

Revised March 23, 2017

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

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



**ADMINISTRATIVE APPLICATION CHECKLIST**

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

**Applicant:** Marathon Oil Permian LLC **OGRID Number:** 372098  
**Well Name:** Flowmaster 15 WXY Fee 2H; Flowmaster 15 WA Fee 14H; Flowmaster 15 FB Fee 15H **API:** 30-025-44689; 30-025-44687; 30-025-45965  
**Pool:** Antelope Ridge; Wolfcamp & Red Hills; Bone Spring, North **Pool Code:** 2220 & 96434

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

**1) TYPE OF APPLICATION:** Check those which apply for [A]

A. Location – Spacing Unit – Simultaneous Dedication

☐ NSL ☐ NSP (PROJECT AREA) ☐ NSP (PRORATION UNIT) ☐ SD

B. Check one only for [ I ] or [ II ]

[ I ] Commingling – Storage – Measurement

☐ DHC ☐ CTB ☐ PLC ☒ PC ☐ OLS ☐ OLM

[ II ] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery

☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

**2) NOTIFICATION REQUIRED TO:** Check those which apply.

- A. ☐ Offset operators or lease holders  
 B. ☐ Royalty, overriding royalty owners, revenue owners  
 C. ☐ Application requires published notice  
 D. ☐ Notification and/or concurrent approval by SLO  
 E. ☐ Notification and/or concurrent approval by BLM  
 F. ☐ Surface owner  
 G. ☐ For all of the above, proof of notification or publication is attached, and/or,  
 H. ☒ No notice required

**FOR OCD ONLY**

- ☐ Notice Complete  
☐ Application Content Complete

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

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

Adrian Covarrubias

Print or Type Name

Signature

1/20/2021

Date

713-296-3368

Phone Number

acovarrubias@marathonoil.com

e-mail Address

Office  
 District I – (575) 393-6161  
 1625 N. French Dr., Hobbs, NM 88240  
 District II – (575) 748-1283  
 811 S. First St., Artesia, NM 88210  
 District III – (505) 334-6178  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 District IV – (505) 476-3460  
 1220 S. St. Francis Dr., Santa Fe, NM  
 87505

State of New Mexico  
 Energy, Minerals and Natural Resources

Form C-103  
 Revised July 18, 2013

OIL CONSERVATION DIVISION  
 1220 South St. Francis Dr.  
 Santa Fe, NM 87505

WELL API NO. Multiple
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Flowmaster 15 Fee
8. Well Number Multiple
9. OGRID Number 372098
10. Pool name or Wildcat Multiple

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)	
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>	
2. Name of Operator Marathon Oil Permian LLC	
3. Address of Operator 5555 San Felipe St., Houston, TX 77056	
4. Well Location Unit Letter _____ : 2220 & 964 feet from the _____ line and _____ feet from the _____ line Section 15 Township 24S Range 34E NMPM County LEA	
11. Elevation (Show whether DR, RKB, RT, GR, etc.)	

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>
DOWNHOLE COMMINGLE <input type="checkbox"/>	P AND A <input type="checkbox"/>
CLOSED-LOOP SYSTEM <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>
OTHER: Surface Commingle <input checked="" type="checkbox"/>	OTHER: <input type="checkbox"/>

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Marathon Oil Permian LLC is requesting approval to surface commingle the following wells:

Name	Location	API	Pool
Flowmaster 15 WXY Fee 2H	N-Sec.15-T24S-R34E 591 FSL & 1888 FWL	30-025-44689	Antelope Ridge; Wolfcamp (2220)
Flowmaster 15 WA Fee 14H	N-Sec.15-T24S-R34E 591 FSL & 1918 FWL	30-025-44687	Antelope Ridge; Wolfcamp (2220)
Flowmaster 15 FB Fee 15H	N-Sec.15-T24S-R34E 591 FSL & 1858 FWL	30-025-45965	Red Hills; Bone Spring, North (96434)

Please see the attached for detail information.

Spud Date:

Rig Release Date:

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

SIGNATURE Adrian Covarrubias TITLE Regulatory Professional DATE 1/20/2021

Type or print name Adrian Covarrubias E-mail address: acovarrubias@marathonoil.com PHONE: 713-296-3368

**For State Use Only**

APPROVED BY: \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_

Conditions of Approval (if any):

### **Methodology for Measurement & Allocation:**

The Flowmaster 15 Fee multi-well pad is located on Sec 15, T24S, R34E. The tank battery has six oil tanks, and six water tanks. The three wells have a common CDP, (Central Delivery Point) which is located on site. The production from each well will flow through its own three phase metering separator with a Micro Motion Coriolis Meter to meter the oil, Mag meter to meter the water, and an orifice meter to meter the gas. VRU gas will be allocated back to each well utilizing a percentage of each wells monthly oil production.

Oil production is measured on each separator via the Coriolis meter. This gives a percent of allocated water per well. That percent is allocated off of the Pipeline LACT meter, truck line tickets, or hauler tickets. (Plus tank delta)

Gas production is measured on each separator via the orifice meter. If Gas Lift is used then the gas lift volume is subtracted to get the net gas produced. We use this net volume to calculate a percent of allocated gas per well. That percent is allocated off of the third party sales gas meter and checked with the Sales Check meter.

Water production is measured on each separator via the mag meter. This gives a percent of allocated water per well. That percent is allocated off of the third party Salt Water Disposal meter and checked with the Water Transfer meter.

The commingling of this production is the most effective, economic means of producing the reserves and will not result in reduced royalty or improper measurement of production. The proposed commingling will reduce the surface facility footprint and overall emissions.

Please see the attached certification by qualified landman that the ownership in the pools and leases are identical, C-102 Plats, and Lease Map.

No notice to the SLO, BLM, or public required due to identical ownership.

Ryan Gyllenband  
Land Supervisor



**Marathon Oil Permian LLC**  
5555 San Felipe Street  
Houston, TX 77056  
Telephone: 713.296.2453 Mobile: 281.684.7389  
Fax: 713.513.4006  
mrgyllenband@marathonoil.com

January 20, 2021

Mr. Dean McClure  
Petroleum Specialist  
New Mexico Energy, Minerals and Natural Resources Department  
1220 South Francis Drive  
Santa Fe, NM 87505

Re: Marathon Oil Permian LLC - Surface Commingling  
Flowmaster 15 Fee 2H, 14H, 15H Wells  
W/2 of Section 15, T24S-R34E  
Lea County, New Mexico

Dear Mr. McMillan,

Marathon Oil Permian LLC ("Marathon") has filed the attached application with the New Mexico Oil Conservation Division ("Division") for administrative approval to surface lease commingle production according to the provisions of NMAC 19.15.12.10.C from the Flowmaster 15 WXY Fee #002H well (API# 30-025-44689) located in the Antelope Ridge; Wolfcamp (Oil) pool (2220), from the Flowmaster 15 WA Fee #014H well (API# 30-025-44687) located in the Antelope Ridge; Wolfcamp pool (2220), and from the Flowmaster 15 FB Fee #015H well (API# 30-025-45965) located in the Red Hills; Bone Spring, North pool (96434), all located in Section 15, T24S-R34E, Lea County, New Mexico. The interest in these three wells is identical.

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

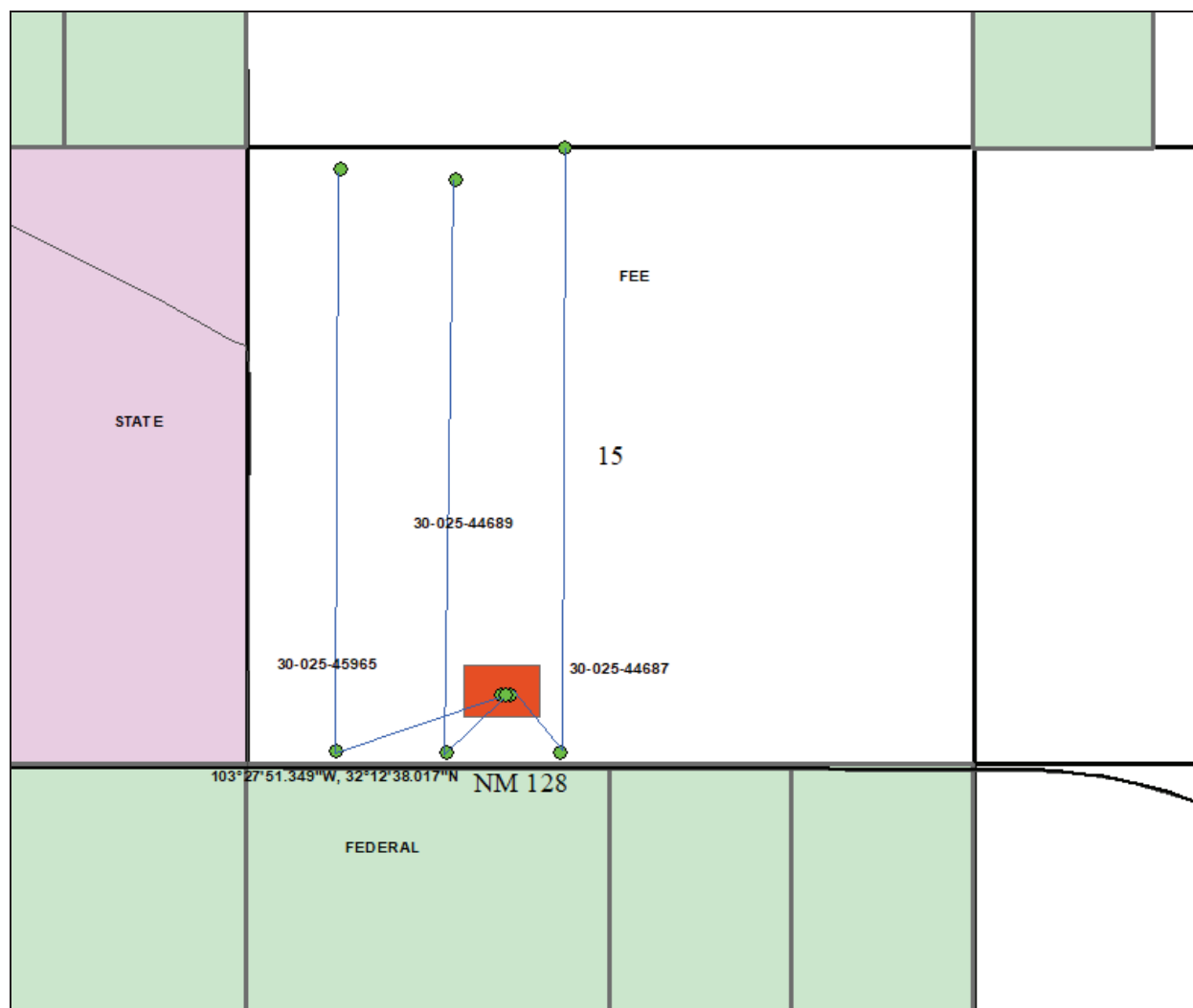
Sincerely,

A handwritten signature in blue ink, appearing to read 'Ryan Gyllenband', written in a cursive style.

