

**Before the Oil Conservation Division  
Examiner Hearing September 19, 2019**

***Case Nos. 20693, 20699, 20705, 20708***

Mead 32 TB State 7H, Mead 32 TB State 8H,  
Mead 32 SB State 3H, Mead 32 SB State 4H



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

**AFFIDAVIT**

Ryan Gyllenband, being duly sworn, deposes and states:

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



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

8. Attached as **Exhibit 1** is the application for Case No. 20693. In Case No. 20693, Marathon seeks an order from the Division pooling all uncommitted mineral interests within a Wolfbone Pool underlying a horizontal spacing unit comprised of the W/2 E/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Mead 32 TB State 7H** well, to be horizontally drilled.

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

10. Attached as **Exhibit 2** is the application for Case No. 20699. In Case No. 20699, Marathon seeks an order from the Division pooling all uncommitted mineral interests within a Wolfbone Pool underlying a horizontal spacing unit comprised of the E/2 E/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Mead 32 TB State 8H** well, to be horizontally drilled.

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

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

13. Mr. Kautz suggested using the following terminology to describe the pool: "From the top of the Third Bone Spring Carbonate to a point 500 feet below the top of the Wolfcamp". Marathon requests that the order reflect this terminology for the 7H and 8H wells.

14. Attached as **Exhibit 3** is the application for Case No. 20705. In Case No. 20705, Marathon seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the W/2 E/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the Mead 32 SB State 3H well, to be horizontally drilled.

15. Attached as **Exhibit 4** is the application for Case No. 20708. In Case No. 20708, Marathon seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the E/2 E/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the Mead 32 SB State 4H well, to be horizontally drilled.

16. The pool for the 3H and 4H wells is the Pearl, Bone Spring, Pool Code 49680, which is an oil pool.

17. The producing area for all of the wells will be orthodox.

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

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

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

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

22. Marathon have conducted a diligent search of the public records in the county where the wells are located, and conducted phone directory and computer searches to locate contact information for parties entitled to notification, and mailed all parties well proposals, including an Authorization for Expenditure.

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

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

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

26. **Exhibit 7** is the proposal letters sent to ConocoPhillips, which was sent on May 22, 2019.

27. **Exhibit 8** contains the Authorization for Expenditure for the proposed wells. The estimated cost of the wells set forth therein is fair and reasonable, and is comparable to the costs of other wells of similar depths and length drilled in this area of New Mexico.

28. Marathon requests overhead and administrative rates of \$7000.00/month for drilling a well and \$700.00/month for a producing well. These rates are fair, and comparable to the rates charged by other operators for wells of this type in this area of Southeastern, New Mexico. Marathon requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

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

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

31. Marathon requests that it be allowed a period of one (1) year between when the wells are drilled and when the first well is completed under the order.

32. **Exhibit 9** is an affidavit of notice prepared by counsel for Marathon that shows the parties who were notified of this hearing, the status of whether they received notice, and an affidavit of publication from the Hobbs-News Sun newspaper, showing that notice of this hearing was published on July 21, 2019.

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

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

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

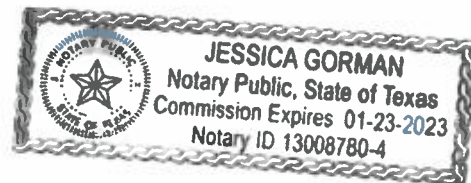
*[Signature page follows]*

Ryan Gyllenband  
Ryan Gyllenband

SUBSCRIBED AND SWORN to before me this 17 th day of September, 2019 by Ryan Gyllenband on behalf of Marathon Oil Permian LLC.

Jessica Gorman  
Notary Public

My commission expires: 1/23/2023



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

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

CASE NO. 20693

**APPLICATION**

Marathon Oil Permian LLC ("Marathon"), OGRID Number 372098, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order pooling all uncommitted mineral interests within the Wolfbone Pool underlying a horizontal spacing unit comprised of the W/2 E/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico.

In support of this application, Marathon states as follows:

1. Marathon is an interest owner in the subject lands and has a right to drill a well thereon.
2. Marathon seeks to dedicate the W/2 E/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico to form a 160-acre, more or less, spacing unit.
3. Marathon plans to drill the **Mead 32 TB State 7H** well to a depth sufficient to test the Wolfbone Pool underlying this acreage. The well will be horizontally drilled.
4. Marathon sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Wolfbone Pool underlying the proposed spacing unit to participate in the drilling of the well or to otherwise commit their interests to the well.
5. The pooling of all interests in the Wolfbone Pool underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.





6. Marathon further requests that it be allowed one (1) year between the time the well is drilled and completion of the well under the order issued by the Division.

WHEREFORE, Marathon requests this application be set for hearing before an Examiner of the Oil Conservation Division on August 8, 2019, and after notice and hearing as required by law, the Division enter its order:

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

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

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

D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;

E. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

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

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

By: Deana M. Bennett

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

*Attorneys for Applicant*

**CASE NO. \_\_\_\_\_: Application of Marathon Oil Permian LLC for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfbone Pool underlying a horizontal spacing unit comprised of the W/2 E/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Mead 32 TB State 7H** well, to be horizontally drilled. The producing area for the well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said well, and allowing a one year period between when the well is drilled and when the well is completed. Said area is located approximately 12.5 miles west of Monument, New Mexico.

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

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

CASE NO. 20699

APPLICATION

Marathon Oil Permian LLC ("Marathon"), OGRID Number 372098, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order pooling all uncommitted mineral interests within the Wolfbone Pool underlying a horizontal spacing unit comprised of the E/2 E/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico.

In support of this application, Marathon states as follows:

1. Marathon is an interest owner in the subject lands and has a right to drill a well thereon.
2. Marathon seeks to dedicate the E/2 E/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico to form a 160-acre, more or less, spacing unit.
3. Marathon plans to drill the **Mead 32 TB State 8H** well to a depth sufficient to test the Wolfbone Pool underlying this acreage. The well will be horizontally drilled.
4. Marathon sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Wolfbone Pool underlying the proposed spacing unit to participate in the drilling of the well or to otherwise commit their interests to the well.
5. The pooling of all interests in the Wolfbone Pool underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.



6. Marathon further requests that it be allowed one (1) year between the time the well is drilled and completion of the well under the order issued by the Division.

WHEREFORE, Marathon requests this application be set for hearing before an Examiner of the Oil Conservation Division on August 8, 2019, and after notice and hearing as required by law, the Division enter its order:

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

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

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

D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;

E. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

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

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

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Post Office Box 2168  
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Albuquerque, New Mexico 87103-2168

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Telephone: 505.848.1800  
*Attorneys for Applicant*

CASE NO. \_\_\_\_\_: **Application of Marathon Oil Permian LLC for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfbone Pool underlying a horizontal spacing unit comprised of the E/2 E/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Mead 32 TB State 8H** well, to be horizontally drilled. The producing area for the well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said well, and allowing a one year period between when the well is drilled and when the well is completed. Said area is located approximately 12.5 miles west of Monument, New Mexico.

STATE OF NEW MEXICO  
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OIL CONSERVATION DIVISION

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

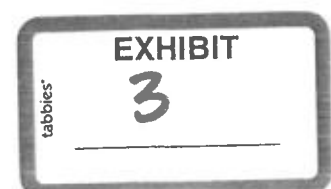
CASE NO. 20705

APPLICATION

Marathon Oil Permian LLC ("Marathon"), OGRID Number 372098, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the W/2 E/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico.

In support of this application, Marathon states as follows:

1. Marathon is an interest owner in the subject lands and has a right to drill a well thereon.
2. Marathon seeks to dedicate the W/2 E/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico to form a 160-acre, more or less, spacing unit.
3. Marathon plans to drill the **Mead 32 SB State 3H** well to a depth sufficient to test the Bone Spring formation. The well will be horizontally drilled.
4. Marathon sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Bone Spring formation underlying the proposed spacing unit to participate in the drilling of the well or to otherwise commit their interests to the well.
5. The pooling of all interests in the Bone Spring formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.





6. Marathon further requests that it be allowed one (1) year between the time the well is drilled and completion of the well under the order issued by the Division.

WHEREFORE, Marathon requests this application be set for hearing before an Examiner of the Oil Conservation Division on August 8, 2019, and after notice and hearing as required by law, the Division enter its order:

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

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

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

D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;

E. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

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

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*Attorneys for Applicant*

CASE NO. \_\_\_\_\_: **Application of Marathon Oil Permian LLC for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the W/2 E/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Mead 32 SB State 3H** well, to be horizontally drilled. The producing area for the well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said well, and allowing a one year period between when the well is drilled and when the well is completed. Said area is located approximately 12.5 miles west of Monument, New Mexico.

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

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

CASE NO. 20708

APPLICATION

Marathon Oil Permian LLC ("Marathon"), OGRID Number 372098, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the E/2 E/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico.

In support of this application, Marathon states as follows:

1. Marathon is an interest owner in the subject lands and has a right to drill a well thereon.
2. Marathon seeks to dedicate the E/2 E/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico to form a 160-acre, more or less, spacing unit.
3. Marathon plans to drill the **Mead 32 SB State 4H** well to a depth sufficient to test the Bone Spring formation. The well will be horizontally drilled.
4. Marathon sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Bone Spring formation underlying the proposed spacing unit to participate in the drilling of the well or to otherwise commit their interests to the well.
5. The pooling of all interests in the Bone Spring formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.



6. Marathon further requests that it be allowed one (1) year between the time the well is drilled and completion of the well under the order issued by the Division.

