AMEND FLC 4/12/99

Mid-Continent Region Production United States



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

March 17, 1999

MAR 2 2 1999

New Mexico Oil Conservation Division Attn.: Mr. Ben Stone 2040 South Pacheco Street Santa Fe, New Mexico 87505

RE: Amending PLC-140

Dear Mr. Stone:

Please amend the commingle order shown above to include the recently drilled Indian Hills Unit Well No. 18. This well is located at UL "O" Section 20, T-21-S, R-24-E. Please see the attached copy of the application that was sent to the BLM for the details of this commingle.

If you need more information, or if you have any questions, please do not hesitate to call me at 915-687-8449. Thank you for your help and your prompt attention to this matter.

Sincerely,

Ginny Larke

Engineer Technician

vll/wperfect\ihu18cov.wpd

Form 3160-5 (November 1994)

UNITED STATES DEPARTMENT OF THE INTERIOR **BUREAU OF LAND MANAGEMENT**

SUNDRY NOTICES AND REPORTS ON WELLS

FORM APPROVED Budget Bureau No. 1004-0135 Expires November 30 2000

5. Lease Serial No.

 <u>.C-0</u>	<u> 643</u>	<u>91 -</u>	<u>B</u>

	r proposals to drill or to re-enter an rm 3160-3 (APD) for such proposals.	6. If Indian, Allottee or Tribe Name
SUBMIT IN TRIPLICATE	- Other instructions on reverse side	7. If Unit or CA/Agreement, Name and/or No. INDIAN HILLS UNIT
I. Type of Well Oil Well Well Other		NM NM 70964X 8. Well Name and No. INDIAN HILLS UNIT #18
2. Name of Operator Marathon Oil Company		9. API Well No.
3a. Address	3b. Phone No. (include area code)	30-015-30564
P.O. Box 552 Midland, TX 79702 4. Location of Well (Footage, Sec., T., R., M., or Survey Descript UL "O", 409' FSL & 2324' FEL	915-682-1626 ion)	10. Field and Pool, or Exploratory Area INDIAN BASIN UPPER PENN ASSOCIATED
SECTION 20, T-21-S, R-24-E		11. County or Parish, State
12. CHECK APPROPRIA	ATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPOR	RT, OR OTHER DATA
TYPE OF SUBMISSION	TYPE OF ACTION	
X Notice of Intent	Acidize Deepen Production	on (Start/Resume) Water Shut-Off
	Alter Casing Fracture Treat Reclamat	ion Well Integrity
Subsequent Report	Casing Repair New Construction Recompl.	ete X Other OFF LEASE
Final Abandonment Notice	Change Plans Plug and Abandon Temporal	rily Abandon STORAGE & MEASUR.
_	Convert to Injection Plug Back Water Di	sposal <u>& COMMINGLE</u>
following completion of the involved operations. If testing has been completed. Final Abandonment N determined that the final site is ready for final inspection As required by 43 CFR 3162.7-2 are approval of off-lease measurement of liquid hydrocarbons for this w No. 5, we are requesting approval proposed to be used for the alter. The form, maps and schematics attempt that will be used, and give a more	nd Onshore Oil and Gas Order No. 4, Marathon c, storage & sales, alternate measurement met well. Also, as required by 43 CFR 3162.7-3 at of off-lease measurement, storage & sales or on the method of metering liquid hydrocarbons. Eached show the leases and wells affected by the detailed explanation of this operation.	new interval, a Form 3160-4 shall be filed once on, have been completed, and the operator has Oil Company is requesting thod, and surface commingling and Onshore Oil and Gas Order of gas. Turbine meters are
14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Ginny Larke	Laske Engineer Technic	ian
Gilling Edition	Date 3/12/99	
THIS	S SPACE FOR FEDERAL OR STATE OFFICE USE	
Approved by	Title	Date
Conditions of approval, if any, are attached. Approval o certify that the applicant holds legal or equitable title to which would entitle the applicant to conduct operations thereon.		

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.

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

Well No.	$\overline{\mathbf{UL}}$	Sec	TWP	RNG	Formation	Fed. Lease #	COM
18	O	20	21-S	24-E	Upper Penn	LC064391B	N/A

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, (PLC-140)

WELL NO.	BOPD	API o	MCFD
1	0	N/A	4214
6	0	40.7	0
8	225	35.7	2997
9	0	40.7	1604
12	0	40.6	0
Gas Com 13	0	44.8	744
Gas Com 3	0	61.6	4518
IB "32" State 1-Y	0	N/A	1211
IB "32" State #2	0	56.0	5793
IB "32" State #3	119	38.6	331

Liquid hydrocarbon production will be measured using turbine meters, per prior approval. These meters will be 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 commingling/common storage facility. All unitized/communitized areas and 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 will be located at <u>UL "P"</u>, <u>Sec. 19, T-21-S, R-24-E, Eddy County</u>, <u>New Mexico</u>. There will be a satellite facility located at UL "N", Section 20, T-21-S, R-24-E, Eddy County, NM.

