

# Before the Oil Conservation Division Examiner Hearing December 12, 2019

*Case Nos. 20946, 20948, 20949, and 20950*

- (1) Mead West 32 SB State 1H
- (2) Mead West 32 SB State 2H
- (3) Mead West 32 WFB State 5H
- (4) Mead West 32 WFB State 6H



# **Marathon Mead Cases: Nos. 20946, 20948, 20949, & 20950**

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

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

CASE NOS. 20946, 20948, 20949, 20950

**AFFIDAVIT**

STATE OF TEXAS                                 )  
  ) ss.  
COUNTY OF MIDLAND                         )

Travis Prewett, being duly sworn, deposes and states:

1. I am over the age of 18, I am a land supervisor 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 Lea County in New Mexico.

3. I am familiar with the applications filed by Marathon in these cases.

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

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

6. No opposition is expected because the interest owner being pooled has been contacted regarding the proposed wells, but has failed or refused to voluntarily commit its interests in the wells.



7. Marathon filed four applications for Mead wells located in the W/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. In each of those four applications, Marathon seeks to force pool a single working interest owner, ConocoPhillips Company, into the horizontal spacing units described in each application, and in the wells to be drilled in the unit.

8. Attached as **Exhibit 1** is the application for Case No. 29646. In Case No. 20946, Marathon seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the W/2 W/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Mead West 32 SB State 1H** well, to be horizontally drilled.

9. The producing area for the well will be orthodox.

10. Attached as **Exhibit 2** is the application for Case No. 20949. In Case No. 20949, Marathon seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the E/2 W/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Mead West 32 SB State 2H** well, to be horizontally drilled.

11. The producing area for the well will be orthodox.

12. The pool for the 1H and 2H wells is the Pearl, Bone Spring, Pool Code 49680, which is an oil pool.

13. Attached as **Exhibit 3** is the application for Case No. 20948. In Case No. 20948, Marathon seeks an order from the Division pooling all uncommitted mineral interests within a Wolfbone horizontal spacing unit underlying the W/2 W/2 of Section 32, Township 19 South,

Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Mead West 32 WFB State 5H** well, to be horizontally drilled.

14. The producing area for the well will be orthodox.

15. Attached as **Exhibit 4** is the application for Case No. 20950. In Case No. 20950, Marathon seeks an order from the Division pooling all uncommitted mineral interests within a Wolfbone horizontal spacing unit underlying the E/2 W/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Mead West 32 WFB State 6H** well, to be horizontally drilled.

16. The producing area for the well will be orthodox.

17. Based on discussions with Paul Kautz, these wells are within what would be considered the Wolfbone Pool.

18. Mr. Kautz suggested using the following terminology to describe the pool: "From the top of the Third Bone Spring Carbonate to a point 500 feet below the top of the Wolfcamp". Marathon requests that the order reflect this terminology for the 5H and 6H wells.

19. There are no depth severances in the Bone Spring or Wolfbone formations.

20. Attached as **Exhibit 5** are the proposed C-102s for the wells.

21. Lease tract maps outlining the units being pooled are attached hereto as **Exhibit 6**. The parties being pooled and the percent of their interests is also included as part of Exhibit 6. Ownership within the proposed units is the same within the Bone Spring and Wolfbone formation.

22. There are no overriding royalty interest owners that Marathon seeks to pool.

23. Marathon has 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.

24. There is only one uncommitted working interest owner—ConocoPhillips Company.

25. Marathon has been diligently discussing voluntary joinder with ConocoPhillips Company, and will continue to do so. Marathon will alert the Division if Marathon and ConocoPhillips reach a voluntary agreement.

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

27. **Exhibit 7** is the proposal letters sent to ConocoPhillips, which was sent on October 9, 2019.

28. The proposal letter identifies the proposed first take point, last take point, and approximate TVD. It also contains separate elections for each well.

29. **Exhibit 8** 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.

30. 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.

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

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

33. 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.

34. **Exhibit 9** is an affidavit of notice prepared by counsel for Marathon that shows the parties who were notified of this hearing, the status of whether they received notice, and an affidavit of publication from the Hobbs-News Sun newspaper, showing that notice of this hearing was published on November 30, 2019.

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

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

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

*[Signature page follows]*

  
Travis Prewett

SUBSCRIBED AND SWORN to before me this 9<sup>th</sup> day of December, 2019 by Travis Prewett on behalf of Marathon Oil Permian LLC.

  
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, LEA COUNTY, NEW MEXICO.**

CASE NO. 20946

**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 Bone Spring horizontal spacing unit underlying W/2 W/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea 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 W/2 W/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico to form a 160-acre, more or less, spacing unit.
3. Marathon plans to drill the **Mead West 32 SB State 1H** well to a depth sufficient to test the Bone Spring formation. This well will be horizontally drilled and will be drilled at orthodox locations under the Division's rules.



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

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

6. Marathon further requests that it be allowed one (1) year between the time the well is drilled and completion of the 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 December 12, 2019, and after notice and hearing as required by law, the Division enter its order:

A. Pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing unit within the W/2 W/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico;

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

C. Authorizing Marathon to recover its costs of drilling, equipping and completing the well;

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 well in the event a working interest owner elects not to participate in the well.

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

Respectfully submitted,

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

By: Deana M. Bennett

Deana M. Bennett

Nicole T. Russell

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, Lea County, New Mexico.** Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the W/2 W/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Mead West 32 SB State 1H** well, to be horizontally drilled. The producing area for this well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said well, and allowing a one year period between when the well is drilled and when the well is completed. Said area is located approximately 20 miles West-Southwest of Hobbs, New Mexico.

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

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

CASE NO. 20949

**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 Bone Spring horizontal spacing unit underlying E/2 W/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea 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 W/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico to form a 160-acre, more or less, spacing unit.
3. Marathon plans to drill the **Mead West 32 SB State 2H** well to a depth sufficient to test the Bone Spring formation. This well will be horizontally drilled and will be drilled at orthodox locations under the Division's rules.



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

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

6. Marathon further requests that it be allowed one (1) year between the time the well is drilled and completion of the 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 December 12, 2019, and after notice and hearing as required by law, the Division enter its order:

A. Pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing unit within the E/2 W/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico;

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

C. Authorizing Marathon to recover its costs of drilling, equipping and completing the well;

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 well in the event a working interest owner elects not to participate in the well.

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

Respectfully submitted,

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

By: Deana M. Bennett

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Nicole T. Russell  
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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, Lea County, New Mexico.** Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the E/2 W/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Mead West 32 SB State 2H** well, to be horizontally drilled. The producing area for this well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said well, and allowing a one year period between when the well is drilled and when the well is completed. Said area is located approximately 20 miles West-Southwest of Hobbs, New Mexico.



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

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

CASE NO. 20948

**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 Wolfbone horizontal spacing unit underlying W/2 W/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea 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 W/2 W/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico to form a 160-acre, more or less, spacing unit.
3. Marathon plans to drill the **Mead West 32 WFB State 5H** well to a depth sufficient to test the Wolfbone formation. This well will be horizontally drilled and will be drilled at orthodox locations under the Division's rules.



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

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

6. Marathon further requests that it be allowed one (1) year between the time the well is drilled and completion of the 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 December 12, 2019, and after notice and hearing as required by law, the Division enter its order:

A. Pooling all mineral interests in the Wolfbone formation underlying a horizontal spacing unit within the W/2 W/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico;

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

C. Authorizing Marathon to recover its costs of drilling, equipping and completing the well;

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 well in the event a working interest owner elects not to participate in the well.

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

Respectfully submitted,

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

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Nicole T. Russell

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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, Lea County, New Mexico.** Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfbone horizontal spacing unit underlying the W/2 W/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Mead West 32 WFB State 5H** well, to be horizontally drilled. The producing area for this well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said well, and allowing a one year period between when the well is drilled and when the well is completed. Said area is located approximately 20 miles West-Southwest of Hobbs, New Mexico.

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

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

CASE NO. 20950

**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 Wolfbone horizontal spacing unit underlying E/2 W/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea 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 W/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico to form a 160-acre, more or less, spacing unit.
3. Marathon plans to drill the **Mead West 32 WFB State 6H** well to a depth sufficient to test the Wolfbone formation. This well will be horizontally drilled and will be drilled at orthodox locations under the Division's rules.



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

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

6. Marathon further requests that it be allowed one (1) year between the time the well is drilled and completion of the 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 December 12, 2019, and after notice and hearing as required by law, the Division enter its order:

A. Pooling all mineral interests in the Wolfbone formation underlying a horizontal spacing unit within the E/2 W/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico;

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

C. Authorizing Marathon to recover its costs of drilling, equipping and completing the well;

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 well in the event a working interest owner elects not to participate in the well.

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Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS  
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*Attorneys for Applicant*

**CASE NO. \_\_\_\_\_: Application of Marathon Oil Permian LLC for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfbone horizontal spacing unit underlying the E/2 W/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Mead West 32 WFB State 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 20 miles West-Southwest of Hobbs, New Mexico.



District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
District II  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number	<sup>2</sup> Pool Code 49690	<sup>3</sup> Pool Name PEARL; BONE SPRING (EAST)
<sup>4</sup> Property Code	<sup>5</sup> Property Name MEAD WEST 32 SB STATE	<sup>6</sup> Well Number 1H
<sup>7</sup> OGRID No. 372098	<sup>8</sup> Operator Name MARATHON OIL PERMIAN, LLC	<sup>9</sup> Elevation 3,694'

" Surface Location

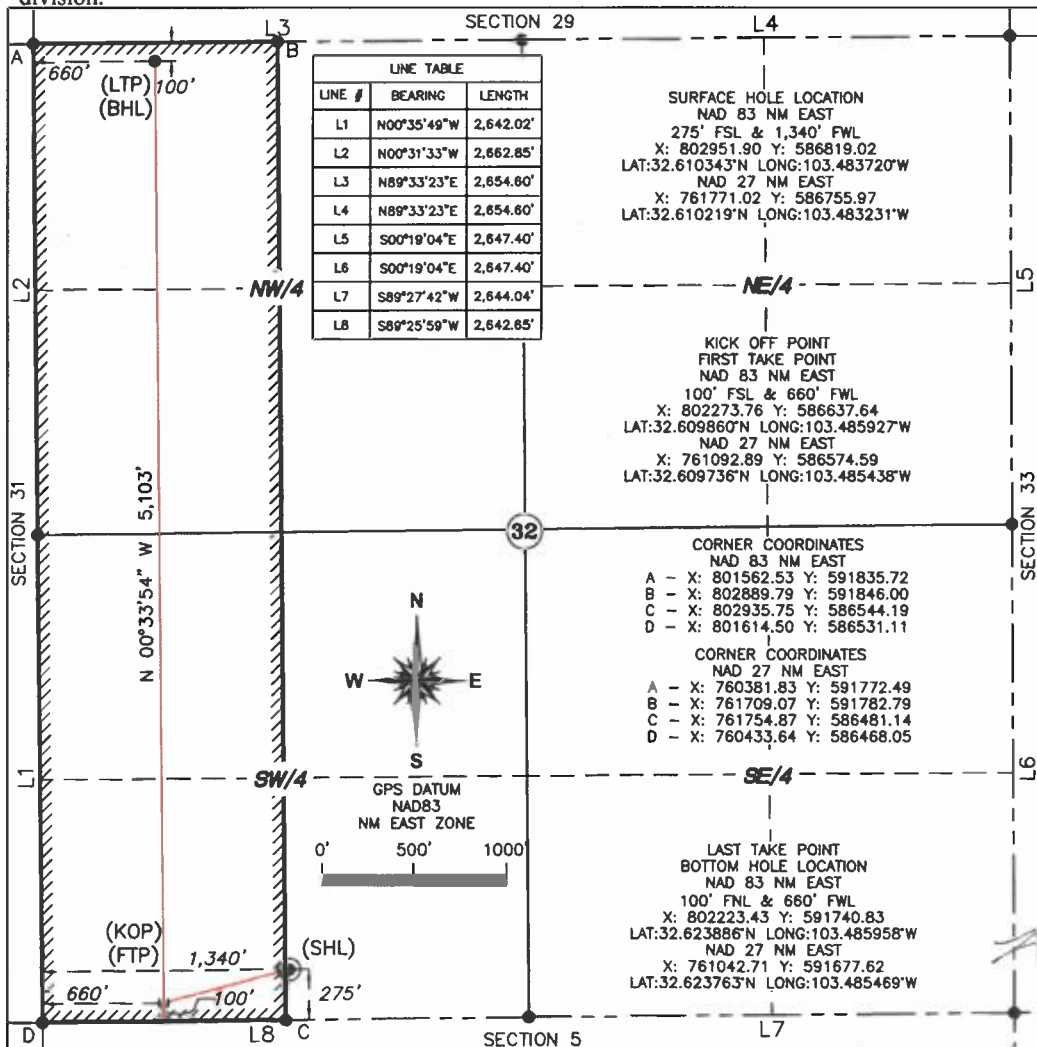
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	32	19-S	35-E		275'	SOUTH	1,340'	WEST	LEA

" 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
D	32	19-S	35-E		100'	NORTH	660'	WEST	LEA

<sup>12</sup> Dedicated Acres 160	<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.



