RECEIVED:	REVIEWER:	TYPE:	APP NO:	
	- Geologi	ABOVE THIS TABLE FOR OCD CO OIL CONSERV Cal & Engineerin Fancis Drive, San	<b>'ATION DIVISION</b> g Bureau –	OR NEW ACAS
		RATIVE APPLICAT		
THIS	CHECKLIST IS MANDATORY FOR A REGULATIONS WHICH RE		EATIONS FOR EXCEPTIONS T E DIVISION LEVEL IN SANTA	
Applicant:			OGR	ID Number:
Vell Name: Pool:			API: Pool	Code:
			IRED TO PROCESS	THE TYPE OF APPLICATION
A. Location	ICATION: Check those n – Spacing Unit – Simul NSL NSP(PI		on	SD
[1] Com [	one only for [1] or [1] nmingling – Storage – M DHC DCTB P ction – Disposal – Press WFX PMX S	LC PC ( ure Increase – Enh		
A. Offse B. Roya C. Appli D. Notifi E. Notifi F. Surfa	N REQUIRED TO: Check toperators or lease hold to operators or lease hold ty, overriding royalty of cation requires publish cation and/or concurrection and/or concurrection and/or concurrection to the above, proof contice required	Iders wners, revenue ov ed notice ent approval by S ent approval by B	wners LO LM	FOR OCD ONLY  Notice Complete  Application Content Complete  hed, and/or,
administrative understand the	N: I hereby certify that a approval is accurate hat no action will be taken are submitted to the Div	and <b>complete</b> to ken on this applic	the best of my kno	owledge. I also
N	ote: Statement must be comple	eted by an individual wit	h managerial and/or sup	pervisory capacity.
			Date	
Print or Type Name				_
			Phone Number	
 Signature			e-mail Address	

District I 1625 N. French Drive, Hobbs, NM 88240 District II 811 S. First St., Artesia, NM 88210 District III

1000 Rio Brazos Road, Aztec, NM 87410

1220 S. St Francis Dr, Santa Fe, NM 87505

District IV

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-107-B Revised August 1, 2011

# OIL CONSERVATION DIVISION

1220 S. St Francis Drive Santa Fe, New Mexico 87505

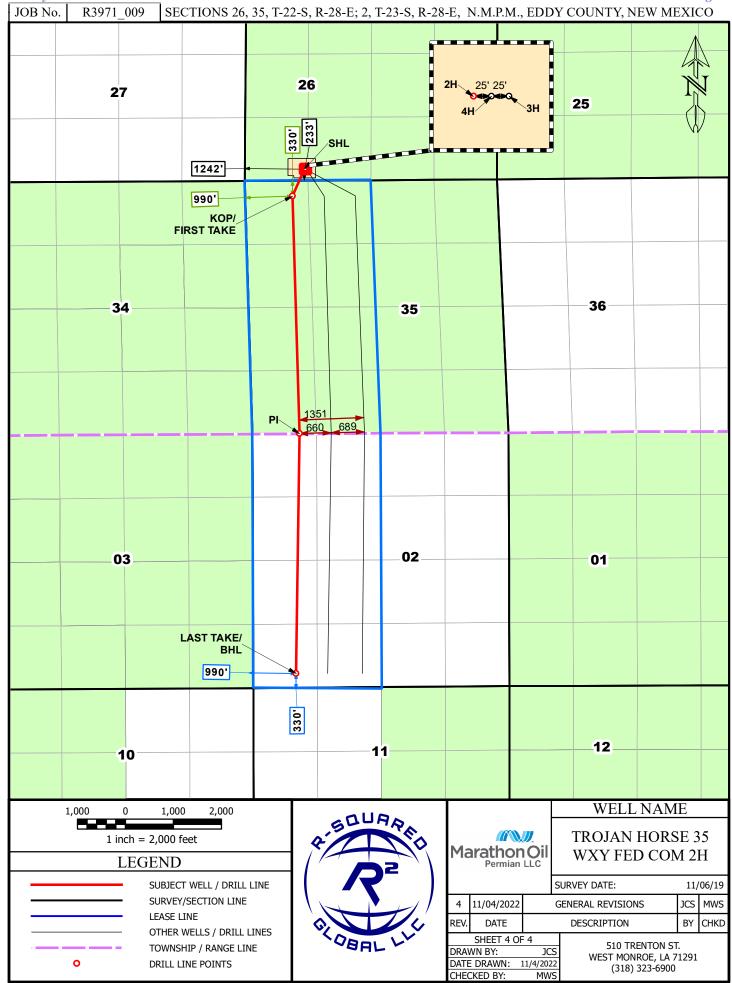
Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

APPLICATION	FUR SURFACE	COMMINGLING	(DIVERSE	OWNERSHIP)	
OPERATOR NAME:					
OPERATOR ADDRESS:					
APPLICATION TYPE:	_				
☐ Pool Commingling ☐ Lease Commingling	ng Pool and Lease Co	mmingling Off-Lease	Storage and Measur	rement (Only if not Surface	e Commingled)
	State Fede				
Is this an Amendment to existing Order Have the Bureau of Land Management  Yes No					ingling
		OL COMMINGLIN ts with the following in			
(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes
		_		_	
				_	
		_		-	
				-	
(2) Are any wells producing at top allowa	lbles? □Yes □No				
<ul> <li>(3) Has all interest owners been notified be</li> <li>(4) Measurement type:  Metering</li> <li>(5) Will commingling decrease the value</li> </ul>	Other (Specify)		☐Yes ☐No.	ing should be approved	
		SE COMMINGLINGS with the following in			
<ol> <li>Pool Name and Code.</li> <li>Is all production from same source of</li> <li>Has all interest owners been notified by</li> <li>Measurement type:  Metering </li> </ol>	certified mail of the proj		∐Yes □N	ío	
	(C) POOL and	LEASE COMMIN	GLING		
	Please attach sheet	ts with the following in	nformation		
(1) Complete Sections A and E.					
	D) OFF-I FASE ST	ORAGE and MEA	SUREMENT		
(1	,	ets with the following			
(1) Is all production from same source of	supply?				
(2) Include proof of notice to all interest of	owners.				
(IF) A1	DDITIONAL INFO	ORMATION (for all	annlication to	vnec)	
(E) AI		s with the following in		, pes	
(1) A schematic diagram of facility, inclu	ding legal location.				
<ul><li>(2) A plat with lease boundaries showing</li><li>(3) Lease Names, Lease and Well Number</li></ul>	•	ions. Include lease number	ers if Federal or Sta	ate lands are involved.	
I hereby certify that the information above i	s true and complete to the	best of my knowledge ar	d belief.		
SIGNATURE:		ITLE:		DATE:	
TYPE OR PRINT NAME				EPHONE NO.:	
E-MAIL ADDRESS:					

Marathon Oil Permian LLC has filed the attached application for off-lease storage and measurement to the New Mexico Oil Conservation Division (NMOCD) according to provisions of NMAC 19.15.23.9 for the following wells:

Well Name/#	API	ULSTR	Location	Production Lease
			Lease	
Trojan Horse 35 WXY	30-015-	M-26-	NMNM0	Pending CA (W2 T22S-R28E Sec 35 & W2
Fed Com 2H	49704	22S-28E	67979	T22S-R28E Sec 2 (WC))
Trojan Horse 35 WXY	30-015-	M-26-	NMNM0	Pending CA (W2 T22S-R28E Sec 35 & W2
Fed Com 4H	49706	22S-28E	67979	T22S-R28E Sec 2 (WC))

Both wells produce from the Purple Sage; Wolfcamp (Gas)(98220) Formation that is within a com agreement that covers the W2 T22S-R28E Sec 35 & W2 T22S-R28E Sec 2 Production from the Trojan Horse 35 WXY Fed Com 2H and 4H is sent to the well pad which is located outside the com agreement in Section 26. Please see attached diagrams.



Received by OCD: 4/18/2023 12:00:15 AM **Trojan Horse 2H 4H CTB** Marathon Oil **Trojan Horse 35 WXY Fed Com 2H** Lease ID: NMNM19601 API: 30-015-49704 Land Description: SEC 1/T22S/R28E/NMPM **Trojan Horse 35 WXY Fed Com 4H** API: 30-015-49706 VRU Proposed FMP FG Skid VRT **Proposed FMP** To Sales **LEGEND** HT-1 W = Water Storage Tank O = Oil Storage Tank GB = Gun Barrel Tank S = Separator HT = Heater Treater → = Well Head G = Generator P = Pump

1625 N. French Dr., Hobbs. NM 88240 Phone: (575) 393-6161 Fax: (575) 393-0720 <u>District II</u>

811 S. First St., Artesia, NM 88210 Phone: (575) 748-1283 Fax: (575) 748-9720 <u>District III</u>

1000 Rio Brazos Road, Aztec, NM 87410 Phone: (505) 334-6178 Fax: (505) 334-6170 <u>District IV</u>

1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462

#### State of New Mexico

# Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr.

Santa Fe, NM 87505

Revised August 1, 2011 Submit one copy to appropriate District Office

**M** AMENDED REPORT

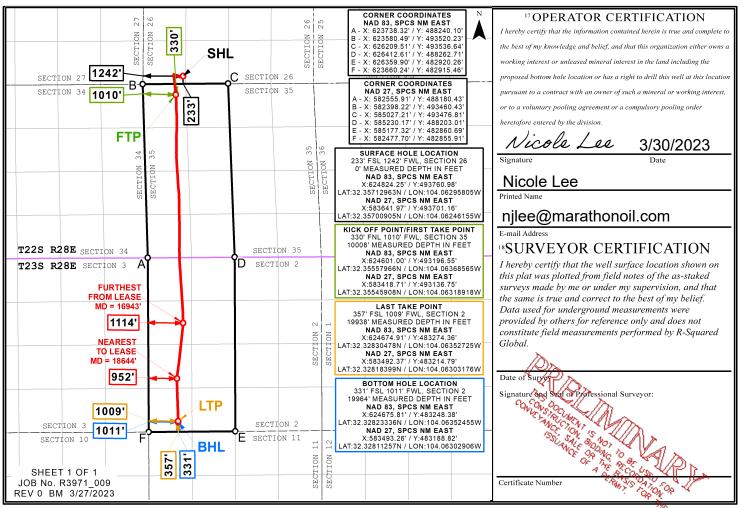
### WELL LOCATION AND ACREAGE DEDICATION AS-DRILLED PLAT

<sup>1</sup> API Number 30-015-49704		<sup>2</sup> Pool Code <b>98220</b>	PURPLE SAGE; WOLFCA	MP (GAS)
<sup>4</sup> Property Code 333039	•		roperty Name SE 35 WXY FED COM	<sup>6</sup> Well Number 2H
<sup>7</sup> ogrid №. <b>372098</b>		8 Operator Name MARATHON OIL PERMIAN LLC		<sup>9</sup> Elevation 3089'

Surface Location

	Surface Docution								
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	26	22S	28E		233	SOUTH	1242	WEST	EDDY
11	Bottom Hole Location If Different From Surface								
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	2	23S	28E		331	SOUTH	1011	WEST	EDDY
12 Dedicated Acres	<sup>12</sup> Dedicated Acres <sup>13</sup> Joint or Infill <sup>14</sup> Consolidation Code <sup>15</sup> Order No.								
639.17									

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



Distances/areas relative to NAD 83 Combined Scale Factor: 0.99977431 Convergence Angle: 0.147392

1625 N. French Dr., Hobbs. NM 88240 Phone: (575) 393-6161 Fax: (575) 393-0720 <u>District II</u> 811 S. First St., Artesia. NM 88210

Phone: (575) 748-1283 Fax: (575) 748-9720 <u>District III</u> 1000 Rio Brazos Road, Aztec, NM 87410