Ryan Gyllenband  
Land Supervisor  
Lea County, New Mexico



**Lease Map and C-102**  
**Flowmaster Fee 2H 14H 15H**



**District I**  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720

**District II**  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720

**District III**  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170

**District IV**  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

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

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

☐ AMENDED REPORT  
As-Drilled

## WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-025-44689	<sup>2</sup> Pool Code 2220	<sup>3</sup> Pool Name ANTELOPE RIDGE; WOLFCAMP
<sup>4</sup> Property Code	Property Name FLOWMASTER 15 WXY FEE	<sup>6</sup> Well Number 2H
<sup>7</sup> OGRID No. 372098	<sup>8</sup> Operator Name MARATHON OIL PERMIAN LLC	<sup>9</sup> Elevation 3519'

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	15	T24S	R34E		591	SOUTH	1888	WEST	LEA

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

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	15	T24S	R34E		275	NORTH	1519	WEST	LEA

<sup>12</sup> Dedicated Acres 320.0	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

<p><b>BHL/LAST TAKE POINT/FARTHEST FROM SECTION</b></p> <p><b>SECTION 9</b> A</p> <p><b>SECTION 10</b></p> <p><b>SECTION 15</b></p> <p><b>SECTION 16</b></p> <p><b>SECTION 21</b> D</p> <p><b>SECTION 22</b></p> <p><b>CORNER COORDINATES</b> NAD 83, SPCS NM EAST A - X: 809430.03' / Y: 446597.39' B - X: 812076.96' / Y: 446621.80' C - X: 812116.92' / Y: 441336.41' D - X: 809472.22' / Y: 441317.95'</p> <p><b>CORNER COORDINATES</b> NAD 27, SPCS NM EAST A - X: 768245.50' / Y: 446538.50' B - X: 770892.37' / Y: 446562.88' C - X: 770932.07' / Y: 441277.63' D - X: 768287.42' / Y: 441259.20'</p> <p><b>DISTANCES/AREAS RELATIVE TO NAD83 COMBINED SCALE FACTOR: 0.999992686</b> CONVERGENCE: 00°27'58.19812"; NOTE: ALL DIMENSIONS IN U.S. FEET</p>	<p><b><sup>17</sup> OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature: <i>Adrian Covarrubias</i> Date: 12/23/2019</p> <p>Printed Name: Adrian Covarrubias</p> <p>E-mail Address:</p> <p><b><sup>18</sup> SURVEYOR CERTIFICATION</b></p> <p>I hereby certify that the well surface location shown on this plat was plotted from field notes of the as-staked surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Data used for underground measurements were provided by others for reference only and does not constitute field measurements performed by R-Squared Global. DECEMBER 18, 2019</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor: <i>Lloyd P. Short</i></p> <p>Certificate Number: LLOYD P. SHORT 21653</p>
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1	12/18/2019	DEF
REV.	DATE	BY

SHEET 1 OF 1  
R3799\_007



District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720

District II  
811 S. First St., Artesia, NM 88210  
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State of New Mexico  
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Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
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☐ AMENDED REPORT  
As-Drilled

## WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-025-44687	<sup>2</sup> Pool Code 2220	<sup>3</sup> Pool Name ANTELOPE RIDGE; WOLFCAMP
<sup>4</sup> Property Code	Property Name FLOWMASTER 15 WA FEE	<sup>6</sup> Well Number 14H
<sup>7</sup> OGRID No. 372098	<sup>8</sup> Operator Name MARATHON OIL PERMIAN LLC	<sup>9</sup> Elevation 3518'

<sup>10</sup> Surface Location									
UL or lot no. N	Section 15	Township T24S	Range R34E	Lot Idn	Feet from the 591	North/South line SOUTH	Feet from the 1918	East/West line WEST	County LEA
<sup>11</sup> Bottom Hole Location If Different From Surface									
UL or lot no. C	Section 15	Township T24S	Range R34E	Lot Idn	Feet from the 10	North/South line NORTH	Feet from the 2321	East/West line WEST	County LEA
<sup>12</sup> Dedicated Acres 320.0	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.						

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

<p><sup>16</sup></p>		<p><sup>17</sup> OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature: <i>Adrian Covarrubias</i> Date: 12/23/2019</p> <p>Printed Name: Adrian Covarrubias</p> <p>E-mail Address:</p>
<p><sup>18</sup> SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well surface location shown on this plat was plotted from field notes of the as-staked surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Data used for underground measurements were provided by others for reference only and does not constitute field measurements performed by R-Squared Global. DECEMBER 18, 2019</p> <p>Date of Survey: DECEMBER 18, 2019</p> <p>Signature and Seal of Professional Surveyor: <i>Lloyd P. Short</i></p> <p>Certificate Number: 21653</p>		

DISTANCES/AREAS RELATIVE TO NAD83 COMBINED SCALE FACTOR: 0.999992888  
CONVERGENCE: 00°27'56.19812"; NOTE: ALL DIMENSIONS IN U.S. FEET

2	12/18/2019	DEF
REV.	DATE	BY

SHEET 1 OF 1  
R3799\_010



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Revised August 1, 2011  
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As-Drilled

## WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-025-45965	<sup>2</sup> Pool Code 96434	<sup>3</sup> Pool Name RED HILLS, NORTH (BONE SPRING)
<sup>4</sup> Property Code	Property Name FLOWMASTER 15 FB FEE	<sup>6</sup> Well Number 15H
<sup>7</sup> OGRID No. 372098	<sup>8</sup> Operator Name MARATHON OIL PERMIAN LLC	<sup>9</sup> Elevation 3519'

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	15	T24S	R34E		591	SOUTH	1858	WEST	LEA

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

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	15	T24S	R34E		185	NORTH	685	WEST	LEA

<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
160.00			

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

				<p><b><sup>17</sup> OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>[Signature]</i> 12/23/2019 Signature Date</p> <p>Adrian Covarrubias Printed Name</p> <p>E-mail Address</p>	
<p><b><sup>18</sup> SURVEYOR CERTIFICATION</b></p> <p>I hereby certify that the well surface location shown on this plat was plotted from field notes of the as-staked surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Data used for underground measurements were provided by others for reference only and does not constitute field measurements performed by R-Squared Global. DECEMBER 18, 2019</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor</p> <p><i>[Signature]</i> LLOYD P. SHORT Certificate Number</p>				<p>LLOYD P. SHORT NEW MEXICO 21653 PROFESSIONAL SURVEYOR</p>	
<p>DISTANCES/AREAS RELATIVE TO NAD83 COMBINED SCALE FACTOR: 0.999992688 CONVERGENCE: 00°27'58.19612"; NOTE: ALL DIMENSIONS IN U.S. FEET</p>				<p>1 12/18/19 DEF REV. DATE BY</p>	

SHEET 1 OF 1  
R3799\_016



## Certificate of Analysis

Number: 6030-20050057-001A

Artesia Laboratory

200 E Main St.

Artesia, NM 88210

Phone 575-746-3481

Teresa Edwards  
Marathon Oil Corporation  
4111 S. Tidwell  
Carlsbad, NM 88220

May 13, 2020

Station Name:	FLOWMASTER 2,15,15 FACILITY GAS SALE	Sampled By:	Daniel Haley
Station Number:	22107SC1	Sample Of:	Gas Spot
Station Location:	MARATHON	Sample Date:	05/12/2020 13:46
Type of Sample:	Spot-Cylinder	Sample Conditions:	45.57 psig, @ 101.95 °F Ambient: 88 °F
Heat Trace Used:	N/A	Effective Date:	05/12/2020 13:46
Sampling Method:	Fill and Purge	Method:	GPA-2261M
Sampling Company:	SPL	Cylinder No:	5030-01268
Analyzed:	05/13/2020 10:49:36 by User1	Instrument:	6030_GC2 (Agilent 7890B)
		Last Inst. Cal.:	05/05/2020 13:27 PM

## Analytical Data

Components	Un-normalized Mol %	Mol. %	Wt. %	GPM at 14.65 psia		
Hydrogen Sulfide	0.000	0.00100	0.002		GPM TOTAL C2+	6.237
Nitrogen	1.764	1.78223	2.253		GPM TOTAL C3+	3.034
Methane	73.361	74.11924	53.650		GPM TOTAL iC5+	0.506
Carbon Dioxide	2.000	2.02067	4.013			
Ethane	11.875	11.99774	16.278	3.203		
Propane	6.180	6.24388	12.423	1.717		
Iso-butane	0.730	0.73755	1.934	0.241		
n-Butane	1.792	1.81052	4.748	0.570		
Iso-pentane	0.364	0.36776	1.197	0.134		
n-Pentane	0.380	0.38393	1.250	0.139		
Hexanes Plus	0.530	0.53548	2.252	0.233		
	98.976	100.00000	100.000	6.237		

## Calculated Physical Properties

Relative Density Real Gas	Total	C6+
	0.7679	3.2176
Calculated Molecular Weight	22.16	93.19
Compressibility Factor	0.9962	

## GPA 2172 Calculation:

Calculated Gross BTU per ft<sup>3</sup> @ 14.65 psia & 60°F

Real Gas Dry BTU	1260	5113
Water Sat. Gas Base BTU	1238	5024
Ideal, Gross HV - Dry at 14.65 psia	1254.7	5113.2
Ideal, Gross HV - Wet	1232.8	5023.7

Comments: H2S Field Content 10 ppm

Hydrocarbon Laboratory Manager

Quality Assurance: The above analyses are performed in accordance with ASTM, UOP, GPA guidelines for quality assurance, unless otherwise stated.

## ORYX DELAWARE OIL GATHERING NM LLC

## Meter Ticket

PIPELINE: LEA COUNTY GATHERING  
FROM LOCATION: FLOWMASTER 2H14H15H CTB  
METER NUMBER: FLOWMASTER 2H14H15H CTB  
DESCRIPTION: FLOWMASTER 2H14H15H CTB  
FMP NUMBER:  
SERIAL NUMBER:  
TICKET NUMBER: 2528-0

## LIQUID DATA

CRUDE TYPE: WTI  
OBSERVED GRAVITY: 42.0 API  
OBSERVED TEMPERATURE: 42.0 F  
% S&W: 0.050 %

## METER DATA

CLOSING METER READING(MRc): 364,750.00 BBL  
OPENING METER READING(MRo): 356,404.00 BBL  
METER FACTOR(MF):  
COMPOSITE METER FACTOR (CMF) (YES/NO): YES  
COMPOSITE METER FACTOR (CMF): 1.00080  
WEIGHTED AVERAGE TEMPERATURE,(TWA): 67.5 F  
WEIGHTED AVERAGE PRESSURE,(PWA): 62.400 PSIG  
TEMPERATURE COMPENSATED (YES/NO): NO

## CALCULATIONS

CORRECTED GRAVITY: 43.6 API @ 60 F  
CTL FACTOR: 0.99607  
CPL FACTOR: 1.00000  
VCF = (CTL x CPL x MF):  
VCF = (CTL x CMF): 0.99687  
INDICATED VOLUME IV = (MRc-MRo): 8,346.00 BBL  
GROSS STANDARD VOLUME GSV =(IV x VCF): 8,319.88 BBL  
CSW = 1 - (%S&W/100): 0.99950  
NET STANDARD VOLUME NSV = (GSV x CSW): 8,315.72 BBL  
S&W VOLUME SWV = GSV - NSV: 4.16 BBL

