Before the Oil Conservation Division Examiner Hearing January 7, 2021

Case Nos. 21600, 21601, 21602, 21603, and 21604 Ender Wiggins (Re-Open)



<u>Marathon Ender Wiggins Cases: Nos. 21600, 21601, 21602, 21603, and 21604</u>

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Tab A: Ryan Gyllenband Affidavit

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

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

CASE NO. 21600-21604 ORDER NOS. R-21099; R-21126; R-21127; R-21165; R-21169 (Re-Open) (Ender Wiggins)

AFFIDAVIT

STATE OF TEXAS

COUNTY OF HARRIS

Ryan Gyllenband, being duly sworn, deposes and states:

)) ss.

)

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.

 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, which are attached as 1-A; 1-B; 1-C; 1-D and 1-E.

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 applications.

6. The purpose of the applications is to re-open Order Nos. R-21099; R-21126; R-21127; R-21165; and R-21169 (the "Orders") to 1) conform all of the Orders to the amended order template ("Amended Order Template") described in the April 9, 2020 Letter of the Division Director (Re: Amendments to Compulsory Pooling Order Template), which is attached as Exhibit 2 to this Affidavit; and 2) amend all of the Orders to allow for an extension of time for drilling the wells under the Orders.

1. Order No. R-21099 pooled uncommitted interest owners in a 240-acre, more or less, Bone Spring horizontal spacing unit comprised of the E/2 NW/4 of Section 14 and E/2 W/2 of Section 11, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico. Order No. R-21126 pooled uncommitted interest owners in a 240-acre, more or less, Bone Spring horizontal spacing unit comprised of the W/2 E/2 of Section 11 and W/2 NE/4 of Section 14, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico. Order No. R-21127 pooled uncommitted interest owners in a 240-acre, more or less, Bone Spring horizontal spacing unit comprised of the W/2 E/2 of Section 11 and W/2 NE/4 of Section 14, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico. Order No. R-21127 pooled uncommitted interest owners in a 240-acre, more or less, Bone Spring horizontal spacing unit comprised of the E/2 E/2 of Section 11 and E/2 NE/4 of Section 14, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico. Order No. R-21165 pooled uncommitted interest owners in a 480-acre, more or less, Wolfcamp horizontal spacing unit comprised of the E/2 of Section 14, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico. Order No. R-21165 pooled uncommitted interest owners in a 480-acre, more or less, Wolfcamp horizontal spacing unit comprised of the E/2 of Section 14, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico. Order No. R-21169 pooled uncommitted interest owners in a 480-acre, more or less, Wolfcamp horizontal spacing unit comprised of the E/2 of Section 14, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico. Order No. R-21169 pooled uncommitted interest owners in a 480-acre, more or less, Wolfcamp horizontal spacing unit comprised of the E/2 of Section 11 and NE/4 of Section 14, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico.

2. The Orders designated Marathon as the operator of the well(s) and the unit described in each order.

7. Marathon's first request is to conform the Orders to the Amended Order Template.

8. Marathon is in good standing under the statewide rules and regulations.

9. Marathon has reviewed the Amended Order Template and agrees to its terms and conditions.

10. Marathon further requests that the Orders be re-opened and amended to allow Marathon additional time to commence drilling the well(s) under the Orders.

11. Good cause exists for Marathon's request for an extension of time.

12. Marathon requests this extension because there have been changes in Marathon's drilling schedule due to COVID-19 and current market conditions.

13. Marathon's operations and drilling activity has been impacted by COVID-19 and oil and gas market conditions.

14. Under the Orders, Marathon is required to commence drilling the initial wells for each order by, as follows:

- Order R-21122: February 19, 2021
- Order R-21127: February 19, 2021.
- Order R-21165: February 26, 2021
- Order R-21169: February 26, 2021

15. Marathon asks that the deadline to commence drilling the wells under the Orders be extended for a year as follows:

- Order R-21126: February 19, 2022
- Order R-21127: February 19, 2022
- Order R-21165: February 26, 2022
- Order R-21165: February 26, 2022

16. Marathon, through its counsel, notified all pooled parties of Marathon's request to re-open the Orders for the purposes specified in the applications. No opposition is expected because the pooled parties have been contacted, and have not indicated any opposition. Proof of notification is attached as Exhibit 2 to this Affidavit. Exhibit 2 shows the parties who were notified of this hearing and that all parties entitled to notice received the notice letters sent to them.

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

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

19. In my opinion, the granting of these applications is in the interests of conservation and the prevention of waste.

Ryan Gyllenband

SUBSCRIBED AND SWORN to before me this 4th day of January, 2021 by Ryan Gyllenband on behalf of Marathon Oil Permian LLC.

C Notary Public

My commission expires: <u>12-18-2023</u>

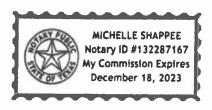


Exhibit 1-A: Application Case No. 21600

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

APPLICATION OF MARATHON OIL PERMIAN LLC TO AMEND ORDER NO. R-21099, LEA COUNTY, NEW MEXICO

CASE NO. 21600 ORDER NO. R-21099 (Re-Open)

APPLICATION

Marathon Oil Permian LLC ("Marathon"), OGRID Number 372098, through its undersigned attorney, files this application with the Oil Conservation Division ("Division") for the limited purpose of amending Order No. R-21099 as follows: 1) conforming Division Order No. R-21099 to the amended order template ("Amended Order Template") described in the Letter of the Division Director dated April 9, 2020 (Re: Amendments to Compulsory Pooling Order Template); and 2) amending Order No. R-21099 to allow for an extension of time for drilling the well under the Order. In support of this application, Marathon states as follows:

 Order No. R-21099 is one of five orders relating to Marathon's "Ender Wiggins" well group.

2. Order No. R-21099 pooled uncommitted interest owners in a 240-acre, more or less, Bone Spring horizontal spacing unit comprised of the E/2 NW/4 of Section 14 and E/2 W/2 of Section 11, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico.

3. Order No. R-21099 designated Marathon as the operator of the well and the unit.

4. The Division Hearing for Case No. 20820 was held on October 3, 2019.

The Division entered Order No. R-21099 in Case No. 20820 on February 12, 2020.
 This order was issued under the "interim form of order" and does not conform to the Amended Order Template.

6. Marathon requests that Order No. R-21099 be re-opened to conform this order to the terms of the Amended Order Template.

7. Marathon further requests that Order No. R-21099 be re-opened and amended to allow Marathon additional time to commence drilling the well under the Order.

8. Order No. R-21099, ¶ 20 states: "The Operator shall commence drilling the initial well within one (1) year after the date of this Order; and (b) for an infill well, no later than thirty (30) days after completion of the well."

9. The Amended Order Template contains the same obligation to commence drilling within one year, Amended Order Template, ¶19. It also states: "This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown." Amended Order Template, ¶ 20.

10. Good cause exists for Marathon's request for an extension of time.

11. Marathon requests this extension because there have been changes in Marathon's drilling schedule due to COVID-19 and current market conditions.

12. Marathon's operations and drilling activity have been impacted by COVID-19 and oil and gas market conditions.

13. Under Order No. R-21099, Marathon would be required to commence drilling the well by February 12, 2021.

14. Marathon asks that the deadline to commence drilling the well be extended for a year from February 12, 2021 to February 12, 2022.

WHEREFORE, Marathon requests this application be set for hearing before an Examiner of the Oil Conservation Division on January 7, 2021, and after notice and hearing as required by law, the Division:

A. Amend Order No. R-21099 to conform it to the terms of the Amended Order Template; and

B. Amend Order No. R-21099 to extend the time for Marathon to commence drilling the well under the Order for a year, through February 12, 2022.

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

Bennest By: N

Deana M. Bennett Post Office Box 2168 500 Fourth Street NW, Suite 1000 Albuquerque, New Mexico 87103-2168 Telephone: 505.848.1800 *Attorneys for Applicant* CASE NO. : (Re-Open) Application of Marathon Oil Permian LLC to Amend Order No. R-21099, Lea County, New Mexico. Applicant seeks an order from the Division for the limited purposes of 1) conforming Division Order No. R-21099 to the amended order template ("Amended Order Template") described in the Letter of the Division Director dated April 9, 2020 (Re: Amendments to Compulsory Pooling Order Template); and 2) amending Order No. R-21099 to allow for an extension of time to commence drilling the well under the Order. Exhibit 1-B Application Case No. 21601

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

APPLICATION OF MARATHON OIL PERMIAN LLC TO AMEND ORDER NO. R-21127, LEA COUNTY, NEW MEXICO

CASE NO. 21601 ORDER NO. R-21127 (Re-Open)

APPLICATION

Marathon Oil Permian LLC ("Marathon"), OGRID Number 372098, through its undersigned attorney, files this application with the Oil Conservation Division ("Division") for the limited purpose of amending Order No. R-21127 as follows: 1) conforming Division Order No. R-21127 to the amended order template ("Amended Order Template") described in the Letter of the Division Director dated April 9, 2020 (Re: Amendments to Compulsory Pooling Order Template); and 2) amending Order No. R-21127 to allow for an extension of time for drilling the well under the Order. In support of this application, Marathon states as follows:

 Order No. R-21127 is one of five orders relating to Marathon's "Ender Wiggins" well group.

2. Order No. R-21127 pooled uncommitted interest owners in a 240-acre, more or less, Bone Spring horizontal spacing unit comprised of the E/2 E/2 of Section 11 and E/2 NE/4 of Section 14, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico.

3. Order No. R-21127 designated Marathon as the operator of the well and the unit.

4. The Division Hearing for Case No. 20871 was held on November 14, 2019.

5. The Division entered Order No. R-21127 in Case No. 20871 on February 19, 2020. This order was issued under the "interim form of order" and does not conform to the Amended Order Template.

6. Marathon requests that Order No. R-21127 be re-opened to conform this order to the terms of the Amended Order Template.

