

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: Gong Worthy State Com 601H; Hefeweizen State Com 301H; Hefeweizen State Com 302H **API:** 30-025-52327; 30-025-52328; 30-025-52341
Pool: WC-025 G-08 S203506D; Bone Spring & Scharb; Wolfcamp, Southeast **Pool Code:** 97986 & 55650

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

Adrian Covarrubias
 Signature

4/16/2024

Date

713-296-3368

Phone Number

acovarrubias@marathonoil.com

e-mail Address

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: 990 Town & Country Blvd, Houston, TX 77024
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
WC-025 G-08 S203506D; Bone Spring 97983	41.87 / 1496	41.87/1496			
Scharb; Wolfcamp, Southeast 55650	41.87 / 1496				

- (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: Adv. Regulatory Compliance Rep DATE: 4/16/2024

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

E-MAIL ADDRESS: acovarrubias@marathonoil.com

SURFACE COMMINGLING
GONG WORHTY 601H & HEFEWEIZEN 301H, 302H

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

The approval of this commingle will not affect the value of oil and gas.

Please see below for details:

Marathon Oil Permian LLC will be using the metering method to measure and allocate production.
Please see below for Method of Allocation.

List of Wells, Leases, and Pools to be commingled:

WELL NAME	API #	LEASE	POOL (CODE)
Gong Worthy State Com 601H	30-025-52327	Com Agreement Sec 30-T19S-R35E	Scharb; Wolfcamp, Southeast (55650)
Hefeweizen State Com 301H	30-025-52328	Admin Order R-22897 W2E2 Sec 30 & Sec 31 T19S-R35E	WC-025 G-08 S203506D; Bone Spring (97983)
Hefeweizen State Com 302H	30-025-52341	Admin Order R-22877 E2E2 Sec 30 & Sec 31 T19S-R35E	WC-025 G-08 S203506D; Bone Spring(97983)

Oil, gas, and water produced from the wells will be piped to the tank battery located on pad (location UL. A-Sec.30-T19S-R35E). Please see attached maps.

Future additions:

Pursuant to Statewide rule 19.15.12.10(C)(4)(g) NMAC, Marathon Oil Permian LLC (Marathon) requests option to amend this Order to add pools, leases, and subsequently drilled wells with spacing units adjacent to or within the tracts commingled by submitting a Form C-107-B provided the pools, leases, and subsequently drilled wells are within the identified parameters included in the Application.

Furthermore, Marathon requests to be able to add wells from pools and leases identified in the application by submitting a subsequent sundry C-103 and C-102 to the NMOCD.

SURFACE COMMINGLING
GONG WORHTY 601H & HEFEWEIZEN 301H, 302H

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 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 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.

GAS ALLOCATION METHODOLOGY

Each well has an orifice meter and a gas lift meter. The facility has a Sales meter 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 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 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.

SURFACE COMMINGLING
GONG WORHTY 601H & HEFEWEIZEN 301H, 302H

WATER ALLOCATION METHODOLOGY

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.

All meter proving and calibration frequencies will be performed as per 19.15.12.10(C)(2) NMAC.

Attachments:

- Certified mail Notification to Interest Owners
- Notification to SLO
- Lease Map
- Flow Diagram
- C-102 Plats



Adrian Covarrubias

Adv. Regulatory Compliance Representative

Marathon Oil Company

990 Town & Country Blvd.

Houston, TX 77024

Telephone 713.296.3368

acovarrubias@marathonoil.com

DELIVERED VIA:
Certified Mail

April 16, 2024

Marathon Oil Permian LLC Application for Surface Commingle

Gong Worthy State Com 601H (API 30-025-52327)

Hefeweizen State Com 301H (API 30-025-52328)

Hefeweizen State Com 302H (API 30-025-52341)

Section 30-T19S-R35E & E2 Sec 30-T19S-35E

Lea County, New Mexico

To whom it may concern:

Marathon Oil Permian LLC ("Marathon") has filed the attached application with the New Mexico Oil Conservation Division ("Division") for administrative approval to surface commingle to the provisions of NMAC 19.15.12.10 from the wells listed above, located in the Scharb; Wolfcamp, Southeast (55650), WC-025 G-08 S203506D; Bone Spring (97983), pools, located in Section 30, T19S-R35E, Lea County, New Mexico.

As an interest owner in these wells, Marathon is required to notify you of this application. Should you have an objection you must file it in writing with the Division no later than 20 days from the date of this letter (the Division's address is 1220 South St. Francis Drive, Santa Fe, NM 87505).

Should you have any questions please do not hesitate to contact me at 713-296-3368 or by email at acovarrubias@marathonoil.com.

Sincerely,

Adrian Covarrubias

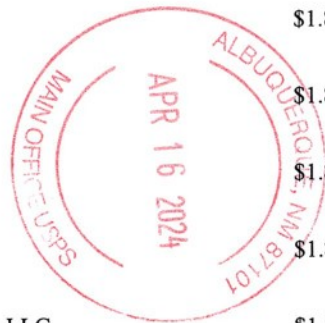
Karlene Schuman
Modrall Sperling Roehl Harris & Sisk P.A.
500 Fourth Street, Suite 1000
Albuquerque NM 87102

PS Form 3877

Type of Mailing: CERTIFIED MAIL
04/16/2024

Firm Mailing Book ID: 264523

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0120 0281 79	The State of New Mexico Lease Serial No. EO-5885-1 301 Old Santa Fe Trail Santa Fe NM 87501	\$1.87	\$4.40	\$2.32	\$0.00	81363.0124.Hef Notice
2	9314 8699 0430 0120 0281 86	Granite Ridge Holdings, LLC. (wellbore) 5217 McKinney Avenue, Suite 400 Dallas TX 75205	\$1.87	\$4.40	\$2.32	\$0.00	81363.0124.Hef Notice
3	9314 8699 0430 0120 0281 93	EOG Resources, Inc. P.O. Box 1799 Midland TX, 79702 TX 79702	\$1.87	\$4.40	\$2.32	\$0.00	81363.0124.Hef Notice
4	9314 8699 0430 0120 0282 09	Black Shale Minerals, LLC P.O. Box 2243 Longview TX 75606	\$1.87	\$4.40	\$2.32	\$0.00	81363.0124.Hef Notice
5	9314 8699 0430 0120 0282 16	Chisos, Ltd. 1331 Lamar Street, Suite 1075 Houston TX 77010	\$1.87	\$4.40	\$2.32	\$0.00	81363.0124.Hef Notice
6	9314 8699 0430 0120 0282 23	Sipes Exploration, Inc. P.O. Box 10865 Midland TX 79702	\$1.87	\$4.40	\$2.32	\$0.00	81363.0124.Hef Notice
7	9314 8699 0430 0120 0282 30	Southwest Royalties, Inc. P.O. Box 53570 Midland TX 79710	\$1.87	\$4.40	\$2.32	\$0.00	81363.0124.Hef Notice
8	9314 8699 0430 0120 0282 47	MJK Mineral Partners, Ltd 600 N. Marienfeld Street Midland TX 79701	\$1.87	\$4.40	\$2.32	\$0.00	81363.0124.Hef Notice
9	9314 8699 0430 0120 0282 54	Yalch Operating, LP P.O. Box 10458 Midland TX 79702	\$1.87	\$4.40	\$2.32	\$0.00	81363.0124.Hef Notice
10	9314 8699 0430 0120 0282 61	Diane Patrick Tipton 809 Mountain Park Drive Big Spring TX 79720	\$1.87	\$4.40	\$2.32	\$0.00	81363.0124.Hef Notice
11	9314 8699 0430 0120 0282 78	West Pecos Trading Company, LLC 8849 Larston Street Houston TX 77055	\$1.87	\$4.40	\$2.32	\$0.00	81363.0124.Hef Notice
12	9314 8699 0430 0120 0282 85	XTO Holdings, LLC 22777 Springwoods Village Parkway Spring TX 77389	\$1.87	\$4.40	\$2.32	\$0.00	81363.0124.Hef Notice
13	9314 8699 0430 0120 0282 92	D.M. Royalties, Ltd. 4971 E I20 Service Road N. , Ste 302 Willow Park TX 76087	\$1.87	\$4.40	\$2.32	\$0.00	81363.0124.Hef Notice
14	9314 8699 0430 0120 0283 08	Chevron U.S.A., Inc. Attn: Land Manager 6301 Deauville Blvd. Midland TX 79706	\$1.87	\$4.40	\$2.32	\$0.00	81363.0124.Hef Notice
15	9314 8699 0430 0120 0283 15	XTO Royalty Holdings, L.P. 22777 Springwoods Village Parkway Spring TX 77389	\$1.87	\$4.40	\$2.32	\$0.00	81363.0124.Hef Notice



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
04/16/2024

Firm Mailing Book ID: 264523

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
16	9314 8699 0430 0120 0283 22	Manix Royalty, Ltd. 3300 N A Street, Bldg 8, Ste 106 Midland TX 79701	\$1.87	\$4.40	\$2.32	\$0.00	81363.0124.Hef Notice
17	9314 8699 0430 0120 0283 39	John & Theresa Hillman Family Properties, LP P.O. Box 50187 Midland TX 79710	\$1.87	\$4.40	\$2.32	\$0.00	81363.0124.Hef Notice
18	9314 8699 0430 0120 0283 46	B&R Land and Cattle, LLC P.O. Box 2243 Longview TX TX 75606	\$1.87	\$4.40	\$2.32	\$0.00	81363.0124.Hef Notice
19	9314 8699 0430 0120 0283 53	Black Shale Minerals, LLC P.O. Box 2243 Longview TX 75606	\$1.87	\$4.40	\$2.32	\$0.00	81363.0124.Hef Notice
20	9314 8699 0430 0120 0283 60	Chisos, Ltd. 1331 Lamar Street, Suite 1075 Houston TX 77010	\$1.87	\$4.40	\$2.32	\$0.00	81363.0124.Hef Notice
21	9314 8699 0430 0120 0283 77	Donaldson Brown Royalty, LP C/O Paul J. Haviland P.O. Box 1183 Abingdon MD 21009	\$1.87	\$4.40	\$2.32	\$0.00	81363.0124.Hef Notice
22	9314 8699 0430 0120 0283 84	Adele Royalty Ventures, LLC C/O PNC Bank National Association One East Pratt Street Baltimore MD 21202	\$1.87	\$4.40	\$2.32	\$0.00	81363.0124.Hef Notice
23	9314 8699 0430 0120 0283 91	GBB Royalties, LLC, McNamee Hosea C/O Esther A. Streete, Esq. 888 Bestgate Road, Suite 402 Annapolis MD 21401	\$1.87	\$4.40	\$2.32	\$0.00	81363.0124.Hef Notice
24	9314 8699 0430 0120 0284 07	Leslie Hendrix Wood and Lee F. Wood, Jr 1606 Country Club Midland TX 79701	\$1.87	\$4.40	\$2.32	\$0.00	81363.0124.Hef Notice
25	9314 8699 0430 0120 0284 14	Tolleson Private Bank, Trustee John H. and Karolyn M. Hendrix 1976 Trust for benefit of John Hayes 5550 Preston Road, Suite B Dallas TX 75205	\$1.87	\$4.40	\$2.32	\$0.00	81363.0124.Hef Notice
26	9314 8699 0430 0120 0284 21	Lee F. Wood, Jr. 1606 Country Club Dr. Midland TX 79701	\$1.87	\$4.40	\$2.32	\$0.00	81363.0124.Hef Notice
27	9314 8699 0430 0120 0284 38	KHB Energy, LLC Attn: Justin Thompson 5500 Preston Road, Suite 250 Dallas TX 75205	\$1.87	\$4.40	\$2.32	\$0.00	81363.0124.Hef Notice
28	9314 8699 0430 0120 0284 45	Riverbend Oil & Gas IX Investments, LLC. 1200 Smith Street Suite 1950 Houston TX 77002	\$1.87	\$4.40	\$2.32	\$0.00	81363.0124.Hef Notice



