

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:** Blue Steel 21 WA Fee 2H; WA Fee 9H; WXY Fee 6H; WXY Fee 8H; FB Fee 21H; FB Fee 25H**API:** 30-015-46069; 30-015-45895; 30-015-45893; 30-015-45894; 30-015-45901; 30-015-45892**Pool:** Laguna Salado; Bone Spring & Purple Sage; Wolfcamp**Pool Code:** 96721, 98220

**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 holdersB. ☒ Royalty, overriding royalty owners, revenue ownersC. ☐ Application requires published noticeD. ☐ Notification and/or concurrent approval by SLOE. ☐ Notification and/or concurrent approval by BLMF. ☐ Surface ownerG. ☒ 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

9/13/2021

Date

713-296-3368

Phone Number

acovarrubias@marathonoil.com

e-mail Address

**NEW MEXICO  
STATE  
LAND OFFICE**

**APPLICATION FOR  
COMMINGLING AND OFF-LEASE STORAGE  
ON STATE TRUST LANDS**



This application form is required for all commingling applications requiring approval by the Commissioner of Public Lands.

**Applicant:** Marathon Oil Permian LLC

**OGRID #:** \_\_\_\_\_

**Well Name:** Blue Steel 21 Fee 2H, 6H, 8H, 9H, 21H, 25H

**API #:** 30-015-45901; 30-015-45892  
30-015-46069; 30-015-45895  
30-015-45893; 30-015-45894

**Pool:** Laguan Salado; Bone Spring & Purple Sage; Wolfcamp

**OPERATOR NAME:** Marathon Oil Permian LLC

**OPERATOR ADDRESS:** 5555 San Felipe St., Houston, TX 77063

**APPLICATION REQUIREMENTS – SUBMIT:**

1. New Mexico Oil Conservation Division (NMOCD) application packet (or equivalent information if no application is required by NMOCD),
2. Commingling application fee of \$150.

**CERTIFICATION:** To the best of my knowledge,

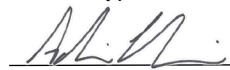
- All business leases and rights-of-way necessary for conducting the proposed operation on State Trust lands have been applied for or obtained,
- The information submitted with this application is **accurate** and **complete**, and
- No loss will accrue to the state of New Mexico as a result of the proposed operation.

I also understand that **no action** will be taken on this application until the required information and fee are submitted to the State Land Office.

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

Adrian Covarrubias

Print or Type Name



Signature

713-296-3368

Phone Number

9/15/2021

Date

acovarrubias@marathonoil.com

e-mail Address

**Submit application to:**  
Commissioner of Public Lands  
Attn: Commingling Manager  
PO Box 1148  
Santa Fe, NM 87504-1148

Questions?  
Contact the Commingling Manager:  
505.827.5791

Upon approval, the requesting organization will receive an acknowledgment letter from the Commissioner of Public Lands.

Chase Rice, CPL  
Staff Land Professional  
Permian Basin



## Notice to Interest Owners

**Marathon Oil Permian LLC**  
5555 San Felipe Street  
Houston, TX 77056  
Telephone: 713.296.2164  
Fax: 713.296.3055  
cfrice@marathonoil.com

September 14, 2021

### WORKING, ROYALTY AND OVERRIDING ROYALTY INTEREST OWNERS

Re: Marathon Oil Permian LLC Application for Surface Commingling  
Blue Steel 21 Fee 2H 6H 8H 9H 21H and 25H Wells  
Section 16 & 21, T23S-R29E  
Eddy County, New Mexico

Dear Interest Owner,

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 Laguna Salado; Bone Spring, and the Purple Sage; Wolfcamp Pool from the wells listed below, to a central tank battery located on the Blue Steel Fee multi-well pad located in Unit D of Section 28, T23S-R29E, Eddy County, New Mexico.

Well Name	API	Pool
Blue Steel 21 FB Fee 21H	30-015-45901	Laguna Salado; Bone Spring
Blue Steel 21 FB Fee 25H	30-015-45892	Laguna Salado; Bone Spring
Blue Steel 21 WA Fee 2H	30-015-46069	Purple Sage; Wolfcamp
Blue Steel 21 WA Fee 9H	30-015-45895	Purple Sage; Wolfcamp
Blue Steel 21 WXY Fee 6H	30-015-45893	Purple Sage; Wolfcamp
Blue Steel 21 WXY Fee 8H	30-015-45894	Purple Sage; Wolfcamp

As an interest owner in these wells, Marathon is required to notify you of this application. Any objections must be filed in writing with the Division within 20 days from the date the Division receives Marathon's application.

Should you have any questions please do not hesitate to contact me at **713-296-3055** or by email at [cfrice@marathonoil.com](mailto:cfrice@marathonoil.com).

*Chase Rice*

Sincerely,  
Chase Rice, CPL  
Permian Basin

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  
 09/21/2021

Firm Mailing Book ID: 215427

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0086 8170 91	New Mexico State Land Office 310 Old Santa Fe Trail Santa Fe NM 87501	\$1.56	\$3.75	\$1.85	\$0.00	81363.0152. Notice
2	9314 8699 0430 0086 8171 07	Devon Energy Production Company, L.P. 20 N. Broadway Ave. Oklahoma City OK 73102	\$1.56	\$3.75	\$1.85	\$0.00	81363.0152. Notice
3	9314 8699 0430 0086 8171 14	NOVO Minerals, LP 1001 West Wilshire Boulevard, Suite 206 Oklahoma City OK 73116	\$1.56	\$3.75	\$1.85	\$0.00	81363.0152. Notice
Totals:			<u>\$4.68</u>	<u>\$11.25</u>	<u>\$5.55</u>	<u>\$0.00</u>	
Grand Total:						<u>\$21.48</u>	

List Number of Pieces Listed by Sender	Total Number of Pieces Received at Post Office	Postmaster: Name of receiving employee	Dated:
3			



District I  
1625 N. French Drive, Hobbs, NM 88240  
District II  
811 S. First St., Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St Francis Dr, Santa Fe, NM  
87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107-B  
Revised August 1, 2011

**OIL CONSERVATION DIVISION**  
1220 S. St Francis Drive  
Santa Fe, New Mexico 87505

Submit the original  
application to the Santa Fe  
office with one copy to the  
appropriate District Office.

**APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)**

OPERATOR NAME: Marathon Oil Permian LLC  
OPERATOR ADDRESS: 5555 San Felipe St., Houston, TX 77057  
APPLICATION TYPE:

☐ Pool Commingling ☐ Lease Commingling ☒ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: ☒ Fee ☒ State ☐ Federal

Is this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No. \_\_\_\_\_  
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling  
☐ Yes ☐ No

**(A) POOL COMMINGLING**  
Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes
Laguna Salado; Bone Spring (96721)	42.5 API/1030 BTU	44.7 API 1229 BTU			3050 BOPD / 6 MMCFD
Purple Sage; Wolfcamp (98220)	45.8 API/1329 BTU				6100 BOPD / 12 MMCFD

- (2) Are any wells producing at top allowables? ☐ Yes ☒ No  
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No.  
(4) Measurement type: ☒ Metering ☐ Other (Specify)  
(5) Will commingling decrease the value of production? ☐ Yes ☒ No If "yes", describe why commingling should be approved

**(B) LEASE COMMINGLING**  
Please attach sheets with the following information

- (1) Pool Name and Code.  
(2) Is all production from same source of supply? ☐ Yes ☐ No  
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No  
(4) Measurement type: ☐ Metering ☐ Other (Specify)

**(C) POOL and LEASE COMMINGLING**  
Please attach sheets with the following information

- (1) Complete Sections A and E.

**(D) OFF-LEASE STORAGE and MEASUREMENT**  
Please attached sheets with the following information

- (1) Is all production from same source of supply? ☐ Yes ☐ No  
(2) Include proof of notice to all interest owners.

**(E) ADDITIONAL INFORMATION (for all application types)**  
Please attach sheets with the following information

- (1) A schematic diagram of facility, including legal location. See attached.  
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.  
(3) Lease Names, Lease and Well Numbers, and API Numbers.  
See Attached.