District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462

1000 Rio Brazos Road, Aztec, NM 87410 Phone: (505) 334-6178 Fax: (505) 334-6170 State of New Mexico

# Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION

1220 South St. Francis Dr. Santa Fe, NM 87505

Revised August 1, 2011 Submit one copy to appropriate District Office

**M** AMENDED REPORT

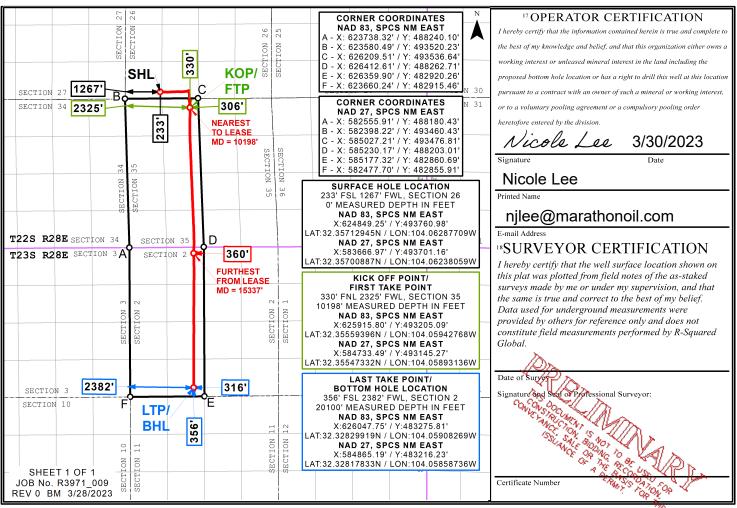
#### WELL LOCATION AND ACREAGE DEDICATION AS-DRILLED PLAT

	<sup>1</sup> API Number <sup>2</sup> Pool Code		<sup>3</sup> Pool Name		
30-015-49706 98220		98220	PURPLE SAGE; WOLFCAMP (GAS)		
<sup>4</sup> Property Code 333039			roperty Name SE 35 WXY FED COM	<sup>6</sup> Well Number 4H	
<sup>7</sup> OGRID No. 372098			perator Name OIL PERMIAN LLC	<sup>9</sup> Elevation 3090'	

<sup>10</sup> Surface Location

	Surface Location								
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	26	22S	28E		233	SOUTH	1267	WEST	EDDY
11	Bottom Hole Location If Different From Surface								
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	2	23S	28E		356	SOUTH	2382	WEST	EDDY
<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint or	Infill 14 (	Consolidation (	Code 15 Or	der No.				
639.17									

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



Distances/areas relative to NAD 83 Combined Scale Factor: 0.99977431 Convergence Angle: 0.147392

Form 3160-5 (June 2019)

# UNITED STATES DEPARTMENT OF THE INTERIOR

FORM APPROVE	$\mathbf{D}$
OMB No. 1004-013	37
Expires: October 31, 2	202

EAU OF LAND MANAGEMENT	5. Lease Seria
------------------------	----------------

BURI	EAU OF LAND MANAGEMENT	3. Lease Scriai No.		
Do not use this f	OTICES AND REPORTS ON Worm for proposals to drill or to Use Form 3160-3 (APD) for suc	6. If Indian, Allottee or Tribe Name		
abandonea wen. c	ose romi oroc-o (Ar b) for suc	лі ріорозаіз.	7 IFIL:: + -F.C.A /A	None and None and I and No
	<b>TRIPLICATE</b> - Other instructions on page	9 2	/. If Unit of CA/Agree	ement, Name and/or No.
1. Type of Well			8. Well Name and No.	
Oil Well Gas W	Vell Other			
2. Name of Operator			9. API Well No.	
3a. Address	3b. Phone No.	(include area code)	10. Field and Pool or I	Exploratory Area
4. Location of Well (Footage, Sec., T.,R	.,M., or Survey Description)		11. Country or Parish,	State
12. CHE	CK THE APPROPRIATE BOX(ES) TO INI	DICATE NATURE OF NOT	 ΓΙCE, REPORT OR OTH	IER DATA
TYPE OF SUBMISSION		TYPE OF A	CTION	
Notice of Intent	Acidize Deep	=	oduction (Start/Resume)	Water Shut-Off
		~ <u>=</u>	clamation	Well Integrity
Subsequent Report		=	complete nporarily Abandon	Other
Final Abandonment Notice	Convert to Injection Plug		ter Disposal	
13. Describe Proposed or Completed O	peration: Clearly state all pertinent details, in		date of any proposed wo	rk and approximate duration thereof. If
completed. Final Abandonment Not is ready for final inspection.)	ns. If the operation results in a multiple comices must be filed only after all requirements			
14. I hereby certify that the foregoing is	true and correct. Name (Printed/Typed)	Title		
		Title		
Signature		Date		
	THE SPACE FOR FEDI	ERAL OR STATE O	FICE USE	
Approved by				
•		Title		Date
Conditions of approval, if any, are attacherify that the applicant holds legal or ewhich would entitle the applicant to con-	ned. Approval of this notice does not warrant quitable title to those rights in the subject led duct operations thereon.	tor		
	3 U.S.C Section 1212, make it a crime for an		illfully to make to any de	partment or agency of the United States

(Instructions on page 2)

#### **GENERAL INSTRUCTIONS**

This form is designed for submitting proposals to perform certain well operations and reports of such operations when completed as indicated on Federal and Indian lands pursuant to applicable Federal law and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local area or regional procedures and practices, are either shown below, will be issued by or may be obtained from the local Federal office.

#### SPECIFIC INSTRUCTIONS

*Item 4* - Locations on Federal or Indian land should be described in accordance with Federal requirements. Consult the local Federal office for specific instructions.

Item 13: Proposals to abandon a well and subsequent reports of abandonment should include such special information as is required by the local Federal office. In addition, such proposals and reports should include reasons for the abandonment; data on any former or present productive zones or other zones with present significant fluid contents not sealed off by cement or otherwise; depths (top and bottom) and method of placement of cement plugs; mud or other material placed below, between and above plugs; amount, size, method of parting of any casing, liner or tubing pulled and the depth to the top of any tubing left in the hole; method of closing top of well and date well site conditioned for final inspection looking for approval of the abandonment. If the proposal will involve **hydraulic fracturing operations**, you must comply with 43 CFR 3162.3-3, including providing information about the protection of usable water. Operators should provide the best available information about all formations containing water and their depths. This information could include data and interpretation of resistivity logs run on nearby wells. Information may also be obtained from state or tribal regulatory agencies and from local BLM offices.

#### **NOTICES**

The privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.

AUTHORITY: 30 U.S.C. 181 et seq., 351 et seq., 25 U.S.C. 396; 43 CFR 3160.

PRINCIPAL PURPOSE: The information is used to: (1) Evaluate, when appropriate, approve applications, and report completion of subsequent well operations, on a Federal or Indian lease; and (2) document for administrative use, information for the management, disposal and use of National Resource lands and resources, such as: (a) evaluating the equipment and procedures to be used during a proposed subsequent well operation and reviewing the completed well operations for compliance with the approved plan; (b) requesting and granting approval to perform those actions covered by 43 CFR 3162.3-2, 3162.3-3, and 3162.3-4; (c) reporting the beginning or resumption of production, as required by 43 CFR 3162.4-1(c)and (d) analyzing future applications to drill or modify operations in light of data obtained and methods used.

ROUTINE USES: Information from the record and/or the record will be transferred to appropriate Federal, State, local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecutions in connection with congressional inquiries or to consumer reporting agencies to facilitate collection of debts owed the Government.

EFFECT OF NOT PROVIDING THE INFORMATION: Filing of this notice and report and disclosure of the information is mandatory for those subsequent well operations specified in 43 CFR 3162.3-2, 3162.3-4.

The Paperwork Reduction Act of 1995 requires us to inform you that:

The BLM collects this information to evaluate proposed and/or completed subsequent well operations on Federal or Indian oil and gas leases.

Response to this request is mandatory.

The BLM would like you to know that you do not have to respond to this or any other Federal agency-sponsored information collection unless it displays a currently valid OMB control number.

**BURDEN HOURS STATEMENT:** Public reporting burden for this form is estimated to average 8 hours per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management (1004-0137), Bureau Information Collection Clearance Officer (WO-630), 1849 C St., N.W., Mail Stop 401 LS, Washington, D.C. 20240

(Form 3160-5, page 2)

# **Additional Information**

### **Batch Well Data**

TROJAN HORSE 35 WXY FED COM 2H, US Well Number: 3001549704, Case Number: NMNM19601, Lease Number: NMNM19601, Operator: MARATHON OIL PERMIAN LLC

TROJAN HORSE 35 WXY FED COM 4H, US Well Number: 3001549706, Case Number: NMNM19601, Lease Number: NMNM19601, Operator:MARATHON OIL PERMIAN LLC

Line	USPS Article Number	Name, Street, City, State, Zip
1	9314 8699 0430 0106 3820 28	LHAH Properties, L.L.C. 250 Jungle Road Palm Beach FL 33480
2	9314 8699 0430 0106 3820 35	Rogers Resources LP 416 Manor Village Circle Midland TX 79707
3	9314 8699 0430 0106 3820 42	Loftin Family Limited Partnership PO Box 624 Rankin TX 79778
4	9314 8699 0430 0106 3820 59	The United States of America Bureau of Land Management 301 Dinosaur Trail Santa Fe NM 87508
5	9314 8699 0430 0106 3820 66	The State of New Mexico 310 Old Santa Fe Trail Santa Fe NM 87501

Total

List Number of Pieces	Total Number of Pieces	Postmaster:	Dated:
Listed by Sender	Received at Post Office	Name of receiving employee	

From: Covarrubias, Adrian (MRO)
To: McClure, Dean, EMNRD

 Subject:
 [EXTERNAL] RE: Action ID: 208248; OLM-276

 Date:
 Wednesday, January 31, 2024 6:03:47 AM

Attachments: image001.png

Fed CA - Trojan Horse (Executed).pdf

APPROVED STATE COMMUNITIZATION AGREEMENT RECEIVED TROJAN HORSE WXY FEDERAL COM #2H.msg

CAUTION: This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.

Good morning Dean,

Thank you for letting me know about this email. Seems this was sent about a week after Nicole left, so makes sense why we weren't aware of your request.

Please see attached approved State CA (email), and the executed Federal CA that is pending approval.

Let me know if you have any questions or need anything else.

Thank you,

#### Adrian Covarrubias

Adv. Regulatory Compliance Representative | Permian Asset Marathon Oil Company | 990 Town & Country Blvd. Houston, TX 77024 O: 713.296.3368 | M: 713.962.7591



From: McClure, Dean, EMNRD < Dean. McClure@emnrd.nm.gov>

**Sent:** Tuesday, January 30, 2024 10:48 AM

To: Covarrubias, Adrian (MRO) <acovarrubias@marathonoil.com>

Subject: [External] FW: Action ID: 208248; OLM-276

Adrian,

Please see the email below.

Dean McClure
Petroleum Engineer, Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
(505) 469-8211

From: McClure, Dean, EMNRD

**Sent:** Thursday, November 16, 2023 10:40 AM **To:** Lee, Nicole (MRO) < njlee@marathonoil.com >

**Subject:** Action ID: 208248; OLM-276

To whom it may concern (c/o Nicole Lee for Marathon Oil Permian, LLC),

The Division is reviewing the following application:

Action ID	208248
Admin No.	OLM-276
Applicant	Marathon Oil Permian, LLC (372098)
Title	Trojan Horse 2H 4H CTB
Sub. Date	4/18/2023

Please provide the following additional supplemental documents:

•

Please provide additional information regarding the following:

• Please provide the executed CA for the following pooled area:

CA Walfaama DI M	W/2	35-22S-28E
CA Wolfcamp BLM	W/2	2-23S-28E

•

#### Additional notes:

•

All additional supplemental documents and information may be provided via email and should be done by replying to this email. The produced email chain will be uploaded to the file for this application.

Please note that failure to take steps to address each of the requests made in this email within 10 business days of receipt of this email may result in the Division rejecting the application requiring the submittal of a new application by the applicant once it is prepared to address each of the topics raised.