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
04/16/2024

Firm Mailing Book ID: 264523

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
Totals:			\$52.36	\$123.20	\$64.96	\$0.00	
			Grand Total:		\$240.52		

List Number of Pieces Listed by Sender	Total Number of Pieces Received at Post Office	Postmaster: Name of receiving employee	Dated:
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28



**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 #:** 372098
Well Name: Gong Worthy State Com 601H; Hefeweizen State Com 301H; Hefeweizen State Com 302H **API #:** 30-025-52327; 30-025-52328; 30-025-52341
Pool: SCHARB; WOLFCAMP, SOUTHEAST WC-025 G-08 S203506D; BONE SPRING LEA; BONE SPRING

OPERATOR NAME: Marathon Oil Permian LLC
OPERATOR ADDRESS: 990 Town & Country Blvd., Houston, TX 77024

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

Adrian Covarrubias

Signature

713-296-3368

Phone Number

4/16/2024

Date

acovarrubias@marathonoil.com

e-mail Address

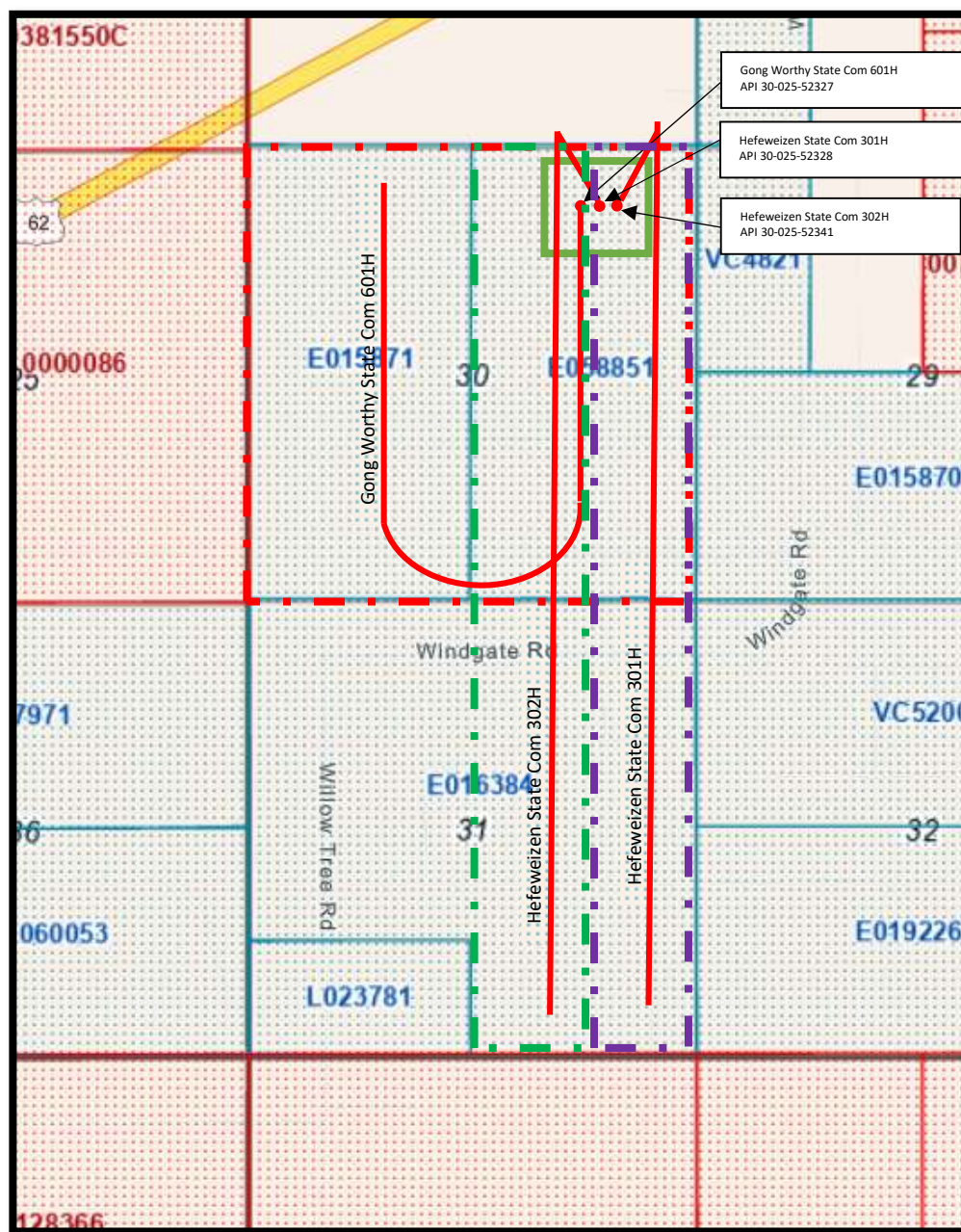
Submit application to:
 Commissioner of Public Lands
 Attn: Commingling Manager
 PO Box 1148
 Santa Fe, NM 87504-1148

Questions?
 Contact the Commingling Manager:
 505.827.5791

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

SURFACE COMMINGLING
GONG WORTHY 601H & HEFEWEIZEN 301H, 302H

1) Lease Map (Sec 30 & 31 – T19S-R35E)



Legend:

- Wells
- Well Pad
- CA – Approved (W2 Sec 21); Wolfcamp
- CA – Admin Order (W2 Sec 21); Bone Spring
- CA – Pending (W2 Sec 21); Bone Spring



Gong Worthy / Hefeweizen State CTB



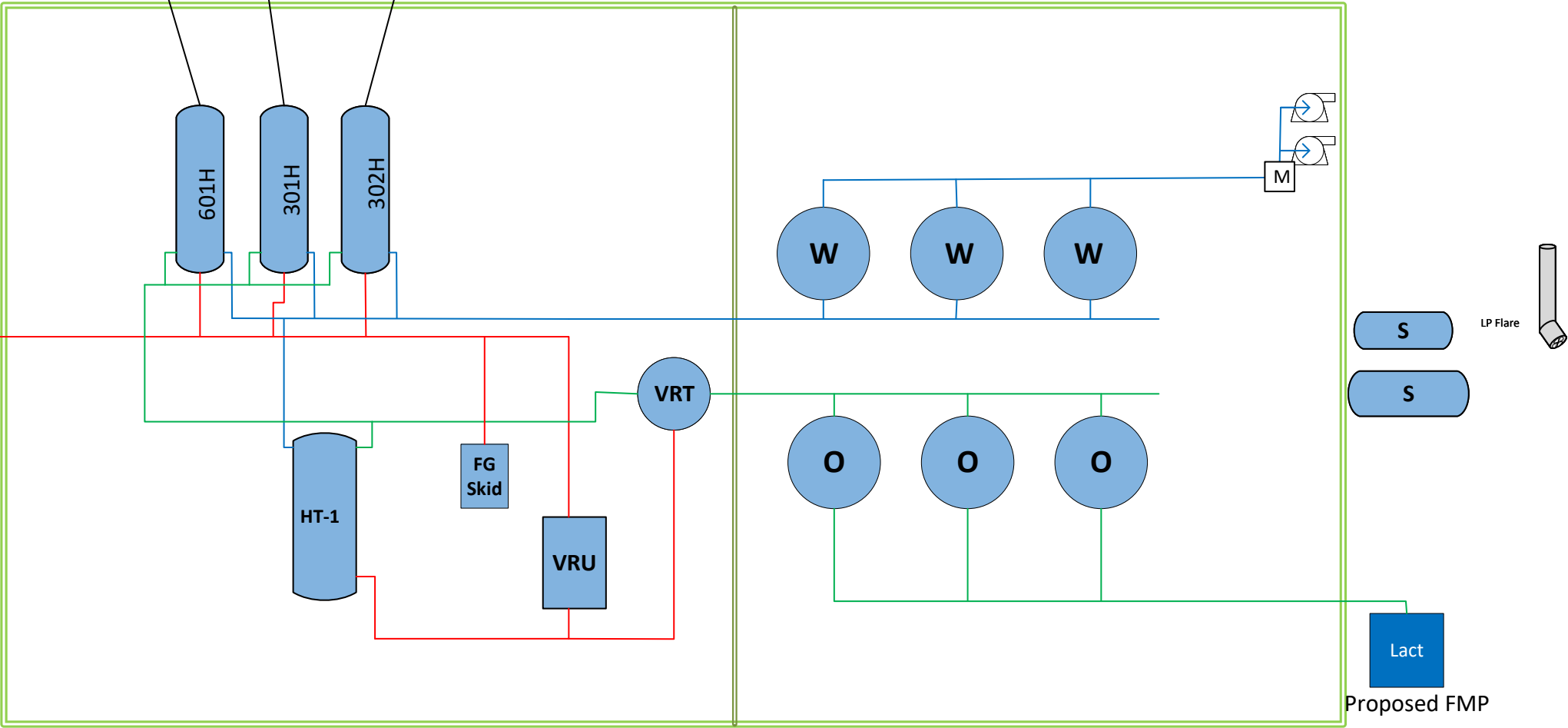
Gong Worthy State Com 601H
30-025-52327
Hefeweizen State Com 301H
30-025-52328
Hefeweizen State Com 302H
30-025-52341