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: 9/13/2021

TYPE OR PRINT NAME Adrian Covarrubias TELEPHONE NO.: 713-296-3368

E-MAIL ADDRESS: acovarrubias@marathonoil.com

## SURFACE COMMINGLING

BLUE STEEL 21 FEE 2H 6H 8H 9H 21H 25H

Marathon Oil Permian LLC is requesting to surface commingle which will fall under 19.15.12.10(C) NMAC for Commingling with Diverse Ownership.

**List of Leases and Pools to be commingled:**

Well Name	API	Lease	Pool
Blue Steel 21 FB Fee 21H	30-015-45901	Private	Laguna Salado; Bone Spring
Blue Steel 21 FB Fee 25H	30-015-45892	Private	Laguna Salado; Bone Spring
Blue Steel 21 WA Fee 2H	30-015-46069	Private & State V040750000	Purple Sage; Wolfcamp
Blue Steel 21 WA Fee 9H	30-015-45895	Private & State V040750000	Purple Sage; Wolfcamp
Blue Steel 21 WXY Fee 6H	30-015-45893	Private & State V040750000	Purple Sage; Wolfcamp
Blue Steel 21 WXY Fee 8H	30-015-45894	Private & State V040750000	Purple Sage; Wolfcamp

The wells and Tank Battery are located at a common pad located in NWNW-Sec26-T-23S-R29E. The Approval of this commingle request will not affect the value of oil and gas. Well production will be accurately measured with metering measurement.

**19.15.12.10(C)(1) – Measurement and Allocation Methods****OIL ALLOCATION METHODOLOGY**

Each well has a Coriolis meter at the three-phase separator that measures oil produced by the well. This volume is used to determine the theoretical percentage each well produced and is used to allocate Calculated Production and Total Sales Volumes back to each well.

- a) Theoretical % of production for each well is calculated by dividing each oil meter volume by the sum of the oil meters.
- b) Total Production of the facility is calculated by adding Ending Inventory plus LACT Sales Meter (FMP) minus Beginning Inventory.
- c) Total Available Sale is calculated by adding Total Production plus Beginning Inventory.
- d) Theoretical % for each well is multiplied by the Total Production and Total Available Sales.
- e) Total Oil Sales is oil measured through the LACT Sales (FMP) meter. Volumes are verified with the LACT tickets.
- f) Beginning Inventory comes from previous accounting period's Closing Inventory for each well.
- g) Ending Inventory is calculated by measuring the height of oil in the tanks. Ending Inventory for each well is calculated by multiplying the Theoretical % of Production by total of ending inventory.

SURFACE COMMINGLING  
BLUE STEEL 21 FEE 2H 6H 8H 9H 21H 25H

### **GAS ALLOCATION**

Each well has an orifice meter and a gas lift meter. The facility has a Sales meter (FMP) that measures volume of gas before it leaves the facility.

- a) Net Well Production is base amount of production not used for gas lift and is calculated by subtracting Gas Lift (GL) metered volume from the Orifice meter readings.
- b) Theoretical % used for the allocation is calculated by dividing the Net Well Production Volume for each well into the sum of the total Net Well Production.
- c) Net Facility Gas (FMP) is volume of gas sold for royalty purposes and is measured with a meter as it leaves the facility. This volume is verified with purchaser statements.
- d) Theoretical % for each well is multiplied by the Net Facility Gas (FMP) to determine Sales, Lease Fuel for each well.
- e) Lease Use is the volume of gas used by the equipment on the facility.
- f) Gas used to run other equipment is measured via an orifice meter. Total Lease Use gas is allocated to the well based on the wells Theoretical %.
- g) HP Flare is volume of gas flared from the facility, allocated to wells by Theoretical % for each well times the Flare Meter volume.
- h) Individual Compressor usage is based on manufacturer's usage rate applied to compressor run time. Total Compressor Use is calculated by adding Individual Compressor Usage and allocated to wells by Theoretical %.
- i) Allocated Production is all gas produced by the facility and is calculated by adding Net Facility Gas plus HP Flare plus Lease Use.

### **WATER ALLOCATION**

Each well has a mag meter at the three-phase separator that measures the volume of water produced by the well.

- a) Water Production is the volume of water measured at the mag meter.

Oil Allocation Examples

Manually Entered Metered Volumes from Meter Statements and Tank Inventories from Gauged Tanks
Allocated Volumes for reproting on OGOR

ALLOCATION METHODOLOGY USED TO DETERMINE ALLOCATED PRODUCTION AND SALES TO EACH WELL	
OIL METER	Measures Volume of oil from the separator on each individual well used as basis for prorating Total Production and Ending Inventory to each well
THEORETICAL % OF PRODUCTION	Theoretical % is calculated by dividing Oil meter Volume for each well into sum of oil meters from the facility
ALLOCATED WELL PRODUCTION	Allocated total production for each well (Total Production * Theoretical % of Production)
ALLOCATED AVAILABLE SALES	Allocated available sales for each well (Allocated Well Production + Beginning Inventory)
THEORETICAL % OF AVAILABLE SALES	Allocation % of available sales for each well (Availabe Sales / Total Available for Sales)
ALLOCATED SALES	LACT Sales Meter (FMP) allocated to each well based on Theoretical % of Available Sales
TOTAL PRODUCTION	Total Production is the theoretical production for the Facility, (LACT Sales + Ending Inventory - Beginning Inventory)
TOTAL AVAILABLE SALES	Formula to calculate total for sale on the facility (Total Production + Beginning Inventory)
LACT SALES METER (FMP)	Measures Volume of oil sold through FMP to purchaser
BEGINNING INVENTORY	Inventory from previous accounting period's calculate ending inventories. In the Case of new Facility during any accounting period, open inventory equals zero
ENDING INVENTORY	Theoretical % of production multiplied by combined volume from the oil tanks at Facility for each well

WELL NAME	OIL METER	THEORETICAL % OF PRODUCTION	ALLOCATED WELL PRODUCTION	ALLOCATED AVAILABLE SALES	THEORETICAL % OF AVAILABLE SALES	ALLOCATED SALES	BEGINNING INVENTORY	ENDING INVENTORY
Blue Steel 21 FB Fee 21H	8767.82	0.181727324	3659.63	3981.07	0.182080182	3792.60	321.44	188.05
Blue Steel 21 FB Fee 25H	8418.24	0.17448171	3513.72	3811.80	0.174338258	3631.34	298.08	180.55
Blue Steel 21 WA Fee 2H	8512	0.176425038	3552.86	3851.94	0.176173883	3669.57	299.08	182.56
Blue Steel 21 WA Fee 9H	8498	0.176134866	3547.01	3847.09	0.175952358	3664.96	300.08	182.26
Blue Steel 21 WXY Fee 6H	9351	0.193814677	3903.05	4202.13	0.192190486	4003.19	299.08	200.56
Blue Steel 21 WXY Fee 8H	4700.06	0.097416385	1961.78	2170.37	0.099264833	2067.61	208.59	100.81
FACILITY TOTALS	48247	1	20138.05	21864	1	20829.26	1726	1034.79

TOTAL PRODUCTION	20138
TOTAL AVAILABLE SALES	21864
LACT SALES METER (FMP)	20829.26
BEGINNING INVENTORY	1726
ENDING INVENTORY	1034.79

Gas Allocation Examples

Manually Entered Metered Volumes from Meter  
Statements and Tank Inventories from Gauged Tanks  
Allocated Volumes for reproting on OGOR