REMARKS: Marathon

OPENING

GAUGER: Brian Kennedy

DATE: 1-Dec-20 TIME: 7:00 AM

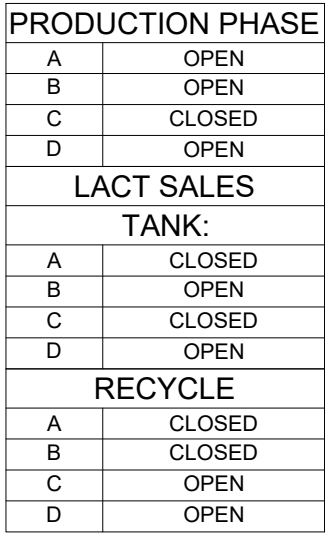
WITNESS:

CLOSING

GAUGER: Brian Kennedy

DATE: 1-Jan-21 TIME: 7:00 AM

WITNESS:



11/24/20

MAJOR ASSET NO:	MINOR ASSET NO:	SYSTEM NO:	DISC:	TYPE:	DWG NO:	SHEET NO:	REV:
PERM	FMTR	05	PI	DN	0000	01	A



**ISSUED FOR  
APPROVAL**  
11/24/20

NOTES:

This document contains Marathon Oil proprietary information. Do not use unless you are specifically authorized.  
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## Certificate of Analysis

Number: 6030-20050071-002A

Artesia Laboratory

200 E Main St.

Artesia, NM 88210

Phone 575-746-3481

Teresa Edwards  
Marathon Oil Corporation  
4111 S. Tidwell  
Carlsbad, NM 88220

May 14, 2020

Station Name: Flowmaster 2H Production  
Station Number: 22087GP  
Station Location: Marathon  
Sample Point: RGA  
Type of Sample: Spot-Cylinder  
Heat Trace Used: N/A  
Sampling Method: Fill and Purge  
Sampling Company: SPL  
Analyzed: 05/14/2020 10:40:18 by PS

Sampled By: Jonah Reza  
Sample Of: Gas Spot  
Sample Date: 05/13/2020 11:27  
Sample Conditions: 128.0766 psig, @ 96.072 °F Ambient: 84 °F  
Effective Date: 05/13/2020 11:27  
Method: GPA-2261M  
Cylinder No: 1111-002685  
Instrument: 70104124 (Inficon Micro GC Fusion)  
Last Inst. Cal.: 05/11/2020 0:00 AM

## Analytical Data

Components	Un-normalized Mol %	Mol. %	Wt. %	GPM at 14.65 psia		
Nitrogen	1.970	1.96885	2.489		GPM TOTAL C2+	6.303
Methane	73.903	73.87526	53.479		GPM TOTAL C3+	3.062
Carbon Dioxide	1.804	1.80351	3.582		GPM TOTAL iC5+	0.485
Ethane	12.146	12.14127	16.474	3.241		
Propane	6.397	6.39426	12.723	1.758		
Iso-butane	0.720	0.71973	1.888	0.235		
n-Butane	1.856	1.85569	4.867	0.584		
Iso-pentane	0.364	0.36426	1.186	0.133		
n-Pentane	0.397	0.39645	1.291	0.143		
Hexanes Plus	0.481	0.48072	2.021	0.209		
	100.038	100.00000	100.000	6.303		

## Calculated Physical Properties

	<b>Total</b>	<b>C6+</b>
Relative Density Real Gas	0.7678	3.2176
Calculated Molecular Weight	22.16	93.19
Compressibility Factor	0.9962	

## GPA 2172 Calculation:

Calculated Gross BTU per ft<sup>3</sup> @ 14.65 psia & 60°F

Real Gas Dry BTU	1262	5113
Water Sat. Gas Base BTU	1240	5024
Ideal, Gross HV - Dry at 14.65 psia	1257.0	5113.2
Ideal, Gross HV - Wet	1235.0	5023.7

Comments: H2S Field Content 0 ppm

Hydrocarbon Laboratory Manager

Quality Assurance: The above analyses are performed in accordance with ASTM, UOP, GPA guidelines for quality assurance, unless otherwise stated.



## Certificate of Analysis

Number: 6030-20050071-003A

Artesia Laboratory

200 E Main St.

Artesia, NM 88210

Phone 575-746-3481

Teresa Edwards  
Marathon Oil Corporation  
4111 S. Tidwell  
Carlsbad, NM 88220

May 14, 2020

Station Name: Flowmaster 14H Production  
Station Number: 22091GP  
Station Location: Marathon  
Sample Point: RGA  
Type of Sample: Spot-Cylinder  
Heat Trace Used: N/A  
Sampling Method: Fill and Purge  
Sampling Company: SPL  
Analyzed: 05/14/2020 11:01:47 by PS

Sampled By: Jonah Reza  
Sample Of: Gas Spot  
Sample Date: 05/13/2020 12:15  
Sample Conditions: 132.41 psig, @ 94.21 °F Ambient: 88 °F  
Effective Date: 05/13/2020 12:15  
Method: GPA-2261M  
Cylinder No: 1111-002317  
Instrument: 70104124 (Inficon Micro GC Fusion)  
Last Inst. Cal.: 05/11/2020 0:00 AM

## Analytical Data

Components	Un-normalized Mol %	Mol. %	Wt. %	GPM at 14.65 psia		
Hydrogen Sulfide	0.000	0.00025	0.000		GPM TOTAL C2+	6.053
Nitrogen	2.028	2.03014	2.589		GPM TOTAL C3+	2.856
Methane	74.216	74.27998	54.257		GPM TOTAL iC5+	0.411
Carbon Dioxide	2.139	2.14124	4.291			
Ethane	11.966	11.97618	16.397	3.197		
Propane	6.115	6.12035	12.288	1.683		
Iso-butane	0.684	0.68419	1.811	0.223		
n-Butane	1.713	1.71447	4.537	0.539		
Iso-pentane	0.326	0.32588	1.071	0.119		
n-Pentane	0.342	0.34209	1.124	0.124		
Hexanes Plus	0.385	0.38523	1.635	0.168		
	99.914	100.00000	100.000	6.053		

## Calculated Physical Properties

Relative Density Real Gas	Total	C6+
Calculated Molecular Weight	0.7609	3.2176
Compressibility Factor	21.96	93.19
	0.9963	

## GPA 2172 Calculation:

Calculated Gross BTU per ft<sup>3</sup> @ 14.65 psia & 60°F

Real Gas Dry BTU	1242	5113
Water Sat. Gas Base BTU	1220	5024
Ideal, Gross HV - Dry at 14.65 psia	1237.0	5113.2
Ideal, Gross HV - Wet	1215.3	5023.7

Comments: H<sub>2</sub>S Field Content 2.5 ppm

Hydrocarbon Laboratory Manager

Quality Assurance: The above analyses are performed in accordance with ASTM, UOP, GPA guidelines for quality assurance, unless otherwise stated.



## Certificate of Analysis

Number: 6030-20050071-001A

Artesia Laboratory

200 E Main St.

Artesia, NM 88210

Phone 575-746-3481

Teresa Edwards  
Marathon Oil Corporation  
4111 S. Tidwell  
Carlsbad, NM 88220

May 14, 2020

Station Name: Flowmaster 15 Production  
Station Number: 22095GP  
Station Location: Marathon  
Sample Point: RGA  
Type of Sample: Spot-Cylinder  
Heat Trace Used: N/A  
Sampling Method: Fill and Purge  
Sampling Company: SPL  
Analyzed: 05/14/2020 10:55:33 by PS

Sampled By: Jonah Reza  
Sample Of: Gas Spot  
Sample Date: 05/13/2020 10:30  
Sample Conditions: 138.4159 psig, @ 91.86 °F Ambient: 82 °F  
Effective Date: 05/13/2020 10:30  
Method: GPA-2261M  
Cylinder No: 1111-002237  
Instrument: 70104124 (Inficon Micro GC Fusion)  
Last Inst. Cal.: 05/11/2020 0:00 AM

## Analytical Data

Components	Un-normalized Mol %	Mol. %	Wt. %	GPM at 14.65 psia		
Hydrogen Sulfide	0.000	0.01800	0.027		GPM TOTAL C2+	5.653
Nitrogen	2.516	2.51694	3.145		GPM TOTAL C3+	2.819
Methane	73.261	73.27931	52.430		GPM TOTAL iC5+	0.487
Carbon Dioxide	4.213	4.21367	8.270			
Ethane	10.615	10.61790	14.239	2.834		
Propane	5.717	5.71815	11.245	1.572		
Iso-butane	0.694	0.69408	1.799	0.227		
n-Butane	1.693	1.69333	4.389	0.533		
Iso-pentane	0.397	0.39660	1.276	0.145		
n-Pentane	0.385	0.38510	1.239	0.139		
Hexanes Plus	0.467	0.46692	1.941	0.203		
	99.958	100.00000	100.000	5.653		

## Calculated Physical Properties

Relative Density Real Gas	Total	C6+
Calculated Molecular Weight	0.7768	3.2176
Compressibility Factor	22.42	93.19
	0.9963	

## GPA 2172 Calculation:

Calculated Gross BTU per ft<sup>3</sup> @ 14.65 psia & 60°F

Real Gas Dry BTU	1206	5113
Water Sat. Gas Base BTU	1185	5024
Ideal, Gross HV - Dry at 14.65 psia	1201.3	5113.2
Ideal, Gross HV - Wet	1180.3	5023.7

**Comments:** H<sub>2</sub>S Field Content 180 ppm

Hydrocarbon Laboratory Manager

Quality Assurance: The above analyses are performed in accordance with ASTM, UOP, GPA guidelines for quality assurance, unless otherwise stated.

