

**Before the Oil Conservation Division  
Examiner Hearing November 14, 2019**

**Case No. 20885**

*Ripley 35 WXY Fed Com 3H, Ripley 35 WA Fed Com 4H,  
Ripley 35 WXY Fed Com 5H, Ripley 35 WA Fed Com 9H,  
Ripley 35 WD Fed Com 2H, Ripley 35 WD Fed Com 7H,  
Ripley 35 WD Fed Com 8H*



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

**APPLICATION OF MARATHON OIL PERMIAN LLC FOR COMPUSLORY  
POOLING, EDDY COUNTY, NEW MEXICO.**

**CASE NOS. 20885  
(Ripley Wolfcamp)**

**AFFIDAVIT**

STATE OF TEXAS                                 )  
  ) ss.  
COUNTY OF MIDLAND                         )

Chase Rice, 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 previously testified before the Oil Conservation Division ("Division") and my credentials as an expert petroleum landman were accepted by the Division as a matter of record.

2. My area of responsibility at Marathon includes the area of Eddy County in New Mexico.

3. I am familiar with the application filed by Marathon in this case.

4. I am familiar with the status of the lands that are subject to the application.

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

6. The purpose of the application is to force pool working interest owners into the horizontal spacing unit described below, and in the wells to be drilled in the unit.



7. 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.

8. In Case No. 20885, Marathon seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the E/2 of Section 35, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Ripley 35 WXY Fed Com 5H, Ripley 35 WA Fed Com 4H, Ripley 35 WXY Fed Com 3H, Ripley 35 WA Fed Com 9H, Ripley 35 WD Fed Com 2H, Ripley 35 WD Fed Com 7H and Ripley 35 WD Fed Com 8H** wells, to be horizontally drilled. The Application is attached hereto as **Exhibit 1**.

9. Attached as **Exhibit 2** are proposed C-102s for the wells.

10. The C-102s identify the proposed surface hole locations, first take point, and bottom hole locations. The C-102s also identify the pool and pool code.

11. The wells will develop the Purple Sage Wolfcamp, Gas pool, pool code, 98220.

12. The Purple Sage; Wolfcamp (Gas) pool is a gas pool with 320-acre building blocks.

13. The Purple Sage Wolfcamp pool is governed by special pool rules, which require setbacks at least 330 feet from a unit boundary.

14. The locations of the wells will be unorthodox. Marathon will be submitting separate administrative applications for approval of the non-standard locations for these wells.

15. The lease tract maps outlining the unit being pooled is included behind **Tab 3**. The parties being pooled and the percent of their interests is also included as part of Exhibit 3.

16. There are no depth severances within the proposed spacing unit.

17. I have conducted a diligent search of the public records in the county where the wells are located, and conducted phone directory and computer searches to locate contact information for parties entitled to notification, and mailed all parties well proposals, including an Authorization for Expenditure.

18. Marathon has made a good faith effort to obtain voluntary joinder of the working interest owners in the proposed wells.

19. Marathon seeks to pool overriding royalty interest owners, and they were provided notice of this hearing.

20. **Exhibit 4** is the well proposal letter that I sent to all working-interest owners.

21. The proposal letter identifies the proposed surface hole and bottom hole locations and approximate TVD.

22. **Exhibit 5** contains the Authorization for Expenditure for the proposed wells. The estimated cost of the wells set forth therein is fair and reasonable, and is comparable to the costs of other wells of similar depths and length drilled in this area of New Mexico.

23. Marathon requests overhead and administrative rates of \$7000.00/month for drilling a well and \$700.00/month for a producing well. These rates are fair, and comparable to the rates charged by other operators for wells of this type in this area of Southeastern, New Mexico. Marathon requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

24. Marathon requests the maximum cost plus 200% risk charge be assessed against non-consenting working interest owners.

25. Marathon requests that it be designated operator of the wells.

26. Marathon requests that it be allowed a period of one (1) year between when the wells are drilled and when the first well is completed under the order.

27. The parties Marathon is seeking to pool were notified of this hearing.

28. **Exhibit 6** 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 Carlsbad Argus newspaper, showing that notice of this hearing was published on October 31, 2019.

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

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

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

*[Signature page follows]*

Chase Rice

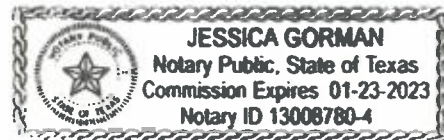
Chase Rice

SUBSCRIBED AND SWORN to before me this 12<sup>th</sup> day of November, 2019 by Chase Rice on behalf of Marathon Oil Permian LLC.

Jessica Gorman

Notary Public

My commission expires: 1/23/2023



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

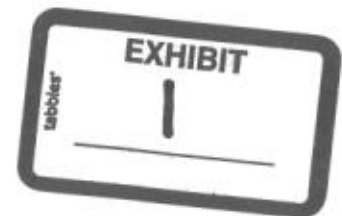
**APPLICATION OF MARATHON  
OIL PERMIAN LLC FOR COMPULSORY  
POOLING, EDDY COUNTY, NEW MEXICO.**

CASE NO. 20885

**APPLICATION**

Marathon Oil Permian LLC ("Marathon"), OGRID Number 372098, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying E/2 of Section 35, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico. 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 of Section 35, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico to form a 320-acre, more or less, spacing unit.
3. Marathon plans to drill the **Ripley 35 WXY Fed Com 5H, Ripley 35 WA Fed Com 4H, Ripley 35 WXY Fed Com 3H, Ripley 35 WA Fed Com 9H, Ripley 35 WD Fed Com 2H, Ripley 35 WD Fed Com 7H and Ripley 35 WD Fed Com 8H** wells to a depth sufficient to test the Wolfcamp formation. These wells will be horizontally drilled.
4. These wells will be located within the Purple Sage Wolfcamp Gas Pool, which is subject to special pool rules that establish 330 foot setback requirements.
5. These wells do not comply with the Division's setback requirements for this pool. Marathon will apply for administrative approval of the non-standard well locations separately.



6. Marathon sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Wolfcamp formation underlying the proposed spacing unit to participate in the drilling of the wells or to otherwise commit their interests to the wells.

7. The pooling of all interests in the Wolfcamp formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

8. Marathon further requests that it be allowed one (1) year between the time the wells are drilled and completion of the first well under the order issued by the Division.

WHEREFORE, Marathon requests this application be set for hearing before an Examiner of the Oil Conservation Division on November 14, 2019, and after notice and hearing as required by law, the Division enter its order:

A. Pooling all mineral interests in the Wolfcamp formation underlying a horizontal spacing unit within the E/2 of Section 35, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico;

B. Designating Marathon as operator of this unit and the wells to be drilled thereon;

C. Authorizing Marathon to recover its costs of drilling, equipping and completing these wells;

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

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



F. Allowing a time period of one (1) year between when the wells are drilled and when the first well is completed under the order.

Respectfully submitted,

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

By: Deana M. Bennett

Deana M. Bennett  
Lance D. Hough  
Post Office Box 2168  
500 Fourth Street NW, Suite 1000  
Albuquerque, New Mexico 87103-2168  
Telephone: 505.848.1800  
*Attorneys for Applicant*

CASE NO. \_\_\_\_\_: Application of Marathon Oil Permian LLC for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the E/2 of Section 35, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Ripley 35 WXY Fed Com 5H, Ripley 35 WA Fed Com 4H, Ripley 35 WXY Fed Com 3H, Ripley 35 WA Fed Com 9H, Ripley 35 WD Fed Com 2H, Ripley 35 WD Fed Com 7H and Ripley 35 WD Fed Com 8H** wells, to be horizontally drilled. The producing area for these wells will be unorthodox. 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 wells are drilled and when the first well is completed. Said area is located approximately 3.6 miles southeast of Malaga, New Mexico.

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
District II  
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Phone: (575) 748-1283 Fax: (575) 748-9720  
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Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
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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	<sup>2</sup> Pool Code 98220	<sup>3</sup> Pool Name PURPLE SAGE; WOLFCAMP (GAS)
<sup>4</sup> Property Code	<sup>5</sup> Property Name RIPLEY 35 WXY FED COM	<sup>6</sup> Well Number 3H
<sup>7</sup> OGRID No. 372098	<sup>8</sup> Operator Name MARATHON OIL PERMIAN LLC	<sup>9</sup> Elevation 2955'

<sup>10</sup> Surface Location

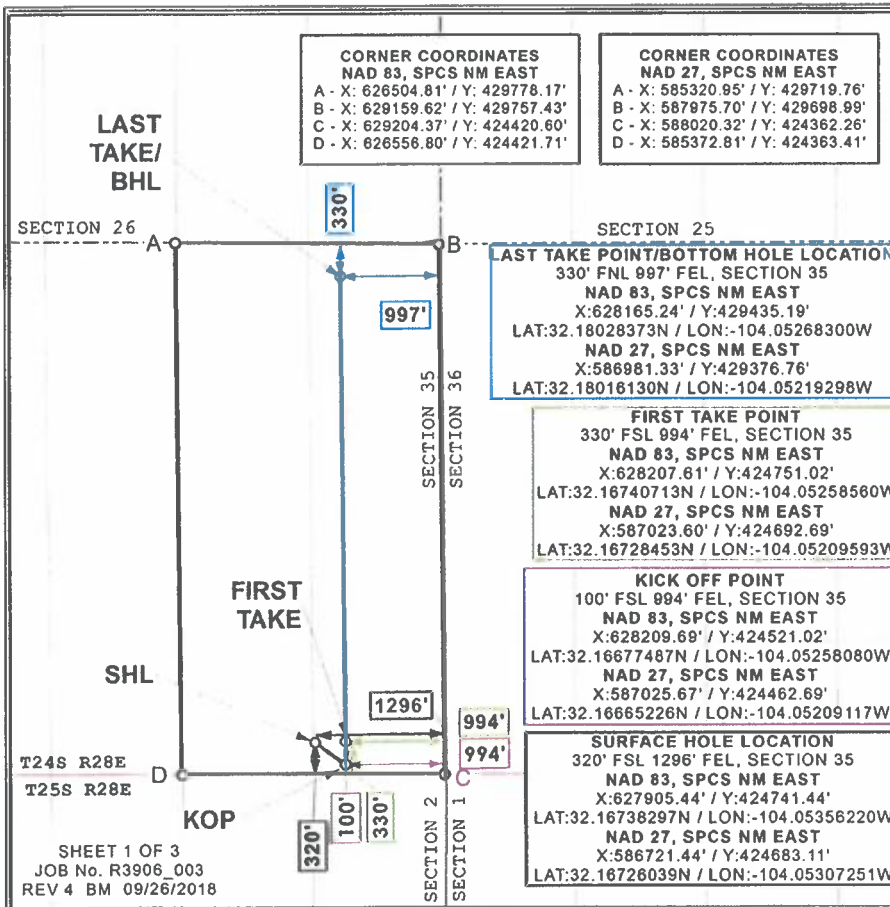
U/L or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	35	24S	28E		320	SOUTH	1296	EAST	EDDY

<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
A	35	24S	28E		330	NORTH	997	EAST	EDDY

<sup>12</sup> Dedicated Acres 320.0	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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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.



<sup>17</sup> OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unconsolidated mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division

Signature \_\_\_\_\_ Date \_\_\_\_\_

Printed Name \_\_\_\_\_

E-mail Address \_\_\_\_\_

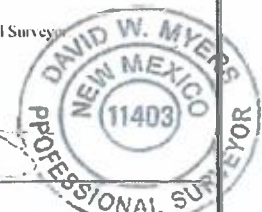
<sup>18</sup> SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey \_\_\_\_\_

Signature and Seal of Professional Surveyor \_\_\_\_\_

Certificate Number \_\_\_\_\_



EXHIBIT

2

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
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State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
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Revised August 1, 2011  
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number		<sup>2</sup> Pool Code 98220		<sup>3</sup> Pool Name PURPLE SAGE; WOLFCAMP (GAS)	
<sup>4</sup> Property Code		<sup>5</sup> Property Name RIPLEY 35 WA FED COM			<sup>6</sup> Well Number 4H
<sup>7</sup> OGRID No. 372098		<sup>8</sup> Operator Name MARATHON OIL PERMIAN LLC			<sup>9</sup> Elevation 2955'

" 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
O	35	24S	28E		320	SOUTH	1326	EAST	EDDY

" 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
B	35	24S	28E		330	NORTH	1657	EAST	EDDY

<sup>12</sup> Dedicated Acres 320.0	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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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.

**CORNER COORDINATES NAD 83, SPCS NM EAST**  
A - X: 626504.81' / Y: 429778.17'  
B - X: 629159.62' / Y: 429757.43'  
C - X: 629204.37' / Y: 424420.60'  
D - X: 626556.80' / Y: 424421.71'

**CORNER COORDINATES NAD 27, SPCS NM EAST**  
A - X: 585320.95' / Y: 429719.76'  
B - X: 587975.70' / Y: 429698.99'  
C - X: 588020.32' / Y: 424362.26'  
D - X: 585372.81' / Y: 424363.41'

**LAST TAKE POINT/BOTTOM HOLE LOCATION**  
330' FNL 1657' FEL, SECTION 35  
NAD 83, SPCS NM EAST  
X: 627505.16' / Y: 429440.34'  
LAT: 32.18030263N / LON: -104.05481650W  
NAD 27, SPCS NM EAST  
X: 586321.27' / Y: 429381.93'  
LAT: 32.18018022N / LON: -104.05432635W

**FIRST TAKE POINT**  
330' FSL 1654' FEL, SECTION 35  
NAD 83, SPCS NM EAST  
X: 627547.58' / Y: 424751.29'  
LAT: 32.16741261N / LON: -104.05471860W  
NAD 27, SPCS NM EAST  
X: 586363.58' / Y: 424692.97'  
LAT: 32.16729004N / LON: -104.05422891W

**KICK OFF POINT**  
100' FSL 1654' FEL, SECTION 35  
NAD 83, SPCS NM EAST  
X: 627549.66' / Y: 424521.29'  
LAT: 32.16678035N / LON: -104.05471380W  
NAD 27, SPCS NM EAST  
X: 586365.66' / Y: 424462.97'  
LAT: 32.16665777N / LON: -104.05422413W

**SURFACE HOLE LOCATION**  
320' FSL 1326' FEL, SECTION 35  
NAD 83, SPCS NM EAST  
X: 627875.44' / Y: 424741.44'  
LAT: 32.16738318N / LON: -104.05365910W  
NAD 27, SPCS NM EAST  
X: 586691.44' / Y: 424683.11'  
LAT: 32.16726060N / LON: -104.05316946W

**17 OPERATOR CERTIFICATION**  
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or a leased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature \_\_\_\_\_ Date \_\_\_\_\_

Printed Name \_\_\_\_\_

E-mail Address \_\_\_\_\_

**18 SURVEYOR CERTIFICATION**  
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey \_\_\_\_\_

Signature and Seal of Professional Surveyor \_\_\_\_\_

Certificate Number \_\_\_\_\_

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State of New Mexico  
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OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number		<sup>2</sup> Pool Code 98220		<sup>3</sup> Pool Name PURPLE SAGE; WOLFCAMP (GAS)	
<sup>4</sup> Property Code		<sup>5</sup> Property Name RIPLEY 35 WXY FED COM			<sup>6</sup> Well Number 5H
<sup>7</sup> OGRID No. 372098		<sup>8</sup> Operator Name MARATHON OIL PERMIAN LLC			<sup>9</sup> Elevation 2955'

<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
O	35	24S	28E		320	SOUTH	1356	EAST	EDDY

<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
B	35	24S	28E		330	NORTH	2324	EAST	EDDY

<sup>12</sup> Dedicated Acres 320.0	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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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.

<p><b>LAST TAKE/ BHL</b></p> <p><b>LAST TAKE/ BHL</b></p> <p><b>FIRST TAKE</b></p> <p><b>SHL</b></p> <p><b>KOP</b></p>	<p><b>CORNER COORDINATES</b> NAD 83, SPCS NM EAST A - X: 626504.81' / Y: 429778.17' B - X: 629159.62' / Y: 429757.43' C - X: 629204.37' / Y: 424420.60' D - X: 626556.80' / Y: 424421.71'</p> <p><b>CORNER COORDINATES</b> NAD 27, SPCS NM EAST A - X: 585320.95' / Y: 429719.76' B - X: 587975.70' / Y: 429698.99' C - X: 588020.32' / Y: 424362.26' D - X: 585372.81' / Y: 424363.41'</p>	<p><b><sup>17</sup> OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p>
	<p><b>LAST TAKE POINT/BOTTOM HOLE LOCATION</b> 330' FNL 2324' FEL, SECTION 35 NAD 83, SPCS NM EAST X: 626838.08' / Y: 429445.56' LAT: 32.18032168N / LON: -104.05697270W NAD 27, SPCS NM EAST X: 585654.18' / Y: 429387.15' LAT: 32.18019931N / LON: -104.05648246W</p>	<p><b><sup>18</sup> SURVEYOR CERTIFICATION</b> I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyor _____</p>
	<p><b>FIRST TAKE POINT</b> 330' FSL 2318' FEL, SECTION 35 NAD 83, SPCS NM EAST X: 626883.61' / Y: 424751.57' LAT: 32.16741808N / LON: -104.05686440W NAD 27, SPCS NM EAST X: 585699.63' / Y: 424693.26' LAT: 32.16728555N / LON: -104.05637461W</p>	<p>DAVID W. MYERS NEW MEXICO 11403 PROFESSIONAL SURVEYOR</p>
	<p><b>KICK OFF POINT</b> 100' FSL 2318' FEL, SECTION 35 NAD 83, SPCS NM EAST X: 626885.84' / Y: 424521.57' LAT: 32.16678582N / LON: -104.05685910W NAD 27, SPCS NM EAST X: 585701.85' / Y: 424463.26' LAT: 32.16666327N / LON: -104.05636933W</p>	<p>Certificate Number _____</p>
<p><b>SURFACE HOLE LOCATION</b> 320' FSL 1356' FEL, SECTION 35 NAD 83, SPCS NM EAST X: 627845.48' / Y: 424741.46' LAT: 32.16738346N / LON: -104.05375600W NAD 27, SPCS NM EAST X: 586661.48' / Y: 424683.14' LAT: 32.16726088N / LON: -104.05326628W</p>		

District I  
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State of New Mexico  
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Revised August 1, 2011  
Submit one copy to appropriate  
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WELL LOCATION AND ACREAGE DEDICATION PLAT

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<sup>4</sup> Property Code	<sup>5</sup> Property Name RIPLEY 35 WA FED COM	<sup>6</sup> Well Number 9H
<sup>7</sup> OGRID No. 372098	<sup>8</sup> Operator Name MARATHON OIL PERMIAN LLC	<sup>9</sup> Elevation 2955'

" 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
P	35	24S	28E		320	SOUTH	1266	EAST	EDDY

" 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
A	35	24S	28E		330	NORTH	330	EAST	EDDY

<sup>12</sup> Dedicated Acres 320.0	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
--	-------------------------------	----------------------------------	-------------------------

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.