7. Marathon further requests that Order No. R-21127 be re-opened and amended to allow Marathon additional time to commence drilling the well under the Order.

Order No. R-21127, ¶ 20 states: "The Operator shall commence drilling the initial well within one (1) year after the date of this Order; and (b) for an infill well, no later than thirty (30) days after completion of the well."

9. The Amended Order Template contains the same obligation to commence drilling within one year, Amended Order Template, ¶19. It also states: "This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown." Amended Order Template, ¶20.

10. Good cause exists for Marathon's request for an extension of time.

11. Marathon requests this extension because there have been changes in Marathon's drilling schedule due to COVID-19 and current market conditions.

12. Marathon's operations and drilling activity have been impacted by COVID-19 and oil and gas market conditions.

13. Under Order No. R-21127, Marathon would be required to commence drilling the well by February 19, 2021.

14. Marathon asks that the deadline to commence drilling the well be extended for a year from February 19, 2021 to February 19, 2022.

WHEREFORE, Marathon requests this application be set for hearing before an Examiner of the Oil Conservation Division on January 7, 2021, and after notice and hearing as required by law, the Division:

A. Amend Order No. R-21127 to conform it to the terms of the Amended Order Template; and

B. Amend Order No. R-21127 to extend the time for Marathon to commence drilling the well under the Order for a year, through February 19, 2022.

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

Kennett Bv:

Deana M. Bennett Post Office Box 2168 500 Fourth Street NW, Suite 1000 Albuquerque, New Mexico 87103-2168 Telephone: 505.848.1800 *Attorneys for Applicant* CASE NO. : (Re-Open) Application of Marathon Oil Permian LLC to Amend Order No. R-21127, Lea County, New Mexico. Applicant seeks an order from the Division for the limited purposes of 1) conforming Division Order No. R-21127 to the amended order template ("Amended Order Template") described in the Letter of the Division Director dated April 9, 2020 (Re: Amendments to Compulsory Pooling Order Template); and 2) amending Order No. R-21127 to allow for an extension of time to commence drilling the well under the Order. Exhibit 1-C: Application Case No. 21602

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

APPLICATION OF MARATHON OIL PERMIAN LLC TO AMEND ORDER NO. R-21169, LEA COUNTY, NEW MEXICO

CASE NO. 21602 ORDER NO. R-21169 (Re-Open)

APPLICATION

Marathon Oil Permian LLC ("Marathon"), OGRID Number 372098, through its undersigned attorney, files this application with the Oil Conservation Division ("Division") for the limited purpose of amending Order No. R-21169 as follows: 1) conforming Division Order No. R-21169 to the amended order template ("Amended Order Template") described in the Letter of the Division Director dated April 9, 2020 (Re: Amendments to Compulsory Pooling Order Template); and 2) amending Order No. R-21169 to allow for an extension of time for drilling the well under the Order. In support of this application, Marathon states as follows:

 Order No. R-21169 is one of five orders relating to Marathon's "Ender Wiggins" well group.

 Order No. R-21169 pooled uncommitted interest owners in a 480-acre, more or less, Wolfcamp horizontal spacing unit comprised of the E/2 of Section 11 and NE/4 of Section 14, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico.

3. Order No. R-21169 designated Marathon as the operator of the well and the unit.

4. The Division Hearing for Case No. 20821 was held on October 3, 2019.

5. The Division entered Order No. R-21169 in Case No. 20821 on February 26, 2020. This order was issued under the "interim form of order" and does not conform to the Amended Order Template.

6. Marathon requests that Order No. R-21169 be re-opened to conform this order to the terms of the Amended Order Template.

7. Marathon further requests that Order No. R-21169 be re-opened and amended to allow Marathon additional time to commence drilling the well under the Order.

Order No. R-21169, ¶ 20 states: "The Operator shall commence drilling the initial well within one (1) year after the date of this Order; and (b) for an infill well, no later than thirty (30) days after completion of the well."

9. The Amended Order Template contains the same obligation to commence drilling within one year, Amended Order Template, ¶19. It also states: "This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown." Amended Order Template, ¶20.

10. Good cause exists for Marathon's request for an extension of time.

11. Marathon requests this extension because there have been changes in Marathon's drilling schedule due to COVID-19 and current market conditions.

12. Marathon's operations and drilling activity have been impacted by COVID-19 and oil and gas market conditions.

13. Under Order No. R-21169, Marathon would be required to commence drilling the well by February 26, 2021.

14. Marathon asks that the deadline to commence drilling the well be extended for a year from February 26, 2021 to February 26, 2022.

WHEREFORE, Marathon requests this application be set for hearing before an Examiner of the Oil Conservation Division on January 7, 2021, and after notice and hearing as required by law, the Division:

A. Amend Order No. R-21169 to conform it to the terms of the Amended Order Template; and

B. Amend Order No. R-21169 to extend the time for Marathon to commence drilling the well under the Order for a year, through February 26, 2022.

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

Bennett By: NU

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

CASE NO. _____: (Re-Open) Application of Marathon Oil Permian LLC to Amend Order No. R-21169, Lea County, New Mexico. Applicant seeks an order from the Division for the limited purposes of 1) conforming Division Order No. R-21169 to the amended order template ("Amended Order Template") described in the Letter of the Division Director dated April 9, 2020 (Re: Amendments to Compulsory Pooling Order Template); and 2) amending Order No. R-21169 to allow for an extension of time to commence drilling the well under the Order. Exhibit 1-D: Application Case No. 21603

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

APPLICATION OF MARATHON OIL PERMIAN LLC TO AMEND ORDER NO. R-21126, LEA COUNTY, NEW MEXICO

CASE NO. 21603 ORDER NO. R-21126 (Re-Open)

APPLICATION

Marathon Oil Permian LLC ("Marathon"), OGRID Number 372098, through its undersigned attorney, files this application with the Oil Conservation Division ("Division") for the limited purpose of amending Order No. R-21126 as follows: 1) conforming Division Order No. R-21126 to the amended order template ("Amended Order Template") described in the Letter of the Division Director dated April 9, 2020 (Re: Amendments to Compulsory Pooling Order Template); and 2) amending Order No. R-21126 to allow for an extension of time for drilling the well under the Order. In support of this application, Marathon states as follows:

1. Order No. R-21126 is one of five orders relating to Marathon's "Ender Wiggins" well group.

2. Order No. R-21126 pooled uncommitted interest owners in a 240-acre, more or less, Bone Spring horizontal spacing unit comprised of the W/2 E/2 of Section 11 and W/2 NE/4 of Section 14, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico.

3. Order No. R-21126 designated Marathon as the operator of the well and the unit.

4. The Division Hearing for Case No. 20870 was held on November 14, 2019.

The Division entered Order No. R-21126 in Case No. 20870 on February 19, 2020.
 This order was issued under the "interim form of order" and does not conform to the Amended Order Template.

6. Marathon requests that Order No. R-21126 be re-opened to conform this order to the terms of the Amended Order Template.

7. Marathon further requests that Order No. R-21126 be re-opened and amended to allow Marathon additional time to commence drilling the well under the Order.

8. Order No. R-21126, ¶ 20 states: "The Operator shall commence drilling the initial well within one (1) year after the date of this Order; and (b) for an infill well, no later than thirty (30) days after completion of the well."

9. The Amended Order Template contains the same obligation to commence drilling within one year, Amended Order Template, ¶19. It also states: "This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown." Amended Order Template, ¶ 20.

10. Good cause exists for Marathon's request for an extension of time.

11. Marathon requests this extension because there have been changes in Marathon's drilling schedule due to COVID-19 and current market conditions.

12. Marathon's operations and drilling activity have been impacted by COVID-19 and oil and gas market conditions.

13. Under Order No. R-21126, Marathon would be required to commence drilling the well by February 19, 2021.

14. Marathon asks that the deadline to commence drilling the well be extended for a year from February 19, 2021 to February 19, 2022.

WHEREFORE, Marathon requests this application be set for hearing before an Examiner of the Oil Conservation Division on January 7, 2021, and after notice and hearing as required by law, the Division:

A. Amend Order No. R-21126 to conform it to the terms of the Amended Order Template; and

B. Amend Order No. R-21126 to extend the time for Marathon to commence drilling the well under the Order for a year, through February 19, 2022.

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

Senness By: 🛝

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

CASE NO. _____: (Re-Open) Application of Marathon Oil Permian LLC to Amend Order No. R-21126, Lea County, New Mexico. Applicant seeks an order from the Division for the limited purposes of 1) conforming Division Order No. R-21126 to the amended order template ("Amended Order Template") described in the Letter of the Division Director dated April 9, 2020 (Re: Amendments to Compulsory Pooling Order Template); and 2) amending Order No. R-21126 to allow for an extension of time to commence drilling the well under the Order. Exhibit 1-E: Application Case No. 21604

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

APPLICATION OF MARATHON OIL PERMIAN LLC TO AMEND ORDER NO. R-21165, LEA COUNTY, NEW MEXICO

CASE NO. 21604 ORDER NO. R-21165 (Re-Open)

APPLICATION

Marathon Oil Permian LLC ("Marathon"), OGRID Number 372098, through its undersigned attorney, files this application with the Oil Conservation Division ("Division") for the limited purpose of amending Order No. R-21165 as follows: 1) conforming Division Order No. R-21165 to the amended order template ("Amended Order Template") described in the Letter of the Division Director dated April 9, 2020 (Re: Amendments to Compulsory Pooling Order Template); and 2) amending Order No. R-21165 to allow for an extension of time for drilling the wells under the Order. In support of this application, Marathon states as follows:

 Order No. R-21165 is one of five orders relating to Marathon's "Ender Wiggins" well group.

 Order No. R-21165 pooled uncommitted interest owners in a 480-acre, more or less, Wolfcamp horizontal spacing unit comprised of the E/2 of Section 11 and NE/4 of Section 14, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico.

