

Revised March 23, 2017

RECEIVED:	REVIEWER:	TYPE:	APP NO:
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Geological & Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505



**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Applicant:** Marathon Oil Permian LLC **OGRID Number:** 372098  
**Well Name:** Frizzle Fry BS Fed Com 501H & Frizzle Fry BS Fed Com 502H **API:** 30-025-49553 & 30-025-49555 **+**  
**Pool:** Red Tank; Bone Spring **Pool Code:** 51683

**SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW**

- 1) **TYPE OF APPLICATION:** Check those which apply for [A]
- A. Location – Spacing Unit – Simultaneous Dedication  
☐ NSL ☐ NSP (PROJECT AREA) ☐ NSP (PRORATION UNIT) ☐ SD
- B. Check one only for [ I ] or [ II ]
- [ I ] Commingling – Storage – Measurement  
☐ DHC ☒ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM
- [ II ] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery  
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR
- 2) **NOTIFICATION REQUIRED TO:** Check those which apply.
- A. ☐ Offset operators or lease holders  
 B. ☐ Royalty, overriding royalty owners, revenue owners  
 C. ☐ Application requires published notice  
 D. ☐ Notification and/or concurrent approval by SLO  
 E. ☒ Notification and/or concurrent approval by BLM  
 F. ☐ Surface owner  
 G. ☒ For all of the above, proof of notification or publication is attached, and/or,  
 H. ☐ No notice required

**FOR OCD ONLY**

- ☐ Notice Complete
- ☐ Application Content Complete

- 3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

**Note: Statement must be completed by an individual with managerial and/or supervisory capacity.**

Adrian Covarrubias

Print or Type Name

*Adrian Covarrubias*

Signature

6/4/2024

Date

713-296-3368

Phone Number

acovarrubias@marathonoil.com

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

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 FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)**

OPERATOR NAME: Marathon Oil Permian LLC

OPERATOR ADDRESS: 990 Town & Country Blvd, Houston, TX 77024

APPLICATION TYPE:

☐ Pool Commingling ☒ Lease Commingling ☐ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: ☐ Fee ☐ State ☒ Federal

Is this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No. \_\_\_\_\_

Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling

☐ Yes ☐ No

**(A) POOL COMMINGLING**

Please attach sheets with the following information

(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 allowables? ☐ Yes ☒ No

(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No.

(4) Measurement type: ☒ Metering ☐ Other (Specify)

(5) Will commingling decrease the value of production? ☐ Yes ☒ No If "yes", describe why commingling should be approved

**(B) LEASE COMMINGLING**

Please attach sheets with the following information

(1) Pool Name and Code. Red Tank; Bone Spring (51683)

(2) Is all production from same source of supply? ☒ Yes ☐ No

(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No

(4) Measurement type: ☒ Metering ☐ Other (Specify)

**(C) POOL and LEASE COMMINGLING**

Please attach sheets with the following information

(1) Complete Sections A and E.

**(D) OFF-LEASE STORAGE and MEASUREMENT**

Please attached sheets with the following information

(1) Is all production from same source of supply? ☐ Yes ☐ No

(2) Include proof of notice to all interest owners.

**(E) ADDITIONAL INFORMATION (for all application types)**

Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location. See Attached

(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.

(3) Lease Names, Lease and Well Numbers, and API Numbers.

See Attached

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: Adrian Covarrubias

TITLE: Adv. Regulatory Compliance Rep

DATE: 6/4/2024

TYPE OR PRINT NAME Adrian Covarrubias

TELEPHONE NO.: 713-296-3368

E-MAIL ADDRESS: acovarrubias@marathonoil.com

SURFACE COMMINGLING  
Frizzle Fry Fed Com 501H 502H

Marathon Oil Permian LLC is applying to surface commingle under 19.15.12.10(B) NMAC for Commingling with Identical Ownership.

**The approval of this commingle will not affect the value of oil and gas.**

Please see below for details:

Marathon Oil Permian LLC will be using the metering method to measure and allocate production. Please see below for Method of Allocation.

**List of Wells, Leases, and Pools to be commingled:**

WELL NAME	API #	LEASE	POOL (CODE)
Frizzle Fry BS Federal Com 501H	30-025-49553	CA# NMNM141287 Order No. R-20695 & R20761	Red Tank; Bone Spring (51683)
Frizzle Fry BS Federal Com 502H	30-025-49555	CA# Pending (E2/W2) Order No. R-23154	Red Tank; Bone Spring (51683)

Oil, gas, and water produced from the wells will be piped to the tank battery located on pad (location UL. M-Sec.22-T22S-R32E). Please see attached maps.

**Future additions:**

Pursuant to Statewide rule 19.15.12.10(C)(4)(g) NMAC, Marathon Oil Permian LLC (Marathon) requests option to amend this Order to add pools, leases, and subsequently drilled wells with spacing units adjacent to or within the tracts commingled by submitting a Form C-107-B provided the pools, leases, and subsequently drilled wells are within the identified parameters included in the Application.

