CA 92037

Sara S. Jones
1203 Vernon Rd
Ardmore, OK 73401-3653

William G. McCoy Tr of Est of B.L. McCoy
Dep. Acct #0-68953
7524 Kachina Loop
Santa Fe, NM 87505-2208

Saraan Company
P.O. Box 2208
Ardmore, OK 73402-2208

Ann H. Stromberg
274 San Luis Place
Claremont, CA 91711-1746

NCNB Texas National Bank
Escrow Agent - Sabine Royalty Trust Dept.
P.O. Box 0887
Dallas, TX 75284-0887

T C & June B Stromberg Rev Tr 7/10/80
T C & June Stromberg, Trustees
P.O. Box 2208
Ardmore, OK 73402-2208

Jon Stromberg
2938 Maples Springs
Dallas, TX 75235-8319

Mary Adele Stromberg Perry
72 Dalmore
Hillsboro, TX 76645

Yates Petroleum Company
105 S. Fourth Street
Artesia, NM 88210

Yates Drilling CO.
105 S. Fourth Street
Artesia, NM 88210

Abo Petroleum Corporation
105 Sourth Fourth Street
Artesia, NM 88210

Myco Industries
105 South Fourth Street
Artesia, NM 88210

Joel J. Stark
521 N. Woodrow
Earlsville, OK 74003

Michael Ray Stark
2001 Wedgewood
Ft. Smith, AR 72903

Deborah Ann Stark Wortham
Route 3; Box 531
Tuttle, OK 73089

Karen K. Stark Barton
2628 SW 45th St
Oklahoma City, OK 73119

Mary Jane Stark Henderson
347 Hillside Circle
Burleson, TX 76028

Ray Hobbs
1312 Alpha
Carlsbad, NM 88221

Riggs-Mills Irrevocable Trust 12/31/92
Leslie Riggs Mills
Trustee
Box 230430
Anchorage, AK 99523-0430

Formerly Known as "Potash Co. of America"
Eddy Potash
P.O. Box 31
Carlsbad, NM 88221-0031

Wills Royalty Company
P.O. Box 1658
Carlsbad, NM 88221-1658

William H. Stromberg Trust
William H Stromberg
Trustee
P.O. Box 1412
Ardmore, OK 73402-1412

Mary Love Stromberg Trust
Mary Love Stromberg
Trustee
P.O. Box 1412
Ardmore, OK 73402-1412

The First National Bank of Denver
The Hill Foundation
Trust Minerals
P.O. Box 5825 Terminal Annex
Denver, CO 80217-5825

Wallace S. Gates
611 South Roselawn
Artesia, NM 88210-2407

Robert B. Gates
4913 Rustic Trail
Midland, TX 79707-1420

Helen Gates Maxwell
218 Aldersgate Circle. Givens Ests.
Asheville, NC 28803-2044

W. B. Stark
Route 16 Box 915
Lubbock, TX 79401

L.M. Stark
305 Frontera
Borger, TX 79007

Jack D. Stark
Route 1 Box 7843
Fitzhugh, OK 74843

David L. Stark
313 Balsam
Lake Jackson, TX 77561

Edith Bivins
515 6th Ave., N.
Caldwell, Idaho 83605

Mary Lou Gibbs
4115 E. Zion
Tulsa, OK 74115

Mildred M. Parker
C/O Texas Commerce Bank Midland N.A.
P.O. Box 200270
Houston, TX 77216-0270

First Century Oil, Inc.
P.O. Box 1518
Roswell, NM 88202-1518

Hugh E. Hanagan
P.O. Box 329
Roswell, NM 88202-0329

C. John McIntyre
732 Cloyen Road
Palos Verdes Estates, CA 90274-1833

Westway Petro/William E. Read/Nominee Recieipient
500 N. Akard St. Lock Box 70
Dallas, TX 75201-3320