3. Order No. R-21165 designated Marathon as the operator of the wells and the unit.

4. The Division Hearing for Case No. 20869 was held on November 14, 2019.

The Division entered Order No. R-21165 in Case No. 20869 on February 26, 2020.
 This order was issued under the "interim form of order" and does not conform to the Amended Order Template.

6. Marathon requests that Order No. R-21165 be re-opened to conform this order to the terms of the Amended Order Template.

7. Marathon further requests that Order No. R-21165 be re-opened and amended to allow Marathon additional time to commence drilling the wells under the Order.

Order No. R-21165, ¶ 20 states: "The Operator shall commence drilling the initial well within one (1) year after the date of this Order; and (b) for an infill well, no later than thirty (30) days after completion of the well."

9. The Amended Order Template contains the same obligation to commence drilling within one year, Amended Order Template, ¶19. It also states: "This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown." Amended Order Template, ¶ 20.

10. Good cause exists for Marathon's request for an extension of time.

11. Marathon requests this extension because there have been changes in Marathon's drilling schedule due to COVID-19 and current market conditions.

12. Marathon's operations and drilling activity have been impacted by COVID-19 and oil and gas market conditions.

13. Under Order No. R-21165, Marathon would be required to commence drilling the wells by February 26, 2021.

14. Marathon asks that the deadline to commence drilling the wells be extended for a year from February 26, 2021 to February 26, 2022.

WHEREFORE, Marathon requests this application be set for hearing before an Examiner of the Oil Conservation Division on January 7, 2021, and after notice and hearing as required by law, the Division:

A. Amend Order No. R-21165 to conform it to the terms of the Amended Order Template; and

B. Amend Order No. R-21165 to extend the time for Marathon to commence drilling the wells under the Order for a year, through February 26, 2022.

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

By: hillina Bennett

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

CASE NO. _____: (Re-Open) Application of Marathon Oil Permian LLC to Amend Order No. R-21165, Lea County, New Mexico. Applicant seeks an order from the Division for the limited purposes of 1) conforming Division Order No. R-21165 to the amended order template ("Amended Order Template") described in the Letter of the Division Director dated April 9, 2020 (Re: Amendments to Compulsory Pooling Order Template); and 2) amending Order No. R-21165 to allow for an extension of time to commence drilling the wells under the Order. Exhibit 2: OCD April 9, 2020 Letter

Michelle Lujan Grisham Governor

Sarah Cottrell Propst Cabinet Secretary

Todd E. Leahy, JD, PhD Deputy Cabinet Secretary Adrienne E. Sandoval Director, Oil Conservation Division



BY ELECTRONIC MAIL ONLY

April 9, 2020

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RE: Amendments to Compulsory Pooling Order Template

Dear Counsel:

The Oil Conservation Division ("OCD") has amended the compulsory pooling order template effective on April 1, 2020. The amended template is attached as Exhibit 1.

Prior to April 1, 2020, OCD issued compulsory pooling orders for the cases identified in Exhibit 2. To conform an order with the amended template, please file an application for a hearing.

If you have any questions about this letter, please call Eric Ames, Office of General Counsel, at (505) 476-3463.

Respectfully, e Sandoval

Director

cc: Gabriel Wade, Deputy Director Eric Ames, OGC-EMNRD Scott Cox, OCD Engineering Bureau

EXHIBIT 1

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

IN THE MATTER OF APPLICATION FOR COMPULSORY POOLING SUBMITTED BY [OPERATOR]

CASE NO. ORDER NO. <u>R-</u>

<u>ORDER</u>

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

FINDINGS OF FACT

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

CONCLUSIONS OF LAW

- 6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
- 7. Operator is the owner of an oil and gas working interest within the Unit.

- 8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
- 9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
- 10. Operator has the right to drill the Well(s) to a common source of supply at the described depth(s) and location(s) in the Unit described in Exhibit A.
- 11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
- 12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
- 13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
- 14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

- 15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
- 16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
- 17. Operator is designated as operator of the Unit and the Well(s).
- 18. If the Surface Location or Bottom Hole Location of a well is changed from the location described in Exhibit A, Operator shall submit an amended Exhibit A, which the Division shall append to this Order.
- 19. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location before commencing production of the wellin accordance with 19.15.16.15(C) NMAC.
- <u>1920</u>. The Operator shall commence drilling the <u>Winitial well(s)</u> within <u>one year one (1)</u> year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well; and (b) for an infill well, no later than thirty (30) days after completion of the well.
- 20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.

CASE NO. _____ ORDER NO. _____

- 2<u>1</u>4. Operator shall comply with th<u>Th</u>e infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
- 22. This Order shall terminate automatically if Operator fails to comply with Paragraphs 20 or 21.
- 223. Operator shall submit to OCD and each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs") no later than: (a) for an initial well, no later than thirty (30) days after the date of this Order; (b) for an infill well proposed by Operator, no later than (30) days after the later of the initial notice period pursuant to 19.15.13.10(B) NMAC or the extension granted by the OCD Director pursuant 19.15.13.10(D) NMAC; or (c) for an infill well proposed by an owner of a Pooled Working Interest, no later than thirty (30) days after expiration of the last action required by 19.15.13.11 NMAC.
- 234. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who elects to pay its share of the Actual Well Costs out of production from the well Shall be considered to be a "Non-Consenting Pooled Working Interest."
- 245. No later than within one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
- 256. No later than sixty (60) days after the later of the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share

CASE NO. _____ ORDER NO. _____ of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.

- 267. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
- 278. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
- 289. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
- 3029. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
- 30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
- 31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to OCD and each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
- 323. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.

CASE NO. ORDER NO. <u>R-</u>

- 334. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
- 345. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
- 35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

Date: ____

ADRIENNE SANDOVAL DIRECTOR AES/xxx

I

CASE NO. ______ ORDER NO. _____

EXHIBIT 2

| ORDER | CASE | APPLICANT |
|-----------|-------|-----------------------|
| R-21168 | 21002 | MEWBOURNE |
| R-21167 | 21001 | MEWBOURNE |
| R-21166 | 21000 | MEWBOURNE |
| R-21165 | 20869 | MARATHON |
| R-21164 | 20811 | MEWBOURNE |
| R-21162 | 21036 | DEVON |
| R-21161 | 21035 | DEVON |
| R-21160 | 21021 | CIMAREX |
| R-21159 | 20997 | DEVON |
| R-21158 | 20996 | DEVON |
| R-21157 | 20995 | DEVON |
| R-21156 | 20994 | DEVON |
| R-21155 | 20990 | DEVON |
| R-21154 | 20987 | DEVON |
| R-21153 | 20986 | DEVON |
| R-21152 | 20968 | KAISER-FRANCIS |
| R-21151 | 20966 | KAISER-FRANCIS |
| R-21150 | 20960 | BTA |
| R-21149 | 20959 | BTA |
| R-21148 | 20872 | DEVON |
| R-21141 | 21030 | MARATHON |
| R-21140 | 21028 | APACHE |
| R-21139 | 21027 | APACHE |
| R-21138 | 21026 | APACHE |
| R-21137 | 20981 | COG |
| R-21136 | 20980 | COG |
| R-21135 | 20979 | COG |
| R-21134 | 20597 | TAP ROCK |
| R-21133 | 20596 | TAP ROCK |
| R-21132 | 20468 | MARATHON |
| R-21131 | 20993 | CIMAREX |
| R-21130 | 20915 | BTA |
| R-21129 | 20914 | BTA |
| R-21128 | 20938 | CHISHOLM |
| R-21127 | 20871 | MARATHON |
| R-21136 | 20870 | MARATHON |
| R-20924-A | 20809 | MEWBOURNE |
| R-21125 | 20946 | MARATHON |
| R-21124 | 20936 | MATADOR |
| R-21123 | 20858 | SPC RESOURCES |
| R-21122 | 20708 | MARATHON |
| R-21113 | 20864 | MARATHON |
| R-21112 | 20822 | MARATHON |
| R-21111 | 16210 | MATADOR |

| R-21110 | 16209 | MATADOR |
|---------|-------|----------------|
| R-21107 | 20903 | COG |
| R-21106 | 20868 | MARATHON |
| R-21105 | 20867 | MARATHON |
| R-21104 | 20860 | SPC RESOURCES |
| R-21103 | 20823 | MARATHON |
| R-21102 | 20935 | COG |
| R-21101 | 20934 | COG |
| R-21100 | 20859 | SPC RESOURCES |
| R-21099 | 20820 | MARATHON |
| R-21098 | 20819 | SEP PERMIAN |
| R-21097 | 20818 | SEP PERMIAN |
| R-21096 | 20762 | SPC RESOURCES |
| R-21095 | 20889 | NOVO |
| R-21094 | 20888 | NOVO |
| R-21093 | 20887 | NOVO |
| R-21092 | 20886 | NOVO |
| R-21091 | 20855 | COG |
| R-21090 | 20854 | COG |
| R-21089 | 20836 | COG |
| R-21088 | 20826 | XTO |
| R-21087 | 20813 | OXY |
| R-21086 | 20789 | OXY |
| R-21085 | 20788 | OXY |
| R-21084 | 20786 | OXY |
| R-21083 | 20863 | COG |
| R-21082 | 20794 | DEVON |
| R-21081 | 20793 | DEVON |
| R-21080 | 20791 | IMPETRO |
| R-21079 | 20790 | IMPETRO |
| R-21078 | 20767 | MATADOR |
| R-21077 | 20999 | COG |
| R-21076 | 20998 | COG |
| R-21075 | 20950 | MARATHON |
| R-21074 | 20948 | MARATHON |
| R-21073 | 20932 | COG |
| R-21072 | 20931 | COG |
| R-21071 | 20839 | B.C. OPERATING |
| R-21070 | 20838 | B.C. OPERATING |
| R-21069 | 20837 | B.C. OPERATING |
| R-21066 | 20943 | CENTENNIAL |
| | | |
| | | |

Exhibit 3: Notice Affidavit

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

APPLICATION OF MARATHON OIL PERMIAN LLC TO AMEND ORDERS, LEA COUNTY, NEW MEXICO

CASE NOS. 21600, 21601, 21602, 21603, and 21604

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. All parties entitled to notice received notice letters and therefore no publication affidavit is submitted.