Dean McClure
Petroleum Engineer, Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
(505) 469-8211



**COMMISSIONER** 

Stephanie Garcia Richard

# State of New Mexico Commissioner of Public Lands

310 OLD SANTA FE TRAIL P.O. BOX 1148 SANTA FE, NEW MEXICO 87504-1148 **COMMISSIONER'S OFFICE** 

Phone (505) 827-5760 Fax (505) 827-5766 www.nmstatelands.org

August 1st, 2023

Michael T. Gatons T-O Land & Minerals, Inc. 990 Town and Country Houston, TX 77024

Re:

Communitization Agreement Approval

Trojan Horse 35 WXY Federal Com #002H

Vertical Extent: Wolfcamp

Township: 22 South, Range 28 East, NMPM

Section 35: W2

Township: 23 South, Range 28 East, NMPM

Section 02: W2

Eddy County, New Mexico

Dear Mr. Gatons,

The Commissioner of Public Lands has this date approved the Trojan Horse 35 WXY Federal Com #002H Communitization Agreement for the Wolfcamp formation effective 02-15-2023. Enclosed are three Certificates of Approval.

The agreement shall remain in effect for One Year, and as long thereafter as communitized substances are produced from the communitized area in paying quantities.

Approval of this agreement does not warrant or certify that the operator and/or other working interest owners hold legal or equitable title to the leases which are committed hereto, nor does the Commissioner's approval constitute adjudication of any federal or private interests, or warrant or certify that the information supplied by the operator regarding federal or private interests is accurate.

If we may be of further service, please contact Baylen Lamkin at (505) 827-6628.

Sincerely.

B. Lamkin

Baylen Lamkin Petroleum Specialist Supervisor

#### NEW MEXICO STATE LAND OFFICE

CERTIFICATE OF APPROVAL

#### COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

Marathon Oil Permian LLC.
Trojan Horse 35 WXY Federal Com #002H
Wolfcamp
Township: 22 South, Range: 28 East, NMPM
Section 35: W2
Township: 23 South, Range: 28 East, NMPM
Section 02: W2

**Eddy County, New Mexico** 

There having been presented to the undersigned Commissioner of Public Lands of the State on New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced Agreement dated **February 15, 2023**, which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 1st day of August, 2023.

COMMISSIONER OF PUBLIC LANDS

of the State of New Mexico

#### NEW MEXICO STATE LAND OFFICE

CERTIFICATE OF APPROVAL

#### COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

Marathon Oil Permian LLC.
Trojan Horse 35 WXY Federal Com #002H
Wolfcamp
Township: 22 South, Range: 28 East, NMPM
Section 35: W2
Township: 23 South, Range: 28 East, NMPM
Section 02: W2

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COMMISSIONER OF PUBLIC LANDS

of the State of New Mexico

#### NEW MEXICO STATE LAND OFFICE

CERTIFICATE OF APPROVAL

#### COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

Marathon Oil Permian LLC.
Trojan Horse 35 WXY Federal Com #002H
Wolfcamp
Township: 22 South, Range: 28 East, NMPM
Section 35: W2
Township: 23 South, Range: 28 East, NMPM
Section 02: W2

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- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 1st day of August, 2023.

OMMISSIONER OF PUBLIC LANDS

of the State of New Mexico

NM State Land Office Oil, Gas, & Minerals Division

# STATE/FEDERAL OR STATE/FEDERAL/FEE

Revised June, 2022

#### **COMMUNITIZATION AGREEMENT**

API Initial Well: 30-015-49704 API Initial Well: 30-015-49706

THIS AGREEMENT, entered into as of the date shown in Section 10 hereof by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto,"

#### WITNESSETH:

WHEREAS, the Act of February 25, 1920, 41 Stat. 437, as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a federal oil and gas lease, or any portions thereof, with other lands, whether or not owned by the United States, when separate tracts under such federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area, and such communitization or pooling is determined to be in the public interest; and,

WHEREAS, the Commissioner of Public Lands of the State of New Mexico, herein called "the Commissioner", is authorized to consent to and approve agreements pooling state oil and gas leases or any portion thereof, when separate tracts under such state leases cannot be independently developed and operated economically in conformity with well-spacing and gas proration rules and regulations established for the field or area and such pooling is determined to be in the public interest; and,

WHEREAS, the parties hereto own working, royalty, or other leasehold interests, or operating rights under the oil and gas leases and land subject to this agreement, and all such State leases are required to remain in good standing and compliant with State laws, rules & regulations, which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and,

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of the agreement;

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Township 23 South, Range 28 East, N.M.P.M. Section 2: W/2

ONLINE Version June 2022

State/Fed/Fee

Eddy County, New Mexico

Township 22 South, Range 28 East, N.M.P.M. Section 35: W/2 Eddy County, New Mexico

Containing 639.17 acres, more or less, and this agreement shall include only the Wolfcamp formation or pool, underlying said lands and the oil and gas (hereinafter referred to as "communitized substances") producible from such formation.

- 2. Attached hereto, and made a part of this agreement for all purposes, is Exhibit "B" designating the operator of the communitized area and showing the acreage, percentage, and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
- 3. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and three (3) executed copies of a designation of successor operator shall be filed with the Authorized Officer and three (3) additional executed copies thereof shall be filed with the Commissioner.
- 4. Operator shall furnish the Secretary of the Interior, or his authorized representative, and the Commissioner, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties, and such other reports as are deemed necessary to compute monthly the royalty due the United States and the State of New Mexico, as specified in the applicable oil and gas operating regulations.
- 5. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of leasehold bears to the entire acreage interest committed to this agreement.
- 6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally

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made and issued. It is agreed that for any federal lease bearing a sliding-or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.

- 7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
- 8. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
- 9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules, and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or is such failure results from, compliance with any such laws, orders, rules or regulations.
- 10. The date of this agreement is February, 15, 2023 and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution of the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of Interior, or his/her duly authorized representative, and by the Commissioner or his/her duly authorized representative, and shall remain in force and effect for a period of one (1) year and so long thereafter as communitized substances are produced from the communitized area in paying quantities, and so long as all State leases remain in good standing with all State laws, rules & regulations;

ONLINE Version June 2022

provided, that the one-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period; provided further that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of Interior, or his duly authorized representative, and all requirements of the Commissioner, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted and prosecuted with reasonable diligence. As to lands owned by the State of New Mexico, written notice of intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of such capability of production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.

- 11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal lands shall be subject to approval by the Secretary of the Interior, and as to State of New Mexico lands shall be subject to approval by the Commissioner.
- 12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.
- 13. The agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.

- 14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
- 15. Nondiscrimination: In connection with the performance of work under this agreement, the Operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F. R. 12319), as amended which are hereby incorporated by reference in this agreement.

**IN WITNESS WHEREOF**, the parties hereto have executed this agreement as of the day and year first written and have set opposite their respective names the date of execution.

# MARATHON OIL PERMIAN LLC Operator

	By:		
	Stephen J. Thompson, Attorney-in-Fact		
	ACKNOWLEDGEMENT		
STATE OF TEXAS	)		
COUNTY OF HARRIS	) ss. )		
This instrument was acknowledged before me on, 2023, by Stephen J. Thompson, as Attorney-in-fact of <b>Marathon Oil Permian LLC</b> , a Delaware limited liability company, on behalf of limited liability company.			
	Notary Public's Signature		
(SEAL)	Notary's Registration Number		
	Notary's Registration Number		

# LESSEE OF RECORD

MRC DELA	WARE	RESOUR	CES, LLC

By:	

# **ACKNOWLEDGEMENT**

STATE OF	
) ss.	
COUNTY OF)	
This instrument was acknowledged before me on	, 2023, by
, as	of MRC Delaware
Resources, LLC, a Texas limited liability company	y, on behalf of said limited liability company.
	Notary Public's Signature
(SEAL)	
	Notary's Registration Number

# LESSEE OF RECORD

# MAGNUM HUNTER PRODUCTION, INC.

By:	
ACKNOWLEI	DGEMENT
STATE OF) ss.  COUNTY OF)	
This instrument was acknowledged before me on, as	
	Notary Public's Signature
(SEAL)	Notary's Registration Number

ONLINE Version June 2022

# OPERATING RIGHTS OWNER

# LHAH PROPERTIES, L.L.C.

By:	:
ACKNOWL	EDGEMENT
STATE OF) ) ss. COUNTY OF)	
This instrument was acknowledged before me or, as, as, aL.L.C., a Delaware limited liability company, or	of LHAH Properties, a behalf of said limited liability company.
	Notary Public's Signature
(SEAL)	Notary's Registration Number

# OPERATING RIGHTS OWNER

# ROGERS\*RESOURCES LP

By:	
ACKNOWLEDGEMENT	
STATE OF	
) ss.	
This instrument was acknowledged before me on, 2023 , as of Rogers Resor	, by urces
, as of Rogers Resort.  P, a Texas limited partnership, on behalf of said limited partnership.	
Notary Public's Signature	
SEAL)  Notary's Registration Number	

ONLINE Version June 2022

# OPERATING RIGHTS OWNER

# LOFTIN FAMILY LIMITED PARTNERSHIP

By:	· · · · · · · · · · · · · · · · · · ·
ACKNOWLED	GEMENT
STATE OF) ) ss.	
) ss. COUNTY OF)	
This instrument was acknowledged before me on _	, 2023, by
, as, as, as, artnership,	on behalf of said limited partnership.
	Notary Public's Signature
(SEAL)	N. d. D. de d'an N. d. de
	Notary's Registration Number

ONLINE Version June 2022

#### **EXHIBIT "A"**

Plat of communitized area covering 639.17 acres in the following: Township 23 South, Range 28 East, N.M.P.M.:

Section 2:

W/2

Eddy County, New Mexico

Township 22 South, Range 28 East, N.M.P.M.:

Section 35:

W/2

Eddy County, New Mexico

Well Name/No.
Trojan Horse 35 WXY Fed Com 2H / 30-015-49704

Trojan Horse 35 WXY Fed Com 4H / 30-015-49706

Tract 1 Fed London NMN	ease M 19601	ion 35
Tract State VB-0	Lease	
Tract 2-2 State Lease VB-2460	Tract 2-3 State Lease VB-0407	on 2
Tract 2-4 Fee Lease	Tract 2-5 State Lease VB-0407	Off Z
Tract 2-6 Fee Lease	Tract 2-7 Fee Lease	

ONLINE Version August 2021

#### **EXHIBIT "B"**

To Communitization Agreement dated February 15, 2023 embracing the following described land in:

Township 23 South, Range 28 East, N.M.P.M.:

Section 2:

W/2

Eddy County, New Mexico

Township 22 South, Range 28 East, N.M.P.M.:

Section 35:

W/2

Eddy County, New Mexico

Operator of Communitized Area: Marathon Oil Permian, LLC

# **DESCRIPTION OF LEASES COMMITTED**

#### Tract No. 2-1

Lease Serial No:

**VB-0407** 

Lease Date:

10/1/1990

Lease Term:

5 years

Lessor:

State of New Mexico

Original Lessee:

Harvey E. Yates Company

Present Lessee:

Marathon Oil Permian LLC

50.00%

MRC Delaware Resources, LLC

50.00%

Description of Land Committed:

Township 23 South, Range 28 East, N.M.P.M.

Section 2: NE4NW4, NW4NW4

Eddy County, New Mexico

Number of Acres:

79.17

Royalty Rate:

3/16

Name and Percent ORRI Owners:

MRC Delaware Resources, LLC

3.00%

Name and Percent WI Owners:

Marathon Oil Permian LLC

100.00%

#### Tract No. 2-2

Lease Serial No:

VB-2460

Lease Date:

1/1/2015

Lease Term:

5 years

Lessor:

State of New Mexico

Original Lessee:

J Bar Cane Inc.

Present Lessee:

Marathon Oil Permian LLC

100.00%

Description of Land Committed:

Township 23 South, Range 28 East, N.M.P.M.

Section 2: SW4NW4

Eddy County, New Mexico

Number of Acres:

40.00

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August 2021

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Royalty Rate:

3/16

Name and Percent ORRI Owners: Name and Percent WI Owners:

None Marathon Oil Permian, LLC

100.00%

Tract No. 2-3

Lease Serial No: Lease Date:

VB-0407 10/1/1990

Lease Term:

5 years

Lessor:

State of New Mexico

Original Lessee:

Harvey E. Yates Company

Present Lessee:

Marathon Oil Permian LLC

50.00%

MRC Delaware Resources, LLC

50.00%

Description of Land Committed:

Township 23 South, Range 28 East, N.M.P.M.