Hanagan Properties
P.O. Box 1887
Santa Fe, NM 87504-1887

Robert L. Bergmant & Jacquelin R. Bergmant
Revocable Trust, Dated 04-20-88
2515 Gaye Drive
Roswell, NM 88201-3424

Parker and Parsley Producing Inc.
Attn: Don Craig
P.O. Box 3178
Midland, TX 79702

Wheatly Trust Agency
First National Bank of Artesia
P.O. Drawer AA
Artesia, NM 88211-7526

John M. Gates & Jean M. Gates
Revovable Trust
706 West Grand
Artesia, NM 88210-1935



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

December 8, 1995

Certified Mail
Return Receipt Requested

Amoco Pipeline
502 North, West Ave
Levelland, Texas 79336

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NM-0926-A, NM-04827-B

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Sincerely,

A handwritten signature in cursive script, appearing to read 'R. A. Biernbaum'.

R. A. Biernbaum

Indian Basin Asset Team Supervisor

Approved this _____ day of _____

CC: T. L. Guillory
W. L. Ransbottom

By: _____
Title: _____
Company: _____

NIBU Corn Test Facility and Trunk
 Line Not Built as of 12/12/96

North Indian Basin Unit Boundaries

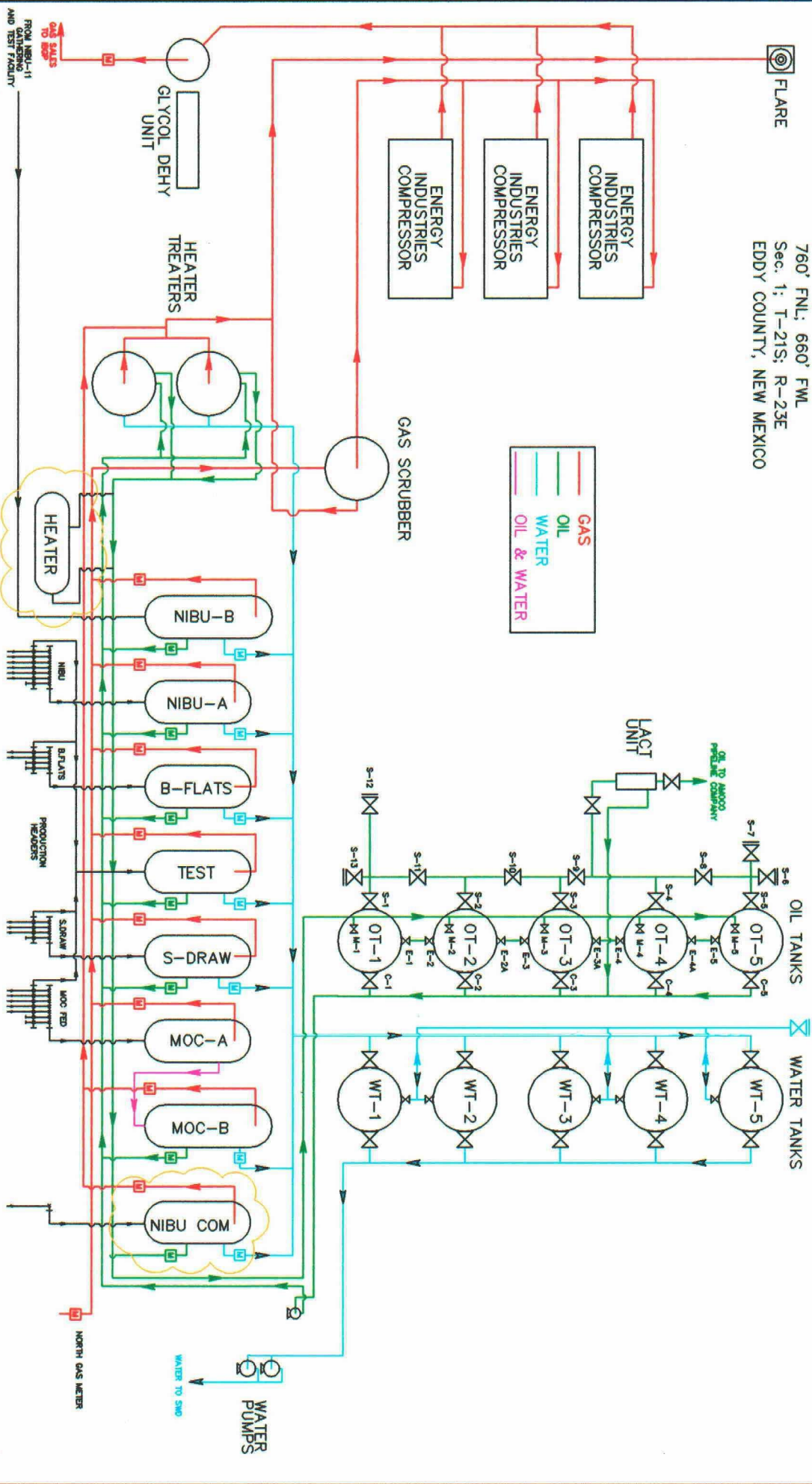
Communications Boundary Line

Lease Line

Gathering Line

NIBU Test & Separation Facility Trunk Line

760' FNL; 660' FML
 Sec. 1; T-21S; R-23E
 EDDY COUNTY, NEW MEXICO



DRAWING NUMBER		REVISIONS		DATE		BY		CHECKED		APPROVED	
1		1		12/20/2011		JMS		JMS		JMS	
2		2		7/26/2012		JMS		JMS		JMS	
3		3		7/26/2012		JMS		JMS		JMS	
4		4		7/26/2012		JMS		JMS		JMS	
5		5		7/26/2012		JMS		JMS		JMS	
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96		96		7/26/2012		JMS		JMS		JMS	
97		97		7/26/2012		JMS		JMS		JMS	