Deana M. Bennett

SUBSCRIBED AND SWORN to before me this 5th day of January, 2021 by Deana M. Bennett.

Notary Public OFFICIAL SEAL

Ay Commission Expires:

Karlene Schuman

My commission expires: 02-27-21

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 12/17/2020

Firm Mailing Book ID: 200541 No 2 (6 0 2 + 21604

| line | USPS Article Number | Name, Street, City, State, Zip | | Postage | Service Fee | RR Fee | Rest.Del.Fee | Reference 214 Contents |
|-------------------------------|---|---|---------|---------|-------------|---------------|-------------------------|---------------------------|
| 1 | 9314 8699 0430 0077 7871 12 | Crown Oil Partners V, LP P.O. Box 50820 Midland TX 79710 | · | \$1.20 | \$3.55 | \$1.70 | \$0.00 | 81363-0151 EW Notice |
| 2 | 9314 8699 0430 0077 7871 29 | Crump Energy Partners II, LLC P.O. Box 50820 Midland TX 79710 | | \$1.20 | \$3.55 | \$1.70 | \$0.00 | 81363-0151 EW Notice |
| 3 | 9314 8699 0430 0077 7871 36 | Nadel and Gussman Delaware, LLC 15 East Fifth St., Suite 3300 Tulsa OK 74103 | | \$1.20 | \$3.55 | \$1.70 | \$0.00 | 81363-0151 EW Notice |
| 4 | 9314 8699 0430 0077 7871 43 | Energen Resources Corportation 500 West Texas Ave., Suite 1200 Midland TX 79701 | | \$1.20 | \$3.55 | \$1.70 | \$0.00 | 81363-0151 EW Notice |
| 5 | 9314 8699 0430 0077 7871 50 | Ozark Royalty Co., LLC 111 S. Highland St. Suite 352 Memphis TN 38111 | | \$1.20 | \$3.55 | \$1.70 | \$0.00 | 81363-0151 EW Notice |
| 6 9314 8699 0430 0077 7871 67 | The Nommensen Investment Company 12411 Broken Bough Houston TX Houston TX 77024 | | \$1.20 | \$3.55 | \$1.70 | \$0,00 | 81363-0151 EW Notice | |
| | | | Totals: | \$7.20 | \$21.30 | \$10.20 | \$0.00 | |
| | | | | | Grand | Total: | \$38.70 | |

List Number of Pieces Listed by Sender

 Total Number of Pieces
 Postmaster:

 Received at Post Office
 Name of receiving employee



Goes to green group Ender Wiggins

dmb@modrall.com

December 17, 2020

VIA CERTIFIED MAIL RETURN RECEIPT REOUESTED

Re: APPLICATION OF MARATHON OIL PERMIAN LLC TO AMEND ORDER NO R-21169, LEA COUNTY, NEW MEXICO.

CASE NO. 21602

APPLICATION OF MARATHON OIL PERMIAN LLC TO AMEND ORDER NO. R-21165, LEA COUNTY, NEW MEXICO.

CASE NO. 21604

TO: AFFECTED PARTIES

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

In Case No. 21602, Marathon seeks an order from the Division for the limited purposes of 1) conforming Division Order No. R-21169 to the amended order template ("Amended Order Template") described in the Letter of the Division Director dated April 9, 2020 (Re: Amendments to Compulsory Pooling Order Template); and 2) amending Order No. R-21169 to allow for an extension of time to commence drilling the well under the Order.

In Case No. 21604, Marathon seeks an order from the Division for the limited purposes of 1) conforming Division Order No. R-21165 to the amended order template ("Amended Order Template") described in the Letter of the Division Director dated April 9, 2020 (Re: Amendments to Compulsory Pooling Order Template); and 2) amending Order No. R-21165 to allow for an extension of time to commence drilling the wells under the Order.

closed to the public and hearings will be conducted remotely. The hearing

will be conducted on January 7, 2021 beginning at 8:15 a.m. To participate

During the COVID-19 Public Health Emergency, state buildings are

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

Page 2

in the electronic hearing, see the instructions posted on the docket for the hearing date: <u>http://www.emnrd.state.nm.us/OCD/hearings.html</u>.

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 these 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,

Decra 4 Bennett

Deana M. Bennett Attorney for Applicant

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

APPLICATION OF MARATHON OIL PERMIAN LLC TO AMEND ORDER NO. R-21169, LEA COUNTY, NEW MEXICO

CASE NO. ²¹⁶⁰² ORDER NO. R-21169 (Re-Open)

APPLICATION

Marathon Oil Permian LLC ("Marathon"), OGRID Number 372098, through its undersigned attorney, files this application with the Oil Conservation Division ("Division") for the limited purpose of amending Order No. R-21169 as follows: 1) conforming Division Order No. R-21169 to the amended order template ("Amended Order Template") described in the Letter of the Division Director dated April 9, 2020 (Re: Amendments to Compulsory Pooling Order Template); and 2) amending Order No. R-21169 to allow for an extension of time for drilling the well under the Order. In support of this application, Marathon states as follows:

 Order No. R-21169 is one of five orders relating to Marathon's "Ender Wiggins" well group.

 Order No. R-21169 pooled uncommitted interest owners in a 480-acre, more or less, Wolfcamp horizontal spacing unit comprised of the E/2 of Section 11 and NE/4 of Section 14, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico.

3. Order No. R-21169 designated Marathon as the operator of the well and the unit.

4. The Division Hearing for Case No. 20821 was held on October 3, 2019.

5. The Division entered Order No. R-21169 in Case No. 20821 on February 26, 2020. This order was issued under the "interim form of order" and does not conform to the Amended Order Template.

6. Marathon requests that Order No. R-21169 be re-opened to conform this order to the terms of the Amended Order Template.

7. Marathon further requests that Order No. R-21169 be re-opened and amended to allow Marathon additional time to commence drilling the well under the Order.

Order No. R-21169, ¶ 20 states: "The Operator shall commence drilling the initial well within one (1) year after the date of this Order; and (b) for an infill well, no later than thirty (30) days after completion of the well."

9. The Amended Order Template contains the same obligation to commence drilling within one year, Amended Order Template, ¶19. It also states: "This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown." Amended Order Template, ¶20.

10. Good cause exists for Marathon's request for an extension of time.

11. Marathon requests this extension because there have been changes in Marathon's drilling schedule due to COVID-19 and current market conditions.

12. Marathon's operations and drilling activity have been impacted by COVID-19 and oil and gas market conditions.

13. Under Order No. R-21169, Marathon would be required to commence drilling the well by February 26, 2021.

14. Marathon asks that the deadline to commence drilling the well be extended for a year from February 26, 2021 to February 26, 2022.

WHEREFORE, Marathon requests this application be set for hearing before an Examiner of the Oil Conservation Division on January 7, 2021, and after notice and hearing as required by law, the Division:

A. Amend Order No. R-21169 to conform it to the terms of the Amended Order Template; and

B. Amend Order No. R-21169 to extend the time for Marathon to commence drilling the well under the Order for a year, through February 26, 2022.

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

H. Bennett By: 1

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

CASE NO. _____: (Re-Open) Application of Marathon Oil Permian LLC to Amend Order No. R-21169, Lea County, New Mexico. Applicant seeks an order from the Division for the limited purposes of 1) conforming Division Order No. R-21169 to the amended order template ("Amended Order Template") described in the Letter of the Division Director dated April 9, 2020 (Re: Amendments to Compulsory Pooling Order Template); and 2) amending Order No. R-21169 to allow for an extension of time to commence drilling the well under the Order.

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

APPLICATION OF MARATHON OIL PERMIAN LLC TO AMEND ORDER NO. R-21165, LEA COUNTY, NEW MEXICO

CASE NO. 21604 ORDER NO. R-21165 (Re-Open)

APPLICATION

Marathon Oil Permian LLC ("Marathon"), OGRID Number 372098, through its undersigned attorney, files this application with the Oil Conservation Division ("Division") for the limited purpose of amending Order No. R-21165 as follows: 1) conforming Division Order No. R-21165 to the amended order template ("Amended Order Template") described in the Letter of the Division Director dated April 9, 2020 (Re: Amendments to Compulsory Pooling Order Template); and 2) amending Order No. R-21165 to allow for an extension of time for drilling the wells under the Order. In support of this application, Marathon states as follows:

 Order No. R-21165 is one of five orders relating to Marathon's "Ender Wiggins" well group.

 Order No. R-21165 pooled uncommitted interest owners in a 480-acre, more or less, Wolfcamp horizontal spacing unit comprised of the E/2 of Section 11 and NE/4 of Section 14, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico.

3. Order No. R-21165 designated Marathon as the operator of the wells and the unit.

4. The Division Hearing for Case No. 20869 was held on November 14, 2019.

5. The Division entered Order No. R-21165 in Case No. 20869 on February 26, 2020. This order was issued under the "interim form of order" and does not conform to the Amended Order Template.

6. Marathon requests that Order No. R-21165 be re-opened to conform this order to the terms of the Amended Order Template.

7. Marathon further requests that Order No. R-21165 be re-opened and amended to allow Marathon additional time to commence drilling the wells under the Order.

Order No. R-21165, ¶ 20 states: "The Operator shall commence drilling the initial well within one (1) year after the date of this Order; and (b) for an infill well, no later than thirty (30) days after completion of the well."

9. The Amended Order Template contains the same obligation to commence drilling within one year, Amended Order Template, ¶19. It also states: "This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown." Amended Order Template, ¶ 20.