<p><b>CORNER COORDINATES NAD 83, SPCS NM EAST</b> A - X: 626504.81' / Y: 429778.17' B - X: 629159.62' / Y: 429757.43' C - X: 629204.37' / Y: 424420.60' D - X: 626556.80' / Y: 424421.71'</p> <p><b>CORNER COORDINATES NAD 27, SPCS NM EAST</b> A - X: 585320.95' / Y: 429719.76' B - X: 587975.70' / Y: 429698.99' C - X: 588020.32' / Y: 424362.26' D - X: 585372.81' / Y: 424363.41'</p> <p><b>LAST TAKE POINT/BOTTOM HOLE LOCATION</b> 330' FNL 330' FEL, SECTION 35 NAD 83, SPCS NM EAST X: 628832.35' / Y: 429429.97' LAT: 32.18026460N / LON: -104.05052680W NAD 27, SPCS NM EAST X: 587648.43' / Y: 429371.54' LAT: 32.18014213N / LON: -104.05003685W</p> <p><b>FIRST TAKE POINT</b> 330' FSL 330' FEL, SECTION 35 NAD 83, SPCS NM EAST X: 628871.59' / Y: 424750.74' LAT: 32.16740159N / LON: -104.05043980W NAD 27, SPCS NM EAST X: 587687.56' / Y: 424692.40' LAT: 32.16727896N / LON: -104.04995021W</p> <p><b>KICK OFF POINT</b> 100' FSL 330' FEL, SECTION 35 NAD 83, SPCS NM EAST X: 628873.51' / Y: 424520.74' LAT: 32.16676932N / LON: -104.05043550W NAD 27, SPCS NM EAST X: 587689.48' / Y: 424462.40' LAT: 32.16664669N / LON: -104.04994595W</p> <p><b>SURFACE HOLE LOCATION</b> 320' FSL 1266' FEL, SECTION 35 NAD 83, SPCS NM EAST X: 627935.44' / Y: 424741.44' LAT: 32.16738275N / LON: -104.05346520W NAD 27, SPCS NM EAST X: 586751.44' / Y: 424683.11' LAT: 32.16726017N / LON: -104.05297556W</p> <p>SHEET 1 OF 3 JOB No. R3906_004 REV 4 BM 09/26/2018</p>	<p><b>" OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p> <p><b>" SURVEYOR CERTIFICATION</b> I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyor _____</p> <p>Certificate Number _____</p> <p>DAVID W. MYERS NEW MEXICO 11403 PROFESSIONAL SURVEYOR</p>
---	---



District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-9720  
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	<sup>2</sup> Pool Code 98220	<sup>3</sup> Pool Name PURPLE SAGE; WOLFCAMP (GAS)
<sup>4</sup> Property Code	<sup>5</sup> Property Name RIPLEY 35 WD FED COM	<sup>6</sup> Well Number 2H
<sup>7</sup> OGRID No. 372098	<sup>8</sup> Operator Name MARATHON OIL PERMIAN LLC	<sup>9</sup> Elevation 2955'

<sup>10</sup> Surface Location

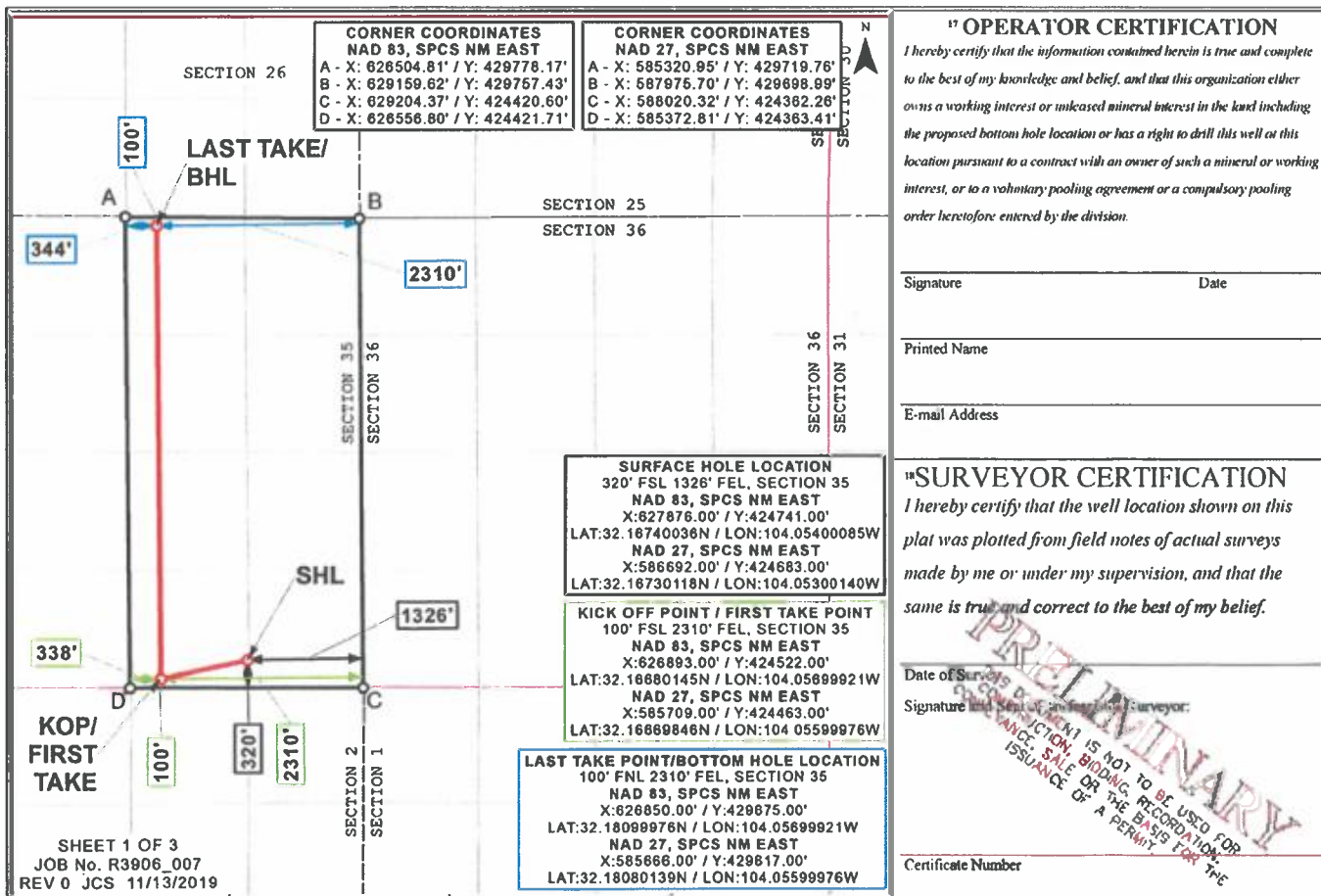
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	35	24S	28E		320	SOUTH	1326	EAST	EDDY

<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
B	35	24S	28E		100	NORTH	2310	EAST	EDDY

<sup>12</sup> Dedicated Acres 320.0	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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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: 0.999778 Convergence: 00°08'28.56001"

**District I**  
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**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number	<sup>2</sup> Pool Code 98220	<sup>3</sup> Pool Name PURPLE SAGE; WOLFCAMP (GAS)
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<sup>7</sup> OGRID No. 372098	<sup>8</sup> Operator Name MARATHON OIL PERMIAN LLC	<sup>9</sup> Elevation 2955'

**" Surface Location**

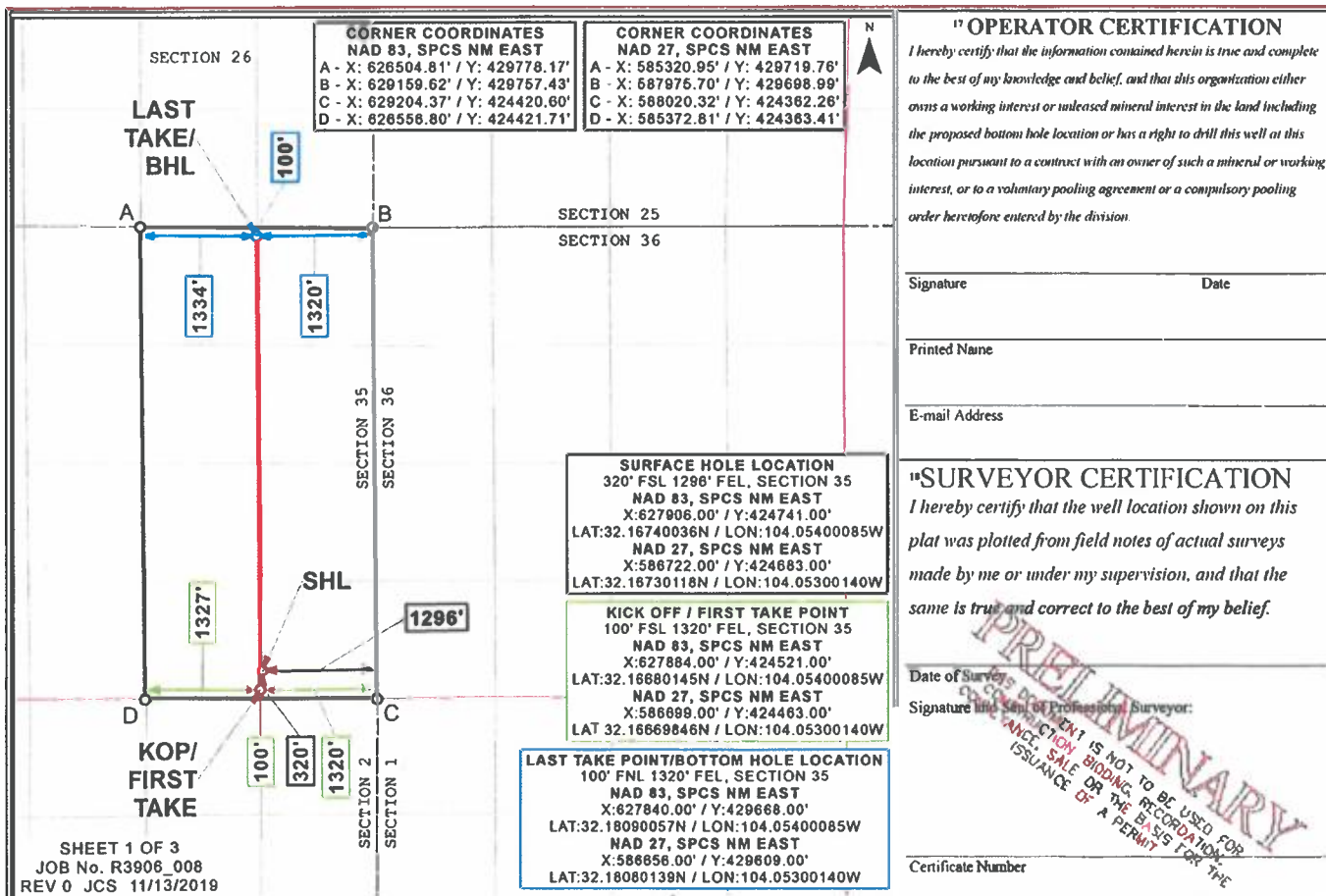
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	35	24S	28E		320	SOUTH	1296	EAST	EDDY

**" 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
B	35	24S	28E		100	NORTH	1320	EAST	EDDY

<sup>12</sup> Dedicated Acres 320.0	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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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: 0.999778 Convergence: 00°08'28.56001"



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**CORNER COORDINATES NAD 83, SPCS NM EAST**

- A - X: 626504.81' / Y: 429778.17'
- B - X: 629159.62' / Y: 429757.43'
- C - X: 629204.37' / Y: 424420.60'
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**CORNER COORDINATES NAD 27, SPCS NM EAST**

- A - X: 585320.95' / Y: 429719.76'
- B - X: 587975.70' / Y: 428698.99'
- C - X: 588020.32' / Y: 424362.26'
- D - X: 585372.81' / Y: 424363.41'

**SECTION 26 SECTION 25**

**SECTION 35 SECTION 36**

**LAST TAKE POINT/BOTTOM HOLE LOCATION**

330' FNL 330' FEL, SECTION 35  
**NAD 83, SPCS NM EAST**  
X: 628832.35' / Y: 429429.97'  
LAT: 32.18026460N / LON: -104.05052680W  
**NAD 27, SPCS NM EAST**  
X: 587648.43' / Y: 429371.54'  
LAT: 32.18014213N / LON: -104.05003685W

**FIRST TAKE POINT**

330' FSL 330' FEL, SECTION 35  
**NAD 83, SPCS NM EAST**  
X: 628871.59' / Y: 424750.74'  
LAT: 32.18740159N / LON: -104.05043980W  
**NAD 27, SPCS NM EAST**  
X: 587687.56' / Y: 424692.40'  
LAT: 32.16727896N / LON: -104.04995021W

**KICK OFF POINT**

100' FSL 330' FEL, SECTION 35  
**NAD 83, SPCS NM EAST**  
X: 628873.51' / Y: 424520.74'  
LAT: 32.16676932N / LON: -104.05043550W  
**NAD 27, SPCS NM EAST**  
X: 587689.48' / Y: 424462.40'  
LAT: 32.16664669N / LON: -104.04994595W

**SURFACE HOLE LOCATION**

320' FSL 1236' FEL, SECTION 35  
**NAD 83, SPCS NM EAST**  
X: 627965.44' / Y: 424741.44'  
LAT: 32.16738254N / LON: -104.05336830W  
**NAD 27, SPCS NM EAST**  
X: 586781.44' / Y: 424683.11'  
LAT: 32.16725995N / LON: -104.05287861W

**T24S R28E T25S R28E**

**SHL**

**FIRST TAKE**

**KOP**

**SECTION 1**

**330' 330' 330' 330' 1236' 330' 330' 320' 100'**

SHEET 1 OF 3  
JOB No. R3906\_006  
REV 2 BM 09/26/2018 SECTION 2

### "OPERATOR CERTIFICATION"

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature \_\_\_\_\_ Date \_\_\_\_\_

Printed Name \_\_\_\_\_

E-mail Address \_\_\_\_\_

### "SURVEYOR CERTIFICATION"

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

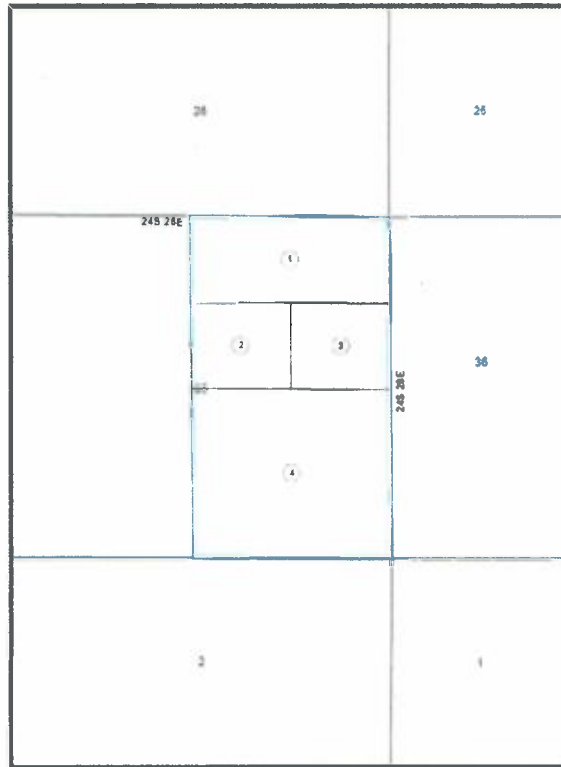
Date of Survey \_\_\_\_\_

Signature and Seal of Professional Surveyor \_\_\_\_\_

Certificate Number \_\_\_\_\_

**Exhibit "B" Lease Tract Map**

Ripley 35 WXY Fed Com 3H, Ripley 35 WA Fed Com 4H, Ripley 35 WXY Fed Com 5H, Ripley 35 WA Fed Com 9H,  
Ripley 35 WD Fed Com 2H, Ripley 35 WD Fed Com 7H, Ripley 35 WD Fed Com 8H  
E/2 of Section 35 T24S-R28E – 320 acres



- Tract 1: Federal NMNM-025953
- Tract 2: Fee
- Tract 3: Fee
- Tract 4: Fee



**Exhibit "C" Summary of Interests**

**Ripley 35 WXY Fed Com 3H, Ripley 35 WA Fed Com 4H, Ripley 35 WXY Fed Com 5H, Ripley 35 WA Fed Com 9H,  
Ripley 35 WD Fed Com 2H, Ripley 35 WD Fed Com 7H, Ripley 35 WD Fed Com 8H  
E/2 of Section 35 T24S-R28E – 320 acres**

---

Committed Working Interest:  
Marathon Oil Permian LLC

**77.309148%**  
77.309148%

Uncommitted Working Interest:  
Chevron USA Inc.  
RKC, Inc.  
XTO Holdings LLC

**22.690853%**  
16.145865%  
5.374676%  
1.170311%

Jeffrey Broussard  
Landman



Marathon Oil Permian LLC  
5555 San Felipe Street  
Houston, Texas 77056  
Telephone: 713-296-3159  
jbroussard1@marathonoil.com

August 19, 2019

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED  
7019 0700 0000 8791 1718

Chevron USA, Inc.  
6301 Deauville Blvd.  
Midland, TX 79706

Re: Ripley 35 Fed Com 2H, 3H, 4H, 5H, 6H, 7H, 8H, 9H & 11H Well Proposals  
E/2 of Section 35, Township 24 South, Range 28 East  
Eddy County, New Mexico

Dear Chevron USA, Inc.:

Marathon Oil Permian LLC ("Marathon") proposes the drilling of the following wells located in Section 35, 24S-28E, Eddy County, New Mexico, all to be drilled from three surface pad locations.

Pad	Well Name	SHL	BHL	Proration Unit	Target TVD	Est. MD
1	Ripley 35 WXY Fed Com 5H	1356' FEL & 520' FSL	2310' FEL & 100' FNL	E/2 of Sec. 35	9,681'	15,140'
1	Ripley 35 WA Fed Com 4H	1326' FEL & 520' FSL	1650' FEL & 100' FNL	E/2 of Sec. 35	9,792'	15,205'
1	Ripley 35 WXY Fed Com 3H	1296' FEL & 520' FSL	990' FEL & 100' FNL	E/2 of Sec. 35	9,681'	15,089'
1	Ripley 35 WA Fed Com 9H	1266' FEL & 520' FSL	330' FEL & 100' FNL	E/2 of Sec. 35	9,792'	15,236'
2	Ripley 35 WD Fed Com 2H	1326' FEL & 320' FSL	1320' FEL & 100' FNL	E/2 of Sec. 35	10,378'	15,830'
2	Ripley 35 WD Fed Com 7H	1296' FEL & 320' FSL	330' FEL & 100' FNL	E/2 of Sec. 35	10,717'	16,116'
2	Ripley 35 WD Fed Com 8H	1266' FEL & 320' FSL	2310' FEL & 100' FNL	E/2 of Sec. 35	10,378'	15,813'
3	Ripley 35 SB Fed Com 6H	1326' FEL & 720' FSL	1980' FEL & 100' FNL	E/2 of Sec. 35	8,358'	13,807'
3	Ripley 35 SB Fed Com 11H	1296' FEL & 720' FSL	660' FWL & 100' FNL	E/2 of Sec. 35	8,358'	13,797'

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.

Marathon proposes drilling the wells under the terms of the 1989 AAPL JOA. Enclosed is a draft of the JOA covering the contract area. The JOA has the following general provisions:

- 100%/300%/300% non-consent penalty
- \$7,000/\$700 drilling and producing rates



- Contract area of the E/2 of Section 35, 24S-28E, 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:

- 3-year term
- \$8,000 bonus consideration per net mineral acre
- Delivering an 80% NRI, proportionately reduced

This term assignment offer terminates on September 19, 2019 and is subject to due diligence and title verification satisfactory to Marathon.

Should you have any questions regarding this or other matters, please do not hesitate to contact me at the above listed phone number or email.

Sincerely,



Jeffrey Broussard  
Marathon Oil Permian LLC

\_\_\_\_\_ Chevron USA, Inc. elects to participate in the drilling, completing, and equipping of the Ripley 35 WD Fed Com 2H.

\_\_\_\_\_ Chevron USA, Inc. elects NOT to participate in the drilling, completing, and equipping of the Ripley 35 WD Fed Com 2H.

\_\_\_\_\_ Chevron USA, Inc. elects to participate in the drilling, completing, and equipping of the Ripley 35 WXY Fed Com 3H.

\_\_\_\_\_ Chevron USA, Inc. elects NOT to participate in the drilling, completing, and equipping of the Ripley 35 WXY Fed Com 3H.

\_\_\_\_\_ Chevron USA, Inc. elects to participate in the drilling, completing, and equipping of the Ripley 35 WA Fed Com 4H.

\_\_\_\_\_ Chevron USA, Inc. elects NOT to participate in the drilling, completing, and equipping of the Ripley 35 WA Fed Com 4H.

\_\_\_\_\_ Chevron USA, Inc. elects to participate in the drilling, completing, and equipping of the Ripley 35 WXY Fed Com 5H.

\_\_\_\_\_ Chevron USA, Inc. elects NOT to participate in the drilling, completing, and equipping of the Ripley 35 WXY Fed Com 5H.