98		98		7/26/2012		JMS		JMS		JMS	
99		99		7/26/2012		JMS		JMS		JMS	
100		100		7/26/2012		JMS		JMS		JMS	

Marathon
 Oil Company

MOC CENTRAL
 PRODUCTION BATTERY
 PROCESS FLOW DIAGRAM

FACILITY		INDIAN BASIN FIELD		CONTROLLER PLANTING		NO. & DATE	
REVISION						MOC-342	
MOC CENTRAL							
PRODUCTION BATTERY							
PROCESS FLOW DIAGRAM							
DATE		REV		DATE		REV	
08/01/08		1		08/01/08		1	
MOC		MOC		MOC		MOC	
MOC		MOC		MOC		MOC	
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C TB - 397



State of New Mexico
Commissioner of Public Lands

RAY POWELL, M.S., D.V.M.
COMMISSIONER

310 OLD SANTA FE TRAIL P.O. BOX 1148

SANTA FE, NEW MEXICO 87504-1148

(505) 827-5760
FAX (505) 827-5766

January 10, 1996

Marathon Oil Company
Post Office Box 552
Midland, Texas 79702-0552

Attn: Mr. Robert A. Biernbaum

Re: Amendment of Surface Commingling, Off Lease Storage and Measurement Agreement
Hydrocarbon Production for

As originally permitted

Bone Flats "12" Federal Com; Section 12-T-21-S, R-23-E

MOC Federal Section 1-T-21-S, R-23-E

North Indian Basin Unit; Section 2 and 11, T-21-S, R-23-E

Stinking Draw Unit; Section 36, T-21-S, R-23-E

K-1877, E-10169 and E-10170

Recommended Additions

Comanche Federal; North 1/2 Section 3, T-21-S, R-23-E Com #NM-SW 242

North Indian Basin Unit; South 1/2 Section 3, T-21-S, R-23-E Com #NM-SW 242

North Indian Basin Unit; Section 10, T-21-S, R-23-E

Eddy County, New Mexico

Dear Mr. Biernbaum:

We have received your letter of December 8, 1995, requesting approval for surface commingling, off lease storage and measurement of the Upper Penn production for the above-mentioned wells.