" 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 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.

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.

10/14/19  
Date of Survey

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



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  
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 49690	<sup>3</sup> Pool Name PEARL; BONE SPRING (EAST)
<sup>4</sup> Property Code	<sup>5</sup> Property Name MEAD WEST 32 SB STATE	<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 3,695'

<sup>10</sup> Surface Location

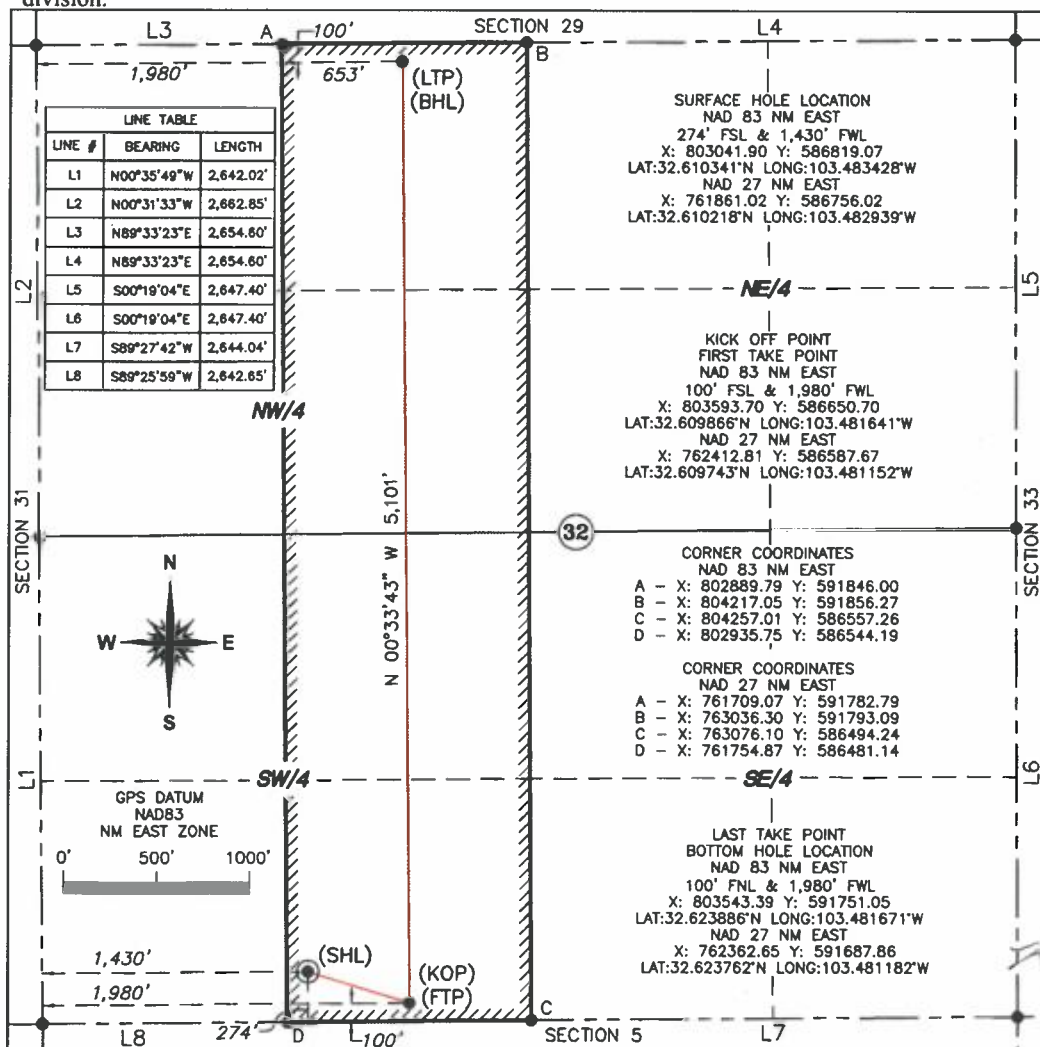
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	32	19-S	35-E		274'	SOUTH	1,430'	WEST	LEA

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

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	32	19-S	35-E		100'	NORTH	1,980'	WEST	LEA

<sup>12</sup> Dedicated Acres 160	<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.



**"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 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.

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

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

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

**"SURVEYOR CERTIFICATION"**

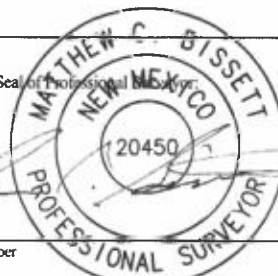
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

10/14/19

Date of Survey

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

20450  
Certificate Number



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	<sup>3</sup> Pool Name
<sup>4</sup> Property Code	<sup>5</sup> Property Name MEAD WEST 32 WFB STATE	
<sup>7</sup> OGRID No. 372098	<sup>8</sup> Operator Name MARATHON OIL PERMIAN, LLC	<sup>6</sup> Well Number 5H <sup>9</sup> Elevation 3,695'

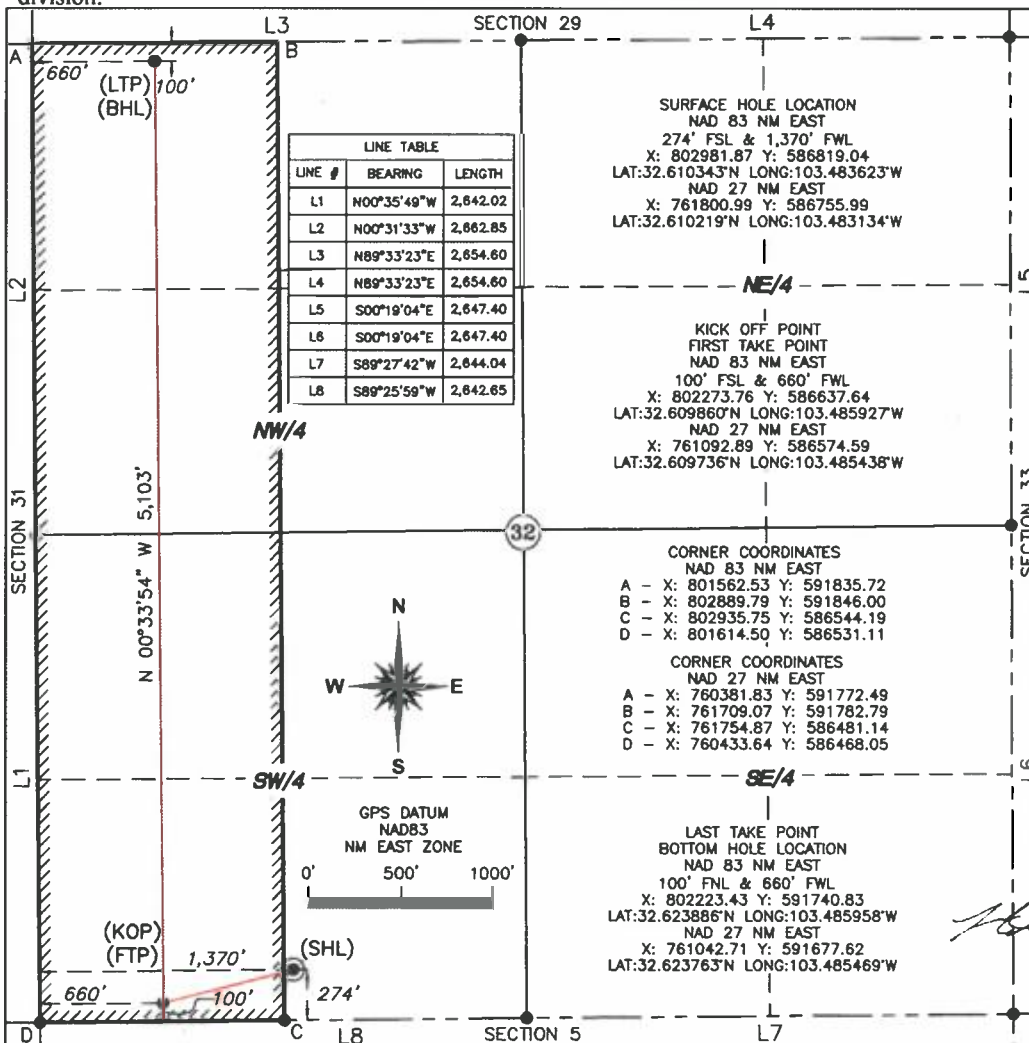
" Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	32	19-S	35-E		274'	SOUTH	1,370'	WEST	LEA

" 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
D	32	19-S	35-E		100'	NORTH	660'	WEST	LEA
<sup>12</sup> Dedicated Acres 160	<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.

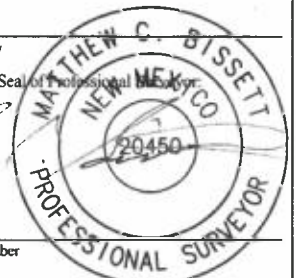


**17 OPERATOR CERTIFICATION**  
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right 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.

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.

10/14/19  
Date of Survey  
Signature and Seal of Professional Surveyor  
20450  
Certificate Number



District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
District II  
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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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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	<sup>3</sup> Pool Name
<sup>4</sup> Property Code	<sup>5</sup> Property Name MEAD WEST 32 WFB STATE	
<sup>7</sup> OGRID No. 372098	<sup>8</sup> Operator Name MARATHON OIL PERMIAN, LLC	
		<sup>6</sup> Well Number 6H <sup>9</sup> Elevation 3,695'

" Surface Location

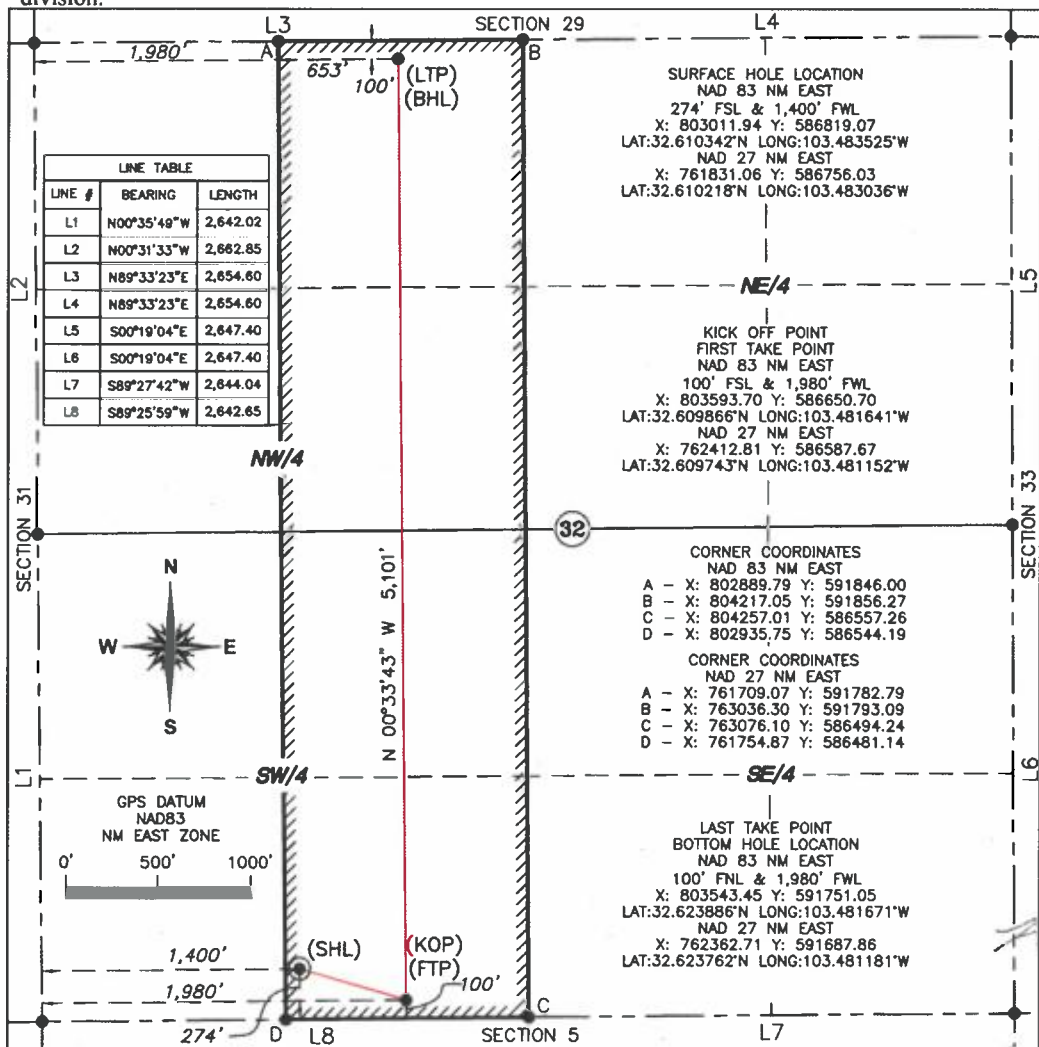
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	32	19-S	35-E		274'	SOUTH	1,400'	WEST	LEA

" Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	32	19-S	35-E		100'	NORTH	1,980'	WEST	LEA

<sup>12</sup> Dedicated Acres 160	<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.