ALLOCATION METHODOLOGY USED TO DETERMINE TOTAL NET CTB GAS VOLUME FOR CTB ROYALTY PURPOSES		
ORIFICE METER		Measures the gas from the separator on each individual well
GL METER	GAS LIFT	Measures the volume of gas that was injected into the well for gas lift
NET WELL PRODUCTION		Formula to calculate the volume of native gas the well produced (Orifice Meter - Gas Lift Meter)
THEORETICAL %		Allocation % calculated by Net Well Production for each well divided by total Net Well Production for facility
NET FACILITY GAS (FMP)		Facility Check meter, term used for meter that measures the volume of gas that leaves the facility, considered the FMP of the facility
ALLOCATED SALES		Allocation of Net Facility Gas to each well calculated by multiplying Nat Facility Gas times Theoretical %
LEASE USE METER		Equipment on lease that uses gas produced by the facility to operate (heater, pilot)
ALLOCATED LEASE FUEL		Allocation of Lease Use to each well calculated by multiplying Lease Use times Theoretical %
HP FL METER	HIGH PRESSURE	Measures the high pressure flare volumes from CTB
ALLOCATED HP FLARE		Allocation of HP Flare to each well calculated by multiplying HP Flare Meter times Theoretical %
TOTAL COMPRESSOR USE		Used to compress the gas prior to injection - calculated by adding each Compressor Usage
COMPRESSOR USAGE		Amount of gas used per compressor calculated by multiplying the number of days used times the manufactureres Usage Rate
ALLOCATED COMPRESOR		Allocation of Total Compressor Use to each well calculated by multiplying Total Compressor Use times Theoretical %
TOTAL PRODUCTION		Total Gas produced from facility calculated by adding Net Facility Gas, HP Flare, Lease Use, and Compressor Use
ALLOCATED PRODUCTION		Allocation of Total Production for each well calculated by multiplying Total Production by Theoretical %

WELL NAME	Private Lease	ORIFICE METER READING	GAS LIFT METER READING	NET WELL PRODUCTION	THEORETICAL %	ALLOCATED SALES	ALLOCATED LEASE FUEL	ALLOCATED HP FLARE	ALLOCATED COMPRESSOR	ALLOCATION PRODUCTION
Blue Steel 21 FB Fee 21H	X	23370.59	12569.96	10800.63	0.18	4543.86	140.68	89.99	814.77	5589
Blue Steel 21 FB Fee 25H	X	26364.98	14037.4	12327.58	0.21	5186.25	160.57	102.71	929.96	6379
Blue Steel 21 WA Fee 2H	X	24572	12589	11983	0.20	5041.28	156.08	99.84	903.96	6201
Blue Steel 21 WA Fee 9H	X	23687	11578	12109	0.20	5094.29	157.72	100.89	913.47	6266
Blue Steel 21 WXY Fee 6H	X	22658	13855	8803	0.15	3703.45	114.66	73.34	664.07	4556
Blue Steel 21 WXY Fee 8H	X	14780.16	11217.37	3562.79	0.06	1498.88	46.41	29.68	268.77	1844
TOTALS		135433	75847	59586	1	25068	776.13	496.44	4495	30836
FACILITY METER NAME	METER READINGS			COMPRESSOR 1	COMPRESSOR 2					
NET FACILITY GAS (FMP)	25068		DAYS	31	31					
HP FLARE METER	496.44		USAGE RATE (MCFD)	35	110					
LEASE USE METER	776.13		COMP USAGE	1085	3410					
TOTAL COMPRESSOR USE	4495									
TOTAL PRODUCTION	30836									

Water Allocation Examples

- Manually Entered Metered Volumes from Meter Statements and Tank Inventories from Gauged Tanks
- Allocated Volumes for reproting on OGOR

ALLOCATION METHODOLOGY USED TO DETERMINE ALLOCATED WATER PRODUCTION AND WATER TRANSFERRED OFF THE CTB TO EACH WELL

WATER METER Measures Volume of water from the separator on each individual well used as basis for prorating CTB Allocated Production and Ending Tank Inventory to each well

WELL NAME	WATER METER
Blue Steel 21 FB Fee 21H	15447.5
Blue Steel 21 FB Fee 25H	14151.63
Blue Steel 21 WA Fee 2H	13212
Blue Steel 21 WA Fee 9H	16545
Blue Steel 21 WXY Fee 6H	1678.56
Blue Steel 21 WXY Fee 8H	5043.41
FACILITY TOTALS	66078

SURFACE COMMINGLING

BLUE STEEL 21 FEE 2H 6H 8H 9H 21H 25H

**19.315.12.10(C)(2) – Meter Proving and Calibration Frequencies**

Oil and Gas meters will be tested as per regulations depending on amount flowing through the meter:

Oil Meters:

- Monthly if greater than 100,000 BBLS per month
- Quarterly if in between 10,000 and 100,000 BBLS per month
- Semi-annually if less than 10,0000 BBLS per month

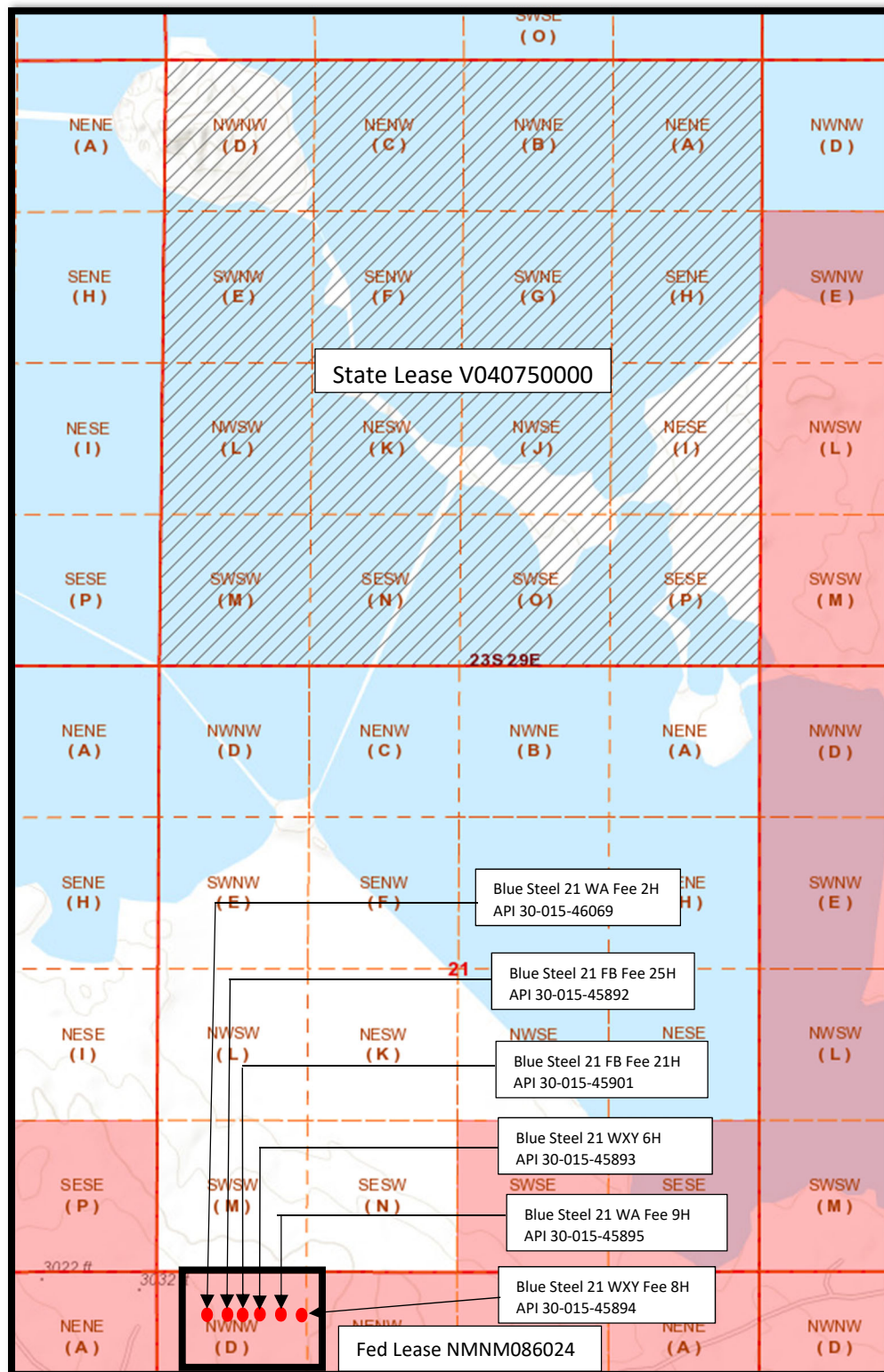
Gas Meters:

- Quarterly if 100 MCFGPD or more per month
- Semi-Annually if less than 100 MCFGPD per month

Corrections and Adjustments will be made as required.