Furthermore, Marathon requests to be able to add wells from pools and leases identified in the application by submitting a subsequent sundry C-103 and C-102 to the NMOCD.

SURFACE COMMINGLING  
Frizzle Fry Fed Com 501H 502H

### **OIL ALLOCATION METHODOLOGY**

Each well has a Coriolis meter at the three-phase separator that measures oil produced by the well. This volume is used to determine the theoretical percentage each well produced and is used to allocate Calculated Production and Total Sales Volumes back to each well.

- A. Theoretical % of production for each well is calculated by dividing each oil meter volume by the sum of the oil meters.
- B. Total Production of the facility is calculated by adding Ending Inventory plus LACT Sales Meter minus Beginning Inventory.
- C. Total Available Sale is calculated by adding Total Production plus Beginning Inventory.
- D. Theoretical % for each well is multiplied by the Total Production and Total Available Sales.
- E. Total Oil Sales is oil measured through the LACT meter. Volumes are verified with the LACT tickets.
- F. Beginning Inventory comes from previous accounting period's Closing Inventory for each well.
- G. Ending Inventory is calculated by measuring the height of oil in the tanks. Ending Inventory for each well is calculated by multiplying the Theoretical % of Production by total of ending inventory.

### **GAS ALLOCATION METHODOLOGY**

Each well has an orifice meter and a gas lift meter. The facility has a Sales meter that measures volume of gas before it leaves the facility.

- A. Net Well Production is base amount of production not used for gas lift and is calculated by subtracting Gas Lift (GL) metered volume from the Orifice meter readings.
- B. Theoretical % used for the allocation is calculated by dividing the Net Well Production Volume for each well into the sum of the total Net Well Production.
- C. Net Facility Gas is volume of gas sold for royalty purposes and is measured with a meter as it leaves the facility. This volume is verified with purchaser statements.
- D. Theoretical % for each well is multiplied by the Net Facility Gas to determine Sales, Lease Fuel for each well.
- E. Lease Use is the volume of gas used by the equipment on the facility.
- F. Gas used to run other equipment is measured via an orifice meter. Total Lease Use gas is allocated to the well based on the wells Theoretical %.
- G. HP Flare is volume of gas flared from the facility, allocated to wells by Theoretical % for each well times the Flare Meter volume.
- H. Individual Compressor usage is based on manufacturer's usage rate applied to compressor run time. Total Compressor Use is calculated by adding Individual Compressor Usage and allocated to wells by Theoretical %.
- I. Allocated Production is all gas produced by the facility and is calculated by adding Net Facility Gas plus HP Flare plus Lease Use.

SURFACE COMMINGLING  
Frizzle Fry Fed Com 501H 502H

#### **WATER ALLOCATION METHODOLOGY**

Each well has a mag meter at the three-phase separator that measures the volume of water produced by the well.

A. Water Production is the volume of water measured at the mag meter.

All meter proving and calibration frequencies will be performed as per 19.15.12.10(C)(2) NMAC.

#### **Attachments:**

- Notification to BLM
- Letter of Identical Ownership
- Lease Map
- Flow Diagram
- C-102 Plats

Well Name	Well Number	US Well Number	Lease Number	Case Number	Operator
FRIZZLE FRY BS	502H	3002549555	NMNM077058	NMNM077058	MARATHON OIL
FRIZZLE FRY BS	501H	3002549553	NMNM077058	NMNM077058	MARATHON OIL

Notice of Intent

Sundry ID: 2794129

Type of Submission: Notice of Intent

Type of Action: Commingling (Surface)

Date Sundry Submitted: 06/07/2024

Time Sundry Submitted: 07:57

Date proposed operation will begin: 06/07/2024

Procedure Description: Marathon Oil Permian LLC is applying to surface commingle under 43 CFR 3173.14(a)(1). 1) The CAA will not negatively affect the royalty revenue of the federal government. Please see attached.

Surface Disturbance

Is any additional surface disturbance proposed?: No

NOI Attachments

Procedure Description

BLM\_SUBMITTAL\_\_\_Frizzle\_Fry\_501H\_502H\_\_\_Commingle\_20240607075541.pdf

**Operator**

I certify that the foregoing is true and correct. Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction. Electronic submission of Sundry Notices through this system satisfies regulations requiring a

**Operator Electronic Signature:** ADRIAN COVARRUBIAS**Signed on:** JUN 07, 2024 07:55 AM**Name:** MARATHON OIL PERMIAN LLC**Title:** regulatory Compliance Representative**Street Address:** 990 TOWN & COUNTRY BLVD**City:** HOUSTON**State:** TX**Phone:** (713) 296-3368**Email address:** acovarrubias@marathonoil.com**Field****Representative Name:****Street Address:****City:****State:****Zip:****Phone:****Email address:**