" 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 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.

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

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

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

" SURVEYOR CERTIFICATION

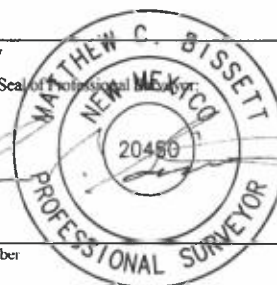
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

10/14/19

Date of Survey

Signature and Seal of Professional Surveyor

20450  
Certificate Number





## Lease Tract Map: Mead West 32 SB State 1H – W2W2 of Section 32, T19S-R35E

Well Name: Mead West 32 SB State 1H  
 Pool Name: Second Bone Spring  
 Unit: W2W2, 160 ac.

Comprised of Two (2) State Leases, as follows;

- State Lease VC-0520-0000
  - N/2 of Sec. 32, T19S-R35E
- State Lease E-01922-0001
  - S/2 of Sec. 32, T19S-R35E

Sec. 32 Lease Tract Map  
 (Leases Outlined in Red)



## Lease Tract Map: Mead West 32 SB State 2H – E2W2 of Section 32, T19S-R35E

Well Name: Mead West 32 SB State 2H  
 Pool Name: Second Bone Spring  
 Unit: E2W2, 160 ac.

Comprised of Two (2) State Leases, as follows;

- State Lease VC-0520-0000
  - N/2 of Sec. 32, T19S-R35E
- State Lease E-01922-0001
  - S/2 of Sec. 32, T19S-R35E

Sec. 32 Lease Tract Map  
 (Leases Outlined in Red)



# Lease Tract Map: Mead West 32 WFB State 5H – W2W2 of Section 32, T19S-R35E

“From the top of the Third Bone Spring Carbonate to a point 500 feet below the top of the Wolfcamp.”

Well Name: Mead West 32 WFB State 5H

Pool Name: Wolfbone

Unit: W2W2, 160 ac.

Sec. 32 Lease Tract Map  
(Leases Outlined in Red)

Comprised of Two (2) State Leases, as follows;

- State Lease VC-0520-0000
  - N/2 of Sec. 32, T19S-R35E
- State Lease E-01922-0001
  - S/2 of Sec. 32, T19S-R35E



**Lease Tract Map: Mead West 32 WFB State 6H – E2W2 of Section 32, T19S-R35E**

**“From the top of the Third Bone Spring Carbonate to a point 500 feet below the top of the Wolfcamp.”**

Well Name: Mead West 32 WFB State 6H

Pool Name: Wolfbone

Unit: E2W2, 160 ac.

Sec. 32 Lease Tract Map  
(Leases Outlined in Red)



Comprised of Two (2) State Leases, as follows;

- State Lease VC-0520-0000
  - N/2 of Sec. 32, T19S-R35E
- State Lease E-01922-0001
  - S/2 of Sec. 32, T19S-R35E



## Summary of Interests

• <u>Committed Working Interest:</u>		
– Marathon Oil Permian LLC	50%	50%
• <u>Uncommitted Working Interest:</u>		
– ConocoPhillips Company	50%	50%
• <u>Unleased Mineral Interest:</u>		0%



Travis Prewett  
Land Professional



Marathon Oil Permian LLC  
5555 San Felipe Street  
Houston, TX 77056  
Telephone: 713.296.3696 Mobile: 713.305.0604  
THPrewett@marathonoil.com

October 9, 2019

VIA CERTIFIED RETURN RECEIPT MAIL

ConocoPhillips  
P.O. Box 2197  
Houston, TX 77252

Re: Mead West Well Proposals  
Section 32, T19S-R35E  
Lea County, New Mexico

Dear ConocoPhillips:

Marathon Oil Permian LLC ("MRO") proposes the drilling of the following wells located in the west half of Section 32, 19S-35E, Lea County, New Mexico, to develop minerals in the Bone Spring and Wolfbone formations.

- **Mead West 32 SB State 1H** with a proposed first take point located 100' FSL and 660' FWL of Section 32, 19S-35E, and a proposed last take point located 100' FNL and 660' FWL of Section 32, 19S-35E. The well will have a targeted interval located in the Bone Spring Formation (~10,584' TVD) with a treated lateral length of approximately 5,080'. The total estimated drilling and completion cost is \$7,227,191 as shown in the attached AFE.
- **Mead West 32 SB State 2H** with a proposed first take point located 100' FSL and 1,980' FWL of Section 32, 19S-35E, and a proposed last take point located 100' FNL and 1,980' FWL of Section 32, 19S-35E. The well will have a targeted interval located in the Bone Spring Formation (~10,590' TVD) with a treated lateral length of approximately 5,080'. The total estimated drilling and completion cost is \$7,227,191 as shown in the attached AFE.
- **Mead West 32 WFB State 5H** with a proposed first take point located 100' FSL and 660' FWL of Section 32, 19S-35E, and a proposed last take point located 100' FNL and 660' FWL Section 32, 19S-35E. The well will have a targeted interval located in the Wolfbone Formation (~11,154' TVD) with a treated lateral length of approximately 5,080'. The total estimated drilling and completion cost is \$7,227,191 as shown in the attached AFE.
- **Mead West 32 WFB State 6H** with a proposed first take point located 100' FSL and 1,980' FWL of Section 32, 19S-35E, and a proposed last take point located 100' FNL and 1,980' FWL of Section 32, 19S-35E. The well will have a targeted interval located in the Wolfbone Formation (~11,173' TVD) with a treated lateral length of approximately 5,080'. The total estimated drilling and completion cost is \$7,227,191 as shown in the attached AFE.

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

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

- 100%/300%/300% non-consent penalty



- \$7,000/\$700 drilling and producing rates
- Contract area of W/2 of Section 32, 19S-35E, covering all depths

Our title records show that you own 50% WI in the proposed unit.

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

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

This term assignment offer terminates November 15, 2018 and is subject to due diligence and title verification satisfactory to Marathon.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Travis Prewett", with a stylized flourish extending from the end.

Travis Prewett

### Mead West Well Elections

\_\_\_\_\_ elects to participate in the drilling, completing, and equipping of the Mead West 32 SB State 1H well.

\_\_\_\_\_ elects NOT to participate in the drilling, completing, and equipping of the Mead West 32 SB State 1H well.

\_\_\_\_\_ elects to participate in the drilling, completing, and equipping of the Mead West 32 SB State 2H well.

\_\_\_\_\_ elects NOT to participate in the drilling, completing, and equipping of Mead West 32 SB State 2H well.

\_\_\_\_\_ elects to participate in the drilling, completing, and equipping of Mead West 32 WFB State 5H well.

\_\_\_\_\_ elects NOT to participate in the drilling, completing, and equipping of the Mead West 32 WFB State 5H well.

\_\_\_\_\_ elects to participate in the drilling, completing, and equipping of the Mead West 32 WFB State 6H well.

\_\_\_\_\_ elects NOT to participate in the drilling, completing, and equipping of the Mead West 32 WFB State 6H well.

### ConocoPhillips

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

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

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

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

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

DATE 10/1/2019

DRILLING & LOCATION PREPARED BY MATTHEW RUGAARD

COMPLETION PREPARED BY JOSH SHANNON

FACILITIES PREPARED BY BRIAN LIPSCOMB

ARTIFICIAL LIFT PREPARED BY BRIAN LIPSCOMB

Asset Team	PERMIAN			
Field	Pearl; Bone Spring (	FORMATION: 2ND BONE SPRINGS	WILDCAT	EXPLORATION
Lease/Facility	Mead West 32 SB State 1H		DEVELOPMENT	RECOMPLETION
Location	LEA COUNTY		X EXPLOITATION	WORKOVER
Prospect	Ranger			

Est Total Depth	15,937	Est Drilling Days	17	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	44,000
7012050	Intermediate Casing 1	133,000
7012050	Intermediate Casing 2	-
7012050	Production Casing	223,000
7012050	Drig Liner Hanger, Tieback Eq & Csg Accessories	10,000
7012550	Drilling Wellhead Equipment	50,000
7012040	Casing & Tubing Access	24,000
7012270	Miscellaneous MRO Materials	5,000
TOTAL DRILLING - TANGIBLE		517,000

DRILLING COST - INTANGIBLE

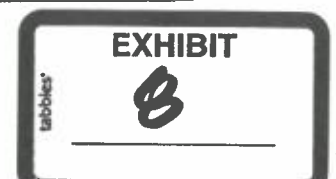
7019200	Drilling Rig Mob/Demob	32,500
7019220	Drilling Rig - day work/footage	570,375
7019040	Directional Drilling Services	185,000
7019020	Cement and Cementing Service Surface	15,000
7019020	Cement and Cementing Service Intermediate 1	25,000
7019020	Cement and Cementing Service Intermediate 2	-
7019020	Cement and Cementing Service Production	110,000
7019140	Mud Fluids & Services	65,000
7012310	Solids Control equipment	38,000
7012020	Bits	70,000
7019010	Casing Crew and Services	30,000
7016350	Fuel (Rig)	65,000
7019140	Fuel (Mud)	18,000
7001460	Water (non potable)	25,000
7012350	Water (potable)	5,000
7019000	Well Logging Services	-
7019150	Mud Logging+geosteering	17,000
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	20,563
7019350	Well Services - Well/Wellhead Services	10,000
7018150	Rental Tools and Equipment (surface rentals)	84,500
7018150	Rig Equipment and Misc.	10,563
7001110	Telecommunications Services	5,000
7001120	Consulting Services	99,288
7001400	Safety and Environmental	33,800
7018120	Rental Buildings (trailers)	16,900
7019310	Coring (sidewalls & analysis)	-
7011010	7% Contingency & Taxes	162,854
TOTAL DRILLING - INTANGIBLE		\$1,972,342

TOTAL DRILLING COST

\$2,489,342

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 10/1/2019

Asset Team PERMIAN  
 Field Pearl; Bone Spring | FORMATION: 2ND BONE SPRINGS  
 Lease/Facility Mead West 32 SB State 1H

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	1,955,300
7019330	Perforating	175,000
7019360	Wireline Services	15,000
7001460	Water Hauling & Disposal (frac fluids)	199,000
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	234,400
TOTAL COMPLETION - INTANGIBLE		\$3,688,700

TOTAL COMPLETION COST

\$3,703,700

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
	<b>TOTAL ARTIFICIAL LIFT COST</b>	<b>\$ 110,000</b>

SUMMARY OF ESTIMATED DRILLING WELL COSTS	TOTAL COST
TOTAL LOCATION COST	\$ 84,000
TOTAL DRILLING COST	\$ 2,489,342
TOTAL COMPLETIONS COST	\$ 3,703,700
TOTAL SURFACE EQUIPMENT COST	\$ 840,149
TOTAL ARTIFICIAL LIFT COST	\$ 110,000
<b>GRAND TOTAL COST</b>	<b>\$7,227,191</b>

### Participant's Approval

Name of  
Company: \_\_\_\_\_

Signature: \_\_\_\_\_

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



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

DATE 10/1/2019  
DRILLING & LOCATION PREPARED BY MATTHEW RUGAARD  
COMPLETION PREPARED BY JOSH SHANNON  
FACILITIES PREPARED BY BRIAN LIPSCOMB  
ARTIFICIAL LIFT PREPARED BY BRIAN LIPSCOMB

Asset Team PERMIAN  
Field Pearl; Bone Spring FORMATION: 2ND BONE SPRINGS WILDCAT EXPLORATION  
Lease/Facility Mead West 32 SB State 2H DEVELOPMENT RECOMPLETION  
Location LEA COUNTY X EXPLOITATION WORKOVER  
Prospect Ranger

Est Total Depth 15,936 Est Drilling Days 17 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	44,000
7012050	Intermediate Casing 1	133,000
7012050	Intermediate Casing 2	-
7012050	Production Casing	223,000
7012050	Drig Liner Hanger, Tieback Eq & Csg Accessories	10,000
7012550	Drilling Wellhead Equipment	50,000
7012040	Casing & Tubing Access	24,000
7012270	Miscellaneous MRO Materials	5,000
TOTAL DRILLING - TANGIBLE		517,000