\_\_\_\_\_Chevron USA, Inc. elects to participate in the drilling, completing, and equipping of the Ripley 35 SB Fed Com 6H.

\_\_\_\_\_Chevron USA, Inc. elects NOT to participate in the drilling, completing, and equipping of the Ripley 35 SB Fed Com 6H.

\_\_\_\_\_Chevron USA, Inc. elects to participate in the drilling, completing, and equipping of the Ripley 35 WD Fed Com 7H.

\_\_\_\_\_Chevron USA, Inc. elects NOT to participate in the drilling, completing, and equipping of the Ripley 35 WD Fed Com 7H.

\_\_\_\_\_Chevron USA, Inc. elects to participate in the drilling, completing, and equipping of the Ripley 35 WD Fed Com 8H.

\_\_\_\_\_Chevron USA, Inc. elects NOT to participate in the drilling, completing, and equipping of the Ripley 35 WD Fed Com 8H.

\_\_\_\_\_Chevron USA, Inc. elects to participate in the drilling, completing, and equipping of the Ripley 35 WA Fed Com 9H.

\_\_\_\_\_Chevron USA, Inc. elects NOT to participate in the drilling, completing, and equipping of the Ripley 35 WA Fed Com 9H.

\_\_\_\_\_Chevron USA, Inc. elects to participate in the drilling, completing, and equipping of the Ripley 35 SB Fed Com 11H.

\_\_\_\_\_Chevron USA, Inc. elects NOT to participate in the drilling, completing, and equipping of the Ripley 35 SB Fed Com 11H.

Chevron USA, Inc.

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

MARATHON OIL PERMIAN LLC  
 AUTHORITY FOR EXPENDITURE  
 DETAIL OF ESTIMATED WELL COSTS

DATE 7/30/2019  
 DRILLING & LOCATION PREPARED BY MATTHEW RUGAARD  
 COMPLETION PREPARED BY JOSH SHANNON  
 FACILITIES PREPARED BY RICK LINDSAY  
 ARTIFICIAL LIFT PREPARED BY RICK LINDSAY

Asset Team	PERMIAN			
Field	Purple Sage; Wolfc.	FORMATION: WOLF CAMP XY	WILDCAT	EXPLORATION
Lease/Facility	Ripley 35 WXY Fed Com 3H		DEVELOPMENT	RECOMPLETION
Location	EDDY COUNTY		X EXPLOITATION	WORKOVER
Prospect	MALAGA			

Est Total Depth	15 089	Est Drilling Days		Est Completion Days	5.5
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LOCATION COST - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access	50,250
7001250	Land Broker Fees and Services	33,750
TOTAL LOCATION COST - INTANGIBLE		84,000

DRILLING COST - TANGIBLE

7012050	Conductor Pipe	28,000
7012050	Surface Casing	19,000
7012050	Intermediate Casing 1	66,000
7012050	Intermediate Casing 2	253,000
7012050	Production Casing	79,000
7012050	Orig Liner Hanger, Tieback Eq & Csg Accessories	55,000
7012550	Drilling Wellhead Equipment	50,000
7012040	Casing & Tubing Access	24,000
7012270	Miscellaneous MRO Materials	5,000
TOTAL DRILLING - TANGIBLE		579,000

DRILLING COST - INTANGIBLE

7019200	Drilling Rig Mob/Demob	32,500
7019220	Drilling Rig - day work/footage	448,875
7019040	Directional Drilling Services	140,000
7019020	Cement and Cementing Service Surface	15,000
7019020	Cement and Cementing Service Intermediate 1	25,000
7019020	Cement and Cementing Service Intermediate 2	35,000
7019020	Cement and Cementing Service Production	40,000
7019140	Mud Fluids & Services	60,500
7012310	Solids Control equipment	30,000
7012020	Bits	72,000
7019010	Casing Crew and Services	30,000
7016350	Fuel (Rig)	51,000
7019140	Fuel (Mud)	30,000
7001460	Water (non potable)	25,000
7012350	Water (potable)	5,000
7019000	Well Logging Services	-
7019150	Mud Logging/geosteering	13,000
7019250	Stabilizers, Hole Openers, Underreamers (DH rentals)	15,000
7019110	Casing Inspection/cleaning	15,000
7019110	Drill pipe/collar inspection services	10,000
7016180	Freight - truck	25,000
7001460	Water hauling and disposal (includes soil farming)	60,000
7001160	Contract Services - Disposal/Non-Hazardous Waste	80,000
7001440	Vacuum Trucks	10,000
7000030	Contract Labor - general	30,000
7000030	Contract Labor - Operations	3,000
7001200	Contract Services - Facilities	10,000
7019300	Well Services - Well Control Services	18,313
7019350	Well Services - Well/Wellhead Services	10,000
7018150	Rental Tools and Equipment (surface rentals)	66,500
7018150	Rig Equipment and Misc.	8,313
7001110	Telecommunications Services	5,000
7001120	Consulting Services	78,138
7001400	Safety and Environmental	26,600
7018120	Rental Buildings (trailers)	13,300
7019310	Coring (sidewalls & analysis)	-
7011010	7% Contingency & Taxes	148,123
TOTAL DRILLING - INTANGIBLE		\$1,685,160

TOTAL DRILLING COST	\$2,264,160
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COMPLETION - TANGIBLE

7012580	Tubing	-
7012040	Tubing Accessories (nipple, wireline entry)	-
7012550	Wellhead Equip	15,000
7012560	Packers - Completion Equipment	-
TOTAL COMPLETION - TANGIBLE		\$15,000



Asset Team PERMIAN  
 Field Purple Sage; Wolfc FORMATION: WOLF CAMP XY  
 Lease/Facility Ripley 35 WXY Fed Com 3H

COMPLETION - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access (dress location after rig move, set anchors)	10,000
7019220	Drilling Rig During Completion	-
7019140	Mud Fluids & Services	-
7019030	Coiled Tubing Services (3 runs)	210,000
7019240	Snubbing Services	-
7019270	Pulling/Swab Units	-
7016350	Fuel (from drlg)	-
7019010	Casing Crew and Services	-
7019020	Cement and Cementing Services	-
7019080	Well Testing Services (flow hand & equip)	425,000
7019320	Fracturing Services	1,784,200
7019330	Perforating	175,000
7019360	Wireline Services	15,000
7001460	Water Hauling & Disposal (frac fluids)	207,000
7016180	Freight - Truck (haul pipe; drlg & compl)	15,000
7018150	BOP Rental & Testing	-
7018150	Rental Tools and Equipment (incl drlg; lightplant, hydra-walk)	-
7018150	CT Downhole Rental Equipment (ie. BIt, BHA)	-
7000030	Contract Labor - general	35,000
7001110	Telecommunications Services	70,000
7001400	Safety and Environmental	-
7001120	Consulting Services	60,000
7018150	Zipper Manifold	120,000
7019300	Frack Stack Rentals	45,000
7016190	Freight (Transportation Services)	-
7018150	Equipment Rental (w/o operator, frac tanks, lightplants)	75,000
7018120	Rental Buildings (trailers)	15,000
7000030	Contract Labor - Pumping (pump-down pumps)	30,000
7011010	8% Contingency & Taxes	220,700
TOTAL COMPLETION - INTANGIBLE		\$3,511,900
TOTAL COMPLETION COST		\$3,526,900

SURFACE EQUIPMENT - TANGIBLE

7012350	Misc. Piping, Fittings & Valves	17,120
7006640	Company Labor & Burden	-
7000030	Contract Labor - General	62,878
7001110	Telecommunication equip (Telemetry)	-
7012410	Line Pipe & Accessories	-
7012270	Miscellaneous Materials (containment system)	35,847
7008060	SCADA	-
7016180	Freight - truck	-
7001190	Contract Engineering	7,264
7012290	Metering and Instrumentation	5,823
7012290	I&E Materials	105,326
7012200	Gas Treating	-
7012200	Dehydration	-
7012010	Compressor	-
7012350	Power	-
7012610	Vapor Recovery Unit	-
7012440	Separator & other pressure vessels	336,771
7012500	Tanks	235,346
7012100	Heater Treater	-
7012640	Flare & Accessories	23,293
7000010	Electrical Labor	10,482
7000010	Mechanical Labor	-
7012480	Rod Pumping unit & Pad	-
7012180	Pumping Unit Engine	-
7012350	Electrical Power (electrical cooperative construction costs)	-
TOTAL SURFACE EQUIPMENT - TANGIBLE		\$840,149
TOTAL SURFACE EQUIPMENT COST		\$ 840,149

ARTIFICIAL LIFT

7006640	Company Labor	45,000
7012180	Gas Lift Equipment	15,000
7012480	Rod Pumping, Sucker Rods & Rod Pump	6,250
7012140	Elect Sub Pumps (ESP)	17,500
7019350	Well Services-Well/Wellhead Services	6,000
7012270	Materials & Supplies-Tangible	6,000
7012550	Surface Wellhead Equipment	5,000
7012390	Pig Launchers/Receivers & Rel Equip	6,250
7011010	8% Contingency & Taxes	3,000
TOTAL ARTIFICIAL LIFT		110,000
TOTAL ARTIFICIAL LIFT COST		\$ 110,000

SUMMARY OF ESTIMATED DRILLING WELL COSTS

	TOTAL COST
TOTAL LOCATION COST	\$ 84,000
TOTAL DRILLING COST	\$ 2,264,160
TOTAL COMPLETIONS COST	\$ 3,526,900
TOTAL SURFACE EQUIPMENT COST	\$ 840,149
TOTAL ARTIFICIAL LIFT COST	\$ 110,000
GRAND TOTAL COST	\$6,825,209

Participant's Approval

Name of  
 Company: \_\_\_\_\_  
 Signature: \_\_\_\_\_  
 Title: \_\_\_\_\_ Date: \_\_\_\_\_



MARATHON OIL PERMIAN LLC  
AUTHORITY FOR EXPENDITURE  
DETAIL OF ESTIMATED WELL COSTS

DATE 7/30/2019

DRILLING & LOCATION PREPARED BY MATTHEW RUGAARD  
COMPLETION PREPARED BY JOSH SHANNON  
FACILITIES PREPARED BY RICK LINDSAY  
ARTIFICIAL LIFT PREPARED BY RICK LINDSAY

Asset Team PERMIAN  
Field Purple Sage; Wolf FORMATION: WOLFCAMP A WILDCAT EXPLORATION  
Lease/Facility Ripley 35 WA Fed Com 4H DEVELOPMENT RECOMPLETION  
Location EDDY COUNTY X EXPLOITATION WORKOVER  
Prospect MALAGA

Est Total Depth 1 205 Est Drilling Days Est Completion Days 5.5

LOCATION COST - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access	50,250
7001250	Land Broker Fees and Services	33,750
TOTAL LOCATION COST - INTANGIBLE		84,000

DRILLING COST - TANGIBLE

7012050	Conductor Pipe	28,000
7012050	Surface Casing	19,000
7012050	Intermediate Casing 1	66,000
7012050	Intermediate Casing 2	253,000
7012050	Production Casing	79,000
7012050	Drig Liner Hanger, Tieback Eq & Csg Accessories	55,000
7012550	Drilling Wellhead Equipment	50,000
7012040	Casing & Tubing Access	24,000
7012270	Miscellaneous MRO Materials	5,000
TOTAL DRILLING - TANGIBLE		579,000

DRILLING COST - INTANGIBLE

7019200	Drilling Rig Mob/Demob	32,500
7019220	Drilling Rig - day work/footage	462,375
7019040	Directional Drilling Services	145,000
7019020	Cement and Cementing Service Surface	15,000
7019020	Cement and Cementing Service Intermediate 1	25,000
7019020	Cement and Cementing Service Intermediate 2	35,000
7019020	Cement and Cementing Service Production	40,000
7019140	Mud Fluids & Services	61,000
7012310	Solids Control equipment	31,000
7012020	Bits	72,000
7019010	Casing Crew and Services	30,000
7016350	Fuel (Rig)	53,000
7019140	Fuel (Mud)	30,000
7001460	Water (non potable)	25,000
7012350	Water (potable)	5,000
7019000	Well Logging Services	-
7019150	Mud Logging/geosteering	13,000
7019250	Stabilizers, Hole Openers, Underreamers (DH rentals)	15,000
7019110	Casing inspection/cleaning	15,000
7019110	Drill pipe/collar inspection services	10,000
7016180	Freight - truck	25,000
7001460	Water hauling and disposal (includes soil farming)	60,000
7001160	Contract Services - Disposal/Non-Hazardous Waste	80,000
7001440	Vacuum Trucks	10,000
7000030	Contract Labor - general	30,000
7000030	Contract Labor - Operations	3,000
7001200	Contract Services - Facilities	10,000
7019300	Well Services - Well Control Services	18,563
7019350	Well Services - Well/Wellhead Services	10,000
7018150	Rental Tools and Equipment (surface rentals)	68,500
7018150	Rig Equipment and Misc	8,563
7001110	Telecommunications Services	5,000
7001120	Consulting Services	80,488
7001400	Safety and Environmental	27,400
7018120	Rental Buildings (trailers)	13,700
7019310	Coring (sidewalls & analysis)	-
7011010	7% Contingency & Taxes	150,066
TOTAL DRILLING - INTANGIBLE		\$1,715,174
TOTAL DRILLING COST		\$2,294,174

COMPLETION - TANGIBLE

7012580	Tubing	-
7012040	Tubing Accessories (nipple, wireline entry)	-
7012550	Wellhead Equip	15,000
7012560	Packers - Completion Equipment	-
TOTAL COMPLETION - TANGIBLE		\$15,000

MARATHON OIL PERMIAN LLC  
AUTHORITY FOR EXPENDITURE  
DETAIL OF ESTIMATED WELL COSTS

DATE 7/30/2019

Asset Team PERMIAN  
Field Purple Sage; Wolffc FORMATION: WOLFCAMP A  
Lease/Facility Ripley 35 WA Fed Com 4H

COMPLETION - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access (dress location after rig move, set anchors)	10,000
7019220	Drilling Rig During Completion	-
7019140	Mud Fluids & Services	-
7019030	Coiled Tubing Services (3 runs)	210,000
7019240	Snubbing Services	-
7019270	Pulling/Swab Units	-
7016350	Fuel (from drlg)	-
7019010	Casing Crew and Services	-
7019020	Cement and Cementing Services	-
7019080	Well Testing Services (flow hand & equip)	425,000
7019320	Fracturing Services	1,784,200
7019330	Perforating	175,000
7019360	Wireline Services	15,000
7001460	Water Hauling & Disposal (frac fluids)	207,000
7016180	Freight - Truck (haul pipe; drlg & compl)	15,000
7018150	BOP Rental & Testing	-
7018150	Rental Tools and Equipment (incl drlg; lightplant,hydra-walk)	-
7018150	CT Downhole Rental Equipment (ie. Bit, BHA)	-
7000030	Contract Labor - general	35,000
7001110	Telecommunications Services	70,000
7001400	Safety and Environmental	-
7001120	Consulting Services	60,000
7018150	Zipper Manifold	120,000
7019300	Frack Stack Rentals	45,000
7016190	Freight (Transportation Services)	-
7018150	Equipment Rental ( w/o operator, frac tanks, lightplants)	75,000
7018120	Rental Buildings (trailers)	15,000
7000030	Contract Labor - Pumping (pump-down pumps)	30,000
7011010	8% Contingency & Taxes	220,700
TOTAL COMPLETION - INTANGIBLE		\$3,511,900
TOTAL COMPLETION COST		\$3,526,900

SURFACE EQUIPMENT - TANGIBLE

7012350	Misc. Piping, Fittings & Valves	17,120
7006640	Company Labor & Burden	-
7000030	Contract Labor - General	62,878
7001110	Telecommunication equip (Telemetry)	-
7012410	Line Pipe & Accessories	-
7012270	Miscellaneous Materials (containment system)	35,847
7008060	SCADA	-
7016180	Freight - truck	-
7001190	Contract Engineering	7,264
7012290	Metering and Instrumentation	5,823
7012290	I&E Materials	105,326
7012200	Gas Treating	-
7012200	Dehydration	-
7012010	Compressor	-
7012350	Power	-
7012610	Vapor Recovery Unit	-
7012440	Separator & other pressure vessels	336,771
7012500	Tanks	235,346
7012100	Heater Treater	-
7012640	Flare & Accessories	23,293
7000010	Electrical Labor	10,482
7000010	Mechanical Labor	-
7012480	Rod Pumping unit & Pad	-
7012180	Pumping Unit Engine	-
7012350	Electrical Power (electrical cooperative construction costs)	-
TOTAL SURFACE EQUIPMENT - TANGIBLE		\$840,149
TOTAL SURFACE EQUIPMENT COST		\$ 840,149

ARTIFICIAL LIFT

7006640	Company Labor	45,000
7012180	Gas Lift Equipment	15,000
7012480	Rod Pumping, Sucker Rods & Rod Pump	6,250
7012140	Elect Sub Pumps (ESP)	17,500
7019350	Well Services-Well/Wellhead Services	6,000
7012270	Materials & Supplies-Tangible	6,000
7012550	Surface Wellhead Equipment	5,000
7012390	Pig Launchers/Receivers & Rel Equip	6,250
7011010	8% Contingency & Taxes	3,000
TOTAL ARTIFICIAL LIFT		110,000
TOTAL ARTIFICIAL LIFT COST		\$ 110,000

SUMMARY OF ESTIMATED DRILLING WELL COSTS

	TOTAL COST
TOTAL LOCATION COST	\$ 84,000
TOTAL DRILLING COST	\$ 2,294,174
TOTAL COMPLETIONS COST	\$ 3,526,900
TOTAL SURFACE EQUIPMENT COST	\$ 840,149
TOTAL ARTIFICIAL LIFT COST	\$ 110,000
GRAND TOTAL COST	\$6,855,223

Participant's Approval

Name of  
Company: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Title: \_\_\_\_\_ Date: \_\_\_\_\_

MARATHON OIL PERMIAN LLC  
AUTHORITY FOR EXPENDITURE  
DETAIL OF ESTIMATED WELL COSTS

DATE 7/30/2019  
DRILLING & LOCATION PREPARED BY MATTHEW RUGAARD  
COMPLETION PREPARED BY JOSH SHANNON  
FACILITIES PREPARED BY RICK LINDSAY  
ARTIFICIAL LIFT PREPARED BY RICK LINDSAY

Asset Team	PERMIAN			
Field	Purple Sage; Wolfc	FORMATION: WOLFCAMP XY	WILDCAT	EXPLORATION
Lease/Facility	Ripley 35 WXY Fed Com SH		DEVELOPMENT	RECOMPLETION
Location	EDDY COUNTY		X EXPLOITATION	WORKOVER
Prospect	MALAGA			

Est Total Depth 15,140 Est Drilling Days Est Completion Days 5.5

LOCATION COST - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access	50,250
7001250	Land Broker Fees and Services	33,750
TOTAL LOCATION COST - INTANGIBLE		84,000

DRILLING COST - TANGIBLE

7012050	Conductor Pipe	28,000
7012050	Surface Casing	19,000
7012050	Intermediate Casing 1	66,000
7012050	Intermediate Casing 2	253,000
7012050	Production Casing	79,000
7012050	Drig Liner Hanger, Tieback Eq & Csg Accessories	55,000
7012550	Drilling Wellhead Equipment	50,000
7012040	Casing & Tubing Access	24,000
7012270	Miscellaneous MRO Materials	5,000
TOTAL DRILLING - TANGIBLE		579,000

