

AMEND PLC

2/1/99

Mid-Continent Region
Production United States

AMENDED

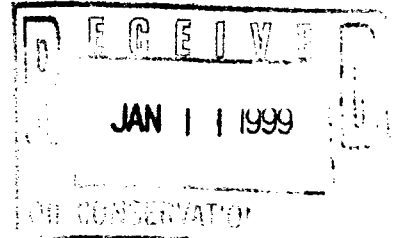
PLC-140



**Marathon
Oil Company**

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

January 7, 1999



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

Case 12135

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,

A handwritten signature in cursive script that reads 'Ginny Larke'.

Ginny Larke
Engineer Technician

vll/wperfect\ib323ocd.wpd

Attachments

Ben,

I have these 2 requests
clipped together because
they affect the same
PLC, and thought it
would keep you from
having to amend it twice.

Ginny Larke



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 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 ASSOCIATED
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 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

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.

V-992-3

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

INDIAN BASIN "32"

STATE #3

9. API Well No.

30-015-30535

10. Field and Pool, or Exploratory Area

INDIAN BASIN UPPER PENN
ASSOCIATED POOL

11. County or Parish, State

EDDY

NM

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)

915-682-1626

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

UL "A", 950' FNL & 1250' FEL
SECTION 32, T-21-S, R-24-E

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

- | | | | |
|---|---|--|---|
| <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other <u>COMMINGLE.</u> |
| <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | <u>OFF-LEASE MSMT. &</u> |
| <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | <u>ALT. MSMT. METHOD</u> |

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.)

As required by 43 CFR 3162.7-2 and Onshore Oil and Gas Order No. 4, Marathon Oil Company requests approval of off-lease measurement, storage & sales, alternate measurement method, and commingling of liquid hydrocarbon production. Also, as required by 43 CFR 3162.7-3 and Onshore Oil and Gas Order No. 5, we request approval of off-lease measurement & sales and commingling of gas production. The production from this well will be gathered at a satellite facility in Section 32, (see attached map), and then transported, via pipeline, to the central facility, which is located at UL "P", Section 19, T-21-S, R-24-E. Commingling of Indian Basin Upper Penn Gas and Associated Pools production at the central facility was originally approved 4/14/98 by order of PLC-140.

Turbine meters will be used as the Alternate Method of Metering for liquid hydrocarbons and water per prior approvals.

A form is attached which further explains this operation.

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Ginny Larke

Ginny Larke

Title

Engineer Technician

Date 1/5/98

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

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.

Office

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.

(Instructions on reverse)

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, and Off Lease Storage & Measurement, and Alternate Measurement of hydrocarbon production from the following formation(s) and well(s) on:

Lease Name: IB "32" State

<u>Well No.</u>	<u>UL</u>	<u>Sec</u>	<u>TWP</u>	<u>RNG</u>	<u>Formation</u>	<u>API No.</u>	<u>Lease #</u>	<u>COM</u>
3	A	32	21-S	24-E	Upper Penn	30-015-30535	V-992-3	N/A

Production from the referenced well is as follows:

<u>BOPD</u>	<u>API °</u>	<u>MCFD</u>
365	38.6°	484

This production will be commingled with the already commingled hydrocarbon production (PLC-140) from the Upper Penn formation of the following leases, which are located in Eddy County, New Mexico:

<u>Lease Name</u>	<u>Location</u>	<u>BOPD</u>	<u>API Grav.</u>	<u>MCFPD</u>
IB 32 State #1-Y & #2	Sec. 32, T-21-S, R-24-E	0	N/A	4,880
Indian Hills Unit &	Secs. 20, 21, 28, 29, & 33	353	42.9	10,930
Ind. Hills Unit Gas Com	T-21-S, R-24-E			

The proposed operation is described in detail on the attached diagrams. Liquid hydrocarbon production will be measured using turbine meters per prior approvals. 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 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 is located at UL "P", Sec. 19, T-21-S, R-24-E, Eddy County, New Mexico. A satellite separation and measurement facility is located at UL "J", Sec. 32, T-21-S, R-24-E. The BLM will be notified of any change in facility location.