Form 3160-5  
(June 2019)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS  
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

FORM APPROVED  
OMB No. 1004-0137  
Expires: October 31, 2021

5. Lease Serial No. MULTIPLE

6. If Indian, Allottee or Tribe Name MULTIPLE

SUBMIT IN TRIPLICATE - Other instructions on page 2

1. Type of Well  
☐ Oil Well    ☐ Gas Well    ☐ Other

2. Name of Operator MARATHON OIL PERMIAN LLC

3a. Address 990 TOWN & COUNTRY BLVD, HOUSTON, TX    3b. Phone No. (include area code) (713) 296-2113

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

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

8. Well Name and No. MULTIPLE

9. API Well No. MULTIPLE

10. Field and Pool or Exploratory Area MULTIPLE

11. Country or Parish, State MULTIPLE

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

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize <input type="checkbox"/> Deepen <input type="checkbox"/> Production (Start/Resume) <input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing <input type="checkbox"/> Hydraulic Fracturing <input type="checkbox"/> Reclamation <input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair <input type="checkbox"/> New Construction <input type="checkbox"/> Recomplete <input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Convert to Injection <input type="checkbox"/> Plug Back <input type="checkbox"/> Water Disposal

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be perfonned or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has detennined that the site is ready for final inspection.)

Marathon Oil Permian LLC is applying to surface commingle under 43 CFR 3173.14(a)(1). 1) The CAA will not negatively affect the royalty revenue of the federal government. Please see attached.

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed) ADRIAN COVARRUBIAS / Ph: (713) 296-3368	Title regulatory Compliance Representative
Signature (Electronic Submission)	Date 06/07/2024

THE SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Title	Date
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.	Office	

Title 18 U.S.C Section 1001 and Title 43 U.S.C Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)



Ryan Gyllenband  
Staff Land Professional



Marathon Oil Permian LLC  
990 Town & Country Blvd.  
Houston, TX 77024  
Telephone: 713.296.2453  
mrgyllenband@marathonoil.com

June 6, 2024

Mr. Dean McClure  
Petroleum Specialist  
New Mexico Oil Conservation Division  
1220 South Francis Drive  
Santa Fe, NM 87505

Re: Marathon Oil Permian LLC - Surface Commingling  
Frizzle Fry Federal Com 501H & 502H  
W/2 of Sections 15 & 22 of T22S-R32E  
Lea County, New Mexico

Mr. McClure,

Marathon Oil Permian LLC ("Marathon") has filed the attached application with the New Mexico Oil Conservation Division ("Division") for administrative approval to surface lease commingle production according to the provisions of NMAC 19.15.12.10.B from the Frizzle Fry BS Federal Com 501H (API #30-025-59553) and the Frizzle Fry BS Federal Com 502H (API #30-025-49555) wells located in the W/2 of Sections 15 & 22, T22S-R32E, Lea County, New Mexico. There was compulsory pooling completed for each of these wells. The working, royalty and overriding royalty interests and owners in these two wells are identical.

Should you have any questions please do not hesitate to contact me at 713-296-2453 or by email at mrgyllenband@marathonoil.com.