Gong Worthy 601H Hefeweizen 301H Hefeweizen 302H

LEGEND

W = Water Storage Tank
O = Oil Storage Tank
GB = Gun Barrel Tank
S = Separator
HT = Heater Treater
★ = Well Head
G = Generator
P = Pump

Proposed FMP
To Sales



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

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-52327	² Pool Code 55650	³ Pool Name SCHARB; WOLFCAMP, SOUTHEAST
⁴ Property Code 334815	⁵ Property Name GONG WORTHY STATE COM	⁶ Well Number 601H
⁷ OGRID No. 372098	⁸ Operator Name MARATHON OIL PERMIAN LLC	⁹ Elevation 3786'

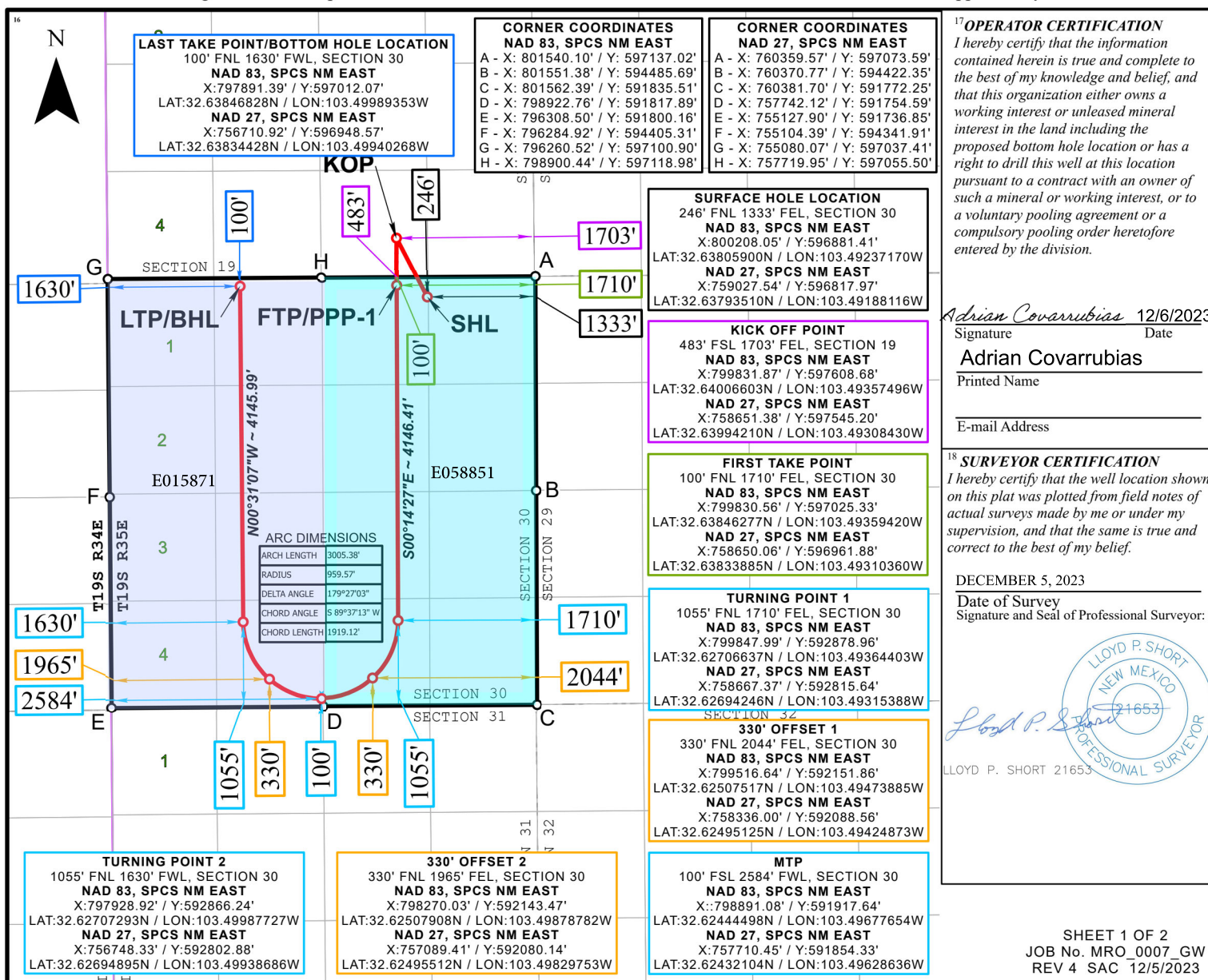
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	30	19S	35E		246	NORTH	1333	EAST	LEA

¹¹ 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	30	19S	35E		100	NORTH	1630	WEST	LEA
¹² Dedicated Acres 637.16	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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.



Distances/areas relative to NAD 83 grid measurements. Combined Scale Factor: 0.99971205 and a Convergence Angle: 0.44922778°

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: (505) 748-1283 Fax: (505) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-52328	² Pool Code 97983	³ Pool Name WC-025 G-08 S203506D; BONE SPRING
⁴ Property Code 335052	⁵ Property Name HEFEWEIZEN STATE COM	⁶ Well Number 301H
⁷ OGRID No. 372098	⁸ Operator Name MARATHON OIL PERMIAN, LLC	⁹ Elevation 3786'

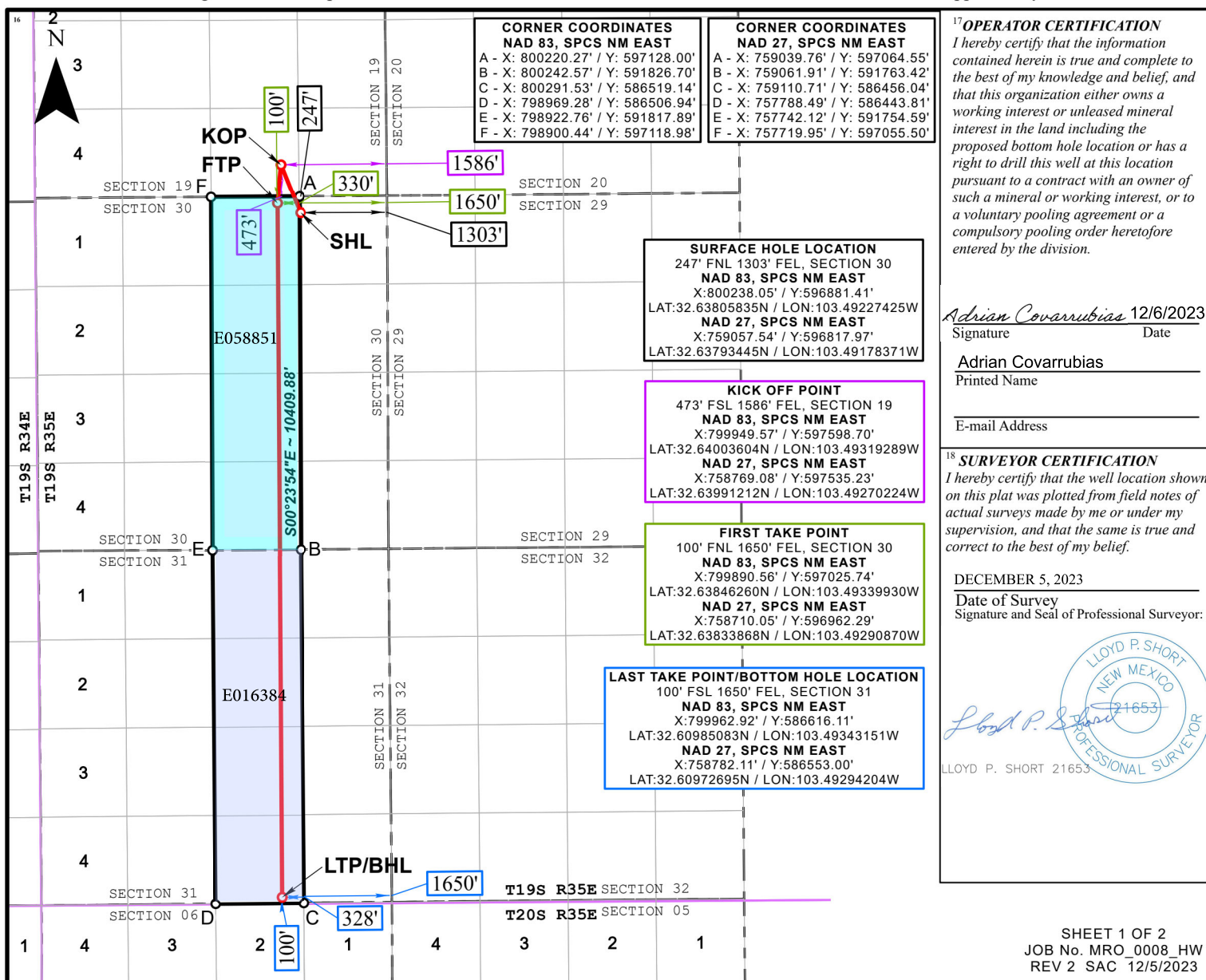
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	30	19S	35E		247	NORTH	1303	EAST	LEA

¹¹ 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
O	31	19S	35E		100	SOUTH	1650	EAST	LEA
¹² Dedicated Acres 320.00	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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.