DRILLING COST - INTANGIBLE

7019200	Drilling Rig Mob/Demob	32,500
7019220	Drilling Rig - day work/footage	570,375
7019040	Directional Drilling Services	185,000
7019020	Cement and Cementing Service Surface	15,000
7019020	Cement and Cementing Service Intermediate 1	25,000
7019020	Cement and Cementing Service Intermediate 2	-
7019020	Cement and Cementing Service Production	110,000
7019140	Mud Fluids & Services	65,000
7012310	Solids Control equipment	38,000
7012020	Bits	70,000
7019010	Casing Crew and Services	30,000
7016350	Fuel (Rig)	65,000
7019140	Fuel (Mud)	18,000
7001460	Water (non potable)	25,000
7012350	Water (potable)	5,000
7019000	Well Logging Services	-
7019150	Mud Logging/geosteering	17,000
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	20,563
7019350	Well Services - Well/Wellhead Services	10,000
7018150	Rental Tools and Equipment (surface rentals)	84,500
7018150	Rig Equipment and Misc.	10,563
7001110	Telecommunications Services	5,000
7001120	Consulting Services	99,288
7001400	Safety and Environmental	33,800
7018120	Rental Buildings (trailers)	16,900
7019310	Coring (sidewalls & analysis)	-
7011010	7% Contingency & Taxes	162,854
TOTAL DRILLING - INTANGIBLE		\$1,972,342

TOTAL DRILLING COST \$2,489,342

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 10/1/2019

Asset Team PERMIAN  
Field Pearl; Bone Spring FORMATION: 2ND BONE SPRINGS  
Lease/Facility Mead West 32 SB State 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	1,955,300
7019330	Perforating	175,000
7019360	Wireline Services	15,000
7001460	Water Hauling & Disposal (frac fluids)	199,000
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. BR, 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	234,400
TOTAL COMPLETION - INTANGIBLE		\$3,688,700

#### TOTAL COMPLETION COST

\$3,703,700

#### 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 LOCATION COST	\$ 84,000
TOTAL DRILLING COST	\$ 2,489,342
TOTAL COMPLETIONS COST	\$ 3,703,700
TOTAL SURFACE EQUIPMENT COST	\$ 840,149
TOTAL ARTIFICIAL LIFT COST	\$ 110,000

#### GRAND TOTAL COST

\$7,227,191

#### Participant's Approval

Name of  
Company: \_\_\_\_\_

Signature: \_\_\_\_\_

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

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

DATE 10/1/2019  
DRILLING & LOCATION PREPARED BY MATTHEW RUGAARD  
COMPLETION PREPARED BY JOSH SHANNON  
FACILITIES PREPARED BY BRIAN LIPSCOMB  
ARTIFICIAL LIFT PREPARED BY BRIAN LIPSCOMB

Asset Team	PERMIAN				
Field	New Wolfbone POC	FORMATION:	0	WILDCAT	EXPLORATION
Lease/Facility	Mead West 32 WFB State 5H			DEVELOPMENT	RECOMPLETION
Location	LEA COUNTY			X EXPLOITATION	WORKOVER
Prospect	Ranger				

Est Total Depth 16,508 Est Drilling Days 17 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	44,000
7012050	Intermediate Casing 1	133,000
7012050	Intermediate Casing 2	-
7012050	Production Casing	223,000
7012050	Drig Liner Hanger, Tieback Eq & Csg Accessories	10,000
7012550	Drilling Wellhead Equipment	50,000
7012040	Casing & Tubing Access	24,000
7012270	Miscellaneous MRO Materials	5,000
TOTAL DRILLING - TANGIBLE		517,000

DRILLING COST - INTANGIBLE

7019200	Drilling Rig Mob/Demob	32,500
7019220	Drilling Rig - day work/footage	570,375
7019040	Directional Drilling Services	185,000
7019020	Cement and Cementing Service Surface	15,000
7019020	Cement and Cementing Service Intermediate 1	25,000
7019020	Cement and Cementing Service Intermediate 2	-
7019020	Cement and Cementing Service Production	110,000
7019140	Mud Fluids & Services	65,000
7012310	Solids Control equipment	38,000
7012020	Bits	70,000
7019010	Casing Crew and Services	30,000
7016350	Fuel (Rig)	65,000
7019140	Fuel (Mud)	18,000
7001460	Water (non potable)	25,000
7012350	Water (potable)	5,000
7019000	Well Logging Services	-
7019150	Mud Logging+geosteering	17,000
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	20,563
7019350	Well Services - Well/Wellhead Services	10,000
7018150	Rental Tools and Equipment (surface rentals)	84,500
7018150	Rig Equipment and Misc.	10,563
7001110	Telecommunications Services	5,000
7001120	Consulting Services	99,288
7001400	Safety and Environmental	33,800
7018120	Rental Buildings (trailers)	16,900
7019310	Coring (sidewalls & analysis)	-
7011010	7% Contingency & Taxes	162,854
TOTAL DRILLING - INTANGIBLE		\$1,972,342

TOTAL DRILLING COST \$2,489,342

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 10/1/2019

Asset Team	PERMIAN		
Field	Pearl; Bone Spring	FORMATION:	0
Lease/Facility	Mead West 32 WFB State 5H		

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	1,955,300
7019330	Perforating	175,000
7019360	Wireline Services	15,000
7001460	Water Hauling & Disposal (frac fluids)	199,000
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. Bt, 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	234,400
TOTAL COMPLETION - INTANGIBLE		\$3,688,700

**TOTAL COMPLETION COST** **\$3,703,700**

**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 LOCATION COST	\$ 84,000
TOTAL DRILLING COST	\$ 2,489,342
TOTAL COMPLETIONS COST	\$ 3,703,700
TOTAL SURFACE EQUIPMENT COST	\$ 840,149
TOTAL ARTIFICIAL LIFT COST	\$ 110,000
GRAND TOTAL COST	<b>\$7,227,191</b>

**Participant's Approval**

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

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

DATE 10/1/2019  
DRILLING & LOCATION PREPARED BY MATTHEW RUGAARD  
COMPLETION PREPARED BY JOSH SHANNON  
FACILITIES PREPARED BY BRIAN LIPSCOMB  
ARTIFICIAL LIFT PREPARED BY BRIAN LIPSCOMB

Asset Team	PERMIAN				
Field	New Wolfbone Poc	FORMATION:	0	WILDCAT	EXPLORATION
Lease/Facility	Mead West 32 WFB State 6H			DEVELOPMENT	RECOMPLETION
Location	LEA COUNTY			X EXPLOITATION	WORKOVER
Prospect	Ranger				

Est Total Depth 16,519 Est Drilling Days 17 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	44,000
7012050	Intermediate Casing 1	133,000
7012050	Intermediate Casing 2	-
7012050	Production Casing	223,000
7012050	Drig Liner Hanger, Tieback Eq & Csg Accessories	10,000
7012550	Drilling Wellhead Equipment	50,000
7012040	Casing & Tubing Access	24,000
7012270	Miscellaneous MRO Materials	5,000
TOTAL DRILLING - TANGIBLE		517,000

DRILLING COST - INTANGIBLE

7019200	Drilling Rig Mob/Demob	32,500
7019220	Drilling Rig - day work/footage	570,375
7019040	Directional Drilling Services	185,000
7019020	Cement and Cementing Service Surface	15,000
7019020	Cement and Cementing Service Intermediate 1	25,000
7019020	Cement and Cementing Service Intermediate 2	-
7019020	Cement and Cementing Service Production	110,000
7019140	Mud Fluids & Services	65,000
7012310	Solids Control equipment	38,000
7012020	Bits	70,000
7019010	Casing Crew and Services	30,000
7016350	Fuel (Rig)	65,000
7019140	Fuel (Mud)	18,000
7001460	Water (non potable)	25,000
7012350	Water (potable)	5,000
7019000	Well Logging Services	-
7019150	Mud Logging-geosteering	17,000
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	20,563
7019350	Well Services - Well/Wellhead Services	10,000
7018150	Rental Tools and Equipment (surface rentals)	84,500
7018150	Rig Equipment and Misc.	10,563
7001110	Telecommunications Services	5,000
7001120	Consulting Services	99,288
7001400	Safety and Environmental	33,800
7018120	Rental Buildings (trailers)	16,900
7019310	Coring (sidewalls & analysis)	-
7011010	7% Contingency & Taxes	162,854
TOTAL DRILLING - INTANGIBLE		\$1,972,342

TOTAL DRILLING COST \$2,489,342

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 10/1/2019

Asset Team	PERMIAN		
Field	Pearl; Bone Spring	FORMATION:	0
Lease/Facility	Mead West 32 WFB State 6H		

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	1,955,300
7019330	Perforating	175,000
7019360	Wireline Services	15,000
7001460	Water Hauling & Disposal (frac fluids)	199,000
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	234,400
TOTAL COMPLETION - INTANGIBLE		\$3,688,700

TOTAL COMPLETION COST	\$3,703,700
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#### 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
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#### 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
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#### SUMMARY OF ESTIMATED DRILLING WELL COSTS

		TOTAL COST
TOTAL LOCATION COST		\$ 84,000
TOTAL DRILLING COST		\$ 2,489,342
TOTAL COMPLETIONS COST		\$ 3,703,700
TOTAL SURFACE EQUIPMENT COST		\$ 840,149
TOTAL ARTIFICIAL LIFT COST		\$ 110,000
GRAND TOTAL COST		\$7,227,191

#### 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, LEA COUNTY, NEW MEXICO.**

**CASE NOS. 20946, 20948, 20949, 20950**


**AFFIDAVIT**

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

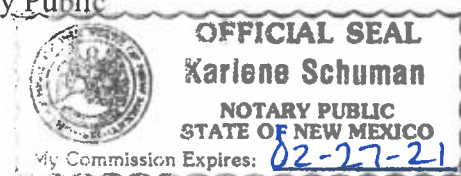
Deana M. Bennett, attorney in fact and authorized representative of Marathon Oil Permian LLC, the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Applications were sent under a notice letter, provided herewith, and that proof of receipt is attached hereto.

  
Deana M. Bennett

SUBSCRIBED AND SWORN to before me this 5th day of December, 2019 by Deana M. Bennett.

  
Notary Public

My commission expires: 02-27-21





MODRALL SPERLING

L A W Y E R S

November 20, 2019

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

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

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

**CASE NO. 20946**

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

**CASE NO. 20948**

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

**CASE NO. 20949**

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

**CASE NO. 20950**

**TO: AFFECTED PARTIES**

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

In Case No. 20946, Marathon seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the W/2 W/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Mead West 32 SB State 1H** well, to be horizontally drilled. The producing area for this well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said well, and allowing a one year period between when the well is drilled and when the well is completed.

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)



In Case No. 20948, Marathon seeks an order from the Division pooling all uncommitted mineral interests within a Wolfbone horizontal spacing unit underlying the W/2 W/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Mead West 32 WFB State 5H** 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. 20949, Marathon seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the E/2 W/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Mead West 32 SB State 2H** well, to be horizontally drilled. The producing area for this well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said well, and allowing a one year period between when the well is drilled and when the well is completed. Said area is located approximately 20 miles West-Southwest of Hobbs, New Mexico.

In Case No. 20950, Marathon seeks an order from the Division pooling all uncommitted mineral interests within a Wolfbone horizontal spacing unit underlying the E/2 W/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Mead West 32 WFB State 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 20 miles West-Southwest of Hobbs, New Mexico.

These cases have been set for hearing before a Division Examiner on December 12, 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, appearing to read "Deana M. Bennett".

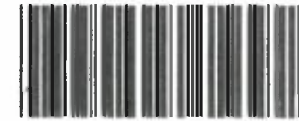
Deana M. Bennett

*Attorney for Applicant*

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  
11/20/2019



Firm Mailing Book ID: 179502

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0065 9642 80	State of New Mexico, State Land Office 310 Old Santa Fe Trail Santa Fe NM 87501	\$1.30	\$3.50	\$1.60	\$0.00	81363-0201 Notice
2	9314 8699 0430 0065 9642 97	ConocoPhillips PO Box 2197 Houston TX 77252	\$1.30	\$3.50	\$1.60	\$0.00	81363-0201 Notice
Totals:			\$2.60	\$7.00	\$3.20	\$0.00	
			Grand Total:			\$12.80	

List Number of Pieces Listed by Sender	Total Number of Pieces Received at Post Office	Postmaster: Name of receiving employee	Dated:
2			





December 2, 2019

Dear WALZ GROUP:

The following is in response to your request for proof of delivery on your item with the tracking number:  
**9314 8699 0430 0065 9642 97.**

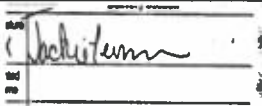
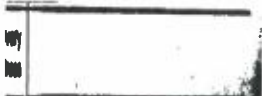
#### Item Details

<b>Status:</b>	Delivered, To Agent
<b>Status Date / Time:</b>	November 26, 2019, 08:18 a.m.
<b>Location:</b>	HOUSTON, TX 77210
<b>Postal Product:</b>	First-Class Mail®
<b>Extra Services:</b>	Certified Mail™ Return Receipt Electronic
<b>Recipient Name:</b>	ConocoPhillips

#### Shipment Details

<b>Weight:</b>	3.0oz
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#### Recipient Signature

Signature of Recipient:	
Address of Recipient:	

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,  
United States Postal Service®  
475 L'Enfant Plaza SW  
Washington, D.C. 20260-0004

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Information in this section provided by Walz Group, LLC.

