



**NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION  
2040 South Paseo del Norte  
Santa Fe, New Mexico 87508  
(505) 827-7131

**COMMINGLING ORDER PLC-140**

Marathon Oil Company  
P.O. Box 552  
Midland, Texas 79702-0559

Marathon Oil Company

MAY 01 1998

Attention: Ms. Ginny Larke

INDIAN BASIN ASSET TEAM  
MID-CONTINENT REGION

The above named company is hereby authorized to commingle Indian Basin Upper Penn (Associated - 33685) and Indian Basin Upper Penn (Prorated Gas - 79040) Pool production from the following leases:

Lease: Indian Hills Unit (Including Com # NM-071145)  
Including: Federal Lease Nos. NM-07260, NM-07260F, NM-30482, LC-064391B  
Description: SE/4 SW/4, SW/4 SE/4 of Section 20, SW/4 SW/4 of Section 21, NE/4 SW/4 of Section 28, SE/4 NW/4, NW/4 SW/4 of Section 29, and E/2 NE/4, SW/4 SE/4, SE/4 SW/4 of Section 33, and,

Lease: IB '32' State Lease (State Lease No. V-993-3)  
Description: SW/4 SW/4 of Section 33,

All in Township 21 South, Range 24 East, Eddy County, New Mexico.

The production from each pool shall be separately metered prior to commingling. Production shall be allocated to each lease and well by well tests. This method is authorized only so long as all commingled production is of identical ownership including working interest, royalty interest, and overriding royalty interest.

NOTE: The commingled production shall be stored and measured at the facility located in Unit Letter 'P' of Section 19, Township 21 South, Range 24 East.

REMARKS: This installation shall be installed and operated in accordance with the applicable provisions of Rule 303 of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities." It is the responsibility of the producer to notify the transporter of this commingling authority.

FURTHER: The operator shall notify the supervisor of the Artesia district office prior to implementation of the commingling process.

PROVIDING: Validation of this authority shall be accomplished with like approval from the New Mexico Commissioner of Public Lands and the U.S. Bureau of Land Management.

RECEIVED

BEFORE THE  
OIL CONSERVATION DIVISION  
Case No. 12135 Exhibit No. — 7  
Submitted By:  
Marathon Oil Company  
Hearing Date: March 18, 1999

PLC-140  
Commingling Order PLC-140  
Marathon Oil Company  
April 14, 1998  
Page 2

---

DONE at Santa Fe, New Mexico, on this 14th day of April, 1998.

  
LORI WROTENBERY,  
Division Director

LW/BES:kv

cc: Oil Conservation Division - Artesia  
State Land Office - Oil & Gas Division  
U.S. Bureau of Land Management - Carlsbad



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2840 South Pacheco Street  
Santa Fe, New Mexico 87506  
(505) 827-7131

**AMENDED COMMINGLING ORDER PLC-140**

Marathon Oil Company  
P.O. Box 552  
Midland, Texas 79702-0559

Marathon Oil Company

**AUG 13 1998**

Attention: Ms. Ginny Larke

INDIAN BASIN ASSOCIATION  
MID-CONTINENT REGION

The above named company is hereby authorized to commingle Indian Basin Upper Penn (Associated - 33685) and Indian Basin Upper Penn (Prorated Gas - 79040) Pool production from the following leases:

Lease: Indian Hills Unit (Including Com # NM-071145)  
Including: Federal Lease Nos. NM-07260, NM-07260F, NM-30482, LC-064391B  
Description: SE/4 SW/4, SW/4 SE/4 of Section 20, SW/4 SW/4 of Section 21, NE/4 SW/4 of Section 28, SE/4 NW/4, N/2 SW/4 of Section 29, and E/2 NE/4, SW/4 SE/4, SE/4 SW/4 of Section 33, and,

Lease: Indian Basin '32' State Lease (State Lease No. V-993-3)  
Description: NW/4 SE/4 of Section 32, SW/4 SW/4 of Section 33, **32**

All in Township 21 South, Range 24 East, Eddy County, New Mexico.

The production from each pool shall be separately metered prior to commingling. Production shall be allocated to each lease and well by well tests. This method is authorized only so long as all commingled production is of identical ownership including working interest, royalty interest, and overriding royalty interest.

NOTE: The commingled production shall be stored and measured at the facility located in Unit Letter 'P' of Section 19, Township 21 South, Range 24 East.

REMARKS: This installation shall be installed and operated in accordance with the applicable provisions of Rule 303 of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities." It is the responsibility of the producer to notify the transporter of this commingling authority.

FURTHER: The operator shall notify the supervisor of the Artesia district office prior to implementation of the commingling process.

PROVIDING: Validation of this authority shall be accomplished with like approval from the New Mexico Commissioner of Public Lands and the U.S. Bureau of Land Management.

Commingleing Order PLC-140  
Marathon Oil Company  
August 10, 1998  
Page 2

---

DONE at Santa Fe, New Mexico, on this 10th day of August, 1998.