Distances/areas relative to NAD 83 grid measurements. Combined Scale Factor: 0.99981205 and a Convergence Angle: 0.44922778°

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

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

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

☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-52341	² Pool Code 97983	³ Pool Name WC-025 G-08 S203506D; BONE SPRING
⁴ Property Code 335052	⁵ Property Name HEFEWEIZEN STATE COM	⁶ Well Number 302H
⁷ OGRID No. 372098	⁸ Operator Name MARATHON OIL PERMIAN, LLC	⁹ Elevation 3786'

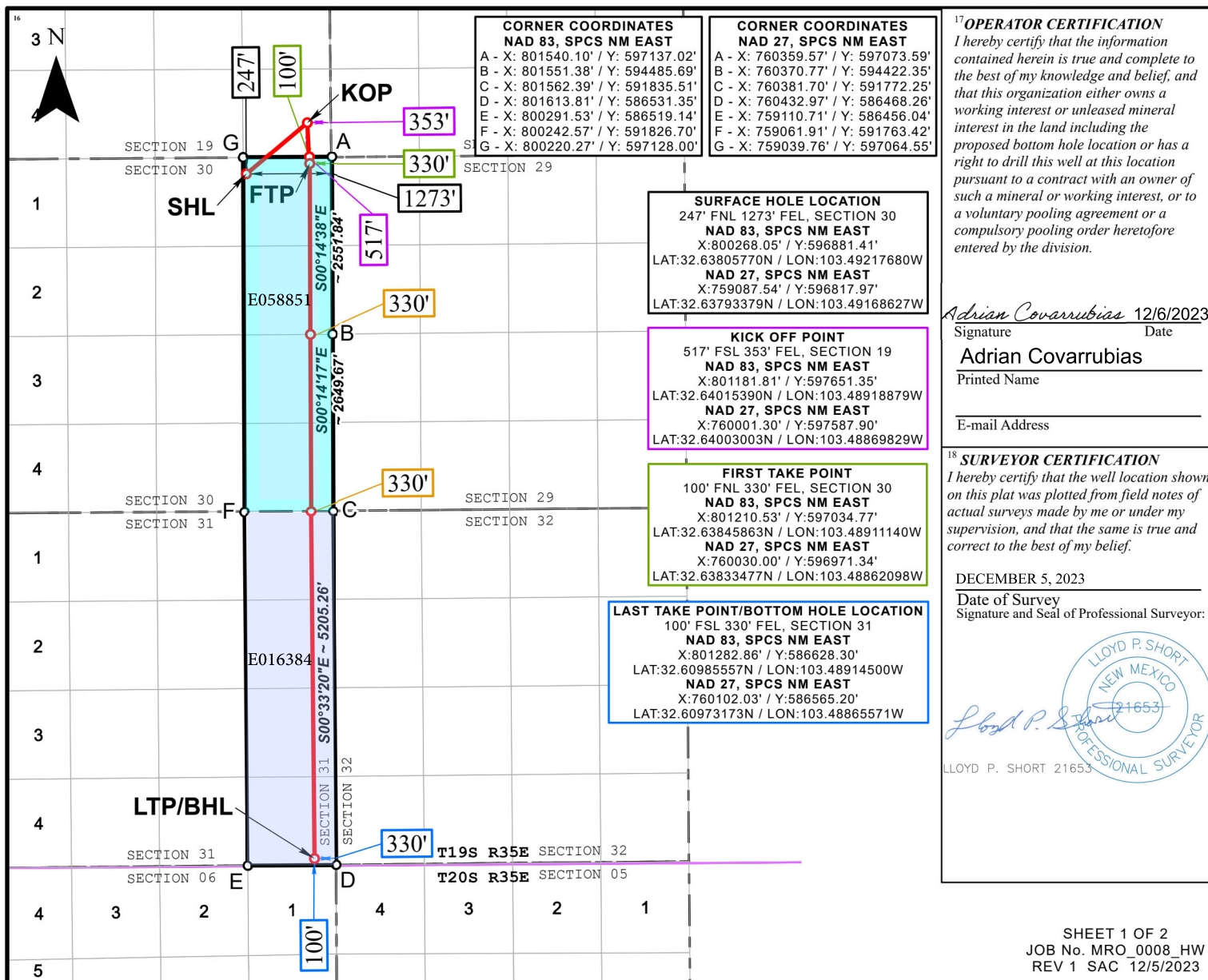
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	30	19S	35E		247	NORTH	1273	EAST	LEA

¹¹ 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
P	31	19S	35E		100	SOUTH	330	EAST	LEA
¹² Dedicated Acres 320.00	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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.



Distances/areas relative to NAD 83 grid measurements. Combined Scale Factor: 0.99981205 and a Convergence Angle: 0.44922778°

Tracking Number:

9314869904300120028179



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USPS Tracking Plus®



Delivered

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SANTA FE, NM 87501

April 19, 2024, 7:29 am

[See All Tracking History](#)

[What Do USPS Tracking Statuses Mean?](#)



COMMISSIONER

Stephanie Garcia Richard

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

www.nmstatelands.org

Michael T. Gatons
T-O Land & Minerals, Inc.
25465 Scenic Loop Rd.
San Antonio, TX 78255

February 7th, 2024

Re: Communitization Agreement Approval
Gong Worthy State Com #601H
Vertical Extent: Wolfcamp
Township: 19 South, Range 35 East, NMPM
Section 30: Lots 1-4, E2NW4, E2SW4, E2

Lea County, New Mexico

Dear Mr. Gatons,

The Commissioner of Public Lands has this date approved the Gong Worthy State Com #601H Communitization Agreement for the Wolfcamp formation effective 12-1-2023. Enclosed are three Certificates of Approval.

The agreement shall remain in effect for One Year, and as long thereafter as communitized substances are produced from the communitized area in paying quantities.

Approval of this agreement does not warrant or certify that the operator and/or other working interest owners hold legal or equitable title to the leases which are committed hereto, nor does the Commissioner's approval constitute adjudication of any federal or private interests, or warrant or certify that the information supplied by the operator regarding federal or private interests is accurate.

If we may be of further service, please contact Joseph Thompson at (505) 827-5750.

Sincerely,

Joseph Thompson

Joseph Thompson
Petroleum Specialist

NEW MEXICO STATE LAND OFFICE

CERTIFICATE OF APPROVAL

COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

Marathon Oil Permian LLC.
Gong Worthy State Com #601H
Wolfcamp
Township: 19 South, Range: 35 East, NMPM
Section 30: Lots 1-4, E2NW4, E2SW4, E2

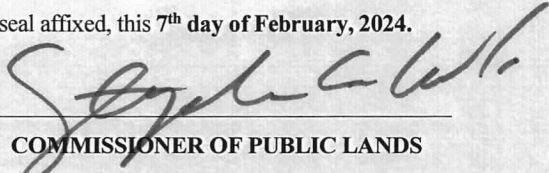
Lea County, New Mexico

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced Agreement dated **December 1, 2023**, which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this **7th day of February, 2024**.


COMMISSIONER OF PUBLIC LANDS
of the State of New Mexico

NEW MEXICO STATE LAND OFFICE

CERTIFICATE OF APPROVAL

COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

Marathon Oil Permian LLC.
Gong Worthy State Com #601H
Wolfcamp
Township: 19 South, Range: 35 East, NMPM
Section 30: Lots 1-4, E2NW4, E2SW4, E2

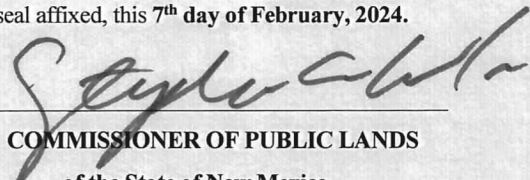
Lea County, New Mexico

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced Agreement dated **December 1, 2023**, which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 7th day of February, 2024.


COMMISSIONER OF PUBLIC LANDS
of the State of New Mexico

NEW MEXICO STATE LAND OFFICE

CERTIFICATE OF APPROVAL

COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

Marathon Oil Permian LLC.
Gong Worthy State Com #601H
Wolfcamp
Township: 19 South, Range: 35 East, NMPM
Section 30: Lots 1-4, E2NW4, E2SW4, E2

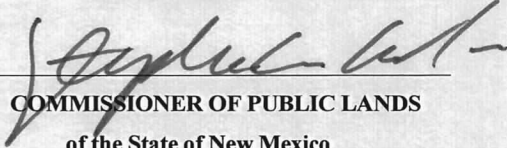
Lea County, New Mexico

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced Agreement dated **December 1, 2023**, which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 7th day of February, 2024.


COMMISSIONER OF PUBLIC LANDS
of the State of New Mexico

**New Mexico State Land Office
Oil, Gas, & Minerals Division****STATE/STATE OR
STATE/FEE**

Revised July 2023

COMMUNITIZATION AGREEMENT

Gong Worthy State Com #601H - API #: 30-025-03260

THIS COMMUNITIZATION AGREEMENT ("Agreement") [which is NOT to be used for carbon dioxide or helium] is entered into and made effective this 1st of December, Two Thousand Twenty-Three, 2023, by and between the parties signing below ("Parties")

WHEREAS, the Commissioner of Public Lands of the State of New Mexico ("Commissioner") is authorized by the Legislature, as set forth in Section 19-10-53, NMSA 1978, in the interest of development of oil and gas and the prevention of waste to consent to and approve the development or operation of State Trust Lands under agreements made by lessees of oil and gas leases thereon, jointly or severally with other oil & gas lessees of State Trust Lands, or oil and gas lessees or mineral owners of privately owned or fee lands, for the purpose of pooling or communitizing such lands to form a proration unit or portion thereof, or well-spacing unit, pursuant to any order, rule or regulation of the New Mexico Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department ("OCD") where such agreement provides for the allocation of the production of oil or gas from such pools or communitized areas on an acreage or other basis found by the Commissioner to be fair and equitable.

WHEREAS, the Parties own working, royalty, or other leasehold or other interests or operating rights under the oil and gas leases and lands subject to this Agreement, and all such State leases are required to remain in good standing and compliant with State laws, rules and regulations, which leases, along with the well(s) on each lease to be encompassed by this Agreement, are more particularly described in the schedule attached hereto, marked Exhibit "A" and made a part hereof, for all purposes; and

WHEREAS, said leases, insofar as they cover the Wolfcamp formation or pool as defined by the NMOCD, as further described on Exhibit "A" (hereinafter referred to as "said formation") in and under the land hereinafter described cannot be independently developed and operated in conformity with the well-spacing program established for such formation in and under said lands; and

WHEREAS, the Parties hereto desire to communitize and pool their respective interests in said leases subject to this Agreement for the purpose of developing, operating and producing hydrocarbons in the said formation in and under the land hereinafter described subject to the terms hereof.

NOW THEREFORE, in consideration of the premises and the mutual advantages to the Parties, it is mutually covenanted and agreed by and between the undersigned as follows:

ONLINE
version

State/State

2024 JUN 29 AM 9:23

2024 JAN 29 AM 9:23

1. The lands described in Exhibit A (or B) covered by this Agreement (hereinafter referred to as the "communitized area") are described as follows:

Township 19 South, Range 35 East, N.M.P.M.

