

Before the Oil Conservation Division Examiner Hearing September 5, 2019

Case Numbers 20163, 20164, and 20169 (Re-opened)

Ned Pepper 18 TB Federal Com 1H, Ned Pepper 18 WA Federal Com 2H, Ned Pepper 18 TB Federal Com 4H, Ned Pepper 18 WXY Federal Com 6H, Ned Pepper 18 WA Federal Com 9H



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

**APPLICATION OF MARATHON
OIL PERMIAN LLC FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO**

CASE NO. 20163 (re-opened)

**APPLICATION OF MARATHON
OIL PERMIAN LLC FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO**

CASE NO. 20164 (re-opened)

AFFIDAVIT

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

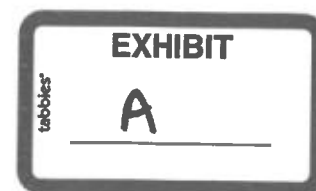
Ryan Gyllenband, being duly sworn, deposes and states:

1. I am over the age of 18, I am a landman for Marathon Oil Permian LLC and have personal knowledge of the matters stated herein. I have been qualified by the Oil Conservation Division ("Division") as an expert petroleum landman.

2. I submit the following information pursuant to NMAC 19.15.4.12.A(1) in support of the above referenced compulsory pooling applications.

3. No opposition is expected because the interest owners being pooled have been contacted regarding the proposed wells, but have failed or refused to voluntarily commit their interests in the wells.

4. In Case No. 20163, Marathon seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring spacing unit covering the E/2 W/2 of Section 18, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico from +/- 11,051' MD



as shown in the logs for the Government "L" No. 1 well (API No. 30-025-25604) to the base of the Bone Spring formation.

5. This proposed spacing unit will be dedicated to the Ned Pepper 18 TB Federal Com 4H well, to be horizontally drilled.

6. In Case No. 20164, Marathon seeks an order from the Division pooling all uncommitted mineral interest owners within a Bone Spring spacing unit covering the W/2 W/2 of Section 18, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico from +/- 11,051' MD as shown in the logs for the Government "L" No. 1 well (API No. 30-025-25604) to the base of the Bone Spring formation.

7. This proposed spacing unit will be dedicated to the Ned Pepper 18 TB Federal Com 1H well, to be horizontally drilled.

8. These cases went to hearing on May 16, 2019.

9. After hearing, Marathon discovered additional mineral owners who were not provided notice of the May 16, 2019 compulsory pooling hearing.

10. To provide proper notice to these additional mineral owners and to bring their interests under the terms of the order Marathon seeks in this case, Marathon requested that these cases be re-opened for the limited purpose of pooling the newly identified mineral interest owners.

11. Marathon sent a proposal letter to the newly identified mineral interest owners on June 19, 2019. A copy of the proposal letter is attached as Exhibit 1.

12. I received communications from some of the newly identified mineral interest owners, and, as a result of those communications, Marathon does not seek to pool certain of those interest owners.

13. The parties Marathon seeks to pool are identified on Exhibit 2.

14. In my opinion, Marathon has made a good faith effort to obtain voluntary joinder of the working interest owners in the proposed wells.

15. Exhibit 3 is an affidavit of notice prepared by counsel for Marathon that shows the parties who were notified of this hearing, the status of whether they received notice, and an affidavit of publication from the Hobbs News-Sun newspaper, showing that notice of this hearing was published on August 21, 2019.

16. I submitted an affidavit in this case when it originally went to hearing and I request that the testimony in that affidavit and supporting exhibits be incorporated into this affidavit.

17. The attachments to this affidavit were prepared by me, or compiled from company business records, or were prepared at my direction.

18. I attest that the information provided herein is correct and complete to the best of my knowledge and belief.

19. The granting of these applications is in the interests of conservation and the prevention of waste.

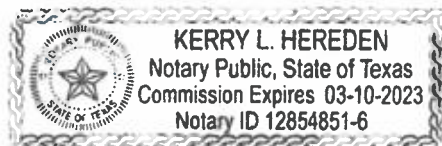
[Signature page follows]


Ryan Gyllenband

SUBSCRIBED AND SWORN to before me this 4th day of September, 2019 by Ryan Gyllenband on behalf of Marathon Oil Permian LLC.