DRILLING COST - INTANGIBLE

7019200	Drilling Rig Mob/Demob	32,500
7019220	Drilling Rig - day work/footage	454,275
7019040	Directional Drilling Services	142,000
7019020	Cement and Cementing Service Surface	15,000
7019020	Cement and Cementing Service Intermediate 1	25,000
7019020	Cement and Cementing Service Intermediate 2	35,000
7019020	Cement and Cementing Service Production	40,000
7019140	Mud Fluids & Services	60,700
7012310	Solids Control equipment	30,000
7012020	Bits	72,000
7019010	Casing Crew and Services	30,000
7016350	Fuel (Rig)	52,000
7019140	Fuel (Mud)	30,000
7001460	Water (non potable)	25,000
7012350	Water (potable)	5,000
7019000	Well Logging Services	-
7019150	Mud Logging-geosteering	13,000
7019250	Stabilizers, Hole Openers, Underreamers (DH rentals)	15,000
7019110	Casing Inspection/cleaning	15,000
7019110	Drill pipe/collar inspection services	10,000
7016180	Freight - truck	25,000
7001460	Water hauling and disposal (includes soil farming)	60,000
7001160	Contract Services - Disposal/Non-Hazardous Waste	80,000
7001440	Vacuum Trucks	10,000
7000030	Contract Labor - general	30,000
7000030	Contract Labor - Operations	3,000
7001200	Contract Services - Facilities	10,000
7019300	Well Services - Well Control Services	18,413
7019350	Well Services - Well/Wellhead Services	10,000
7018150	Rental Tools and Equipment (surface rentals)	67,300
7018150	Rig Equipment and Misc.	8,413
7001110	Telecommunications Services	5,000
7001120	Consulting Services	79,078
7001400	Safety and Environmental	26,920
7018120	Rental Buildings (trailers)	13,460
7019310	Coring (sidewalls & analysis)	-
7011010	7% Contingency & Taxes	148,894
TOTAL DRILLING - INTANGIBLE		\$1,696,952

TOTAL DRILLING COST \$2,275,952

COMPLETION - TANGIBLE

7012580	Tubing	-
7012040	Tubing Accessories (nipple, wireline entry)	-
7012550	Wellhead Equip	15,000
7012560	Packers - Completion Equipment	-
TOTAL COMPLETION - TANGIBLE		\$15,000

MARATHON OIL PERMIAN LLC  
AUTHORITY FOR EXPENDITURE  
DETAIL OF ESTIMATED WELL COSTS

DATE 7/30/2019

Asset Team PERMIAN  
Field Purple Sage; Wolff. FORMATION: WOLFCAMP XY  
Lease/Facility Ripley 35 WXY Fed Com SH

COMPLETION - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access (dress location after rig move, set anchors)	10,000
7019220	Drilling Rig During Completion	-
7019140	Mud Fluids & Services	-
7019030	Coiled Tubing Services (3 runs)	210,000
7019240	Snubbing Services	-
7019270	Pulling/Swab Units	-
7016350	Fuel (from drlg)	-
7019010	Casing Crew and Services	-
7019020	Cement and Cementing Services	-
7019080	Well Testing Services (flow hand & equip)	425,000
7019320	Fracturing Services	1,784,200
7019330	Perforating	175,000
7019360	Wireline Services	15,000
7001460	Water Hauling & Disposal (frac fluids)	207,000
7016180	Freight - Truck (haul pipe; drlg & compl)	15,000
7018150	BOP Rental & Testing	-
7018150	Rental Tools and Equipment ( incl drlg; lightplant,hydra-walk)	-
7018150	CT Downhole Rental Equipment (ie. BIX, BHA)	-
7000030	Contract Labor - general	35,000
7001110	Telecommunications Services	70,000
7001400	Safety and Environmental	-
7001120	Consulting Services	60,000
7018150	Zipper Manifold	120,000
7019300	Frack Stack Rentals	45,000
7016190	Freight (Transportation Services)	-
7018150	Equipment Rental ( w/o operator, frac tanks, lightplants)	75,000
7018120	Rental Buildings (trailers)	15,000
7000030	Contract Labor - Pumping (pump-down pumps)	30,000
7011010	8% Contingency & Taxes	220,700
TOTAL COMPLETION - INTANGIBLE		\$3,511,900
TOTAL COMPLETION COST		\$3,526,900

SURFACE EQUIPMENT - TANGIBLE

7012350	Misc. Piping, Fittings & Valves	17,120
7006640	Company Labor & Burden	-
7000030	Contract Labor - General	62,878
7001110	Telecommunication equip (Telemetry)	-
7012410	Line Pipe & Accessories	-
7012270	Miscellaneous Materials (containment system)	35,847
7008060	SCADA	-
7016180	Freight - truck	-
7001190	Contract Engineering	7,264
7012290	Metering and instrumentation	5,823
7012290	I&E Materials	105,326
7012200	Gas Treating	-
7012200	Dehydration	-
7012010	Compressor	-
7012350	Power	-
7012610	Vapor Recovery Unit	-
7012440	Separator & other pressure vessels	336,771
7012500	Tanks	235,346
7012100	Heater Treater	-
7012640	Flare & Accessories	23,293
7000010	Electrical Labor	10,482
7000010	Mechanical Labor	-
7012480	Rod Pumping unit & Pad	-
7012180	Pumping Unit Engine	-
7012350	Electrical Power (electrical cooperative construction costs)	-
TOTAL SURFACE EQUIPMENT - TANGIBLE		\$840,149
TOTAL SURFACE EQUIPMENT COST		\$ 840,149

ARTIFICIAL LIFT

7006640	Company Labor	45,000
7012180	Gas Lift Equipment	15,000
7012480	Rod Pumping, Sucker Rods & Rod Pump	6,250
7012140	Elect Sub Pumps (ESP)	17,500
7019350	Well Services-Well/Wellhead Services	6,000
7012270	Materials & Supplies-Tangible	6,000
7012550	Surface Wellhead Equipment	5,000
7012390	Pig Launchers/Receivers & Rel Equip	6,750
7011010	8% Contingency & Taxes	3,000
TOTAL ARTIFICIAL LIFT		110,000
TOTAL ARTIFICIAL LIFT COST		\$ 110,000

SUMMARY OF ESTIMATED DRILLING WELL COSTS

	TOTAL COST
TOTAL LOCATION COST	\$ 84,000
TOTAL DRILLING COST	\$ 2,275,952
TOTAL COMPLETIONS COST	\$ 3,526,900
TOTAL SURFACE EQUIPMENT COST	\$ 840,149
TOTAL ARTIFICIAL LIFT COST	\$ 110,000
GRAND TOTAL COST	\$6,837,000

Participant's Approval

Name of  
Company: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Title: \_\_\_\_\_ Date: \_\_\_\_\_

MARATHON OIL PERMIAN LLC  
AUTHORITY FOR EXPENDITURE  
DETAIL OF ESTIMATED WELL COSTS

DATE 7/30/2019  
DRILLING & LOCATION PREPARED BY MATTHEW RUGAARD  
COMPLETION PREPARED BY JOSH SHANNON  
FACILITIES PREPARED BY RICK LINDSAY  
ARTIFICIAL LIFT PREPARED BY RICK LINDSAY

Asset Team	PERMIAN	FORMATION: WOLFCAMP A	WILDCAT	EXPLORATION
Field	Purple Sage; Wolfc.		DEVELOPMENT	RECOMPLETION
Lease/Facility	Ripley 35 WA Fed Com 9H		X EXPLOITATION	WORKOVER
Location	EDDY COUNTY			
Prospect	MALAGA			

Est Total Depth	15,236	Est Drilling Days		Est Completion Days	5.5
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LOCATION COST - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access	50,250
7001250	Land Broker Fees and Services	33,750
TOTAL LOCATION COST - INTANGIBLE		84,000

DRILLING COST - TANGIBLE

7012050	Conductor Pipe	28,000
7012050	Surface Casing	19,000
7012050	Intermediate Casing 1	66,000
7012050	Intermediate Casing 2	253,000
7012050	Production Casing	79,000
7012050	Drig Liner Hanger, Tieback Eq & Csg Accessories	55,000
7012550	Drilling Wellhead Equipment	50,000
7012040	Casing & Tubing Access	24,000
7012270	Miscellaneous MRO Materials	5,000
TOTAL DRILLING - TANGIBLE		579,000

DRILLING COST - INTANGIBLE

7019100	Drilling Rig Mob/Demob	32,500
7019120	Drilling Rig - day work/footage	462,375
7019040	Directional Drilling Services	145,000
7019020	Cement and Cementing Service Surface	15,000
7019020	Cement and Cementing Service Intermediate 1	25,000
7019020	Cement and Cementing Service Intermediate 2	35,000
7019020	Cement and Cementing Service Production	40,000
7019140	Mud Fluids & Services	61,000
7012310	Solids Control equipment	31,000
7012020	Bits	72,000
7019010	Casing Crew and Services	30,000
7016350	Fuel (Rig)	53,000
7019140	Fuel (Mud)	30,000
7001460	Water (non potable)	25,000
7012350	Water (potable)	5,000
7019000	Well Logging Services	
7019150	Mud Logging-geosteering	13,000
7019250	Stabilizers, Hole Openers, Underreamers (DH rentals)	15,000
7019110	Casing Inspection/cleaning	15,000
7019110	Drill pipe/collar inspection services	10,000
7016180	Freight - truck	25,000
7001460	Water hauling and disposal (includes soil farming)	60,000
7001160	Contract Services - Disposal/Non-Hazardous Waste	80,000
7001440	Vacuum Trucks	10,000
7000030	Contract Labor - general	30,000
7000030	Contract Labor - Operations	3,000
7001200	Contract Services - Facilities	10,000
7019300	Well Services - Well Control Services	18,563
7019350	Well Services - Well/Wellhead Services	10,000
7018150	Rental Tools and Equipment (surface rentals)	68,500
7018150	Rig Equipment and Misc.	8,563
7001110	Telecommunications Services	5,000
7001120	Consulting Services	80,488
7001400	Safety and Environmental	27,400
7018120	Rental Buildings (trailers)	13,700
7019310	Coring (sidewalks & analysis)	
7011010	7% Contingency & Taxes	150,086
TOTAL DRILLING - INTANGIBLE		\$1,715,174

TOTAL DRILLING COST \$2,294,174

COMPLETION - TANGIBLE

7012580	Tubing	
7012040	Tubing Accessories (nipple, wireline entry)	
7012550	Wellhead Equip	15,000
7012560	Packers - Completion Equipment	
TOTAL COMPLETION - TANGIBLE		\$15,000

MARATHON OIL PERMIAN LLC  
AUTHORITY FOR EXPENDITURE  
DETAIL OF ESTIMATED WELL COSTS

DATE 7/30/2019

Asset Team PERMIAN  
Field Purple Sage; Wolfc FORMATION: WOLF CAMP A  
Lease/Facility Ripley 35 WA Fed Com 9H

COMPLETION - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access (dress location after rig move, set anchors)	10,000
7019220	Drilling Rig During Completion	-
7019140	Mud Fluids & Services	-
7019030	Coiled Tubing Services (3 runs)	210,000
7019240	Snubbing Services	-
7019270	Pulling/Swab Units	-
7016350	Fuel (from drlg)	-
7019010	Casing Crew and Services	-
7019020	Cement and Cementing Services	-
7019080	Well Testing Services (flow hand & equip)	425,000
7019320	Fracturing Services	1,784,200
7019330	Perforating	175,000
7019360	Wireline Services	15,000
7001460	Water Hauling & Disposal (frac fluids)	207,000
7016180	Freight - Truck (haul pipe; drlg & compl)	15,000
7018150	BOP Rental & Testing	-
7018150	Rental Tools and Equipment (incl drlg; lightplant,hydra-walk)	-
7018150	CT Downhole Rental Equipment (ie. BHT, BHA)	-
7000030	Contract Labor - general	35,000
7001110	Telecommunications Services	70,000
7001400	Safety and Environmental	-
7001120	Consulting Services	60,000
7018150	Zipper Manifold	120,000
7019300	Frack Stack Rentals	45,000
7016190	Freight (Transportation Services)	-
7018150	Equipment Rental ( w/o operator, frac tanks, lightplants)	75,000
7018120	Rental Buildings (trailers)	15,000
7000030	Contract Labor - Pumping (pump-down pumps)	30,000
7011010	8% Contingency & Taxes	220,700
TOTAL COMPLETION - INTANGIBLE		\$3,511,900

TOTAL COMPLETION COST

\$3,526,900

SURFACE EQUIPMENT - TANGIBLE

7012350	Misc. Piping, Fittings & Valves	17,120
7006640	Company Labor & Burden	-
7000030	Contract Labor - General	62,878
7001110	Telecommunication equip (Telemetry)	-
7012410	Line Pipe & Accessories	-
7012270	Miscellaneous Materials (containment system)	35,847
7008060	SCADA	-
7016180	Freight - truck	-
7001190	Contract Engineering	7,264
7012290	Metering and Instrumentation	5,823
7012290	I&E Materials	105,326
7012200	Gas Treating	-
7012200	Dehydration	-
7012010	Compressor	-
7012350	Power	-
7012610	Vapor Recovery Unit	-
7012440	Separator & other pressure vessels	316,771
7012500	Tanks	235,346
7012100	Heater Treater	-
7012640	Flare & Accessories	23,293
7000010	Electrical Labor	10,482
7000010	Mechanical Labor	-
7012480	Rod Pumping unit & Pad	-
7012180	Pumping Unit Engine	-
7012350	Electrical Power (electrical cooperative construction costs)	-
TOTAL SURFACE EQUIPMENT - TANGIBLE		\$840,149

TOTAL SURFACE EQUIPMENT COST

\$ 840,149

ARTIFICIAL LIFT

7006640	Company Labor	45,000
7012180	Gas Lift Equipment	15,000
7012480	Rod Pumping, Sucker Rods & Rod Pump	6,250
7012140	Elect Sub Pumps (ESP)	17,500
7019350	Well Services-Well/Wellhead Services	6,000
7012270	Materials & Supplies-Tangible	6,000
7012550	Surface Wellhead Equipment	5,000
7012390	Pig Launchers/Receivers & Rel Equip	6,250
7011010	8% Contingency & Taxes	3,000
TOTAL ARTIFICIAL LIFT		110,000

TOTAL ARTIFICIAL LIFT COST

\$ 110,000

SUMMARY OF ESTIMATED DRILLING WELL COSTS

	TOTAL COST
TOTAL LOCATION COST	\$ 84,000
TOTAL DRILLING COST	\$ 2,294,174
TOTAL COMPLETIONS COST	\$ 3,526,900
TOTAL SURFACE EQUIPMENT COST	\$ 840,149
TOTAL ARTIFICIAL LIFT COST	\$ 110,000
GRAND TOTAL COST	\$6,855,223

Participant's Approval

Name of Company: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Title: \_\_\_\_\_ Date: \_\_\_\_\_

MARATHON OIL PERMIAN LLC  
AUTHORITY FOR EXPENDITURE  
DETAIL OF ESTIMATED WELL COSTS

DATE 7/30/2019  
DRILLING & LOCATION PREPARED BY MATTHEW RUGAARD  
COMPLETION PREPARED BY JOSH SHANNON  
FACILITIES PREPARED BY RICK LINDSAY  
ARTIFICIAL LIFT PREPARED BY RICK LINDSAY

Asset Team	PERMIAN			
Field	Purple Sage; Wolfc	FORMATION: WOLFCAMP D	WILDCAT	EXPLORATION
Lease/Facility	Ripley 35 WD Fed Com 2H		DEVELOPMENT	RECOMPLETION
Location	EDDY COUNTY		X EXPLOITATION	WORKOVER
Prospect	MALAGA			
Est Total Depth	15,830	Est Drilling Days		Est Completion Days 5.5

LOCATION COST - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access	67,000
7001250	Land Broker Fees and Services	45,000
TOTAL LOCATION COST - INTANGIBLE		112,000

DRILLING COST - TANGIBLE

7012050	Conductor Pipe	28,000
7012050	Surface Casing	19,000
7012050	Intermediate Casing 1	66,000
7012050	Intermediate Casing 2	253,000
7012050	Production Casing	79,000
7012050	Drig Liner Hanger, Tieback Eq & Csg Accessories	55,000
7012550	Drilling Wellhead Equipment	50,000
7012040	Casing & Tubing Access	24,000
7012270	Miscellaneous MRO Materials	5,000
TOTAL DRILLING - TANGIBLE		579,000

DRILLING COST - INTANGIBLE

7019200	Drilling Rig Mob/Demob	43,333
7019220	Drilling Rig - day work/footage	613,800
7019040	Directional Drilling Services	199,000
7019020	Cement and Cementing Service Surface	15,000
7019020	Cement and Cementing Service Intermediate 1	25,000
7019020	Cement and Cementing Service Intermediate 2	35,000
7019020	Cement and Cementing Service Production	40,000
7019140	Mud Fluids & Services	66,400
7012310	Solids Control equipment	40,000
7012020	Bits	72,000
7019010	Casing Crew and Services	30,000
7016350	Fuel (Rig)	70,000
7019140	Fuel (Mud)	30,000
7001460	Water (non potable)	25,000
7012350	Water (potable)	5,000
7019000	Well Logging Services	-
7019150	Mud Logging-geosteering	18,000
7019250	Stabilizers, Hole Openers, Underreamers (DH rentals)	15,000
7019110	Casing Inspection/cleaning	15,000
7019110	Drill pipe/collar inspection services	10,000
7016180	Freight - truck	25,000
7001460	Water hauling and disposal (includes soil farming)	60,000
7001160	Contract Services - Disposal/Non-Hazardous Waste	80,000
7001440	Vacuum Trucks	10,000
7000030	Contract Labor - general	30,000
7000030	Contract Labor - Operations	3,000
7001200	Contract Services - Facilities	10,000
7019300	Well Services - Well Control Services	21,367
7019350	Well Services - Well/Wellhead Services	10,000
7018150	Rental Tools and Equipment (surface rentals)	90,933
7018150	Rig Equipment and Misc.	11,367
7001110	Telecommunications Services	5,000
7001120	Consulting Services	106,847
7001400	Safety and Environmental	36,373
7018120	Rental Buildings (trailers)	18,187
7019310	Coring (sidewalls & analysis)	-
7011010	7% Contingency & Taxes	172,522
TOTAL DRILLING - INTANGIBLE		\$2,058,129
TOTAL DRILLING COST		\$2,637,129

COMPLETION - TANGIBLE

7012580	Tubing	-
7012040	Tubing Accessories (nipple, wireline entry)	-
7012550	Wellhead Equip	15,000
7012560	Packers - Completion Equipment	-
TOTAL COMPLETION - TANGIBLE		\$15,000

MARATHON OIL PERMIAN LLC  
AUTHORITY FOR EXPENDITURE  
DETAIL OF ESTIMATED WELL COSTS

DATE 7/30/2019

Asset Team PERMIAN  
Field Purple Sage; Wolfc. FORMATION: WOLFCAMP D  
Lease/Facility Ripley 35 WD Fed Com 2H

COMPLETION - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access (dress location after rig move, set anchors)	10,000
7019220	Drilling Rig During Completion	-
7019140	Mud Fluids & Services	-
7019030	Coiled Tubing Services (3 runs)	210,000
7019240	Snubbing Services	-
7019270	Pulling/Swab Units	-
7016350	Fuel (from drlg)	-
7019010	Casing Crew and Services	-
7019020	Cement and Cementing Services	-
7019080	Well Testing Services (flow hand & equip)	425,000
7019320	Fracturing Services	2,062,200
7019330	Perforating	175,000
7019360	Wireline Services	15,000
7001460	Water Hauling & Disposal (frac fluids)	158,000
7016180	Freight - Truck (haul pipe; drlg & compl)	15,000
7018150	BOP Rental & Testing	-
7018150	Rental Tools and Equipment (incl drlg; lightplant,hydra-walk)	-
7018150	CT Downhole Rental Equipment (ie. Bit, BHA)	-
7000030	Contract Labor - general	35,000
7001110	Telecommunications Services	70,000
7001400	Safety and Environmental	-
7001120	Consulting Services	60,000
7018150	Zipper Manifold	120,000
7019300	Frack Stack Rentals	45,000
7016190	Freight (Transportation Services)	-
7018150	Equipment Rental ( w/o operator, frac tanks, lightplants)	75,000
7018120	Rental Buildings (trailers)	15,000
7000030	Contract Labor - Pumping (pump-down pumps)	30,000
7011010	8% Contingency & Taxes	243,000
TOTAL COMPLETION - INTANGIBLE		\$3,763,200