Section 30: E/2

Township 19 South, Range 35 East, N.M.P.M.

Section 30: W/2

Lea County, New Mexico;

Containing 637.16 acres, more or less. It is the judgment of the Parties that the communitization, pooling and consolidation of the aforesaid land into a single unit for the development and production of hydrocarbons from the said formation in and under said land is necessary and advisable in order to properly develop and produce the hydrocarbons in the said formation beneath the said land in accordance with the well spacing rules of the OCD, and in order to promote the conservation of the hydrocarbons in and that may be produced from said formation in and under said lands, and would be in the public interest;

AND, for the purposes aforesaid, the Parties do hereby communitize for proration or spacing purposes only the leases and depths described in Exhibit "A" hereto insofar as they cover hydrocarbons within and that may be produced from the said formation (hereinafter referred to as "communitized substances") beneath the above-described land, into a single communitization, for the development, production, operation and conservation of the hydrocarbons in said formation beneath said lands.

Attached hereto and made a part of this Agreement for all purposes, is Exhibit A showing the acreage, depths communitized, and ownership (lessees of record) of all leases within the communitized area.

2. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the Parties that all communitized substances produced therefrom shall be allocated among the leases described in Exhibit "A" hereto in the proportion that the number of surface acres covered by each of such leases and included within the communitized area bears to the total number of acres contained in the communitized area.
3. Subject to Paragraph 5, the royalties payable on communitized substances allocated to the individual leases and the rentals provided for in said leases shall be determined and paid in the manner and on the basis prescribed in each of said leases. Except as provided for under the terms and provisions of the leases described in Exhibit "A" hereto or as herein provided to the contrary, the payment of rentals or performance of other lease obligations under the terms of said leases shall not be affected by this Agreement; and except as herein modified and changed or heretofore amended, the oil and

2024 JAN 29 AM 9:23

gas leases subject to this Agreement shall remain in full force and effect as originally issued and amended.

4. Marathon Oil Permian LLC shall be the operator of the said communitized area ("Operator") and all matters of operation shall be determined and performed by Marathon Oil Permian LLC. If more than one Operator operates wells subject to this Agreement, the Commissioner reserves the right to require one or more or all operators who added infill wells to this Agreement to obtain a new agreement.
5. The Commissioner hereafter is entitled to the right to take in kind the Commissioner's share for the communitized substances allocated to such tract, and the Operator shall make deliveries of such royalty share taken in kind in conformity with applicable contracts, laws, and regulations.
6. There shall be no obligation upon the Parties to offset any well or wells situated on the tracts of land comprising the communitized area, nor shall the Operator be required to measure separately the communitized substances by reason of the diverse ownership of the separate tracts of land comprising the said communitized area; provided, however, that the Parties shall not be released from their obligation to protect the communitized area from drainage of communitized substances by wells which may be drilled within offset distance (as that term is defined) of the communitized area.
7. The commencement, completion, and continued operation or production of a well or wells of communitized substances on the communitized area shall be considered as the commencement, completion, continued operation or production as to each of the leases described in Exhibit "A" hereto.
8. The production of communitized substances and disposal thereof shall be in conformity with the allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State laws.
9. This Agreement shall be effective as of the date hereinabove written upon execution by the Parties, notwithstanding the date of execution, and upon approval by the Commissioner, shall remain in full force and effect for a period of one year from the date hereof and as long thereafter as communitized substances are produced from the communitized area in paying quantities, and so long as all State leases remain in good standing with all applicable State laws, rules, and regulations; provided, that this Agreement shall not expire if there is a well producing gas in paying quantities located upon some part of the communitized area, if such a well is shut-in due to the inability of the Operator to obtain a pipeline connection or to market the gas therefrom, and if either: (a) a shut-in royalty has been timely and properly paid pursuant to the provisions of one of the State of New Mexico oil and gas leases covering lands subject to this Agreement so as to prevent the expiration of such lease; or (b) each of the State of New Mexico oil and gas leases covering lands subject to this Agreement is in its primary term (if a five-year lease), or in its primary or secondary term (if a ten-year lease), or is held by production from another well located within the physical boundaries of that specific lease assignment. Provided further, however, that prior to production in paying quantities from the communitized area, and upon fulfillment of all requirements of the Commissioner with respect to any dry hole

or abandoned well drilled upon the communitized area, this Agreement may be terminated at any time by mutual agreement of the Parties.

10. Notwithstanding any other provision herein, if there is a cessation of production of communitized substances for more than sixty (60) days beginning one year after the date of execution, this Agreement shall automatically terminate, along with the ability to produce communitized substances, unless notice of reworking or drilling operations on the communitized area is made within 60 days of cessation of production of communitized substances and are thereafter conducted with reasonable diligence or the Commissioner of Public Lands otherwise grants an exception to continued drilling operations, including for the compliance of other state rules, laws, or policies. All such notices provided pursuant to this Paragraph shall be in writing and must be approved by the Commissioner. As to State Trust Lands, written notice of intention to commence any operations hereunder shall be filed with the Commissioner within thirty(30) days after the cessation of such production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this Agreement. All requests to the Commissioner to grant an exception or exceptions for the compliance of other state rules, laws, or policies must be made in writing within thirty (30) days after the cessation of such production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to this Agreement or any lease from the State of New Mexico included in this Agreement

11. Operator shall furnish the Commissioner and the OCD, with any and all reports, statements, notices and well logs and records which may be required under the laws and regulations of the State of New Mexico.

12. It is agreed between the Parties that the Commissioner, or the Commissioner's duly authorized representatives, shall have the right of supervision over all operations under the communitized area to the same extent and degree as provided in the oil and gas leases described in Exhibit "A" hereto and in the applicable oil and gas regulations of the State Land Office and the OCD.

13. If any order of the OCD upon which this Agreement is predicated or based is in anyway changed or modified, then in such event said Agreement is likewise modified to conform thereto.

14. This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all Parties, or may be ratified or consented to by separate instruments, in writing, specifically referring hereto, and shall be binding upon all Parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

2024 JAN 29 AM 9:23

15. This Agreement shall be binding upon the Parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.

16. In the event that Operator is aggrieved by a decision of the Commissioner with respect to any action by the Commissioner arising under this Agreement, Operator may within thirty (30) days after the date of such action file an administrative contest pursuant to 19.7.64 NMSA (1978) and 19.2.15 NMAC. Operator shall initiate no court action against the Commissioner or New Mexico State Land Office regarding this Agreement except to appeal a final decision of the Commissioner rendered pursuant to such a contest proceeding, and as provided by 19.7.64 NMSA (1978). **The Parties agree that any venue for any appeal or other action shall be in Santa Fe, New Mexico.**

17. Operator shall notify the Commissioner in writing within ten (10) days of (i) Operator's receipt of any compliance order, enforcement order, notice of violation, warning letter, or other written notice of final or contemplated enforcement action taken by any federal, state, or local governmental entity arising out of or concerning any of Operator's operations on New Mexico state trust land; (ii) Operator's receipt of any order, judgment, or decree (on consent or otherwise) entered by any federal or state court against Operator arising out of or concerning any of Operator's operations on New Mexico state trust land; or (iii) Operator's receipt of any written notice of claim, written pre-suit notice, or lawsuit arising out of or concerning any of Operator's operations on New Mexico state trust land. Upon the Commissioner's request, Operator shall promptly provide the Commissioner with a copy of any such order, judgment, decree, notice, letter, or lawsuit.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written.

Commissioner of Public Lands: _____

Date: _____

2024 JAN 29 AM 9:23

MARATHON OIL PERMIAN LLC
(Operator and Record Title Owner)DATE: 1-18-2024Chase F. Rice

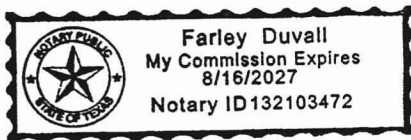
By: Chase F. Rice, Attorney-in-Fact

FD

ACKNOWLEDGEMENTSTATE OF TEXAS)
) SS.
COUNTY OF HARRIS)

This instrument was acknowledged before me on January 18,
2024, by Chase F. Rice as Attorney-in-fact of **Marathon Oil Permian LLC**, a Delaware
limited liability company on behalf of limited liability company

(SEAL)

[Signature]
Notary Public's Signature132103472

Notary's Registration Number

My commission expires: 8/16/2027

EXHIBIT A

Attached to and made a part of that Communitization Agreement dated December 1, 2023, by and between Marathon Oil Permian, LLC, (Operator and Record title Holder) covering the

Township 19 South, Range 35 East, N.M.P.M.
Section 30: E/2
Township 19 South, Range 35 East, N.M.P.M.
Section 30: W/2
Lea County, New Mexico

OPERATOR of Communitized Area: Marathon Oil Permian LLC

DESCRIPTION OF LEASES COMMITTED:**TRACT NO. 1**

Lessor: State of New Mexico acting by and through its
Commissioner of Public Lands
Lessee of Record: Marathon Oil Permian LLC
Serial No. of Lease: E0-5885-0001
Date of Lease: 1/10/1952
Description of Land Committed: Township 19 South, Range 35 East, N.M.P.M.
Section 30: E/2
Lea County, New Mexico
Number of Acres: 320.00

TRACT NO. 2

Lessor: State of New Mexico acting by and through its
Commissioner of Public Lands
Lessee of Record: Marathon Oil Permian LLC
Serial No. of Lease: E0-1587-001
Date of Lease: 11/10/1947
Description of Land Committed: Township 19 South, Range 35 East, N.M.P.M.
Section 30: W/2
Lea County, New Mexico
Number of Acres: 317.16

2024 JAN 29 AM 9:23

RECAPITULATION

Tract numbers	Number of Acres Committed	Percentage of Interest in Communitized Area
Tract No. 1	320.00	50.2229%
Tract No. 2	317.16	49.7771%
<hr/>		
Totals	637.16	100.00%

2024 JAN 29 AM 9:23

2024 JAN 29 AM 9:23

**New Mexico State Land Office
Oil, Gas, & Minerals Division****STATE/STATE OR
STATE/FEE**

Revised July 2023

COMMUNITIZATION AGREEMENT

Gong Worthy State Com #601H - API #: ~~30-025-03260-5~~
30-025-52327

THIS COMMUNITIZATION AGREEMENT ("Agreement") [which is NOT to be used for carbon dioxide or helium] is entered into and made effective this 1st of December, Two Thousand Twenty-Three, 2023, by and between the parties signing below ("Parties")

WHEREAS, the Commissioner of Public Lands of the State of New Mexico ("Commissioner") is authorized by the Legislature, as set forth in Section 19-10-53, NMSA 1978, in the interest of development of oil and gas and the prevention of waste to consent to and approve the development or operation of State Trust Lands under agreements made by lessees of oil and gas leases thereon, jointly or severally with other oil & gas lessees of State Trust Lands, or oil and gas lessees or mineral owners of privately owned or fee lands, for the purpose of pooling or communitizing such lands to form a proration unit or portion thereof, or well-spacing unit, pursuant to any order, rule or regulation of the New Mexico Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department ("OCD") where such agreement provides for the allocation of the production of oil or gas from such pools or communitized areas on an acreage or other basis found by the Commissioner to be fair and equitable.