Proving

Meter: 29726410 - Flowmaster Fee WXY 2H

Field Location:

Reason:

Date Performed: 10/6/2020 10:41:56AM

Identification

Customer: MARATHON - MarathonOperator: 5070 - SPLFederal ID:

Meter

Characteristics

Brand: Micro MotionNominal K-Factor: 10000.0000 N/bblModel: R200Nominal Size: 2.00 inSerial: 14932249Passes Per Run: 1Proving Mode: VolumetricTmp. Compensated: NoMF Calc. Method: Avg. Meter FactorInterface: PIUTrack Factor: Meter FactorDensity Mode: Manual

Proving Acceptance Criteria

Repeatability: 0.050 %Consistency Req.: 5 out of 5

Prior Dev Check: NoPrior Historical BaselineNoNoNo

Max Deviation:

No. Prev. Factors:

Prior Cutoff: NoNo

Product Dependent:

Use Failed Provings:

Prover/Proving

Prover

Brand: Micro MotionNominal K-Factor: 10000.0 N/bblSerial: 14494196Nominal Size: 1.00 inMeter Factor: 1.0013Temp. Compensated: NoCert. Date:

Product Data

Product: Lvt 200Product Table: Table D - Lubricating Oils (1980)Hydro. Correction: YesDensity: 42.0 °API@ Temperature: 60.0 °F Equil. Vapor Pres.: 0.0 psig@ Pressure: 0.0 psi Base Density: 42.0 °APIProduct Batch #:Norm. Op. Press.:

Proving

Run No.	Accepted	Tp (°F)	Tm (°F)	Pp (psig)	Run Data Pm (psig)	Np	N	FlowRate	IMF
1	Yes	67.7	67.7	3.0	3.0	10132	10128	93.096	1.00169
2	Yes	67.7	67.7	3.0	3.0	10158	10152	93.096	1.00190
3	Yes	67.7	67.7	3.0	3.0	10160	10154	93.240	1.00190
4	Yes	67.7	67.7	3.0	3.0	10184	10182	93.168	1.00150
5	Yes	67.7	67.7	3.0	3.0	10156	10153	93.204	1.00160
Average		67.7	67.7	3.0	3.0	10158.0	10153.8	93.161	1.00172

Results

- Meter -

Nm: 10153.8IVm: 1.01538CTLm: 0.99670CPLm: 1.00002CCFm: 0.99672ISVm: 1.01205

- Prover -

Nmm: 10158.0IVp: 1.01580CTLp: 0.99670CPLp: 1.00002CCFp: 0.99802GSVp: 1.01379

- Factors -

MF: 1.0017CMF: 1.0017MA: 0.9983KF: 9983.0CKF: 9983.0CPLo: 1.0000

- Status -

Repeatability: 0.040 %Uncertainty: 0.022 %Passed: Yes

Historical Data

\* compared to current prove

Task ID	Date	Product	Flow Rate	Tp	Pp	Totalizer	Throughput*	Base Dens	Rep. %	MF	MF Dev*
Base.											
Prev.											
Curr. 1602020516	10/06/2020 10:41	Lvt 200	93 bbl/hr	67.7 °F	3.0 psig			42.0 °API	0.040	1.0017	

Notes

Total as found-90078 | Total as left- 90090

Technician: Brian Porter / SPLWitness: Cody Richardson /

**Date Performed:** 10/6/2020 10:41:56AM

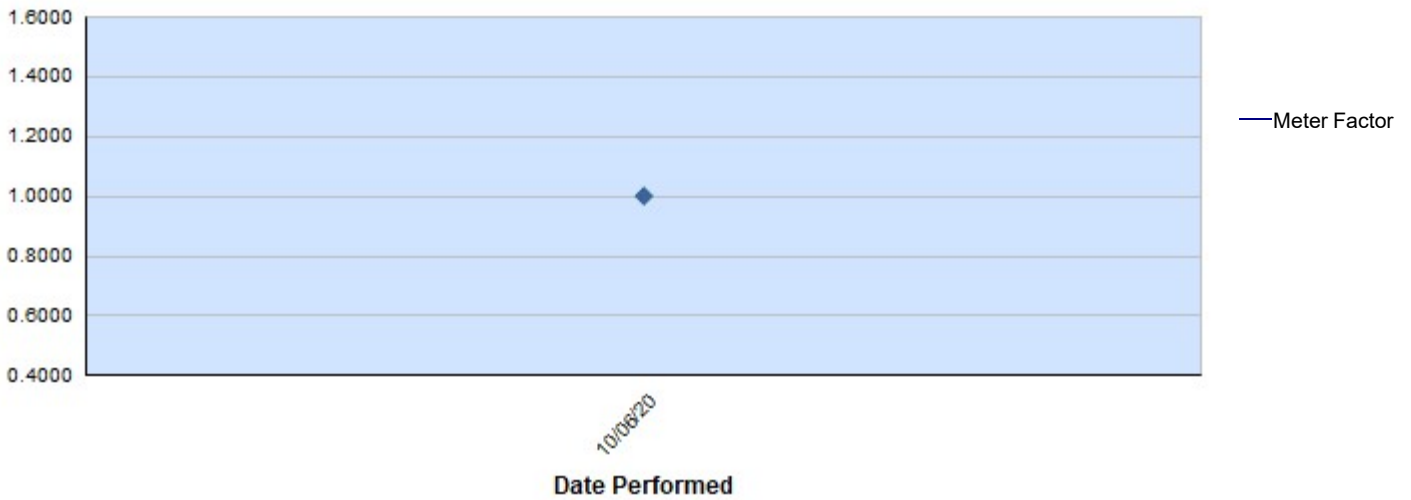
## Transmitter

**- Density Calibration Factors -**  
D1:                      D2:

## Meter

**Meter Verified:**  
**Meter Zero Value:**

## Meter Factor



	Brand	Model	Serial	Dev Range	Cal Range	Accuracy	Last Cert. Date
Meter:	Micro Motion	R200	14932249				

**Witness:** Cody Richardson /

Proving

Meter: 29726440 - Flowmaster Fee WA14H

Field Location:

Reason:

Date Performed: 10/6/2020 9:55:56AM

Identification

Customer: MARATHON - MarathonOperator: 5070 - SPLFederal ID:

Meter

Characteristics

Brand: Micro MotionNominal K-Factor: 10000.0000 N/bblModel: R200Nominal Size: 2.00 inSerial: 14899969Passes Per Run: 1Proving Mode: VolumetricTmp. Compensated: NoMF Calc. Method: Avg. Meter FactorInterface: PIUTrack Factor: Meter FactorDensity Mode: Manual

Proving Acceptance Criteria

Repeatability: 0.050 %Consistency Req.: 5 out of 5

Prior Dev Check: NoPrior Historical BaselineNoNoNo

Max Deviation:

No. Prev. Factors:

Prior Cutoff: NoNo

Product Dependent:

Use Failed Provings:

Prover/Proving

Prover

Brand: Micro MotionNominal K-Factor: 10000.0 N/bblSerial: 14494196Nominal Size: 1.00 inMeter Factor: 1.0013Temp. Compensated: NoCert. Date:

Product Data

Product: Lvt 200Product Table: Table D - Lubricating Oils (1980)Hydro. Correction: YesDensity: 42.0 °API@ Temperature: 60.0 °F Equil. Vapor Pres.: 0.0 psig@ Pressure: 0.0 psi Base Density: 42.0 °APIProduct Batch #:Norm. Op. Press.:

Proving

Run No.	Accepted	Tp (°F)	Tm (°F)	Pp (psig)	Pm (psig)	Np	N	FlowRate	IMF
1	Yes	60.8	60.8	3.0	3.0	10110	10136	92.448	0.99873
2	Yes	60.8	60.8	3.0	3.0	10074	10099	92.484	0.99882
3	Yes	60.8	60.8	3.0	3.0	10065	10088	92.520	0.99902
4	Yes	60.8	60.8	3.0	3.0	10083	10111	92.592	0.99853
5	Yes	60.8	60.8	3.0	3.0	10093	10117	92.700	0.99892
Average		60.8	60.8	3.0	3.0	10085.0	10110.2	92.549	0.99880

Results

- Meter -

Nm: 10110.2IVm: 1.01102CTLm: 0.99966CPLm: 1.00002CCFm: 0.99968ISVm: 1.01070

- Prover -

Nmm: 10085.0IVp: 1.00850CTLp: 0.99966CPLp: 1.00002CCFp: 1.00098GSVp: 1.00949

- Factors -

MF: 0.9988CMF: 0.9988MA: 1.0012KF: 10012CKF: 10012CPLo: 1.0000

- Status -

Repeatability: 0.049 %Uncertainty: 0.023 %Passed: Yes

Historical Data											* compared to current prove	
	Task ID	Date	Product	Flow Rate	Tp	Pp	Totalizer	Throughput*	Base Dens	Rep. %	MF	MF Dev*
Base.												
Prev.												
Curr.	1602017756	10/06/2020 09:55	Lvt 200	93 bbl/hr	60.8 °F	3.0 psig			42.0 °API	0.049	0.9988	

Notes

Total as found96226 | Total as left 96238

Technician: Brian Porter / SPLWitness: Cody Richardson /

Proving

Meter: 29726440 - Flowmaster Fee WA14H

Field Location:

Reason:

Date Performed: 10/6/2020 9:55:56AM

Meter

Transmitter

Serial:

Flow Calib. Factor:

Flow Rate Set Pts.:

Frequency Set Pts.:

- Density Calibration Factors -

D1:

D2:

Proving

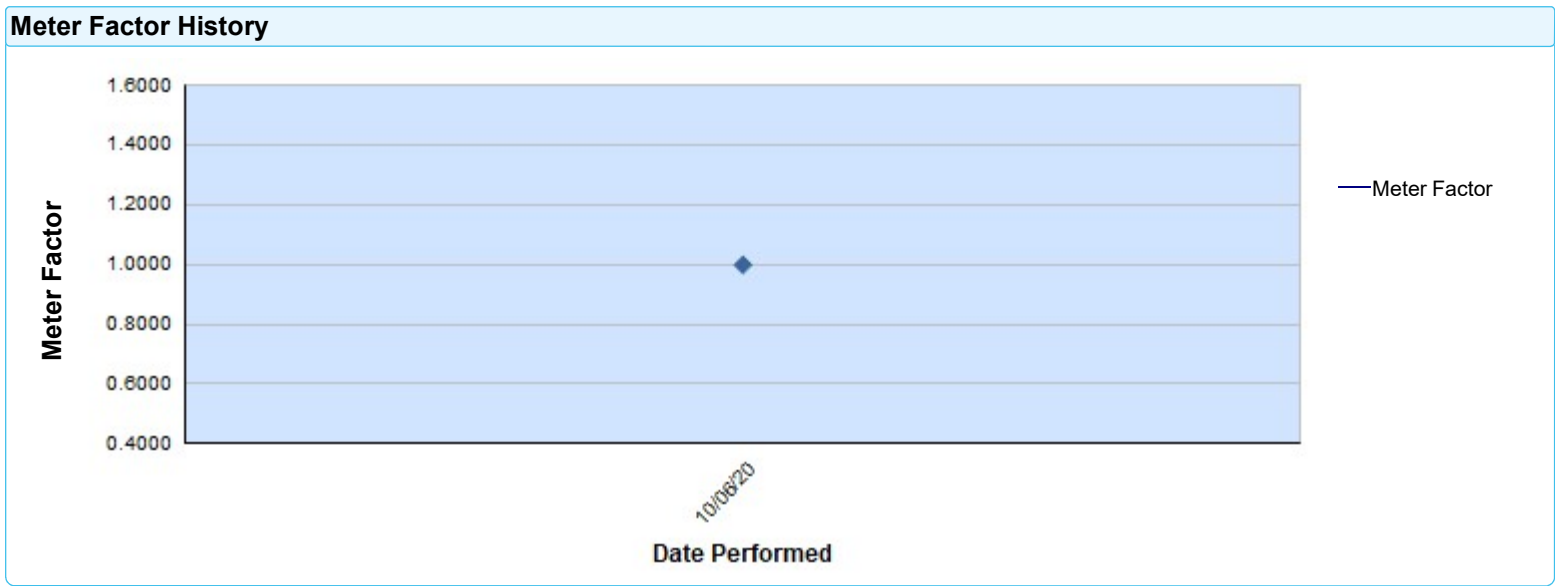
Meter Zeroed:

Meter Found:

Meter Left:

Meter Verified:

Meter Zero Value:



Equipment							
Meter:	Brand	Model	Serial	Dev Range	Cal Range	Accuracy	Last Cert. Date
	Micro Motion	R200	14899969				