Section 2: SE4NW4, LIMITED TO those certain depth

intervals below 6.580' Eddy County, New Mexico

Royalty Rate:

Number of Acres:

40.00 3/16

Name and Percent ORRI Owners: Name and Percent WI Owner:

MRC Delaware Resources, LLC

3.00%

Marathon Oil Permian LLC

100.00%

# Tract No. 2-4

Lease No. 1

Lease Date:

4/12/1990

Recording Information:

Book 66, Page 1138

Original Lessor:

T. F. Martin and wife, Alice Martin; Helen Bowers, a widow; Bertha Snell, a widow; Mary Margaret White and husband, Murray White; Belle Martin, individually and as Personal Representative of the Estate of H. Wayne Martin,

deceased

Original Lessee:

Pogo Producing Company

Description of Land Committed:

Township 23 South, Range 28 East, N.M.P.M.

Section 2: NW4SW4, LIMITED TO those certain depth intervals located below the base of the Bone Spring

formation

Eddy County, New Mexico

Number of Acres:

40.00

Royalty Rate:

3/16

Name and Percent ORRI Owners:

OXY USA, Inc.

6.25%

Name and Percent WI Owners:

Marathon Oil Permian LLC

100.00%

Lease No. 2

ONLINE

Version August 2021 State/Fed/Fee

Lease Date: 9/15/2020

Recording Information: Book 1140, Page 424

Original Lessor: Pardue Farms

Original Lessee: Xplor Resources, LLC

Description of Land Committed: Township 23 South, Range 28 East, N.M.P.M.

Section 2: NW4SW4, LIMITED TO those certain depth intervals located below the base of the Bone Spring

formation

Eddy County, New Mexico

Number of Acres: 40.00 Royalty Rate: 1/4 Name and Percent ORRI Owners: None

Name and Percent WI Owners: Marathon Oil Permian LLC 100.00%

# Tract No. 2-5

Lease Serial No: VB-0407 Lease Date: 10/1/1990 Lease Term: 5 years

Lessor: State of New Mexico
Original Lessee: Harvey E. Yates Company

Present Lessee: Marathon Oil Permian LLC 50.00%

MRC Delaware Resources, LLC 50.00%

Description of Land Committed: Township 23 South, Range 28 East, N.M.P.M.

Section 2: NE4SW4, LIMITED TO those certain depth

intervals located below 8,000 feet subsurface

Eddy County, New Mexico

Number of Acres: 40.00 Royalty Rate: 3/16

Name and Percent ORRI Owners: MRC Delaware Resources, LLC 3.00%
Name and Percent WI Owners: Marathon Oil Permian LLC 100.00%

#### **Tract No. 2-6**

Lease No. 1

Lease Date: 4/12/1990

Recording Information: Book 66, Page 1138

Original Lessor: T. F. Martin and wife, Alice Martin; Helen Bowers, a

widow; Bertha Snell, a widow; Mary Margaret White and husband, Murray White; Belle Martin, individually and as Personal Representative of the Estate of H. Wayne Martin,

deceased

Original Lessee: Pogo Producing Company

Description of Land Committed: Township 23 South, Range 28 East, N.M.P.M.

Section 2: SW4SW4, LIMITED TO those certain depth intervals located below the base of the Bone Spring

ONLINE

Version August 2021 State/Fed/Fee

formation

Eddy County, New Mexico

40.00 Number of Acres: Royalty Rate: 3/16

6.25% OXY USA, Inc Name and Percent ORRI Owners: Marathon Oil Permian LLC 100.00% Name and Percent WI Owners:

Lease No. 2

9/15/2020 Lease Date:

Recording Information: Book 1140, Page 424

Pardue Farms Original Lessor:

Xplor Resources, LLC Original Lessee:

Description of Land Committed: Township 23 South, Range 28 East, N.M.P.M.

> Section 2: SW4SW4, LIMITED TO those certain depth intervals located below the base of the Bone Spring

formation

Eddy County, New Mexico

40.00 Number of Acres: 1/4 Royalty Rate: None Name and Percent ORRI Owners:

Marathon Oil Permian LLC 100.00% Name and Percent WI Owners:

# Tract No. 2-7

Lease No. 1

Lease Date: 4/12/1990

Book 66, Page 1138 Recording Information:

T. F. Martin and wife, Alice Martin; Helen Bowers, a Original Lessor:

> widow; Bertha Snell, a widow; Mary Margaret White and husband, Murray White; Belle Martin, individually and as Personal Representative of the Estate of H. Wayne Martin,

deceased

Original Lessee: Pogo Producing Company

Township 23 South, Range 28 East, N.M.P.M. Description of Land Committed:

> Section 2: SE4SW4, LIMITED TO those certain depth intervals located below the base of the Bone Spring

formation

Eddy County, New Mexico

40.00 Number of Acres: 3/16 Royalty Rate:

6.25% Name and Percent ORRI Owners: OXY USA, Inc Marathon Oil Permian LLC 100.00% Name and Percent WI Owners:

Lease No. 2

9/15/2020 Lease Date: Recording Information: Book 1140, Page 424

ONLINE August 2021

Original Lessor: Pardue Farms

Original Lessee: Xplor Resources, LLC

Description of Land Committed: <u>Township 23 South, Range 28 East, N.M.P.M.</u>

Section 2: SE4SW4, LIMITED TO those certain depth intervals located below the base of the Bone Spring

formation

Eddy County, New Mexico

Number of Acres: 40.00 Royalty Rate: 1/4 Name and Percent ORRI Owners: None

Name and Percent WI Owners: Marathon Oil Permian LLC 100.00%

# Tract No. 35-1

Lease Legacy Serial No.: NMNM 19601 (New Serial No.: NMNM 105311957)

Lease Date: 12/1/1973 Lease Term: 10 years

Lessor: The United States of America

Original Lessee: Morris W. Newman

Present Lessee: Magnum Hunter Production, Inc. 100.00%

Description of Land Committed: Township 22 South, Range 28 East, N.M.P.M.

Section 35: N2NW4, SE4NW4, SW4, LIMITED TO those

certain depth intervals located from the base of the Delaware Formation down to a depth of 13,050 feet

subsurface

Eddy County, New Mexico

Number of Acres: 280.00 Royalty Rate: 1/8

Name and Percent WI Owners:

Name and Percent ORRI Owners: Joseph Wm. Foran 3.125%

 Marathon Oil Permian LLC
 3.125%

 KMF Land, LLC
 0.899082%

 Post Oak Mavros II, LLC
 0.75337%

 Sortida Resources, LLC
 0.055804%

 Oak Valley Mineral and Land, LP
 0.089908%

 C. Free O&G LLC
 0.595703%

 Marmie LLC
 0.595703%

Annette I. Casey, Sole Trustee

of the Casey Trust

Brett K. Bracken

Cimmeron Holdings, LLC

0.595703%

0.094934%

Cimmaron Holdings, LLC 0.117308% Marathon Oil Permian LLC 93.685700%

Marathon Oil Permian LLC 93.685700% LHAH Properties, L.L.C. 4.371500% Rogers Resources LP 0.971400%

Loftin Family Limited Partnership 0.971400%

## Tract No. 35-2

Lease Legacy Serial No.: NMNM 19601 (New Serial No.: NMNM 105311957)

Lease Date: 12/1/1973 Lease Term: 10 years

Lessor: The United States of America

Original Lessee: Morris W. Newman

Present Lessee: Magnum Hunter Production, Inc. 100.00%

Description of Land Committed: Township 22 South, Range 28 East, N.M.P.M.

Section 35: SW4NW4, LIMITED TO those certain depth intervals located from the base of the Delaware Formation

down to a depth of 13,050 feet subsurface

Eddy County, New Mexico

Number of Acres: 40.00 Royalty Rate: 1/8

Name and Percent ORRI Owners: Joseph Wm. Foran 3.125%

 Marathon Oil Permian LLC
 3.125%

 KMF Land, LLC
 0.949275%

 Post Oak Mavros II, LLC
 0.795429%

 Sortida Resources, LLC
 0.058919%

 Oak Valley Mineral and Land, LP
 0.094928%

 C. Free O&G LLC
 0.595703%

 Marmie LLC
 0.595703%

Annette I. Casey, Sole Trustee

of the Casey Trust 0.595703%
Rogers\*Resources LP 0.234615%
Brett K. Bracken 0.114017%
Cimmaron Holdings, LLC 0.117308%

Name and Percent WI Owners: Marathon Oil Permian LLC 100.00%

# **RECAPITULATION**

Tract numbers	Number of Acres Committed	Percentage of Interest in Communitized Area
Tract No. 2-1	79.17	12.38%
Tract No. 2-2	40.00	6.26%
Tract No. 2-3	40.00	6.26%
Tract No. 2-4	40.00	6.26%
Tract No. 2-5	40.00	6.26%
Tract No. 2-6	40.00	6.26%
Tract No. 2-7	40.00	6.26%
Tract No. 35-1	280.00	43.80%
Tract No. 35-2	40.00	6.26%
Totals	639.17	100.00%

**NM State Land Office** Oil, Gas, & Minerals Division

# STATE/FEDERAL OR STATE/FEDERAL/FEE

Revised August, 2021

#### **COMMUNITIZATION AGREEMENT**

API Initial Well: 30-015-49704 API Initial Well: 30-015-49706

THIS AGREEMENT, entered into as of the date shown in Section 10 hereof by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto,"

#### WITNESSETH:

WHEREAS, the Act of February 25, 1920, 41 Stat. 437, as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a federal oil and gas lease, or any portions thereof, with other lands, whether or not owned by the United States, when separate tracts under such federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area, and such communitization or pooling is determined to be in the public interest; and,

WHEREAS, the Commissioner of Public Lands of the State of New Mexico, herein called "the Commissioner", is authorized to consent to and approve agreements pooling state oil and gas leases or any portion thereof, when separate tracts under such state leases cannot be independently developed and operated economically in conformity with well-spacing and gas proration rules and regulations established for the field or area and such pooling is determined to be in the public interest; and,

WHEREAS, the parties hereto own working, royalty, or other leasehold interests, or operating rights under the oil and gas leases and land subject to this agreement, and all such State leases are required to remain in good standing and compliant with State laws, rules & regulations, which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and,

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of the agreement;

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Township 23 South, Range 28 East, N.M.P.M.
Section 2: W/2 1.



Eddy County, New Mexico

Township 22 South, Range 28 East, N.M.P.M. Section 35: W/2 Eddy County, New Mexico

Containing 639.17 acres, more or less, and this agreement shall include only the Wolfcamp formation or pool, underlying said lands and the oil and gas (hereinafter referred to as "communitized substances") producible from such formation.

- 2. Attached hereto, and made a part of this agreement for all purposes, is Exhibit "B" designating the operator of the communitized area and showing the acreage, percentage, and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
- 3. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and three (3) executed copies of a designation of successor operator shall be filed with the Authorized Officer and three (3) additional executed copies thereof shall be filed with the Commissioner.
- 4. Operator shall furnish the Secretary of the Interior, or his authorized representative, and the Commissioner, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties, and such other reports as are deemed necessary to compute monthly the royalty due the United States and the State of New Mexico, as specified in the applicable oil and gas operating regulations.
- 5. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of leasehold bears to the entire acreage interest committed to this agreement.
- 6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally

made and issued. It is agreed that for any federal lease bearing a sliding-or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.

- 7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
- 8. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
- 9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules, and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or is such failure results from, compliance with any such laws, orders, rules or regulations.
- 10. The date of this agreement is February, 15, 2023 and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution of the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of Interior, or his/her duly authorized representative, and by the Commissioner or his/her duly authorized representative, and shall remain in force and effect for a period of one (1) year and so long thereafter as communitized substances are produced from the communitized area in paying quantities, and so long as all State leases remain in good standing with all State laws, rules & regulations;

provided, that the one-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period; provided further that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of Interior, or his duly authorized representative, and all requirements of the Commissioner, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted and prosecuted with reasonable diligence. As to lands owned by the State of New Mexico, written notice of intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of such capability of production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.

- 11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal lands shall be subject to approval by the Secretary of the Interior, and as to State of New Mexico lands shall be subject to approval by the Commissioner.
- 12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.
- 13. The agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.

4

- 14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
- 15. <u>Nondiscrimination</u>: In connection with the performance of work under this agreement, the Operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F. R. 12319), as amended which are hereby incorporated by reference in this agreement.