WHEREAS, the Parties own working, royalty, or other leasehold or other interests or operating rights under the oil and gas leases and lands subject to this Agreement, and all such State leases are required to remain in good standing and compliant with State laws, rules and regulations, which leases, along with the well(s) on each lease to be encompassed by this Agreement, are more particularly described in the schedule attached hereto, marked Exhibit "A" and made a part hereof, for all purposes; and

WHEREAS, said leases, insofar as they cover the Wolfcamp formation or pool as defined by the NMOCD, as further described on Exhibit "A" (hereinafter referred to as "said formation") in and under the land hereinafter described cannot be independently developed and operated in conformity with the well-spacing program established for such formation in and under said lands; and

WHEREAS, the Parties hereto desire to communitize and pool their respective interests in said leases subject to this Agreement for the purpose of developing, operating and producing hydrocarbons in the said formation in and under the land hereinafter described subject to the terms hereof.

NOW THEREFORE, in consideration of the premises and the mutual advantages to the Parties, it is mutually covenanted and agreed by and between the undersigned as follows:

2024 JAN 29 AM 9:23

1. The lands described in Exhibit A (or B) covered by this Agreement (hereinafter referred to as the "communitized area") are described as follows:

Township 19 South, Range 35 East, N.M.P.M.

Section 30: E/2

Township 19 South, Range 35 East, N.M.P.M.

Section 30: W/2

Lea County, New Mexico;

Containing 637.16 acres, more or less. It is the judgment of the Parties that the communitization, pooling and consolidation of the aforesaid land into a single unit for the development and production of hydrocarbons from the said formation in and under said land is necessary and advisable in order to properly develop and produce the hydrocarbons in the said formation beneath the said land in accordance with the well spacing rules of the OCD, and in order to promote the conservation of the hydrocarbons in and that may be produced from said formation in and under said lands, and would be in the public interest;

AND, for the purposes aforesaid, the Parties do hereby communitize for proration or spacing purposes only the leases and depths described in Exhibit "A" hereto insofar as they cover hydrocarbons within and that may be produced from the said formation (hereinafter referred to as "communitized substances") beneath the above-described land, into a single communitization, for the development, production, operation and conservation of the hydrocarbons in said formation beneath said lands.

Attached hereto and made a part of this Agreement for all purposes, is Exhibit A showing the acreage, depths communitized, and ownership (lessees of record) of all leases within the communitized area.

2. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the Parties that all communitized substances produced therefrom shall be allocated among the leases described in Exhibit "A" hereto in the proportion that the number of surface acres covered by each of such leases and included within the communitized area bears to the total number of acres contained in the communitized area.
3. Subject to Paragraph 5, the royalties payable on communitized substances allocated to the individual leases and the rentals provided for in said leases shall be determined and paid in the manner and on the basis prescribed in each of said leases. Except as provided for under the terms and provisions of the leases described in Exhibit "A" hereto or as herein provided to the contrary, the payment of rentals or performance of other lease obligations under the terms of said leases shall not be affected by this Agreement; and except as herein modified and changed or heretofore amended, the oil and

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gas leases subject to this Agreement shall remain in full force and effect as originally issued and amended.

4. Marathon Oil Permian LLC shall be the operator of the said communitized area ("Operator") and all matters of operation shall be determined and performed by Marathon Oil Permian LLC. If more than one Operator operates wells subject to this Agreement, the Commissioner reserves the right to require one or more or all operators who added infill wells to this Agreement to obtain a new agreement.
5. The Commissioner hereafter is entitled to the right to take in kind the Commissioner's share for the communitized substances allocated to such tract, and the Operator shall make deliveries of such royalty share taken in kind in conformity with applicable contracts, laws, and regulations.
6. There shall be no obligation upon the Parties to offset any well or wells situated on the tracts of land comprising the communitized area, nor shall the Operator be required to measure separately the communitized substances by reason of the diverse ownership of the separate tracts of land comprising the said communitized area; provided, however, that the Parties shall not be released from their obligation to protect the communitized area from drainage of communitized substances by wells which may be drilled within offset distance (as that term is defined) of the communitized area.
7. The commencement, completion, and continued operation or production of a well or wells of communitized substances on the communitized area shall be considered as the commencement, completion, continued operation or production as to each of the leases described in Exhibit "A" hereto.
8. The production of communitized substances and disposal thereof shall be in conformity with the allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State laws.
9. This Agreement shall be effective as of the date hereinabove written upon execution by the Parties, notwithstanding the date of execution, and upon approval by the Commissioner, shall remain in full force and effect for a period of one year from the date hereof and as long thereafter as communitized substances are produced from the communitized area in paying quantities, and so long as all State leases remain in good standing with all applicable State laws, rules, and regulations; provided, that this Agreement shall not expire if there is a well producing gas in paying quantities located upon some part of the communitized area, if such a well is shut-in due to the inability of the Operator to obtain a pipeline connection or to market the gas therefrom, and if either: **(a)** a shut-in royalty has been timely and properly paid pursuant to the provisions of one of the State of New Mexico oil and gas leases covering lands subject to this Agreement so as to prevent the expiration of such lease; or **(b)** each of the State of New Mexico oil and gas leases covering lands subject to this Agreement is in its primary term (if a five-year lease), or in its primary or secondary term (if a ten-year lease), or is held by production from another well located within the physical boundaries of that specific lease assignment. Provided further, however, that prior to production in paying quantities from the communitized area, and upon fulfillment of all requirements of the Commissioner with respect to any dry hole

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or abandoned well drilled upon the communitized area, this Agreement may be terminated at any time by mutual agreement of the Parties.

10. Notwithstanding any other provision herein, if there is a cessation of production of communitized substances for more than sixty (60) days beginning one year after the date of execution, this Agreement shall automatically terminate, along with the ability to produce communitized substances, unless notice of reworking or drilling operations on the communitized area is made within 60 days of cessation of production of communitized substances and are thereafter conducted with reasonable diligence or the Commissioner of Public Lands otherwise grants an exception to continued drilling operations, including for the compliance of other state rules, laws, or policies. All such notices provided pursuant to this Paragraph shall be in writing and must be approved by the Commissioner. As to State Trust Lands, written notice of intention to commence any operations hereunder shall be filed with the Commissioner within thirty(30) days after the cessation of such production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this Agreement. All requests to the Commissioner to grant an exception or exceptions for the compliance of other state rules, laws, or policies must be made in writing within thirty (30) days after the cessation of such production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to this Agreement or any lease from the State of New Mexico included in this Agreement

11. Operator shall furnish the Commissioner and the OCD, with any and all reports, statements, notices and well logs and records which may be required under the laws and regulations of the State of New Mexico.

12. It is agreed between the Parties that the Commissioner, or the Commissioner's duly authorized representatives, shall have the right of supervision over all operations under the communitized area to the same extent and degree as provided in the oil and gas leases described in Exhibit "A" hereto and in the applicable oil and gas regulations of the State Land Office and the OCD.

13. If any order of the OCD upon which this Agreement is predicated or based is in anyway changed or modified, then in such event said Agreement is likewise modified to conform thereto.

14. This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all Parties, or may be ratified or consented to by separate instruments, in writing, specifically referring hereto, and shall be binding upon all Parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

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15. This Agreement shall be binding upon the Parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.

16. In the event that Operator is aggrieved by a decision of the Commissioner with respect to any action by the Commissioner arising under this Agreement, Operator may within thirty (30) days after the date of such action file an administrative contest pursuant to 19.7.64 NMSA (1978) and 19.2.15 NMAC. Operator shall initiate no court action against the Commissioner or New Mexico State Land Office regarding this Agreement except to appeal a final decision of the Commissioner rendered pursuant to such a contest proceeding, and as provided by 19.7.64 NMSA (1978). **The Parties agree that any venue for any appeal or other action shall be in Santa Fe, New Mexico.**

17. Operator shall notify the Commissioner in writing within ten (10) days of (i) Operator's receipt of any compliance order, enforcement order, notice of violation, warning letter, or other written notice of final or contemplated enforcement action taken by any federal, state, or local governmental entity arising out of or concerning any of Operator's operations on New Mexico state trust land; (ii) Operator's receipt of any order, judgment, or decree (on consent or otherwise) entered by any federal or state court against Operator arising out of or concerning any of Operator's operations on New Mexico state trust land; or (iii) Operator's receipt of any written notice of claim, written pre-suit notice, or lawsuit arising out of or concerning any of Operator's operations on New Mexico state trust land. Upon the Commissioner's request, Operator shall promptly provide the Commissioner with a copy of any such order, judgment, decree, notice, letter, or lawsuit.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written.

Commissioner of Public Lands: _____ Date: _____

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MARATHON OIL PERMIAN LLC
(Operator and Record Title Owner)

DATE: 1/18/2024

Chase F. Rice FD
By: Chase F. Rice, Attorney-in-Fact

ACKNOWLEDGEMENT

STATE OF TEXAS)
) SS.
COUNTY OF HARRIS)

This instrument was acknowledged before me on January 18,
2024, by Chase F. Rice as Attorney-in-fact of **Marathon Oil Permian LLC**, a Delaware
limited liability company on behalf of limited liability company

(SEAL)

[Signature]
Notary Public's Signature

132103472
Notary's Registration Number

My commission expires: 8/16/2027

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EXHIBIT A

Attached to and made a part of that Communitization Agreement dated December 1, 2023, by and between Marathon Oil Permian, LLC, (Operator and Record title Holder) covering the

Township 19 South, Range 35 East, N.M.P.M.

Section 30: E/2

Township 19 South, Range 35 East, N.M.P.M.