SURFACE COMMINGLING  
BLUE STEEL 21 FEE 2H 6H 8H 9H 21H 25H

1) Topographic Map





SURFACE COMMINGLING

BLUE STEEL 21 FEE 2H 6H 8H 9H 21H 25H

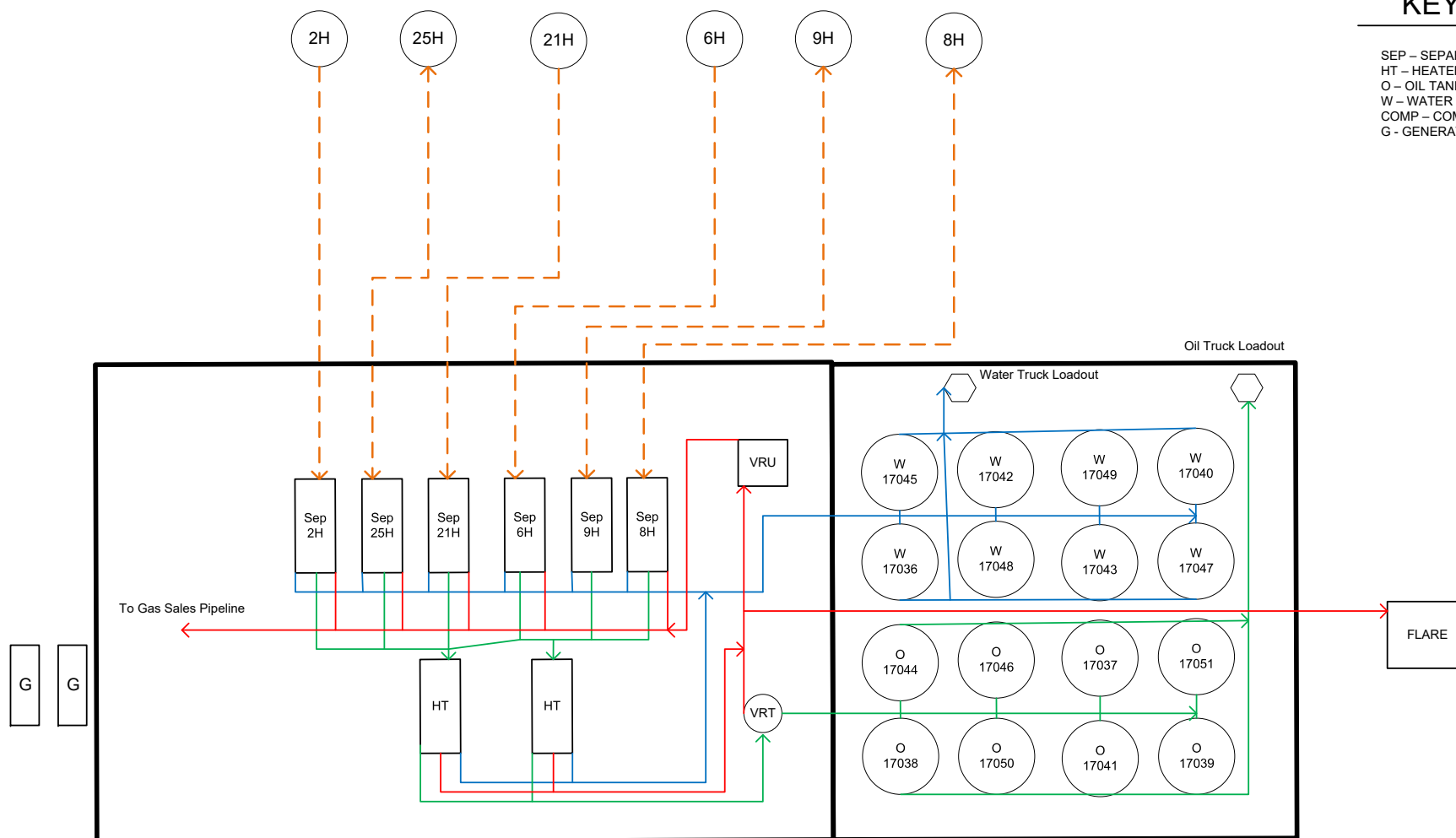
Close-up of Blue Steel 21 Fee 2H 9H 8H 6H 21H 25H Well Pad





# KEY/NOTES

SEP – SEPARATORS  
HT – HEATER TREATER  
O – OIL TANKS (1000 BBLs)  
W – WATER TANKS (1000 BBLs)  
COMP – COMPRESSOR  
G – GENERATOR



## FIGURE TITLE

**BLUE STEEL 21 FEE 2H 6H 8H 9H 21H 25H**

API **30-015-45901; 30-015-45892;  
30-015-46069; 30-015-45895;  
30-015-45893; 30-015-45894**

LEASE

**FEE & STATE V040750000**

CA #

OPERATOR

**MARATHON OIL PERMIAN, LLC  
5555 SAN FELIPE ST, HOUSTON, TX 77056**

LOCATION

**EDDY COUNTY, NM**

**NWNW-21-T23S-R29E  
270 FNL & 1165 FWL**

**LAT 32.28247844  
LONG -103.9947105**

DATE SEP 2021

SCALE NOT TO SCALE

DRAWN BY AC

APPROVED BY



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

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

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

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

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

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

☐ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION AS-DRILLED PLAT**

<sup>1</sup> API Number 30-015-46069	<sup>2</sup> Pool Code 98220	<sup>3</sup> Pool Name Purple Sage; Wolfcamp (Gas)
<sup>4</sup> Property Code 325397	Property Name BLUE STEEL 21 WA FEE	
<sup>7</sup> OGRID No. 372098	<sup>8</sup> Operator Name MARATHON OIL PERMIAN LLC	<sup>6</sup> Well Number 2H
		<sup>9</sup> Elevation 3001'

<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
D	28	23S	29E		270	NORTH	1105	WEST	EDDY

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

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	16	23S	29E		286	NORTH	341	WEST	EDDY

<sup>12</sup> Dedicated Acres 640.0	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
--	-------------------------------	----------------------------------	-------------------------

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

	<p><b>CORNER COORDINATES</b> NAD 83, SPCS NM EAST A - X: 644823.90' / Y: 472250.71' B - X: 644867.18' / Y: 477568.44' C - X: 647506.95' / Y: 477578.03' D - X: 647481.28' / Y: 472260.27' E - X: 647475.03' / Y: 466934.71' F - X: 644816.72' / Y: 466932.98'</p>	<p><b>CORNER COORDINATES</b> NAD 27, SPCS NM EAST A - X: 603640.77' / Y: 472191.16' B - X: 603684.20' / Y: 477508.77' C - X: 606323.97' / Y: 477518.36' D - X: 606298.14' / Y: 472200.73' E - X: 606291.75' / Y: 466875.28' F - X: 603633.45' / Y: 466873.55'</p>	<p><b>17 OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature: <i>Adrian Covarrubias</i> Date: 4/3/2020</p> <p>Printed Name: Adrian Covarrubias</p> <p>E-mail Address:</p>	
	<p><b>BOTTOM HOLE LOCATION</b> 286' FNL 341' FWL, SECTION 16 20365' MEASURED DEPTH IN FEET NAD 83, SPCS NM EAST X: 645206.22' / Y: 477283.93' LAT: 32.31167855N / LON: 103.99711858W NAD 27, SPCS NM EAST X: 604023.23' / Y: 477224.26' LAT: 32.31155669N / LON: 103.9962613W</p>	<p><b>LAST TAKE POINT</b> 330' FNL 341' FWL, SECTION 16 20321' MEASURED DEPTH IN FEET NAD 83, SPCS NM EAST X: 645205.41' / Y: 477239.67' LAT: 32.31155689N / LON: 103.99712165W NAD 27, SPCS NM EAST X: 604022.42' / Y: 477180.00' LAT: 32.31143504N / LON: 103.9962920W</p>		<p><b>18 SURVEYOR CERTIFICATION</b> 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.</p> <p>MARCH 5, 2020</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>
	<p><b>FIRST TAKE POINT</b> 330' FSL 292' FWL, SECTION 21 10320' MEASURED DEPTH IN FEET NAD 83, SPCS NM EAST X: 645109.53' / Y: 467263.16' LAT: 32.28413403N / LON: 103.99753310W NAD 27, SPCS NM EAST X: 603926.26' / Y: 467203.73' LAT: 32.28404119N / LON: 103.99704171W</p>	<p><b>KICK OFF POINT</b> 72' FSL 316' FWL, SECTION 21 9663' MEASURED DEPTH IN FEET NAD 83, SPCS NM EAST X: 645132.38' / Y: 467004.84' LAT: 32.2842374N / LON: 103.99746180W NAD 27, SPCS NM EAST X: 603949.10' / Y: 466945.41' LAT: 32.28330165N / LON: 103.99697043W</p>		
	<p><b>SURFACE HOLE LOCATION</b> 270' FNL 1105' FWL, SECTION 28 0' MEASURED DEPTH IN FEET NAD 83, SPCS NM EAST X: 645923.78' / Y: 466663.71' LAT: 32.28247919N / LON: 103.99490442W NAD 27, SPCS NM EAST X: 604740.49' / Y: 466604.29' LAT: 32.28235708N / LON: 103.99441315W</p>			