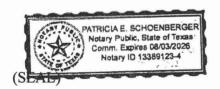
**IN WITNESS WHEREOF**, the parties hereto have executed this agreement as of the day and year first written and have set opposite their respective names the date of execution.

MARATHON OIL PERMIAN LLC Operator

By: Stephen J. Thompson, Attorney-in-Fact

#### **ACKNOWLEDGEMENT**

STITLE OF TEXALS	,			
	) ss.			
COUNTY OF HARRIS	)			
	,			
This instrument was acknow				, 2023, by
Stephen J. Thompson, as Att	orney-in-fact of Mara	athon Oil Per	rmian I	LLC, a Delaware limited
liability company, on behalf	•			



STATE OF TEXAS

Notary Public's Signature

13389/23-4 Notary's Registration Number

# LESSEE OF RECORD

# MRC DELAWARE RESOURCES, LLC

By:
ACKNOWLEDGEMENT
STATE OF)
) ss. COUNTY OF)
This instrument was acknowledged before me on, 2023, by
, as of MRC Delaware Resources, LLC, a Texas limited liability company, on behalf of said limited liability company
Notary Public's Signature
(SEAL)
Notary's Registration Number

#### LESSEE OF RECORD

MAGNUM HUNTER PRODUCTION, INC.

**ACKNOWLEDGEMENT** 

STATE OF TONGS

This instrument was acknowledged before me on April 20 Bradley Cantrell, as Attorney - In-Fact Production, Inc., a Texas corporation, on behalf of said corporation.

, 2023, by of **Magnum Hunter** 

(SEAL)

KAIMI BROWNLEE Notary Public, State of Texas Comm. Expires 03-26-2027

194053368 Notary's Registration Number

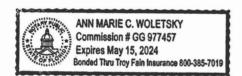
LHAH PROPERTIES, L.L.C.

By: My Mgr

#### **ACKNOWLEDGEMENT**

STATE OF <u>FLORIDA</u>) ss. COUNTY OF <u>PALM BEACH</u>

This instrument was acknowledged before me on 26th day of APRIL, 2023, by ALICE H HANLEY, as Manager of LHAH Properties, L.L.C., a Delaware limited liability company, on behalf of said limited liability company.



(SEAL)

An Marie C. Weletsky Notary Public's Signature

GG 977 457 Notary's Registration Number

# ROGERS\*RESOURCES LP

JAMES W. ROGERS, GENERAL MAHAGER

#### ACKNOWLEDGEMENT

STATE OF [ Ka 5	
COUNTY OF Midlard	
This instrument was acknowledged before me on, as	
LP, a Texas limited partnership, on behalf of said lin	mited partnership.
IENNIFER RADLOFF Notary Public STATE OF TEXAS NOTARY ID # 12830579-7 My Comm. Expires 06-26-2026	Notary Public's Signature
(SEAL)	12 & 30 579 -7 Notary's Registration Number

2023MAY 25 AM10:50

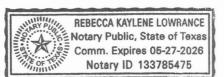
LOFTIN FAMILY LIMITED PARTNERSHIP

By: Richard Loft

**ACKNOWLEDGEMENT** 

STATE OF Texas	
COUNTY OF Midland) ss.	
This instrument was acknowledged before me on April 5th  Richard Lofto, as Marager  Limited Partnership, a Texas limited partnership, on behalf of said lim	, 2023, by
Richard Loftin, as manager	of Loftin Family
Limited Partnership, a Texas limited partnership, on behalf of said lim	ited partnership.

(SEAL)



Notary Public's Signature

133785475 Notary's Registration Number

#### **EXHIBIT "A"**

Plat of communitized area covering 639.17 acres in the following: Township 23 South, Range 28 East, N.M.P.M.:

Section 2: W/2

Eddy County, New Mexico

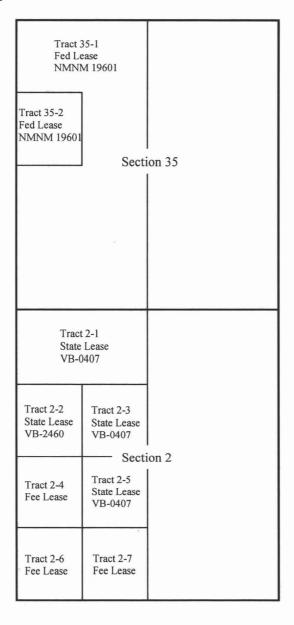
Township 22 South, Range 28 East, N.M.P.M.:

Section 35: W/2

Eddy County, New Mexico

#### Well Name/No.

Trojan Horse 35 WXY Fed Com 2H / 30-015-49704 Trojan Horse 35 WXY Fed Com 4H / 30-015-49706



#### **EXHIBIT "B"**

To Communitization Agreement dated February 15, 2023 embracing the following described land

Township 23 South, Range 28 East, N.M.P.M.:

Section 2: W/2

Eddy County, New Mexico

Township 22 South, Range 28 East, N.M.P.M.:

Section 35: W/2

Eddy County, New Mexico

Operator of Communitized Area: Marathon Oil Permian, LLC

# DESCRIPTION OF LEASES COMMITTED

#### Tract No. 2-1

Serial No:

VB-0407

Lease Date:

10/1/1990

Lease Term:

5 years

Lessor:

State of New Mexico

Original Lessee:

Harvey E. Yates Company

Present Lessee:

Marathon Oil Permian LLC

50.00%

MRC Delaware Resources, LLC

50.00%

Description of Land Committed:

Township 23 South, Range 28 East, N.M.P.M.

Section 2: NE4NW4, NW4NW4

Eddy County, New Mexico

Number of Acres:

79.17

Royalty:

3/16

Authority to Pool:

NMOCD Compulsory Pooling Order No. R-22540

Name of Operating Rights Owner:

Marathon Oil Permian LLC

100.00%

Name of ORRI Owners:

MRC Delaware Resources, LLC

3.00%

# Tract No. 2-2

Serial No:

VB-2460

Lease Date:

1/1/2015

Lease Term:

5 years

Lessor:

State of New Mexico

Original Lessee:

J Bar Cane Inc.

Present Lessee:

Marathon Oil Permian LLC

100.00%

Description of Land Committed:

Township 23 South, Range 28 East, N.M.P.M.

Section 2: SW4NW4

Eddy County, New Mexico

Number of Acres:

40.00

Royalty: 3/16

Authority to Pool: NMOCD Compulsory Pooling Order No. R-22540

Name of Operating Rights Owner: Marathon Oil Permian, LLC 100.00%

Name of ORRI Owners: None

## Tract No. 2-3

Serial No: VB-0407 Lease Date: 10/1/1990 Lease Term: 5 years

Lessor: State of New Mexico Harvey E. Yates Company Original Lessee:

Present Lessee: Marathon Oil Permian LLC 50.00%

MRC Delaware Resources, LLC 50.00%

Township 23 South, Range 28 East, N.M.P.M. Description of Land Committed:

Section 2: SE4NW4, LIMITED TO those certain depth

intervals below 6,580' Eddy County, New Mexico

Number of Acres: 40.00 Royalty: 3/16

Authority to Pool: NMOCD Compulsory Pooling Order No. R-22540

Name of Operating Rights Owner: Marathon Oil Permian LLC

100.00% Name of ORRI Owners: MRC Delaware Resources, LLC 3.00%

# Tract No. 2-4

Lease No. 1

Date: 4/12/1990

Recording Information: Book 66, Page 1138

Original Lessor: T. F. Martin and wife, Alice Martin; Helen Bowers, a

> widow; Bertha Snell, a widow; Mary Margaret White and husband, Murray White; Belle Martin, individually and as Personal Representative of the Estate of H. Wayne Martin,

deceased

Original Lessee: Pogo Producing Company

Township 23 South, Range 28 East, N.M.P.M. Description of Land Committed:

> Section 2: NW4SW4, LIMITED TO those certain depth intervals located below the base of the Bone Spring

formation

Eddy County, New Mexico

40.00 Number of Acres: Royalty: 3/16

Authority to Pool: NMOCD Compulsory Pooling Order No. R-22540

Name and Percent WI Owners: Marathon Oil Permian LLC 100.00%

Name of ORRI Owners: OXY USA, Inc. 6.25% Lease No. 2

9/15/2020 Date:

Recording Information: Book 1140, Page 424

Original Lessor: Pardue Farms

Original Lessee: Xplor Resources, LLC

Description of Land Committed: Township 23 South, Range 28 East, N.M.P.M.

> Section 2: NW4SW4, LIMITED TO those certain depth intervals located below the base of the Bone Spring

> > 100.00%

formation

Eddy County, New Mexico

Number of Acres: 40.00 1/4 Royalty:

Authority to Pool: NMOCD Compulsory Pooling Order No. R-22540

Name and Percent WI Owners: Marathon Oil Permian LLC

Name of ORRI Owners: None

Tract No. 2-5

Serial No: **VB-0407** Lease Date: 10/1/1990 Lease Term: 5 years

State of New Mexico Lessor:

Original Lessee: Harvey E. Yates Company Present Lessee:

Marathon Oil Permian LLC 50.00% MRC Delaware Resources, LLC 50.00%

Township 23 South, Range 28 East, N.M.P.M. Description of Land Committed:

Section 2: NE4SW4, LIMITED TO those certain depth

intervals located below 8,000 feet subsurface

Eddy County, New Mexico

Number of Acres: 40.00 Royalty: 3/16

Authority to Pool: NMOCD Compulsory Pooling Order No. R-22540 Name of Operating Rights Owner: Marathon Oil Permian LLC 100.00%

Name of ORRI Owners: MRC Delaware Resources, LLC 3.00%

Tract No. 2-6

Lease No. 1

4/12/1990

Recording Information: Book 66, Page 1138

Original Lessor: T. F. Martin and wife, Alice Martin; Helen Bowers, a

widow; Bertha Snell, a widow; Mary Margaret White and husband, Murray White; Belle Martin, individually and as Personal Representative of the Estate of H. Wayne Martin,

deceased

Pogo Producing Company Original Lessee:

Description of Land Committed: Township 23 South, Range 28 East, N.M.P.M. Section 2: SW4SW4, LIMITED TO those certain depth intervals located below the base of the Bone Spring

formation

Eddy County, New Mexico

Number of Acres:

40.00

Royalty:

3/16

Authority to Pool:

NMOCD Compulsory Pooling Order No. R-22540 Marathon Oil Permian LLC

100.00%

Name and Percent WI Owners: Name of ORRI Owners:

OXY USA, Inc

6.25%

Lease No. 2

Date:

9/15/2020

Recording Information:

Book 1140, Page 424

Original Lessor:

Pardue Farms

Original Lessee:

Xplor Resources, LLC

Description of Land Committed:

Township 23 South, Range 28 East, N.M.P.M.

Section 2: SW4SW4, LIMITED TO those certain depth intervals located below the base of the Bone Spring

formation

Eddy County, New Mexico

Number of Acres:

40.00

Royalty:

1/4

Authority to Pool:

NMOCD Compulsory Pooling Order No. R-22540

Name and Percent WI Owners:

Marathon Oil Permian LLC

100.00%

Name of ORRI Owners:

None

#### Tract No. 2-7

Lease No. 1

Date:

4/12/1990

Recording Information:

Book 66, Page 1138

Original Lessor:

T. F. Martin and wife, Alice Martin; Helen Bowers, a widow; Bertha Snell, a widow; Mary Margaret White and husband, Murray White; Belle Martin, individually and as Personal Representative of the Estate of H. Wayne Martin,

deceased

Original Lessee:

Pogo Producing Company

Description of Land Committed:

Township 23 South, Range 28 East, N.M.P.M.

Section 2: SE4SW4, LIMITED TO those certain depth intervals located below the base of the Bone Spring

formation

Eddy County, New Mexico

Number of Acres:

40.00

Royalty:

Authority to Pool:

NMOCD Compulsory Pooling Order No. R-22540

100.00%

Name and Percent WI Owners:

Marathon Oil Permian LLC

Name of ORRI Owners:

OXY USA, Inc

6.25%

Lease No. 2

Date:

9/15/2020

Recording Information:

Book 1140, Page 424

Original Lessor:

Pardue Farms

Original Lessee:

Xplor Resources, LLC

Description of Land Committed:

Township 23 South, Range 28 East, N.M.P.M.