Section 30: W/2

Lea County, New Mexico

OPERATOR of Communitized Area: Marathon Oil Permian LLC

DESCRIPTION OF LEASES COMMITTED:**TRACT NO. 1**

Lessor:	State of New Mexico acting by and through its Commissioner of Public Lands
Lessee of Record:	Marathon Oil Permian LLC
Serial No. of Lease:	E0-5885-0001
Date of Lease:	1/10/1952
Description of Land Committed:	<u>Township 19 South, Range 35 East, N.M.P.M.</u> Section 30: E/2 Lea County, New Mexico
Number of Acres:	320.00

TRACT NO. 2

Lessor:	State of New Mexico acting by and through its Commissioner of Public Lands
Lessee of Record:	Marathon Oil Permian LLC
Serial No. of Lease:	E0-1587-001
Date of Lease:	11/10/1947
Description of Land Committed:	<u>Township 19 South, Range 35 East, N.M.P.M.</u> Section 30: W/2 Lea County, New Mexico
Number of Acres:	317.16

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RECAPITULATION

Tract numbers	Number of Acres Committed	Percentage of Interest in Communitized Area
Tract No. 1	320.00	50.2229%
Tract No. 2	317.16	49.7771%
<hr/>		
Totals	637.16	100.00%

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ORIGIN ID:SATA (210) 826-3000
T O LAND & MINERALS
25465 SCENIC LOOP RD
SAN ANTONIO, TX 78255
UNITED STATES US

SHIP DATE: 22FEB24
ACTWGT: 0.30 LB
CAD: 6992385/SSF02500
BILL THIRD PARTY

Part # 1562974335 HH02 Exp 02/25

TO **FARLEY DUVAL**
MARATHON OIL COMPANY
990 TOWN & COUNTRY
HOUSTON TX 77024

(000) 000-0000
INV: REF: PO: DEPT:

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FEB 27 2024
Land Department
Houston TX

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

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
MARATHON OIL PERMIAN, LLC**

**CASE NO. 23723
ORDER NO. R-22897**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on September 7, 2023, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. Marathon Oil Permian, LLC (“Operator”) submitted an application (“Application”) to compulsory pool the uncommitted oil and gas interests within the spacing unit (“Unit”) described in Exhibit A. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A (“Well(s)”) to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
10. Operator has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.

11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. If the Unit is a non-standard horizontal spacing unit which has not been approved under this Order, Operator shall obtain the OCD's approval for a non-standard horizontal spacing unit in accordance with 19.15.16.15(B)(5) NMAC.
20. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
21. This Order shall terminate automatically if Operator fails to comply with Paragraph 20 unless Operator obtains an extension by amending this Order for good cause shown.
22. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
23. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
24. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled

CASE NO. 23723
ORDER NO. R-22897

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Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

25. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
26. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
27. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
28. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
29. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.

30. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
31. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
32. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
33. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
34. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
35. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
36. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**


DYLAN M FUGE
DIRECTOR
DMF/hat

Date: 10/06/2023

CASE NO. 23723
ORDER NO. R-22897

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Exhibit A

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COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 23723	APPLICANT'S RESPONSE
Date: September 7, 2023	
Applicant	Marathon Oil Permian LLC
Designated Operator & OGRID (affiliation if applicable)	Marathon Oil Permian LLC OGRID 372098
Applicant's Counsel:	Modrall Sperling
Case Title:	APPLICATION OF MARATHON OIL PERMIAN LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.
Entries of Appearance/Intervenors:	
Well Family	Hefeweizen
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring
Pool Name and Pool Code:	Lea; Bone Spring (37570)
Well Location Setback Rules:	Statewide Rules
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320
Building Blocks:	40 (Note: OCD pool code spreadsheet states that this pool has 80-acre building blocks, which is likely superceded by statewide rules. In any event, even with 80-acre building blocks, unit is standard.)
Orientation:	North South
Description: TRS/County	W/2E/2 of Sections 30 and 31, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico.
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?	Y.
Other Situations	
Depth Severance: Y/N. If yes, description	N
Proximity Tracts: If yes, description	N
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	See Exhibit B-3.
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1: Hefeweizen State Com 501H	SHL: 246' FNL & 1333' FEL, Section 30, T-19-S R-35-E FTP: 100' FNL & 1980' FEL Section 30, T-19-S R-35-E BHL: 100' FSL & 1980' FEL Section 31, T-19-S R-35-E Orientation: North South Completion Target: Bone Spring Completion Status: Standard TVD: 10400', MVD: 20650'
Horizontal Well First and Last Take Points	See above cells and Exhibit B-2 (C-102s)

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Exhibit A (revised)

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ORDER NO. R-22897

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Completion Target (Formation, TVD and MD)	See above cells and Exhibit B-5 (proposal letter)
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$10,000
Production Supervision/Month \$	\$1,000
Justification for Supervision Costs	See Exhibit B Paragraph 24
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit B-7
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit B-7
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit B-7
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit B-3
Tract List (including lease numbers and owners)	Exhibit B-3
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to	N/A
Pooled Parties (including ownership type)	Exhibit B-3
Unlocatable Parties to be Pooled	Exhibit B-3
Ownership Depth Severance (including percentage above & below)	NA
Joinder	
Sample Copy of Proposal Letter	Exhibit B-5
List of Interest Owners (ie Exhibit A of JOA)	Exhibit B-3
Chronology of Contact with Non-Joined Working Interests	Exhibit B-4
Overhead Rates In Proposal Letter	Exhibit B-5
Cost Estimate to Drill and Complete	Exhibit B-6
Cost Estimate to Equip Well	Exhibit B-6
Cost Estimate for Production Facilities	Exhibit B-6
Geology	
Summary (including special considerations)	Exhibit C
Spacing Unit Schematic	Exhibit C-2
Gunbarrel/Lateral Trajectory Schematic	Exhibit C-2
Well Orientation (with rationale)	Exhibit C-7
Target Formation	Exhibits C-3 to C-6
HSU Cross Section	Exhibit C-5
Depth Severance Discussion	NA
Forms, Figures and Tables	
C-102	Exhibit B-2
Tracts	Exhibit B-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit B-3
General Location Map (including basin)	Exhibit C-1
Well Bore Location Map	Exhibit C-3
Structure Contour Map - Subsea Depth	Exhibit C-3
Cross Section Location Map (including wells)	Exhibit C-4
Cross Section (including Landing Zone)	Exhibit C-5
Exhibit A (revised)	

CASE NO. 23723
ORDER NO. R-22897

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Special Provisions/Stipulations	NA
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Deana M. Bennett
Signed Name (Attorney or Party Representative):	<u>Deana M. Bennett</u>
Date:	7-Sep-23

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Exhibit A (revised)

CASE NO. 23723
ORDER NO. R-22897

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

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
MARATHON OIL PERMIAN, LLC**

**CASE NO. 23724
ORDER NO. R-22877**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on September 7, 2023, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. Marathon Oil Permian, LLC (“Operator”) submitted an application (“Application”) to compulsory pool the uncommitted oil and gas interests within the spacing unit (“Unit”) described in Exhibit A. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A (“Well(s)”) to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
10. Operator has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.

11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. If the Unit is a non-standard horizontal spacing unit which has not been approved under this Order, Operator shall obtain the OCD's approval for a non-standard horizontal spacing unit in accordance with 19.15.16.15(B)(5) NMAC.
20. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
21. This Order shall terminate automatically if Operator fails to comply with Paragraph 20 unless Operator obtains an extension by amending this Order for good cause shown.
22. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
23. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
24. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled

CASE NO. 23724
ORDER NO. R-22877

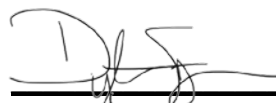
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Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

25. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
26. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
27. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
28. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
29. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.

30. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
31. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
32. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
33. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
34. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
35. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
36. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



DYLAN M FUGE
DIRECTOR
DMF/hat

Date: 9/20/2023

CASE NO. 23724
ORDER NO. R-22877

Page 4 of 6

Exhibit A

Received by OCD: 9/5/2023 4:20:51 PM

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COMPULSORY POOLING APPLICATION CHECKLIST**ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS**

Case: 23724	APPLICANT'S RESPONSE
Date: September 7, 2023	
Applicant	Marathon Oil Permian LLC
Designated Operator & OGRID (affiliation if applicable)	Marathon Oil Permian LLC OGRID 372098
Applicant's Counsel:	Modrall Sperling
Case Title:	APPLICATION OF MARATHON OIL PERMIAN LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.
Entries of Appearance/Intervenors:	
Well Family	Hefeweizen
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring
Pool Name and Pool Code:	Lea; Bone Spring (37570)
Well Location Setback Rules:	Statewide Rules
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320
Building Blocks:	40 (Note: OCD pool code spreadsheet states that this pool has 80-acre building blocks, which is likely superceded by statewide rules. In any event, even with 80-acre building blocks, unit is standard.)
Orientation:	North South
Description: TRS/County	E/2E/2 of Sections 30 and 31, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?	Y.
Other Situations	
Depth Severance: Y/N. If yes, description	N
Proximity Tracts: If yes, description	N
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	See Exhibit B-3.
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1: Hefeweizen State Com 502H	SHL: 247' FNL & 1273' FEL, Section 30, T-19-S R-35-E FTP: 100' FNL & 660' FEL Section 30, T-19-S R-35-E BHL: 100' FSL & 660' FEL Section 31, T-19-S R-35-E Orientation: North South Completion Target: Bone Spring Completion Status: Standard TVD: 10400', MVD: 20650'
Horizontal Well First and Last Take Points	See above cells and Exhibit B-2 (C-102s)
Completion Target (Formation, TVD and MD)	See above cells and Exhibit B-5 (proposal letter)
AFE Capex and Operating Costs	OCD Examiner Hearing 9/27/23 \$10,000 3724