The BLM has been notified of this facility in prior applications and will be notified of any change in facility location. The gas, liquid hydrocarbons and water from the wells in Sections 20 and 21 will be gathered at this satellite facility. The facility will consist of a 3-phase test separator and a 3-phase production separator. A production manifold will allow for individual well testing in the test separator while production from the remaining wells flows to the production separator.

The gas from the separators will be metered at this satellite facility before being delivered to the compressors at the Storage and Measurement facility in Section 19. After compression, the gas will be

processed through a dehydrator, metered and delivered to the Indian Basin Gas Plant for further processing. The gas and NGLs will then be metered and sold at the tail-gate of the plant.

The liquid hydrocarbons and water, after being metered through the separators 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 for further separation. It will then be stored in tanks at the Storage and Measurement facility prior to being metered and pumped to the SWD system.

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

Indian Hills Unit Production=(Sum of LHC Readings from Indian Hills Unit wells)X Gross Consolidated Facility Production
(Sum of All LHC Readings)

Indian Hills Unit Gas Com Prod.=(Sum of LHC Readings from Gas Com wells) X Gross Consolidated Facility Production (Sum of All LHC Readings)

IB "32" State Wells Production=(Sum of LHC Readings from IB "32" State wells) X Gross Consolidated Facility Production (Sum of All LHC Readings)

The same formulas will be used to allocate gas and water production, per prior approval (PLC-140).

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 continued operation of the above referenced Federal Lease.

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:

Senny Larke
Name: Ginny Larke
Title: Engineer Tooknisier

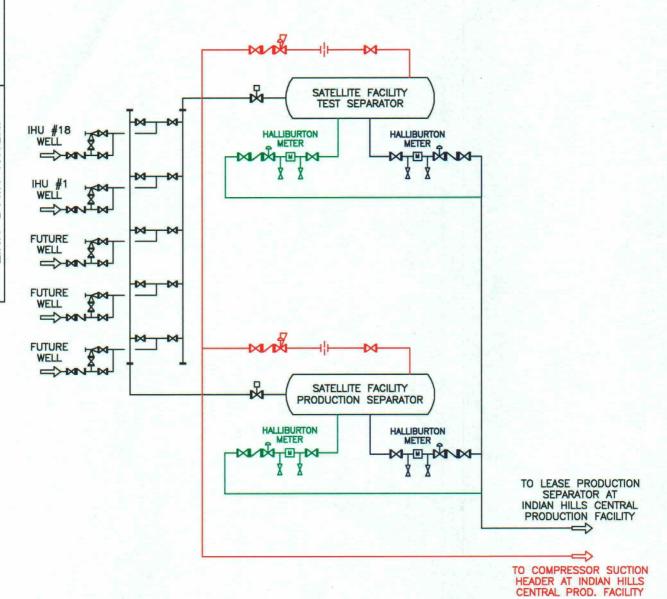
Title: Engineer Technician March 12, 1999

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Attachments

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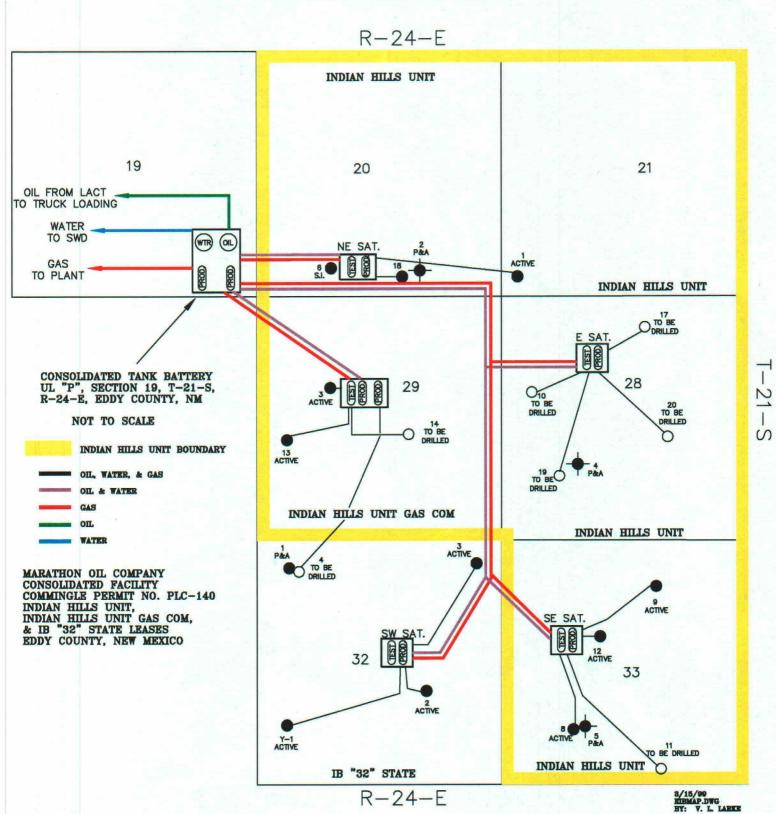
INDIAN HILLS UNIT
SATELLITE SEPARATION
FACILITY IN SECTION 20,
T-21-S, R-24-E