Notary Public

My commission expires: 3-10-23



Ryan Gyllenband
Land Professional



Marathon Oil Permian LLC
5555 San Felipe Street
Houston, TX 77056
Telephone: 713.296.2453 Mobile: 281.684.7389
mrgyllenband@marathonoil.com

June 17, 2019

VIA CERTIFIED RETURN RECEIPT MAIL

MRC Permian Company
5400 LBJ Freeway, Suite 1500
Dallas, TX 75240

Re: Ned Pepper Well Proposals
Section 18, T24S-R34E
Lea County, New Mexico

Dear MRC Permian Company:

Marathon Oil Permian LLC ("MRO") proposes the drilling of the wells as detailed below:

Well Name	FTP	LTP	TVD	MD	AFE Cost
Ned Pepper 18 TB Federal Com 1H	330' FWL/100' FSL	330' FWL/100' FNL	11,903'	17,149'	\$ 6,934,817
Ned Pepper 18 WA Federal Com 2H	660' FWL/100' FSL	660' FWL/100' FNL	12,184'	17,431'	\$ 7,077,917
Ned Pepper 18 TB Federal Com 4H	1,976' FWL/100' FSL	1,972' FWL/100' FNL	11,903'	17,143'	\$ 6,934,817
Ned Pepper 18 WXY Federal Com 6H	1,320' FWL/100' FSL	1,320' FWL/100' FNL	12,047'	17,310'	\$ 7,196,667
Ned Pepper 18 WA Federal Com 9H	2,306' FWL/100' FSL	2,302' FWL/100' FNL	12,184'	17,424'	\$ 7,077,917

These proposed locations and target depths are subject to change depending on any surface or subsurface concerns encountered. The AFEs represent an estimate of the costs that will be incurred to drill and complete the wells, but those electing to participate in the wells are responsible for their proportionate share of the actual costs incurred.

MRO proposes drilling the well under the terms of the 1989 AAPL JOA and a form of this JOA will be sent to you following this proposal. The JOA will have these general provisions:

- 100%/300%/300% non-consent penalty
- \$7,000/\$700 drilling and producing rates
- Contract area of W/2 of Section 18, 24S-34E, covering all depths

If your election is to participate in the drilling and completion of the wells please sign and return a copy of this letter along with the enclosed AFE within thirty (30) days of receipt of this proposal.

If you do not wish to participate, Marathon proposes to acquire your interest via term assignment at the following terms:

-
-
-

This term assignment offer terminates July 15, 2019 and is subject to due diligence and title verification satisfactory to Marathon.



Should you have any questions regarding this or other matters, please don't hesitate to contact me at the above listed numbers.

Sincerely,



Ryan Gyllenband

Ned Pepper 1H, 2H, 4H, 6H, 9H

_____ elects to participate in the drilling, completing, and equipping of the Ned Pepper 18 TB Federal Com 1H well.

_____ elects NOT to participate in the drilling, completing, and equipping of the Ned Pepper 18 TB Federal Com 1H well.

_____ elects to participate in the drilling, completing, and equipping of the Ned Pepper 18 WA Federal Com 2H well.

_____ elects NOT to participate in the drilling, completing, and equipping of the Ned Pepper 18 WA Federal Com 2H well.

_____ elects to participate in the drilling, completing, and equipping of the Ned Pepper 18 TB Federal Com 4H well.

_____ elects NOT to participate in the drilling, completing, and equipping of the Ned Pepper 18 TB Federal Com 4H well.

_____ elects to participate in the drilling, completing, and equipping of the Ned Pepper 18 WXY Federal Com 6H well.

_____ elects NOT to participate in the drilling, completing, and equipping of the Ned Pepper 18 WXY Federal Com 6H well.

_____ elects to participate in the drilling, completing, and equipping of the Ned Pepper 18 WA Federal Com 9H well.

_____ elects NOT to participate in the drilling, completing, and equipping of the Ned Pepper 18 WA Federal Com 9H well.

MRC Permian Company

By: _____

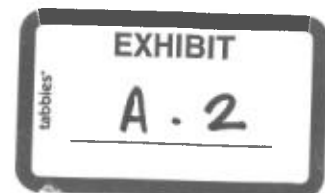
Print Name: _____

Title: _____

Date: _____

Exhibit 2 – Case 20163 & 20164 (Bone Spring)

Parties Marathon is seeking to pool		
COG Production, LLC	600 W. Illinois Avenue	Midland, TX 79701
New Mexico Department of Transportation	P.O. Box 1149	Santa Fe, NM 87504
ORRI Marathon is seeking to pool		
Novo Minerals, LP	1001 West Wilshire Blvd., Suite 206	Oklahoma City, OK 73116