Technician: Brian Porter / SPL      Witness: Cody Richardson /

Proving

Meter: 29747400 - Flowmaster Fee FB 15H  
Field Location:  
Reason:  
Date Performed: 10/6/2020 11:26:46AM

Identification

Customer: MARATHON - Marathon		Operator: 5070 - SPL		Federal ID:	
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Meter				Prover/Proving			
Characteristics				Prover			
Brand:	Micro Motion	Nominal K-Factor:	10000.0000 N/bbl	Brand:	Micro Motion	Nominal K-Factor:	10000.0 N/bbl
Model:	R200	Nominal Size:	2.00 in	Serial:	14494196	Nominal Size:	1.00 in
Serial:	14902167	Passes Per Run:	1	Meter Factor:	1.0012	Temp. Compensated:	No
Proving Mode:	Volumetric	Tmp. Compensated:	No	Cert. Date:			
MF Calc. Method:	Avg. Meter Factor	Interface:	PIU	Product Data			
Track Factor:	Meter Factor	Density Mode:	Manual	Product:	Lvt 200		
Proving Acceptance Criteria				Product Table:	Table D - Lubricating Oils (1980)		
Repeatability:	0.050 %	Consistency Req.:	5 out of 5	Hydro. Correction:	Yes		
Prior Dev Check:	Prior No	Historical No	Baseline No	Density:	42.0 °API		
Max Deviation:				@ Temperature:	60.0 °F	Equil. Vapor Pres.:	0.0 psig
No. Prev. Factors:				@ Pressure:	0.0 psi	Base Density:	42.0 °API
Prior Cutoff:	No	No		Product Batch #:			
Product Dependent:				Norm. Op. Press.:			
Use Failed Proving:							

Proving

Run Data									
Run No.	Accepted	Tp (°F)	Tm (°F)	Pp (psig)	Pm (psig)	Np	N	FlowRate	IMF
1	Yes	72.4	72.4	24.2	24.2	10175	10115	63.864	1.00714
2	Yes	72.4	72.4	24.2	24.2	10166	10109	63.864	1.00684
3	Yes	72.4	72.4	24.2	24.2	10141	10083	63.720	1.00695
4	Yes	72.4	72.4	24.2	24.2	10122	10064	63.720	1.00696
5	Yes	72.4	72.4	24.2	24.2	10140	10081	63.612	1.00705
Average		72.4	72.4	24.2	24.2	10148.8	10090.4	63.756	1.00699

Results									
- Meter -		- Prover -		- Factors -		- Status -			
Nm:	10090.4	Nmm:	10148.8	MF:	1.0070	Repeatability:	0.030 %		
IVm:	1.00904	IVp:	1.01488	CMF:	1.0070	Uncertainty:	0.014 %		
CTLm:	0.99468	CTLp:	0.99468	MA:	0.9930	Passed:	Yes		
CPLm:	1.00014	CPLp:	1.00014	KF:	9930.5				
CCFm:	0.99482	CCFp:	0.99601	CKF:	9930.5				
ISVm:	1.00381	GSVp:	1.01083	CPLo:	1.0000				

Historical Data

* compared to current prove											
Task ID	Date	Product	Flow Rate	Tp	Pp	Totalizer	Throughput*	Base Dens	Rep. %	MF	MF Dev*
Base.											
Prev.											
Curr.	1602023206	10/06/2020 11:26	Lvt 200	64 bbl/hr	72.4 °F	24.2 psig		42.0 °API	0.030	1.0070	

Notes

Total as found-172383 | Total as left- 172389

Technician: Brian Porter / SPL

Witness: Cody Richardson /



Proving

Meter: 29747400 - Flowmaster Fee FB 15H

Field Location:

Reason:

Date Performed: 10/6/2020 11:26:46AM

Meter

Transmitter

Serial:

Flow Calib. Factor:

Flow Rate Set Pts.:

Frequency Set Pts.:

- Density Calibration Factors -

D1:

D2:

Proving

Meter

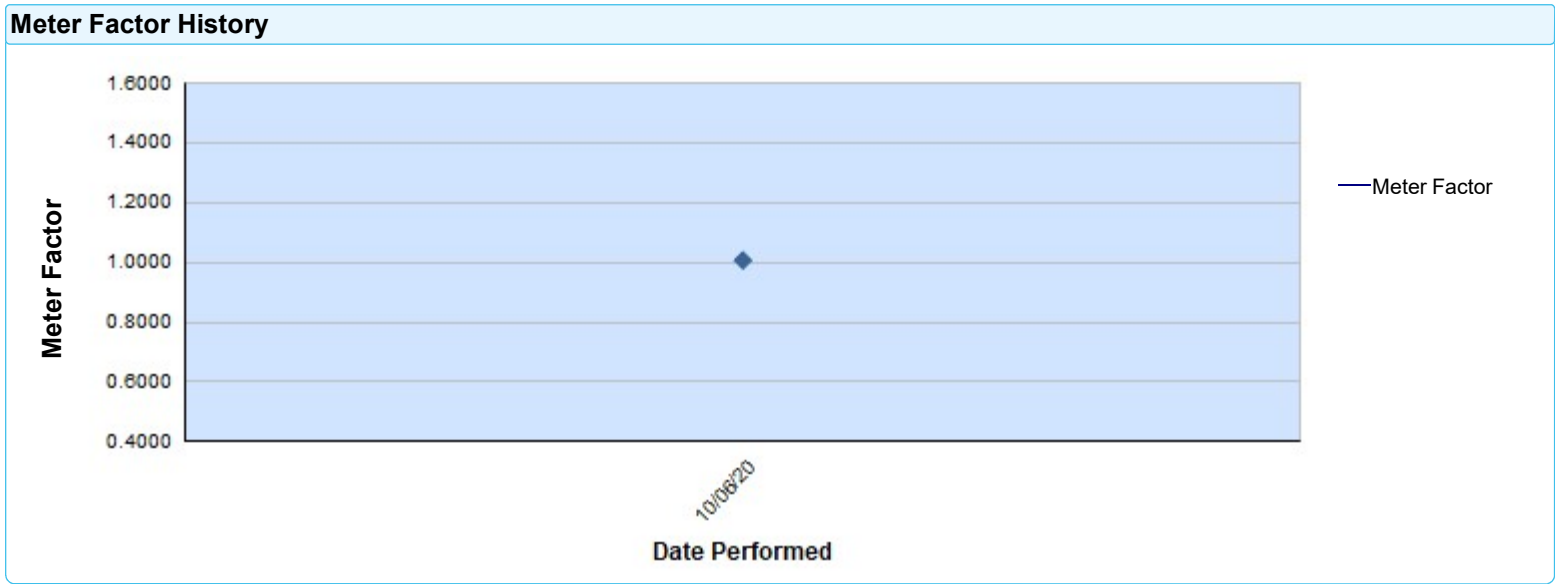
Meter Zeroed:

Meter Found:

Meter Left:

Meter Verified:

Meter Zero Value:



Equipment							
Meter:	Brand	Model	Serial	Dev Range	Cal Range	Accuracy	Last Cert. Date
	Micro Motion	R200	14902167				

Technician: Brian Porter / SPL      Witness: Cody Richardson /

**Ryan Gyllenband**  
Land Supervisor



**Marathon Oil Permian LLC**  
5555 San Felipe Street  
Houston, TX 77056  
Telephone: 713.296.2453 Mobile: 281.684.7389  
Fax: 713.513.4006  
mrgyllenband@marathonoil.com

January 25, 2021

Mr. Dean McClure  
Petroleum Specialist  
New Mexico Energy, Minerals and Natural Resources Department  
1220 South Francis Drive  
Santa Fe, NM 87505

Re: Marathon Oil Permian LLC - Surface Commingling  
Flowmaster 15 Fee 2H, 14H, 15H Wells  
W/2 of Section 15, T24S-R34E  
Lea County, New Mexico

Dear Mr. McClure,

Marathon Oil Permian LLC ("Marathon") has filed the attached application with the New Mexico Oil Conservation Division ("Division") for administrative approval to surface lease commingle production according to the provisions of NMAC 19.15.12.10.C from the Flowmaster 15 WXY Fee #002H well (API# 30-025-44689) located in the Antelope Ridge; Wolfcamp (Oil) pool (2220), from the Flowmaster 15 WA Fee #014H well (API# 30-025-44687) located in the Antelope Ridge; Wolfcamp pool (2220), and from the Flowmaster 15 FB Fee #015H well (API# 30-025-45965) located in the Red Hills; Bone Spring, North pool (96434), all located in Section 15, T24S-R34E, Lea County, New Mexico. The Flowmaster 15 WXY Fee #002H well, and the Flowmaster 15 WA Fee #014H well are pooled under Order Number R-20298, and the Flowmaster 15 FB Fee #015H well is pooled under order number R-14598. The interest in these three wells is identical.

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

Sincerely,

A handwritten signature in blue ink, appearing to read 'Ryan Gyllenband'.

Ryan Gyllenband  
Land Supervisor  
Lea County, New Mexico

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

**IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION TO CONSIDER:**

**CASE NO. 15908  
ORDER NO. R-14598**

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

**ORDER OF THE DIVISION**

**BY THE DIVISION:**

This case came on for hearing at 8:15 a.m. on December 21, 2017 at Santa Fe, New Mexico, before Examiner Scott A. Dawson.

NOW, on this 7th day of March, 2018, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

**FINDS THAT:**

(1) Due public notice has been given, and the Division has jurisdiction of this case and of the subject matter.

(2) Cases No. 15908 and 15909 were consolidated at the hearing; however, separate orders will be issued for each case.

(3) Marathon Oil Permian LLC ("Applicant or Marathon"), seeks approval of a 160-acre non-standard oil spacing and proration unit and project area (the "Unit") for oil and gas production from the Bone Spring formation, Red Hills; Bone Spring, North Pool (Pool code: 96434), comprising the W/2 W/2 of Section 15, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico. Applicant further seeks an order pooling all uncommitted interests in the Unit for the Bone Spring formation.