Distances/areas relative to NAD 83 Combined Scale Factor: 0.999782 Convergence Angle: 00°11'10.61002"



**District I**  
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Energy, Minerals & Natural Resources Department  
**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

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☐ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION AS-DRILLED PLAT**

<sup>1</sup> API Number 30-015-45901	<sup>2</sup> Pool Code 96721	<sup>3</sup> Pool Name Laguna Salado (Bone Spring)
<sup>4</sup> Property Code	Property Name Blue Steel 21 FB Fee	<sup>6</sup> Well Number 21H
<sup>7</sup> OGRID No. 372098	<sup>8</sup> Operator Name MARATHON OIL PERMIAN LLC	<sup>9</sup> Elevation 3001'

<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
D	28	23S	29E		270	NORTH	1165	WEST	EDDY

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

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	21	23S	29E		37	NORTH	657	WEST	EDDY

<sup>12</sup> Dedicated Acres 160.0	<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>CORNER COORDINATES</b> NAD 83, SPCS NM EAST A - X: 646145.88' / Y: 466933.84' B - X: 644816.72' / Y: 466932.98' C - X: 644823.90' / Y: 472250.71' D - X: 646152.59' / Y: 472255.49'</p>	<p><b>CORNER COORDINATES</b> NAD 27, SPCS NM EAST A - X: 604962.60' / Y: 466874.42' B - X: 603633.45' / Y: 466873.55' C - X: 603640.77' / Y: 472191.16' D - X: 604969.46' / Y: 472195.94'</p>	<p><b>17 OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature: <i>Adrian Covarrubias</i> Date: 4/3/2020</p> <p>Printed Name: Adrian Covarrubias</p> <p>E-mail Address:</p>
	<p><b>BOTTOM HOLE LOCATION</b> 37' FNL 657' FWL, SECTION 21 12770' MEASURED DEPTH IN FEET NAD 83, SPCS NM EAST X:645480.79' / Y:472215.66' LAT:32.29774441N / LON:103.99628138W NAD 27, SPCS NM EAST X:604297.66' / Y:472156.12' LAT:32.29762243N / LON:103.99578949W</p>	<p><b>LAST TAKE POINT</b> 100' FNL 658' FWL, SECTION 21 12707' MEASURED DEPTH IN FEET NAD 83, SPCS NM EAST X:645481.78' / Y:472153.08' LAT:32.29757236N / LON:103.99627882W NAD 27, SPCS NM EAST X:604298.65' / Y:472093.53' LAT:32.29745038N / LON:103.99578694W</p>	
	<p><b>FIRST TAKE POINT</b> 510' FSL 668' FWL, SECTION 21 7993' MEASURED DEPTH IN FEET NAD 83, SPCS NM EAST X:645485.01' / Y:467442.99' LAT:32.28462510N / LON:103.99631626W NAD 27, SPCS NM EAST X:604301.75' / Y:467383.55' LAT:32.28450300N / LON:103.99582487W</p>	<p><b>KICK OFF POINT</b> 28' FSL 674' FWL, SECTION 21 7213' MEASURED DEPTH IN FEET NAD 83, SPCS NM EAST X:645490.60' / Y:466961.10' LAT:32.28330043N / LON:103.99630307W NAD 27, SPCS NM EAST X:604307.33' / Y:466960.168' LAT:32.28317833N / LON:103.99581173W</p>	
	<p><b>SURFACE HOLE LOCATION</b> 270' FNL 1165' FWL, SECTION 28 0' MEASURED DEPTH IN FEET NAD 83, SPCS NM EAST X:645983.70' / Y:466663.62' LAT:32.28247844N / LON:103.99471050W NAD 27, SPCS NM EAST X:604800.42' / Y:466604.20' LAT:32.28235632N / LON:103.99421924W</p>	<p><b>18 SURVEYOR CERTIFICATION</b> 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.</p> <p>MARCH 5, 2020</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>	
	<p>SHEET 1 OF 1 JOB No. R3982_001 REV 1 JCS 3/4/2020</p>		

Distances/areas relative to NAD 83 Combined Scale Factor: 0.999922 Convergence Angle: 0.18084607°



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1625 N. French Dr., Hobbs, NM 88240  
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☐ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION AS-DRILLED PLAT**

<sup>1</sup> API Number 30-015-45895	<sup>2</sup> Pool Code 98220	<sup>3</sup> Pool Name Purple Sage; Wolfcamp (Gas)
<sup>4</sup> Property Code	Property Name Blue Steel 21 WA Fee	<sup>6</sup> Well Number 9H
<sup>7</sup> OGRID No. 372098	<sup>8</sup> Operator Name MARATHON OIL PERMIAN LLC	<sup>9</sup> Elevation 3001'

<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
D	28	23S	29E		270	NORTH	1225	WEST	EDDY

<sup>11</sup> Bottom Hole Location If Different From Surface									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	16	23S	29E		286	NORTH	1654	WEST	EDDY

<sup>12</sup> Dedicated Acres 640.0	<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.