  
LORI WROTENBERY,  
Division Director

LW/BES/kv

cc: Oil Conservation Division - Artesia  
State Land Office - Oil & Gas Division  
U.S. Bureau of Land Management - Carlsbad

11/18/98

RECEIVED

January 7, 1999

New Mexico Oil Conservation Division  
ATTN: Ben Stone  
2040 S. Pacheco  
Santa Fe, New Mexico 87505

RE: Commingling Order PLC-140

Dear Mr. Stone:

Marathon Oil Company requests that Commingling Order PLC-140 be amended to allow the hydrocarbon production from the Indian Basin "32" State #3 in Section 32, T-21-S, R-24-E, to be commingled with the other Indian Basin "32" State, Indian Hills Unit, and Indian Hills Unit Gas Com wells at the Indian Hills Unit Central Battery located in Unit Letter P of Section 19, T-21-S, R-24-E. The production from the Indian Basin "32" #3, Lease No. V-992-3, will be transported to a separator at the satellite facility as shown on the attached drawings. This well was completed in the Upper Penn recently. The production will be separated at the satellite facility, then the gas and liquids will be sent to the Indian Hills Central Facility for further separation and measurement. PLC-140 authorizes the surface commingling of production from the Indian Basin Upper Penn Associated Pool and the Indian Basin Upper Penn Gas Pool. A copy of this order is attached.

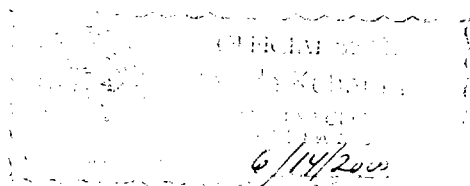
Also attached is a more detailed description of the proposed operation and allocation of production, a map of the area, and flow diagrams of the facilities and equipment involved. All interest owners were notified of the original commingling proposal.

Sincerely,

Ginny Larke  
Engineer Technician

vll/wperfect\lib323ocd.wpd

Attachments



**KELLAHIN AND KELLAHIN**

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285

TELEFAX (505) 982-2047

W. THOMAS KELLAHIN\*

\*NEW MEXICO BOARD OF LEGAL SPECIALIZATION  
RECOGNIZED SPECIALIST IN THE AREA OF  
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

February 17, 1999

**CERTIFIED MAIL-RETURN RECEIPT REQUESTED**

TO: NOTICE OF THE HEARING OF THE FOLLOWING  
NEW MEXICO OIL CONSERVATION DIVISION CASE:

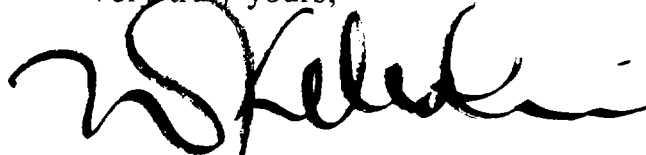
*Re: Application of Marathon Oil Company  
for surface commingling, off-lease measurement and storage  
Eddy County, New Mexico.*

On behalf of Marathon Oil Company, please find enclosed our a copy of its referenced application. This case has been set for hearing on the New Mexico Oil Conservation Division Examiner's docket now scheduled for March 18, 1999. The hearing will be held at the Division hearing room located at 2040 South Pacheco, Santa Fe, New Mexico.

As party who may be affected by this application, we are notifying you of your right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application. Failure to appear at the hearing may preclude you from any involvement in this case at a later date.

Pursuant to the Division's Memorandum 2-90, you are further notified that if you desire to appear in this case, then you are requested to file a Pre-Hearing Statement with the Division not later than 4:00 PM on Friday, February 26, 1999 with a copy delivered to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over a horizontal line.

W. Thomas Kellahin

Is your RETURN ADDRESS completed on the reverse side?

SENDER  
Com  
Com  
Print  
card  
Atta  
perm  
Write  
The f  
deliv

Commissioner of Public Lands  
PO Box 1148  
Santa Fe, NM 87504  
Attn: Pete Martinez

In return this  
does not  
number.  
the date

I also wish to receive the  
following services (for an  
extra fee):

1. ☐ Addressee's Address  
2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Marathon Oil Company  
Off-lease measurement  
March 18, 1999  
2/16/99

4a. Article Number

P 378 176 564

4b. Service Type

- ☐ Registered ☐ Certified  
☐ Express Mail ☐ Insured  
☐ Return Receipt for Merchandise ☐ COD

7. Date of Delivery

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

X

8. Addressee's Address (Only if requested  
and fee is paid)

PS Form 3811, December 1994

102595-97-B-0179

Domestic Return Receipt

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

Marathon Oil Company  
Off-lease measurement  
March 18, 1999  
2/16/99

We can return this  
package does not  
article number.  
and the date

I also wish to receive the  
following services (for an  
extra fee):

1. ☐ Addressee's Address  
2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Bureau of Land Management  
2909 West Second Street  
Roswell, NM  
Attn: Amando Lopez

4a. Article Number

P 378 176 563

4b. Service Type

- ☐ Registered ☐ Certified  
☐ Express Mail ☐ Insured  
☐ Return Receipt for Merchandise ☐ COD

7. Date of Delivery

2-18-99

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

X

8. Addressee's Address (Only if requested  
and fee is paid)

PS Form 3811, December 1994

102595-97-B-0179

Domestic Return Receipt

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

SENDER  
Com  
Com  
Print  
card  
Atta  
perm  
Write  
The f  
deliv

Marathon Oil Company  
Off-lease measurement  
March 18, 1999  
2/16/99

In return this  
does not  
number.  
the date

I also wish to receive the  
following services (for an  
extra fee):

1. ☐ Addressee's Address  
2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Santa Fe Energy Res. Inc.  
550 W. Texas Suite 1330  
Midland, TX 79701  
Attn: Steve Smith

4a. Article Number

P 378 176 565

4b. Service Type

- ☐ Registered ☐ Certified  
☐ Express Mail ☐ Insured  
☐ Return Receipt for Merchandise ☐ COD

7. Date of Delivery

2-18-99

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

X

8. Addressee's Address (Only if requested  
and fee is paid)

PS Form 3811, December 1994

102595-97-B-0179

Domestic Return Receipt

Thank you for using Return Receipt Service.