Karlene Schuman
 Modrall Sperling Roehl Harris & Sisk P.A.
 500 Fourth Street, Suite 1000
 Albuquerque NM 87102

PS Form 3877
 Type of Mailing: CERTIFIED MAIL
 08/15/2019



Firm Mailing Book ID: 172716

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0062 2587 57	Energen Resources Corporation 500 West Texas Ave., Ste 1200 Midland TX 79701	\$1.30	\$3.50	\$1.60	\$0.00	81363-0167 Ned Notice
2	9314 8699 0430 0062 2587 64	MRC Permian Company 5400 LBJ Freeway, Suite 1500 Dallas TX 75240	\$1.30	\$3.50	\$1.60	\$0.00	81363-0167 Ned Notice
3	9314 8699 0430 0062 2587 71	George Lynn Sims P.O. Box 34 Mayhill NM 88339	\$1.30	\$3.50	\$1.60	\$0.00	81363-0167 Ned Notice
4	9314 8699 0430 0062 2587 88	New Mexico Department of Transportation P.O. Box 1149 Santa Fe NM 87504	\$1.30	\$3.50	\$1.60	\$0.00	81363-0167 Ned Notice
5	9314 8699 0430 0062 2587 95	Novo Minerals, LP 1001 West Wilshire Blvd., Suite 206 Oklahoma City OK 73116	\$1.30	\$3.50	\$1.60	\$0.00	81363-0167 Ned Notice
Totals:			\$6.50	\$17.50	\$8.00	\$0.00	
			Grand Total:			\$32.00	

List Number of Pieces Listed by Sender	Total Number of Pieces Received at Post Office	Postmaster: Name of receiving employee	Dated:
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5

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Transaction Report Details - CertifiedPro.net
Firm Mail Book ID= 172716
Generated: 8/30/2019 10:36:52 AM

USPS Article Number	Date Created	Reference Number	Name 1	Address	City	State	Zip	Mailing Status	Service Options	Batch ID	Mail Delivery Date
9314869904300062258795	2019-08-15 1:58 PM	81363-0167 Ned	Novo Minerals, LP	1001 West Wilshire Blvd , Suite 206	Oklahoma City	OK	73116	Delivered	Return Receipt - Electronic, Certified Mail	170081	08-19-2019
9314869904300062258788	2019-08-15 1:58 PM	81363-0167 Ned	New Mexico Department of Transportation	P.O. Box 1149	Santa Fe	NM	87504	Delivered	Return Receipt - Electronic, Certified Mail	170081	08-19-2019
9314869904300062258771	2019-08-15 1:58 PM	81363-0167 Ned	George Lynn Sims	P.O. Box 34	Mayhill	NM	88339	Delivered	Return Receipt - Electronic, Certified Mail	170081	08-23-2019
9314869904300062258764	2019-08-15 1:58 PM	81363-0167 Ned	MRC Permian Company	5400 LBJ Freeway, Suite 1500	Dallas	TX	75240	Mailed	Return Receipt - Electronic, Certified Mail	170081	
9314869904300062258757	2019-08-15 1:58 PM	81363-0167 Ned	Energen Resources Corporation	500 West Texas Ave., Ste 1200	Midland	TX	79701	Delivered	Return Receipt - Electronic, Certified Mail	170081	08-19-2019

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
August 21, 2019
and ending with the issue dated
August 21, 2019.



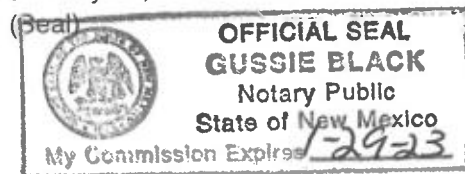
Publisher

Sworn and subscribed to before me this
21st day of August 2019.



Business Manager

My commission expires
January 29, 2023



This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

LEGAL NOTICE

LEGAL NOTICE
AUGUST 21, 2019

CASE NO. 20163 (Re-Opened): Notice to all affected parties, as well as the heirs and devisees of Energen Resources Corporation; MRC Permian Company; George Lynn Sims; New Mexico Department of Transportation; Novo Minerals LP; Estate of Cloma Mize Perkins; Estate of R.S. Cinco Rogers of Marathon Oil Permian LLC's application to re-open Case Number 20163 to pool additional mineral owners not previously identified, Lea County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on September 5, 2019, to consider the application. Applicant seeks an order from the Division: (1) approving the creation of a non-standard 160-acre, more or less, spacing unit covering the E/2 W/2 of Section 18, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico from +/- 11,051' MD as shown in the logs for the Government "L" No. 1 well (API No. 30-025-25604) to the base of the Bone Spring formation; and (2) pooling all uncommitted mineral interests in the proposed spacing unit. This proposed spacing unit will be dedicated to the Ned Pepper Federal 18 TB Federal Com 4H well, to be horizontally drilled. The producing area for this well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said well, and allowing a one year period between when the well is drilled and when the well is completed. Said area is located approximately 20 miles northwest of Jal, New Mexico.