(4) The Unit will be dedicated to the following wells (the "proposed wells") to be completed at non-standard locations in separate Bone Spring Sands;

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Order No. R-14598  
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- (a) Applicant's Flowmaster 24 34 15 SB Well No. 4H (API No. 30-025-43666) a horizontal well to be drilled from a surface location, 343 feet from the North line and 1233 feet from the West line (Unit D) to a terminus or bottom hole location 330 feet from the South line and 661 feet from the West line (Unit M) of Section 15, Township 24 South, Range 34 East, NMPM, Lea County. The first [uppermost] perforation will be 200 feet from the North line and 662 feet from the West line. The last [lowermost] perforation will be 200 feet from the South line and 661 feet from the West line.
  - (b) Applicant's Flowmaster 24 34 15 TBU Well No. 5H (API No. 30-025-44164) a horizontal well to be drilled from a surface location, 343 feet from the North line and 1183 feet from the West line (Unit D) to a terminus or bottom hole location 330 feet from the South line and 661 feet from the West line (Unit M) of Section 15, Township 24 South, Range 34 East, NMPM. The first [uppermost] perforation will be 200 feet from the North line and 662 feet from the West line. The last [lowermost] perforation will be 200 feet from the South line and 661 feet from the West line.
- (5) The proposed wells are within the Red Hills; Bone Spring, North Pool (Pool code: 96434), and are subject to Division Rule 19.15.15.9(A) NMAC, which provides for 330-foot setbacks from the unit boundaries and standard 40-acre units each comprising a governmental quarter-quarter section. The proposed Unit and project area consists of four adjacent quarter-quarter sections oriented north to south.
- (6) Applicant appeared at the hearing through counsel and presented evidence to the effect that:
- (a) The Bone Spring in this area is suitable for development by horizontal drilling;
  - (b) the proposed orientation of the horizontal wells from north to south is appropriate for the proposed Unit.
  - (c) each quarter-quarter section in the proposed unit can be expected to contribute substantially to production from the Bone Spring formation;
  - (d) the completed first and last locations of both wells will be unorthodox; therefore, Applicant requests approval of non-standard locations on both wells;
  - (e) the Flowmaster 24 34 15 SB Well No. 4H is targeting the 2nd Bone Spring sand;

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- (f) the Flowmaster 24 34 15 TBU Well No. 5H is targeting the 3rd Bone Spring sand;
- (g) Applicant is seeking to dedicate the proposed wells to one spacing unit by drilling both wells from one pad in consecutive order;
- (h) notice was provided to affected parties of offsetting tracts being encroached by the non-standard locations;
- (i) notice was provided to lessees or operators of surrounding tracts;
- (j) notice by certified mail was provided to all uncommitted interest owners in the proposed Unit whose interests were evidenced by a conveyance instrument, either of record or known to Applicant when the Application was filed, and to heirs known to Applicant of deceased persons who appear as owners in such instruments;
- (k) Applicant stated that two parties did not receive notice; and
- (l) those potentially affected parties whose whereabouts could not be ascertained were noticed by publication as provided in Rule 19.15.4.12.B NMAC.

(7) MRC Permian Company, MRC Permian LKE Company and COG Operating LLC entered appearances and were represented through counsel.

(8) No other party appeared at the hearing, or otherwise opposed the granting of this application.

The Division concludes that:

(9) The proposed non-standard unit should be approved to enable Applicant to drill two horizontal wells that will efficiently produce the reserves underlying the Unit, thereby preventing waste, and protecting correlative rights.

(10) The proposed non-standard locations for both wells should be approved.

(11) Two or more separately owned tracts are embraced within the Unit, and/or there are royalty interests and/or undivided interests in oil and gas minerals in one or more tracts included in the Unit that are separately owned.

(12) Applicant is an owner of an oil and gas working interest within the Unit. Applicant has the right to drill and proposes to drill the proposed wells to a common source of supply within the Unit at the proposed locations.

(13) There are interest owners in the Unit that have not agreed to pool their

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interests.

(14) To avoid the drilling of unnecessary wells, protect correlative rights, prevent waste and afford to the owner of each interest in the Unit the opportunity to recover or receive without unnecessary expense its just and fair share of hydrocarbons, this application should be approved by pooling all uncommitted interests, whatever they may be, in the oil and gas in the Bone Spring formation within the Unit.

(15) Marathon Oil Permian LLC should be designated the operator of the proposed wells and of the Unit.

(16) To ensure protection of correlative rights, any pooled working interest owner whose address is known should be notified and have an opportunity to protest before the Division grants any extension of the time provided herein for commencing drilling.

(17) Infill wells within the Unit should be subject to Division Rules 19.15.13.9 NMAC through 19.15.13.10 NMAC and to the terms and conditions of this order.

(18) Any pooled working interest owner who does not pay its share of estimated well costs for any well in advance should have withheld from production its share of reasonable well costs of such well plus an additional 200% thereof as a reasonable charge for the risk involved in drilling the well.

(19) Applicant should provide the pooled parties an estimated payout report ("Payout Report") by April 30 of the following year after the proposed well is completed. Further, Applicant should provide Payout Reports on a yearly basis, and within 90 days after payout occurs. Once in receipt of the required information, the pooled party may request a hearing if it believes the revenues reported are inaccurate or the expenses are inaccurate or unreasonable.

(20) Reasonable charges for supervision (combined fixed rates) should be fixed at \$7,000 per month, per well, while drilling and \$700 per month, per well, while producing, provided that these rates should be adjusted annually pursuant to the COPAS form titled "*Accounting Procedure-Joint Operations*."

**IT IS THEREFORE ORDERED THAT:**

(1) Pursuant to the application of Marathon Permian LLC, a 160-acre (more or less) non-standard oil spacing and proration unit and project area ("the Unit") is hereby established for oil and gas production from the Bone Spring formation, Red Hills; Bone Spring, North Pool (Pool Code 96434), comprising the W/2 W/2 of Section 15, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico.

(2) All uncommitted interests, whatever they may be, in the oil and gas in the Bone Spring formation within the Unit are hereby pooled.

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3) The Unit shall be dedicated to Applicant's following wells (the "proposed wells") all drilled and completed at non-standard locations;

- (a) Flowmaster 24 34 15 SB Well No. 4H (API No. 30-025-43666) a horizontal well to be drilled from a surface location, 343 feet from the North line and 1233 feet from the West line (Unit D) to a terminus or bottom hole location 330 feet from the South line and 661 feet from the West line (Unit M) of Section 15, Township 24 South, Range 34 East, NMPM; and
- (b) Flowmaster 24 34 15 TBU Well No. 5H (API No. 30-025-44164) a horizontal well to be drilled from a surface location, 343 feet from the North line and 1183 feet from the West line (Unit D) to a terminus or bottom hole location 330 feet from the South line and 661 feet from the West line (Unit M) of Section 15, Township 24 South, Range 34 East, NMPM.

(4) The non-standard locations for each of the proposed wells are hereby approved as follows: The first [uppermost] perforation 200 feet from the North line and 662 feet from the West line and the last [lowermost] perforation 200 feet from the South line and 661 feet from the West line.

(5) The operator of the Unit shall commence drilling at least one of the proposed wells on or before March 31, 2019, and shall thereafter continue drilling the wells with due diligence to test the Bone Spring formation.

(6) In the event the operator does not commence drilling at least one of the proposed wells on or before March 31, 2019, Ordering Paragraphs (1) and (2) shall be of no effect, unless the operator obtains a time extension from the Division Director for good cause demonstrated by satisfactory evidence.

(7) The operator shall notify each pooled working interest owner for whom it has a valid address before it files with the Division any request for extension of the time to commence drilling and shall certify its compliance with this requirement in its request for extension. The Division may grant an extension at its discretion after 20 days from receipt of the request if no objection is received. Otherwise, the Division shall not grant the extension without a hearing.

(8) Should the operator fail to complete at least one of the proposed wells within 120 days after commencement of the first well, then Ordering Paragraphs (1) and (2) shall be of no further effect, and the unit and project area created by this order shall terminate, unless operator appears before the Division Director and obtains an extension of the time for completion of the proposed wells for good cause shown by satisfactory evidence. If neither of the proposed wells is completed in all quarter-quarter sections included in the Unit within 120 days after commencement of drilling, then the operator shall apply to the



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Division for an amendment to this Order to contract the Unit so that it includes only those quarter-quarter sections in which at least one well is completed.

(9) Upon final plugging and abandonment of both proposed wells and any other well drilled on the Unit pursuant to Division Rule 19.1513.9 NMAC, the pooled unit created by this order shall terminate unless this order has been amended to authorize further operations.

(10) Marathon Oil Permian LLC (OGRID 372098) is hereby designated the operator of the wells and of the Unit.

(11) After pooling, uncommitted working interest owners are referred to as pooled working interest owners. ("Pooled working interest owners" are owners of working interests in the Unit, including unleased mineral interests, who are not parties to an operating agreement governing the Unit.) After the effective date of this order, the operator shall furnish the Division and each known pooled working interest owner in the Unit separate itemized schedules of estimated costs of drilling, completing and equipping of each proposed well ("well costs").

(12) Within 30 days from the date it receives the schedule of estimated well costs for each well, any pooled working interest owner shall have the right to pay its share of estimated well costs for such well to the operator in lieu of paying its share of reasonable well costs out of production as hereinafter provided, and any such owner who pays its share of estimated well costs for either well as provided above shall remain liable for operating costs but shall not be liable for risk charges to the extent computed based on costs of such well. Pooled working interest owners who elect not to pay their share of estimated well costs as provided in this paragraph for either well shall thereafter be referred to as "non-consenting working interest owners" with respect to any well for which they so elect.

(13) The operator shall furnish the Division and each known pooled working interest owner (including non-consenting working interest owners) an itemized schedule of actual well costs for each proposed well within 90 days following completion of such well. If no objection to the actual well costs for any well is received by the Division, and the Division has not objected, within 45 days following receipt of the schedule for such well, the actual well costs shall be deemed to be the reasonable well costs. If there is an objection to actual well costs within the 45-day period, the Division will determine reasonable well costs for such well after public notice and hearing.

(14) Within 60 days following determination of reasonable well costs for any well, any pooled working interest owner who has paid its share of estimated costs of such well in advance as provided above shall pay to the operator its share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator the amount, if any, that the estimated well costs it has paid for such well exceed its share of reasonable well costs.



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(15) The operator is hereby authorized to withhold the following costs and charges from each non-consenting working interest owner's share of production from each well, separately:

- (a) the proportionate share of reasonable well costs attributable to each non-consenting working interest owner; and
- (b) as a charge for the risk involved in drilling the well, 200% of the above costs.

(16) The operator shall distribute the costs and charges withheld from production, proportionately, to the parties who advanced the well costs for each well.

(17) Reasonable charges for supervision (combined fixed rates) are hereby fixed at \$7,000 per month, per well, while drilling and \$700 per month, per well, while producing, provided that these rates shall be adjusted annually pursuant to the COPAS form titled "*Accounting Procedure-Joint Operations*." The operator is authorized to withhold from production from each well the proportionate share of both the supervision charges and the actual expenditures required for operating of such well, not more than what are reasonable, attributable to pooled working interest owners.

(18) During the cost recovery period, the operator shall furnish to the Division and to each known non-consenting pooled working interest owner, on April 30 of the year following the year in which the wells are completed, annually thereafter, and within 90 days after payout occurs, a schedule of all revenues attributable to the proposed wells, and all charges for supervision and operating costs charged against such revenues. Operating costs shall include all reasonable costs actually incurred for the maintenance and operation of the wells, except for "well costs" reported pursuant to Ordering Paragraph (12), that are properly chargeable to the joint account pursuant to COPAS procedures. If no objection to the operating costs is received by the Division, and the Division has not objected within 45 days following receipt of any schedule, the costs shall be deemed to be the reasonable well costs. If there is an objection to the accuracy or reasonableness of operating costs reported within the 45-day period, the Division will determine reasonable well costs after public notice and hearing.

(19) Except as provided above, all proceeds from production from the proposed wells that are not disbursed for any reason shall be held for the account of the person or persons entitled thereto pursuant to the Oil and Gas Proceeds Payment Act (NMSA 1978 Sections 70-10-1 through 70-10-6, as amended). If not disbursed, such proceeds shall be turned over to the appropriate authority as and when required by the Uniform Unclaimed Property Act (NMSA 1978 Sections 7-8A-1 through 7-8A-31, as amended).