WHEREFORE, Marathon requests this application be set for hearing before an Examiner of the Oil Conservation Division on August 8, 2019, and after notice and hearing as required by law, the Division enter its order:

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

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

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

D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;

E. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

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

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*Attorneys for Applicant*

**CASE NO. \_\_\_\_\_: Application of Marathon Oil Permian LLC for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the E/2 E/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Mead 32 SB State 4H** well, to be horizontally drilled. The producing area for the well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said well, and allowing a one year period between when the well is drilled and when the well is completed. Said area is located approximately 12.5 miles west of Monument, New Mexico.

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

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number	<sup>2</sup> Pool Code 49690	<sup>3</sup> Pool Name
<sup>4</sup> Property Code	<sup>5</sup> Property Name MEAD 32 TB STATE	<sup>6</sup> Well Number 7H
<sup>7</sup> OGRID No. 372098	<sup>8</sup> Operator Name MARATHON OIL PERMIAN, LLC	<sup>9</sup> Elevation N/A

<sup>10</sup> Surface Location

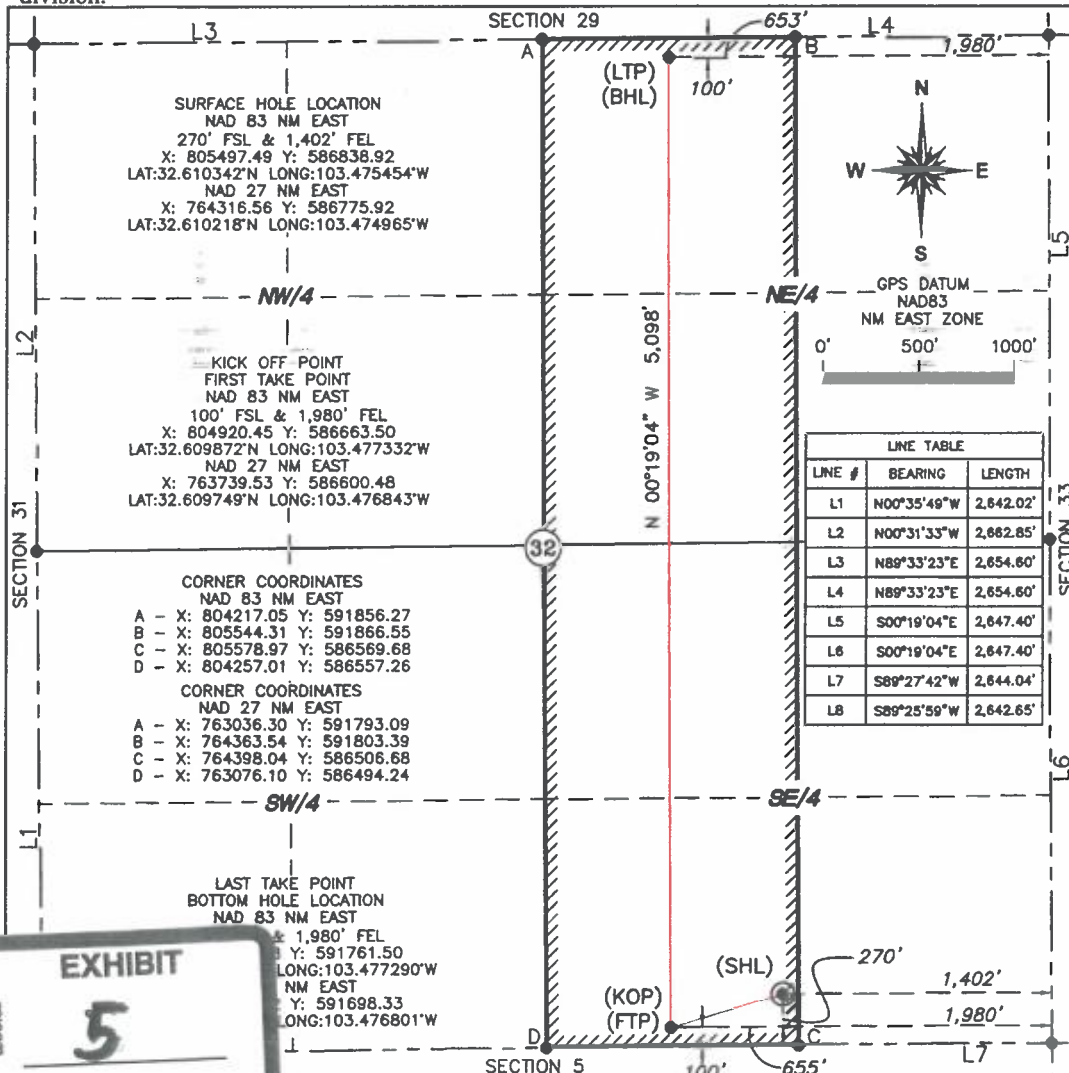
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	32	19-S	35-E		270'	SOUTH	1,402'	EAST	LEA

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

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

<sup>12</sup> Dedicated Acres 160	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



<sup>17</sup> OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

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

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

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

<sup>18</sup> SURVEYOR CERTIFICATION

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

Date of Survey \_\_\_\_\_

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

Preliminary This Document Shall Not Be Recorded For Any Purpose and shall not be used or viewed or relied upon as a final survey document issue Date 9-18-19

Certificate Number \_\_\_\_\_



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

☐ AMENDED REPORT

<sup>1</sup> API Number	<sup>2</sup> Pool Code 49690	<sup>3</sup> Pool Name
<sup>4</sup> Property Code	<sup>5</sup> Property Name MEAD 32 TB STATE	<sup>6</sup> Well Number 8H
<sup>7</sup> OGRID No. 372098	<sup>8</sup> Operator Name MARATHON OIL PERMIAN, LLC	<sup>9</sup> Elevation N/A

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	32	19-S	35-E		270'	SOUTH	1,312'	EAST	LEA

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	32	19-S	35-E		100'	NORTH	660'	EAST	LEA

<sup>12</sup> Dedicated Acres 160	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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**SURFACE HOLE LOCATION**  
NAD 83 NM EAST  
270' FSL & 1,312' FEL  
X: 805587.49 Y: 586839.77  
LAT: 32.610342°N LONG: 103.475161°W  
NAD 27 NM EAST  
X: 764406.56 Y: 586776.76  
LAT: 32.610218°N LONG: 103.474673°W

**KICK OFF POINT**  
**FIRST TAKE POINT**  
NAD 83 NM EAST  
100' FSL & 660' FEL  
X: 806240.41 Y: 586675.90  
LAT: 32.609877°N LONG: 103.473045°W  
NAD 27 NM EAST  
X: 765059.46 Y: 586612.91  
LAT: 32.609753°N LONG: 103.472557°W

**CORNER COORDINATES**  
NAD 83 NM EAST  
A - X: 805544.31 Y: 591866.55  
B - X: 806871.58 Y: 591876.82  
C - X: 806900.94 Y: 586582.10  
D - X: 805578.97 Y: 586569.68  
NAD 27 NM EAST  
A - X: 764363.54 Y: 591803.39  
B - X: 765690.78 Y: 591813.69  
C - X: 765719.97 Y: 586519.12  
D - X: 764398.04 Y: 586506.68

**LAST TAKE POINT**  
**BOTTOM HOLE LOCATION**  
NAD 83 NM EAST  
100' FNL & 660' FEL  
X: 806212.15 Y: 591771.71  
LAT: 32.623883°N LONG: 103.473003°W  
NAD 27 NM EAST  
X: 765031.36 Y: 591705.57  
LAT: 32.623760°N LONG: 103.472514°W

LINE TABLE		
LINE #	BEARING	LENGTH
L1	N00°35'49"W	2,642.02'
L2	N00°31'33"W	2,662.85'
L3	N89°33'23"E	2,654.60'
L4	N89°33'23"E	2,654.60'
L5	S00°19'04"E	2,647.40'
L6	S00°19'04"E	2,647.40'
L7	S89°27'42"W	2,644.04'
L8	S89°25'59"W	2,642.65'