10. Good cause exists for Marathon's request for an extension of time.

11. Marathon requests this extension because there have been changes in Marathon's drilling schedule due to COVID-19 and current market conditions.

12. Marathon's operations and drilling activity have been impacted by COVID-19 and oil and gas market conditions.

13. Under Order No. R-21165, Marathon would be required to commence drilling the wells by February 26, 2021.

14. Marathon asks that the deadline to commence drilling the wells be extended for a year from February 26, 2021 to February 26, 2022.

WHEREFORE, Marathon requests this application be set for hearing before an Examiner of the Oil Conservation Division on January 7, 2021, and after notice and hearing as required by law, the Division:

A. Amend Order No. R-21165 to conform it to the terms of the Amended Order Template; and

B. Amend Order No. R-21165 to extend the time for Marathon to commence drilling the wells under the Order for a year, through February 26, 2022.

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

By: Melona Bennett

Deana M. Bennett Post Office Box 2168 500 Fourth Street NW, Suite 1000 Albuquerque, New Mexico 87103-2168 Telephone: 505.848.1800 *Attorneys for Applicant* CASE NO. _____: (Re-Open) Application of Marathon Oil Permian LLC to Amend Order No. R-21165, Lea County, New Mexico. Applicant seeks an order from the Division for the limited purposes of 1) conforming Division Order No. R-21165 to the amended order template ("Amended Order Template") described in the Letter of the Division Director dated April 9, 2020 (Re: Amendments to Compulsory Pooling Order Template); and 2) amending Order No. R-21165 to allow for an extension of time to commence drilling the wells under the Order.

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 12/17/2020

Firm Mailing Book ID: 200540 2/601 -2/604

| | | D | | | | Reference |
|--|--|--|---|--|--|--|
| SPS Arncie Number | Name, Street, City, State, Zip | Postage | Service Fee | KK Fee | Rest.Del.Fee | Contents |
| 14 8699 0430 0077 7870 68 | Chevron U.S.A. Inc. 6301 Deauville Blvd. Midland TX 79706 | \$1.20 | \$3.55 | \$1.70 | \$0.00 | 81363-0151 EW Notice |
| 14 8699 0430 0077 7870 75 | Chevron Midcontinent, L.P. 6301 Deauville Blvd. Midland TX 79706 | \$1.20 | \$3.55 | \$1.70 | \$0.00 | 81363-0151 EW Notice |
| 14 8699 0430 0077 7870 82 | OXY Y-1 5 Greenway Plaza, Suite 110 | \$1.20 | \$3.55 | \$1.70 | \$0.00 | 81363-0151 EW Notice |
| 14 8699 0430 0077 7870 99 | EOG Resources Inc. 5509 Champions Drive | \$1.20 | \$3.55 | \$1.70 | \$0.00 | 81363-0151 EW Notice |
| 14 86 <mark>99 0430 00</mark> 77 7871 05 | COG Operating LLC 600 West Illinois | \$1.20 | \$3.55 | \$1.70 | \$0.00 | 81363-0151 EW Notice |
| | Λ | Totals: 56.00 | \$17.75 | \$8.50 | <u></u> | |
| | | | | | \$32.25 | |
| | | DEC, | 2020 | | | |
| | | i14 8699 0430 0077 7870 68 Chevron U.S.A. Inc. 6301 Deauville Blvd. Midland TX 79706 i14 8699 0430 0077 7870 75 Chevron Midcontinent, L.P. 6301 Deauville Blvd. Midland TX 79706 i14 8699 0430 0077 7870 75 Chevron Midcontinent, L.P. 6301 Deauville Blvd. Midland TX 79706 i14 8699 0430 0077 7870 82 OXY Y-1 5 Greenway Plaza, Suite 110 Houston TX 77046 i14 8699 0430 0077 7870 99 EOG Resources Inc. i14 8699 0430 0077 7870 99 EOG Operating LLC 600 West Illinois Midland TX 79706 i14 8699 0430 0077 7871 05 COG Operating LLC 600 West Illinois Midland TX 79701 | 14 8699 0430 0077 7870 68 Chevron U.S.A. Inc. 6301 Deauville Blvd. Midland TX 79706 \$1.20 514 8699 0430 0077 7870 75 Chevron Midcontinent, L.P. 6301 Deauville Blvd. Midland TX 79706 \$1.20 514 8699 0430 0077 7870 82 OXY Y-1 5 Greenway Plaza, Suite 110 Houston TX 77046 \$1.20 514 8699 0430 0077 7870 99 EOG Resources Inc. 5509 Champions Drive Midland TX 79706 \$1.20 514 8699 0430 0077 7871 05 COG Operating LLC 600 West Illinois Midland TX 79701 \$1.20 514 8699 0430 0077 7871 05 COG Operating LLC 600 West Illinois Midland TX 79701 \$1.20 Total Number of Pieces Received at Post Office Postmaster: Name of receiving employee | 14 8699 0430 0077 7870 68 Chevron U.S.A. Inc. 6301 Deauville Blvd. Midland TX 79706 \$1.20 \$3.55 514 8699 0430 0077 7870 75 Chevron Midcontinent, L.P. 6301 Deauville Blvd. Midland TX 79706 \$1.20 \$3.55 514 8699 0430 0077 7870 82 OXY Y-1 5 Greenway Plaza, Suite 110 Houston TX 77046 \$1.20 \$3.55 514 8699 0430 0077 7870 99 EOG Resources Inc. 5509 Champions Drive Midland TX 79706 \$1.20 \$3.55 514 8699 0430 0077 7870 99 EOG Resources Inc. 5509 Champions Drive Midland TX 79706 \$1.20 \$3.55 514 8699 0430 0077 7871 05 COG Operating LLC 600 West Illinois Midland TX 79701 \$1.20 \$3.55 Total Number of Pieces Received at Post Office Postmater: Name of receiving employee | 114 8699 0430 0077 7870 68 Chevron U.S.A. Inc. 6301 Deauville Blvd. Midland TX 79706 \$1.20 \$3.55 \$1.70 614 8699 0430 0077 7870 75 Chevron Midcontinent, L.P. 6301 Deauville Blvd. Midland TX 79706 \$1.20 \$3.55 \$1.70 614 8699 0430 0077 7870 75 Chevron Midcontinent, L.P. 6301 Deauville Blvd. Midland TX 79706 \$1.20 \$3.55 \$1.70 614 8699 0430 0077 7870 82 OXY Y-1 5 Greenway Plaza, Suite 110 Houston TX 77046 \$1.20 \$3.55 \$1.70 614 8699 0430 0077 7870 99 EOG Resources Inc. 5509 Champions Drive Midland TX 79706 \$1.20 \$3.55 \$1.70 614 8699 0430 0077 7871 05 COG Operating LLC 600 West Illinois Midland TX 79701 \$1.20 \$3.55 \$1.70 Total Number of Pieces Received at Post Office Postmaster: Name of receiving employee | 14 8699 0430 0077 7870 68 Chevron U.S.A. Inc. 6301 Deauville Blvd. Midland TX 79706 \$1.20 \$3.55 \$1.70 \$0.00 614 8699 0430 0077 7870 75 Chevron Midcontinent, L.P. 6301 Deauville Blvd. Midland TX 79706 \$1.20 \$3.55 \$1.70 \$0.00 614 8699 0430 0077 7870 75 Chevron Midcontinent, L.P. 6301 Deauville Blvd. Midland TX 79706 \$1.20 \$3.55 \$1.70 \$0.00 614 8699 0430 0077 7870 82 OXY Y-1 5 Greenway Plaza, Suite 110 Houston TX 77046 \$1.20 \$3.55 \$1.70 \$0.00 614 8699 0430 0077 7870 99 EOG Resources Inc. 5509 Champions Drive Midland TX 79706 \$1.20 \$3.55 \$1.70 \$0.00 614 8699 0430 0077 7871 05 COG Operating LLC 600 West Illinois Midland TX 79701 \$1.20 \$3.55 \$1.70 \$0.00 Total Number of Pieces Received at Post Office Postmaster: Name of receiving employee Dried: |

| | | | Transaction Report Deta Firm Mail Book Generated: 1/5/202 | ID= 200540 | | | | | |
|------------------------|---------------------|------------------|---|------------|-------|-------|----------------|---|--------------------|
| USPS Article Number | Date Created | Reference Number | Name 1 | City | State | Zip | Mailing Status | Service Options | Mail Delivery Date |
| 9314869904300077787105 | 2020-12-17 11:09 AM | 81363-0151 EW | COG Operating LLC | Midland | TX | 79701 | Delivered | Return Receipt ctronic, Certified Mail | 12-22 020 |
| 9314869904300077787099 | 2020-12-17 11:09 AM | 81363-0151 EW | EOG Resources Inc. | Midland | ТХ | 79706 | Delivered | Return Receipt - Electronic, Certified Mail | 12-23-2020 |
| 9314869904300077787082 | 2020-12-17 11:09 AM | 81363-0151 EW | OXY Y-1 | Houston | ТХ | 77046 | Delivered | Return Receipt - Electronic, Certified Mail | 12-21-2020 |
| 9314869904300077787075 | 2020-12-17 11:09 AM | 81363-0151 EW | Chevron Midcontinent, L.P. | Midland | ТХ | 79706 | Delivered | Return Receipt - Electronic, Certified Mail | 12-21-2020 |
| 9314869904300077787068 | 2020-12-17 11:09 AM | 81363-0151 EW | Chevron U.S.A. Inc. | Midland | TX | 79706 | Delivered | Return Receipt - Electronic, Certified Mail | 12-21-2020 |