TOTAL COMPLETION COST

\$3,778,200

SURFACE EQUIPMENT - TANGIBLE

7012350	Misc. Piping, Fittings & Valves	17,120
7006640	Company Labor & Burden	-
7000030	Contract Labor - General	62,878
7001110	Telecommunication equip (Telemetry)	-
7012410	Line Pipe & Accessories	-
7012270	Miscellaneous Materials (containment system)	35,847
7008060	SCADA	-
7016180	Freight - truck	-
7001190	Contract Engineering	7,264
7012290	Metering and Instrumentation	5,823
7012290	I&E Materials	105,326
7012200	Gas Treating	-
7012200	Dehydration	-
7012010	Compressor	-
7012350	Power	-
7012610	Vapor Recovery Unit	-
7012440	Separator & other pressure vessels	336,771
7012500	Tanks	235,346
7012100	Heater Treater	-
7012640	Flare & Accessories	23,293
7000010	Electrical Labor	10,482
7000010	Mechanical Labor	-
7012480	Rod Pumping unit & Pad	-
7012180	Pumping Unit Engine	-
7012350	Electrical Power (electrical cooperative construction costs)	-
TOTAL SURFACE EQUIPMENT - TANGIBLE		\$840,149

TOTAL SURFACE EQUIPMENT COST

\$ 840,149

ARTIFICIAL LIFT

7006640	Company Labor	45,000
7012180	Gas Lift Equipment	15,000
7012480	Rod Pumping, Sucker Rods & Rod Pump	6,250
7012140	Elect Sub Pumps (ESP)	17,500
7019350	Well Services-Well/Wellhead Services	6,000
7012270	Materials & Supplies-Tangible	6,000
7012550	Surface Wellhead Equipment	5,000
7012390	Pig Launchers/Receivers & Rel Equip	6,250
7011010	8% Contingency & Taxes	3,000
TOTAL ARTIFICIAL LIFT		110,000

TOTAL ARTIFICIAL LIFT COST

\$ 110,000

SUMMARY OF ESTIMATED DRILLING WELL COSTS

	TOTAL COST
TOTAL LOCATION COST	\$ 112,000
TOTAL DRILLING COST	\$ 2,637,129
TOTAL COMPLETIONS COST	\$ 3,778,200
TOTAL SURFACE EQUIPMENT COST	\$ 840,149
TOTAL ARTIFICIAL LIFT COST	\$ 110,000
GRAND TOTAL COST	\$7,477,478

Participant's Approval

Name of  
Company: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Title: \_\_\_\_\_ Date: \_\_\_\_\_



MARATHON OIL PERMIAN LLC  
AUTHORITY FOR EXPENDITURE  
DETAIL OF ESTIMATED WELL COSTS

DATE 7/30/2019

DRILLING & LOCATION PREPARED BY MATTHEW RUGAARD  
COMPLETION PREPARED BY JOSH SHANNON  
FACILITIES PREPARED BY RICK LINDSAY  
ARTIFICIAL LIFT PREPARED BY RICK LINDSAY

Asset Team	PERMIAN			
Field	Purple Sage; Wolfc.	FORMATION: WOLFCAMP D	WILDCAT	EXPLORATION
Lease/Facility	Ripley 35 WD Fed Com 7H		DEVELOPMENT	RECOMPLETION
Location	EDDY COUNTY		X EXPLOITATION	WORKOVER
Prospect	MALAGA			

Est Total Depth 16,116 Est Drilling Days Est Completion Days 5.5

LOCATION COST - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access	67,000
7001250	Land Broker Fees and Services	45,000
TOTAL LOCATION COST - INTANGIBLE		112,000

DRILLING COST - TANGIBLE

7012050	Conductor Pipe	28,000
7012050	Surface Casing	19,000
7012050	Intermediate Casing 1	66,000
7012050	Intermediate Casing 2	253,000
7012050	Production Casing	79,000
7012050	Drig Uner Hanger, Tieback Eq & Cag Accessories	55,000
7012550	Drilling Wellhead Equipment	50,000
7012040	Casing & Tubing Access	24,000
7012270	Miscellaneous MRO Materials	5,000
TOTAL DRILLING - TANGIBLE		579,000

DRILLING COST - INTANGIBLE

7019200	Drilling Rig Mob/Demob	43,333
7019220	Drilling Rig - day work/footage	643,500
7019040	Directional Drilling Services	210,000
7019020	Cement and Cementing Service Surface	15,000
7019020	Cement and Cementing Service Intermediate 1	25,000
7019020	Cement and Cementing Service Intermediate 2	35,000
7019020	Cement and Cementing Service Production	40,000
7019140	Mud Fluids & Services	67,500
7012310	Solids Control equipment	42,000
7012020	Bits	72,000
7019010	Casing Crew and Services	30,000
7016350	Fuel (Rig)	73,000
7019140	Fuel (Mud)	30,000
7001460	Water (non potable)	25,000
7012350	Water (potable)	5,000
7019000	Well Logging Services	-
7019150	Mud Logging-geosteering	20,000
7019250	Stabilizers, Hole Openers, Underreamers (OH rentals)	15,000
7019110	Casing Inspection/cleaning	15,000
7019110	Drill pipe/collar inspection services	10,000
7016180	Freight - truck	25,000
7001460	Water hauling and disposal (includes soil farming)	60,000
7001160	Contract Services - Disposal/Non-Hazardous Waste	80,000
7001440	Vacuum Trucks	10,000
7000030	Contract Labor - general	30,000
7000030	Contract Labor - Operations	3,000
7001200	Contract Services - Facilities	10,000
7019300	Well Services - Well Control Services	21,917
7019350	Well Services - Well/Wellhead Services	10,000
7018150	Rental Tools and Equipment (surface rentals)	95,333
7018150	Rig Equipment and Misc.	11,917
7001110	Telecommunications Services	5,000
7001120	Consulting Services	112,017
7001400	Safety and Environmental	38,133
7018120	Rental Buildings (trailers)	19,067
7019310	Coring (sidewalls & analysis)	-
7011010	7% Contingency & Taxes	176,870
TOTAL DRILLING - INTANGIBLE		\$2,124,587

TOTAL DRILLING COST

\$2,703,587

COMPLETION - TANGIBLE

7012580	Tubing	-
7012040	Tubing Accessories ( nipple, wireline entry)	-
7012550	Wellhead Equip	15,000
7012560	Packers - Completion Equipment	-
TOTAL COMPLETION - TANGIBLE		\$15,000

Asset Team PERMIAN  
Field Purple Sage; Wolfc. FORMATION: WOLFCAMP D  
Lease/Facility Ripley 35 WD Fed Com 7H

COMPLETION - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access (dress location after rig move, set anchors)	10,000
7019220	Drilling Rig During Completion	-
7019140	Mud Fluids & Services	-
7019030	Coiled Tubing Services (3 runs)	210,000
7019240	Snubbing Services	-
7019270	Pulling/Swab Units	-
7016350	Fuel (from drlg)	-
7019010	Casing Crew and Services	-
7019020	Cement and Cementing Services	-
7019080	Well Testing Services (flow hand & equip)	425,000
7019320	Fracturing Services	2,062,200
7019330	Perforating	175,000
7019360	Wireline Services	15,000
7001460	Water Hauling & Disposal (frac fluids)	158,000
7016180	Freight - Truck (haul pipe; drlg & compl)	15,000
7018150	BOP Rental & Testing	-
7018150	Rental Tools and Equipment (incl drlg; lightplant,hydra-walk)	-
7018150	CT Downhole Rental Equipment (ie. Bit, BHA)	-
7000030	Contract Labor - general	35,000
7001110	Telecommunications Services	70,000
7001400	Safety and Environmental	-
7001120	Consulting Services	60,000
7018150	Zipper Manifold	120,000
7019300	Frack Stack Rentals	45,000
7016190	Freight (Transportation Services)	-
7018150	Equipment Rental ( w/o operator, frac tanks, lightplants)	75,000
7018120	Rental Buildings (trailers)	15,000
7000030	Contract Labor - Pumping (pump-down pumps)	30,000
7011010	8% Contingency & Taxes	243,000
TOTAL COMPLETION - INTANGIBLE		\$3,763,200

TOTAL COMPLETION COST

\$3,778,200

SURFACE EQUIPMENT - TANGIBLE

7012350	Misc. Piping, Fittings & Valves	17,120
7006640	Company Labor & Burden	-
7000030	Contract Labor - General	62,878
7001110	Telecommunication equip (Telemetry)	-
7012410	Line Pipe & Accessories	-
7012270	Miscellaneous Materials (containment system)	35,847
7008060	SCADA	-
7016180	Freight - truck	-
7001190	Contract Engineering	7,264
7012290	Metering and Instrumentation	5,823
7012290	I&E Materials	105,326
7012200	Gas Treating	-
7012200	Dehydration	-
7012010	Compressor	-
7012350	Power	-
7012610	Vapor Recovery Unit	-
7012440	Separator & other pressure vessels	336,771
7012500	Tanks	235,346
7012100	Heater Treater	-
7012640	Flare & Accessories	23,293
7000010	Electrical Labor	10,482
7000010	Mechanical Labor	-
7012480	Rod Pumping unit & Pad	-
7012180	Pumping Unit Engine	-
7012350	Electrical Power (electrical cooperative construction costs)	-
TOTAL SURFACE EQUIPMENT - TANGIBLE		\$840,149

TOTAL SURFACE EQUIPMENT COST

\$ 840,149

ARTIFICIAL LIFT

7006640	Company Labor	45,000
7012180	Gas Lift Equipment	15,000
7012480	Rod Pumping, Sucker Rods & Rod Pump	6,250
7012140	Elect Sub Pumps (ESP)	17,500
7019350	Well Services-Well/Wellhead Services	6,000
7012270	Materials & Supplies-Tangible	6,000
7012550	Surface Wellhead Equipment	5,000
7012390	Pig Launchers/Receivers & Rel Equip	6,250
7011010	8% Contingency & Taxes	3,000
TOTAL ARTIFICIAL LIFT		110,000

TOTAL ARTIFICIAL LIFT COST

\$ 110,000

SUMMARY OF ESTIMATED DRILLING WELL COSTS

	TOTAL COST
TOTAL LOCATION COST	\$ 112,000
TOTAL DRILLING COST	\$ 2,703,587
TOTAL COMPLETIONS COST	\$ 3,778,200
TOTAL SURFACE EQUIPMENT COST	\$ 840,149
TOTAL ARTIFICIAL LIFT COST	\$ 110,000
GRAND TOTAL COST	\$7,543,936

Participant's Approval

Name of Company: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Title: \_\_\_\_\_ Date: \_\_\_\_\_

MARATHON OIL PERMIAN LLC  
AUTHORITY FOR EXPENDITURE  
DETAIL OF ESTIMATED WELL COSTS

DATE 7/30/2019  
DRILLING & LOCATION PREPARED BY MATTHEW RUGAARD  
COMPLETION PREPARED BY JOSH SHANNON  
FACILITIES PREPARED BY RICK LINDSAY  
ARTIFICIAL LIFT PREPARED BY RICK LINDSAY

Asset Team PERMIAN  
Field Purple Sage; Wolfc FORMATION: WOLF CAMP D WILDCAT EXPLORATION  
Lease/Facility Ripley 35 WD Fed Com 8H DEVELOPMENT RECOMPLETION  
Location EDDY COUNTY X EXPLOITATION WORKOVER  
Prospect MALAGA

Est Total Depth 15,813 Est Drilling Days Est Completion Days 5.5

LOCATION COST - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access	67,000
7001250	Land Broker Fees and Services	45,000
TOTAL LOCATION COST - INTANGIBLE		112,000

DRILLING COST - TANGIBLE

7012050	Conductor Pipe	28,000
7012050	Surface Casing	19,000
7012050	Intermediate Casing 1	66,000
7012050	Intermediate Casing 2	253,000
7012050	Production Casing	79,000
7012050	Drig Liner Hanger, Tieback Eq & Csg Accessories	55,000
7012550	Drilling Wellhead Equipment	50,000
7012040	Casing & Tubing Access	24,000
7012270	Miscellaneous MRO Materials	5,000
TOTAL DRILLING - TANGIBLE		579,000

DRILLING COST - INTANGIBLE

2019200	Drilling Rig Mob/Demob	43,333
2019220	Drilling Rig - day work/footage	613,800
2019040	Directional Drilling Services	199,000
2019020	Cement and Cementing Service Surface	15,000
2019020	Cement and Cementing Service Intermediate 1	25,000
2019020	Cement and Cementing Service Intermediate 2	35,000
2019020	Cement and Cementing Service Production	40,000
7019140	Mud Fluids & Services	66,400
7012310	Solids Control equipment	40,000
7012070	Bits	72,000
7019010	Casing Crew and Services	30,000
7016350	Fuel (Rig)	70,000
7019140	Fuel (Mud)	30,000
7001460	Water (non potable)	25,000
7012350	Water (potable)	5,000
2019000	Well Logging Services	-
7019150	Mud Logging-geosteering	18,000
7019250	Stabilizers, Hole Openers, Underreamers (DH rentals)	15,000
7019110	Casing Inspection/cleaning	15,000
7019110	Drill pipe/collar inspection services	10,000
7016180	Freight - truck	25,000
7001460	Water hauling and disposal (includes soil farming)	60,000
7001160	Contract Services - Disposal/Non-Hazardous Waste	80,000
7001440	Vacuum Trucks	10,000
7000030	Contract Labor - general	30,000
7000030	Contract Labor - Operations	3,000
7001200	Contract Services - Facilities	10,000
7019300	Well Services - Well Control Services	21,367
7019350	Well Services - Well/Wellhead Services	10,000
7018150	Rental Tools and Equipment (surface rentals)	90,933
7018150	Rig Equipment and Misc.	11,367
7001110	Telecommunications Services	5,000
7001120	Consulting Services	106,847
7001400	Safety and Environmental	36,373
7018120	Rental Buildings (trailers)	18,187
7019310	Coring (sidewalls & analysts)	-
7011010	7% Contingency & Taxes	172,522
TOTAL DRILLING - INTANGIBLE		\$2,058,129

TOTAL DRILLING COST \$2,637,129

COMPLETION - TANGIBLE

7012580	Tubing	-
7012040	Tubing Accessories (nipple, wireline entry)	-
7012550	Wellhead Equip	15,000
7012560	Packers - Completion Equipment	-
TOTAL COMPLETION - TANGIBLE		\$15,000

Asset Team PERMIAN  
Field Purple Sage; Wolfc. FORMATION: WOLF CAMP D  
Lease/Facility Ripley 35 WD Fed Com BH

COMPLETION - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access (dress location after rig move, set anchors)	10,000
7019220	Drilling Rig During Completion	-
7019140	Mud Fluids & Services	-
7019030	Coiled Tubing Services (3 runs)	210,000
7019240	Snubbing Services	-
7019270	Pulling/Swab Units	-
7016350	Fuel (from drlg)	-
7019010	Casing Crew and Services	-
7019020	Cement and Cementing Services	-
7019080	Well Testing Services (flow hand & equip)	425,000
7019320	Fracturing Services	2,062,200
7019330	Perforating	175,000
7019360	Wireline Services	15,000
7001460	Water Hauling & Disposal (frac fluids)	158,000
7016380	Freight - Truck (haul pipe; drlg & comp)	15,000
7018150	BOP Rental & Testing	-
7018150	Rental Tools and Equipment ( incl drlg; lightplant,hydra-walk)	-
7018150	CT Downhole Rental Equipment (ie. Bit, BHA)	-
7000030	Contract Labor - general	35,000
7001110	Telecommunications Services	70,000
7001400	Safety and Environmental	-
7001120	Consulting Services	60,000
7018150	Zipper Manifold	120,000
7019300	Frack Stack Rentals	45,000
7016190	Freight (Transportation Services)	-
7018150	Equipment Rental ( w/o operator, frac tanks, lightplants)	75,000
7018120	Rental Buildings (trailers)	15,000
7000030	Contract Labor - Pumping (pump-down pumps)	30,000
7011010	8% Contingency & Taxes	243,000
TOTAL COMPLETION - INTANGIBLE		\$3,763,200
TOTAL COMPLETION COST		\$3,778,200

SURFACE EQUIPMENT - TANGIBLE

7012350	Misc. Piping, Fittings & Valves	17,120
7006640	Company Labor & Burden	-
7000030	Contract Labor - General	62,878
7001110	Telecommunication equip (Telemetry)	-
7012410	Line Pipe & Accessories	-
7012270	Miscellaneous Materials (containment system)	35,847
7008060	SCADA	-
7016180	Freight - truck	-
7001190	Contract Engineering	7,264
7012290	Metering and Instrumentation	5,823
7012290	I&E Materials	105,326
7012200	Gas Treating	-
7012200	Dehydration	-
7012010	Compressor	-
7012350	Power	-
7012610	Vapor Recovery Unit	-
7012440	Separator & other pressure vessels	336,771
7012500	Tanks	235,346
7012100	Heater Treater	-
7012640	Flare & Accessories	23,293
7000010	Electrical Labor	10,482
7000010	Mechanical Labor	-
7012480	Rod Pumping unit & Pad	-
7012180	Pumping Unit Engine	-
7012350	Electrical Power (electrical cooperative construction costs)	-
TOTAL SURFACE EQUIPMENT - TANGIBLE		\$840,149
TOTAL SURFACE EQUIPMENT COST		\$ 840,149

ARTIFICIAL LIFT

7006640	Company Labor	45,000
7012180	Gas Lift Equipment	15,000
7012480	Rod Pumping, Sucker Rods & Rod Pump	6,250
7012140	Elect Sub Pumps (ESP)	17,500
7019350	Well Services-Well/Wellhead Services	6,000
7012270	Materials & Supplies-Tangible	6,000
7012550	Surface Wellhead Equipment	5,000
7012390	Pig Launchers/Receivers & Rel Equip	6,250
7011010	8% Contingency & Taxes	3,000
TOTAL ARTIFICIAL LIFT		110,000
TOTAL ARTIFICIAL LIFT COST		\$ 110,000

SUMMARY OF ESTIMATED DRILLING WELL COSTS

	TOTAL COST
TOTAL LOCATION COST	\$ 112,000
TOTAL DRILLING COST	\$ 2,637,129
TOTAL COMPLETIONS COST	\$ 3,778,200
TOTAL SURFACE EQUIPMENT COST	\$ 840,149
TOTAL ARTIFICIAL LIFT COST	\$ 110,000
GRAND TOTAL COST	\$7,477,478

Participant's Approval

Name of  
Company: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Title: \_\_\_\_\_ Date: \_\_\_\_\_

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

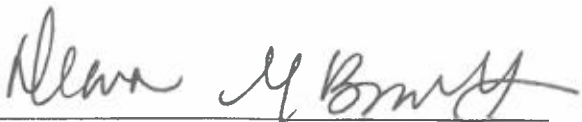
APPLICATION OF MARATHON OIL PERMIAN LLC  
FOR COMPUSLORY POOLING,  
EDDY COUNTY, NEW MEXICO.

CASE NOS. 20883, 20884, 20885

AFFIDAVIT

STATE OF NEW MEXICO            )  
  ) ss.  
COUNTY OF BERNALILLO        )

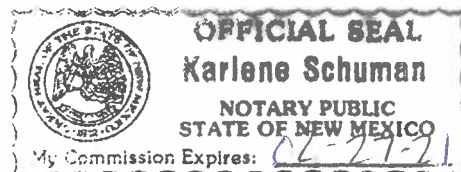
Deana M. Bennett, attorney in fact and authorized representative of Marathon Oil Permian LLC, the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Applications were sent under a notice letter attached hereto and that proof of receipt is attached hereto.

  
\_\_\_\_\_  
Deana M. Bennett

SUBSCRIBED AND SWORN to before me this 12 day of November, 2019 by Deana M. Bennett.

  
\_\_\_\_\_  
Notary Public

My commission expires: 2-27-21





MODRALL SPERLING

L A W Y E R S

October 24, 2019

**VIA CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**Re: APPLICATION OF MARATHON OIL PERMIAN LLC FOR  
COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.**

**CASE NO. 20883**

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

**CASE NO. 20884**

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

**CASE NO. 20885**

**TO: AFFECTED PARTIES**

This letter is to advise you that Marathon Oil Permian LLC ("Marathon") has filed the above-listed applications.

In Case No. 20883, Marathon seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the W/2 E/2 of Section 35, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the Ripley 35 SB Fed Com 6H 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.