We understand that three phase separators will be utilized to separate and meter oil, water and gas prior to delivering such to the centralized facility.

Since it appears that there will be no loss of revenue to the State of New Mexico as a result of your proposed request, your application for surface commingling and off lease storage of the production for the above-mentioned wells is approved. Any deviation from the substance of your request will be sufficient grounds for rescinding our approval. Our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

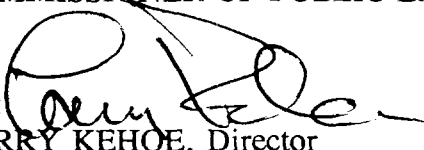
Marathon Oil Company
January 10, 1996
Page 2

Please provide us with an approval letter from the Oil Conservation Division and the Bureau of Land Management for this amended application.

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 
LARRY KEHOE, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/LK/cpm

Enclosure

cc: Reader File
Commissioner's File
OCD--Attention: David Catanach, Ben Stone

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT -" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

Marathon Oil Company

3. Address and Telephone No.

P.O. Box 552, Midland, TX 79702

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

Battery Location
lot 4, T-21-S, R-23-E

NM OIL CONS COMMISSION

Drawer DD

Artesia, NM

FORM APPROVED

Budget Bureau No. 1004-0135

Expires: March 31, 1993

5. Lease Designation and Serial No.

NM-04827-B, NM-05608, NM-05551
NM-05551-A, NM-05551-B, NM-81677

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

NIOC Federal #4

8. Well Name and No. MOC Federal
Bone Flats Federal 12

North Indian Basin Unit

9. API Well No.

10. Field and Pool, or exploratory Area

11. County or Parish, State

Eddy County, New Mexico

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

☐ Notice of Intent
☒ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

☐ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☒ Other Surface comingling, off lease
storage and measurement
☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recommendation Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Marathon Oil Company respectfully request that MOC Federal #4 be included in the consolidated facility located in lot 4, Section 1, T-21-S, R-23-E. Surface comingling, off lease Storage & measurement and the installation of a LACT unit was approved for the consolidated facility on October 5, 1994.

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

Signed [Signature] Title Operations Superintendent Date 11/8/94

(This space for Federal or State office use)

Approved by [Signature] Title [Signature] Date 12/29/94
Conditions of approval, if any:

Title 18 U.S.C. Section 1001, 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.

CRA BLM FORMAT

APPLICATION FOR SURFACE COMMINGLING
OFF LEASE STORAGE AND MEASUREMENT APPROVAL

This format should be attached to a Sundry Notice

To: Bureau of Land Management
P.O. Box 1778
Carlsbad, New Mexico

Marathon Oil Company (Operator's Name) is requesting approval for surface commingling and off-lease storage and measurement of hydrocarbon production from the following formation(s) and well(s) on Federal Lease No 04827-B; Lease Name: MOC Federal

<u>Well</u> <u>NO.</u>	<u>LOC</u>	<u>SEC</u>	<u>TWP</u>	<u>RNG</u>	<u>Formation</u>
1	990 FNL & 1855 FEL	1	21-S	23-E	Upper Penn
3	760 FNL & 660 FWL	1	21-S	23-E	Upper Penn
4	1980 FSL & 660 FWL	1	21-S	23-E	Upper Penn

with hydrocarbon production from the following formation(s) and Well(s) on Federal Unit Lease No. 04827-B, 05551 & 05551-B; Lease Name North Indian Basin Unit

<u>Well</u> <u>NO.</u>	<u>LOC</u>	<u>SEC</u>	<u>TWP</u>	<u>RNG</u>	<u>Formation</u>
7	1650 FSL & 1650 FWL	11	21-S	23-E	Upper Penn
13	2050 FNL & 660 FEL	2	21-S	23-E	Upper Penn