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 12/17/2020

Firm Mailing Book ID: 200540 21601-21604



| Line | USPS Article Number | Name, Street, City, State, Zip | | Postage | Service Fee | RR Fee | Rest.Del.Fee | Reference Contents |
|-------------------------------|--|--|---------|---------|-------------|--------|-------------------------|-------------------------|
| 1 | 9314 8699 0430 0077 7870 68 | Chevron U.S.A. Inc. 6301 Deauville Blvd. Midland TX 79706 | | \$1.20 | \$3.55 | \$1.70 | \$0.00 | 81363-0151 EW Notice |
| 2 | 9314 8699 0430 0077 7870 75 | Chevron Midcontinent, L.P. 6301 Deauville Blvd. Midland TX 79706 | | \$1.20 | \$3.55 | \$1.70 | \$0.00 | 81363-0151 EW Notice |
| 3 | 9314 8699 0430 0077 7870 82 | OXY Y-1 5 Greenway Plaza, Suite 110 Houston TX 77046 | | \$1.20 | \$3.55 | \$1.70 | \$0.00 | 81363-0151 EW Notice |
| 4 | 9314 8699 0430 0077 7870 99 | EOG Resources Inc. 5509 Champions Drive Midland TX 79706 | | \$1.20 | \$3.55 | \$1.70 | \$0.00 | 81363-0151 EW Notice |
| 5 9314 8699 0430 0077 7871 05 | COG Operating LLC 600 West Illinois Midland TX 79701 | | \$1.20 | \$3.55 | \$1.70 | \$0.00 | 81363-0151 EW Notice | |
| | | | Totals: | \$6.00 | \$17.75 | \$8.50 | \$0.00 | |
| | | | | | Grand | Total: | \$32.25 | |

Listed by Sender

Received at Post Office Name of receiving employee



December 15, 2020

Deana M. Bennett 505.848.1834 dmb@modrall.com

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

Re: APPLICATION OF MARATHON OIL PERMIAN LLC TO AMEND ORDER NO. R-21127, LEA COUNTY, NEW MEXICO.

CASE NO. 21601

APPLICATION OF MARATHON OIL PERMIAN LLC TO AMEND ORDER NO R-21169, LEA COUNTY, NEW MEXICO.

CASE NO. 21602

APPLICATION OF MARATHON OIL PERMIAN LLC TO AMEND ORDER NO. R-21126, LEA COUNTY, NEW MEXICO.

CASE NO. 21603

APPLICATION OF MARATHON OIL PERMIAN LLC TO AMEND ORDER NO. R-21165, LEA COUNTY, NEW MEXICO.

CASE NO. 21604

TO: AFFECTED PARTIES

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

In Case No. 21601, Marathon seeks an order from the Division for the limited purposes of 1) conforming Division Order No. R-21127 to the amended order template ("Amended Order Template") described in the Letter of the Division Director dated April 9, 2020 (Re: Amendments to Compulsory Pooling Order Template); and 2) amending Order No. R-21127 to allow for an extension of time to commence drilling the well under the Order.

In Case No. 21602, Marathon seeks an order from the Division for the limited purposes of 1) conforming Division Order No. R-21169 to the amended order template ("Amended Order Template") described in the Letter of the Division Director dated April 9, 2020 (Re: Amendments to Compulsory Pooling

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 Order Template); and 2) amending Order No. R-21169 to allow for an extension of time to commence drilling the well under the Order.

In Case No. 21603, Marathon seeks an order from the Division for the limited purposes of 1) conforming Division Order No. R-21126 to the amended order template ("Amended Order Template") described in the Letter of the Division Director dated April 9, 2020 (Re: Amendments to Compulsory Pooling Order Template); and 2) amending Order No. R-21126 to allow for an extension of time to commence drilling the well under the Order.

In Case No. 21604, Marathon seeks an order from the Division for the limited purposes of 1) conforming Division Order No. R-21165 to the amended order template ("Amended Order Template") described in the Letter of the Division Director dated April 9, 2020 (Re: Amendments to Compulsory Pooling Order Template); and 2) amending Order No. R-21165 to allow for an extension of time to commence drilling the wells under the Order.

During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on January 7, 2021 beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the docket for the hearing date: <u>http://www.emnrd.state.nm.us/OCD/hearings.html</u>.

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 these 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,

Wenne M Bennett

Deana M. Bennett Attorney for Applicant

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

APPLICATION OF MARATHON OIL PERMIAN LLC TO AMEND ORDER NO. R-21127, LEA COUNTY, NEW MEXICO

CASE NO. 21601 ORDER NO. R-21127 (Re-Open)

APPLICATION

Marathon Oil Permian LLC ("Marathon"), OGRID Number 372098, through its undersigned attorney, files this application with the Oil Conservation Division ("Division") for the limited purpose of amending Order No. R-21127 as follows: 1) conforming Division Order No. R-21127 to the amended order template ("Amended Order Template") described in the Letter of the Division Director dated April 9, 2020 (Re: Amendments to Compulsory Pooling Order Template); and 2) amending Order No. R-21127 to allow for an extension of time for drilling the well under the Order. In support of this application, Marathon states as follows:

 Order No. R-21127 is one of five orders relating to Marathon's "Ender Wiggins" well group.

2. Order No. R-21127 pooled uncommitted interest owners in a 240-acre, more or less, Bone Spring horizontal spacing unit comprised of the E/2 E/2 of Section 11 and E/2 NE/4 of Section 14, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico.

3. Order No. R-21127 designated Marathon as the operator of the well and the unit.

4. The Division Hearing for Case No. 20871 was held on November 14, 2019.

5. The Division entered Order No. R-21127 in Case No. 20871 on February 19, 2020. This order was issued under the "interim form of order" and does not conform to the Amended Order Template.

6. Marathon requests that Order No. R-21127 be re-opened to conform this order to the terms of the Amended Order Template.

7. Marathon further requests that Order No. R-21127 be re-opened and amended to allow Marathon additional time to commence drilling the well under the Order.

Order No. R-21127, ¶ 20 states: "The Operator shall commence drilling the initial well within one (1) year after the date of this Order; and (b) for an infill well, no later than thirty (30) days after completion of the well."

9. The Amended Order Template contains the same obligation to commence drilling within one year, Amended Order Template, ¶19. It also states: "This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown." Amended Order Template, ¶ 20.

10. Good cause exists for Marathon's request for an extension of time.

11. Marathon requests this extension because there have been changes in Marathon's drilling schedule due to COVID-19 and current market conditions.

12. Marathon's operations and drilling activity have been impacted by COVID-19 and oil and gas market conditions.

13. Under Order No. R-21127, Marathon would be required to commence drilling the well by February 19, 2021.

14. Marathon asks that the deadline to commence drilling the well be extended for a year from February 19, 2021 to February 19, 2022.

WHEREFORE, Marathon requests this application be set for hearing before an Examiner of the Oil Conservation Division on January 7, 2021, and after notice and hearing as required by law, the Division:

A. Amend Order No. R-21127 to conform it to the terms of the Amended Order Template; and

B. Amend Order No. R-21127 to extend the time for Marathon to commence drilling the well under the Order for a year, through February 19, 2022.

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

By: Wella Bennett

Deana M. Bennett Post Office Box 2168 500 Fourth Street NW, Suite 1000 Albuquerque, New Mexico 87103-2168 Telephone: 505.848.1800 *Attorneys for Applicant* CASE NO. : (Re-Open) Application of Marathon Oil Permian LLC to Amend Order No. R-21127, Lea County, New Mexico. Applicant seeks an order from the Division for the limited purposes of 1) conforming Division Order No. R-21127 to the amended order template ("Amended Order Template") described in the Letter of the Division Director dated April 9, 2020 (Re: Amendments to Compulsory Pooling Order Template); and 2) amending Order No. R-21127 to allow for an extension of time to commence drilling the well under the Order.

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

APPLICATION OF MARATHON OIL PERMIAN LLC TO AMEND ORDER NO. R-21169, LEA COUNTY, NEW MEXICO

CASE NO. 21602 ORDER NO. R-21169 (Re-Open)

APPLICATION

Marathon Oil Permian LLC ("Marathon"), OGRID Number 372098, through its undersigned attorney, files this application with the Oil Conservation Division ("Division") for the limited purpose of amending Order No. R-21169 as follows: 1) conforming Division Order No. R-21169 to the amended order template ("Amended Order Template") described in the Letter of the Division Director dated April 9, 2020 (Re: Amendments to Compulsory Pooling Order Template); and 2) amending Order No. R-21169 to allow for an extension of time for drilling the well under the Order. In support of this application, Marathon states as follows:

 Order No. R-21169 is one of five orders relating to Marathon's "Ender Wiggins" well group.

 Order No. R-21169 pooled uncommitted interest owners in a 480-acre, more or less, Wolfcamp horizontal spacing unit comprised of the E/2 of Section 11 and NE/4 of Section 14, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico.

3. Order No. R-21169 designated Marathon as the operator of the well and the unit.

4. The Division Hearing for Case No. 20821 was held on October 3, 2019.

5. The Division entered Order No. R-21169 in Case No. 20821 on February 26, 2020. This order was issued under the "interim form of order" and does not conform to the Amended Order Template.

6. Marathon requests that Order No. R-21169 be re-opened to conform this order to the terms of the Amended Order Template.

7. Marathon further requests that Order No. R-21169 be re-opened and amended to allow Marathon additional time to commence drilling the well under the Order.

8. Order No. R-21169, ¶ 20 states: "The Operator shall commence drilling the initial well within one (1) year after the date of this Order; and (b) for an infill well, no later than thirty (30) days after completion of the well."

9. The Amended Order Template contains the same obligation to commence drilling within one year, Amended Order Template, ¶19. It also states: "This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown." Amended Order Template, ¶20.

10. Good cause exists for Marathon's request for an extension of time.

11. Marathon requests this extension because there have been changes in Marathon's drilling schedule due to COVID-19 and current market conditions.