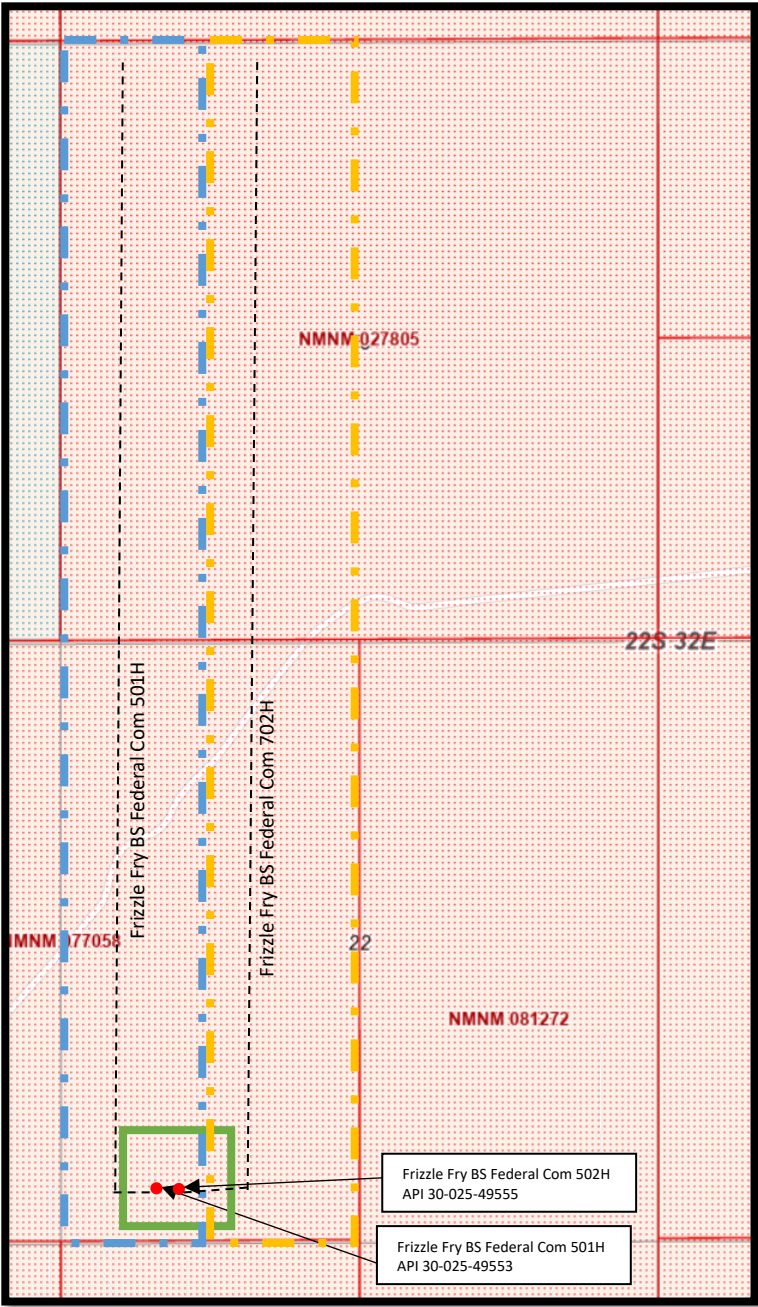
Sincerely,

A handwritten signature in blue ink, appearing to read 'Ryan Gyllenband', written over a horizontal line.