**Reference Number:** 81363-0201



December 2, 2019

Dear WALZ GROUP:

The following is in response to your request for proof of delivery on your item with the tracking number:  
**9314 8699 0430 0065 9642 80.**

#### Item Details

<b>Status:</b>	Delivered, Individual Picked Up at Postal Facility
<b>Status Date / Time:</b>	November 25, 2019, 07:01 a.m.
<b>Location:</b>	SANTA FE, NM 87504
<b>Postal Product:</b>	First-Class Mail®
<b>Extra Services:</b>	Certified Mail™
	Return Receipt Electronic
<b>Recipient Name:</b>	State of New Mexico State Land Office

#### Shipment Details

<b>Weight:</b>	3.0oz
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#### Recipient Signature

Signature of Recipient:	<table><tbody><tr><td>Signature</td><td></td></tr><tr><td>Name</td><td>Asel Santora</td></tr></tbody></table>	Signature		Name	Asel Santora
Signature					
Name	Asel Santora				
Address of Recipient:	<table><tbody><tr><td>Delivery Point</td><td>1148</td></tr></tbody></table>	Delivery Point	1148		
Delivery Point	1148				

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,  
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475 L'Enfant Plaza SW  
Washington, D.C. 20260-0004

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Information in this section provided by Walz Group, LLC.


**Reference Number:** 81363-0201

# Affidavit of Publication

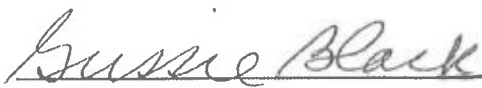
STATE OF NEW MEXICO  
COUNTY OF LEA

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

Beginning with the issue dated  
November 30, 2019  
and ending with the issue dated  
November 30, 2019.

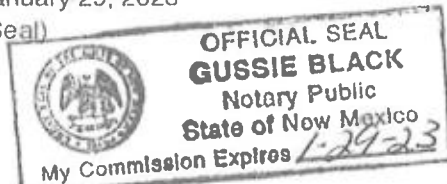
  
\_\_\_\_\_  
Publisher

Sworn and subscribed to before me this  
30th day of November 2019.

  
\_\_\_\_\_  
Business Manager

My commission expires  
January 29, 2023

(Seal)



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

LEGAL

LEGAL

LEGAL

LEGAL NOTICE  
NOVEMBER 30, 2019

CASE NO. 20946: Notice to all affected parties, as well as the heirs and devisees of New Mexico State Land Office, ConocoPhillips, of Marathon Oil Permian LLC's application for compulsory pooling, Lea County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on December 12, 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 W/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the Mead West 32 SB State 1H well, to be horizontally drilled. The producing area for this well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said well, and allowing a one year period between when the well is drilled and when the well is completed. Said area is located approximately 20 miles West-Southwest of Hobbs, New Mexico.

CASE NO. 20948: Notice to all affected parties, as well as the heirs and devisees of New Mexico State Land Office, ConocoPhillips, of Marathon Oil Permian LLC's application for compulsory pooling, Lea County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on December 12, 2019, to consider this application. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfbone horizontal spacing unit underlying the W/2 W/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the Mead West 32 WFB State 5H well, to be horizontally drilled. The producing area for this well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said well, and allowing a one year period between when the well is drilled and when the well is completed. Said area is located approximately 20 miles West-Southwest of Hobbs, New Mexico.

CASE NO. 20949: Notice to all affected parties, as well as the heirs and devisees of New Mexico State Land Office ConocoPhillips, of Marathon Oil Permian LLC's application for compulsory pooling, Lea County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on December 12, 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 W/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the Mead West 32 SB State 2H well, to be horizontally drilled. The producing area for this well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said well, and allowing a one year period between when the well is drilled and when the well is completed. Said area is located approximately 20 miles West-Southwest of Hobbs, New Mexico.

CASE NO. 20950: Notice to all affected parties, as well as the heirs and devisees of New Mexico State Land Office ConocoPhillips, of Marathon Oil Permian LLC's application for compulsory pooling, Lea County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on December 12, 2019, to consider this application. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfbone horizontal spacing unit underlying the E/2 W/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the Mead West 32 WFB State 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 20 miles West-Southwest of Hobbs, New Mexico.  
#34920

01104570

00236627

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



9. **Exhibit 12-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 Third Bone Spring sand and Wolfcamp XY and A formations 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.

10. In my opinion, the Third Bone Spring sand and Wolfcamp Y sand thin significantly from west to east.

11. The Wolfcamp A also thins from west to east, but not as significantly.

12. The wellbores in the upper Wolfcamp are expected to drain the Third Bone Spring sand and the upper Wolfcamp sands equally at the proposed units.

13. In my opinion, these wells are justified from a geologic perspective. This reservoir has also been delineated by the Eagleclaw Federal Com 1H & Eagleclaw Federal 2H wells in the section to the south, which targeted the same depth and zone.

14. I discussed this particular reservoir with Paul Kautz in regards to using the Wolfbone pool designation for these wells, which he did not oppose. He suggested using the following terminology to describe the Wolfbone pool for purposes of these wells: “From the top of the Third Bone Spring Carbonate to a point 500 feet below the top of the Wolfcamp”.

15. **Exhibit 12-D** is a Gross Interval Isochore Third Bone Spring Sand to Wolfcamp A. This zone represents the reservoir that would be drained by the proposed Wolfbone wells. From west to east, the Third Bone Spring Sand and the upper Wolfcamp sands thin significantly. This reservoir is approximately 140’ thick at the proposed Mead Wolfbone units.

16. The slides behind **Tab 13** are the geology study I prepared for the Second Bone Spring wells.



17. **Exhibit 13-A** is structure map of the base of the Second Bone Spring Sand/Top of Third Bone Spring Carbonate. The proposed project area is identified by a black-dashed box, and the proposed wells are identified by red and purple lines. Red indicates Second Bone Spring wells and purple indicates the Wolfbone wells

18. The contour interval used for Exhibit 13-A is 25 feet.

19. Exhibit 13-A shows that the structure dips to the south/southwest.

20. **Exhibit 13-B** identifies three wells in the vicinity of the proposed Second Bone Spring sand wells, shown by a line of cross-section running from A to A'.

21. **Exhibit 13-C** is a stratigraphic cross section hung on the base of the Second Bone Spring sand. The well logs on the cross-section give a representative sample of the Second Bone Spring sand 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.

22. In my opinion, the Second Bone Spring sand has consistent thickness across the proposed units.

23. **Exhibit 13-D** is a Gross Interval Isochore Second Bone Spring Sand. The formation is relatively uniform across the proposed well unit.

24. I conclude from the maps that:

- a. All four horizontal spacing units are 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 units will contribute more or less equally to production.

25. **Exhibit 14** provides an overview of the stress orientation in the area based on the 2018 Snee-Zoback paper.

26. The preferred well orientation in this area is North/South. This is because the  $S_{Hmax}$  is at approximately 70-80 degrees in mid-Lea County.

27. Exhibits 10-14 were prepared by me or under my supervision or compiled from company business records.

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

*[Signature page follows]*

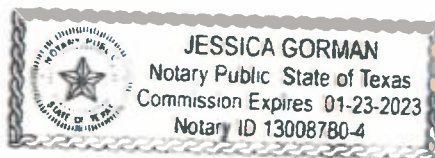
Thomas Lockwood

Thomas Lockwood

SUBSCRIBED AND SWORN to before me this 6<sup>th</sup> day of December, 2019 by Thomas Lockwood, on behalf of Marathon Oil Permian LLC.