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

The production is gathered into a 3-phase separator at the satellite facility in Section 32. The gas is measured using allocation meters. It is then transported to the East Indian Basin Central Facility (UL 'P', Section 19, T-21-S, R-24-E) by pipeline. After being compressed, it is transported to the Indian Basin Gas Plant, by pipeline, for processing. After processing the gas and NGLs are metered at the tail-gate of the plant and sold. Liquid hydrocarbon production and water will be measured using turbine meters per prior approvals. These meters are proved on a regular schedule. The liquid hydrocarbons and water are also transported to the East Indian Basin Central Facility by pipeline. Liquid hydrocarbons are then sold through a LACT unit and truck hauled. Water will be injected into various water disposal wells per prior approvals. All production will be allocated to wells based on monthly well tests and the previously approved methods of lease allocation.

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 State 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 require additional commingling approvals.

Signature:

A handwritten signature in black ink, appearing to read 'K. W. Tatarzyn', written in a cursive style.

Name: K. W. Tatarzyn

Title: Indian Basin Asset Team Manager

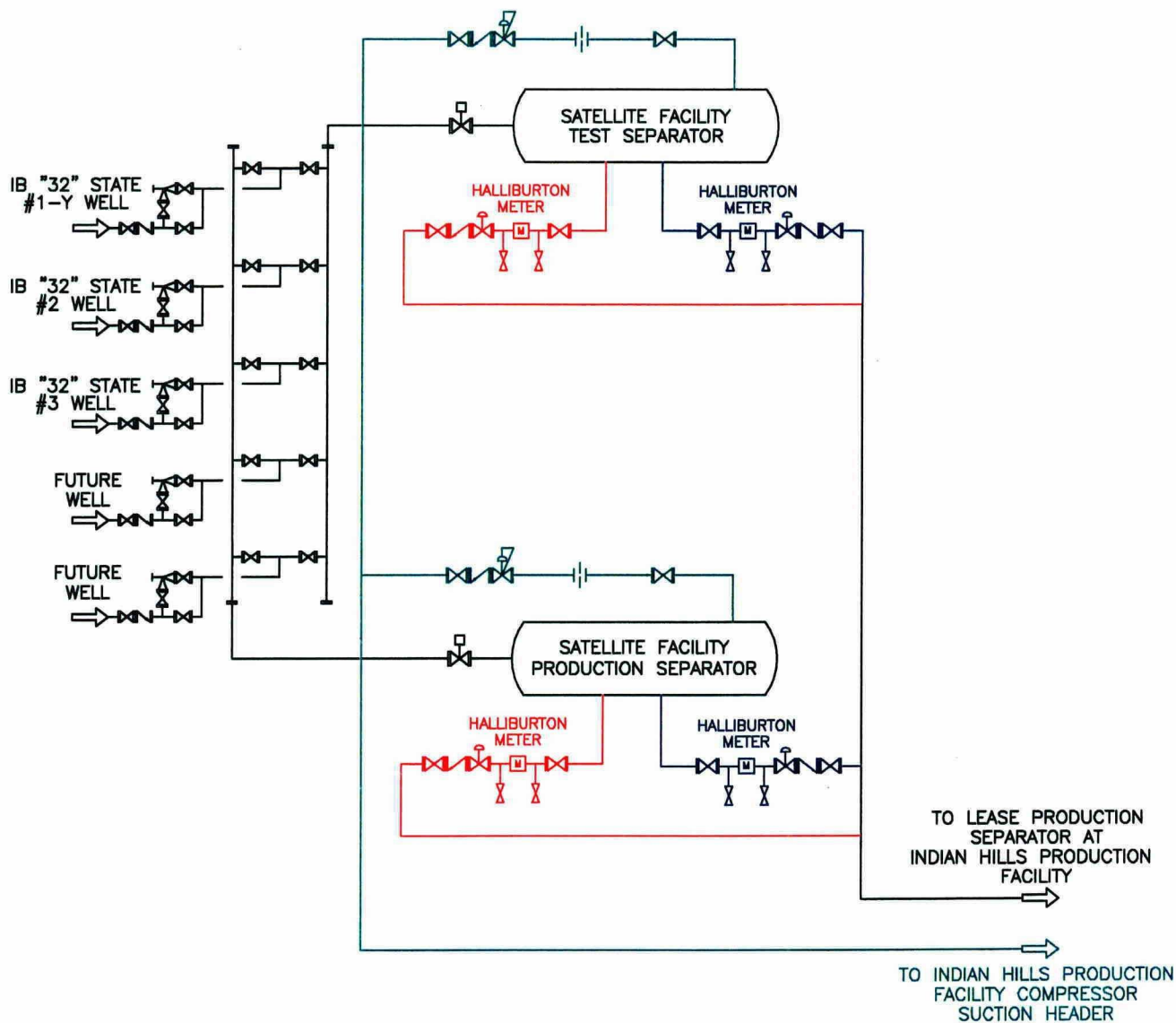
Date: January 7, 1999

Attachments



**Marathon
Oil Company**

INDIAN BASIN "32" STATE
SATELLITE
SEPARATION FACILITY



TO TRUCK LOADING RACK

SALES TO IBGP

GLYCOL REGEN SKID

FILTER-SEPARATOR
GLYCOL CONTACTOR

LACT UNIT

VAPOR RECOVERY UNIT

COMPRESSORS

TO FLARE

SUCTION SCRUBBER

HEATER TREATER



INDIAN HILLS UNIT CENTRAL
PRODUCTION FACILITY

GAS FROM
SATELLITE FACILITIES

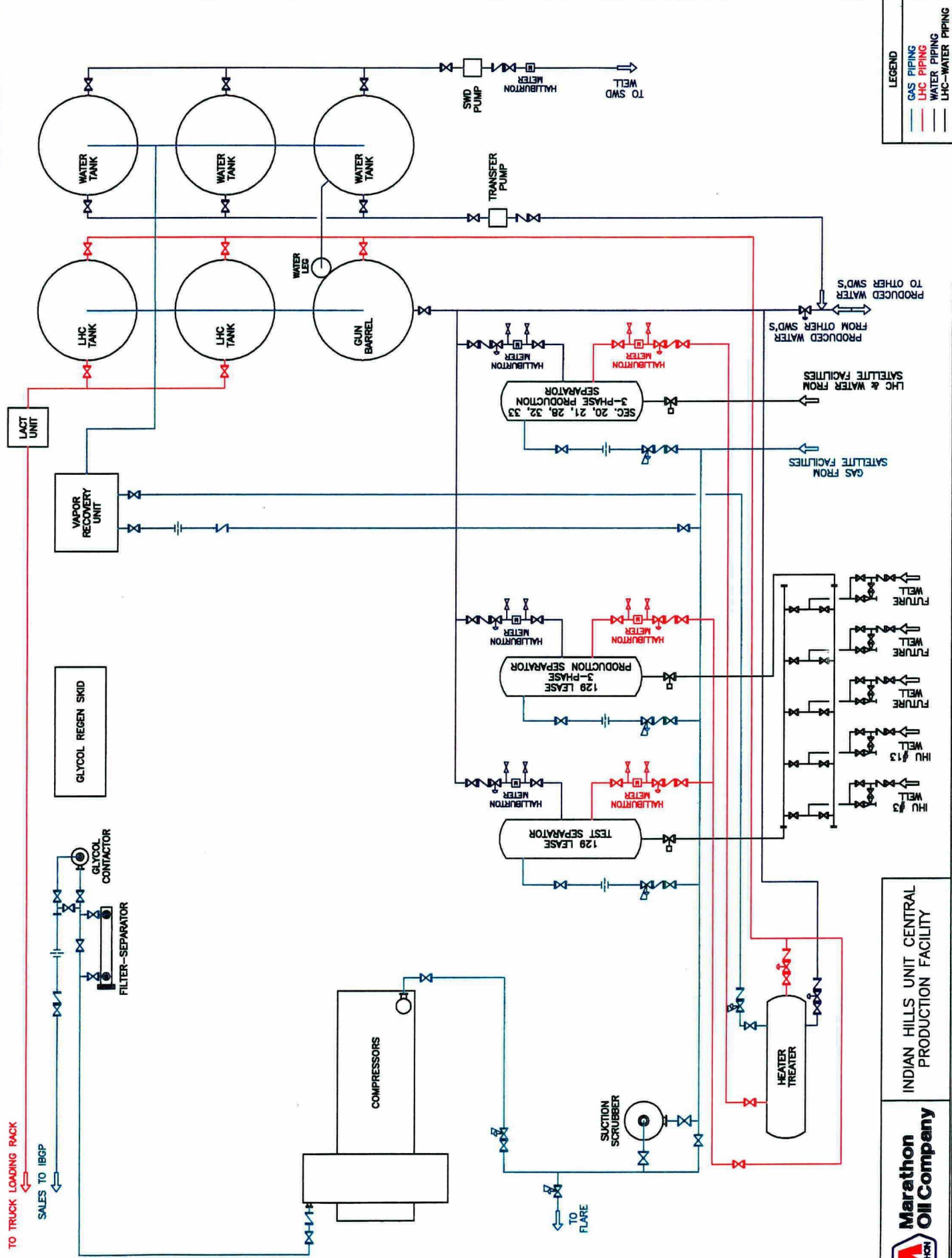
LHC & WATER FROM
SATELLITE FACILITIES

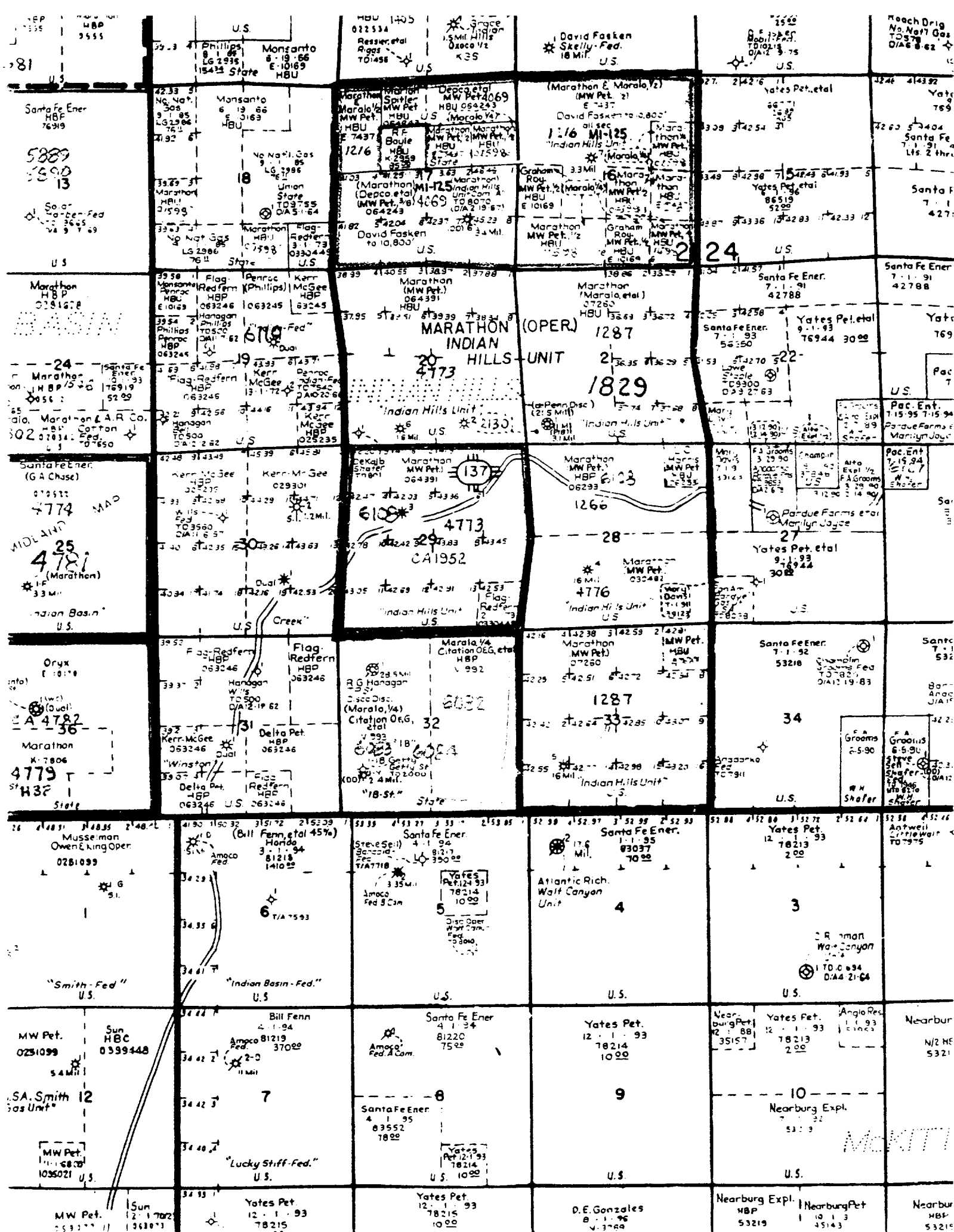
PRODUCED WATER
FROM OTHER SWD'S

PRODUCED WATER
TO OTHER SWD'S

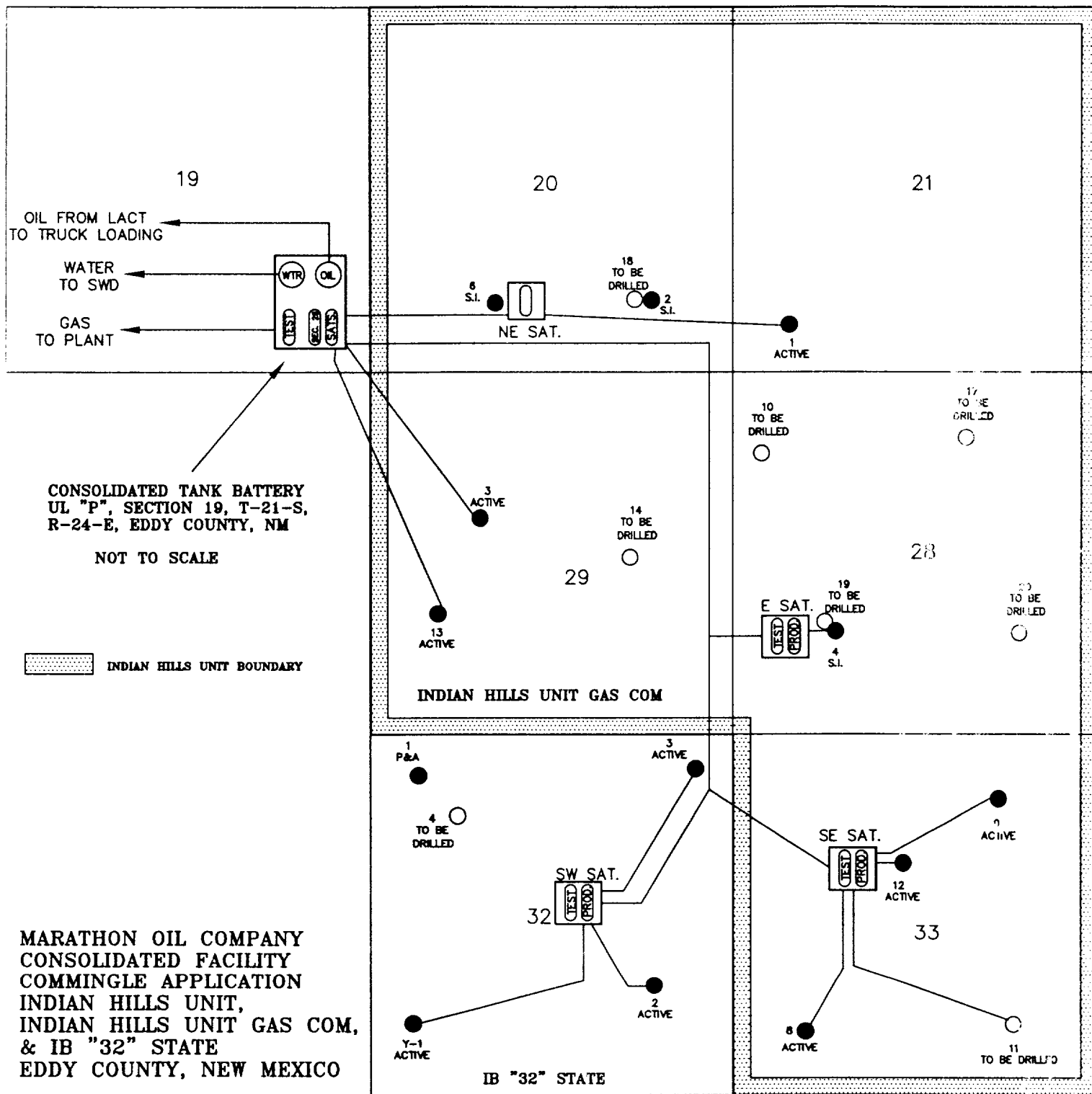
LEGEND

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





R-24-E



R-24-E

12/20/68
KIBMAP.DWG
BY: V. L. LARKE

T-21-S

Mid-Continent Region
Production United States