Ryan Gyllenband  
Staff Land Professional

SURFACE COMMINGLING  
Frizzle Fry Fed Com 501H 502H

Lease Map



Well

Pad Location

CA# NMNM141287 & Order No. R-20695 & R20761

CA# Pending (E2/W2) & Order No. R-23154



# Frizzle Fry Federal Com CTB



501H

502H

Frizzle Fry BS Fed Com 501H  
30-025-49553

Frizzle Fry BS Fed Com 502H  
30-025-49555



LP Flare

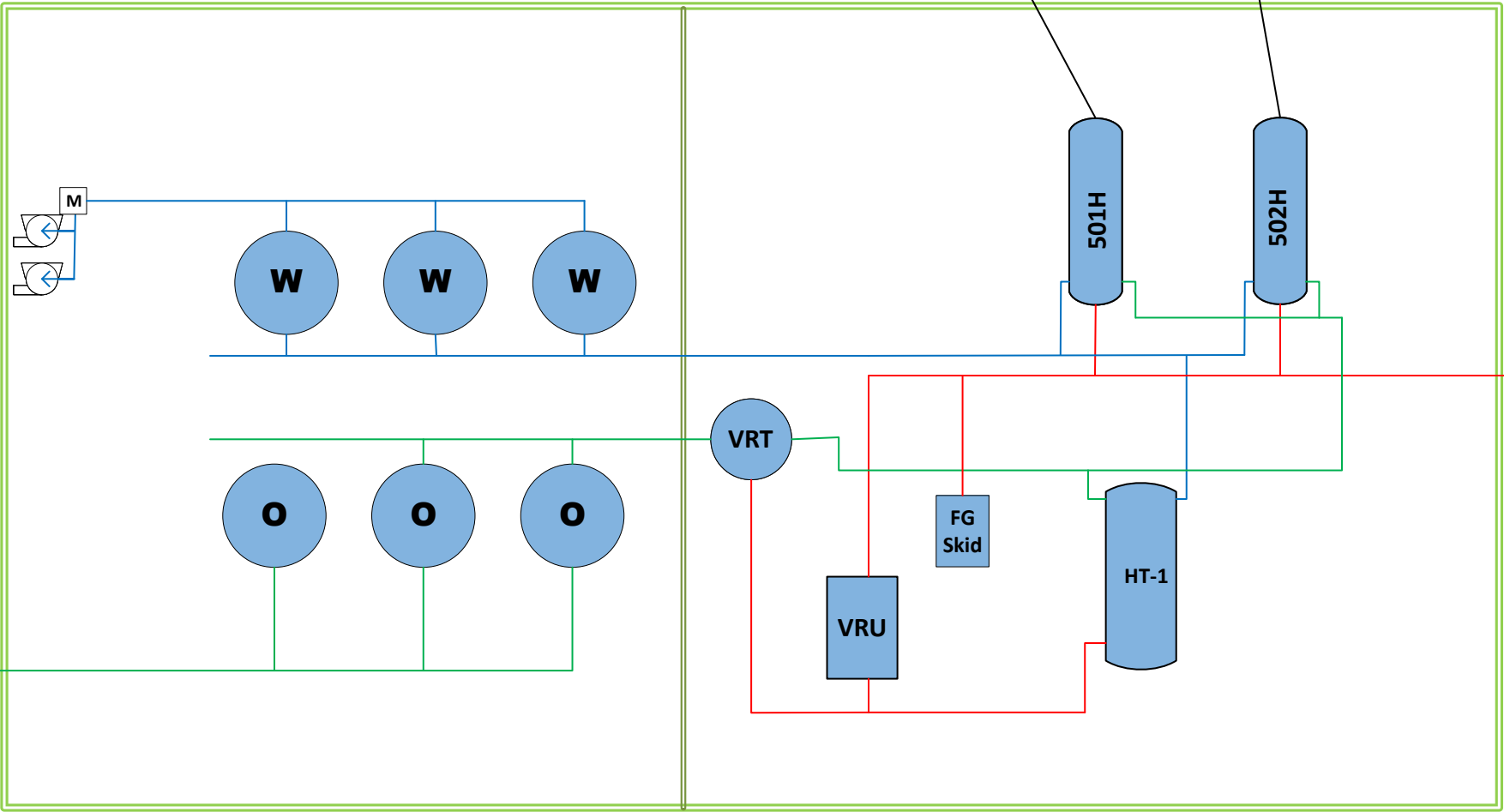


## LEGEND

W = Water Storage Tank  
O = Oil Storage Tank  
GB = Gun Barrel Tank  
S = Separator  
HT = Heater Treater  
★ = Well Head  
G = Generator  
P = Pump

Lact

Proposed FMP



To Sales

Proposed FMP

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 Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
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

Form C-102 Revised August 1, 2011  
Submit one copy to appropriate  
District Office

☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-025-49553	<sup>2</sup> Pool Code 51683	<sup>3</sup> Pool Name RED TANK; BONE SPRING
<sup>4</sup> Property Code	<sup>5</sup> Property Name FRIZZLE FRY BS FED COM	<sup>6</sup> Well Number 501H
<sup>7</sup> OGRID No. 372098	<sup>8</sup> Operator Name MARATHON OIL PERMIAN LLC	<sup>9</sup> Elevation 3644'