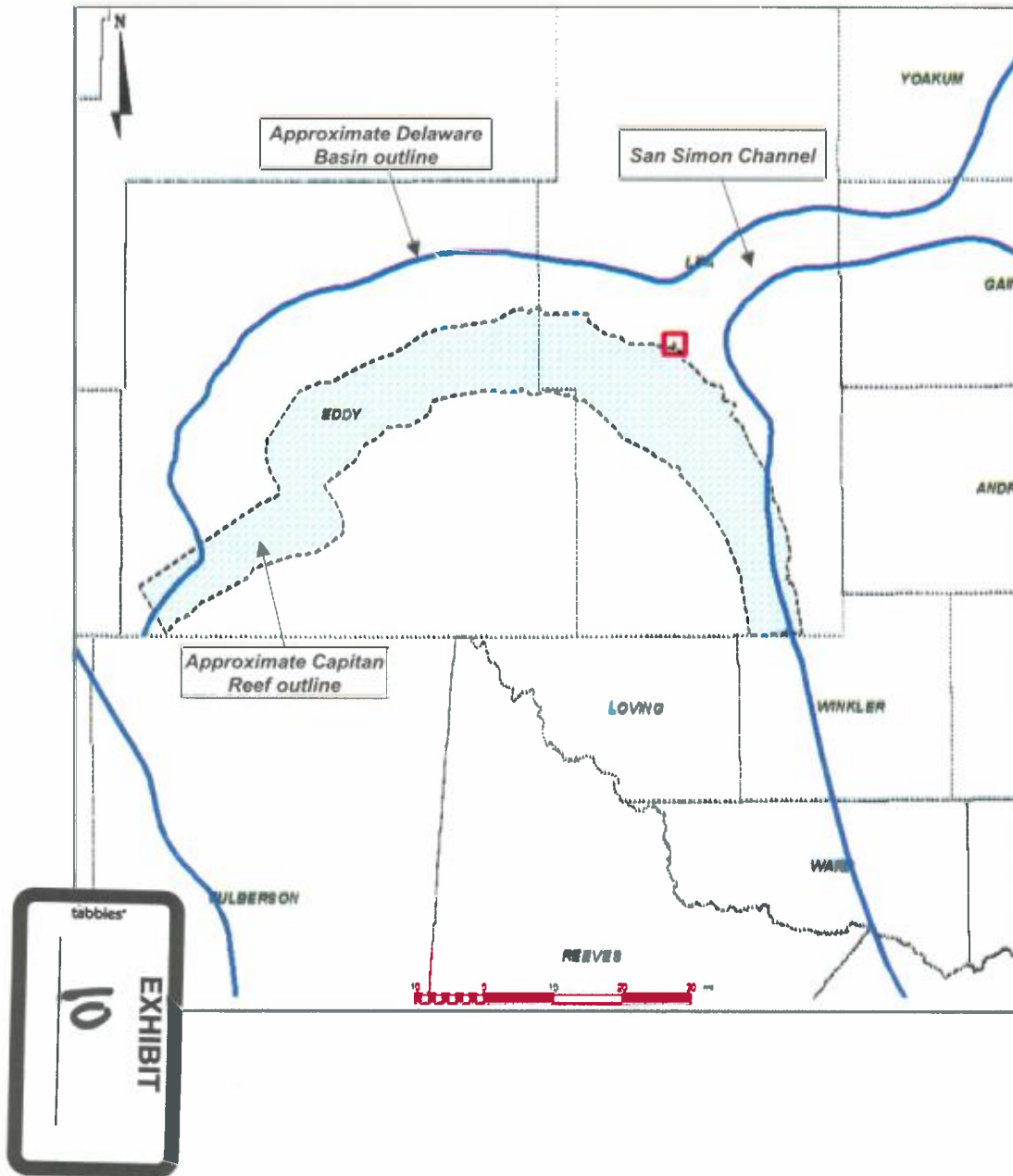
Jessica Gorman  
Notary Public

My commission expires: 1/23/2023



# Mead West 32 State Unit

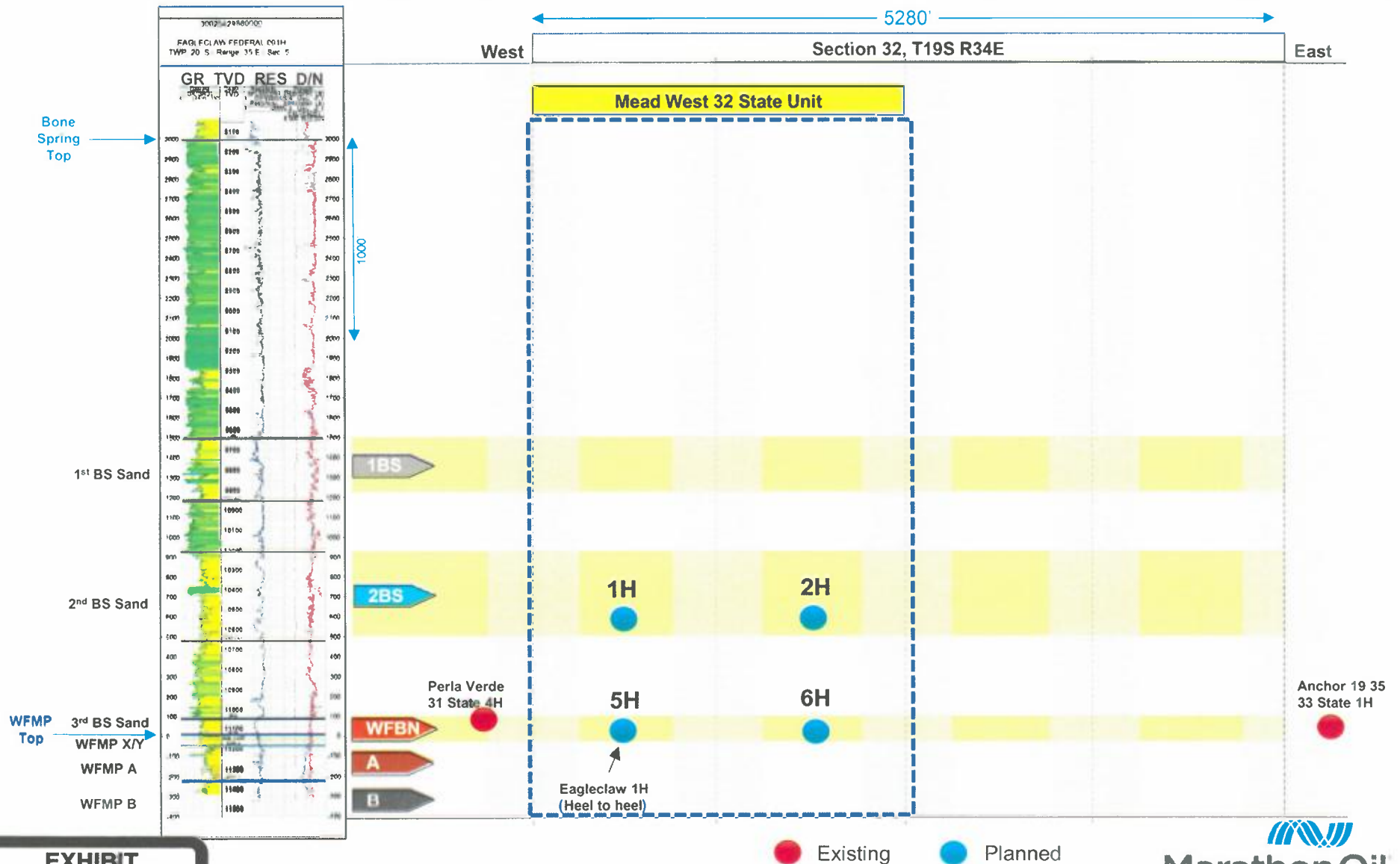
## Locator Map



- Approximate location of proposed Mead West 32 State well locations shown with red box
- Located on the northern margin of the Capitan Reef, and in front of the San Simon channel
- Mid Lea county

# Mead West 32 State Unit

## Wellbore Schematic

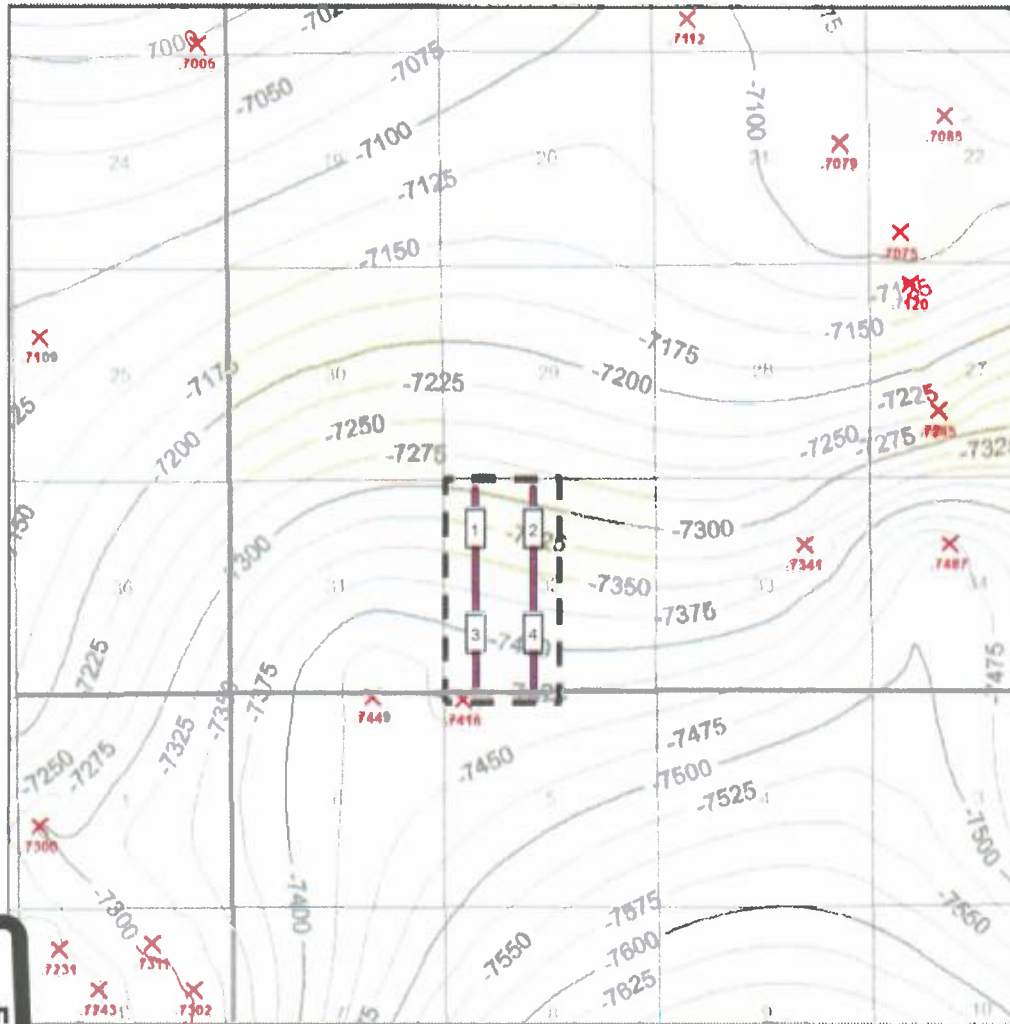


EXHIBIT

11

# Mead West 32 State Unit

## Structure Map – Top of Wolfcamp (TVDSS)



C.I. = 25'

1 mile

- 1 Mead West 32 SBSG State 1H
- 2 Mead East 32 SBSG State 2H
- 3 Mead East 32 WFBN State 5H
- 4 Mead East 32 WFBN State 6H

### Map Legend\*

— SBSG  
— WFBN

MRO – Horizontal  
Location

MRO Acreage

Project Area

*The top of the Wolfcamp dips  
towards the south/southeast.*

\*Please note- Second Bone Spring laterals are stacked  
vertically on top of the Wolfbone laterals (same footage calls)

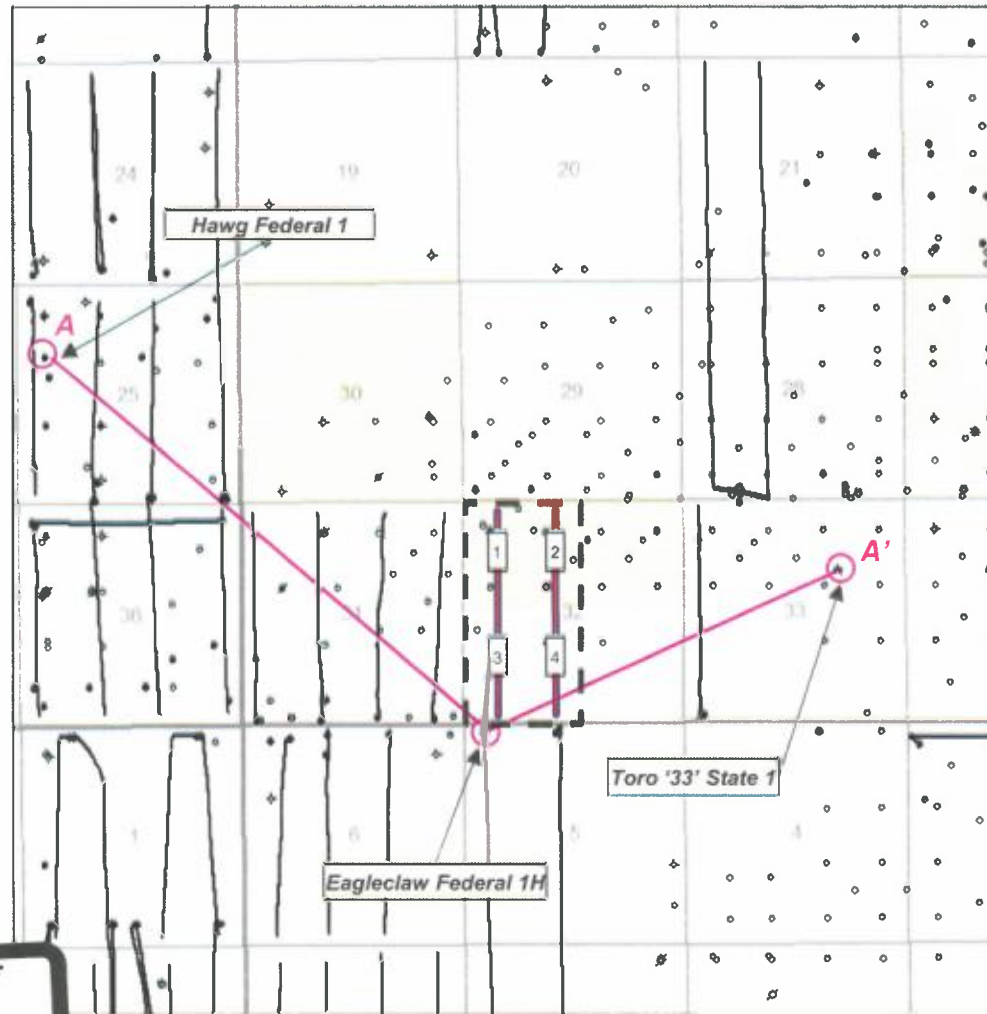
  
**Marathon Oil**



106

# Mead West 32 State Unit

## Reference Map for Cross Section – Wolfbone Wells



- 1 Mead West 32 SBSG State 1H
- 2 Mead East 32 SBSG State 2H
- 3 Mead East 32 WFBN State 5H
- 4 Mead East 32 WFBN State 6H