**(LTP) (BHL)**  
100' 660'  
N 00°19'04" W 5,098'

**(SHL) (KOP) (FTP)**  
270' 1,312' 660' 100'

Certificate Number

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

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

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

<sup>10</sup> Surface Location

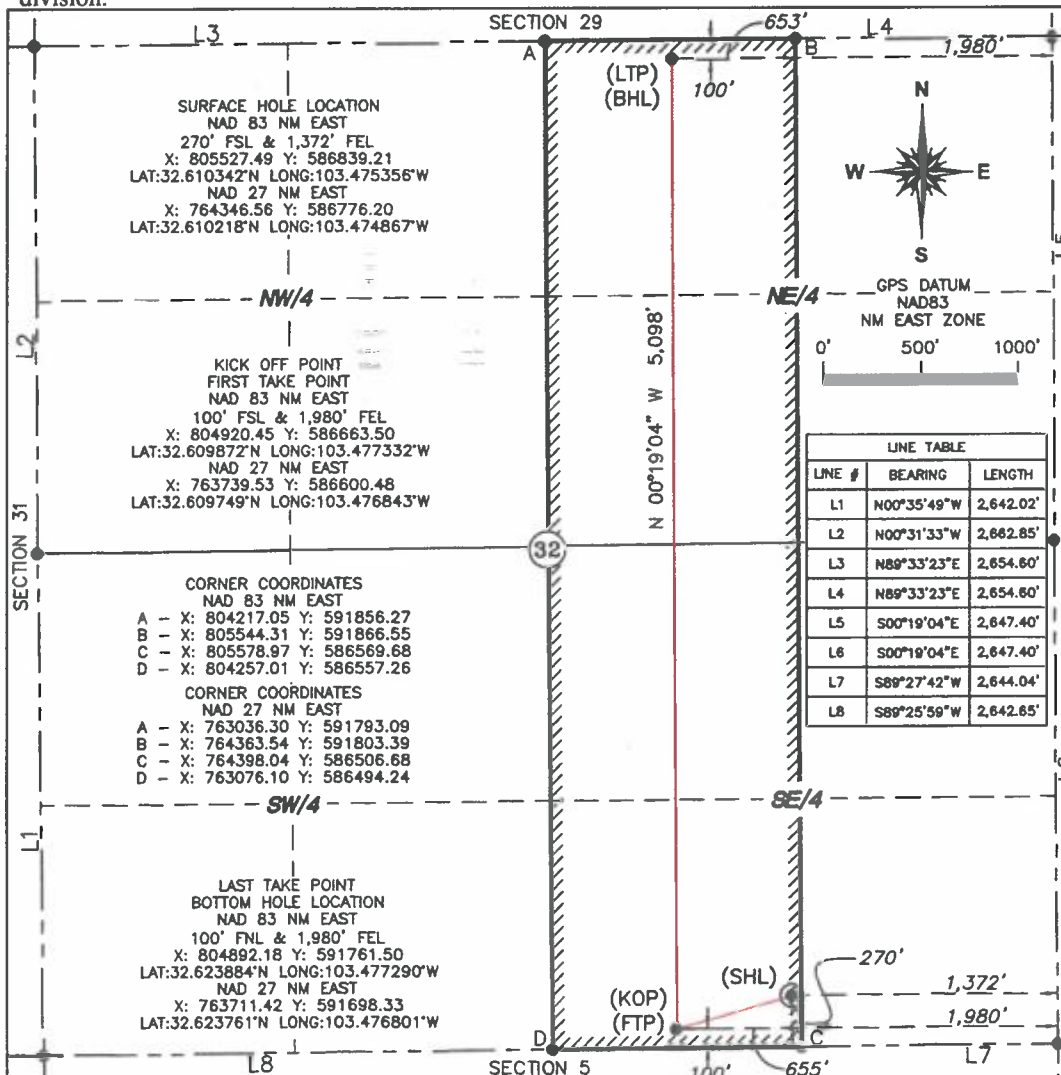
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	32	19-S	35-E		270'	SOUTH	1,372'	EAST	LEA

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

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

<sup>12</sup> Dedicated Acres 160	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



<sup>17</sup> OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

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

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

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

<sup>18</sup> SURVEYOR CERTIFICATION

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

Date of Survey \_\_\_\_\_

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

Preliminary This Document Shall Not Be Recorded For Any Purpose and shall not be used or viewed or relied upon as a final survey document issue Date 9-18-19

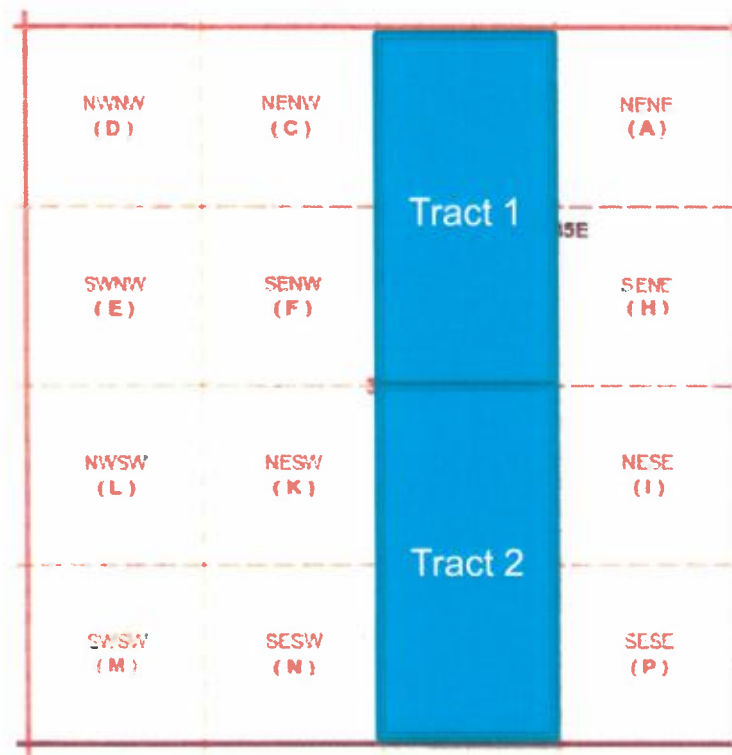
Certificate Number \_\_\_\_\_

Certificate Number

**Lease Tract Map: Case No. 20693—Mead 32 TB State 7H – being the 160 acres in the W2E2 of Section 32, T19S-R35E  
(Wolfbone Pool: From the top of the Third Bone Spring Carbonate to a point 500' below top of the Wolfcamp.)**

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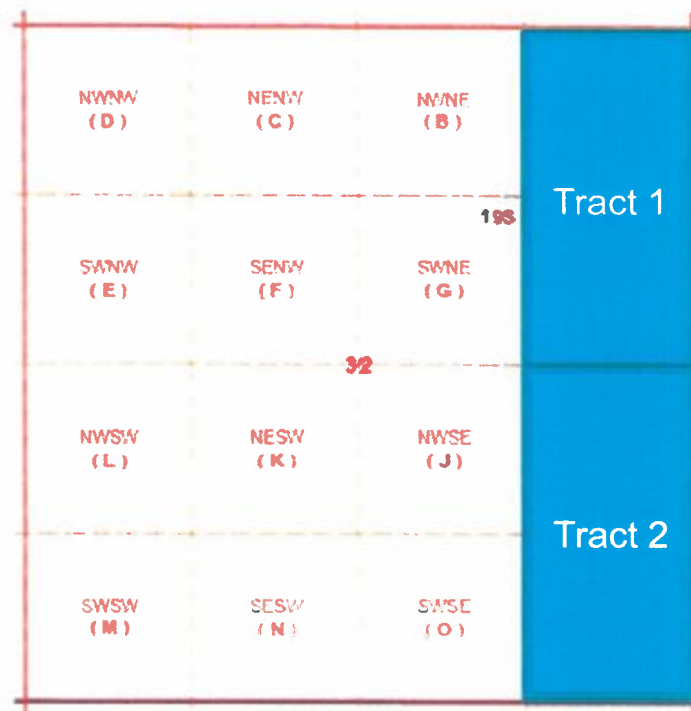
- Tract 1: State Leases  
(Marathon)
- Tract 2: State Lease  
(ConocoPhillips)



**Lease Tract Map: Case No. 20699—Mead 32 TB State 8H – being the 160 acres in the E2E2 of Section 32, T19S-R35E**  
**(Wolfbone Pool: From the top of the Third Bone Spring Carbonate to a point 500' below top of the Wolfcamp.)**

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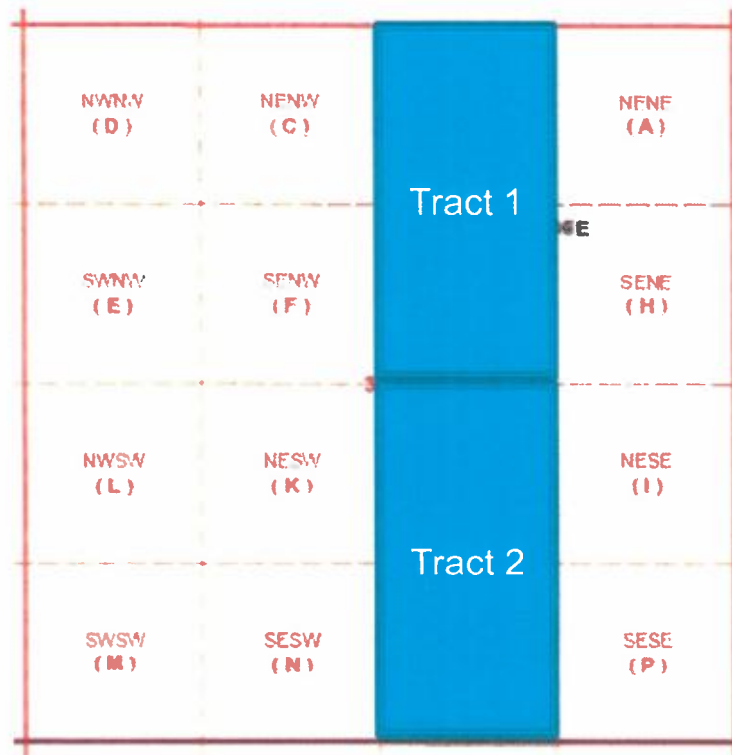
- Tract 1: State Leases  
(Marathon)
- Tract 2: State Lease  
(ConocoPhillips)



**Lease Tract Map: Case No. 20705—Mead 32 SB State 3H being the 160 acres in the W2E2 of Section 32, T19S-R35E  
(Second Bone Spring)**

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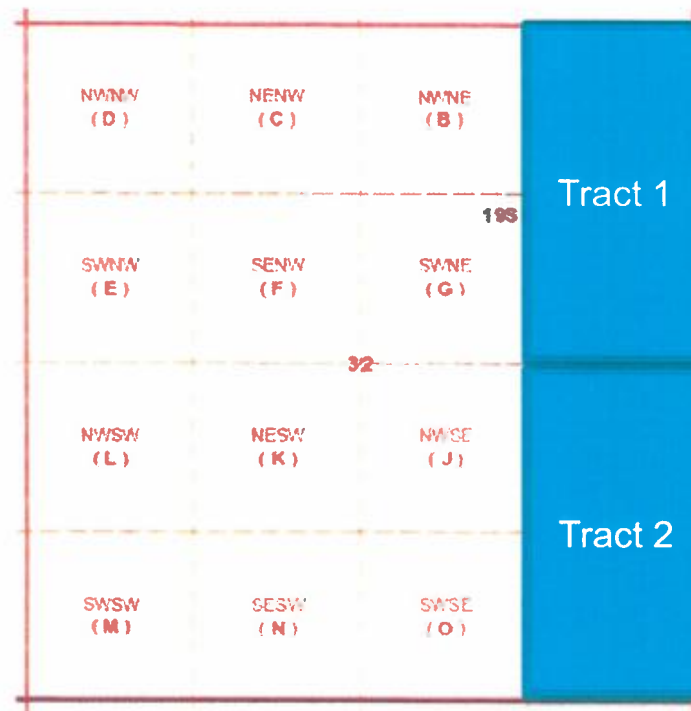
- Tract 1: State Lease  
(Marathon)
- Tract 2: State Lease  
(ConocoPhillips)