	<b>CORNER COORDINATES NAD 83, SPCS NM EAST</b> A - X: 644823.90' / Y: 472250.71' B - X: 644867.18' / Y: 477568.44' C - X: 647506.95' / Y: 477578.03' D - X: 647481.28' / Y: 472260.27' E - X: 647475.03' / Y: 466934.71' F - X: 644816.72' / Y: 466932.98'	<b>CORNER COORDINATES NAD 27, SPCS NM EAST</b> A - X: 603640.77' / Y: 472191.16' B - X: 603684.20' / Y: 477508.77' C - X: 606323.97' / Y: 477518.36' D - X: 606298.14' / Y: 472200.73' E - X: 606291.75' / Y: 466875.28' F - X: 603633.45' / Y: 466873.55'	<b><sup>17</sup> OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order. heretofore entered by the division. Signature: <i>Adrian Covarrubias</i> Date: 4/3/2020 Printed Name: Adrian Covarrubias E-mail Address:
	<b>BOTTOM HOLE LOCATION</b> 286' FNL 1654' FWL, SECTION 16 20328' MEASURED DEPTH IN FEET NAD 83, SPCS NM EAST X: 646518.87' / Y: 477288.40' LAT: 32.31167946N / LON: 103.99286963W NAD 27, SPCS NM EAST X: 605335.88' / Y: 477228.74' LAT: 32.31155758N / LON: 103.99237728W	<b>LAST TAKE POINT</b> 330' FNL 1653' FWL, SECTION 16 20284' MEASURED DEPTH IN FEET NAD 83, SPCS NM EAST X: 646517.95' / Y: 477244.43' LAT: 32.31155861N / LON: 103.99287308W NAD 27, SPCS NM EAST X: 605334.96' / Y: 477184.77' LAT: 32.31143673N / LON: 103.99238074W	<b><sup>18</sup> SURVEYOR CERTIFICATION</b> 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. MARCH 5, 2020 Date of Survey: <i>Lloyd P. Short</i> Signature and Seal of Professional Surveyor: <i>Lloyd P. Short</i> Certificate Number: LLOYD P. SHORT 21653
	<b>FIRST TAKE POINT</b> 330' FSL 1642' FWL, SECTION 21 10273' MEASURED DEPTH IN FEET NAD 83, SPCS NM EAST X: 646459.73' / Y: 467264.18' LAT: 32.28412514N / LON: 103.99316399W NAD 27, SPCS NM EAST X: 605276.46' / Y: 467204.75' LAT: 32.28400303N / LON: 103.99267270W	<b>KICK OFF POINT</b> 67' FSL 1647' FWL, SECTION 21 9762' MEASURED DEPTH IN FEET NAD 83, SPCS NM EAST X: 646464.05' / Y: 467001.12' LAT: 32.28340199N / LON: 103.99315272W NAD 27, SPCS NM EAST X: 605280.77' / Y: 466994.170' LAT: 32.28327987N / LON: 103.99266146W	
	<b>SURFACE HOLE LOCATION</b> 270' FNL 1225' FWL, SECTION 28 0' MEASURED DEPTH IN FEET NAD 83, SPCS NM EAST X: 646043.69' / Y: 466663.67' LAT: 32.28247805N / LON: 103.99451639W NAD 27, SPCS NM EAST X: 604860.41' / Y: 466604.25' LAT: 32.28235594N / LON: 103.99402512W		
	SHEET 1 OF 1 JOB No. R3942_001 REV 1 JCS 3/4/2020		

Distances/areas relative to NAD 83 Combined Scale Factor: 0.9997823 Convergence Angle: 00°11'10.61002"







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## WELL LOCATION AND ACREAGE DEDICATION AS-DRILLED PLAT

<sup>1</sup> API Number 30-015-45892	<sup>2</sup> Pool Code 96721	<sup>3</sup> Pool Name Laguna Salado (Bone Spring)
<sup>4</sup> Property Code	Property Name Blue Steel 21 FB Fee	<sup>6</sup> Well Number 25H
<sup>7</sup> OGRID No. 372098	<sup>8</sup> Operator Name MARATHON OIL PERMIAN LLC	<sup>9</sup> Elevation 3001'

<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
D	28	23S	29E		270	NORTH	1135	WEST	EDDY

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

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	21	23S	29E		36	NORTH	2003	WEST	EDDY

<sup>12</sup> Dedicated Acres 160.0	<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.

	<b>CORNER COORDINATES</b> NAD 83, SPCS NM EAST A - X: 646152.59' / Y: 472255.49' B - X: 647481.28' / Y: 472260.27' C - X: 647475.03' / Y: 466934.71' D - X: 646145.88' / Y: 466933.84'	<b>CORNER COORDINATES</b> NAD 27, SPCS NM EAST A - X: 604969.46' / Y: 472195.94' B - X: 606298.14' / Y: 472200.73' C - X: 606291.75' / Y: 466875.28' D - X: 604962.60' / Y: 466874.42'	<b><sup>17</sup> OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.  <div style="text-align: right;">             Signature            Date 4/3/2020         </div>	
	<b>BOTTOM HOLE LOCATION</b> 36' FNL 2003' FWL, SECTION 21 12802' MEASURED DEPTH IN FEET NAD 83, SPCS NM EAST X: 646826.98' / Y: 472222.32' LAT: 32.29775100N / LON: 103.99192462W NAD 27, SPCS NM EAST X: 605643.83' / Y: 472162.77' LAT: 32.29762901N / LON: 103.99143283W	<b>LAST TAKE POINT</b> 100' FNL 2002' FWL, SECTION 21 12738' MEASURED DEPTH IN FEET NAD 83, SPCS NM EAST X: 646825.95' / Y: 472157.91' LAT: 32.29757397N / LON: 103.99192855W NAD 27, SPCS NM EAST X: 605642.81' / Y: 472098.37' LAT: 32.29745197N / LON: 103.99143677W		<b><sup>18</sup> SURVEYOR CERTIFICATION</b> 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.  MARCH 5, 2020  Date of Survey Signature and Seal of Professional Surveyor:
	<b>FIRST TAKE POINT</b> 472' FSL 1986' FWL, SECTION 21 7980' MEASURED DEPTH IN FEET NAD 83, SPCS NM EAST X: 646803.65' / Y: 467405.87' LAT: 32.28451160N / LON: 103.99204966W NAD 27, SPCS NM EAST X: 605620.38' / Y: 467346.43' LAT: 32.28438949N / LON: 103.99155838W	<b>KICK OFF POINT</b> 60' FSL 1999' FWL, SECTION 21 7253' MEASURED DEPTH IN FEET NAD 83, SPCS NM EAST X: 646815.58' / Y: 466994.09' LAT: 32.28337959N / LON: 103.99201529W NAD 27, SPCS NM EAST X: 605632.30' / Y: 466934.67' LAT: 32.28325748N / LON: 103.99152406W		<b>SURFACE HOLE LOCATION</b> 270' FNL 1135' FWL, SECTION 28 0' MEASURED DEPTH IN FEET NAD 83, SPCS NM EAST X: 645953.71' / Y: 466663.66' LAT: 32.28247880N / LON: 103.99480756W NAD 27, SPCS NM EAST X: 604770.42' / Y: 466604.24' LAT: 32.28235669N / LON: 103.99431629W
	<b>NEAREST TO THE LEASE LINE</b> MD = 10386'  <b>FURTHEST FROM THE LEASE LINE</b> MD = 8059'			
	SHEET 1 OF 1 JOB No. R3942_016 REV 1 JCS 3/4/2020			

Distances/areas relative to NAD 83 Combined Scale Factor: 0.999922 Convergence Angle: 0.18084607°



## District I

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Revised August 1, 2011

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## WELL LOCATION AND ACREAGE DEDICATION AS-DRILLED PLAT

<sup>1</sup> API Number 30-015-45893	<sup>2</sup> Pool Code 98220	<sup>3</sup> Pool Name Purple Sage (Wolfcamp)
<sup>4</sup> Property Code	<sup>5</sup> Property Name Blue Steel 21 WXY Fee	<sup>6</sup> Well Number 6H
<sup>7</sup> OGRID No. 372098	<sup>8</sup> Operator Name MARATHON OIL PERMIAN LLC	<sup>9</sup> Elevation 3001'

<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
D	28	23S	29E		270	NORTH	1195	WEST	EDDY

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

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	16	23S	29E		332	NORTH	1192	WEST	EDDY

<sup>12</sup> Dedicated Acres 640.0	<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.