In Case No. 20884, Marathon seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the E/2 E/2 of Section 35, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the Ripley 35 SB Fed Com 11H well, to be horizontally drilled. The producing

Deana M. Bennett  
505.848.1834  
[dmb@modrall.com](mailto:dmb@modrall.com)

Lance D. Hough  
505.848.1826  
[ldh@modrall.com](mailto:ldh@modrall.com)

Modrall Sperling  
Roehl Harris & Sisk P.A.

500 Fourth Street NW  
Suite 1000  
Albuquerque,  
New Mexico 87102

PO Box 2168  
Albuquerque,  
New Mexico 87103-2168

Tel: 505.848.1800  
[www.modrall.com](http://www.modrall.com)

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..

In Case No. 20885, Marathon seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the E/2 of Section 35, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the Ripley 35 WXY Fed Com 5H, Ripley 35 WA Fed Com 4H, Ripley 35 WXY Fed Com 3H, Ripley 35 WA Fed Com 9H, Ripley 35 WD Fed Com 2H, Ripley 35 WD Fed Com 7H and Ripley 35 WD Fed Com 8H wells, to be horizontally drilled. The producing area for these wells will be unorthodox. 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 wells are drilled and when the first well is completed.

These cases have been set for hearing before a Division Examiner on November 14, 2019, starting at 8:15 a.m. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Office located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. As a party who may be affected by these applications, we are notifying you of your right to appear at the hearing and participate in the cases, including the right to present evidence either in support of or in opposition to the applications. Failure to appear at the hearing may preclude you from any involvement in the cases at a later date.

You are further notified that if you desire to appear in these cases, then you are requested to file a Pre-Hearing Statement with the Division at least four business days in advance of a scheduled hearing before the Division or the Commission, but in no event later than 5:00 p.m. mountain time, on the Thursday preceding the scheduled hearing date, with a copy delivered to the undersigned.

Sincerely,



Deana M. Bennett  
Lance D. Hough  
*Attorneys for Applicant*



MODRALL SPERLING

L A W Y E R S

October 29, 2019

**VIA FEDEX OVERNIGHT**

**Re: APPLICATION OF MARATHON OIL PERMIAN LLC FOR  
COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.**

**CASE NOS. 20883-20885  
(RIPLEY)**

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

**CASE NOS. 20864-20868  
(VALKYRIE)**

**TO: AFFECTED PARTIES**

This letter is to advise you that Marathon Oil Permian LLC ("Marathon") has filed the above-listed applications.

**Ripley Applications:**

In Case No. 20883, Marathon seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the W/2 E/2 of Section 35, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the Ripley 35 SB Fed Com 6H 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.

In Case No. 20884, Marathon seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the E/2 E/2 of Section 35, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the Ripley 35 SB Fed Com 11H 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

Deana M. Bennett  
505.848.1834  
[dmb@modrall.com](mailto:dmb@modrall.com)

Lance D. Hough  
505.848.1826  
[ldh@modrall.com](mailto:ldh@modrall.com)

Modrall Sperling  
Roehl Harris & Sisk P.A.

500 Fourth Street NW  
Suite 1000  
Albuquerque,  
New Mexico 87102

PO Box 2168  
Albuquerque,  
New Mexico 87103-2168

Tel: 505.848.1800  
[www.modrall.com](http://www.modrall.com)



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..

In Case No. 20885, Marathon seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the E/2 of Section 35, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the Ripley 35 WXY Fed Com 5H, Ripley 35 WA Fed Com 4H, Ripley 35 WXY Fed Com 3H, Ripley 35 WA Fed Com 9H, Ripley 35 WD Fed Com 2H, Ripley 35 WD Fed Com 7H and Ripley 35 WD Fed Com 8H wells, to be horizontally drilled. The producing area for these wells will be unorthodox. 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 wells are drilled and when the first well is completed.

**Valkyrie Applications:**

In Case No. 20864, Marathon seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the S/2 of Section 12, Township 23 South, Range 28 East and Section 7 of Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the Valkyrie 12 WA Federal Com 7H, Valkyrie 12 WXY Federal Com 9H, Valkyrie 12 WA Federal Com 11H, Valkyrie 12 WD Federal Com 8H, Valkyrie 12 WD Federal Com 10H, Valkyrie 12 WD Federal Com 12H, to be horizontally drilled. The producing area for these wells will be unorthodox. 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 wells are drilled and when the first well is completed.

In Case No. 20865, Marathon seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the S/2 N/2 of Section 12 of Township 23 South, Range 28 East; and Section 7 of Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the Valkyrie 12 SB Federal Com 13H 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.

In Case No. 20866, Marathon seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the N/2 of Section 12, Township 23 South, Range 28 East and Section 7 of Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the Valkyrie 12 WXY Federal Com 1H, Valkyrie 12 WA Federal Com 3H, Valkyrie 12 WXY Federal Com 5H, Valkyrie 12 WD Federal Com 2H, Valkyrie 12 WD Federal Com 4H, Valkyrie 12 WD Federal Com 6H wells, to be horizontally drilled. The producing area for these wells will be unorthodox. 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 wells are drilled and when the first well is completed.

In Case No. 20867, Marathon seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the N/2 S/2 of Section 12 of Township 23 South, Range 28 East; and Section 7 of Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the Valkyrie 12 SB Federal Com 14H 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.

In Case No. 20868, Marathon seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the S/2 S/2 of Section 12 of Township 23 South, Range 28 East; and Section 7 of Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the Valkyrie 12 SB Federal Com 15H 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.

These cases have been set for hearing before a Division Examiner on November 14, 2019, starting at 8:15 a.m. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Office located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. As a party who may be affected by these applications, we are notifying you of your right to appear at the hearing and participate in the cases, including the right to present evidence either in support of or in opposition to the applications. Failure to appear at the hearing may preclude you from any involvement in the cases at a later date.

You are further notified that if you desire to appear in these cases, then you are requested to file a Pre-Hearing Statement with the Division at least four business days in advance of a scheduled hearing before the Division or the Commission, but in no event later than 5:00 p.m. mountain time, on the Thursday preceding the scheduled hearing date, with a copy delivered to the undersigned.

Sincerely,

A handwritten signature in cursive script that reads "Deana M. Bennett".

---

Deana M. Bennett  
Lance D. Hough  
*Attorneys for Applicant*

Ripky-20883

W2 E2 of Section 35, Township 24 South, Range 28 East, NMPM  
Eddy County, New Mexico  
Bone Spring Formations

Interest Ty	Owner Name/Address
WI	Chevron USA Inc. 6301 Deauville Midland, TX 79706-2964
WI	RKC, Inc. 1527 Hillside Road Fairfield, CT 06490
WI	XTO Holdings LLC 810 Houston Street Fort Worth, TX 76102
ORRI	Sempra Energy Production Company 8235 Douglas Ave, Suite 525 Dallas, TX 75225
ORRI	Sandford Starman and Shirley Starman, Co-Trustees of the Sanford and Shirley Starman 1991 Revocable Trust dated May 23, 1991 P.O. Box 3606 Westlake Village, CA 91360
ORRI	Rubicon Oil & Gas, LP 508 W. Wall St., Suite 500 Midland, TX 79701
ORRI	Michael D. Hayes and Kathryn Hayes, Co-Trustees of the Hayes Revocable Trust 3608 Meadowridge Midland, TX 79707
ORRI	Curtis W. Mewbourne, Trustee 500 West Texas, Suite 1020 Midland, TX 79701

Ripley. 20884

E2 E2 of Section 35, Township 24 South, Range 28 East, NMPM  
Eddy County, New Mexico  
Bone Spring Formations

Interest Ty	Owner Name/Address
WI	Chevron USA Inc. 6301 Deauville Midland, TX 79706-2964
WI	RKC, Inc. 1527 Hillside Road Fairfield, CT 06490
WI	XTO Holdings LLC 810 Houston Street Fort Worth, TX 76102
ORRI	Sempra Energy Production Company 8235 Douglas Ave, Suite 525 Dallas, TX 75225
ORRI	Sanford Starman and Shirley Starman, Co-Trustees of the Sanford and Shirley Starman 1991 Revocable Trust dated May 23, 1991 P.O. Box 3606 Westlake Village, CA 91360
ORRI	Rubicon Oil & Gas, LP 508 W. Wall St., Suite 500 Midland, TX 79701
ORRI	Michael D. Hayes and Kathryn Hayes, Co-Trustees of the Hayes Revocable Trust 3608 Meadowridge Midland, TX 79707
ORRI	Curtis W. Mewbourne, Trustee 500 West Texas, Suite 1020 Midland, TX 79701

Ripley. 20885

E/2 of Section 35, Township 24 South, Range 28 East, NMPM

Eddy County, New Mexico

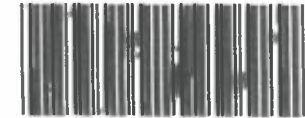
Wolfcamp Formations

Interest Type	Owner Name/Address
WI	Chevron USA Inc. 6301 Deauville Midland, TX 79706-2964
WI	RKC, Inc. 1527 Hillside Road Fairfield, CT 06490
WI	XTO Holdings LLC 810 Houston Street Fort Worth, TX 76102
ORRI	Sempra Energy Production Company 8235 Douglas Ave, Suite 525 Dallas, TX 75225
ORRI	Sandford Starman and Shirley Starman, Co-Trustees of the Sanford and Shirley Starman 1991 Revocable Trust dated May 23, 1991 P.O. Box 3606 Westlake Village, CA 91360
ORRI	Rubicon Oil & Gas, LP 508 W. Wall St., Suite 500 Midland, TX 79701
ORRI	Michael D. Hayes and Kathryn Hayes, Co-Trustees of the Hayes Revocable Trust 3608 Meadowridge Midland, TX 79707
ORRI	Curtis W. Mewbourne, Trustee 500 West Texas, Suite 1020 Midland, TX 79701

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  
10/24/2019



Firm Mailing Book ID: 177817

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0064 8778 95	Chevron 6301 Deauville Midland TX 79706	\$1.30	\$3.50	\$1.60	\$0.00	81363-0204 Ripley Notice
2	9314 8699 0430 0064 8779 01	RKC, Inc. 1527 Hillside Road Fairfield CT 06490	\$1.30	\$3.50	\$1.60	\$0.00	81363-0204 Ripley Notice
3	9314 8699 0430 0064 8779 18	XTO Holdings LLC 810 Houston Street Fort Worth TX 76102	\$1.30	\$3.50	\$1.60	\$0.00	81363-0204 Ripley Notice
4	9314 8699 0430 0064 8779 25	Sempra Energy Production Company 8235 Douglas Ave., Suite 525 Dallas TX 75225	\$1.30	\$3.50	\$1.60	\$0.00	81363-0204 Ripley Notice
5	9314 8699 0430 0064 8779 32	Sandford Starman and Shirley Starman co-Trustees Starman 1991 Revocable Trust P.O. Box 3606 Westlake Village CA 91360	\$1.30	\$3.50	\$1.60	\$0.00	81363-0204 Ripley Notice
6	9314 8699 0430 0064 8779 49	Rubicon Oil & Gas, LP 508 W. Wall St., Suite 500 Midland TX 79701	\$1.30	\$3.50	\$1.60	\$0.00	81363-0204 Ripley Notice
7	9314 8699 0430 0064 8779 56	Michael D. Hayes & Kathryn Hayes, co-Trustees of Hayes Revocable Trust 3608 Meadowridge Midland TX 79707	\$1.30	\$3.50	\$1.60	\$0.00	81363-0204 Ripley Notice
8	9314 8699 0430 0064 8779 63	Curtis W. Mewbourne, Trustee 500 West Texas, Suite 1020 Midland TX 79701	\$1.30	\$3.50	\$1.60	\$0.00	81363-0204 Ripley Notice
Totals:			\$10.40	\$28.00	\$12.80	\$0.00	
				Grand Total:		\$51.20	

List Number of Pieces  
Listed by Sender

Total Number of Pieces  
Received at Post Office

Postmaster:  
Name of receiving employee

Dated:

8

43

Transaction Report Details - CertifiedPro.net  
 Firm Mail Book ID= 177817  
 Generated: 11/12/2019 8:05:55 AM

USPS Article Number	Date Created	Reference Number	Name 1	Name 2	City	State	Zip	Mailing Status	Service Options	Mail Delivery Date
9314869904 00064877963	2019-10-24 11:19 AM	81363-0204 Ripley	Curtis W. Mewbourne, Trustee		Midland	TX	79701	Undelivered	Return Receipt - Electronic, Certified Mail	
9314869904300064877956	2019-10-24 11:19 AM	81363-0204 Ripley	Michael D. Hayes & Kathryn Hayes, co-Trustees of	Hayes Revocable Trust	Midland	TX	79707	To be Returned	Return Receipt - Electronic, Certified Mail	
9314869904300064877949	2019-10-24 11:19 AM	81363-0204 Ripley	Rubicon Oil & Gas, LP		Midland	TX	79701	Delivered	Return Receipt - Electronic, Certified Mail	10-28-2019
9314869904300064877932	2019-10-24 11:19 AM	81363-0204 Ripley	Sandford Starman and Shirley Starman co-Trustees	Starman 1991 Revocable Trust	Westlake Village	CA	91360	Delivered	Return Receipt - Electronic, Certified Mail	10-30-2019
9314869904300064877925	2019-10-24 11:19 AM	81363-0204 Ripley	Sempra Energy Production Company		Dallas	TX	75225	Mailed	Return Receipt - Electronic, Certified Mail	
9314869904300064877918	2019-10-24 11:19 AM	81363-0204 Ripley	XTO Holdings LLC		Fort Worth	TX	76102	Delivered	Return Receipt - Electronic, Certified Mail	10-29-2019
9314869904300064877901	2019-10-24 11:19 AM	81363-0204 Ripley	RKC, Inc.		Fairfield	CT	06490	Delivered	Return Receipt - Electronic, Certified Mail	11-07-2019
9314869904300064877895	2019-10-24 11:19 AM	81363-0204 Ripley	Chevron		Midland	TX	79706	Undelivered	Return Receipt - Electronic, Certified Mail	

747



# Your package has been delivered

Tracking # 776846021896

Ship date:

**Tue, 10/29/2019**

Karlene Schuman

Albuquerque, NM 87102

US

Delivery date:

**Wed, 10/30/2019 9:52 am**

Bureau of Land Management

310 Dinosaur Trail

SANTA FE, NM 87508

US



## Shipment Facts

Our records indicate that the following package has been delivered.

Tracking number:	<u><a href="#">776846021896</a></u>
Status:	Delivered: 10/30/2019 09:52 AM Signed for By: R.DURAN
Reference:	81363.0205 DMB
Signed for by:	R DURAN
Delivery location:	SANTA FE, NM
Delivered to:	Shipping/Receiving
Service type:	FedEx Standard Overnight®
Packaging type:	FedEx® Envelope
Number of pieces:	1
Weight:	0.50 lb.
Special handling/Services:	Deliver Weekday
Standard transit:	10/30/2019 by 4:30 pm

# Carlsbad Current Argus.

PART OF THE USA TODAY NETWORK

## Affidavit of Publication

Ad # 0003873592

**MODRALL SPERLING**

POBOX 2168

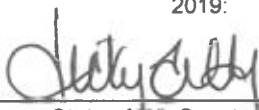
**ALBUQUERQUE, NM 87103**

I, a legal clerk of the **Carlsbad Current Argus**, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

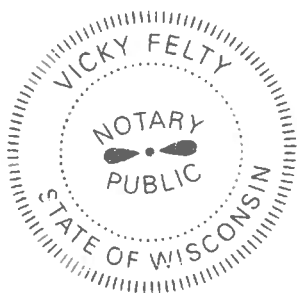
**October 31, 2019**

  
\_\_\_\_\_  
Legal Clerk

Subscribed and sworn before me this October 31,  
2019:

  
\_\_\_\_\_  
State of WI, County of Brown  
NOTARY PUBLIC

  
\_\_\_\_\_  
My commission expires



Ad # 0003873592  
PO #: 20883, 20884, 20885  
# of Affidavits : 1

CASE NO. 20883: Notice to all affected parties, as well as the heirs and devisees of Bureau of Land Management, Chevron USA Inc., RKC, Inc., XTO Holdings LLC, Semptra Energy Production Company, Sanford Starman and Shirley Starman Co-Trustees of the Sanford and Shirley Starman 1991 Revocable Trust dated May 23 1991, Rubicon Oil & Gas LP, Michael D. Hayes and Kathryn Hayes Co-Trustees of the Hayes Revocable Trust, Curtis W. Mewbourne Trustee, of Marathon Oil Permian LLC's application for compulsory pooling, Eddy 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 November 14, 2019, to consider this application. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the W/2 E/2 of Section 35, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the Ripley 35 SB Fed Com 6H 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 3.6 miles southeast of Malaga, New Mexico.

CASE NO. 20884: Notice to all affected parties, as well as the heirs and devisees of Bureau of Land Management, Chevron USA Inc., RKC, Inc., XTO Holdings LLC, Semptra Energy Production Company, Sanford Starman and Shirley Starman Co-Trustees of the Sanford and Shirley Starman 1991 Revocable Trust dated May 23 1991, Rubicon Oil & Gas LP, Michael D. Hayes and Kathryn Hayes Co-Trustees of the Hayes Revocable Trust, Curtis W. Mewbourne Trustee, of Marathon Oil Permian LLC's application for compulsory pooling, Eddy 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 November 14, 2019, to consider this application. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the E/2 E/2 of Section 35, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the Ripley 35 SB Fed Com 11H 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 3.6 miles southeast of Malaga, New Mexico.

CASE NO. 20885: Notice to all affected parties, as well as the heirs and devisees of Bureau of Land Management, Chevron USA Inc., RKC, Inc., XTO Holdings LLC, Semptra Energy Production Company, Sanford Starman and Shirley Starman Co-Trustees of the Sanford and Shirley Starman 1991 Revocable Trust dated May 23 1991, Rubicon Oil & Gas LP, Michael D. Hayes and Kathryn Hayes Co-Trustees of the Hayes Revocable Trust, Curtis W. Mewbourne Trustee, of Marathon Oil Permian LLC's application for compulsory pooling, Eddy 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 November 14, 2019, to consider this application. Applicant seeks an order from the Division pooling all un-

committed mineral interests within a Wolfcamp horizontal spacing unit underlying the E/2 of Section 35, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the Ripley 35 WXY Fed Com 5H, Ripley 35 WA Fed Com 4H, Ripley 35 WXY Fed Com 3H, Ripley 35 WA Fed Com 9H, Ripley 35 WD Fed Com 2H, Ripley 35 WD Fed Com 7H and Ripley 35 WD Fed Com 8H wells, to be horizontally drilled. The producing area for these wells will be unorthodox. 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 wells are drilled and when the first well is completed. Said area is located approximately 3.6 miles south-east of Malaga, New Mexico.

*October 31, 2019*

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

APPLICATION OF MARATHON OIL PERMIAN LLC FOR COMPUSLORY  
POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 20885  
(Ripley Wolfcamp)

AFFIDAVIT

STATE OF NEW MEXICO            )  
  ) ss.  
COUNTY OF BERNALILLO        )

Rebecca Horne, being duly sworn, deposes and states:

1. I am over the age of 18, I am a geologist for Marathon Oil Permian LLC, and have personal knowledge of the matters stated herein. I have previously testified before the Oil Conservation Division ("Division") and my credentials as an expert petroleum geologist were accepted by the Division as a matter of record.

2. My area of responsibility at Marathon includes the area of Eddy County in New Mexico.

3. I am familiar with the application filed by Marathon in this case.

4. **Exhibit 7** is a locator map showing the approximate location of the proposed wells in relation to the Capitan Reef.

5. **Exhibit 8** is a wellbore schematic showing the Ripley development plan.

6. The exhibits behind **Tab 9** are the geology study I prepared for the Ripley 35 WXY Fed Com 5H; Ripley WA Fed Com 4H; Ripley WXY Fed Com 3H; and Ripley 35 WA Fed Com 9H, which are upper Wolfcamp wells.



7. **Exhibit 9-A** is structure map of the top of the Wolfcamp, and is the structure map for the upper Wolfcamp wells. The proposed project area is identified by a black-dashed box, and the proposed wells are identified by purple and red lines. The contour interval used this exhibit is 25 feet. This exhibit shows that the structure dips to the east.