With hydrocarbon production from the following formation(s) and Well(s) on Federal Lease(s) No. 05608 & 05551-A, 05551, 81677; Lease Name Bone Flats Federal 12

<u>Well</u> <u>NO.</u>	<u>LOC</u>	<u>SEC</u>	<u>TWP</u>	<u>RNG</u>	<u>Formation</u>
1	990FNL & 990 FWL	12	21-S	23-E	Upper Penn

Production from the wells is as follows:

<u>Well Name and No.</u>	<u>BOPD</u>	<u>Oil Gravity</u>	<u>MCFPD</u>
MOC Federal # 1	2	60	2309
MOC Federal # 3	30	42	426
MOC Federal # 4	89	43	200
North Indian Basin Unit # 7	73	43	79
North Indian Basin Unit # 13	10	50	3060
Bone Flats Federal 12 # 1	224	43.5	433

Continued ...

Continued:

The proposed operation is described in detail on the attached diagrams.

A map is enclosed showing the lease numbers and locations of all leases and wells that will contribute production to the proposed commingling/common storage facility. All unitized/communitized areas, producing zones/pools are also clearly illustrated.

A schematic diagram is also attached which clearly identifies all equipment that will be utilized.

The Storage and measuring facility is located at NW/4, Section 1, T-21-S, R-23-E on lease 04827-B, Eddy County, New Mexico. BLM will be notified if there is any change in the facility location.

Details of the proposed method for allocating production to contributing sources is as follows:

North Indian Basin Unit Production = $\frac{(\text{sum of oil readings from North Indian basin Unit})}{(\text{sum of all oil readings})} \times \text{Gross Consolidated Facility Production}$

Bone Flats Federal 12 = $\frac{(\text{sum of oil readings from Bone Flats Federal 12})}{(\text{sum of all oil readings})} \times \text{Gross Consolidated Facility Production}$

MOC Federal = $\frac{(\text{sum of oil readings from Moc Fed})}{(\text{sum of all oil readings})} \times \text{Gross Consolidated Facility Production}$

Stinking Draw = $\frac{(\text{sum of oil readings from Stinking Draw})}{(\text{sum of all oil readings})} \times \text{Gross Consolidated Facility Production}$

The working interest owners have been notified of the 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 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 the 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: R.A. Biernbaum
Title: Operations Superintendent
Date: November 8, 1994



CTB -397

RAY POWELL, M.S., D.V.M.
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL P.O. BOX 1148

SANTA FE, NEW MEXICO 87504-1148

(505) 827-5760
FAX (505) 827-5766

June 5, 1996

Marathon Oil Company
Post Office Box 552
Midland, Texas 79702-0552

Attn: Mr. Thomas M. Price

Re: Application for Surface Commingling and Off Lease Storage
North Indian Basin Unit, Stinking Draw, Bone Flats Federal 12,
MOC Federal & North Indian Basin Com
South Dagger Draw Field
Eddy County, New Mexico

Dear Mr. Price:

Your application, received May 23, 1996 requests our approval to add the following two Indian Basin Upper Penn wells to the above referenced commingling application: the Comanche Federal "3" #1 and the N. Indian Basin Unit Gas Com #3.

We understand that these two wells will be added to your original application which was approved by this office on September 26, 1994, and by the OCD by their Order No. CTB 397.

Since it appears that there will be no loss of revenue to the State of New Mexico's beneficiaries from your proposed operation, the Commissioner of Public Lands hereby grants approval to your request. Our approval is given with the understanding that the Commissioner of Public Lands reserves the right to amend or withdraw his approval should this operation prove to be unprofitable to the state at any time in the future. Our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.


Your \$30.00 filing fee has been received.

Marathon Oil Company
June 5, 1996
Page 2

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 
LARRY KEHOE, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/LK/pm

cc: Reader File
OCD-Santa Fe Attn: Mr. David Catanach, Mr. Ben Stone
North Indian Basin Unit