	<b>CORNER COORDINATES</b> <b>NAD 83, SPCS NM EAST</b> A - X: 644867.18' / Y: 477568.44' B - X: 647506.95' / Y: 477578.03' C - X: 647475.03' / Y: 466934.71' D - X: 644816.72' / Y: 466932.98'	<b>CORNER COORDINATES</b> <b>NAD 27, SPCS NM EAST</b> A - X: 603684.20' / Y: 477508.77' B - X: 606323.97' / Y: 477518.36' C - X: 606291.75' / Y: 466875.28' D - X: 603633.45' / Y: 466873.55'	<b><sup>17</sup> OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.  Signature: Adrian Covarrubias Date: 4/3/2020	
	<b>LAST TAKE POINT/BOTTOM HOLE LOCATION</b> 332' FNL 1192' FWL, SECTION 16 20073' MEASURED DEPTH IN FEET <b>NAD 83, SPCS NM EAST</b> X: 646056.89' / Y: 477240.73' LAT: 32.31155243N / LON: 103.99436549W <b>NAD 27, SPCS NM EAST</b> X: 604873.90' / Y: 477181.06' LAT: 32.31143057N / LON: 103.99387311W			<b>FIRST TAKE POINT</b> 330' FSL 1010' FWL, SECTION 16 10060' MEASURED DEPTH IN FEET <b>NAD 83, SPCS NM EAST</b> X: 645827.45' / Y: 467263.63' LAT: 32.28412913N / LON: 103.99521001W <b>NAD 27, SPCS NM EAST</b> X: 604644.17' / Y: 467204.20' LAT: 32.28400703N / LON: 103.99471867W
	<b>KICK OFF POINT</b> 64' FSL 1004' FWL, SECTION 16 9476' MEASURED DEPTH IN FEET <b>NAD 83, SPCS NM EAST</b> X: 645820.74' / Y: 466997.70' LAT: 32.28339817N / LON: 103.99523442W <b>NAD 27, SPCS NM EAST</b> X: 604637.46' / Y: 466938.27' LAT: 32.28327606N / LON: 103.99474310W			<b>SURFACE HOLE LOCATION</b> 270' FNL 1195' FWL, SECTION 28 <b>NAD 83, SPCS NM EAST</b> X: 646013.73' / Y: 466663.67' LAT: 32.28247830N / LON: 103.99461334W <b>NAD 27, SPCS NM EAST</b> X: 604830.44' / Y: 466604.25' LAT: 32.28235618N / LON: 103.99412208W
	<b>SHLC</b> 330'			<b>SHLC</b> 330'

MARCH 5, 2020

Date of Survey

Signature and Seal of Professional Surveyor

Certificate Number

LLOYD P. SHORT 21653

Distances/areas relative to NAD 83 Combined Scale Factor: 0.99992163 Convergence Angle: 0.18084607°



# Carlsbad Current Argus

PART OF THE USA TODAY NETWORK

## Affidavit of Publication

Ad # 0004925230

This is not an invoice

MODRALL SPERLING

POBOX 2168

ALBUQUERQUE, NM 87103-2168

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

09/24/2021

*Amy Kohott*  
Legal Clerk

Subscribed and sworn before me this September 24, 2021:

*Kathleen Allen*  
State of WI, County of Brown  
NOTARY PUBLIC

*1-7-28*  
My commission expires

Application of Marathon Oil Permian LLC for approval of surface lease commingling, Eddy County, New Mexico. Notice to all affected parties, as well as the heirs and devisees of: Devon Energy Production Company, L.P.; NOVO Minerals, LP.; and the State of New Mexico of Marathon Oil Permian LLC's application for surface lease commingling. Marathon Oil Permian LLC, 5555 San Felipe Street, Houston, Texas 77056, has filed an application with the New Mexico Oil Conservation Division seeking administrative approval to surface lease commingle production according to the provisions of NMAC 19.15.12.10.C from the Blue Steel 21 FB Fee 21H well, Blue Steel 21 FB Fee 25H well, located in the Laguna Salado; Bone Spring Pool (96721), and the Blue Steel 21 WA Fee 2H well, Blue Steel 21 WA Fee 9H well, Blue Steel 21 WXY Fee 6H well, and the Blue Steel 21 WXY Fee 8H well, located in the Purple Sage Wolfcamp Pool (98220), all located in Section 28, T23S-R29E, Eddy County, New Mexico. Any objection or requests for a hearing regarding this application must be submitted to the Division's Santa Fe office, 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505 in writing within 20 days from the date the Oil Conservation Division receives Marathon's application. Any interested party with questions or comments may contact Chase Rice, [cf Rice@marathonoil.com](mailto:cf Rice@marathonoil.com), 713-296-3055. #4925230, Current Argus, September 24, 2021

KATHLEEN ALLEN  
Notary Public  
State of Wisconsin

Ad # 0004925230

PO #: 4925230

# of Affidavits 1

This is not an invoice



**Chase Rice**

Staff Land Professional  
Permian

**Marathon Oil Company**

990 Town & Country Blvd.  
Houston, TX 77024  
Telephone 713.296.3055  
cfrice@marathonoil.com

October 14, 2021

**DELIVERED VIA:**  
Certified Mail

Re: Application for Surface Commingling  
Application# PLC-788  
Blue Steel 21 FB Fee #21H (30-015-45901)  
Blue Steel 21 FB Fee #25H (30-015-46892)  
Section 21, T23S-R29E, N.M.P.M  
Eddy County, New Mexico

To whom it may concern:

This letter will serve as confirmation that the tract(s) of land designated to the above referenced wells are contained within the boundaries of a single lease and do not require a pooling agreement.

Should you have any questions please do not hesitate to contact me at 713-296-3055 or by email at [cfrice@marathonoil.com](mailto:cfrice@marathonoil.com).

Sincerely,

MARATHON OIL PERMAIN LLC

Chase Rice, CPL

**From:** [Rice, Chase F. \(MRO\)](#)  
**To:** [Covarrubias, Adrian \(MRO\)](#); [McClure, Dean, EMNRD](#)  
**Cc:** [Castaneda, Jinni A. \(MRO\)](#); [Rule, Clayton W. \(MRO\)](#)  
**Subject:** [EXTERNAL] RE: surface commingling application PLC-788  
**Date:** Thursday, October 14, 2021 6:54:28 AM  
**Attachments:** [Landman Statement - Blue Steel FB Fee Wells.pdf](#)

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**CAUTION:** This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.

Dean, please disregard the statement attached to the prior email sent by Adrian. Attached is a revised statement reflecting the correct wells.

Regards,

Chase Rice, CPL  
Staff Land Professional – Permian

Marathon Oil Corp.  
990 Town & Country Blvd  
Houston, Texas 77024  
O: 713-296-3055  
C: 832-530-0051

Confidentiality Warning: This message and any attachments are intended only for the use of the intended recipient(s), are confidential, and may be privileged. If you are not the intended recipient, you are hereby notified that any review, retransmission, conversion to hard copy, copying, circulation or other use of all or any portion of this message and any attachments is strictly prohibited. If you are not the intended recipient, please notify the sender immediately by return e-mail, and delete this message and any attachments from your system.

Notice: Should the contents of this message concern any potential agreement it is understood that any final agreement is subject to diligence and management approval; there shall be no binding agreement until the parties have executed and exchanged a definitive final agreement.

---

**From:** Covarrubias, Adrian (MRO) <acovarrubias@marathonoil.com>  
**Sent:** Thursday, October 14, 2021 7:42 AM  
**To:** McClure, Dean, EMNRD <Dean.McClure@state.nm.us>  
**Cc:** Castaneda, Jinni A. (MRO) <jacastaneda@marathonoil.com>; Rice, Chase F. (MRO) <cfrice@marathonoil.com>; Rule, Clayton W. (MRO) <cwrule@marathonoil.com>  
**Subject:** RE: surface commingling application PLC-788  
**Importance:** High

Hi Dean,

Thank you again for the expedite job on this one. You are correct on your assumption that the Sale/Transfer for oil and gas is occurring at the sales meter labeled “field measurement points” for BLM language. Attached is the statement from our Landman about the pooling agreement.

Let me know if you need anything else.

Kind Regards,

**Adrian Covarrubias**

Regulatory Professional | Permian Asset

Marathon Oil Company

990 Town & Country Blvd. Houston, TX 77024

O: 713.296.3368 | M: 713.962.7591

**Please note new office address**

---

**From:** McClure, Dean, EMNRD <[Dean.McClure@state.nm.us](mailto:Dean.McClure@state.nm.us)>

**Sent:** Wednesday, October 13, 2021 7:02 PM

**To:** Covarrubias, Adrian (MRO) <[acovarrubias@marathonoil.com](mailto:acovarrubias@marathonoil.com)>

**Subject:** [External] surface commingling application PLC-788

**Beware of links/attachments.**

Mr. Covarrubias,

I am reviewing surface commingling application PLC-788 which involves the Blue Steel 21 Fee Battery operated by Marathon Oil Permian, LLC (372098).

Within the application, you refer to the oil and gas sales meters as field measurement points. Please confirm that the sale or title transfer of this production is occurring at these meters. I'm speculating that the language may have only been included as the template is used for BLM submittals as well, but wish to confirm that.