CASE NO. 20164 (Re-Opened): Notice to all affected parties, as well as the heirs and devisees of Energen Resources Corporation; MRC Permian Company; George Lynn Sims; New Mexico Department of Transportation; Novo Minerals LP; Estate of Cloma Mize Perkins; Estate of R.S. Cinco Rogers of Marathon Oil Permian LLC's application to re-open Case Number 20164 to pool additional mineral owners not previously identified, Lea County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on September 5, 2019, to consider the application. Applicant seeks to re-open Case No. 20164 to pool additional mineral owners not previously identified. Marathon seeks an order from the Division: (1) approving the creation of a non-standard 160-acre, more or less, spacing unit covering the W/2 W/2 of Section 18, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico from +/- 11,051' MD as shown in the logs for the Government "L" No. 1 well (API No. 30-025-25604) to the base of the Bone Spring formation; and (2) pooling all uncommitted mineral interests in the proposed spacing unit. This proposed spacing unit will be dedicated to the Ned Pepper 18 TB Federal Com 1H well, to be horizontally drilled. The producing area for this well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said well, and allowing a one year period between when the well is drilled and when the well is completed. Said area is located approximately 20 miles northwest of Jal, New Mexico.

CASE NO. 20169 (Re-Opened): Notice to all affected parties, as well as the heirs and devisees of Energen Resources Corporation; MRC Permian Company; George Lynn Sims; New Mexico Department of Transportation; Novo Minerals LP; Estate of Cloma Mize Perkins; Estate of R.S. Cinco Rogers of Marathon Oil Permian LLC's application to re-open Case Number 20169 to pool additional mineral owners not previously identified, Lea County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on September 5, 2019, to consider the application. Applicant seeks to re-open Case No. 20169 to pool additional mineral owners not previously identified. Marathon seeks an order from the Division: (1) approving the creation of a 320-acre, more or less, spacing unit covering the W/2 of Section 18, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico underlying the Wolfcamp formation; and (2) pooling all uncommitted mineral interests in the proposed spacing unit. This proposed spacing unit will be dedicated to the Ned Pepper 18 WA Federal Com 2H, Ned Pepper 18 WXY Federal Com 6H, and Ned Pepper 18 WA Federal Com 9H wells, to be horizontally drilled. The producing area for the wells will be orthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the wells, and a 200% charge for risk involved in drilling said wells, and allowing a one year period between when the first well is drilled and when completion operations are commenced for the first well drilled. Said area is located approximately 20 miles northwest of Jal, New Mexico.
#34605

01104570

00232346

DOLORES SERNA
MODRALL, SPERLING, ROEHL, HARRIS &
P. O. BOX 2168
ALBUQUERQUE, NM 87103-2168

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

**APPLICATION OF MARATHON
OIL PERMIAN LLC FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO**

CASE NO. 20169 (re-opened)

AFFIDAVIT

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

Ryan Gyllenband, being duly sworn, deposes and states:

1. I am over the age of 18, I am a landman for Marathon Oil Permian LLC and have personal knowledge of the matters stated herein. I have been qualified by the Oil Conservation Division ("Division") as an expert petroleum landman.

2. I submit the following information pursuant to NMAC 19.15.4.12.A(1) in support of the above referenced compulsory pooling application.

3. No opposition is expected because the interest owners being pooled have been contacted regarding the proposed wells, but have failed or refused to voluntarily commit their interests in the wells.

4. Marathon seeks an order from the Division pooling all uncommitted mineral interest within a Wolfcamp spacing unit underlying the W/2 of Section 18, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico.

5. This proposed spacing unit will be dedicated to the Ned Pepper 18 WA Federal Com 2H, Ned Pepper 18 WA Federal Com 6H, and Ned Pepper 18 WA Federal Com 9H wells, to be horizontally drilled.