**Lease Tract Map: Case No. 20708—Mead 32 SB State 4H – being the 160 acres in the E2E2 of Section 32, T19S-R35E  
(Second Bone Spring)**

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- Tract 1: State Leases  
(Marathon)
- Tract 2: State Lease  
(ConocoPhillips)



## Summary of Interests

All of the East Half of Section 32 has Common Ownership, as detailed below

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•	<u>Committed Working Interest:</u>		50%
	– Marathon Oil Permian L.L.C.	50%	
•	<u>Uncommitted Working Interest:</u>		50%
	– ConocoPhillips Company	50%	



Jeffrey Broussard  
Landman



Marathon Oil Permian LLC  
5555 San Felipe Street  
Houston, Texas 77056  
Telephone: 713-296-3159  
jbroussard1@marathonoil.com

May 22, 2019

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED  
7019 0700 0000 6564 3891

ConocoPhillips Company  
P.O. Box 2197  
Houston, TX 77252

Re: Mead 32 State Unit 3H, 4H, 7H & 8H Well Proposals  
E/2 of Section 32, Township 19 South, Range 35 East  
Lea County, New Mexico

Dear ConocoPhillips Company:

The purpose of this letter is to update and revise the unit size, well information, and AFEs for the Mead 32 State wells in the previous Well Proposal Letter dated March 22, 2019. Please note that the information contained in this letter voids and supersedes any inconsistent information regarding the Mead 32 State wells in the previous Well Proposal Letter.

Marathon Oil Permian LLC ("Marathon") proposes the drilling of the following wells located in Section 32, 19S-35E, Lea County, New Mexico, all to be drilled from one surface pad location.

Well Name	SHL	BHL	Proration Unit	Target TVD	Est. MD
Mead 32 SB State 3H	1372' FEL & 270' FSL Sec. 32	1980' FEL & 100' FNL Sec. 32	W/2 E/2 of Sec. 32	10,480'	15,825'
Mead 32 TB State 7H	1402' FEL & 270' FSL Sec. 32	1980' FEL & 100' FNL Sec. 32	W/2 E/2 of Sec. 32	11,115'	16,457'
Mead 32 SB State 4H	1342' FEL & 270' FSL Sec. 32	660' FEL & 100' FNL Sec. 32	E/2 E/2 of Sec. 32	10,472'	15,811'
Mead 32 TB State 8H	1312' FEL & 270' FSL Sec. 32	660' FEL & 100' FNL Sec. 32	E/2 E/2 of Sec. 32	11,131'	16,467'

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

Marathon proposes drilling the wells under the terms of the 1989 AAPL JOA. Enclosed is a draft of the JOA covering the contract area. The JOA has the following general provisions:

- 100%/300%/300% non-consent penalty
- \$7,000/\$700 drilling and producing rates
- Contract area of the E/2 of Section 32, 19S-35E, covering the depths from the top of the Bone Spring Formation to the base of the Wolfcamp formation



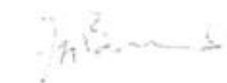
If your election is to participate in the drilling and completion of the wells, please sign and return a copy of this letter along with the enclosed AFE within thirty (30) days of receipt of this proposal.

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

This term assignment offer terminates on June 24, 2019 and is subject to due diligence and title verification satisfactory to Marathon.

Should you have any questions regarding this or other matters, please do not hesitate to contact me at the above listed phone number or email.

Sincerely,



Jeffrey Broussard  
Marathon Oil Permian LLC

\_\_\_\_\_ ConocoPhillips Company elects to participate in the drilling, completing, and equipping of the Mead 32 SB State 3H.

\_\_\_\_\_ ConocoPhillips Company elects NOT to participate in the drilling, completing, and equipping of the Mead 32 SB State 3H.

\_\_\_\_\_ ConocoPhillips Company elects to participate in the drilling, completing, and equipping of the Mead 32 SB State 4H.

\_\_\_\_\_ ConocoPhillips Company elects NOT to participate in the drilling, completing, and equipping of the Mead 32 SB State 4H.

\_\_\_\_\_ ConocoPhillips Company elects to participate in the drilling, completing, and equipping of the Mead 32 TB State 7H.

\_\_\_\_\_ ConocoPhillips Company elects NOT to participate in the drilling, completing, and equipping of the Mead 32 TB State 7H.

\_\_\_\_\_ ConocoPhillips Company elects to participate in the drilling, completing, and equipping of the Mead 32 TB State 8H.

\_\_\_\_\_ ConocoPhillips Company elects NOT to participate in the drilling, completing, and equipping of the Mead 32 TB State 8H.

ConocoPhillips Company

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

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

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

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

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

DATE 5/17/2019

DRILLING & LOCATION PREPARED BY MATTHEW RUSAARD

COMPLETION PREPARED BY JOSH SHANNON

FACILITIES PREPARED BY BRIAN LIPSCOMB

ARTIFICIAL LIFT PREPARED BY BRIAN LIPSCOMB

Asset Team	PERMIAN			
Field	Power's Bone Springs	FORMATION: 2ND BONE SPRINGS	WILDCAT	EXPLORATION
Lease/Facility	Mead 82 88 State 8H		DEVELOPMENT	RECOMPLETION
Location	LEA COUNTY		X EXPLOITATION	WORKOVER
Prospect	MALAGA			
Est Total Depth	15,825	Est Drilling Days		Est Completion Days 5.5

LOCATION COST - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access	50,250
7001250	Land Broker Fees and Services	33,750
TOTAL LOCATION COST - INTANGIBLE		84,000

DRILLING COST - TANGIBLE

7012050	Conductor Pipe	28,800
7012090	Surface Casing	44,800
7012050	Intermediate Casing 1	133,000
7012050	Intermediate Casing 2	-
7012090	Production Casing	223,000
7012050	Drig Liner Hanger, Tieback Eq & Cag Accessories	18,000
7012550	Drilling Wellhead Equipment	50,000
7012040	Casing & Tubing Access	24,000
7012770	Miscellaneous MRO Materials	5,000
TOTAL DRILLING - TANGIBLE		517,000

DRILLING COST - INTANGIBLE

7019200	Drilling Rig Mob/Demob	32,500
7019220	Drilling Rig - day work/footage	570,575
7019040	Directional Drilling Services	185,000
7019020	Cement and Cementing Service Surface	15,000
7019020	Cement and Cementing Service Intermediate 1	25,000
7019020	Cement and Cementing Service Intermediate 2	-
7019020	Cement and Cementing Service Production	110,000
7019140	Mud Fluids & Services	65,000
7019350	Solids Control equipment	88,000
7012020	Bits	70,000
7018010	Casing Crew and Services	30,000
7018350	Fuel (Rig)	65,000
7018140	Fuel (Mud)	18,000
7001440	Water (non potable)	25,000
7012350	Water (potable)	5,000
7018000	Well Logging Services	-
7019150	Mud (sealing)/sealtesting	17,000
7019250	Stabilizers, Hole Openers, Underreamers (DH rentals)	15,000
7019110	Casing Inspection/cleaning	15,000
7019110	Drill pipe/collar inspection services	10,000
7016380	Freight - truck	25,000
7001480	Water hauling and disposal (includes soil farming)	80,000
7001180	Contract Services - Disposal/Non-Hazardous Waste	80,000
7001440	Vacuum Trucks	10,000
7000030	Contract Labor - general	30,000
7000030	Contract Labor - Operations	3,000
7001200	Contract Services - Facilities	10,000
7018900	Well Services - Well Control Services	20,543
7018350	Well Services - Well/Wellhead Services	10,000
7018180	Rental Tools and Equipment (surface rentals)	84,500
7018180	Rig Equipment and Misc.	10,543
7001110	Telecommunications Services	5,000
7001120	Consulting Services	99,288
7001400	Safety and Environmental	33,800
7001400	Rental Buildings (trailers)	16,900
7018010	Coring (sidewells & analysis)	-
7013010	7% Contingency & Taxes	162,854
TOTAL DRILLING - INTANGIBLE		\$1,972,342
TOTAL DRILLING COST		\$2,489,342

COMPLETION - TANGIBLE

7012580	Tubing	-
7012040	Tubing Accessories (nipple, wireline entry)	-
7012550	Wellhead Equip	15,000
7012560	Packers - Completion Equipment	-
TOTAL COMPLETION - TANGIBLE		\$15,000



Asset Team PERMIAN  
Field Pearl; Bone Spring FORMATION: 2ND BONE SPRINGS  
Lease/Facility Mead 32 SB State 3H