### Map Legend\*

— SBSG  
— WFBN

MRO – Horizontal  
Location

MRO Acreage

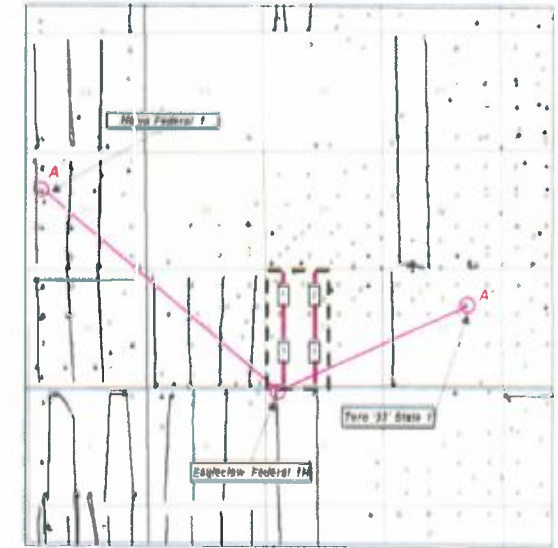
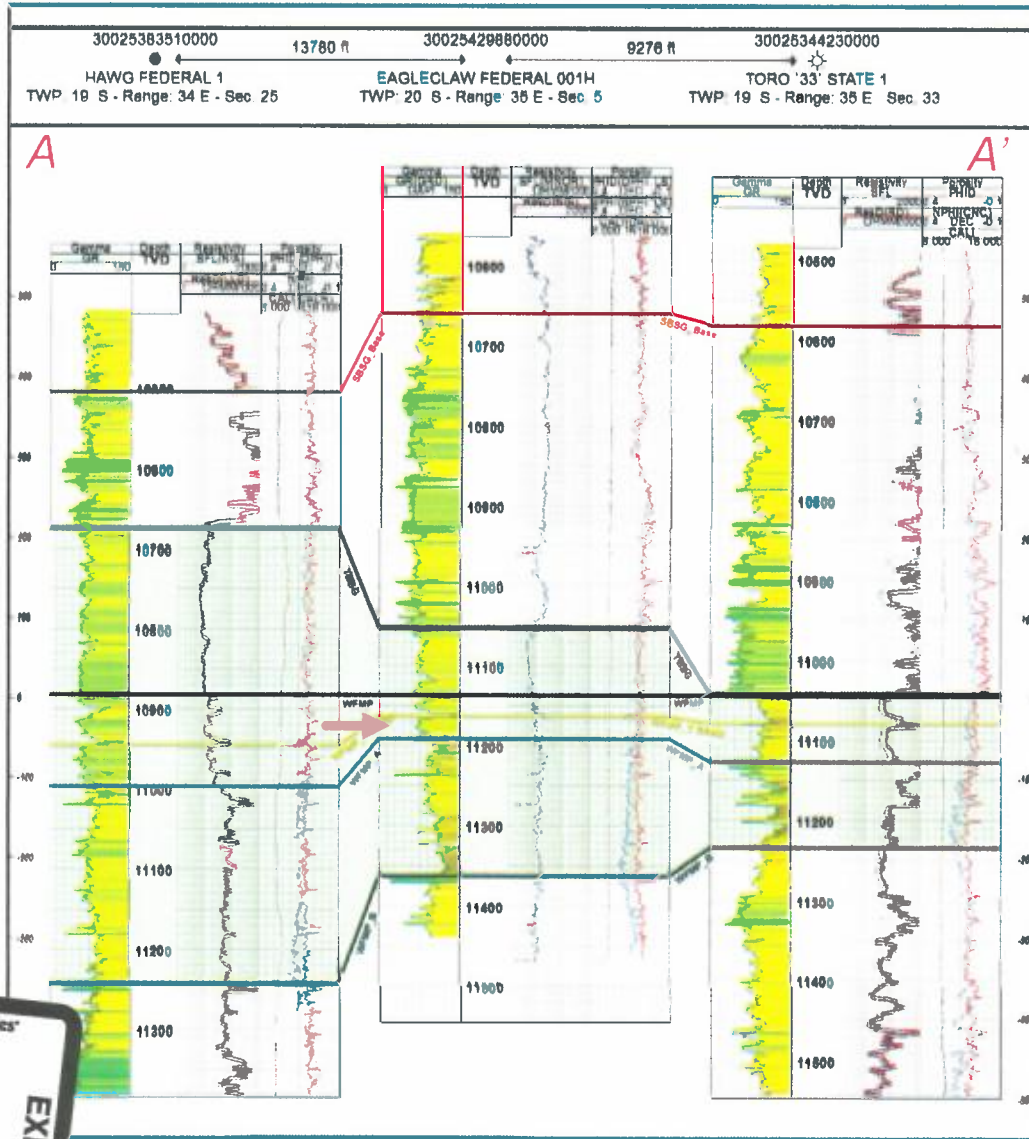
Project Area

\*Please note- Second Bone Spring laterals are stacked vertically on top of the Wolfbone laterals (same footage calls)



# Mead West 32 State Unit

## Stratigraphic Cross Section (Top Wolfcamp Datum)



Third Bone Spring Sand and Wolfcamp Y Sand thin significantly from west to east. Approximately 140' thick at proposed unit.

Wolfcamp A also thins from west to east, but not as significantly.

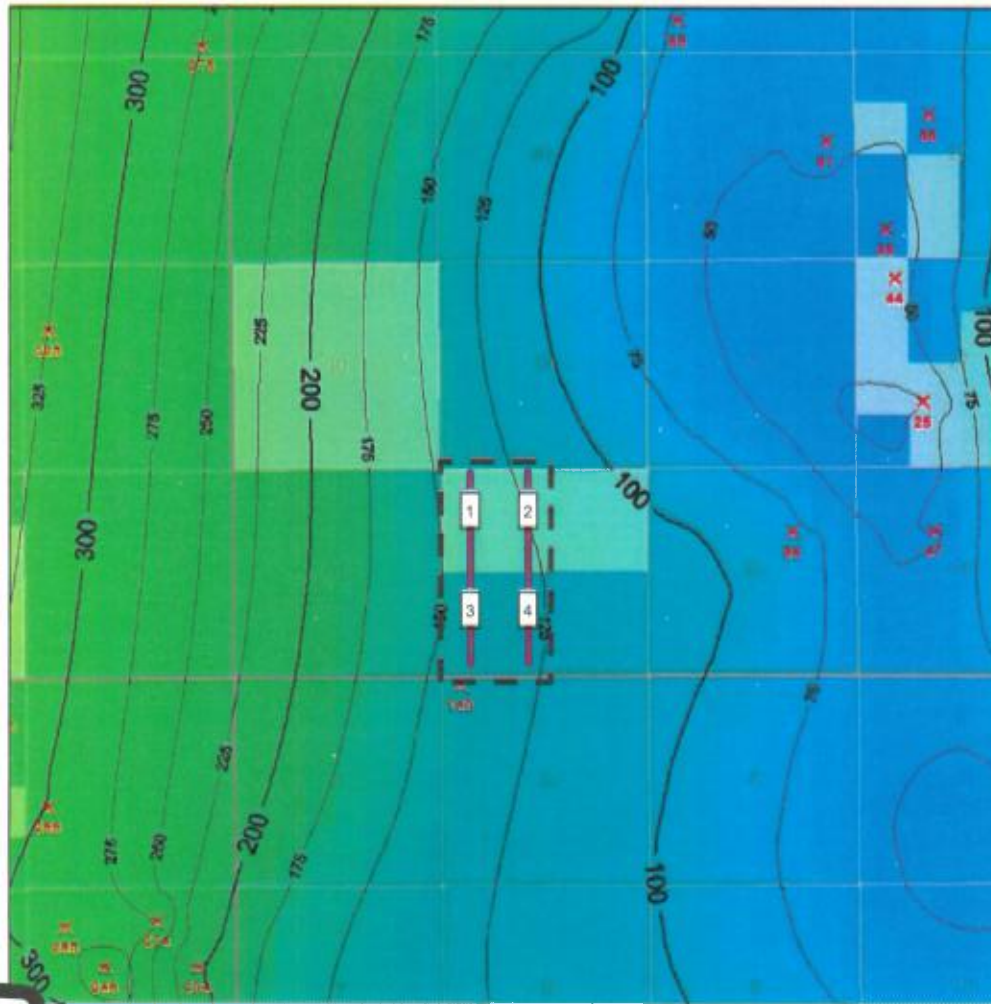
Wellbore in upper Wolfcamp expected to drain Third Bone Spring sand and upper Wolfcamp sands equally at proposed unit.

**Producing Zone - Wolfbone**



# Mead West 32 State Unit

Gross Interval Isochore – Third Bone Spring Sand to Wolfcamp A



- 1 Mead West 32 SBSG State 1H
- 2 Mead East 32 SBSG State 2H
- 3 Mead East 32 WFBN State 5H
- 4 Mead East 32 WFBN State 6H

## Map Legend\*

— SBSG  
— WFBN

MRO – Horizontal  
Location

MRO Acreage

Project Area

Third Bone Spring Sand and  
Wolfcamp Y Sand thin significantly  
from west to east. Approximately  
140' thick at proposed unit.

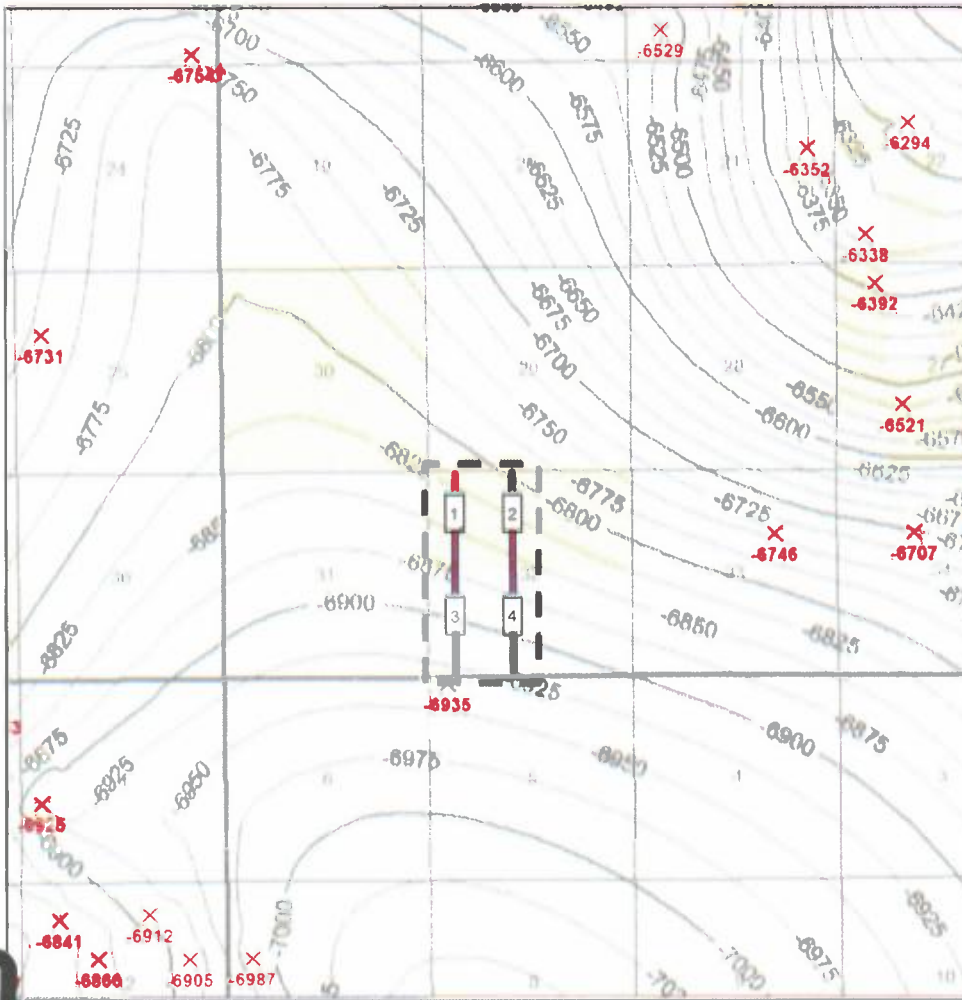
C.I. = 25'

1 mile

\*Please note- Second Bone Spring laterals are stacked  
vertically on top of the Wolfbone laterals (same footage calls)

# Mead West 32 State Unit

Structure Map – Base of Second Bone Spring Sand/Top of Third Bone Spring Carbonate (TVDSS)



- 1 Mead West 32 SBSG State 1H
- 2 Mead East 32 SBSG State 2H
- 3 Mead East 32 WFBN State 5H
- 4 Mead East 32 WFBN State 6H

## Map Legend\*

— SBSG  
— WFBN

MRO – Horizontal  
Location

MRO Acreage

Project Area

*The base of the Second Bone Spring dips towards the south/southwest.*

\*Please note- Second Bone Spring laterals are stacked vertically on top of the Wolfbone laterals (same footage calls)