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

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 plans to add another satellite separation facility to the Indian Hills Unit Central Battery system, originally approved in the above referenced commingling order. Please find attached a copy of BLM Form 3160-5. This form and its attachments should explain this additional facility. If you have any questions, or need further information, please call me at 915-687-8449.

Sincerely,

A handwritten signature in cursive script that reads 'Ginny Larke'.

Ginny Larke
Engineer Technician

vll/wperfect/cibproj\129sat.wpd

Attachments

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

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

INDIAN HILLS UNIT GAS COM
NM 071145

8. Well Name and No.

INDIAN HILLS UNIT
SATELLITE FACILITY

9. API Well No.

10. Field and Pool, or Exploratory Area

INDIAN BASIN UPPER PENN GAS
AND ASSOCIATED POOLS

11. County or Parish, State

EDDY

NM

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 79701-0552

3b. Phone No. (include area code)

915-682-1626

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

UL "F" SECTION 29, T-21-S, R-24-E

SATELLITE SEPARATION FACILITY (Located next to Indian Hills Unit Gas

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

☐ Alter Casing

☐ Casing Repair

☐ Change Plans

☐ Convert to Injection

☐ Deepen

☐ Fracture Treat

☒ New Construction

☐ Plug and Abandon

☐ Plug Back

☐ Production (Start/Resume)

☐ Reclamation

☐ Recomplete

☐ Temporarily Abandon

☐ Water Disposal

☐ Water Shut-Off

☐ Well Integrity

☐ Other

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 plans to add another satellite separation facility as shown on the attached map. Please amend the commingle order (PLC-140) to include this facility. Also attached is a drawing showing the equipment to be used at this facility. The wells that will use this facility are shown on the drawing. A separate application will be sent to request authorization to commingle and for off-lease measurement, storage and sales, and alternate measurement method for the two wells that will be drilled in 1999. The Indian Hills Unit Gas Com #3 and #13 are going to be affected by this change of facilities. Please amend your records to show that the production from these two wells will be transported to this facility for separation. The gas production will then be sent, via pipeline, to the Indian Hills Unit Central Production Facility, located at UL "P", Section 19, T-21-S, R-24-E, where it will be compressed and sent on to the Indian Basin Gas Plant. After being processed, the gas and NGLs will be metered and sold at the tailgate of the plant. The liquid hydrocarbon and water production will be separated and metered at the new facility. It will then be recombined and transported to the Indian Hills Unit Central Production Facility for further separation. The water will be metered and sent to various disposal wells per prior approvals. The liquid hydrocarbon production will be metered through a LACT meter prior to sales at the truck loading rack.

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Ginny Larke

Title

Engineer Technician

Date

12/29/98

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

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.