12. Marathon's operations and drilling activity have been impacted by COVID-19 and oil and gas market conditions.

13. Under Order No. R-21169, Marathon would be required to commence drilling the well by February 26, 2021.

14. Marathon asks that the deadline to commence drilling the well be extended for a year from February 26, 2021 to February 26, 2022.

WHEREFORE, Marathon requests this application be set for hearing before an Examiner of the Oil Conservation Division on January 7, 2021, and after notice and hearing as required by law, the Division:

A. Amend Order No. R-21169 to conform it to the terms of the Amended Order Template; and

B. Amend Order No. R-21169 to extend the time for Marathon to commence drilling the well under the Order for a year, through February 26, 2022.

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

4 Bennest By: hillina

Deana M. Bennett Post Office Box 2168 500 Fourth Street NW, Suite 1000 Albuquerque, New Mexico 87103-2168 Telephone: 505.848.1800 Attorneys for Applicant CASE NO. ____: (Re-Open) Application of Marathon Oil Permian LLC to Amend Order No. R-21169, Lea County, New Mexico. Applicant seeks an order from the Division for the limited purposes of 1) conforming Division Order No. R-21169 to the amended order template ("Amended Order Template") described in the Letter of the Division Director dated April 9, 2020 (Re: Amendments to Compulsory Pooling Order Template); and 2) amending Order No. R-21169 to allow for an extension of time to commence drilling the well under the Order.

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

APPLICATION OF MARATHON OIL PERMIAN LLC TO AMEND ORDER NO. R-21126, LEA COUNTY, NEW MEXICO

CASE NO. 21603 ORDER NO. R-21126 (Re-Open)

APPLICATION

Marathon Oil Permian LLC ("Marathon"), OGRID Number 372098, through its undersigned attorney, files this application with the Oil Conservation Division ("Division") for the limited purpose of amending Order No. R-21126 as follows: 1) conforming Division Order No. R-21126 to the amended order template ("Amended Order Template") described in the Letter of the Division Director dated April 9, 2020 (Re: Amendments to Compulsory Pooling Order Template); and 2) amending Order No. R-21126 to allow for an extension of time for drilling the well under the Order. In support of this application, Marathon states as follows:

 Order No. R-21126 is one of five orders relating to Marathon's "Ender Wiggins" well group.

2. Order No. R-21126 pooled uncommitted interest owners in a 240-acre, more or less, Bone Spring horizontal spacing unit comprised of the W/2 E/2 of Section 11 and W/2 NE/4 of Section 14, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico.

3. Order No. R-21126 designated Marathon as the operator of the well and the unit.

4. The Division Hearing for Case No. 20870 was held on November 14, 2019.

5. The Division entered Order No. R-21126 in Case No. 20870 on February 19, 2020. This order was issued under the "interim form of order" and does not conform to the Amended Order Template.

6. Marathon requests that Order No. R-21126 be re-opened to conform this order to the terms of the Amended Order Template.

7. Marathon further requests that Order No. R-21126 be re-opened and amended to allow Marathon additional time to commence drilling the well under the Order.

Order No. R-21126, ¶ 20 states: "The Operator shall commence drilling the initial well within one (1) year after the date of this Order; and (b) for an infill well, no later than thirty (30) days after completion of the well."

9. The Amended Order Template contains the same obligation to commence drilling within one year, Amended Order Template, ¶19. It also states: "This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown." Amended Order Template, ¶20.

10. Good cause exists for Marathon's request for an extension of time.

11. Marathon requests this extension because there have been changes in Marathon's drilling schedule due to COVID-19 and current market conditions.

12. Marathon's operations and drilling activity have been impacted by COVID-19 and oil and gas market conditions.

13. Under Order No. R-21126, Marathon would be required to commence drilling the well by February 19, 2021.

14. Marathon asks that the deadline to commence drilling the well be extended for a year from February 19, 2021 to February 19, 2022.

WHEREFORE, Marathon requests this application be set for hearing before an Examiner of the Oil Conservation Division on January 7, 2021, and after notice and hearing as required by law, the Division:

A. Amend Order No. R-21126 to conform it to the terms of the Amended Order Template; and

B. Amend Order No. R-21126 to extend the time for Marathon to commence drilling the well under the Order for a year, through February 19, 2022.

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

Bennett By: A

Deana M. Bennett Post Office Box 2168 500 Fourth Street NW, Suite 1000 Albuquerque, New Mexico 87103-2168 Telephone: 505.848.1800 *Attorneys for Applicant* CASE NO. _____: (Re-Open) Application of Marathon Oil Permian LLC to Amend Order No. R-21126, Lea County, New Mexico. Applicant seeks an order from the Division for the limited purposes of 1) conforming Division Order No. R-21126 to the amended order template ("Amended Order Template") described in the Letter of the Division Director dated April 9, 2020 (Re: Amendments to Compulsory Pooling Order Template); and 2) amending Order No. R-21126 to allow for an extension of time to commence drilling the well under the Order.

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

APPLICATION OF MARATHON OIL PERMIAN LLC TO AMEND ORDER NO. R-21165, LEA COUNTY, NEW MEXICO

CASE NO. 21604 ORDER NO. R-21165 (Re-Open)

APPLICATION

Marathon Oil Permian LLC ("Marathon"), OGRID Number 372098, through its undersigned attorney, files this application with the Oil Conservation Division ("Division") for the limited purpose of amending Order No. R-21165 as follows: 1) conforming Division Order No. R-21165 to the amended order template ("Amended Order Template") described in the Letter of the Division Director dated April 9, 2020 (Re: Amendments to Compulsory Pooling Order Template); and 2) amending Order No. R-21165 to allow for an extension of time for drilling the wells under the Order. In support of this application, Marathon states as follows:

 Order No. R-21165 is one of five orders relating to Marathon's "Ender Wiggins" well group.

 Order No. R-21165 pooled uncommitted interest owners in a 480-acre, more or less, Wolfcamp horizontal spacing unit comprised of the E/2 of Section 11 and NE/4 of Section 14, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico.

3. Order No. R-21165 designated Marathon as the operator of the wells and the unit.

4. The Division Hearing for Case No. 20869 was held on November 14, 2019.

5. The Division entered Order No. R-21165 in Case No. 20869 on February 26, 2020. This order was issued under the "interim form of order" and does not conform to the Amended Order Template.

6. Marathon requests that Order No. R-21165 be re-opened to conform this order to the terms of the Amended Order Template.

7. Marathon further requests that Order No. R-21165 be re-opened and amended to allow Marathon additional time to commence drilling the wells under the Order.

8. Order No. R-21165, ¶ 20 states: "The Operator shall commence drilling the initial well within one (1) year after the date of this Order; and (b) for an infill well, no later than thirty (30) days after completion of the well."

9. The Amended Order Template contains the same obligation to commence drilling within one year, Amended Order Template, ¶19. It also states: "This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown." Amended Order Template, ¶20.

10. Good cause exists for Marathon's request for an extension of time.

11. Marathon requests this extension because there have been changes in Marathon's drilling schedule due to COVID-19 and current market conditions.

12. Marathon's operations and drilling activity have been impacted by COVID-19 and oil and gas market conditions.

13. Under Order No. R-21165, Marathon would be required to commence drilling the wells by February 26, 2021.

14. Marathon asks that the deadline to commence drilling the wells be extended for a year from February 26, 2021 to February 26, 2022.

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WHEREFORE, Marathon requests this application be set for hearing before an Examiner of the Oil Conservation Division on January 7, 2021, and after notice and hearing as required by law, the Division:

A. Amend Order No. R-21165 to conform it to the terms of the Amended Order Template; and

B. Amend Order No. R-21165 to extend the time for Marathon to commence drilling the wells under the Order for a year, through February 26, 2022.

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

By: Wella M Bennest

Deana M. Bennett Post Office Box 2168 500 Fourth Street NW, Suite 1000 Albuquerque, New Mexico 87103-2168 Telephone: 505.848.1800 *Attorneys for Applicant* 1.00

CASE NO. : (Re-Open) Application of Marathon Oil Permian LLC to Amend Order No. R-21165, Lea County, New Mexico. Applicant seeks an order from the Division for the limited purposes of 1) conforming Division Order No. R-21165 to the amended order template ("Amended Order Template") described in the Letter of the Division Director dated April 9, 2020 (Re: Amendments to Compulsory Pooling Order Template); and 2) amending Order No. R-21165 to allow for an extension of time to commence drilling the wells under the Order.

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 12/17/2020

Firm Mailing Book ID: 200541

| Line | USPS Article Number | Name, Street, City, State, Zip | | Postage | Service Fee | RR Fee | Rest.Del.Fee | Reference 21404 Contents |
|---------------------------------------|------------------------------|---|--------------------|----------|-------------|---------|--------------|-----------------------------|
| 1 | 9314 8699 0430 0077 7871 12 | Crown Oil Partners V, LP P.O. Box 50820 Midland TX 79710 | | \$1.20 | \$3.55 | \$1.70 | \$0.00 | 81363-0151 EW Notice |
| 2 | 9314 8699 0430 0077 7871 29 | Crump Energy Partners II, LLC P.O. Box 50820 Midland TX 79710 | | \$1.20 | \$3.55 | \$1.70 | \$0.00 | 81363-0151 EW Notice |
| 3 | 9314 8699 0430 0077 7871 36 | Nadel and Gussman Delaware, LLC 15 East Fifth St., Suite 3300 Tulsa OK 74103 | | \$1.20 | \$3.55 | \$1.70 | \$0.00 | 81363-0151 EW Notice |
| 4 | 93 14 8699 0430 0077 7871 43 | Energen Resources Corportation 500 West Texas Ave., Suite 1200 Midland TX 79701 | | \$1.20 | \$3.55 | \$1.70 | \$0.00 | 81363-0151 EW Notice |
| 5 | 9314 8699 0430 0077 7871 50 | Ozark Royalty Co., LLC 111 S. Highland St. Suite 352 Memphis TN 38111 | | \$1.20 | \$3.55 | \$1,70 | \$0.00 | 81363-0151 EW Notice |
| 6 | 9314 8699 0430 0077 7871 67 | The Nommensen Investment Company 12411 Broken Bough Houston TX Houston TX 77024 | | \$1.20 | \$3.55 | \$1.70 | \$0.00 | 81363-0151 EW Notice |
| | | | Totals: | \$7.20 | \$21.30 | \$10.20 | \$0.00 | |
| | | | | | Grand | Total: | \$38.70 | |
| List Number of Listed by Send 6 | | | d: DEC, 2020 | A MEXICO | | | | |