8. **Exhibit 9-B** is the reference map for the wells I chose for the cross-section. The slide identifies three wells in the vicinity of the proposed upper Wolfcamp wells, shown by a line of cross-section running from A to A'.

9. **Exhibit 9-C** is a stratigraphic cross section hung on the top of the Wolfcamp. The well logs on the cross-section give a representative sample of the upper Wolfcamp formation in the area. The target zone is identified by the words "Producing Zone" and the shaded area across the cross section, along with a red arrow. The producing zones are the Wolfcamp XY and the Wolfcamp A.

10. In my opinion, the gross interval thickness is relatively consistent from north to south.

11. **Exhibit 9-D** is a Gross Interval Isochore of the Wolfcamp to Wolfcamp B. This slide shows the gross interval thickness is relatively consistent from north to south.

12. The exhibits behind **Tab 10** are the geology study I prepared for the Ripley 35 WD Fed Com 2H; Ripley 35 WD Fed Com 7H; and Ripley 35 WD Fed Com 8H, which are the lower Wolfcamp wells.

13. **Exhibit 10-A** is structure map of the top of the Wolfcamp C2, and is the structure map for the lower Wolfcamp wells. The proposed project area is identified by a black-dashed box, and the proposed wells are identified green lines. The contour interval used this exhibit is 25 feet. This exhibit shows that the structure dips to the east.

14. **Exhibit 10-B** is the reference map for the wells I chose for the cross-section. The slide identifies three wells in the vicinity of the proposed lower Wolfcamp wells, shown by a line of cross-section running from A to A'.

15. **Exhibit 10-C** is a stratigraphic cross section hung on the top of the Wolfcamp C2. The well logs on the cross-section give a representative sample of the lower Wolfcamp formation in the area. The target zone is identified by the words "Producing Zone" and the shaded area across the cross section, along with a red arrow. The producing zones are the Wolfcamp C2 and the Wolfcamp D2.

16. In my opinion, the gross interval thickness increases from north to south.

17. **Exhibit 10-D** is a Gross Interval Isochore of the Wolfcamp C2 to Wolfcamp D3. This slide shows the gross interval thickness increases from north to south.

18. I conclude from the maps that:

- a. The horizontal spacing unit is justified from a geologic standpoint.
- b. There are no structural impediments or faulting that will interfere with horizontal development.
- c. Each quarter quarter section in the proposed unit will contribute more or less equally to production.

19. **Exhibit 11** provides an overview of the stress orientation in the area based on the 2018 Snee-Zoback paper.

20. The preferred well orientation in this area is either north/south or east/west. This is because the  $S_{Hmax}$  is at approximately 45 degrees in mid-Eddy County. Marathon is proposing east/west orientation to maximize the lateral length given Marathon's acreage.

21. Exhibits 7-11 were prepared by my or under my supervision or compiled from company business records.

22. In my opinion, the granting of Marathon's application is in the interests of conservation and the prevention of waste.



Rebecca C Horne  
Rebecca Horne

SUBSCRIBED AND SWORN to before me this 13 day of Nov, 2019 by Rebecca Horne, on behalf of Marathon Oil Permian LLC.

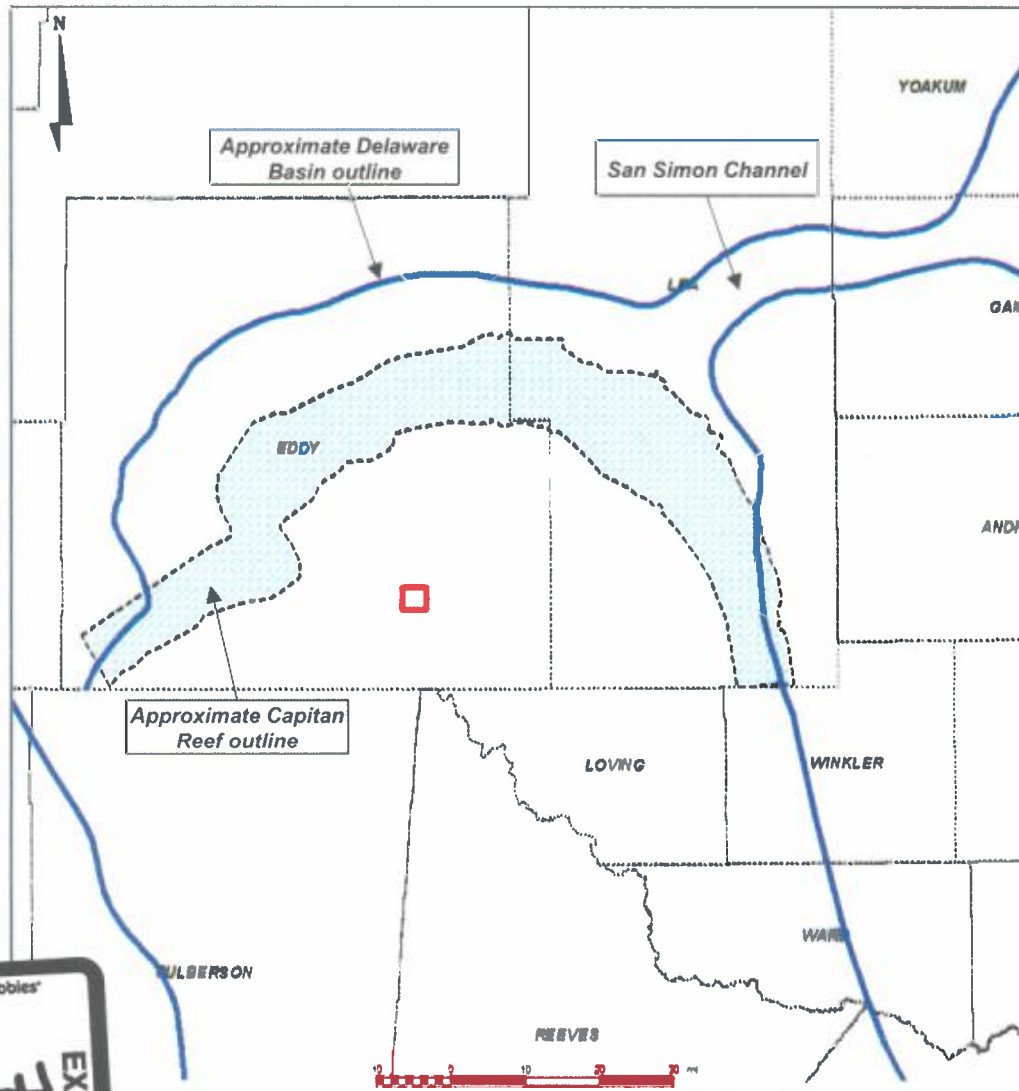
Karlene Schuman  
Notary Public

My commission expires: 02-27-21



# Ripley 35 Fed Com Unit

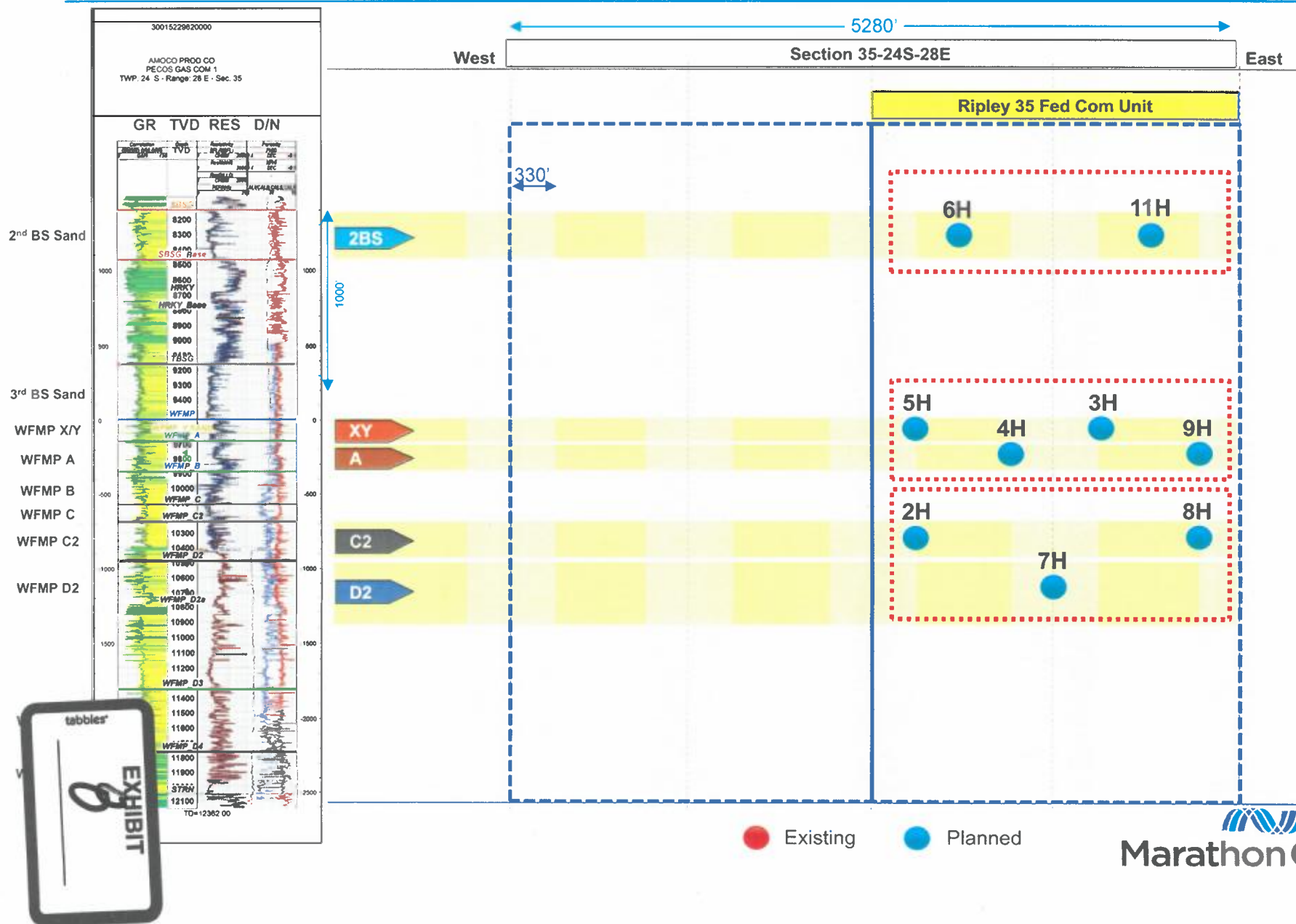
## Locator Map



- Approximate location of proposed Ripley 35 Fed Com well locations shown with red box
- Located basinward of the Capitan Reef
- Mid Eddy county

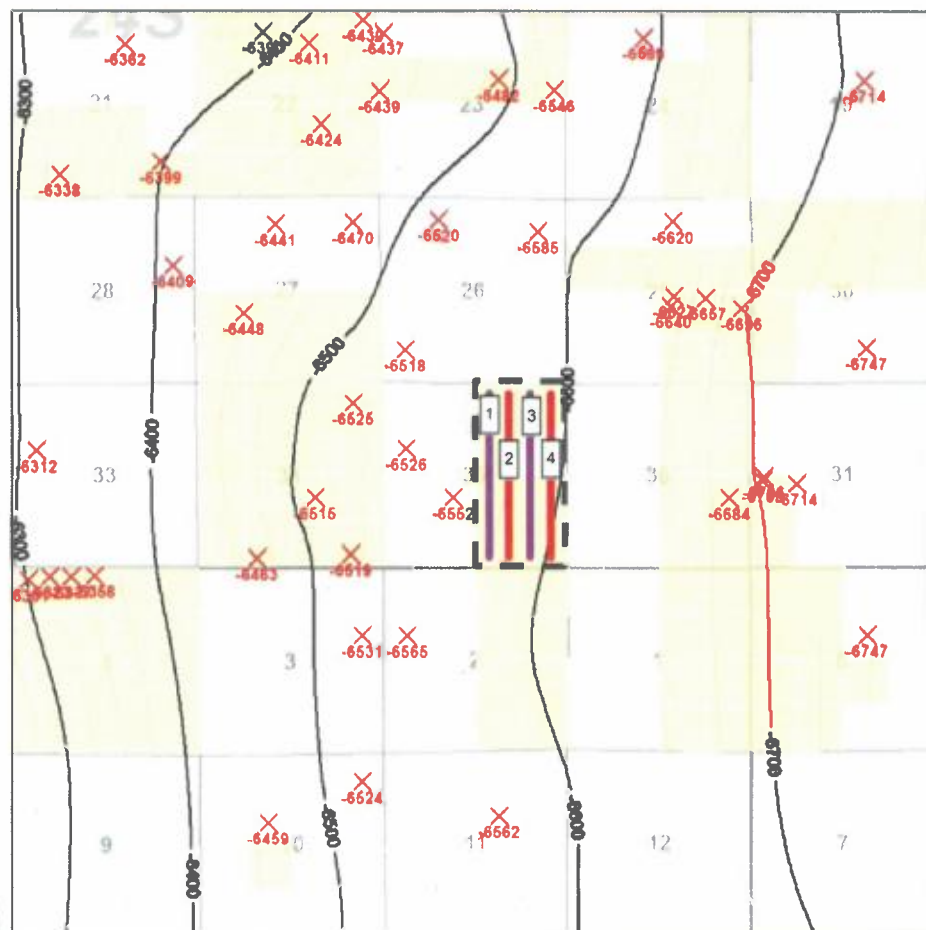
# Ripley 35 Fed Com Unit

## Wellbore Schematic



# Ripley 35 Fed Com Unit

Structure Map for Upper Wolfcamp Wells – Top of Wolfcamp (TVDSS)

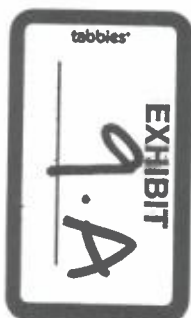


## Map Legend

MRO Acreage Project Area

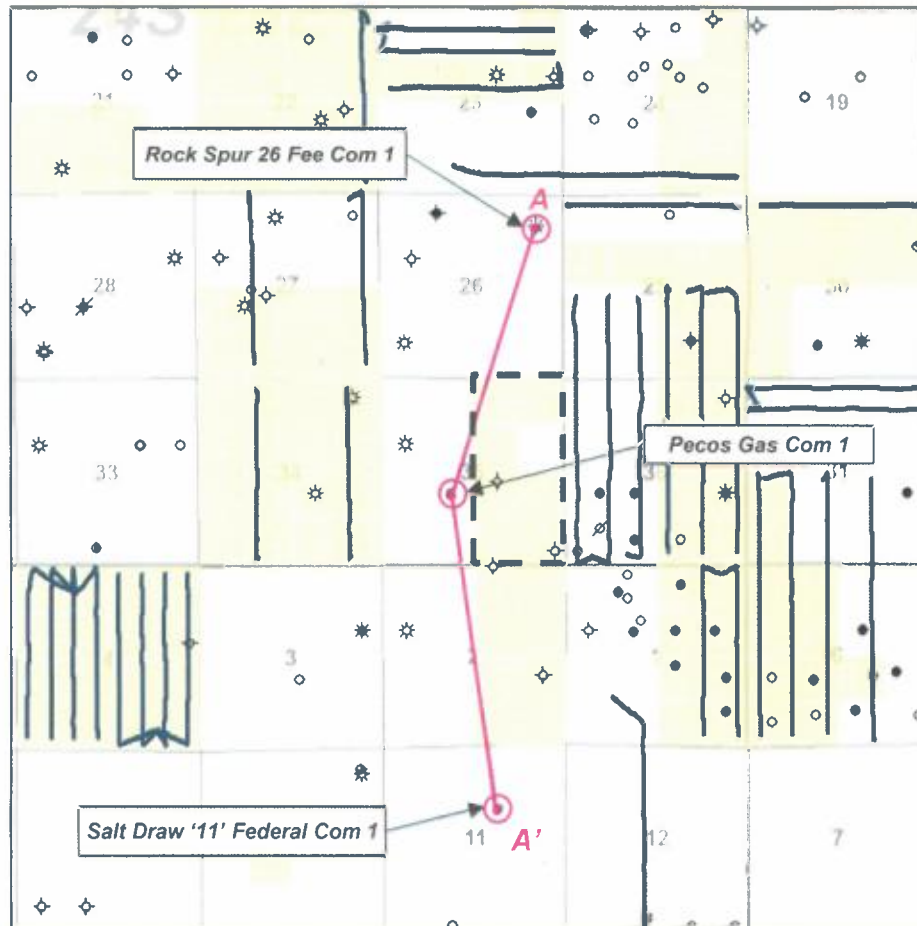
WFMP XY  
WFMP A  
MRO – Horizontal Location

- 1 Ripley 35 WXY Fed Com 5H
- 2 Ripley 35 WA Fed Com 4H
- 3 Ripley 35 WXY Fed Com 3H
- 4 Ripley 35 WA Fed Com 9H



# Ripley 35 Fed Com Unit

Reference Map for Cross Section – Upper Wolfcamp Wells



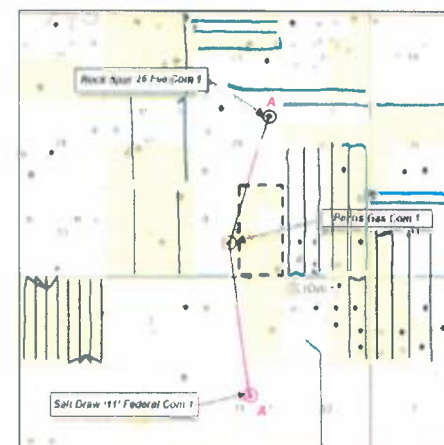
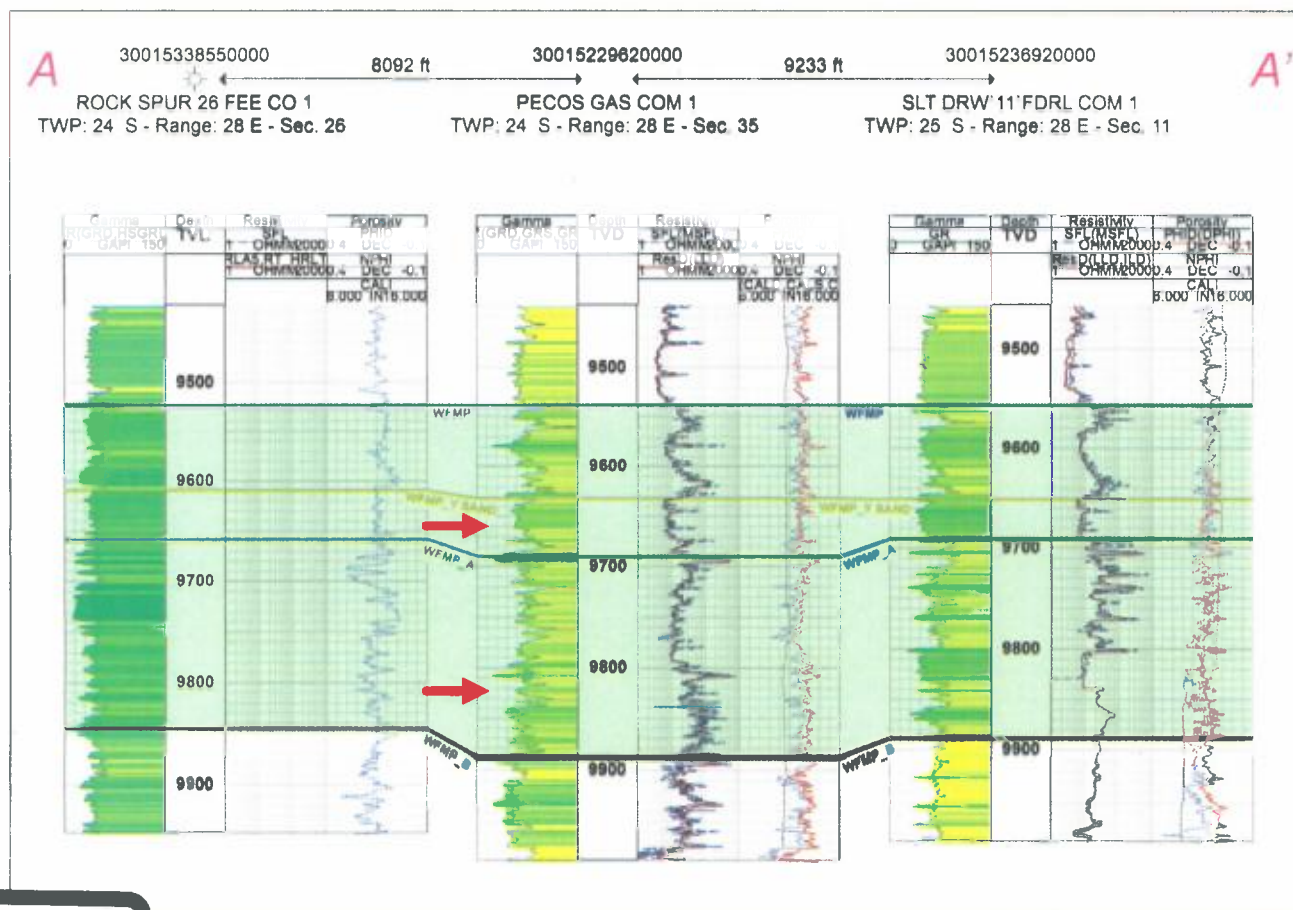
## Map Legend