6. This case went to hearing on May 16, 2019.
7. After hearing, Marathon discovered additional mineral owners who were not provided notice of the May 16, 2019 compulsory pooling hearing.
8. To provide proper notice to these additional mineral owners and to bring their interests under the terms of the order Marathon seeks in this case, Marathon requested that this case be re-opened for the limited purpose of pooling the newly identified mineral interest owners.
9. Marathon sent a proposal letter to the newly identified mineral interest owners on June 19, 2019. A copy of the proposal letter is attached as Exhibit 1.
10. I received communications from some of the newly identified mineral interest owners, and, as a result of those communications, Marathon does not seek to pool certain of those interest owners.
11. The parties Marathon seeks to pool are identified on Exhibit 2.
12. In my opinion, Marathon has made a good faith effort to obtain voluntary joinder of the working interest owners in the proposed well.
13. Exhibit 3 is an affidavit of notice prepared by counsel for Marathon that shows the parties who were notified of this hearing, the status of whether they received notice, and an affidavit of publication from the Hobbs News-Sun newspaper, showing that notice of this hearing was published on August 21, 2019.
14. I submitted an affidavit in this case when it originally went to hearing and I request that the testimony in that affidavit and supporting exhibits be incorporated into this affidavit.
15. The attachments to this affidavit were prepared by me, or compiled from company business records, or were prepared at my direction.

16. I attest that the information provided herein is correct and complete to the best of my knowledge and belief.

17. The granting of this application is in the interests of conservation and the prevention of waste.

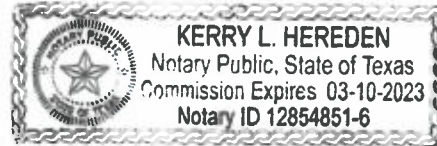
[Signature page follows]


Ryan Gyllenband

SUBSCRIBED AND SWORN to before me this 4th day of September, 2019 by Ryan Gyllenband on behalf of Marathon Oil Permian LLC.


Notary Public

My commission expires: 3-10-23



Ryan Gyllenband
Land Professional



Marathon Oil Permian LLC
5555 San Felipe Street
Houston, TX 77056
Telephone: 713.296.2453 Mobile: 281.684.7389
mrgyllenband@marathonoil.com

June 17, 2019

VIA CERTIFIED RETURN RECEIPT MAIL

MRC Permian Company
5400 LBJ Freeway, Suite 1500
Dallas, TX 75240

Re: Ned Pepper Well Proposals
Section 18, T24S-R34E
Lea County, New Mexico

Dear MRC Permian Company:

Marathon Oil Permian LLC ("MRO") proposes the drilling of the wells as detailed below:

Well Name	FTP	LTP	TVD	MD	AFE Cost
Ned Pepper 18 TB Federal Com 1H	330' FWL/100' FSL	330' FWL/100' FNL	11,903'	17,149'	\$6,934,817
Ned Pepper 18 WA Federal Com 2H	660' FWL/100' FSL	660' FWL/100' FNL	12,184'	17,431'	\$7,077,917
Ned Pepper 18 TB Federal Com 4H	1,976' FWL/100' FSL	1,972' FWL/100' FNL	11,903'	17,143'	\$6,934,817
Ned Pepper 18 WXY Federal Com 6H	1,320' FWL/100' FSL	1,320' FWL/100' FNL	12,047'	17,310'	\$7,196,667
Ned Pepper 18 WA Federal Com 9H	2,306' FWL/100' FSL	2,302' FWL/100' FNL	12,184'	17,424'	\$7,077,917

These proposed locations and target depths are subject to change depending on any surface or subsurface concerns encountered. The AFEs represent an estimate of the costs that will be incurred to drill and complete the wells, but those electing to participate in the wells are responsible for their proportionate share of the actual costs incurred.

MRO proposes drilling the well under the terms of the 1989 AAPL JOA and a form of this JOA will be sent to you following this proposal. The JOA will have these general provisions:

- 100%/300%/300% non-consent penalty
- \$7,000/\$700 drilling and producing rates
- Contract area of W/2 of Section 18, 24S-34E, covering all depths

If your election is to participate in the drilling and completion of the wells please sign and return a copy of this letter along with the enclosed AFE within thirty (30) days of receipt of this proposal.

If you do not wish to participate, Marathon proposes to acquire your interest via term assignment at the following terms:

•

This term assignment offer terminates July 15, 2019 and is subject to due diligence and title verification satisfactory to Marathon.



16

Should you have any questions regarding this or other matters, please don't hesitate to contact me at the above listed numbers.