Section 2: SE4SW4, LIMITED TO those certain depth intervals located below the base of the Bone Spring

formation

Eddy County, New Mexico

Number of Acres:

40.00

Royalty:

1/4

Authority to Pool:

NMOCD Compulsory Pooling Order No. R-22540

Name and Percent WI Owners:

Marathon Oil Permian LLC

100.00%

Name of ORRI Owners:

None

## Tract No. 35-1

Legacy Serial No.:

NMNM 19601

Lease Date:

12/1/1973

Lease Term:

10 years

Lessor:

The United States of America

Original Lessee:

Morris W. Newman

Present Lessee:

Magnum Hunter Production, Inc.

100.00%

Description of Land Committed:

Township 22 South, Range 28 East, N.M.P.M.

Section 35: N2NW4, SE4NW4, SW4, LIMITED TO those

certain depth intervals located from the base of the Delaware Formation down to a depth of 13,050 feet

subsurface

Eddy County, New Mexico

Number of Acres:

280.00

Royalty:

1/8

Authority to Pool:

NMOCD Compulsory Pooling Order No. R-22540

Name of Operating Rights Owners:

Marathon Oil Permian LLC 93.685700% LHAH Properties, L.L.C. 4.371500%

Rogers Resources LP 0.971400% Loftin Family Limited Partnership 0.971400% 3.125%

Name of ORRI Owners:

Joseph Wm. Foran

3.125%

Marathon Oil Permian LLC

0.899082%

KMF Land, LLC

0.75337%

Post Oak Mavros II, LLC

0.055804%

Sortida Resources, LLC Oak Valley Mineral and Land, LP

0.089908%

C. Free O&G LLC	0.595703%
Marmie LLC	0.595703%
Annette I. Casey, Sole Trustee	
of the Casey Trust	0.595703%
Brett K. Bracken	0.094934%
Cimmaron Holdings, LLC	0.117308%

#### Tract No. 35-2

Legacy Serial No.: NMNM 19601 Lease Date: 12/1/1973

Lease Term: 10 years

Lessor: The United States of America

Original Lessee: Morris W. Newman

Present Lessee: Magnum Hunter Production, Inc. 100.00%

Description of Land Committed: Township 22 South, Range 28 East, N.M.P.M.

Section 35: SW4NW4, LIMITED TO those certain depth intervals located from the base of the Delaware Formation

down to a depth of 13,050 feet subsurface

Eddy County, New Mexico

Number of Acres: 40.00 Royalty: 1/8

Authority to Pool: NMOCD Compulsory Pooling Order No. R-22540

Name of Operating Rights Owners: Marathon Oil Permian LLC 100.00% Name of ORRI Owners: Joseph Wm. Foran 3.125%

Name of ORRI Owners: Joseph Wm. Foran 3.125% Marathon Oil Permian LLC 3.125%

KMF Land, LLC0.949275%Post Oak Mavros II, LLC0.795429%Sortida Resources, LLC0.058919%Oak Valley Mineral and Land, LP0.094928%

C. Free O&G LLC 0.595703% Marmie LLC 0.595703%

Annette I. Casey, Sole Trustee

of the Casey Trust

Rogers\*Resources LP

Brett K. Bracken

Cimmaron Holdings, LLC

0.595703%

0.234615%

0.114017%

0.117308%

# **RECAPITULATION**

Tract numbers	Number of Acres Committed	Percentage of Interest in Communitized Area
Tract No. 2-1	79.17	12.38%
Tract No. 2-2	40.00	6.26%
Tract No. 2-3	40.00	6.26%
Tract No. 2-4	40.00	6.26%
Tract No. 2-5	40.00	6.26%
Tract No. 2-6	40.00	6.26%
Tract No. 2-7	40.00	6.26%
Tract No. 35-1	280.00	43.80%
Tract No. 35-2	40.00	6.26%
Totals	639.17	100.00%

# STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION

IN THE MATTER OF APPLICATION FOR COMPULSORY POOLING SUBMITTED BY MARATHON OIL PERMIAN LLC

CASE NO. 23168 ORDER NO. R-22540

#### **ORDER**

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on November 3, 2022, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

#### **FINDINGS OF FACT**

- 1. Marathon Oil Permian LLC ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
- 2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.
- 3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
- 4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
- 5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

#### **CONCLUSIONS OF LAW**

- 6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
- 7. Operator is the owner of an oil and gas working interest within the Unit.
- 8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
- 9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
- 10. Operator has the right to drill the Well(s) to a common source of supply at the

- depth(s) and location(s) in the Unit described in Exhibit A.
- 11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
- 12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
- 13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
- 14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

#### **ORDER**

- 15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
- 16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
- 17. Operator is designated as operator of the Unit and the Well(s).
- 18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
- 19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
- 20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
- 21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
- 22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
- 23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the

CASE NO. 23168 ORDER NO. R-22540

Page 2 of 7

well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

- 24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
- 25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
- 26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
- 27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
- 28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
- 29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share

CASE NO. 23168 ORDER NO. R-22540 Page 3 of 7

- of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
- 30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
- 31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
- 32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
- 33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
- 34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
- 35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

DYLAMM FUGE DIRECTOR (ACTING)

DMF/jag

Date: 3/10/23

CASE NO. 23168 ORDER NO. R-22540 3MAY 25 AM 10: 51 Page 4 of 7

#### Exhibit A

Received by OCD: 11/3/2022 2:18:11 PM

Page 2 of 4

ALL INFORMATION IN THE APPLICATION MU	ST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 23168	APPLICANT'S RESPONSE	
Date: 11/03/2022 (Hearing date)		
Applicant:	Marathon Oil Permian LLC	
Designated Operator & OGRID (affiliation if applicable)	Marathon Oil Permian LLC (OGRID 372098)	
Applicant's Counsel:	Modrall Sperling	
Case Title:	Application of Marathon Oil Permian LLC for Compulsory Pooling, Eddy County, New Mexico	
Entries of Appearance/Intervenors:	None	
Well Family	Trojan Horse	
Formation/Pool		
Formation Name(s) or Vertical Extent:	Wolfcamp	
Primary Product (Oil or Gas):	Gas	
Pooling this vertical extent:	N/A	
Pool Name and Pool Code:	Purple Sage, Wolfcamp (98220)	
Well Location Setback Rules:	Purple Sage, Wolfcamp	
Spacing Unit Size:	640 acres	
Spacing Unit		
Type (Horizontal/Vertical)	Horizontal	
Size (Acres)	640 acres	
Building Blocks:	320 acres	
Orientation:	North/South	
Description: TRS/County	W/2 of Section 35, Township 22 South, Range 28 Eas and the W/2 of Section 2, Township 23 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.	
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Y	
Other Situations		
Depth Severance: Y/N. If yes, description	N	
Proximity Tracts: If yes, description	N	
Proximity Defining Well: if yes, description	N	
Applicant's Ownership in Each Tract	See Exhibit B-3 EXHIBIT	

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CASE NO. 23168 ORDER NO. R-22540 Page 5 of 7

Received by OCD: 11/3/2022 2:18:11 PM	Page :
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status	Add wells as needed
(standard or non-standard)	
Well #1: Trojan Horse 35 WXY Fed Com 2H (API 30-015-49704)	
	SHL: 233' FSL & 1242 FWL (Unit M) Section 26, T-22-S
	R-28-E
	FTP: 990' FWL & 330' FNL Section 35, T-22-S R-28-E BHL: 990' FWL & 330' FSL Section 2, T-23-S R-28-E
	Orientation: North to South East to West
	Completion Target: Wolfcamp Completion Status:
	Standard TVD: 9,675', MVD: 20,284'
Well #2: Trojan Horse 35 WXY Fed Com 4H (API Pending)	20,201
	SHL: 233' FSL & 1267' FWL (Unit M) Section 26, T-23-S
	R-28-E
	FTP: 2299' FWL & 332' FNL Section 35, T-22-S R-28-E
	BHL: 2369' FWL & 330' FSL Section 2, T-23-S R-28-E Orientation: North South Completion
	Target: Wolfcamp Completion Status: Standard
	TVD: 9,695', MVD: 20,340'
Horizontal Well First and Last Take Points	See above; see also Exhibit B-2; B-5
Completion Target (Formation, TVD and MD)	See above; see also Exhibit B-2; B-5
AFE Capex and Operating Costs	
Orilling Supervision/Month \$	\$8,000.00
Production Supervision/Month \$	\$800.00
ustification for Supervision Costs	See Exhibit B, ¶ 21-22.
Requested Risk Charge	See Exhibit B, ¶ 23.
Notice of Hearing	
Proposed Notice of Hearing	See Exhibit B-7
Proof of Mailed Notice of Hearing (20 days before hearing)	See Exhibit B-7
Proof of Published Notice of Hearing (10 days before hearing)	See Exhibit B-7
Ownership Determination	The state state of the
and Ownership Schematic of the Spacing Unit	See Exhibit B-3
ract List (including lease numbers and owners)	See Exhibit B-3
Pooled Parties (including ownership type)	See Exhibit B-3
Inlocatable Parties to be Pooled	None
Ownership Depth Severance (including percentage above &	N/A
Refeased to Imaging: 11/3/2022 2:22:04 PM	N/A

CASE NO. 23168 ORDER NO. R-22540

Page 6 of 7

Joinder	
Sample Copy of Proposal Letter	See Exhibit B-5
List of Interest Owners (le Exhibit A of JOA)	See Exhibit B-3
Chronology of Contact with Non-Joined Working Interests	See Exhibit B-4
Overhead Rates In Proposal Letter	See Exhibit B-5
Cost Estimate to Drill and Complete	See Exhibit B-6
Cost Estimate to Equip Well	See Exhibit B-6
Cost Estimate for Production Facilities	See Exhibit B-6
Geology	
Summary (including special considerations)	See Exhibit C
Spacing Unit Schematic	See Exhibit C-2
Gunbarrel/Lateral Trajectory Schematic	See Exhibit C-2
Well Orientation (with rationale)	See Exhibit C-7; Exhibit C¶ 13-14.
Target Formation	See Exhibit C-5
HSU Cross Section	See Exhibit C-5
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	See Exhibit B-2
Tracts	See Exhibit B-3
Summary of Interests, Unit Recapitulation (Tracts)	See Exhibit B-3
General Location Map (including basin)	See Exhibit C-1
Well Bore Location Map	See Exhibit C-3
Structure Contour Map - Subsea Depth	See Exhibit C-3
Cross Section Location Map (including wells)	See Exhibit C-4
Cross Section (including Landing Zone)  Additional Information	See Exhibit C-5
Special Provisions/Stipulations	None
CERTIFICATION: I hereby certify that the information prov	rided in this checklist is complete and accurate.
	Deana M. Bennett
Printed Name (Attorney or Party Representative):	When y Brown 4

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CASE NO. 23168 ORDER NO. R-22540 Page 7 of 7

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AUG 2 1 2023

Land Department Houston TX



New Mexico State Land Office Oil, Gas & Minerals Division 310 OLD SANTA FE TRAIL, P.O. BOX 1148 SANTA FE, NM 87504-1148

Marathon Oil Permian LLC Attn: Michael T. Gatons 990 Town and Country Blw. Houston, TX 77024

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From: McClure, Dean, EMNRD on behalf of Engineer, OCD, EMNRD

To: <u>Covarrubias, Adrian (MRO)</u>

Cc: McClure, Dean, EMNRD; Rikala, Ward, EMNRD; Wrinkle, Justin, EMNRD; Powell, Brandon, EMNRD; Paradis, Kyle O;

Walls, Christopher

Subject: Approved Administrative Order OLM-276

Date: Tuesday, February 13, 2024 4:56:46 PM

Attachments: OLM276 Order.pdf

NMOCD has issued Administrative Order OLM-276 which authorizes Marathon Oil Permian, LLC (372098) to surface commingle or off-lease measure, as applicable, the following wells:

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-015-49704	Trojan Horse 35 WXY Federal	W/2	35-22S-28E	98220
	Com #2H	W/2	2-23S-28E	98220
30-015-49706	Trojan Horse 35 WXY Federal	W/2	35-22S-28E	98220
	Com #4H	W/2	2-23S-28E	70440

The administrative order is attached to this email and can also be found online at OCD Imaging.

Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.

Dean McClure
Petroleum Engineer, Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
(505) 469-8211

From: To: Subject: Date: Attachments:	Newsome. Maggie (MRC)  APPROVED COMMUNIZATION AGREEMENT (CA) PERMIAN DL  APPROVED STATE COMMUNITIZATION AGREEMENT RECEIVED_TROJAN HORSE WXY FEDERAL COM #2H  Tuesday. September 19, 2023 9:29:21 PM  imase(03.100  c) imase(03.100
All,	
State Commun	itization Agreement was approved on 08/01/2023 and is attached for your reference. Agreement is effective 02/15/2023 and related to TROJAN HORSE 35 WXY FEERAL COM #2H.
Maggie Newso	ome
Sr. Division Ord	der Analyst

# Federal Communitization Agreement

Contract No.	

THIS AGREEMENT entered into as of the 15th day of February, 2023, by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

#### WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Township 23 South, Range 28 East, N.M.P.M. Section 2: W/2 Eddy County, New Mexico

Township 22 South, Range 28 East, N.M.P.M. Section 35: W/2 Eddy County, New Mexico

Containing 639.17 acres, and this agreement shall include only the Wolfcamp formation underlying said lands and the oil and gas hereafter referred to as "communitized substances," producible from such formation.

- 2. Attached hereto, and made a part of this agreement for all purposes is Exhibit "A", a plat designating the communitized area and, Exhibit "B", designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
- 3. The Operator of the communitized area shall be Marathon Oil Permian LLC, 990 Town & Country Blvd., Houston, TX 77024. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the working interest owners in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
- 4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
- 5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement. If the communitized area approved in this Agreement contains unleased Federal lands, the value of 1/8th or 12 ½ percent for the Federal lands, of the production that would be allocated to such Federal lands, described above, if such lands were leased, committed and entitled to participation, shall be payable as compensatory royalties to the Federal government. The remaining 7/8th should be placed into an escrow account set up by the operator. Parties to the Agreement holding working interest in committed leases within the applicable communitized area are responsible for such royalty payments on the volume of the production reallocated from the unleased Federal lands to their communitized tracts as set forth in Exhibit "B" attached hereto. The value of such production subject to the payment of said royalties shall be determined pursuant to the method set forth in 30 CFR Part 1206 for the unleased Federal lands. Payment of compensatory royalties on the production reallocated from the unleased Federal lands to the committed tracts within the communitized area shall fulfill the Federal royalty obligation for such production. Payment of compensatory royalties, as provided herein, shall accrue from the date the committed tracts in the communitized area that includes unleased Federal land receive a production allocation, and shall be due and payable by the last day of the calendar month next following the calendar month of actual production. Payment due under this provision shall end when the Federal tract is leased or when production of communitized substances ceases within the communitized area

and the Communitization Agreement is terminated, whichever occurs first.

Any party acquiring a Federal lease of the unleased Federal lands included in the communitized area established hereunder, will be subject to this Agreement as of the effective date of the Federal leases to said party (ies). Upon issuance of the Federal lease and payment of its proportionate cost of the well, including drilling, completing and equipping the well, the acquiring party (ies) shall own the working interest described in the Tract, as described on Exhibit "B", and shall have the rights and obligations of said working interest as to the effective date of the Federal Lease.

- 6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
- 7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
- 8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
- 9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is

- prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
- 10. The date of this agreement is February 15, 2023, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2- year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
- 11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
- 12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occur in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.
- 13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
- 14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
- 15. Nondiscrimination. In connection with the performance of work under this

agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution.

MARATHON OIL PERMIAN LLC Operator

Stephen J. Thompson, Attorney-in-Fact

**ACKNOWLEDGEMENT** 

STATE OF TEXAS	)			
COUNTY OF HARRIS	) ss. )			
This instrument was acknowl Stephen J. Thompson, as Atto		April athon Oil Pern	3 nian LLC	, 2023, by C, a Delaware limited
liability company, on behalf of				

PATRICIA E. SCHOENBERGER
Notary Public, State of Texas
Comm. Expires 08/03/2026
Notary ID 13389123-4

Notary Public's Signature

Notary's Registration Number

# LESSEE OF RECORD

# MRC DELAWARE RESOURCES, LLC

By:_	
ACKNOWLEI	OGEMENT
STATE OF) ss.	
COUNTY OF)	
This instrument was acknowledged before me on, as,	, 2023, by of <b>MRC Delaware</b>
Resources, LLC, a Texas limited liability company	y, on behalf of said limited liability company
	Notary Public's Signature
(SEAL)	Notary's Registration Number

#### LESSEE OF RECORD

MAGNUM HUNTER PRODUCTION, INC.

Bradiay Cantrell, Attorney-In-Fact

DIP

**ACKNOWLEDGEMENT** 

STATE OF TEXAS	
COUNTY OF Midland) ss	١.

This instrument was acknowledged before me on April 24, 2023, by Syadley Cantrell, as Attorney In-tact of Magnum Hunter Production, Inc., a Texas corporation, on behalf of said corporation.

KAIMI BROWNLEE
Notary Public, State of Texas
Comm. Expires 03-26-2027
Notary ID 126052368

(SEAL)

Notary Public's Signature

124052348 Notary's Registration Number

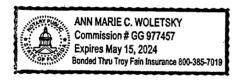
LHAH PROPERTIES, L.L.C.

By: My Hone, Mgr

#### **ACKNOWLEDGEMENT**

STATE OF FLORIDA ) ss.
COUNTY OF PALM BEACH

This instrument was acknowledged before me on <u>low day of APRIL</u>, 2023, by <u>ALICE H HANLEY</u>, as <u>Manager</u> of LHAH Properties, L.L.C., a Delaware limited liability company, on behalf of said limited liability company.



(SEAL)

<u>Aumane</u> C. Wletsky Notary Public's Signature

GG 977457
Notary's Registration Number

#### ROGERS\*RESOURCES LP

By: JAMES W. ROCERS, GEHERAL MANAGER

#### **ACKNOWLEDGEMENT**

STATE OF 1 excis  COUNTY OF Midland) ss.	
This instrument was acknowledged before me on, as, as	April 24, 2023, by wal Manager of Rogers*Resources imited partnership.
JENNIFER RADLOFF Notary Public STATE OF TEXAS NOTARY ID # 12830579-7 My Comm. Expires 06-26-2026	Notary Public's Signature

(SEAL)

Notary's Registration Number

12830579-7

### OPERATING RIGHTS OWNER

LOFTIN FAMILY LIMITED PARTNERSHIP

y: Kuhan Jofk

ACKNOWLEDGEMENT

STATE OF Texas	
COUNTY OF Midland) ss.	
This instrument was acknowledged before me on April 5th Kichard With, as Manager  Limited Partnership a Toyog limited partnership on schools of said limited.	, 2023, by
Kichard with as Manager	of Loftin Family
Limited Partnership, a Texas limited partnership, on behalf of said limit	ted partnership.

(SEAL)

REBECCA KAYLENE LOWRANCE Notary Public, State of Texas Comm. Expires 05-27-2026 Notary ID 133785475 Notary Public's Signature

133785 475 Notary's Registration Number

### **EXHIBIT "A"**

Plat of communitized area covering 639.17 acres in the following: Township 23 South, Range 28 East, N.M.P.M.:

Section 2: W/2

Eddy County, New Mexico

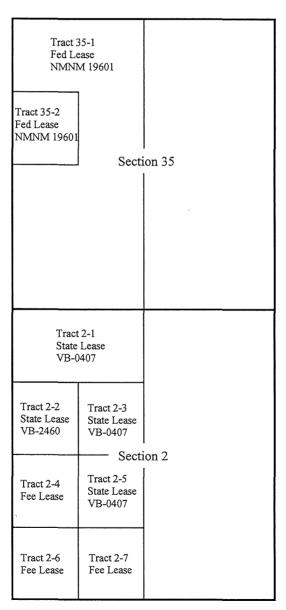
Township 22 South, Range 28 East, N.M.P.M.:

Section 35: W/2

Eddy County, New Mexico

### Well Name/No.

Trojan Horse 35 WXY Fed Com 2H / 30-015-49704 Trojan Horse 35 WXY Fed Com 4H / 30-015-49706



### **EXHIBIT "B"**

To Communitization Agreement dated February 15, 2023 embracing the following described land in:

Township 23 South, Range 28 East, N.M.P.M.:

Section 2:

W/2

Eddy County, New Mexico

Township 22 South, Range 28 East, N.M.P.M.:

Section 35:

W/2

Eddy County, New Mexico

Operator of Communitized Area: Marathon Oil Permian, LLC

# DESCRIPTION OF LEASES COMMITTED

### Tract No. 2-1

Serial No:

VB-0407

Lease Date: Lease Term: 10/1/1990 5 years

Lessor:

State of New Mexico

Original Lessee:

Harvey E. Yates Company

Present Lessee:

Marathon Oil Permian LLC

50.00%

MRC Delaware Resources, LLC

50.00%

Description of Land Committed:

Township 23 South, Range 28 East, N.M.P.M.

Section 2: NE4NW4, NW4NW4

Eddy County, New Mexico

Number of Acres:

79.17

Royalty:

3/16

Authority to Pool:

NMOCD Compulsory Pooling Order No. R-22540

Name of Operating Rights Owner:

Marathon Oil Permian LLC

100.00%

Name of ORRI Owners:

MRC Delaware Resources, LLC

3.00%

### Tract No. 2-2

Serial No:

VB-2460

Lease Date:

1/1/2015

Lease Term:

5 years

Lessor:

State of New Mexico

Original Lessee:

J Bar Cane Inc.

Present Lessee:

Marathon Oil Permian LLC

100.00%

Description of Land Committed:

Township 23 South, Range 28 East, N.M.P.M.

Section 2: SW4NW4

Eddy County, New Mexico

Number of Acres:

40.00

3/16 Royalty:

Authority to Pool: NMOCD Compulsory Pooling Order No. R-22540 Name of Operating Rights Owner: Marathon Oil Permian, LLC 100.00%

Name of ORRI Owners: None

### Tract No. 2-3

Serial No: VB-0407 Lease Date: 10/1/1990 Lease Term: 5 years

State of New Mexico Lessor: Original Lessee: Harvey E. Yates Company

Present Lessee: Marathon Oil Permian LLC 50.00% MRC Delaware Resources, LLC 50.00%

Township 23 South, Range 28 East, N.M.P.M. Description of Land Committed:

Section 2: SE4NW4, LIMITED TO those certain depth

intervals below 6,580' Eddy County, New Mexico

Number of Acres: 40.00 Royalty: 3/16

Authority to Pool: NMOCD Compulsory Pooling Order No. R-22540 Name of Operating Rights Owner: Marathon Oil Permian LLC 100.00% MRC Delaware Resources, LLC 3.00%

Name of ORRI Owners:

### Tract No. 2-4

Lease No. 1

Date: 4/12/1990

Recording Information: Book 66, Page 1138

T. F. Martin and wife, Alice Martin; Helen Bowers, a Original Lessor:

> widow; Bertha Snell, a widow; Mary Margaret White and husband, Murray White; Belle Martin, individually and as Personal Representative of the Estate of H. Wayne Martin,

deceased

Pogo Producing Company Original Lessee:

Description of Land Committed: Township 23 South, Range 28 East, N.M.P.M.

> Section 2: NW4SW4, LIMITED TO those certain depth intervals located below the base of the Bone Spring

formation

Eddy County, New Mexico

Number of Acres: 40.00 Royalty: 3/16

Authority to Pool: NMOCD Compulsory Pooling Order No. R-22540

Name and Percent WI Owners: Marathon Oil Permian LLC 100.00% Name of ORRI Owners: 6.25% OXY USA, Inc.

13

Lease No. 2

Date: 9/15/2020

Recording Information: Book 1140, Page 424

Original Lessor: Pardue Farms

Original Lessee: Xplor Resources, LLC

Description of Land Committed: Township 23 South, Range 28 East, N.M.P.M.