COMPLETION - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access (dress location after rig move, set anchors)	10,000
7018220	Drilling Rig During Completion	-
7018140	Mud Fluids & Services	-
7018080	Coiled Tubing Services (3 runs)	210,000
7018240	Snubbing Services	-
7018270	Pulling/Push Units	-
7018350	Fuel (from drig)	-
7018010	Coring Crew and Services	-
7018020	Cement and Cementing Services	-
7018080	Well Testing Services (flow hand & equip)	425,000
7018320	Fracturing Services	1,955,300
7018330	Perforating	175,000
7018360	Wireline Services	15,000
7003460	Water Hauling & Disposal (frac fluids)	188,000
7018180	Freight - Truck (haul pipe, drig & comp)	15,000
7018150	BOP Rental & Testing	-
7018150	Rental Tools and Equipment (incl drig; lightplant,hydra-walk)	-
7018150	CT Downhole Rental Equipment (Is. BR, BHA)	-
7000030	Contract Labor - general	35,000
7001110	Telecommunications Services	70,000
7001400	Safety and Environmental	-
7001320	Consulting Services	60,000
7018180	Zipper Manifold	120,000
7018300	Frac Stack Rentals	45,000
7018190	Freight (Transportation Services)	-
7018150	Equipment Rental (w/o operator, frac tanks, lightplants)	75,800
7018130	Rental Buildings (trailers)	15,000
7000030	Contract Labor - Pumping (pump-down pumps)	30,000
7018010	8% Contingency & Taxes	234,000
TOTAL COMPLETION - INTANGIBLE		\$3,688,700

TOTAL COMPLETION COST

\$3,703,700

SURFACE EQUIPMENT - TANGIBLE

7012350	Misc. Piping, Fittings & Valves	17,120
7006640	Company Labor & Burden	-
7000030	Contract Labor - General	62,878
7001110	Telecommunication equip (Telemetry)	-
7012410	Line Pipe & Accessories	-
7012270	Miscellaneous Materials (containment system)	85,847
7008000	SCADA	-
7012350	Freight - truck	-
7000030	Contract Engineering	7,284
7012380	Metering and Instrumentation	5,823
7012380	I&E Materials	105,326
7012200	Gas Treating	-
7012200	Dehydration	-
7012010	Compressor	-
7012010	Power	-
7012510	Vapor Recovery Unit	-
7012440	Separator & other pressure vessels	836,771
7012500	Tanks	235,346
7012100	Master Treater	-
7000030	Flare & Accessories	23,280
7000010	Electrical Labor	10,482
7000010	Mechanical Labor	-
7012480	Rod Pumping unit & Pad	-
7012180	Pumping Unit Engine	-
7012350	Electrical Power (electrical cooperative construction costs)	-
TOTAL SURFACE EQUIPMENT - TANGIBLE		\$840,149

TOTAL SURFACE EQUIPMENT COST

\$ 840,149

ARTIFICIAL LIFT

7006640	Company Labor	45,000
7012180	Gas Lift Equipment	15,000
7012480	Rod Pumping, Sucker Rods & Rod Pump	6,250
7012140	Elect Sub Pumps (ESP)	17,500
7019350	Well Services-Well/Wellhead Services	6,000
7012270	Materials & Supplies-Tangible	6,000
7012550	Surface Wellhead Equipment	5,000
7012380	Pig Launchers/Receivers & Rel Equip	6,250
7011010	8% Contingency & Taxes	3,000
TOTAL ARTIFICIAL LIFT		110,000

TOTAL ARTIFICIAL LIFT COST

\$ 110,000

SUMMARY OF ESTIMATED DRILLING WELL COSTS

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

Participant's Approval

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

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

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

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

DATE 5/17/2019  
DRILLING & LOCATION PREPARED BY MATTHEW RUSAARD  
COMPLETION PREPARED BY JOSH SHANNON  
FACILITIES PREPARED BY BRIAN LIPSCOMB  
ARTIFICIAL LIFT PREPARED BY BRIAN LIPSCOMB

Asset Team PERMIAN  
Field Pearl Bone Spring FORMATION: 2ND BONE SPRINGS WILDCAT EXPLORATION  
Lease/Facility Mead #1 SB State 4H DEVELOPMENT RECOMPLETION  
Location LEA COUNTY X EXPLOITATION WORKOVER  
Prospect MALAGA

Est Total Depth 15,811 Est Drilling Days \_\_\_\_\_ Est Completion Days 5.5

LOCATION COST - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access	50,250
7001250	Land Broker Fees and Services	33,750
TOTAL LOCATION COST - INTANGIBLE		84,000

DRILLING COST - TANGIBLE

7012050	Conductor Pipe	28,000
7012050	Surface Casing	44,000
7012050	Intermediate Casing 1	133,000
7012050	Intermediate Casing 2	-
7012050	Production Casing	229,000
7012050	Drig Liner Hanger, Tieback Eq & Csg Accessories	10,000
7012350	Drilling Wellhead Equipment	90,000
7012040	Casing & Tubing Access	24,000
7012270	Miscellaneous MRO Materials	5,000
TOTAL DRILLING - TANGIBLE		517,000

DRILLING COST - INTANGIBLE

7018200	Drilling Rig Mob/Demob	32,500
7018120	Drilling Rig - day work/footage	570,375
7018010	Directional Drilling Services	185,000
7018020	Cement and Cementing Service Surface	15,000
7018020	Cement and Cementing Service Intermediate 1	25,000
7018020	Cement and Cementing Service Intermediate 2	-
7018020	Cement and Cementing Service Production	110,000
7018140	Mud Fluids & Services	65,000
7012310	Solids Control equipment	88,000
7012020	Bits	70,000
7018010	Casing Crew and Services	80,000
7016350	Fuel (Rig)	65,000
7018140	Fuel (Misc)	18,000
7001460	Water (non potable)	25,000
7012350	Water (potable)	5,000
7018000	Well Logging Services	-
7018150	Mud Logging-equipment	17,000
7018250	Stabilizers, Hole Openers, Underreamers (DH rentals)	15,000
7018110	Casing Inspection/cleaning	15,000
7018110	Drill pipe/collar inspection services	10,000
7018180	Freight - truck	25,000
7001460	Water hauling and disposal (includes soil farming)	60,000
7001460	Contract Services - Disposal/Non-Hazardous Waste	80,000
7001460	Vacuum Trucks	10,000
7000030	Contract Labor - general	30,000
7000030	Contract Labor - Operations	3,000
7001700	Contract Services - Facilities	10,000
7018020	Well Services - Well Control Services	20,563
7018020	Well Services - Well/Wellhead Services	10,000
7018150	Rental Tools and Equipment (surface rentals)	84,500
7018150	Rig Equipment and Misc.	10,563
7008110	Telecommunications Services	5,000
7005120	Consulting Services	99,288
7001400	Safety and Environmental	33,800
7018120	Rental Buildings (trailers)	16,900
7018310	Coring (sidewalls & analysts)	-
7011010	7% Contingency & Taxes	162,854
TOTAL DRILLING - INTANGIBLE		\$1,972,342

TOTAL DRILLING COST

\$2,489,342

COMPLETION - TANGIBLE

7012580	Tubing	-
7012040	Tubing Accessories (ripple, wireline entry)	-
7012520	Wellhead Equip	15,000
7012540	Packers - Completion Equipment	-
TOTAL COMPLETION - TANGIBLE		\$15,000

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

DATE 5/17/2019

Asset Team PERMIAN  
Field Pearl; Bone Spring FORMATION: 2ND BONE SPRINGS  
Lease/Facility Mead 82 SB State 4H

COMPLETION - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001220	Location and Access (dress location after rig move, set anchors)	10,000
7018220	Drilling Rig During Completion	-
7018140	Mud Fluids & Services	-
7018030	Coiled Tubing Services (3 runs)	210,000
7018240	Snubbing Services	-
7018270	Pulling/Over Units	-
7018330	Fuel (from drig)	-
7018010	Casing Crew and Services	-
7019020	Convent and Cementing Services	-
7019080	Well Testing Services (flow hand & equip)	425,000
7019320	Fracturing Services	1,955,900
7019330	Perforating	175,000
7019360	Wireline Services	15,000
7001460	Water Hauling & Disposal (frac fluids)	199,000
7016180	Freight - Truck (haul pipe; drig & comp)	15,000
7018150	BOP Rental & Testing	-
7018150	Rental Tools and Equipment (incl drig; lightplant, hydro-walk)	-
7018150	CT Downhole Rental Equipment (ie. Bt, BHA)	-
7000090	Contract Labor - general	35,000
7001110	Telecommunications Services	70,000
7001400	Safety and Environmental	-
7001120	Consulting Services	60,000
7018150	Zipper Manifold	120,000
7019300	Frac Stack Rentals	45,000
7016180	Freight (Transportation Services)	-
7018150	Equipment Rental ( w/o operator, frac tanks, lightplants)	75,000
7018120	Rental Buildings (trailers)	15,000
7000090	Contract Labor - Pumping (pump-down pumps)	30,000
7011010	8% Contingency & Taxes	234,400
TOTAL COMPLETION - INTANGIBLE		\$3,688,700

TOTAL COMPLETION COST

\$3,703,700

SURFACE EQUIPMENT - TANGIBLE

7012350	Misc. Piping, Fittings & Valves	17,120
7006640	Company Labor & Borden	-
7000030	Contract Labor - General	62,878
7001110	Telecommunication equip (Telemetry)	-
7012430	Line Pipe & Accessories	-
7012270	Miscellaneous Materials (containment system)	85,847
7008060	SCADA	-
7016180	Freight - truck	-
7001190	Contract Engineering	7,264
7012290	Metering and Instrumentation	5,823
7012290	M/E Materials	105,326
7012300	Gas Treating	-
7012300	Dehydration	-
7012010	Compressor	-
7012350	Power	-
7012618	Vapor Recovery Unit	-
7012440	Separator & other pressure vessels	896,771
7012500	Tanks	235,946
7012100	Heater Treater	-
7012640	Flare & Accessories	23,293
7000010	Electrical Labor	10,482
7000010	Mechanical Labor	-
7012480	Rod Pumping unit & Pad	-
7012180	Pumping Unit Engine	-
7012350	Electrical Power (electrical cooperative construction costs)	-
TOTAL SURFACE EQUIPMENT - TANGIBLE		\$840,149