LEGEND

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

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



Form 3160-5 (November 1994)

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 re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

FORM APPROVED
Budget Bureau No. 1004-0135
Expires November 30 2000

5. Lease Serial No.

LC-064391-B
6. If Indian, Allottee or Tribe Name

						
SUBMIT IN TRIPLICATE	- Other instructions on	reverse side		7. If Unit or CA/A INDIAN HILL	S UNIT	ame and/or No.
1. Type of Well				NM NM 70964		
Oil X Gas Other				8. Well Name and INDIAN HILL!		#18
2. Name of Operator				11,521 11 1122	5 01111	,, 10
Marathon Oil Company			<u> </u>	9. API Well No.		
3a. Address		3b. Phone No. (include area cod	ie)	30-015-3056	4	
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	Casing Repair	New Construction	Recomplet	e L	Other _	OFF LEASE
Final Abandonment Notice	Change Plans	Plug and Abandon	Temporaril	y Abandon	STORAGE_	& MEASUR.
	Convert to Injection	on Plug Back	Water Disp	oosal	& COMMIN	IGLE
As required by 43 CFR 3162.7-2 an approval of off-lease measurement of liquid hydrocarbons for this w No. 5, we are requesting approval proposed to be used for the alter. The form, maps and schematics att that will be used, and give a mor	e, storage & sale well. Also, as more of off-lease me mate method of a cached show the	es, alternate measu required by 43 CFR : easurement, storage metering liquid hyd leases and wells af	rement meth 3162.7-3 ar & sales of rocarbons. fected by t	nod, and suri nd Onshore O gas. Turb	face com il and G ine mete	mingling das Order ers are
14. I hereby certify that the foregoing is true and correct Name (Printed/Typed)	P. 1	Title				
Ginny Larke Stenny	garle	Enginee	er Technici	an		
		Date 3/12/99				
THIS	S SPACE FOR FED	ERAL OR STATE OFF	ICE USE			
Approved by		Title		Date	;	
Conditions of approval, if any, are attached. Approval of certify that the applicant holds legal or equitable title to which would entitle the applicant to conduct operations thereon.	f this notice does not v those rights in the sub	varrant or Office ject lease		L		
Title 18 U.S.C. Section 1001, makes it a crime for any fraudulent statements or representations as to any matter wit	person knowingly and hin its jurisdiction.	willfully to make to any dep	artment or agend	cy of the United S	tates any fa	alse, fictitious of

APPLICATION FOR SURFACE COMMINGLING OFF-LEASE MEASUREMENT, STORAGE AND ALTERNATE MEASUREMENT APPROVAL

To: Bureau of Land Management

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Signature:

Senny Larke
Name: Ginny Larke
Title: Engineer Technique

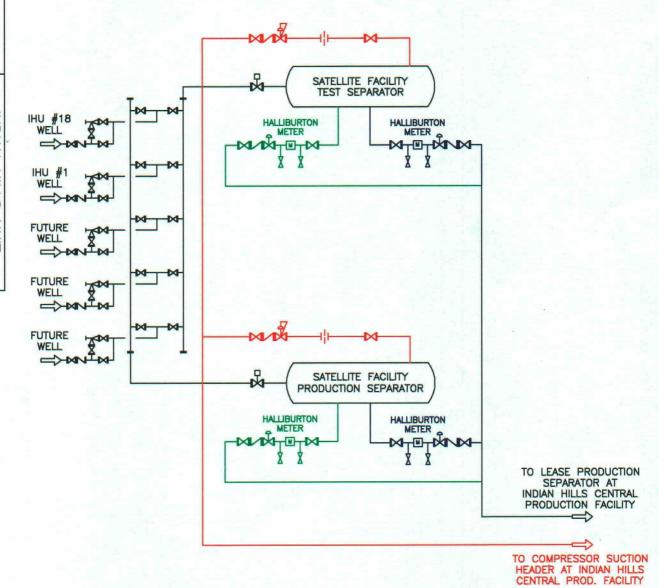
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Attachments

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