Please submit a statement from your landman or other qualified person confirming that the tracts of land designated to the following wells has a pooling agreement and the boundaries of that/those pooling agreement(s), or else confirmation that they are contained by a single lease and do not require a pooling agreement.

Well API	Well Name	UL or Q/Q	S-T-R	Pool Code
30-015-45901	Blue Steel 21 FB Fee #21H	W/2 W/2	21-23S-29E	96721
30-015-45892	Blue Steel 21 FB Fee #25H	E/2 W/2	21-23S-29E	96721

Dean McClure

Petroleum Engineer, Oil Conservation Division

New Mexico Energy, Minerals and Natural Resources Department

(505) 469-8211

**From:** [Engineer, OCD, EMNRD](#)  
**To:** [Covarrubias, Adrian \(MRO\)](#)  
**Cc:** [McClure, Dean, EMNRD](#); [Hawkins, James, EMNRD](#); [Powell, Brandon, EMNRD](#); [lisa@rwbyram.com](mailto:lisa@rwbyram.com); [Holm, Anchor E.](#); [Dawson, Scott](#)  
**Subject:** Approved Administrative Order PLC-788  
**Date:** Thursday, October 14, 2021 5:27:54 PM  
**Attachments:** [PLC788 Order.pdf](#)

NMOCD has issued Administrative Order PLC-788 which authorizes Marathon Oil Permian, LLC (372098) to surface commingle or off-lease measure, as applicable, the following wells:

Well API	Well Name	UL or Q/Q	S-T-R	Pool Code
30-015-45901	Blue Steel 21 FB Fee #21H	W/2 W/2	21-23S-29E	96721
30-015-45892	Blue Steel 21 FB Fee #25H	E/2 W/2	21-23S-29E	96721
30-015-46069	Blue Steel 21 WA Fee #2H	W/2	16-23S-29E	98220
		W/2	21-23S-29E	
30-015-45895	Blue Steel 21 WA Fee #9H	W/2	16-23S-29E	98220
		W/2	21-23S-29E	
30-015-45893	Blue Steel 21 WXY Fee #6H	W/2	16-23S-29E	98220
		W/2	21-23S-29E	
30-015-45894	Blue Steel 21 WXY Fee #8H	W/2	16-23S-29E	98220
		W/2	21-23S-29E	

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. If you have any questions regarding this matter, please contact me.

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

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## Notice

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Order: **PLC-788**  
Operator: **Marathon Oil Permian, LLC (372098)**  
Publication Date: **9/24/2021**  
Submittal Date: **9/21/2021**

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### Noticed Persons

Date	Person	Certified Tracking Number	Status
9/24/2021	New Mexico State Land Office	9314 8699 0430 0086 8170 91	Delivered
9/24/2021	Devon Energy Production Company, L.P.	9314 8699 0430 0086 8171 07	Delivered
9/24/2021	NOVO Minerals, LP	9314 8699 0430 0086 8171 14	Delivered

**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-788**

**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 (“Applicant”) submitted a complete application to surface commingle the oil and gas production from the pools, leases, and wells identified in Exhibit A (“Application”).
2. Applicant proposed a method to allocate the oil and gas production to the pools, leases, and wells to be commingled.
3. To the extent that ownership is identical, Applicant 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.
4. To the extent that ownership is diverse, Applicant 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. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.
6. Applicant 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, 19.15.12. NMAC, and 19.15.23. NMAC.
8. Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10.A.(2) NMAC, 19.15.12.10.C.(4)(c) NMAC, and 19.15.12.10.C.(4)(e) NMAC, as applicable.

9. Applicant satisfied the notice requirements for the Application in accordance with 19.15.23.9.A.(5) NMAC and 19.15.23.9.A.(6) NMAC, as applicable.
10. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.10.B.(1) NMAC or 19.15.12.10.C.(1) NMAC, as applicable.
11. 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) NMAC and 19.15.12.10.C.(4)(h) NMAC.
12. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

### **ORDER**

1. Applicant is authorized to surface commingle oil and gas production from the pools, leases, and wells identified in Exhibit A.

Applicant is authorized to store and measure oil and gas production off-lease from the pools, leases, and wells identified in Exhibit A at a central tank battery described in Exhibit A.

2. This Order supersedes Order OLM-222.
3. The oil and gas production for each well identified in Exhibit A shall be separated and metered prior to commingling.
4. Applicant shall measure and market the commingled oil at a central tank battery described in Exhibit A in accordance with this Order and 19.15.18.15. NMAC or 19.15.23.8. NMAC.
5. Applicant shall measure and market the commingled gas at a well pad, central delivery point, central tank battery, or gas title transfer meter described in Exhibit A in accordance with this Order and 19.15.19.9. NMAC, provided however that if the gas is vented or flared, and regardless of the reason or authorization pursuant to 19.15.28.8.B. NMAC for such venting or flaring, Applicant shall measure or estimate the gas in accordance with 19.15.28.8.E. NMAC.
6. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10.C.(2) NMAC.
7. 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 Applicant 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 Applicant 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.
8. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.



9. If OCD determines that Applicant has failed to comply with any provision of this Order, OCD may take any action authorized by the Oil and Gas Act or the New Mexico Administrative Code (NMAC).
10. OCD retains jurisdiction of this matter and reserves the right to modify or revoke this Order as it deems necessary.

**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**

  
\_\_\_\_\_  
**ADRIENNE SANDOVAL  
DIRECTOR**

**DATE:** 10/14/2021

State of New Mexico  
Energy, Minerals and Natural Resources Department

## Exhibit A

Order: **PLC-788**

Operator: **Marathon Oil Permian, LLC (372098)**

Central Tank Battery: **Blue Steel 21 Fee Battery**

Central Tank Battery Location: **Unit D, Section 28, Township 23 South, Range 29 East**

Gas Title Transfer Meter Location: **Unit D, Section 28, Township 23 South, Range 29 East**

### Pools

Pool Name	Pool Code
<b>LAGUNA SALADO; BONE SPRING</b>	<b>96721</b>
<b>PURPLE SAGE; WOLFCAMP (GAS)</b>	<b>98220</b>

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

Lease	UL or Q/Q	S-T-R
<b>CA Wolfcamp NMSLO 1386105</b>	<b>W/2</b>	<b>16-23S-29E</b>
	<b>W/2</b>	<b>21-23S-29E</b>
<b>Fee</b>	<b>W/2</b>	<b>21-23S-29E</b>

### Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
<b>30-015-45901</b>	<b>Blue Steel 21 FB Fee #21H</b>	<b>W/2 W/2</b>	<b>21-23S-29E</b>	<b>96721</b>
<b>30-015-45892</b>	<b>Blue Steel 21 FB Fee #25H</b>	<b>E/2 W/2</b>	<b>21-23S-29E</b>	<b>96721</b>
<b>30-015-46069</b>	<b>Blue Steel 21 WA Fee #2H</b>	<b>W/2</b>	<b>16-23S-29E</b>	<b>98220</b>
		<b>W/2</b>	<b>21-23S-29E</b>	
<b>30-015-45895</b>	<b>Blue Steel 21 WA Fee #9H</b>	<b>W/2</b>	<b>16-23S-29E</b>	<b>98220</b>
		<b>W/2</b>	<b>21-23S-29E</b>	
<b>30-015-45893</b>	<b>Blue Steel 21 WXY Fee #6H</b>	<b>W/2</b>	<b>16-23S-29E</b>	<b>98220</b>
		<b>W/2</b>	<b>21-23S-29E</b>	
<b>30-015-45894</b>	<b>Blue Steel 21 WXY Fee #8H</b>	<b>W/2</b>	<b>16-23S-29E</b>	<b>98220</b>
		<b>W/2</b>	<b>21-23S-29E</b>	

**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 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 50708

**CONDITIONS**

Operator: MARATHON OIL PERMIAN LLC 990 Town & Country Blvd. Houston, TX 77024	OGRID: 372098
	Action Number: 50708
	Action Type: [C-107] Surface Commingle or Off-Lease (C-107B)

**CONDITIONS**

Created By	Condition	Condition Date
dmcclure	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.	10/14/2021