TOTAL SURFACE EQUIPMENT COST

\$ 840,149

ARTIFICIAL LIFT

7006640	Company Labor	45,000
7012180	Gas Lift Equipment	15,000
7012480	Rod Pumping, Sucker Rods & Rod Pump	6,250
7012140	Elect Sub Pumps (ESP)	17,500
7019350	Well Services-Well/Wellhead Services	6,000
7012270	Materials & Supplies-Tangible	6,000
7012550	Surface Wellhead Equipment	5,000
7012390	Pig Launchers/Receivers & Rel Equip	6,250
7011010	8% Contingency & Taxes	3,000
TOTAL ARTIFICIAL LIFT		110,000

TOTAL ARTIFICIAL LIFT COST

\$ 110,000

SUMMARY OF ESTIMATED DRILLING WELL COSTS

	TOTAL COST
TOTAL LOCATION COST	\$ 84,000
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TOTAL COMPLETION COST	\$ 3,703,700
TOTAL SURFACE EQUIPMENT COST	\$ 840,149
TOTAL ARTIFICIAL LIFT COST	\$ 110,000
GRAND TOTAL COST	\$7,227,191

Participant's Approval

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

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

DATE 5/17/2019  
DRILLING & LOCATION PREPARED BY MATTHEW RUEGAARD  
COMPLETION PREPARED BY JOSH SHANNON  
FACILITIES PREPARED BY MATT BERGEMEN  
ARTIFICIAL LIFT PREPARED BY BILLY MOORE/MATT H

Asset Team PERMIAN  
Field Pearl Bone Spring FORMATION: 3RD BONE SPRINGS  
Lease/Facility Head EST 78 3848 7H  
Location LEA COUNTY  
Prospect WALAGA

EXPLOIMENT  
RECOMPLETION  
WORKOVER

WILDCAT  
DEVELOPMENT  
X EXPLOITATION

Est Total Depth 16,657 Est Drilling Days \_\_\_\_\_ Est Completion Days 5.5

LOCATION COST - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001370	Location and Access	90,250
7001350	Land Broker Fees and Services	33,750
TOTAL LOCATION COST - INTANGIBLE		84,000

DRILLING COST - TANGIBLE

7013050	Conductor Pipe	28,000
7013050	Surface Casing	44,000
7013050	Intermediate Casing 1	135,000
7013050	Intermediate Casing 2	280,000
7013050	Production Casing	78,000
7013050	DSP liner hanger, Tuboack Ey & Cog Accessories	55,000
7013150	Drilling Workhead Equipment	50,000
7013150	Casing & Tubing Access	24,000
7013240	Miscellaneous MRO Materials	5,000
7013270		
TOTAL DRILLING - TANGIBLE		697,000

TOTAL DRILLING - TANGIBLE

DRILLING COST - INTANGIBLE

7015000	Drilling Rig Mob/Demob	\$2,500
7015020	Drilling Rig - day work/shortage	651,975
7015040	Directional Drilling Services	215,000
7015020	Germant and Cementing Service	15,000
7015020	Germant and Cementing Service	25,000
7015020	Germant and Cementing Service	40,000
7015020	Germant and Cementing Service	60,000
7015020	Mud Fluids & Services	64,000
7015020	Solids Control equipment	43,000
7015020	Casing Curing and Services	70,000
7015010	Fluid (Nuc)	30,000
7015010	Fluid (Nuc)	74,000
7015010	Winter (non portable)	25,000
7015010	Winter (portable)	5,000
7015000	Well Logging Services	
7015050	Mud Logging/Logging	20,000
7015050	Stabilizers, Hole Cleaners, Underreamers (OH rentals)	15,000
7015110	Casing Inspection/Logging	15,000
7015110	Drill Pipe/Tool Inspection Services	10,000
7015110	Drill Pipe/Tool Inspection Services	35,000
7015110	Drill Pipe/Tool Inspection Services	80,000
7015110	Contract Services - Disposal/Non-Hazardous Waste	30,000
7015110	Vacuum Trucks	30,000
7015110	Contract Labor - general	3,000
7015110	Contract Labor - Operations	3,000
7015110	Contract Services - Facilities	22,000
7015110	Well Services - Well Control Services	10,000
7015150	Well Services - Well Workover Services	95,500
7015150	Rental Tools and Equipment (surface rentals)	12,000
7015150	Rig Equipment and Misc.	5,000
7015110	Telecommunications Services	113,000
7015110	Consulting Services	35,000
7015110	Safety and Environmental	19,000
7015110	Rental Buildings (Trailers)	
7015110	Coring (Lithology & analysis)	
7015110	7% Contingency & Taxes	187,000
TOTAL DRILLING - INTANGIBLE		\$2,166,000
TOTAL DRILLING COST		\$2,863,000

TOTAL DRILLING - INTANGIBLE

TOTAL DRILLING COST

COMPLETION - TANGIBLE

7013540	Tubing	-
7013540	Tubing Accessories ( nipples, wireline entry)	-
7013550	Wellhead Equip	15,000
7013550	Packers - Completion Equipment	-
TOTAL COMPLETION - TANGIBLE		\$15,000



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

DATE 5/17/2019

Asset Team PERMIAN  
Field Pearl; Bone Spring FORMATION: 3RD BONE SPRINGS  
Lease/Facility Mead 32 TB State 7H

COMPLETION - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access (dreas location after rig move, set anchors)	10,000
7001272	Drilling Rig Daring Completion	-
7001280	Mud Fluids & Services	-
7001280	Coiled Tubing Services (3 runs)	210,000
7001280	Snubbing Services	-
7001270	Pulling/Draw Units	-
7001280	Fuel (from drig)	-
7001280	Casing Crew and Services	-
7001280	Cement and Cementing Services	-
7001280	Well Testing Services (flow hand & equip)	425,000
7001280	Fracturing Services	1,955,300
7001280	Perforating	175,000
7001280	Wireline Services	15,000
7001280	Water Hauling & Disposal (frac fluids)	239,000
7001280	Freight - Truck (haul pipe; drig & comp)	15,000
7001280	SOP Rental & Testing	-
7001280	Rental Tools and Equipment ( Incl drig; lightplant,hydra-walk)	-
7001280	CT Downhole Rental Equipment (ie. SK, BHA)	-
7000080	Contract Labor - general	35,000
7001110	Telecommunications Services	70,000
7001400	Safety and Environmental	-
7001120	Consulting Services	60,000
7001280	Zipper Manifold	120,000
7001280	Frack Stock Rentals	45,000
7001280	Freight (Transportation Services)	-
7001280	Equipment Rental ( w/o operator, frac tanks, lightplants)	75,000
7001280	Rental Buildings (trailers)	15,000
7000080	Contract Labor - Pumping (pump-down pumps)	30,000
7001280	8% Contingency & Taxes	234,000
TOTAL COMPLETION - INTANGIBLE		\$3,728,700

TOTAL COMPLETION COST

\$3,743,700

SURFACE EQUIPMENT - TANGIBLE

7012350	Misc. Piping, Fittings & Valves	17,120
7006640	Company Labor & Burden	-
7000030	Contract Labor - General	62,878
7001110	Telecommunication equip (Telemetry)	-
7012410	Line Pipe & Accessories	-
7012270	Miscellaneous Materials (containment system)	35,847
7008080	SCADA	-
7012180	Freight - truck	-
7001180	Contract Engineering	7,384
7012280	Metering and Instrumentation	5,823
7012280	IME Materials	105,826
7012280	Gas Treating	-
7012280	Dehydration	-
7012010	Compressor	-
7012280	Power	-
7012610	Vapor Recovery Unit	-
7012680	Separator & other pressure vessels	836,771
7012500	Tanks	235,946
7012100	Heater Treater	-
7012640	Flare & Accessories	23,293
7000010	Electrical Labor	10,482
7000010	Mechanical Labor	-
7012480	Rod Pumping unit & Pad	-
7012180	Pumping Unit Engine	-
7012350	Electrical Power (electrical cooperative construction costs)	-
TOTAL SURFACE EQUIPMENT - TANGIBLE		\$840,149

TOTAL SURFACE EQUIPMENT COST

\$ 840,149

ARTIFICIAL LIFT

7006640	Company Labor	45,000
7012180	Gas Lift Equipment	15,000
7012480	Rod Pumping, Sucker Rods & Rod Pump	6,250
7012140	Elect Sub Pumps (ESP)	17,500
7012150	Well Services-Well/Wellhead Services	6,000
7012270	Materials & Supplies-Tangible	6,000
7012350	Surface Wellhead Equipment	5,000
7012280	Pig Launchers/Receivers & Rel Equip	6,250
7012010	8% Contingency & Taxes	9,000
TOTAL ARTIFICIAL LIFT		110,000

TOTAL ARTIFICIAL LIFT COST

\$ 110,000

SUMMARY OF ESTIMATED DRILLING WELL COSTS

	TOTAL COST
TOTAL LOCATION COST	\$ 84,000
TOTAL DRILLING COST	\$ 2,863,093
TOTAL COMPLETION COST	\$ 3,743,700
TOTAL SURFACE EQUIPMENT COST	\$ 840,149
TOTAL ARTIFICIAL LIFT COST	\$ 110,000
GRAND TOTAL COST	\$7,640,942

Participant's Approval

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

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

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

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

DATE 5/17/2019

DRILLING & LOCATION PREPARED BY MATTHEW RUGAARD  
COMPLETION PREPARED BY JOSH SHANNON  
FACILITIES PREPARED BY MATT HENSCHEN  
ARTIFICIAL LIFT PREPARED BY BILLY MOORE/MATT H