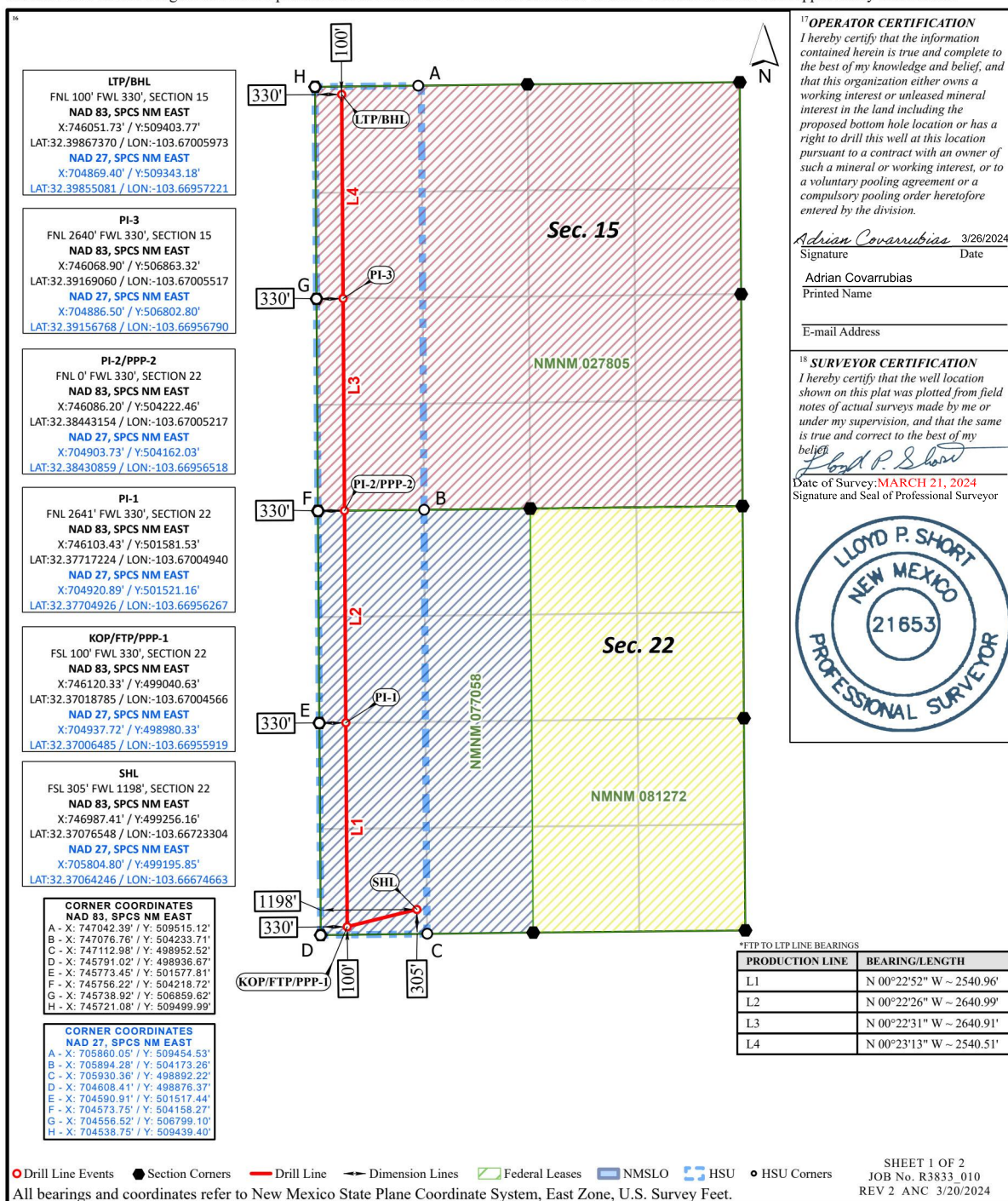
<sup>10</sup> Surface Location

U/L or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	22	22S	32E		305'	SOUTH	1198'	WEST	LEA

<sup>11</sup> Bottom Hole Location If Different From Surface

U/L or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	15	22S	32E		100'	NORTH	330'	WEST	LEA
<sup>12</sup> Dedicated Acres 320.00	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No. R-20695 & R-20761						

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.





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 Road, Aztec, NM 87410  
 Phone: (505) 334-6178 Fax: (505) 334-6170  
 District IV  
 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

Form C-102 Revised August 1, 2011  
 Submit one copy to appropriate  
 District Office

☐ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number 30-025-49555	<sup>2</sup> Pool Code 51683	<sup>3</sup> Pool Name RED TANK; BONE SPRING
<sup>4</sup> Property Code	<sup>5</sup> Property Name FRIZZLE FRY BS FED COM	<sup>6</sup> Well Number 502H
<sup>7</sup> OGRID No. 372098	<sup>8</sup> Operator Name MARATHON OIL PERMIAN LLC	<sup>9</sup> Elevation 3644'

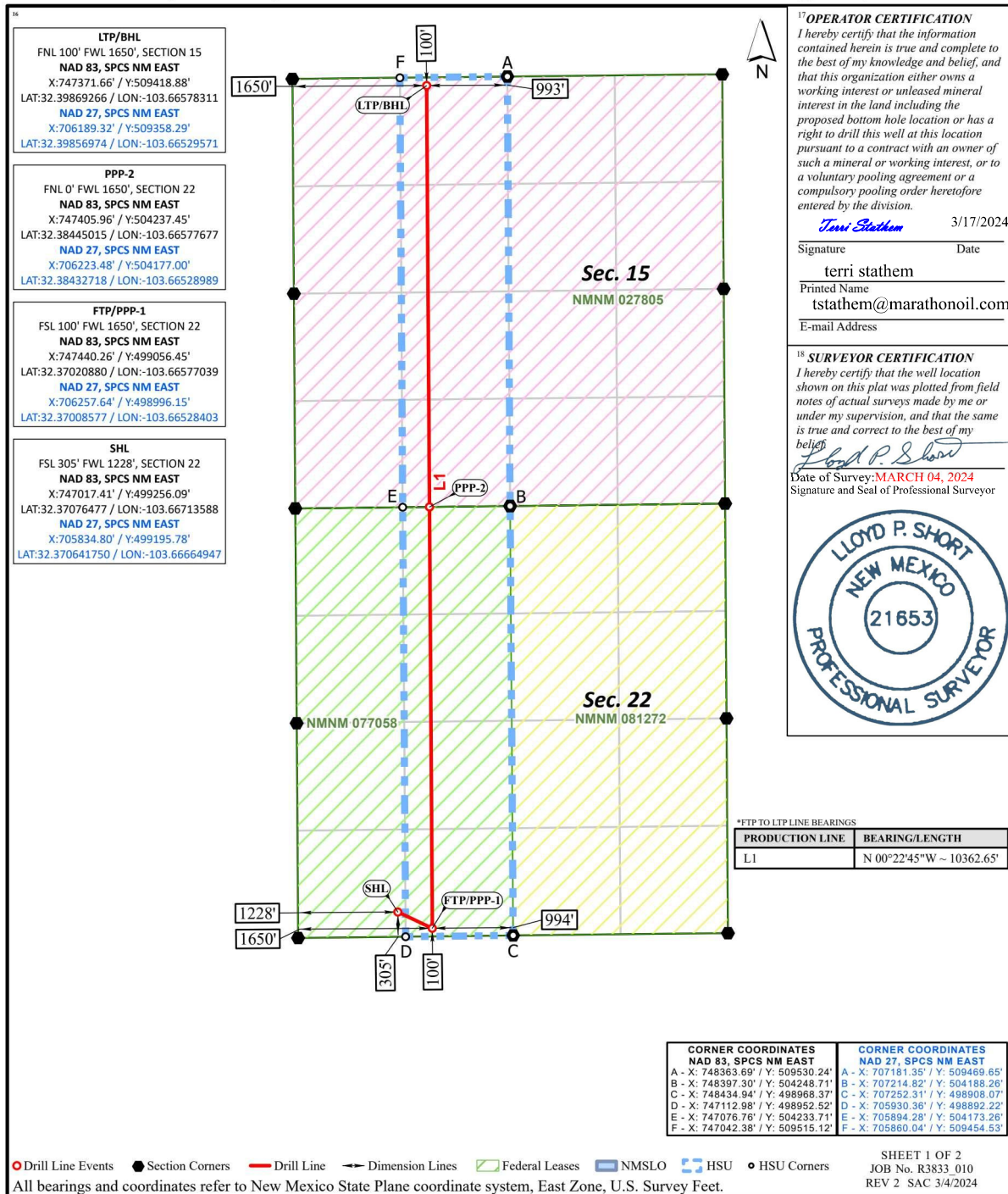
<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	22	22S	32E		305'	SOUTH	1228'	WEST	LEA