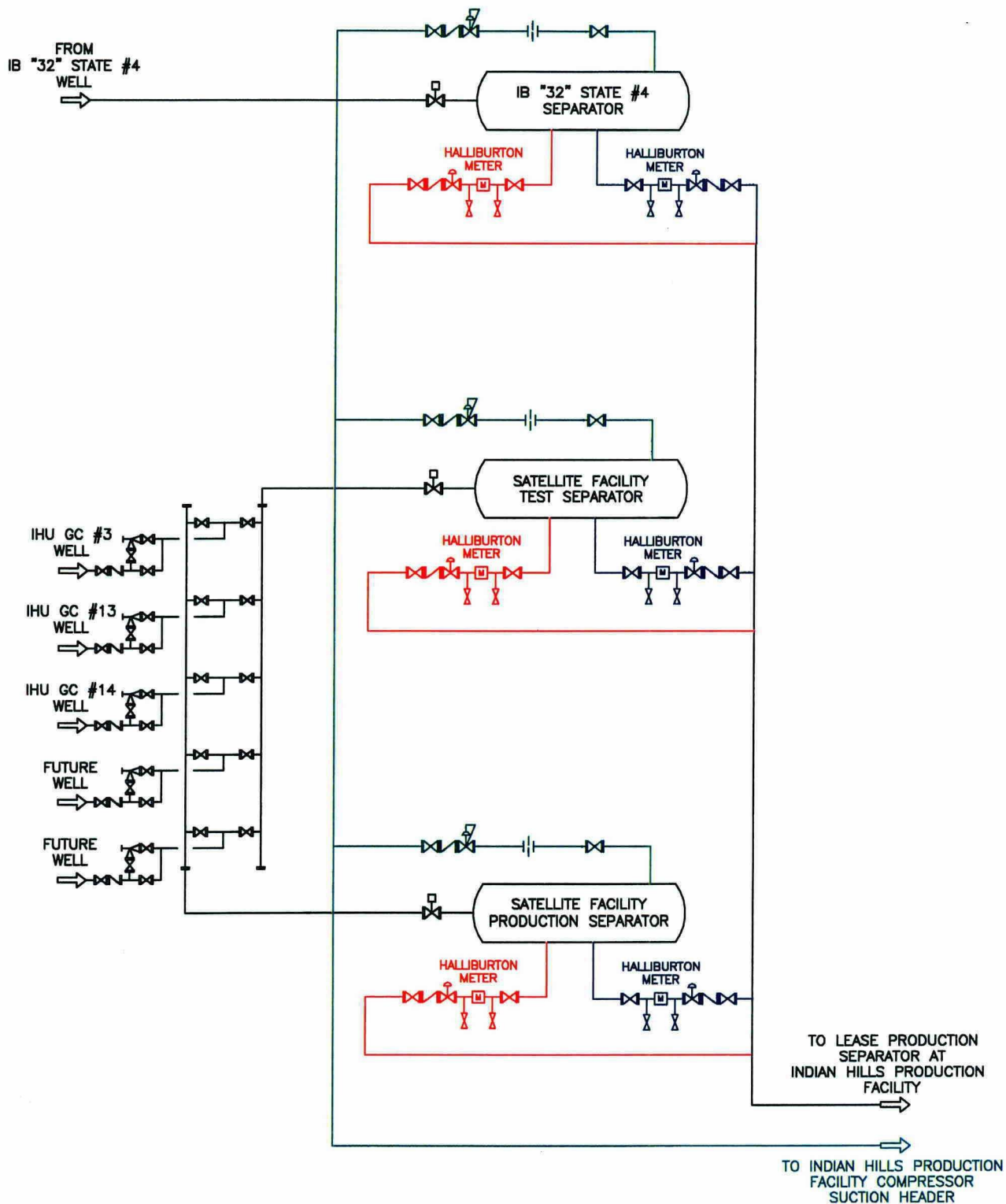
Office

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.