Asset Team	PERMIAN			
Field	Pearly Bone Spring	FORMATION: SRD BONE SPRINGS	WILDCAT	EXPLORATION
Lease/Facility	Mead 82 TB State BH		DEVELOPMENT	RECOMPLETION
Location	LEA COUNTY		X EXPLOITATION	WORKOVER
Prospect	MALAGA			

Est Total Depth 16,467 Est Drilling Days Est Completion Days 5.5

LOCATION COST - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access	50,250
7001250	Land Broker Fees and Services	33,750
TOTAL LOCATION COST - INTANGIBLE		84,000

DRILLING COST - TANGIBLE

7012050	Conductor Pipe	28,000
7012050	Surface Casing	44,000
7012050	Intermediate Casing 1	138,000
7012050	Intermediate Casing 2	280,000
7012050	Production Casing	78,000
7012050	Drig Liner Hanger, Tieback Eq & Cag Accessories	35,000
7012350	Drilling Wellhead Equipment	90,000
7012040	Casing & Tubing Access	24,000
7012270	Miscellaneous MRO Materials	5,000
TOTAL DRILLING - TANGIBLE		687,000

DRILLING COST - INTANGIBLE

7018200	Drilling Rig Mob/Demob	32,500
7018220	Drilling Rig - day work/footage	651,375
7018040	Directional Drilling Services	215,000
7018020	Cement and Cementing Service Surface	15,000
7018020	Cement and Cementing Service Intermediate 1	25,000
7018020	Cement and Cementing Service Intermediate 2	40,000
7018020	Cement and Cementing Service Production	60,000
7018140	Mud Fluids & Services	68,000
7012310	Solids Control equipment	43,000
7012020	Bits	70,000
7012020	Casing Crew and Services	30,000
7012350	Fuel (Rig)	74,000
7012350	Fuel (Mud)	30,000
7001480	Water (non potable)	25,000
7012350	Water (potable)	5,000
7018000	Well Logging Services	-
7018150	Mud Logging-geosteering	20,000
7018250	Stabilizers, Hole Openers, Underreamers (DH rentals)	15,000
7018110	Casing Inspection/cleaning	15,000
7018110	Drill pipe/collar inspection services	10,000
7018180	Freight - truck	25,000
7001480	Water hauling and disposal (includes soil farming)	80,000
7001180	Contract Services - Disposal/Non-Hazardous Waste	80,000
7001440	Vacuum Trucks	10,000
7000030	Contract Labor - general	30,000
7000030	Contract Labor - Operations	8,000
7001200	Contract Services - Facilities	10,000
7018130	Well Services - Well Control Services	22,863
7018050	Well Services - Well/Wellhead Services	10,000
7018150	Rental Tools and Equipment (surface rentals)	96,500
7018150	Rig Equipment and Misc.	12,863
7001110	Telecommunications Services	5,000
7001320	Consulting Services	119,388
7001400	Safety and Environmental	38,600
7018120	Rental Buildings (trailers)	19,300
7019310	Coring (sidewalls & analysis)	-
7011010	7% Contingency & Taxes	187,305
TOTAL DRILLING - INTANGIBLE		\$2,166,083

TOTAL DRILLING COST

\$2,863,093

COMPLETION - TANGIBLE

7012580	Tubing	-
7012040	Tubing Accessories (nipple, wireline entry)	-
7012550	Wellhead Equip	15,000
7012560	Packers - Completion Equipment	-
TOTAL COMPLETION - TANGIBLE		\$15,000

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

DATE 5/17/2019

Asset Team PERMIAN  
Field Pearl; Bone Spring FORMATION: BRD BONE SPRINGS  
Lease/Facility Mead 32 TB State BN

COMPLETION - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access (dress location after rig move, set anchors)	10,000
7019220	Drilling Rig During Completion	-
7019140	Mud Fluids & Services	-
7019090	Coiled Tubing Services (\$ runs)	210,000
7019240	Snubbing Services	-
7019270	Pulling/Snub Units	-
7019390	Fuel (from drlg)	-
7019010	Casing Crew and Services	-
7019020	Cement and Cementing Services	-
7019080	Well Testing Services (flow hand & equip)	425,000
7019320	Fracturing Services	1,955,900
7019330	Perforating	175,000
7019360	Wireline Services	15,000
7003480	Water Hauling & Disposal (frac fluids)	238,000
7016180	Freight - Truck (heel pipe; drlg & comp)	15,000
7018150	BOP Rental & Testing	-
7018130	Rental Tools and Equipment (incl drlg; lightplant,hydra-walk)	-
7018130	CT Downhole Rental Equipment (ie. Bt, BHA)	-
7000090	Contract Labor - general	35,000
7001110	Telecommunications Services	70,000
7001400	Safety and Environmental	-
7001120	Consulting Services	60,000
7018150	Zipper Manifold	130,000
7012220	Frack Stack Rentals	45,000
7019190	Freight (Transportation Services)	-
7019130	Equipment Rental (w/o operator, frac tanks, lightplants)	75,000
7019130	Rental Buildings (trailers)	15,000
7000090	Contract Labor - Pumping (pump-down pumps)	80,000
7000010	8% Contingency & Taxes	234,000
TOTAL COMPLETION - INTANGIBLE		\$3,728,700

TOTAL COMPLETION COST

\$3,743,700

SURFACE EQUIPMENT - TANGIBLE

7012350	Misc. Piping, Fittings & Valves	17,120
7006640	Company Labor & Burden	-
7000090	Contract Labor - General	62,878
7001110	Telecommunication equip (Telemetry)	-
7012410	Line Pipe & Accessories	-
7012270	Miscellaneous Materials (containment system)	85,847
7006000	SCADA	-
7019190	Freight - truck	-
7001130	Contract Engineering	7,264
7012280	Metering and Instrumentation	5,629
7012290	I&E Materials	105,826
7012280	Gas Treating	-
7012280	Dehydration	-
7012010	Compressor	-
7012350	Flare	-
7012618	Vapor Recovery Unit	-
7012440	Separator & other pressure vessels	836,771
7012500	Tanks	235,346
7012190	Heater Treater	-
7012440	Flare & Accessories	23,293
7000010	Electrical Labor	10,482
7000010	Mechanical Labor	-
7012480	Rod Pumping unit & Pad	-
7012180	Pumping Unit Engine	-
7012350	Electrical Power (electrical cooperative construction costs)	-
TOTAL SURFACE EQUIPMENT - TANGIBLE		\$840,149

TOTAL SURFACE EQUIPMENT COST

\$ 840,149

ARTIFICIAL LIFT

7006640	Company Labor	45,000
7012180	Gas Lift Equipment	15,000
7011480	Rod Pumping, Sucker Rods & Rod Pump	6,250
7000010	Elect Sub Pumps (ESP)	17,500
7019150	Well Services-Well/Wellhead Services	6,000
7012270	Materials & Supplies-Tangible	6,000
7012550	Surface Wellhead Equipment	5,000
7012390	Pig Launchers/Receivers & Rel Equip	6,250
7011010	8% Contingency & Taxes	3,000
TOTAL ARTIFICIAL LIFT		110,000

TOTAL ARTIFICIAL LIFT COST

\$ 110,000

SUMMARY OF ESTIMATED DRILLING WELL COSTS

	TOTAL COST
TOTAL LOCATION COST	\$ 84,000
TOTAL DRILLING COST	\$ 2,863,093
TOTAL COMPLETION COST	\$ 3,743,700
TOTAL SURFACE EQUIPMENT COST	\$ 840,149
TOTAL ARTIFICIAL LIFT COST	\$ 110,000
GRAND TOTAL COST	\$7,640,942

Participant's Approval

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

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

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

CASE NO. 20693, 20699, 20708, 20710

AFFIDAVIT

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

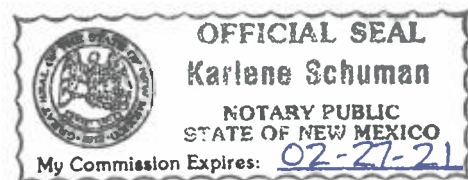
Deana M. Bennett, attorney in fact and authorized representative of Marathon Oil Permian LLC, the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Applications were sent under a notice letter and that proof of receipt is attached hereto.

  
Deana M. Bennett

SUBSCRIBED AND SWORN to before me this 17th day of September, 2019 by Deana M. Bennett.

  
Notary Public

My commission expires: 02-27-21





MODRALL SPERLING  
L A W Y E R S

July 18, 2019

**VIA CERTIFIED MAIL**

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

**CASE NO. 20677  
(Mead 1H)**

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

**CASE NO. 20686  
(Mead 5H)**

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

**CASE NO. 20688  
(Mead 2H)**

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

**CASE NO. 20693  
(Mead 7H)**

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

**CASE NO. 20699  
(Mead 8H)**

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

**CASE NO. 20705  
(Mead 3H)**

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

**CASE NO. 20708  
(Mead 4H)**

Deana M. Bennett  
505.848.1834  
dmb@modrall.com

Modrall Sperling  
Roehl Harris & Sisk P.A.  
500 Fourth Street NW  
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New Mexico 87103-2168

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

**CASE NO. 20710  
(Mead 6H)**

**TO: AFFECTED PARTIES**

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

In Case No. 20677, Marathon seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the W/2 W/2 of Sections 29 and 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the Mead 32 SB State 1H well, to be horizontally drilled. The producing area for the well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said well, and allowing a one year period between when the well is drilled and when the well is completed.

In Case No. 20686, Marathon seeks an order from the Division pooling all uncommitted mineral interests within a Wolfbone Pool underlying a horizontal spacing unit comprised of the W/2 W/2 of Sections 29 and 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the Mead 32 TB State 5H well, to be horizontally drilled. The producing area for the well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said well, and allowing a one year period between when the well is drilled and when the well is completed.