Sincerely,



Ryan Gyllenband

Ned Pepper 1H, 2H, 4H, 6H, 9H

_____ elects to participate in the drilling, completing, and equipping of the Ned Pepper 18 TB Federal Com 1H well.

_____ elects NOT to participate in the drilling, completing, and equipping of the Ned Pepper 18 TB Federal Com 1H well.

_____ elects to participate in the drilling, completing, and equipping of the Ned Pepper 18 WA Federal Com 2H well.

_____ elects NOT to participate in the drilling, completing, and equipping of the Ned Pepper 18 WA Federal Com 2H well.

_____ elects to participate in the drilling, completing, and equipping of the Ned Pepper 18 TB Federal Com 4H well.

_____ elects NOT to participate in the drilling, completing, and equipping of the Ned Pepper 18 TB Federal Com 4H well.

_____ elects to participate in the drilling, completing, and equipping of the Ned Pepper 18 WXY Federal Com 6H well.

_____ elects NOT to participate in the drilling, completing, and equipping of the Ned Pepper 18 WXY Federal Com 6H well.

_____ elects to participate in the drilling, completing, and equipping of the Ned Pepper 18 WA Federal Com 9H well.

_____ elects NOT to participate in the drilling, completing, and equipping of the Ned Pepper 18 WA Federal Com 9H well.

MRC Permian Company

By: _____

Print Name: _____

Title: _____

Date: _____

Exhibit 2 – Case 20169 (Wolfcamp)

Parties Marathon is seeking to pool		
COG Production, LLC	600 W. Illinois Avenue	Midland, TX 79701
Jetstream Oil & Gas Partners, LP	105 Nursery Ln, Suite 220	Fort Worth, TX 76114
MRC Permian Company	5400 LBJ Freeway, Suite 1500	Dallas, TX 75240
New Mexico Department of Transportation	P.O. Box 1149	Santa Fe, NM 87504
ORRI Marathon is seeking to pool		
Novo Minerals, LP	1001 West Wilshire Blvd., Suite 206	Oklahoma City, OK 73116



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

**APPLICATION OF MARATHON
OIL PERMIAN LLC FOR APPROVAL
OF A NON-STANDARD SPACING UNIT
AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 20163 (Re-opened)

APPLICATION

Marathon Oil Permian LLC ("Marathon"), OGRID Number 372098, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division to re-open Case No. 20163. In Case No. 20163, Marathon sought an order: (1) approving the creation of a non-standard 160-acre, more or less, spacing unit covering the E/2 W/2 of Section 18, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico from +/- 11,051' MD as shown in the logs for the Government "L" No. 1 well (API No. 30-025-25604) to the base of the Bone Spring formation; and (2) pooling all uncommitted mineral interests in the proposed spacing unit. In support of this application, Marathon states as follows:

1. Marathon is an interest owner in the subject lands and has a right to drill a well thereon.
2. Marathon seeks to dedicate the E/2 W/2 of Section 18, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico from +/- 11,051' MD as shown in the logs for the Government "L" No. 1 well (API No. 30-025-25604) to the base of the Bone Spring formation to form a 160-acre, more or less, spacing unit.



3. Marathon plans to drill the **Ned Pepper Federal 18 TB Federal Com 4H** well to a depth sufficient to test the Bone Spring formation. This well will be horizontally drilled and will comply with the Division's setback requirements.

4. Marathon sought, but has been unable to obtain a voluntary agreement from all interest owners in the proposed depths within the Bone Spring formation underlying the proposed spacing unit to participate in the drilling of the well or to otherwise commit their interests to the well.

5. The creation of a spacing unit and pooling of the proposed depths in the Bone Spring formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

6. This case went to hearing on May 16, 2019.

7. After hearing, Marathon discovered additional mineral owners who were not provided notice of the May 16, 2019 compulsory pooling hearing.

8. To provide proper notice to these additional mineral owners and to bring their interests under the terms of the order Marathon seeks in this case, Marathon requests that this case be re-opened for the limited purpose of pooling the newly identified mineral interest owners.

WHEREFORE, Marathon requests this case be re-opened and that this application be set for hearing before an Examiner of the Oil Conservation Division on August 22, 2019, and after notice and hearing as required by law, the Division enter its order:

A. Approving the creation of a 160-acre, more or less, non-standard spacing unit covering the E/2 W/2 of Section 18, Township 24South, Range 34 East, NMPM, Lea

County, New Mexico covering depths from +/- 11,051' MD as shown in the logs for the Government "L" No. 1 well (API No. 30-025-25604) to the base of the Bone Spring formation;

B. Pooling all mineral interests in the proposed depths within the Bone Spring formation underlying this spacing unit;

C. Designating Marathon as operator of this unit and the well to be drilled thereon;

D. Authorizing Marathon to recover its costs of drilling, equipping and completing this well;

E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;

F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

G. Allowing a period of one (1) year between when the well is drilled and when the well is completed under the order.

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS
& SISK, P.A.