1 mile

# Ripley 35 Fed Com Unit

## Stratigraphic Cross Section (Top Wolfcamp Datum)



Gross interval thickness  
relatively consistent  
from north to south

Producing Zone -  
Wolfcamp XY & WFMP A

tabbles

EXHIBIT

9. C

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Marathon Oil





# Ripley 35 Fed Com Unit

Gross Interval Isochore – Wolfcamp to Wolfcamp B



## Map Legend

 MRO Acreage  
 Project Area

 WFMP XY  
 WFMP A

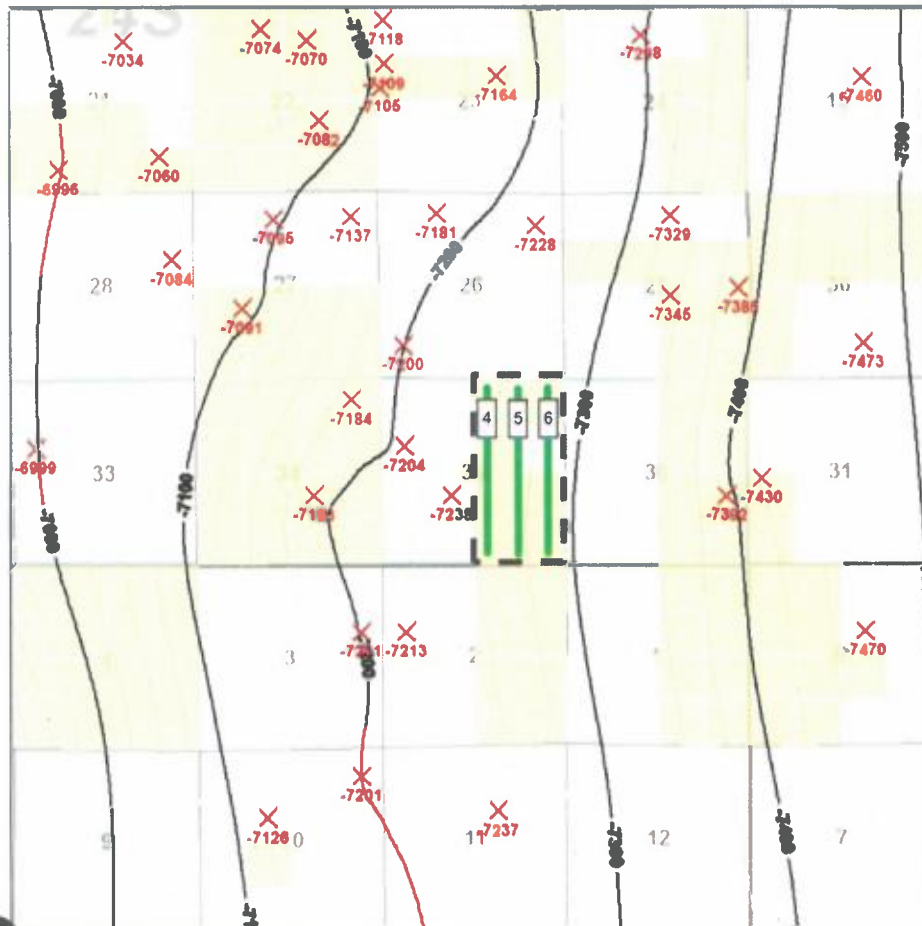
MRO – Horizontal  
Location

- 1 Ripley 35 WXY Fed Com 5H
- 2 Ripley 35 WA Fed Com 4H
- 3 Ripley 35 WXY Fed Com 3H
- 4 Ripley 35 WA Fed Com 9H





# Ripley 35 Fed Com Unit

Structure Map for Lower Wolfcamp Wells – Top of Wolfcamp C2 (TVDSS)



## Map Legend

 MRO Acreage  
 Project Area

 WFMP D

MRO – Horizontal  
Location

-  4 Ripley 35 WD Fed Com 2H
-  5 Ripley 35 WD Fed Com 7H
-  6 Ripley 35 WD Fed Com 8H



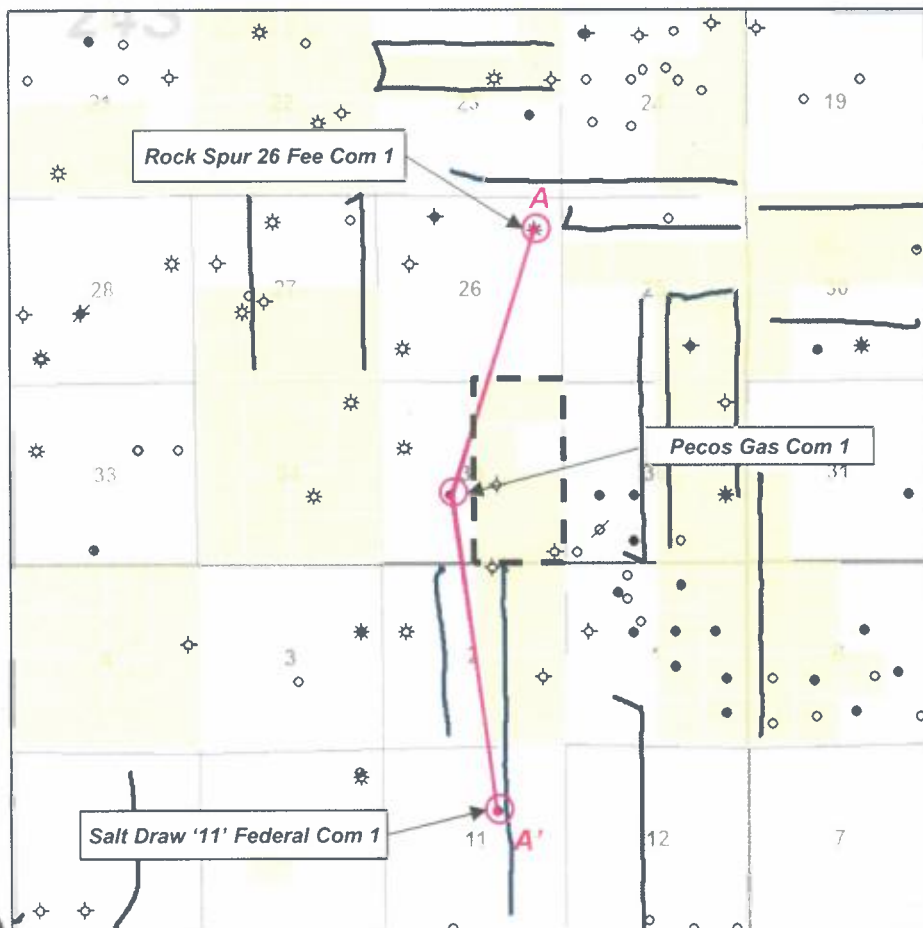
C.I. = 25'

1 mile



# Ripley 35 Fed Com Unit

Reference Map for Cross Section – Lower Wolfcamp Wells

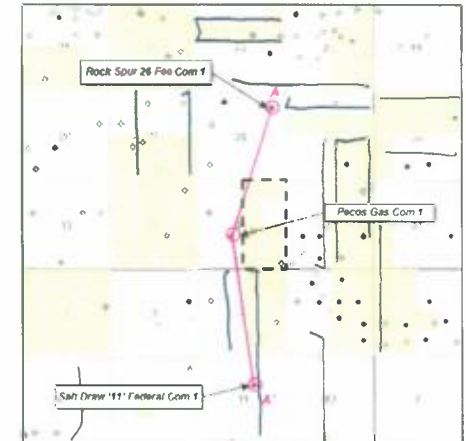
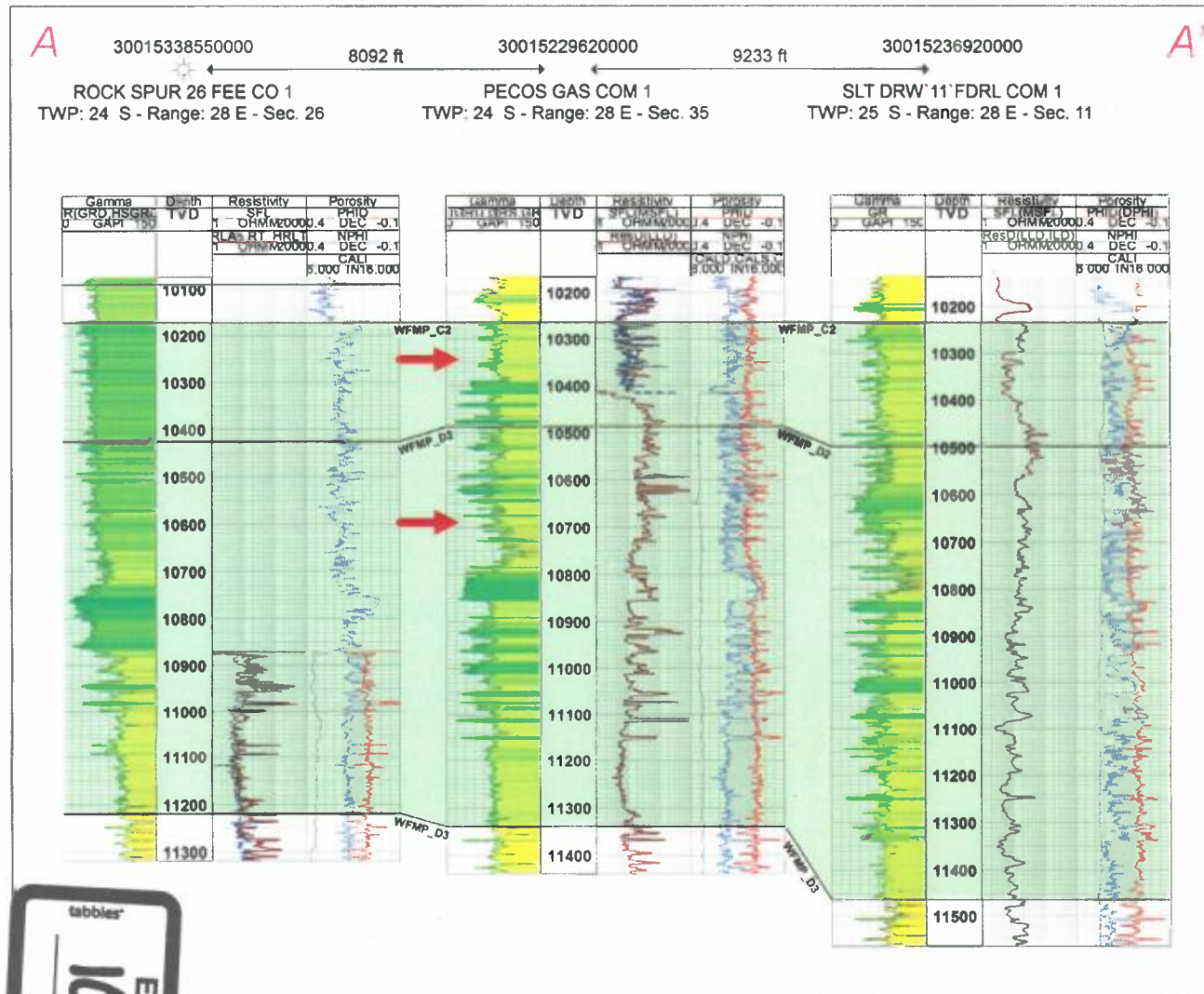


## Map Legend



# Ripley 35 Fed Com Unit

## Stratigraphic Cross Section (Top Wolfcamp C2 Datum)

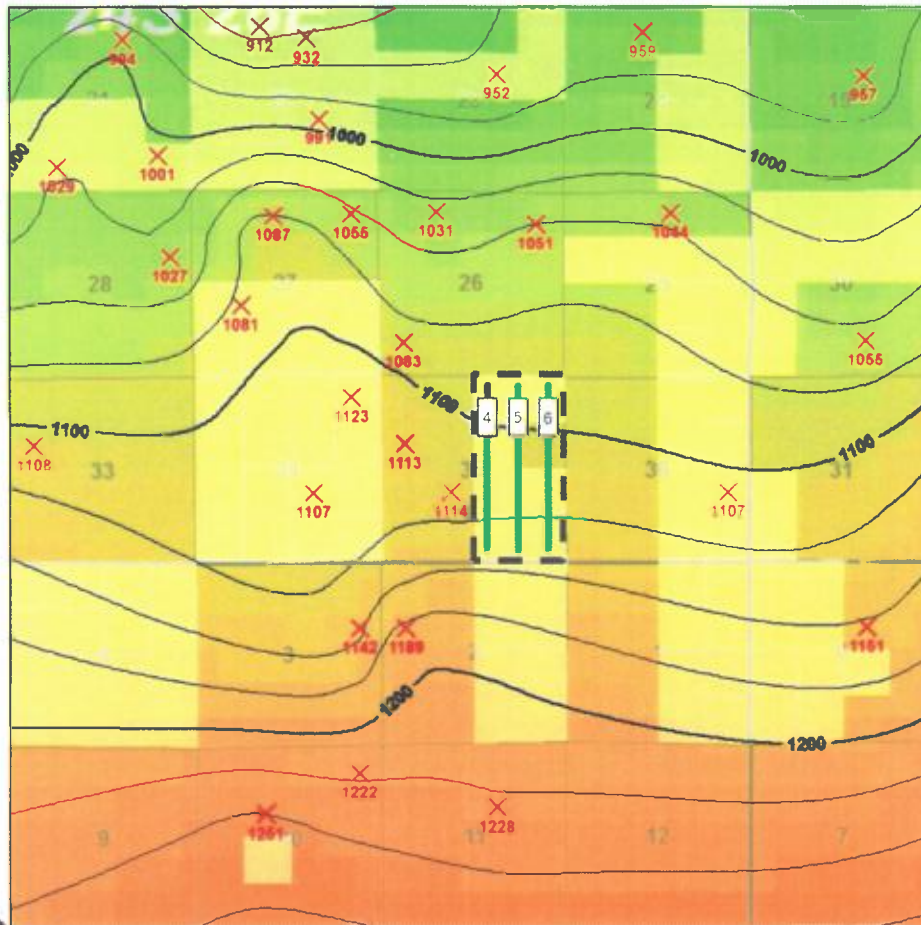


Gross interval thickness increases from north to south

Producing Zone –  
 Wolfcamp C2 & D2

# Ripley 35 Fed Com Unit

Gross Interval Isochore – Wolfcamp C2 to Wolfcamp D3



## Map Legend

MRO Acreage      Project Area

WFMP D

MRO – Horizontal Location

- 4 Ripley 35 WD Fed Com 2H
- 5 Ripley 35 WD Fed Com 7H
- 6 Ripley 35 WD Fed Com 8H

C I = 25'

1 mile

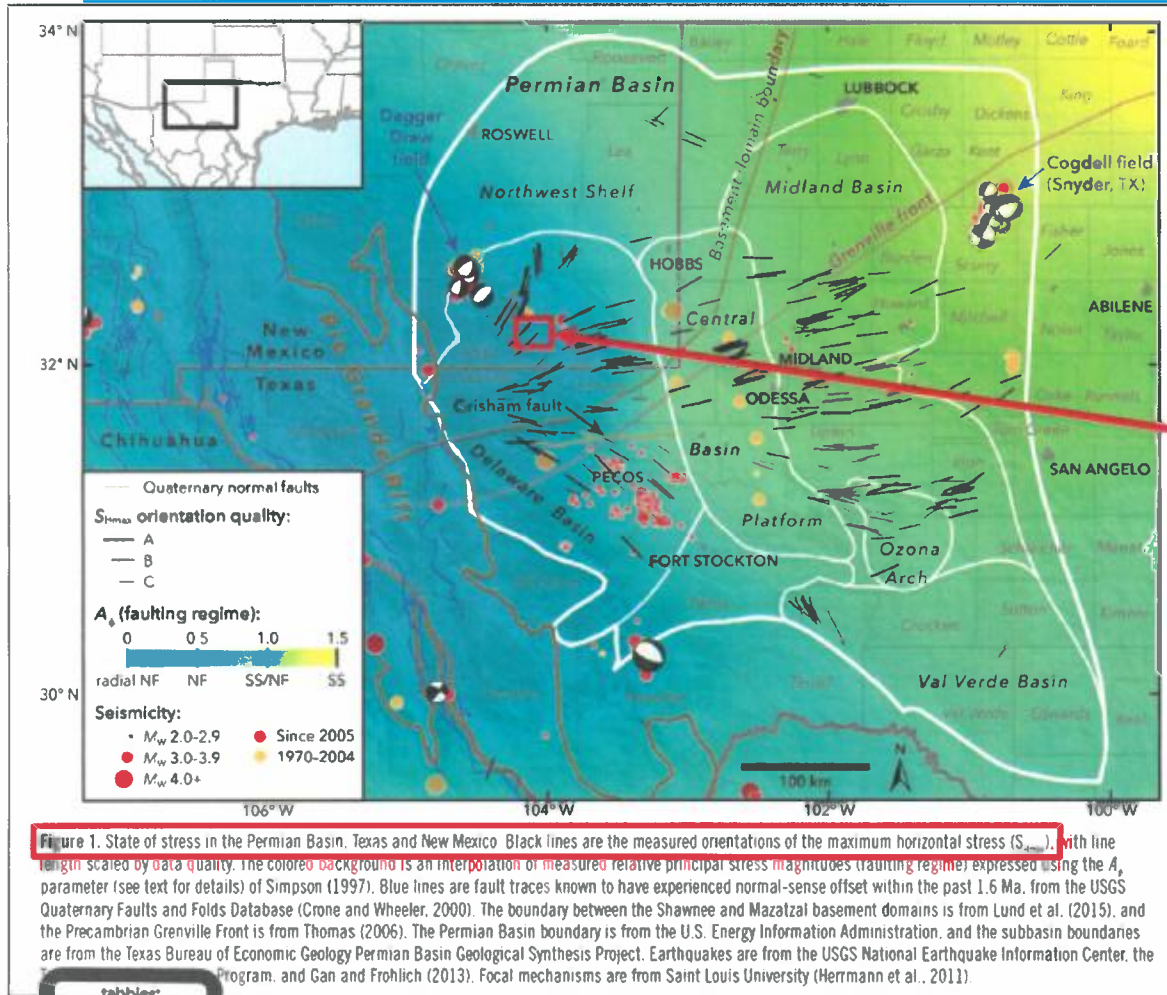


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# Ripley 35 Fed Com Unit

## Preferred Well Orientation - SHmax



**Preferred well orientation N/S to maximize lateral length with respect to Marathon's acreage.**

As outlined in Snee & Zoback (2018),  $SH_{max}$  is at approximately 45 degrees in mid Eddy county. Therefore, hydraulic fractures will propagate out at ~45 degrees. Production is expected to be the same for wells oriented either N/S or E/W.

Source:

Snee & M.D. Zoback, 2018, State of stress in the Permian Basin, Texas and New Mexico: Implications for induced seismicity: The Leading Edge, 810-819, <https://doi.org/10.1190/tle37020810.1>.