<sup>11</sup> 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
C	15	22S	32E		100'	NORTH	1650'	WEST	LEA
<sup>12</sup> Dedicated Acres 320.00	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No. R-23154						

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.



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

**APPLICATION FOR SURFACE COMMINGLING  
SUBMITTED BY MARATHON OIL PERMIAN, LLC**

**ORDER NO. CTB-1130**

**ORDER**

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

**FINDINGS OF FACT**

1. Marathon Oil Permian, LLC ("Applicant") submitted a complete application to surface commingle the oil and gas production from the pools, leases, and wells as described in Exhibit A ("Application").
2. Applicant proposed a method to allocate the oil and gas production to the pools, leases, and wells to be commingled.
3. Applicant submitted a certification by a licensed attorney or qualified petroleum landman that the ownership in the pools, leases, and wells to be commingled is identical as defined in 19.15.12.7 B. NMAC.
4. Applicant provided notice of the Application to the Bureau of Land Management ("BLM") or New Mexico State Land Office ("NMSLO"), as applicable.
5. Applicant in the notice for the Application stated that it sought authorization to prospectively include additional pools, leases, and wells in accordance with 19.15.12.10 C.(4)(g) NMAC.
6. Applicant stated that it sought authorization to surface commingle and off-lease measure, as applicable, oil and gas production from wells which have not yet been approved to be drilled, but will produce from a pool and lease as described in Exhibit A.
7. Applicant submitted or intends to submit one or more proposed communitization agreement(s) ("Proposed Agreement(s)") to the BLM or NMSLO, as applicable, identifying the acreage of each lease to be consolidated into a single pooled area ("CA Pooled Area"), as described in Exhibit A.

**CONCLUSIONS OF LAW**

8. 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, 70-2-16, and 70-2-17, 19.15.12. NMAC, and 19.15.23. NMAC.
9. Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10 A.(2) NMAC, 19.15.12.10 C.(4)(c) NMAC, and 19.15.12.10 C.(4)(e) NMAC, as applicable.

10. Applicant satisfied the notice requirements for the Application in accordance with 19.15.23.9 A.(5) NMAC and 19.15.23.9 A.(6) NMAC, as applicable.
11. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.10 B.(1) NMAC or 19.15.12.10 C.(1) NMAC, as applicable.
12. Commingling of oil and gas production from state, federal, or tribal leases shall not commence until approved by the BLM or NMSLO, as applicable, in accordance with 19.15.12.10 B.(3) NMAC and 19.15.12.10 C.(4)(h) NMAC.
13. Applicant did not give adequate notice that it sought authorization to prospectively include additional pools, leases, or wells as required by 19.15.12.10 C.(4)(g) NMAC.
14. 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 surface commingle oil and gas production from the pools, leases, and wells as described in Exhibit A.

Applicant is authorized to store and measure oil and gas production off-lease from the pools, leases, and wells as described in Exhibit A at a central tank battery or gas title transfer meter described in Exhibit A.

Applicant is authorized to surface commingle oil and gas production from wells not included in Exhibit A but that produce from a pool and lease as described in Exhibit A.

Applicant is authorized to store and measure oil and gas production off-lease from wells not included in Exhibit A but that produce from a pool and lease as described in Exhibit A at a central tank battery or gas title transfer meter described in Exhibit A.

2. For each CA Pooled Area described in Exhibit A, Applicant shall submit a Proposed Agreement to the BLM or NMSLO, as applicable, prior to commencing oil and gas production. If Applicant fails to submit the Proposed Agreement, this Order shall terminate on the following day.