By: Deana M. Bennett

Deana M. Bennett
Post Office Box 2168
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CASE NO. 20163 (Re-Opened): Application of Marathon Oil Permian LLC to Re-Open Case 20163, Lea County, New Mexico To Pool Additional Mineral Owners. Applicant seeks to re-open Case No. 20163 to pool additional mineral owners not previously identified. Applicant seeks an order from the Division: (1) approving the creation of a non-standard 160-acre, more or less, spacing unit covering the E/2 W/2 of Section 18, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico from +/- 11,051' MD as shown in the logs for the Government "L" No. 1 well (API No. 30-025-25604) to the base of the Bone Spring formation; and (2) pooling all uncommitted mineral interests in the proposed spacing unit. This proposed spacing unit will be dedicated to the **Ned Pepper Federal 18 TB Federal Com 4H** well, to be horizontally drilled. The producing area for this well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said well, and allowing a one year period between when the well is drilled and when the well is completed. Said area is located approximately 20 miles northwest of Jal, New Mexico.

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

**APPLICATION OF MARATHON
OIL PERMIAN LLC FOR APPROVAL
OF A NON-STANDARD SPACING UNIT
AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 20164 (Re-Opened)

APPLICATION

Marathon Oil Permian LLC ("Marathon"), OGRID Number 372098, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division to re-open Case No. 20164. In Case No. 20164, Marathon sought an order: (1) approving the creation of a non-standard 160-acre, more or less, spacing unit covering the W/2 W/2 of Section 18, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico from +/- 11,051' MD as shown in the logs for the Government "L" No. 1 well (API No. 30-025-25604) to the base of the Bone Spring formation; and (2) pooling all uncommitted mineral interests in the proposed spacing unit. In support of this application, Marathon states as follows:

1. Marathon is an interest owner in the subject lands and has a right to drill a well thereon.
2. In its application, Marathon seeks to dedicate the W/2 W/2 of Section 18, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico from +/- 11,051' MD as shown in the logs for the Government "L" No. 1 well (API No. 30-025-25604) to the base of the Bone Spring formation to form a 160-acre, more or less, spacing unit.

3. Marathon plans to drill the Ned Pepper 18 TB Federal Com 1H well to a depth sufficient to test the Bone Spring formation. This well will be horizontally drilled and will comply with the Division's setback requirements.

4. Marathon sought, but has been unable to obtain a voluntary agreement from all interest owners in the proposed depths within the Bone Spring formation underlying the proposed spacing unit to participate in the drilling of the well or to otherwise commit their interests to the well.

5. The creation of a spacing unit and pooling of the proposed depths in the Bone Spring formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

6. This case went to hearing on May 16, 2019.

7. After hearing, Marathon discovered additional mineral owners who were not provided notice of the May 16, 2019 compulsory pooling hearing.

8. To provide proper notice to these additional mineral owners and to bring their interests under the terms of the order Marathon seeks in this case, Marathon requests that this case be re-opened for the limited purpose of pooling the newly identified mineral interest owners.

WHEREFORE, Marathon requests this case be re-opened and that this application be set for hearing before an Examiner of the Oil Conservation Division on August 22, 2019, and after notice and hearing as required by law, the Division enter its order:

A. Approving the creation of a 160-acre, more or less, non-standard spacing unit covering the W/2 W/2 of Section 18, Township 24South, Range 34 East, NMPM, Lea

County, New Mexico covering depths from +/- 11,051' MD as shown in the logs for the Government "L" No. 1 well (API No. 30-025-25604) to the base of the Bone Spring formation;

B. Pooling all mineral interests in the proposed depths within the Bone Spring formation underlying this spacing unit, including the newly identified mineral interest owners.