(20) Any unleased mineral interests shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for allocating costs and charges under this order. Any well costs or charges that are to be paid out of production shall be

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withheld only from the working interests' share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(21) Should all the parties to this compulsory pooling order reach voluntary agreement after entry of this Order, this Order shall thereafter be of no further effect.

(22) The operator of the wells and Unit shall notify the Division in writing of the subsequent voluntary agreement of any party subject to the compulsory pooling provisions of this order.

(23) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*Heather Riley*

HEATHER RILEY  
Director

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

**IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION TO CONSIDER:**

**CASE NO. 16306  
ORDER NO. R-20298**

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

**ORDER OF THE DIVISION**

**BY THE DIVISION:**

This case came on for hearing at 8:15 a.m. on August 9, 2018, before Examiner Scott A. Dawson.

NOW, on this 31<sup>st</sup> day of December 2018, the Division Director, having considered the testimony, the record and the recommendations of Examiner.

**FINDS THAT**

(1) Due public notice has been given, and the Division has jurisdiction of these cases and of the subject matter.

(2) Cases 16306 and 16307 were consolidated at the hearing for testimony; however, a separate order will be issued for each case.

(3) The Applicant, Marathon Oil Permian, LLC, seeks to compulsory pool all uncommitted oil and gas interests within a spacing unit ("the Unit") described as follows:

A Horizontal Spacing Unit comprising 320 acres (more or less) within the Antelope Ridge; Wolfcamp Pool (Pool code 2220) and all other pools hereafter defined within the Wolfcamp formation in the W/2 of Section 15, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico.

(4) Applicant also seeks approval of a non-standard oil spacing and proration unit and non-standard locations.

(5) The Unit will be dedicated to the following Well(s):

**Flowmaster Fee 24 34 15 WXY Well No. 2H, API No. 30-025-44689**

SHL: 590 feet from the South line and 1828 feet from the West line, (Unit N) of Section 15, Township 24 South, Range 34 East, NMPM.

BHL: 200 feet from the North Line and 1323 feet from the East line. (Unit C) of Section 15, Township 24 South, Range 34 East, NMPM.

**Flowmaster Fee 24 34 15 WA Well No. 6H, API No. 30-025-44683**

SHL: 340 feet from the North line and 390 feet from the West line, (Unit D), of Section 15, Township 24 South, Range 34 East, NMPM.

BHL: 201 feet from the South line and 330 feet from the West line, (Unit M) of Section 15, Township 24 South, Range 34 East, NMPM.

**Flowmaster Fee 24 34 15 WA Well No. 14H, API No. 30-025-44687**

SHL: 589 feet from the South line and 1918 feet from the West line, (Unit N), of Section 15, Township 24 South, Range 34 East, NMPM.

BHL: 200 feet from the North line and 2317 feet from the West line, (Unit C) of Section 15, Township 24 South, Range 34 East, NMPM.

(6) The Antelope Ridge; Wolfcamp Pool (Pool Code 2220) is governed by Division Rule 19.15.15.9(A) NMAC, which provides for 330-foot setbacks from the unit boundaries and standard 40-acre units each comprising a governmental quarter-quarter section.

(7) The allowed setback footage distance for the proposed horizontal oil well(s) is specified in Paragraph (1) of Subsection C of 19.15.16.15 NMAC effective June 26, 2018. Said rules allow the first or last take points to be no closer than 100 feet to the nearest unit boundary, and the setbacks measured perpendicular to the well path to be a minimum of 330 feet from the outer boundary of the horizontal spacing unit.

(8) Tap Rock Resources, LLC appeared at hearing through counsel but did not object to granting of this application. No other party appeared at the hearing, or otherwise opposed the granting of this application.

(9) Applicant appeared at the hearing through counsel and presented evidence to the effect that:

- (a) The Wolfcamp formation in this area is suitable for development by horizontal drilling.

- (b) The proposed well will target the upper Wolfcamp formation where the primary product in this area of Lea County is "Oil". The proposed orientation of the horizontal Well(s) is appropriate for the Unit.
- (c) The first take point for Well No. 2H will be located 200 feet from the South line and 1318 from the West line (Unit N), and the last take point will be located 200 feet from the North line and 1323 from the West line (Unit C) of Section 15 (terminus).
- (d) The Well No. 2H will be drilled within 330 feet of the center of the W/2 of Section 15 and will therefore define the proposed 320-acre horizontal oil spacing unit.
- (e) The first take point for Well No. 6H will be located 200 feet from the North line and 330 from the West line (Unit D), and the last take point will be located 200 feet from the South line and 330 from the West line (Unit M) of Section 15 (terminus).
- (f) The first take point for Well No. 14H will be located 200 feet from the North line and 1918 from the West line (Unit N), and the last take point will be located 200 feet from the North line and 2317 from the West line (Unit C) of Section 15 (terminus).
- (g) Applicant is requesting that it be allowed to drill the Well(s) pursuant to the setback requirements of the new rules. Notice was provided for the requested non-standard location to the affected parties.
- (h) Applicant attempted to reach voluntary agreement with the affected parties on a method for election for each of the Well(s). The well proposal letter sent to the pooled parties provides the opportunity to choose to elect to participate in the Well(s).
- (i) Those potentially affected parties whose whereabouts could not be ascertained were noticed by publication as provided in Rule 19.15.4.12.B NMAC.

The Division finds and concludes that

(10) The application in this case was filed prior to the June 26, 2018 date on which the amendments to 19.15.16.7 and 19.15.16.15 NMAC (prescribing new spacing rules for horizontal wells) became effective (see Order No. R-14689), and the Well[s] were initially permitted for drilling prior that date. Hence the unit or project area previously dedicated to each of the Well[s], constitutes a standard, or approved non-standard, horizontal spacing unit pursuant to the transitional provision (19.15.16.15.E(4) NMAC), of the new rule, and no further Unit approval is required.

(11) The result of dedication of a standard horizontal spacing unit to the Well[s], as provided in this order, is exactly the same as if the order provided for establishment of a non-standard spacing unit for each well under rules in force prior to June 26, 2018, which would then each become a standard horizontal spacing unit on the effective date of new Rule 19.15.16.15 E(4) NMAC [Transitional provisions].

(12) Applicant's request for approval of non-standard location should be dismissed. If the location of any of the Well[s] is unorthodox when the well is completed under the spacing rules then in effect and applicable to the well, the operator must obtain a non-standard location approval prior to producing the well.

(13) Marathon Oil Permian, LLC (OGRID 372098) should be designated the operator of the Well(s) and of the Unit.

(14) Two or more separately owned tracts are embraced within the Unit, and/or there are royalty interests and/or undivided interests in oil and gas minerals in one or more tracts included in the Unit that are separately owned.

(15) Applicant is owner of an oil and gas working interest within the Unit. Applicant has the right to drill and proposes to drill the Well(s) to a common source of supply within the Unit at the described depths and location(s). Applicant should be allowed a one year period to complete at least one of the Well(s) after commencing drilling of the Well(s).

(16) There are interest owners in the Unit that have not agreed to pool their interests.

(17) To avoid the drilling of unnecessary wells, protect correlative rights, prevent waste and afford to the owner of each interest in the Unit the opportunity to recover or receive without unnecessary expense a just and fair share of hydrocarbons, this application should be approved by pooling all uncommitted interests, whatever they may be, in the oil and gas in the Wolfcamp formation within the Unit.

(18) To ensure protection of correlative rights, any pooled working interest owner whose address is known, and who has elected to participate under the terms of this order should be notified before the Division grants any extension of the time provided herein for commencing drilling. Any such owner may file an application, with notice to the operator, requesting that the extension be denied.

(19) Infill wells within the Unit should be subject to Division Rules 19.15.13.9 NMAC through 19.15.13.10 NMAC, and to the terms and conditions of this order.

(20) Any pooled working interest owner who does not pay its share of estimated well costs of any well should have withheld from production from such well its share of reasonable well costs plus an additional 200% thereof as a reasonable charge for the risk involved in drilling the Well(s).

(21) Reasonable charges for supervision (combined fixed rates) should be fixed at \$7000 per month, per well, while drilling and \$700 per month, per well, while producing, provided that these rates should be adjusted annually pursuant to the COPAS form titled "Accounting Procedure-Joint Operations."

**IT IS THEREFORE ORDERED THAT:**

(1) All uncommitted interests, whatever they may be, in the oil and gas in the Wolfcamp formation underlying a 320-acre Horizontal Oil Spacing Unit ("the Unit") in the Antelope Ridge; Wolfcamp Pool (Pool Code 2220) comprising the W/2 of Section 15, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico are hereby pooled.

(2) The portion of the case asking for approval of non-standard oil spacing and proration units and non-standard locations are dismissed without prejudice.

(3) The Unit shall be dedicated to the following Well(s):

**Flowmaster Fee 24 34 15 WXY Well No. 2H, API No. 30-025-44689**

SHL: 590 feet from the South line and 1828 feet from the West line, (Unit N) of Section 15, Township 24 South, Range 34 East, NMPM.

BHL: 200 feet from the North Line and 1323 feet from the East line. (Unit C) of Section 15, Township 24 South, Range 34 East, NMPM.

**Flowmaster Fee 24 34 15 WA Well No. 6H, API No. 30-025-44683**

SHL: 340 feet from the North line and 390 feet from the West line, (Unit D), of Section 15, Township 24 South, Range 34 East, NMPM.

BHL: 201 feet from the South line and 330 feet from the West line, (Unit M) of Section 15, Township 24 South, Range 34 East, NMPM.

**Flowmaster Fee 24 34 15 WA Well No. 14H, API No. 30-025-44687**

SHL: 589 feet from the South line and 1918 feet from the West line, (Unit N), of Section 15, Township 24 South, Range 34 East, NMPM.

BHL: 200 feet from the North line and 2317 feet from the West line, (Unit C) of Section 15, Township 24 South, Range 34 East, NMPM.

(4) The Well(s) will be drilled horizontally and will target the upper Wolfcamp "Oil" producing formation.



(5) Marathon Oil Permian, LLC (OGRID 372098) is hereby designated the operator of the Well(s) and of the Unit.

(6) If any of the Well(s) is completed at an unorthodox location under applicable rules in effect at the time such well is completed, the operator shall provide notice and apply administratively for a location exception prior to producing the well.

(7) The operator of the Unit shall commence drilling the Well(s) on or before December 31, 2019 and shall thereafter continue drilling the Well(s) with due diligence to test the Wolfcamp formation at or about the proposed true vertical and measured depths.

(8) In the event the operator does not commence drilling the Well(s) on or before the date provided in the foregoing paragraph, the compulsory pooling provision of this order shall be of no effect, unless the operator obtains a written time extension from the Division Director pursuant to a written request stating its reasons for such extension and attaching satisfactory evidence.

(9) In the event the operator does not commence completion operations within one year after commencement of drilling operations pursuant to this order, then the compulsory pooling provisions of this order shall be of no effect unless operator obtains a written time extension from the Division Director pursuant to a written request stating its reasons for such extension and attaching satisfactory evidence.

(10) The operator shall provide a copy of any request for extension of time to drill or complete any well filed with the Director pursuant to this order to each pooled working interest owner who has elected to participate in the drilling of any well that is the subject of the request. Such copy shall be sent at the same time the request is sent to the Director.