CASE NO. 23724
ORDER NO. R-22877

Page 5 of 6

Received by OCD: 9/5/2023 4:20:51 PM		Page 4 of 51
Production Supervision/Month \$	\$1,000	
Justification for Supervision Costs	See Exhibit B Paragraph 24	
Requested Risk Charge	200%	
Notice of Hearing		
Proposed Notice of Hearing	Exhibit B-7	
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit B-7	
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit B-7	
Ownership Determination		
Land Ownership Schematic of the Spacing Unit	Exhibit B-3	
Tract List (including lease numbers and owners)	Exhibit B-3	
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to	N/A	
Pooled Parties (including ownership type)	Exhibit B-3	
Unlocatable Parties to be Pooled	Exhibit B-3	
Ownership Depth Severance (including percentage above & below)	NA	
Joinder		
Sample Copy of Proposal Letter	Exhibit B-5	
List of Interest Owners (ie Exhibit A of JOA)	Exhibit B-3	
Chronology of Contact with Non-Joined Working Interests	Exhibit B-4	
Overhead Rates In Proposal Letter	Exhibit B-5	
Cost Estimate to Drill and Complete	Exhibit B-6	
Cost Estimate to Equip Well	Exhibit B-6	
Cost Estimate for Production Facilities	Exhibit B-6	
Geology		
Summary (including special considerations)	Exhibit C	
Spacing Unit Schematic	Exhibit C-2	
Gunbarrel/Lateral Trajectory Schematic	Exhibit C-2	
Well Orientation (with rationale)	Exhibit C-7	
Target Formation	Exhibits C-3 to C-6	
HSU Cross Section	Exhibit C-5	
Depth Severance Discussion	NA	
Forms, Figures and Tables		
C-102	Exhibit B-2	
Tracts	Exhibit B-3	
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit B-3	
General Location Map (including basin)	Exhibit C-1	
Well Bore Location Map	Exhibit C-3	
Structure Contour Map - Subsea Depth	Exhibit C-3	
Cross Section Location Map (including wells)	Exhibit C-4	
Cross Section (including Landing Zone)	Exhibit C-5	
Additional Information		
Special Provisions/Stipulations	NA	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.		
Printed Name (Attorney or Party Representative):	Deana M. Bennett	
Signed Name (Attorney or Party Representative):		
Date:	OCD Examiner Hearing 9/27/23	7-Sep-23
Released to Imaging: 9/5/2023 4:28:15 PM		
No. 23724		
2		

CASE NO. 23724
ORDER NO. R-22877

Page 6 of 6

From: [Barron, Jeanette](#)
To: [Clelland, Sarah, EMNRD](#)
Subject: Re: [EXTERNAL] Re: [EXTERNAL]Action ID 335124 PLC-961
Date: Wednesday, July 2, 2025 8:38:00 AM
Attachments: [OCD Submittal Package - Gong & Hefeweizen Commingle.pdf](#)

I apologize for the inconvenience of having to research it again. I have made the necessary corrections, please see the attached document.

Have a great day!

Jeanette Barron | Regulatory Coordinator, Delaware Basin NM | **ConocoPhillips**
O: 575-748-6974 | C: 575-909-2803 | 2208 W. Main Street, Artesia, New Mexico

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From: Clelland, Sarah, EMNRD <Sarah.Clelland@emnrd.nm.gov>
Sent: Wednesday, July 2, 2025 8:28 AM
To: Barron, Jeanette <Jeanette.Barron@conocophillips.com>
Subject: RE: [EXTERNAL] Re: [EXTERNAL]Action ID 335124 PLC-961

I had to go through the application again. The pool in the OCD well details is in fact 97983. The application has it as 37570. If you all want it as 37570 then a change of plans needs to be submitted. If you all want the 97983 then the application needs to be changed to reflect that indeed is the pool code for this application.

Thanks,

Sarah Clelland

Petroleum Specialist
State of New Mexico
Energy, Minerals, and Natural Resources Department
Oil Conservation Division
Cell: (505) 537-0627
Sarah.Clelland@emnrd.nm.gov

From: Barron, Jeanette <Jeanette.Barron@conocophillips.com>
Sent: Tuesday, July 1, 2025 2:44 PM
To: Clelland, Sarah, EMNRD <Sarah.Clelland@emnrd.nm.gov>
Subject: [EXTERNAL] Re: [EXTERNAL]Action ID 335124 PLC-961

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

Hello Sarah,

Sorry for the late response; it's been a little crazy. Regarding the pool code change, why and who changed it if there was not a C-103A already submitted? I was confused by that and wanted to ask if you knew how the one pool code got cancelled.

Thank you,

Jeanette Barron | Regulatory Coordinator, Delaware Basin NM | **ConocoPhillips**

O: 575-748-6974 | C: 575-909-2803 | 2208 W. Main Street, Artesia, New Mexico

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From: Clelland, Sarah, EMNRD <Sarah.Clelland@emnrd.nm.gov>

Sent: Friday, June 20, 2025 10:57 AM

To: Barron, Jeanette <Jeanette.Barron@conocophillips.com>

Subject: [EXTERNAL]Action ID 335124 PLC-961

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

To whom it may concern (c/o Jeanette Barron for Marathon Oil Permian, LLC),

The Division is reviewing the following application:

Action ID	335124
Admin No.	PLC-961
Applicant	Marathon Oil Permian, LLC
Title	Gong Worthy/Hefeweizen State CTB
Sub. Date	06/07/2024

Please provide the following additional supplemental documents:

-

Please provide additional information regarding the following:

- **API 30-025-52341 HEFEWEIZEN STATE COM #302H** Pool ID 37570 is incorrect. The pool should be 97983. C-103A needs to be submitted along with an updated C-102, to have the pool changed, please.

-

Additional notes:

-

All additional supplemental documents and information may be provided via email and should be done by replying to this email. The produced email chain will be uploaded to the file for this application.

Please note that failure to take steps to address each of the requests made in this email within 10 business days of receipt of this email may result in the Division rejecting the application requiring the submittal of a new application by the applicant once it is prepared to address each of the topics raised.

COMMENT

Approval from Division is required prior to conducting work which modifies the well design.

Please contact the Environmental Bureau at OCD.Enviro@emnrd.nm.gov for instructions regarding the submittal process for applications of this type.

Thanks,

Sarah Clelland

Petroleum Specialist

State of New Mexico

Energy, Minerals, and Natural Resources Department

Oil Conservation Division

Cell: (505) 537-0627

Sarah.Clelland@emnrd.nm.gov

**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-961

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 as described 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. 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.
4. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.
5. 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.
6. Applicant in the notice for the Application stated that it sought authorization to prospectively include additional pools, leases, and wells in accordance with 19.15.12.10 C.(4)(g) NMAC.
7. Applicant stated that it sought authorization to surface commingle and off-lease measure, as applicable, oil and gas production from wells which have not yet been approved to be drilled, but will produce from a pool and lease as described in Exhibit A.

CONCLUSIONS OF LAW

8. 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.
9. 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.

10. 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.
11. 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.
12. 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.
13. Applicant satisfied the notice requirements for the subsequent addition of pools, leases, and wells in the notice for the Application, in accordance with 19.15.12.10 C.(4)(g) NMAC. Subsequent additions of pools, leases, and wells within Applicant's defined parameters, as modified herein, will not, in reasonable probability, reduce the commingled production's value or otherwise adversely affect the interest owners in the production to be added.
14. 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 as described in Exhibit A.

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

Applicant is authorized to surface commingle oil and gas production from wells not included in Exhibit A but that produce from a pool and lease as described in Exhibit A.

Applicant is authorized to store and measure oil and gas production off-lease from wells not included in Exhibit A but that produce from a pool and lease as described in Exhibit A at a central tank battery or gas title transfer meter described in Exhibit A.

2. The allocation of oil and gas production to wells not included in Exhibit A but that produce from a pool and lease as described in Exhibit A shall be determined in the same manner as to wells identified in Exhibit A that produce from that pool and lease, provided that if more than one allocation method is being used or if there are no wells identified in Exhibit A that produce from the pool and lease, then allocation of oil and gas production to each well not included in Exhibit A shall be determined by OCD prior to commingling production from it with the production from another well.
3. The oil and gas production for each well identified in Exhibit A shall be separated and metered prior to commingling it with production from another well.

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 may submit an application to amend this Order to add pools, leases, and subsequently drilled wells with spacing units adjacent to or within the tracts commingled by this Order by submitting a Form C-107-B in accordance with 19.15.12.10 C.(4)(g) NMAC, provided the pools, leases, and subsequently drilled wells are within the identified parameters included in the Application.
9. If a well is not included in Exhibit A but produces from a pool and lease as described in Exhibit A, then Applicant shall submit Forms C-102 and C-103 to the OCD Engineering Bureau after the well has been approved to be drilled and prior to off-lease measuring or commingling oil or gas production from it with the production from another well. The Form C-103 shall reference this Order and identify the well, proposed method to determine the allocation of oil and gas production to it, and the location(s) that commingling of its production will occur.
10. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
11. 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).

12. 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**



**ALBERT CHANG
DIRECTOR**

DATE: 7/16/2025

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **PLC-961**

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

Central Tank Battery: **Gong Worthy/Hefeweizen State Central Tank Battery**

Central Tank Battery Location: **UL A, Section 30, Township 19 South, Range 35 East**

Gas Title Transfer Meter Location: **UL A, Section 30, Township 19 South, Range 35 East**

Pools

Pool Name	Pool Code
SCHARB;WOLFCAMP, SOUTHEAST	55650
WC-025 G-08 S203506D;BONE SPRING	97983

Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
CA Wolfcamp SLO 204789 PUN 1402272	ALL	30-19S-35E
CA Bone Spring SLO 205208 PUN 1407581	W/2 E/2	30-19S-35E
	W/2 E/2	31-19S-35E
CA Bone Spring SLO 205209 PUN 1407594	E/2 E/2	30-19S-35E
	E/2 E/2	31-19S-35E

Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-025-52327	GONG WORTHY STATE COM #601H	ALL	30-19S-35E	55650
30-025-52328	HEFEWEIZEN STATE COM #301H	W/2 E/2	30-19S-35E	97983
		W/2 E/2	31-19S-35E	
30-025-52341	HEFEWEIZEN STATE COM #302H	E/2 E/2	30-19S-35E	97983
		E/2 E/2	31-19S-35E	

Sante Fe Main Office
Phone: (505) 476-3441

General Information
Phone: (505) 629-6116

Online Phone Directory
<https://www.emnrd.nm.gov/ocd/contact-us>

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

CONDITIONS

Action 335124

CONDITIONS

Operator: MARATHON OIL PERMIAN LLC 600 W Illinois Ave Midland, TX 79701	OGRID: 372098
	Action Number: 335124
	Action Type: [C-107] Surface Commingle or Off-Lease (C-107B)

CONDITIONS

Created By	Condition	Condition Date
sarah.clelland	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 email us at OCD.Engineer@emnrd.nm.gov .	7/17/2025