C. Designating Marathon as operator of this unit and the well to be drilled thereon;

D. Authorizing Marathon to recover its costs of drilling, equipping and completing this well;

E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;

F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

G. Allowing a period of one (1) year between when the well is drilled and when the well is completed under the order.

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS
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Case No. 20164 (Re-Opened): Application of Marathon Oil Permian LLC to Re-Open Case 20164, Lea County, New Mexico To Pool Additional Mineral Owners. Applicant seeks to re-open Case No. 20164 to pool additional mineral owners not previously identified. Applicant seeks an order from the Division: (1) approving the creation of a non-standard 160-acre, more or less, spacing unit covering the W/2 W/2 of Section 18, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico from +/- 11,051' MD as shown in the logs for the Government "L" No. 1 well (API No. 30-025-25604) to the base of the Bone Spring formation; and (2) pooling all uncommitted mineral interests in the proposed spacing unit. This proposed spacing unit will be dedicated to the **Ned Pepper 18 TB Federal Com 1H** well, to be horizontally drilled. The producing area for this well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said well, and allowing a one year period between when the well is drilled and when the well is completed. Said area is located approximately 20 miles northwest of Jal, New Mexico.

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

**APPLICATION OF MARATHON
OIL PERMIAN LLC FOR APPROVAL
OF A SPACING UNIT, COMPULSORY POOLING
LEA COUNTY, NEW MEXICO.**

CASE NO. 20169 (Re-opened)

APPLICATION

Marathon Oil Permian LLC ("Marathon"), OGRID Number 372098, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division to re-open Case No. 20619. In Case No. 20169, Marathon sought an order: (1) approving the creation of a 320-acre, more or less, spacing unit covering the W/2 of Section 18, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico underlying the Wolfcamp formation; and (2) pooling all uncommitted mineral interests in the proposed spacing unit. In support of this application, Marathon states as follows:

1. Marathon is an interest owner in the subject lands and has a right to drill a well thereon.
2. Marathon seeks to dedicate the W/2 of Section 18, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico underlying the Wolfcamp formation to form a 320-acre, more or less, spacing unit.
3. Marathon plans to drill the **Ned Pepper 18 WA Federal Com 2H, Ned Pepper 18 WXY Federal Com 6H, and Ned Pepper 18 WA Federal Com 9H** wells to a depth sufficient to test the Wolfcamp formation. These wells will be horizontally drilled and will comply with the

Division's setback requirements. The location of the Ned Pepper Federal 24 34 18 WXY 6H well is less than 330' from the adjoining 40-acre tracts and the Division's rules allow for the inclusion of proximity tracts within the proposed spacing unit for the wells.

4. This case went to hearing on May 16, 2019.

5. After hearing, Marathon discovered additional mineral owners who were not provided notice of the May 16, 2019 compulsory pooling hearing.

6. To provide proper notice to these additional mineral owners and to bring their interests under the terms of the order Marathon seeks in this case, Marathon requests that this case be re-opened for the limited purpose of pooling the newly identified mineral interest owners.

WHEREFORE, Marathon requests this case be re-opened and that this application be set for hearing before an Examiner of the Oil Conservation Division on August 22, 2019, and after notice and hearing as required by law, the Division enter its order:

A. Approving the creation of a 320-acre, more or less, spacing unit covering the W/2 of Section 18, Township 24South, Range 34 East, NMPM, Lea County, New Mexico covering the Wolfcamp formation;

B. Pooling all mineral interests in the Wolfcamp formation underlying this spacing unit;

C. Designating Marathon as operator of this unit and the well to be drilled thereon;

D. Authorizing Marathon to recover its costs of drilling, equipping and completing this well;

E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;

F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

G. Allowing a period of one (1) year between when the first well is drilled and when completion operations are commenced for the first well under the order.

Respectfully submitted,

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CASE NO. 20169 (Re-Opened): Application of Marathon Oil Permian LLC to Re-Open Case 20169, Lea County, New Mexico To Pool Additional Mineral Owners. Applicant seeks to re-open Case No. 20169 to pool additional mineral owners not previously identified. Applicant seeks an order from the Division: (1) approving the creation of a 320-acre, more or less, spacing unit covering the W/2 of Section 18, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico underlying the Wolfcamp formation; and (2) pooling all uncommitted mineral interests in the proposed spacing unit. This proposed spacing unit will be dedicated to the **Ned Pepper 18 WA Federal Com 2H, Ned Pepper 18 WXY Federal Com 6H, and Ned Pepper 18 WA Federal Com 9H** wells, to be horizontally drilled. The producing area for the wells will be orthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the wells, and a 200% charge for risk involved in drilling said wells, and allowing a one year period between when the first well is drilled and when completion operations are commenced for the first well drilled. Said area is located approximately 20 miles northwest of Jal, New Mexico.