(11) Upon final plugging and abandonment of the Well(s) and any other well drilled on the Unit pursuant to Division Rule 19.15.13.9 NMAC, the pooled unit created by this order shall terminate unless this order has been amended to authorize further operations.

(12) Infill wells within the Unit shall be subject to Division Rule 19.15.13.9 NMAC and to the terms and conditions of this order.

(13) After pooling, uncommitted working interest owners are referred to as pooled working interest owners. ("Pooled working interest owners" are owners of working interests in the Unit, including unleased mineral interests, who are not parties to an operating agreement governing the Unit.) After the effective date of this order, the operator shall furnish the Division and each known pooled working interest owner in the Unit separate itemized schedules of estimated costs of drilling, completing and equipping each of the Well(s) ("well costs").



(14) Within 30 days from the date the schedule of estimated well costs for any well is furnished, any pooled working interest owner shall have the right to elect to pay its share of estimated well costs to the operator in lieu of paying its share of reasonable well costs out of production as hereinafter provided. Payment shall be rendered within 90 days after expiration of the 30-day election period and any such owner who pays its share of estimated well costs as provided above for any well shall remain liable for operating costs but shall not be liable for risk charges to the extent computed based on costs of such well. Pooled working interest owners who do not elect to pay their share of estimated well costs, or who do not render timely payment to the operator, as provided in this paragraph shall thereafter be referred to as "non-consenting working interest owners."

(15) The operator shall furnish the Division and each known pooled working interest owner (including non-consenting working interest owners) an itemized schedule of actual well costs of each well within 180 days following completion of the proposed well. If no objection to the actual well costs for any well is received by the Division, and the Division has not objected, within 45 days following receipt of the schedule for such well, the actual well costs shall be deemed to be the reasonable well costs. If there is an objection to actual well costs within the 45-day period, the Division will determine reasonable well costs for such well after public notice and hearing.

(16) Within 60 days following determination of reasonable well costs for any well, any pooled working interest owner who has paid its share of estimated costs of such well in advance as provided above shall pay to the operator its share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator the amount, if any, that the estimated well costs it has paid for such well exceed its share of reasonable well costs.

(17) The operator is hereby authorized to withhold the following costs and charges from each non-consenting working interest owner's share of production from each well:

(a) the proportionate share of reasonable well costs attributable to the non-consenting working interest owner; and

(b) as a charge for the risk involved in drilling the well, 200% of the above costs.

(18) During the cost recovery period, the operator shall furnish to the Division and to each known non-consenting pooled working interest owner, annually, and within 90 days after payout occurs, a schedule of all revenues attributable to each proposed well, and all charges for supervision and operating costs charged against such revenues. Operating costs shall include all reasonable costs actually incurred for the maintenance and operation of the well, except for "well costs" reported pursuant to prior ordering paragraphs, that are properly chargeable to the joint account pursuant to COPAS

procedures. If no objection to the operating costs is received by the Division, and the Division has not objected, within 45 days following receipt of any schedule, the costs shall be deemed to be the reasonable operating costs. If there is an objection to the accuracy or reasonableness of operating costs reported within the 45-day period, the Division will determine reasonable operating costs after public notice and hearing.

(19) The operator shall distribute the costs and charges withheld from production, proportionately, to the parties who advanced the well costs for such well.

(20) Reasonable charges for supervision (combined fixed rates) are hereby fixed at \$7000 per month, per well, while drilling and \$700 per month, per well, while producing, provided that these rates shall be adjusted annually pursuant to the COPAS form titled "Accounting Procedure-Joint Operations." The operator is authorized to withhold from production from each well the proportionate share of both the supervision charges and the actual expenditures required for operating of such well, not more than what are reasonable, attributable to pooled working interest owners.

(21) Except as provided in the foregoing paragraphs, all proceeds from production from the Well(s) that are not disbursed for any reason shall be held for the account of the person or persons entitled thereto pursuant to the Oil and Gas Proceeds Payment Act (NMSA 1978 Sections 70-10-1 through 70-10-6, as amended). If not sooner disbursed, such proceeds shall be turned over to the appropriate authority as and when required by the Uniform Unclaimed Property Act (NMSA 1978 Sections 7-8A-1 through 70-8A-31, as amended).

(22) Any unleased mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for allocating costs and charges under this order. Any costs that are to be paid out of production shall be withheld only from the working interests' share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(23) Should all the parties to this compulsory pooling order reach voluntary agreement after entry of this order, this order shall thereafter be of no further effect.

(24) The operator of the wells and Unit shall notify the Division in writing of the subsequent voluntary agreement of any party subject to the compulsory pooling provisions of this order.

(25) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Case Nos. 16306  
Order No. R-20298  
Page 9 of 9

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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

SEAL

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
HEATHER RILEY  
Director

**From:** [Engineer, OCD, EMNRD](#)  
**To:** [Covarrubias, Adrian \(MRO\)](#)  
**Cc:** [McClure, Dean, EMNRD](#); [Bratcher, Mike, EMNRD](#); [Kautz, Paul, EMNRD](#); [lisa@rwbyram.com](mailto:lisa@rwbyram.com)  
**Subject:** Approved Administrative Order PLC-736  
**Date:** Friday, February 5, 2021 1:06:41 PM  
**Attachments:** [PLC736 Order.pdf](#)

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NMOCD has issued Administrative Order PLC-736 which authorizes Marathon Oil Permian, LLC (372098) to surface commingle or off-lease measure, as applicable, the following wells:

Well API	Well Name	Location (NMPPM)	Pool Code
30-025-44689	Flowmaster 15 WXY Fee #2H	N-15-24S-34E	2220
30-025-44687	Flowmaster 15 WA Fee #14H	N-15-24S-34E	2220
30-025-45965	Flowmaster 15 FB Fee #15H	N-15-24S-34E	96434

The administrative order is attached to this email and can also be found online at OCD Imaging.

Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval.

Dean McClure  
Petroleum Engineer, Oil Conservation Division  
New Mexico Energy, Minerals and Natural Resources Department  
(505) 469-8211

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

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

**ORDER NO. PLC-736**

**ORDER**

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

**FINDINGS OF FACT**

1. Marathon Oil Permian, LLC ("Operator") submitted a complete application to surface commingle and off-lease measure the oil and gas production ("Application") from the pools, leases, and wells identified in Exhibit A.
2. To the extent that ownership is identical, Operator submitted a certification by a licensed attorney or qualified petroleum landman that the ownership in the pools, leases, and wells to be commingled is identical as defined in 19.15.12.7(B) NMAC.
3. Operator proposed a method to allocate the oil and gas production to the pools, leases, and wells to be commingled.
4. To the extent that ownership is diverse, Operator provided notice of the Application to all persons owning an interest in the oil and gas production to be commingled, including the owners of royalty and overriding royalty interests, regardless of whether they have a right or option to take their interests in kind, and those persons either submitted a written waiver or did not file an objection to the Application.
5. Operator provided notice of the Application to the Bureau of Land Management ("BLM") or New Mexico State Land Office ("NMSLO"), as applicable.
6. Operator certified the commingling of oil and gas production from the pools, leases, and wells will not in reasonable probability reduce the value of the oil and gas production to less than if it had remained segregated.

**CONCLUSIONS OF LAW**

7. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, §§ 70-2-6, 70-2-11, 70-2-12, 70-2-16, and 70-2-17, and 19.15.12 NMAC.
8. Operator satisfied the notice requirements for the Application in accordance with 19.15.12.10(A)(2), (C)(4)(c), and (C)(4)(e) NMAC, as applicable.
9. Operator's proposed method of allocation, as modified herein, complies with 19.15.12.10(B)(1) or (C)(1) NMAC, as applicable.

10. Commingling of oil and gas production from state, federal, or tribal leases shall not commence until approved by the BLM or NMSLO, as applicable, in accordance with 19.15.12.10(B)(3) and (C)(4)(h) NMAC.
11. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

### **ORDER**

1. Operator is authorized to surface commingle and off-lease measure oil and gas production from the pools, leases, and wells identified in Exhibit A.
2. The oil and gas production for each well identified in Exhibit A shall be separated and metered prior to commingling.
3. Operator shall measure the commingled oil at a central tank battery described in Exhibit A in accordance with 19.15.18.15 NMAC or 19.15.23.8 NMAC.
4. Operator shall measure the commingled gas at a central delivery point or central tank battery described in Exhibit A in accordance with 19.15.19.9 NMAC, provided however that if the gas is flared, and regardless of whether OCD has granted an exception pursuant to 19.15.18.12(B) NMAC, Operator shall report the gas in accordance with 19.15.18.12(F) NMAC.
5. Operator shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10(C)(2) NMAC.
6. If the commingling of oil and gas production from any pool, lease, or well reduces the value of the commingled oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred Operator shall submit a new surface commingling application to OCD to amend this Order to remove the pool, lease, or well whose oil and gas production caused the decrease in value. If Operator fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.
7. Operator shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
8. OCD retains jurisdiction and reserves the right to modify or revoke this Order as it deems necessary to prevent waste or protect correlative rights, public health, or the environment.

**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**

A handwritten signature in black ink, appearing to read 'AS', is written over a horizontal line.

**ADRIENNE SANDOVAL  
DIRECTOR**

AS/dm

**DATE:** 2/05/2021

State of New Mexico  
Energy, Minerals and Natural Resources Department

## Exhibit A

Order: PLC-736

Operator: Marathon Oil Permian, LLC (372098)

Central Tank Battery: Flowmaster 15 Fee Multi-Well Pad

Central Tank Battery Location (NMPM): Unit N, Section 15, Township 24 South, Range 34 East

Gas Custody Transfer Meter Location (NMPM): Unit N, Section 15, Township 24 South, Range 34 East

### Pools

Pool Name	Pool Code
ANTELOPE RIDGE; WOLFCAMP	2220
RED HILLS; BONE SPRING, NORTH	96434

### Leases as defined in 19.15.12.7(C) NMAC

Lease	Location (NMPM)
WC R-20298	W/2
BS R-14598	W/2 W/2

### Wells

Well API	Well Name	Location (NMPM)	Pool Code	Train
30-025-44689	Flowmaster 15 WXY Fee #2H	N-15-24S-34E	2220	
30-025-44687	Flowmaster 15 WA Fee #14H	N-15-24S-34E	2220	
30-025-45965	Flowmaster 15 FB Fee #15H	N-15-24S-34E	96434	



**District I**  
1625 N. French Dr., Hobbs, NM 88240  
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**District II**  
811 S. First St., Artesia, NM 88210  
Phone:(575) 748-1283 Fax:(575) 748-9720  
**District III**  
1000 Rio Brazos Rd., Aztec, NM 87410  
Phone:(505) 334-6178 Fax:(505) 334-6170  
**District IV**  
1220 S. St Francis Dr., Santa Fe, NM 87505  
Phone:(505) 476-3470 Fax:(505) 476-3462

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

CONDITIONS  
  
Action 15089

**CONDITIONS OF APPROVAL**

Operator: MARATHON OIL PERMIAN LLC                      5555 San Felipe St. Permian Regulatory Team                      Houston, TX77056		OGRID: 372098	Action Number: 15089	Action Type: C-107B
OCD Reviewer	Condition			
dmccleure	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval.			