No later than sixty (60) days after the BLM or NMSLO approves or denies a Proposed Agreement, Applicant shall submit a Form C-103 to OCD with a copy of the decision and a description of the approved lands, as applicable. If Applicant withdraws or the BLM or NMSLO denies a Proposed Agreement, this Order shall terminate on the date of such action, and Applicant shall cease commingling the production from the CA Pooled Area. If the BLM or NMSLO approves but modifies the Proposed Agreement(s), Applicant shall comply with the approved Agreement(s), and no later than sixty (60) days after such decision, Applicant shall submit a new surface commingling application to OCD to conform this Order with the approved Agreement(s) if the formation or dedicated lands are modified or if a modification is made that will affect this Order. If Applicant fails to submit the new surface

commingling application or OCD denies the new surface commingling application, this Order shall terminate on the date of such action.

Applicant shall allocate the oil and gas production to each lease within a CA Pooled Area in proportion to the acreage that each lease bears to the entire acreage of the CA Pooled Area until the Proposed Agreement which includes the CA Pooled Area is approved. After the Proposed Agreement is approved, the oil and gas production from the CA Pooled Area shall be allocated as required by the BLM's or NMSLO's, as applicable, approval of the Agreement, including any production that had been allocated previously in accordance with this Order.

3. The allocation of oil and gas production to wells not included in Exhibit A but that produce from a pool and lease as described in Exhibit A shall be determined in the same manner as to wells identified in Exhibit A that produce from that pool and lease, provided that if more than one allocation method is being used or if there are no wells identified in Exhibit A that produce from the pool and lease, then allocation of oil and gas production to each well not included in Exhibit A shall be determined by OCD prior to commingling production from it with the production from another well.
4. The oil and gas production for each well identified in Exhibit A shall be separated and metered prior to commingling it with production from another well.
5. 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.
6. Applicant shall measure and market the commingled gas at a well pad, 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.
7. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10 C.(2) NMAC.
8. If the commingling of oil and gas production from any pool, lease, or well reduces the value of the commingled oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new surface commingling application to OCD to amend this Order to remove the pool, lease, or well whose oil and gas production caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.
9. Applicant's request for authorization to add pools, leases, and wells prospectively pursuant to 19.15.12.10 C.(4)(g) NMAC is denied.



10. If a well is not included in Exhibit A but produces from a pool and lease as described in Exhibit A, then Applicant shall submit Forms C-102 and C-103 to the OCD Engineering Bureau after the well has been approved to be drilled and prior to off-lease measuring or commingling oil or gas production from it with the production from another well. The Form C-103 shall reference this Order and identify the well, proposed method to determine the allocation of oil and gas production to it, and the location(s) that commingling of its production will occur.
11. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
12. If OCD determines that Applicant has failed to comply with any provision of this Order, OCD may take any action authorized by the Oil and Gas Act or the New Mexico Administrative Code (NMAC).
13. OCD retains jurisdiction of this matter and reserves the right to modify or revoke this Order as it deems necessary.

**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**



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**GERASIMOS RAZATOS  
DIRECTOR (ACTING)**

**DATE:** 6-12-2025

State of New Mexico  
Energy, Minerals and Natural Resources Department

Exhibit A

Order: CTB-1130  
Operator: Marathon Oil Permian, LLC (372098)  
Central Tank Battery: Frizzle Fry Federal Com Central Tank Battery  
Central Tank Battery Location: UL M, Section 22, Township 22 South, Range 32 East  
Gas Title Transfer Meter Location:

Pools

Pool Name	Pool Code
RED TANK;BONE SPRING	51683

Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R	
CA Bone Spring NMNM 105517372 (141287)	W/2W/2	15-22S-32E	51683
	W/2 W/2	22-22S-32E	
PROPOSED CA Bone Spring NMNM 106384974	E/2 W/2	15-22S-32E	51683
	E/2 W/2	22-22S-32E	

Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-025-49553	FRIZZLE FRY BS FEDERAL COM	W/2 W/2	15-22S-32E	51683
	#501H	W/2 W/2	22-22S-32E	
30-025-49555	FRIZZLE FRY BS FEDERAL COM	E/2 W/2	15-22S-32E	51683
	#502H	E/2 W/2	22-22S-32E	

Sante Fe Main Office  
Phone: (505) 476-3441

General Information  
Phone: (505) 629-6116

Online Phone Directory  
<https://www.emnrd.nm.gov/ocd/contact-us>

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

CONDITIONS

Action 351916

CONDITIONS

Operator: MARATHON OIL PERMIAN LLC 600 W Illinois Ave Midland, TX 79701	OGRID: 372098
	Action Number: 351916
	Action Type: [C-107] Surface Commingle or Off-Lease (C-107B)

CONDITIONS

Created By	Condition	Condition Date
sarah.clelland	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 email us at <a href="mailto:OCD.Engineer@emnrd.nm.gov">OCD.Engineer@emnrd.nm.gov</a> .	6/14/2025