Marathon
Oil Company

PROPOSED SECTION 29
SATELLITE SEPARATION
FACILITY



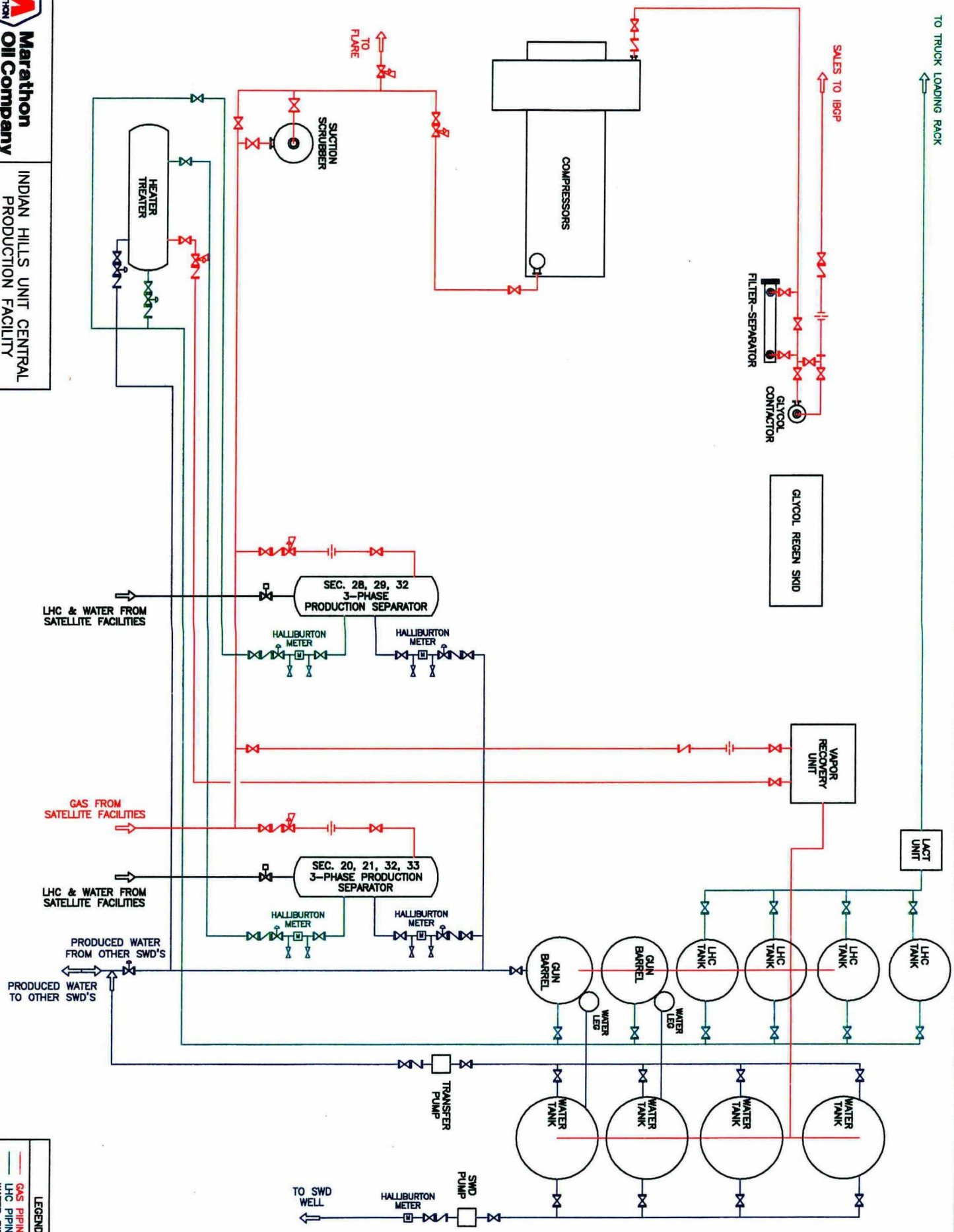
LEGEND

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



Marathon
Oil Company

INDIAN HILLS UNIT CENTRAL
PRODUCTION FACILITY



LEGEND	
—	GAS PIPING
—	LHC PIPING
—	WATER PIPING
—	LHC-WATER PIPING

R-24-E

19

20

21

OIL FROM LACT
TO TRUCK LOADING

WATER
TO SWD

GAS
TO PLANT

CONSOLIDATED TANK BATTERY
UL "P", SECTION 19, T-21-S,
R-24-E, EDDY COUNTY, NM

NOT TO SCALE

INDIAN HILLS UNIT BOUNDARY

INDIAN HILLS UNIT GAS COM

MARATHON OIL COMPANY
CONSOLIDATED FACILITY
COMMINGLE APPLICATION
INDIAN HILLS UNIT,
INDIAN HILLS UNIT GAS COM,
& IB "32" STATE
EDDY COUNTY, NEW MEXICO

IB "32" STATE

R-24-E

12/29/98
KIMAP.DWG
BY: V. L. LARKE

T-21-S