| | | | Transaction Report Details - Ce Firm Mail Book ID= 20 Generated: 1/5/2021 12: | 0541 | et | | | | - Alexandre |
|------------------------|---------------------|------------------|---|---------|-------|-------|----------------|---|--------------------|
| USPS Article Number | Date Created | Reference Number | Name 1 | City | State | Zip | Mailing Status | Service Options | Mail Delivery Date |
| 9314869904300077787167 | 2020-12-17 11:09 AM | 81363-0 EW | The Nommensen Investment Company | Houston | ТΧ | 77024 | Delivered | Return Receipt - Electronic, Certified Mail | 12-21-2020 |
| 9314869904300077787150 | 2020-12-17 11:09 AM | 81363-0151 EW | Ozark Royalty Co., LLC | Memphis | ŤΝ | 38111 | Delivered | Return Receipt - Electronic, Certified Mail | 12-21-2020 |
| 9314869904300077787143 | 2020-12-17 11:09 AM | 81363-0151 EW | Energen Resources Corportation | Midland | тх | 79701 | Delivered | Return Receipt - Electronic, Certified Mail | 12-21-2020 |
| 9314869904300077787136 | 2020-12-17 11:09 AM | 81363-0151 EW | Nadel and Gussman Delaware, LLC | Tulsa | ОК | 74103 | Delivered | Return Receipt - Electronic, Certified Mail | 12-22-2020 |
| 9314869904300077787129 | 2020-12-17 11:09 AM | 81363-0151 EW | Crump Energy Partners II, LLC | Midland | ТΧ | 79710 | Delivered | Return Receipt - Electronic, Certified Mail | 12-21-2020 |
| 9314869904300077787112 | 2020-12-17 11:09 AM | 81363-0151 EW | Crown Oil Partners V, LP | Midland | тх | 79710 | Delivered | Return Receipt - Electronic, Certified Mail | 12-21-2020 |

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 12/17/2020

Firm Mailing Book ID: 200538

| Line | USPS Article Number | Name, Street, City, State, Zip | | Postage | Service Fee | RR Fee | Rest.Del.Fee | Reference Contents |
|-----------------------------------|-----------------------------|--|---------|---------|-------------|--------|--------------|-----------------------|
| 1 | 9314 8699 0430 0077 7864 67 | OXY Y-1 5 Greenway Plaza, Suite 110 Houston TX 77046 | | \$1.20 | \$3.55 | \$1.70 | \$0.00 | 81363.151 EW No. |
| | | | Totals: | \$1.20 | \$3.55 | \$1.70 | \$0.00 | |
| | | | | | Grand | Total: | \$6.45 | |
| List Number of Listed by Sende | | | Dated: | | | | | |

1



LAWYERS

December 17, 2020

Deana M. Bennett 505.848.1834 dmb@modrail.com

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

Re: APPLICATION OF MARATHON OIL PERMIAN LLC TO AMEND ORDER NO. R-21099, LEA COUNTY, NEW MEXICO.

CASE NO. 21600

TO: AFFECTED PARTIES

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

In Case No. 21600, Marathon seeks an order from the Division for the limited purposes of 1) conforming Division Order No. R-21099 to the amended order template ("Amended Order Template") described in the Letter of the Division Director dated April 9, 2020 (Re: Amendments to Compulsory Pooling Order Template); and 2) amending Order No. R-21099 to allow for an extension of time to commence drilling the well under the Order.

During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on January 7, 2021 beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the docket for the hearing date: <u>http://www.emnrd.state.nm.us/OCD/hearings.html</u>.

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 these 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

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 Page 2

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,

Decna H Bennett

Deana M. Bennett Attorney for Applicant

5. The Division entered Order No. R-21099 in Case No. 20820 on February 12, 2020. This order was issued under the "interim form of order" and does not conform to the Amended Order Template.

6. Marathon requests that Order No. R-21099 be re-opened to conform this order to the terms of the Amended Order Template.

7. Marathon further requests that Order No. R-21099 be re-opened and amended to allow Marathon additional time to commence drilling the well under the Order.

Order No. R-21099, ¶ 20 states: "The Operator shall commence drilling the initial well within one (1) year after the date of this Order; and (b) for an infill well, no later than thirty (30) days after completion of the well."

9. The Amended Order Template contains the same obligation to commence drilling within one year, Amended Order Template, ¶19. It also states: "This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown." Amended Order Template, ¶ 20.

10. Good cause exists for Marathon's request for an extension of time.

11. Marathon requests this extension because there have been changes in Marathon's drilling schedule due to COVID-19 and current market conditions.

12. Marathon's operations and drilling activity have been impacted by COVID-19 and oil and gas market conditions.

13. Under Order No. R-21099, Marathon would be required to commence drilling the well by February 12, 2021.

14. Marathon asks that the deadline to commence drilling the well be extended for a year from February 12, 2021 to February 12, 2022.

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WHEREFORE, Marathon requests this application be set for hearing before an Examiner of the Oil Conservation Division on January 7, 2021, and after notice and hearing as required by law, the Division:

A. Amend Order No. R-21099 to conform it to the terms of the Amended Order Template; and

B. Amend Order No. R-21099 to extend the time for Marathon to commence drilling the well under the Order for a year, through February 12, 2022.

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

By: Welcha M Bennett

Deana M. Bennett Post Office Box 2168 500 Fourth Street NW, Suite 1000 Albuquerque, New Mexico 87103-2168 Telephone: 505.848.1800 Attorneys for Applicant CASE NO. : (Re-Open) Application of Marathon Oil Permian LLC to Amend Order No. R-21099, Lea County, New Mexico. Applicant seeks an order from the Division for the limited purposes of 1) conforming Division Order No. R-21099 to the amended order template ("Amended Order Template") described in the Letter of the Division Director dated April 9, 2020 (Re: Amendments to Compulsory Pooling Order Template); and 2) amending Order No. R-21099 to allow for an extension of time to commence drilling the well under the Order. 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 12/17/2020

Firm Mailing Book ID: 200538

| Line | USPS Article Number | Name, Street, City, State, Zip | Postage | Service Fee | RR Fee | Rest.Del.Fee | Reference Contents |
|--------------------------------------|-----------------------------|--|---------------|-------------|---------------|--------------|------------------------------|
| 1 | 9314 8699 0430 0077 7864 67 | OXY Y-1 5 Greenway Plaza, Suite 110 Houston TX 77046 | \$1.20 | \$3.55 | \$1.70 | \$0.00 | 81363.151 EW No. No 21600 |
| | | Te | otals: \$1.20 | \$3.55 | \$1.70 | \$0.00 | |
| | | | | Grand | Total: | \$6.45 | |
| List Number o Listed by Send 1 | | | 2°C - 73720 | | | | |



December 28, 2020

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 0077 7864 67**.

| Item Details | | | | | | | |
|---|---------------------------------------|--|--|--|--|--|--|
| Status: | Delivered to Agent for Final Delivery | | | | | | |
| Status Date / Time: | December 21, 2020, 11:22 a.m. | | | | | | |
| Location: | HOUSTON, TX 77046 | | | | | | |
| Postal Product: | First-Class Mail [®] | | | | | | |
| Extra Services: | Certified Mail™ | | | | | | |
| | Return Receipt Electronic | | | | | | |
| Recipient Name: | OXY Y 1 | | | | | | |
| Shipment Details | | | | | | | |
| Weight: | 2.0oz | | | | | | |
| Recipient Signature | | | | | | | |
| Signature of Recipient: (Authorized Agent) | - Amers BEARN | | | | | | |
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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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Reference Number: 81363.151 EW No. 21600

Transaction Details

Recipient:

OXY Y-1 5 Greenway Plaza, Suite 110 Houston, TX 77046

Sender:

Karlene Schuman Modrall Sperling Roehl Harris & Sisk P.A. PO Box 2168

Albuquerque, NM 87103

Transaction created by: Karlenes 20660 User ID: Firm Mailing Book ID: 200538 Batch ID:

Date Created: USPS Article Number: Return Receipt Article Number: Not Applicable

Service Options:

Mail Service: Reference #: Postage: Certified Mail Fees: Status: Custom Field 1: Custom Field 2:

Return Receipt - Electronic Certified Mail Certified 81363.151 EW No. 21600

9314869904300077786467

12/17/2020 10:58 AM

\$1.20 \$5.25 Delivered 81363.151 EW No. 21600 81363.151 EW No. 21600

Transaction History

| Event Description | Event Date | Details |
|--------------------------|---------------------|---|
| Mailbook Generated | 12-17-2020 11:00 AM | [WALZ] - Firm Mailing Book 200538 generated by Karlenes |
| USPS® Certified Mail | 12-17-2020 03:13 PM | [USPS] - PRESHIPMENT INFO SENT_USPS AWAITS ITEM at ALBUQUERQUE,NM |
| USPS® Certified Mail | 12-20-2020 11:30 AM | [USPS] - PROCESSED THROUGH USPS FACILITY at NORTH HOUSTON, TX |
| USPS® Certified Mail | 12-20-2020 03:55 PM | [USPS] - PROCESSED THROUGH USPS FACILITY at NORTH HOUSTON, TX |
| USPS® Certified Mail | 12-21-2020 12:00 AM | [USPS] - CERTIFIED MAIL DELIVERED at Houston, TX |