Section 2: NW4SW4, LIMITED TO those certain depth intervals located below the base of the Bone Spring

formation

Eddy County, New Mexico

Number of Acres: 40.00 Royalty: 1/4

Authority to Pool: NMOCD Compulsory Pooling Order No. R-22540

Name and Percent WI Owners: Marathon Oil Permian LLC 100.00%

Name of ORRI Owners: None

Tract No. 2-5

Serial No: VB-0407 Lease Date: 10/1/1990 Lease Term: 5 years

Lessor: State of New Mexico

Original Lessee: Harvey E. Yates Company

Present Lessee: Marathon Oil Permian LLC 50.00%

MRC Delaware Resources, LLC 50.00%

Description of Land Committed: Township 23 South, Range 28 East, N.M.P.M.

Section 2: NE4SW4, LIMITED TO those certain depth

intervals located below 8,000 feet subsurface

Eddy County, New Mexico

Number of Acres: 40.00 Royalty: 3/16

Authority to Pool: NMOCD Compulsory Pooling Order No. R-22540

Name of Operating Rights Owner: Marathon Oil Permian LLC 100.00%

Name of ORRI Owners: MRC Delaware Resources, LLC 3.00%

**Tract No. 2-6** 

Lease No. 1

Date: 4/12/1990

Recording Information: Book 66, Page 1138

Original Lessor: T. F. Martin and wife, Alice Martin; Helen Bowers, a

widow; Bertha Snell, a widow; Mary Margaret White and husband, Murray White; Belle Martin, individually and as Personal Representative of the Estate of H. Wayne Martin,

deceased

Original Lessee: Pogo Producing Company

Description of Land Committed: Township 23 South, Range 28 East, N.M.P.M.

Section 2: SW4SW4, LIMITED TO those certain depth intervals located below the base of the Bone Spring

formation

Eddy County, New Mexico

Number of Acres:

40.00

Royalty:

3/16

Authority to Pool:

NMOCD Compulsory Pooling Order No. R-22540 Marathon Oil Permian LLC

100.00%

Name and Percent WI Owners: Name of ORRI Owners:

OXY USA, Inc

6.25%

Lease No. 2

Date:

9/15/2020

Recording Information:

Book 1140, Page 424

Original Lessor:

Pardue Farms

Original Lessee:

Xplor Resources, LLC

Description of Land Committed:

Township 23 South, Range 28 East, N.M.P.M.

Section 2: SW4SW4, LIMITED TO those certain depth intervals located below the base of the Bone Spring

formation

Eddy County, New Mexico

Number of Acres:

40.00

Royalty:

1/4

Authority to Pool:

NMOCD Compulsory Pooling Order No. R-22540 Marathon Oil Permian LLC

100.00%

Name and Percent WI Owners: Name of ORRI Owners:

None

Tract No. 2-7

Lease No. 1

Date:

4/12/1990

Recording Information:

Book 66, Page 1138

Original Lessor:

T. F. Martin and wife, Alice Martin; Helen Bowers, a widow; Bertha Snell, a widow; Mary Margaret White and

husband, Murray White; Belle Martin, individually and as Personal Representative of the Estate of H. Wayne Martin,

deceased

Original Lessee:

Pogo Producing Company

Description of Land Committed:

Township 23 South, Range 28 East, N.M.P.M.

Section 2: SE4SW4, LIMITED TO those certain depth intervals located below the base of the Bone Spring

formation

Eddy County, New Mexico

Number of Acres:

40.00

Royalty:

3/16

Authority to Pool:

NMOCD Compulsory Pooling Order No. R-22540

Name and Percent WI Owners:

Marathon Oil Permian LLC

100.00%

Name of ORRI Owners:

OXY USA, Inc

6.25%

Lease No. 2

Date:

9/15/2020

Recording Information:

Book 1140, Page 424

Original Lessor:

Pardue Farms

Original Lessee:

Xplor Resources, LLC

Description of Land Committed:

Township 23 South, Range 28 East, N.M.P.M.

Section 2: SE4SW4, LIMITED TO those certain depth intervals located below the base of the Bone Spring

formation

Eddy County, New Mexico

Number of Acres:

40.00

Royalty:

1/4

Authority to Pool: Name and Percent WI Owners: NMOCD Compulsory Pooling Order No. R-22540 Marathon Oil Permian LLC

100.00%

Name of ORRI Owners:

None

### Tract No. 35-1

Legacy Serial No.:

NMNM 19601

Lease Date:

12/1/1973

Lease Term:

10 years

Lessor:

The United States of America

Original Lessee:

Morris W. Newman

Present Lessee:

Magnum Hunter Production, Inc.

100.00%

Description of Land Committed:

Township 22 South, Range 28 East, N.M.P.M.

Section 35: N2NW4, SE4NW4, SW4, LIMITED TO those

certain depth intervals located from the base of the Delaware Formation down to a depth of 13,050 feet

subsurface

Eddy County, New Mexico

Number of Acres:

280.00

Royalty:

1/8

Authority to Pool:

NMOCD Compulsory Pooling Order No. R-22540

Name of Operating Rights Owners:

Marathon Oil Permian LLC 93.685700% LHAH Properties, L.L.C. 4.371500%

Rogers Resources LP 0.971400% Loftin Family Limited Partnership 0.971400%

Name of ORRI Owners:

Joseph Wm. Foran

3.125% Marathon Oil Permian LLC 3.125% KMF Land, LLC 0.899082% Post Oak Mavros II, LLC 0.75337% Sortida Resources, LLC 0.055804%

Oak Valley Mineral and Land, LP

0.089908%

C. Free O&G LLC	0.595703%
Marmie LLC	0.595703%
Annette I. Casey, Sole Trustee	
of the Casey Trust	0.595703%
Brett K. Bracken	0.094934%
Cimmaron Holdings, LLC	0.117308%

### Tract No. 35-2

Legacy Serial No.:

Lease Date:

Lease Term:

Lessor:

Original Lessee:

Present Lessee:

Description of Land Committed:

Number of Acres:

Royalty:

Authority to Pool: Name of Operating Rights Owners:

Name of ORRI Owners:

NMNM 19601

12/1/1973

10 years

The United States of America

Morris W. Newman Magnum Hunter Production, Inc.

Township 22 South, Range 28 East, N.M.P.M.

Section 35: SW4NW4, LIMITED TO those certain depth intervals located from the base of the Delaware Formation

down to a depth of 13,050 feet subsurface

Eddy County, New Mexico

40.00 1/8

NMOCD Compulsory Pooling Order No. R-22540

Marathon Oil Permian LLC 100.00% Joseph Wm. Foran 3.125% Marathon Oil Permian LLC 3.125%

KMF Land, LLC 0.949275% Post Oak Mavros II, LLC 0.795429% Sortida Resources, LLC 0.058919% Oak Valley Mineral and Land, LP 0.094928% C. Free O&G LLC 0.595703%

Marmie LLC Annette I. Casey, Sole Trustee

Cimmaron Holdings, LLC

of the Casey Trust 0.595703% Rogers\*Resources LP 0.234615% Brett K. Bracken 0.114017%

0.595703%

100.00%

# **RECAPITULATION**

Tract numbers	Number of Acres Committed	Percentage of Interest in Communitized Area
Tract No. 2-1	79.17	12.38%
Tract No. 2-2	40.00	6.26%
Tract No. 2-3	40.00	6.26%
Tract No. 2-4	40.00	6.26%
Tract No. 2-5	40.00	6.26%
Tract No. 2-6	40.00	6.26%
Tract No. 2-7	40.00	6.26%
Tract No. 35-1	280.00	43.80%
Tract No. 35-2	40.00	6.26%
Totals	639.17	100.00%

# STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION

# APPLICATION FOR OFF-LEASE MEASUREMENT SUBMITTED BY MARATHON OIL PERMIAN, LLC

**ORDER NO. OLM-276** 

### **ORDER**

The Director of the New Mexico Oil Conservation Division ("OCD"), having considered the application and the recommendation of the Engineering Bureau, issues the following Order.

### **FINDINGS OF FACT**

- 1. Marathon Oil Permian, LLC ("Applicant") submitted a complete application to off-lease measure the oil and gas production ("Application") from the wells, pool, and lease identified in Exhibit A.
- 2. Applicant provided notice of the Application to all persons owning a working interest in the oil and gas production to be off-lease measured in accordance with 19.15.23.9(A)(5) NMAC, and those persons either submitted a written waiver or did not file an objection to the Application.
- 3. Applicant provided notice of the Application to the Bureau of Land Management or New Mexico State Land Office, as applicable.

### **CONCLUSIONS OF LAW**

- 4. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, §§ 70-2-6, 70-2-11, 70-2-12, and 19.15.23 NMAC.
- 5. Applicant satisfied the notice requirements for the Application in accordance with 19.15.23.9(A)(5) NMAC.
- 6. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

### **ORDER**

- 1. Applicant is authorized to store and measure oil and gas production off-lease from the pools, leases, and wells identified in Exhibit A at a central tank battery described in Exhibit A.
- 2. The oil and gas production from the wells identified in Exhibit A shall be physically separated from the oil and gas production from other wells and no commingling of production from different leases or pools shall occur in accordance with 19.15.23.9(A)(3) NMAC and 19.15.23.9(A)(4) NMAC, except as otherwise provided in order(s) issued by OCD.

Order No. OLM-276 Page 1 of 2

- 3. Applicant shall measure and market the commingled oil at a central tank battery described in Exhibit A in accordance with this Order and 19.15.18.15 NMAC or 19.15.23.8 NMAC.
- 4. Applicant shall measure and market the commingled gas at a central delivery point, central tank battery, or gas title transfer meter described in Exhibit A in accordance with this Order and 19.15.19.9 NMAC, provided however that if the gas is vented or flared, and regardless of the reason or authorization pursuant to 19.15.28.8(B) NMAC for such venting or flaring, Applicant shall measure or estimate the gas in accordance with 19.15.28.8(E) NMAC.
- 5. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10(C)(2) NMAC.
- 6. OCD retains jurisdiction of this matter and reserves the right to modify or revoke this Order as it deems necessary.

**DATE:** 2/13/24

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

DYLAN M. FUGE

**DIRECTOR (ACTING)** 

Order No. OLM-276 Page 2 of 2

## State of New Mexico Energy, Minerals and Natural Resources Department

# Exhibit A

Order: OLM-276

**Operator: Marathon Oil Permian, LLC (372098)** 

Central Tank Battery: Trojan Horse 2H 4H Central Tank Battery

Central Tank Battery Location: UL M N, Section 26, Township 22 South, Range 28 East Gas Title Transfer Meter Location: UL M N, Section 26, Township 22 South, Range 28 East

### **Pools**

Pool Name Pool Code
PURPLE SAGE; WOLFCAMP (GAS) 98220

2-23S-28E

W/2

# Leases as defined in 19.15.12.7(C) NMAC

 Lease
 UL or Q/Q
 S-T-R

 CA Wolfcamp BLM
 W/2
 35-22S-28E

 W/2
 2-23S-28E

#### Wells Well API **Well Name** UL or Q/Q S-T-R Pool Trojan Horse 35 WXY Federal Com W/235-22S-28E 30-015-49704 98220 #2H W/22-23S-28E Trojan Horse 35 WXY Federal Com W/235-22S-28E 30-015-49706 98220

#4H

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

District II 811 S. First St., Artesia, NM 88210 Phone: (575) 748-1283 Fax: (575) 748-9720

District III 1000 Rio Brazos Rd., Aztec, NM 87410 Phone:(505) 334-6178 Fax:(505) 334-6170

1220 S. St Francis Dr., Santa Fe, NM 87505 Phone:(505) 476-3470 Fax:(505) 476-3462

**State of New Mexico Energy, Minerals and Natural Resources Oil Conservation Division** 1220 S. St Francis Dr. **Santa Fe, NM 87505** 

CONDITIONS

Action 208248

### **CONDITIONS**

Operator:	OGRID:	
MARATHON OIL PERMIAN LLC	372098	
990 Town & Country Blvd.	Action Number:	
Houston, TX 77024	208248	
	Action Type:	
	[C-107] Surface Commingle or Off-Lease (C-107B)	

### CONDITIONS

Crea	ated By	Condition	Condition Date
dm	ncclure	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.	2/13/2024