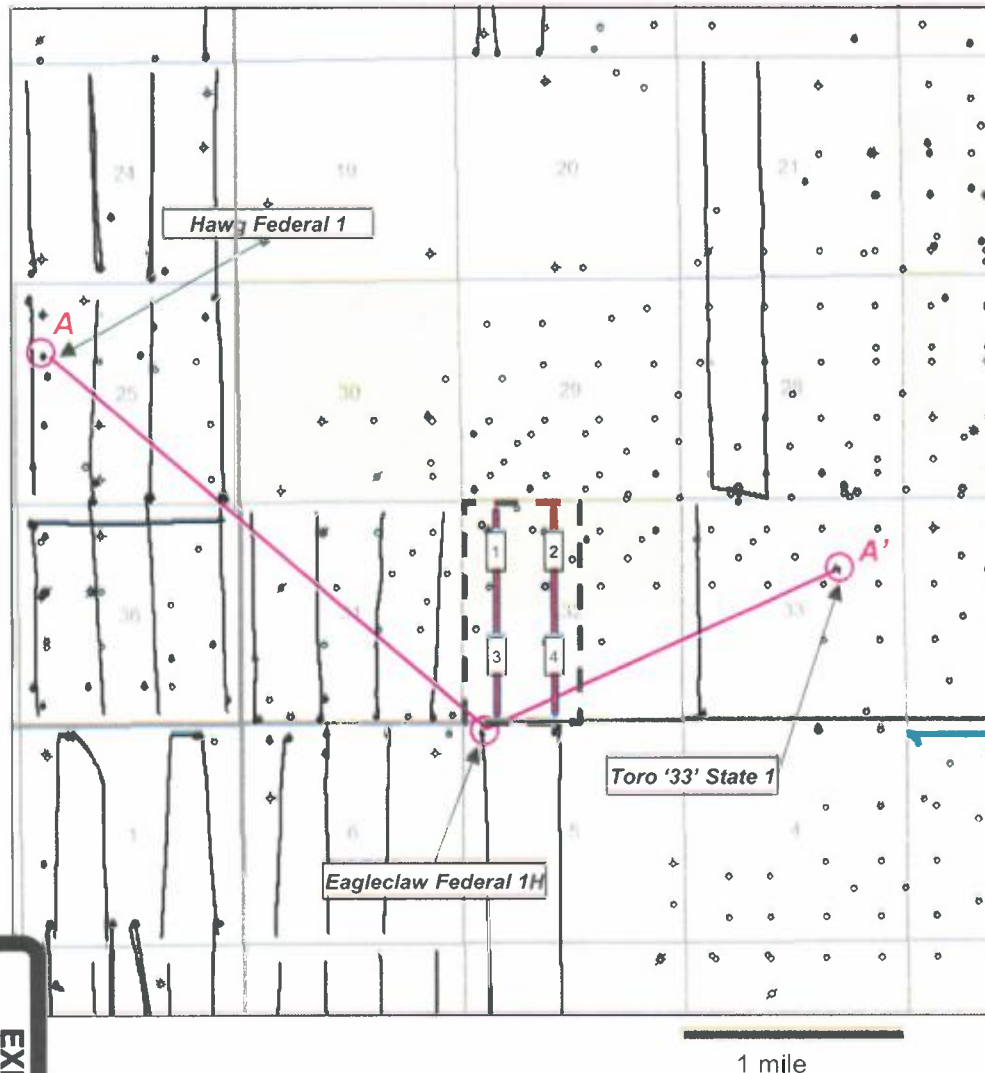


C.I. = 25'

1 mile

# Mead West 32 State Unit

## Reference Map for Cross Section – Second Bone Spring Wells



- 1 Mead West 32 SBSG State 1H
- 2 Mead East 32 SBSG State 2H
- 3 Mead East 32 WFBN State 5H
- 4 Mead East 32 WFBN State 6H

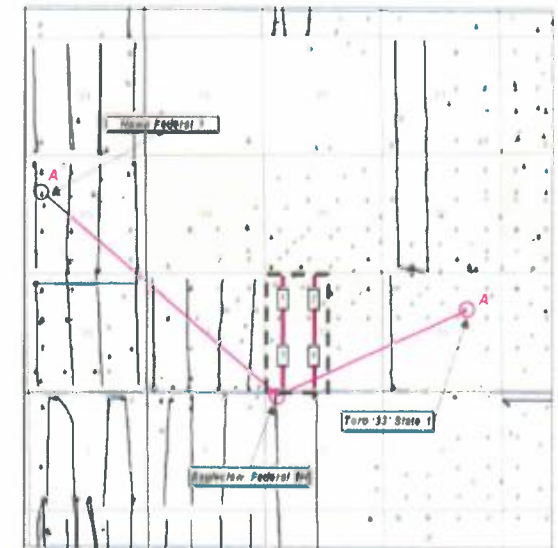
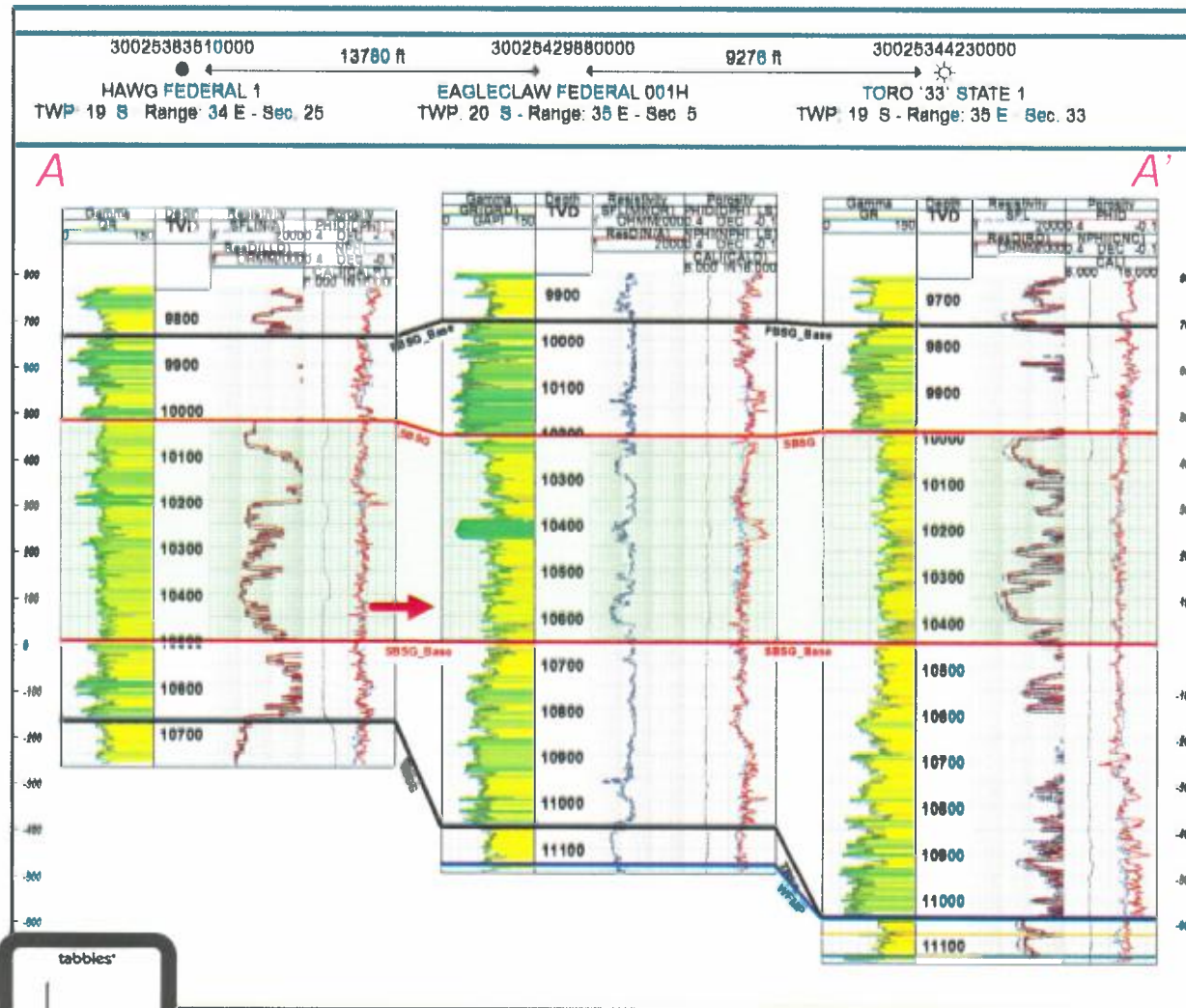
### Map Legend\*

- SBSG
- WFBN
- MRO – Horizontal Location
- MRO Acreage
- Project Area

\*Please note- Second Bone Spring laterals are stacked vertically on top of the Wolfbone laterals (same footage calls)

# Mead West 32 State Unit

Stratigraphic Cross Section (Base Second Bone Spring Datum)



Producing Zone –  
Second Bone Spring Sand

Second Bone Spring sand has  
consistent thickness across the  
unit, varying by only 20'.

tabbles®

EXHIBIT  
13.C



# Mead West 32 State Unit

Gross Interval Isochore – Second Bone Spring Sand



C.I. = 25'

1 mile

- 1 Mead West 32 SBSG State 1H
- 2 Mead East 32 SBSG State 2H
- 3 Mead East 32 WFBN State 5H
- 4 Mead East 32 WFBN State 6H

## Map Legend\*

— SBSG  
 — WFBN  
 MRO – Horizontal Location

MRO Acreage

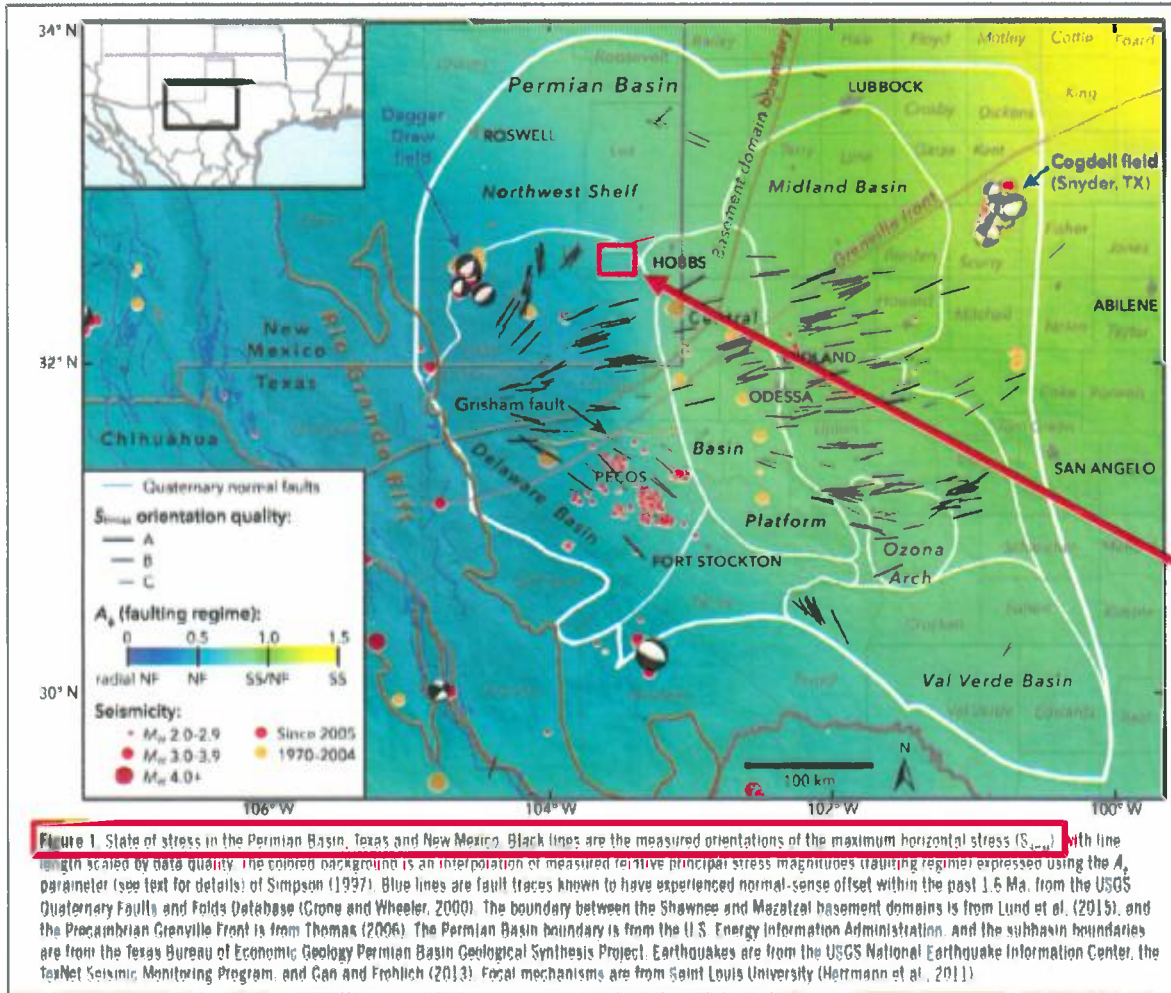
Project Area

Second Bone Spring sand has consistent thickness across the unit, varying by only 20'.

\*Please note- Second Bone Spring laterals are stacked vertically on top of the Wolfbone laterals (same footage calls)

# Mead West 32 State Unit

## Preferred Well Orientation - SHmax



**Preferred well orientation is N/S.**

Channelized Bone Spring sands are predominately oriented N/S in mid Lea County (NE Delaware basin), as a result of sediment input from the San Simon channel to the north/northeast.

Additionally, as outlined in Snee & Zoback (2018),  $SH_{max}$  is at approximately 70-80 degrees in mid Lea county. It is preferable to have N/S oriented wellbores at the Mead West 32 State proposed location (outlined with red box) since hydraulic fractures will prefer to propagate outwards at 70-80 degrees.

Source:

Snee, J.L. & 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>.

EXHIBIT

14