In Case No. 20688, Marathon seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the E/2 W/2 of Sections 29 and 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the Mead 32 SB State 2H well, to be horizontally drilled. The producing area for the well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said well, and allowing a one year period between when the well is drilled and when the well is completed.

In Case No. 20693, Marathon seeks an order from the Division pooling all uncommitted mineral interests within a Wolfbone Pool underlying a horizontal spacing unit comprised of the W/2 E/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the Mead 32 TB State 7H well, to be horizontally drilled. The producing area for the well

will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said well, and allowing a one year period between when the well is drilled and when the well is completed.

In Case No. 20699, Marathon seeks an order from the Division pooling all uncommitted mineral interests within a Wolfbone Pool underlying a horizontal spacing unit comprised of the E/2 E/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the Mead 32 TB State 8H well, to be horizontally drilled. The producing area for the well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said well, and allowing a one year period between when the well is drilled and when the well is completed.

In Case No. 20705, Marathon seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the W/2 E/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the Mead 32 SB State 3H well, to be horizontally drilled. The producing area for the well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said well, and allowing a one year period between when the well is drilled and when the well is completed.

In Case No. 20708, Marathon seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the E/2 E/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the Mead 32 SB State 4H well, to be horizontally drilled. The producing area for the well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said well, and allowing a one year period between when the well is drilled and when the well is completed.

In Case No. 20710, Marathon seeks an order from the Division pooling all uncommitted mineral interests within a Wolfbone Pool underlying a horizontal spacing unit comprised of the E/2 W/2 of Sections 29 and 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the Mead 32 TB State 6H well, to be horizontally drilled. The producing area for the well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said well, and allowing a one year period between when the well is drilled and when the well is completed.

These cases have been set for hearing before a Division Examiner on August 8, 2019, starting at 8:15 a.m. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Office located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. As a party who may be affected by these applications, we are notifying you of your right to appear at the hearing and participate in the cases, including the right to present evidence either in support of or in opposition to the applications. Failure to appear at the hearing may preclude you from any involvement in the cases at a later date.

You are further notified that if you desire to appear in these cases, then you are requested to file a Pre-Hearing Statement with the Division at least four business days in advance of a scheduled hearing before the Division or the Commission, but in no event later than 5:00 p.m. mountain time, on the Thursday preceding the scheduled hearing date, with a copy delivered to the undersigned.

Sincerely,

A handwritten signature in cursive script that reads "Deana M. Bennett". The signature is written in dark ink and is positioned above a horizontal line.

Deana M. Bennett  
*Attorney for Applicant*



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

PS Form 3877

Type of Mailing: CERTIFIED MAIL  
07/18/2019



Firm Mailing Book ID: 171117

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0061 3206 15	Conocophillips Company 925 N. Eldridge Parkway Houston TX 77079	\$1.60	\$3.50	\$1.60	\$0.00	81363-0124 Mead Notice
2	9314 8699 0430 0061 3206 22	Conocophillips Company P.O. Box 2197 Houston TX 77252	\$1.60	\$3.50	\$1.60	\$0.00	81363-0124 Mead Notice
3	9314 8699 0430 0061 3206 39	Chevron 6001 Bolling Canyon Rd. San Ramon CA 94583	\$1.30	\$3.50	\$1.60	\$0.00	81363-0124 Mead Notice
4	9314 8699 0430 0061 3206 46	Ridge Runner Resources Operating LLC 1999 Bryan Street, Suite 900 Dallas TX 75201	\$1.15	\$3.50	\$1.60	\$0.00	81363-0124 Mead Notice
5	9314 8699 0430 0061 3206 53	Catena Resources, LLC 18402 US HWY 281, Suite 258 San Antonio TX 78259	\$1.15	\$3.50	\$1.60	\$0.00	81363-0124 Mead Notice
6	9314 8699 0430 0061 3206 60	KLMC, Inc. (Catena) 631 Main St. Junction TX 76849	\$1.15	\$3.50	\$1.60	\$0.00	81363-0124 Mead Notice
7	9314 8699 0430 0061 3206 77	1st National Bank of Lubbock Successor Trustee of Trusts of JE & Bulah Simmons P.O. Box 1241 Lubbock TX 79408	\$1.15	\$3.50	\$1.60	\$0.00	81363-0124 Mead Notice
8	9314 8699 0430 0061 3206 84	Michael T. Hooper GST Trust Michael T. Hooper Trustee P.O. Box 221950 El Paso TX 79913	\$1.15	\$3.50	\$1.60	\$0.00	81363-0124 Mead Notice
9	9314 8699 0430 0061 3206 91	Nancy B. Parks 9241 El Tree Circle Tyler TX 75703	\$1.15	\$3.50	\$1.60	\$0.00	81363-0124 Mead Notice
10	9314 8699 0430 0061 3207 07	Diana K. Hammonds 108 Sharlotte New Boston TX 75570	\$1.15	\$3.50	\$1.60	\$0.00	81363-0124 Mead Notice
11	9314 8699 0430 0061 3207 14	R.F. Fort P.O. Box 2044 Midland TX 79702	\$1.15	\$3.50	\$1.60	\$0.00	81363-0124 Mead Notice
12	9314 8699 0430 0061 3207 21	Debra Kay Primera P.O. Box 28504 Austin TX 78755	\$1.15	\$3.50	\$1.60	\$0.00	81363-0124 Mead Notice
13	9314 8699 0430 0061 3207 38	Robert Mitchell Raindl P.O. Box 853 Tahoka TX 79373	\$1.15	\$3.50	\$1.60	\$0.00	81363-0124 Mead Notice
14	9314 8699 0430 0061 3207 45	Ricky D. Raindl P.O. Box 142454 Irving TX 75014	\$1.15	\$3.50	\$1.60	\$0.00	81363-0124 Mead Notice
15	9314 8699 0430 0061 3207 52	Velta Jean Daigneault 1720 Alpha Road Rio Rancho NM 87124	\$1.15	\$3.50	\$1.60	\$0.00	81363-0124 Mead 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  
07/18/2019



Firm Mailing Book ID: 171117

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
Totals:			\$18.30	\$52.50	\$24.00	\$0.00	
			Grand Total:		\$94.80		

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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15



Transaction Report Details - CertifiedPro.net  
 Firm Mail Book ID= 171117  
 Generated: 9/11/2019 3:16:34 PM


USPS Article Number	Date Created	Reference Number	Name 1	Name 2	Address	City	State	Zip	Mailing Status	Service Options	Batch ID	Mail Delivery Date
9314869904300061320752	2019-07-18 9:03 AM	81363-0124 Mead	Velta Jean Daigneault		1720 Alpha Road	Rio Rancho	NM	87124	Delivered	Return Receipt - Electronic, Certified Mail	168150	09-03-2019
9314869904300061320745	2019-07-18 9:03 AM	81363-0124 Mead	Ricky D. Raindl		P.O. Box 142454	Irving	TX	75014	Delivered	Return Receipt - Electronic, Certified Mail	168150	07-26-2019
9314869904300061320738	2019-07-18 9:03 AM	81363-0124 Mead	Robert Mitchell Raindl		P.O. Box 853	Tahoka	TX	79373	Delivered	Return Receipt - Electronic, Certified Mail	168150	07-22-2019
9314869904300061320721	2019-07-18 9:03 AM	81363-0124 Mead	Debra Kay Primera		P.O. Box 28504	Austin	TX	78755	Delivered	Return Receipt - Electronic, Certified Mail	168150	07-24-2019
9314869904300061320714	2019-07-18 9:03 AM	81363-0124 Mead	R.F. Fort		P.O. Box 2044	Midland	TX	79702	To be Returned	Return Receipt - Electronic, Certified Mail	168150	
9314869904300061320707	2019-07-18 9:03 AM	81363-0124 Mead	Diana K. Hammonds		108 Sharlotte	New Boston	TX	75570	Delivered	Return Receipt - Electronic, Certified Mail	168150	08-26-2019
9314869904300061320691	2019-07-18 9:03 AM	81363-0124 Mead	Nancy B. Parks		9241 El Tree Circle	Tyler	TX	75703	Delivered	Return Receipt - Electronic, Certified Mail	168150	07-24-2019
9314869904300061320684	2019-07-18 9:03 AM	81363-0124 Mead	Michael T. Hooper GST Trust	Michael T. Hooper Trustee	P.O. Box 221950	El Paso	TX	79913	To be Returned	Return Receipt - Electronic, Certified Mail	168150	
9314869904300061320677	2019-07-18 9:03 AM	81363-0124 Mead	1st National Bank of Lubbock Successor or Trustee of	Trusts of JE & Bulah Simmons	P.O. Box 1241	Lubbock	TX	79408	Delivered	Return Receipt - Electronic, Certified Mail	168150	07-22-2019
9314869904300061320660	2019-07-18 9:03 AM	81363-0124 Mead	KLMC, Inc. (Catena)		631 Main St.	Junction	TX	76849	Delivered	Return Receipt - Electronic, Certified Mail	168150	07-22-2019
9314869904300061320653	2019-07-18 9:03 AM	81363-0124 Mead	Catena Resources, LLC		18402 US HWY 281, Suite 258	San Antonio	TX	78259	Delivered	Return Receipt - Electronic, Certified Mail	168150	08-14-2019
9314869904300061320646	2019-07-18 9:03 AM	81363-0124 Mead	Ridge Runner Resources Operating LLC		1999 Bryan Street, Suite 900	Dallas	TX	75201	Delivered	Return Receipt - Electronic, Certified Mail	168150	07-22-2019
9314869904300061320639	2019-07-18 9:03 AM	81363-0124 Mead	Chevron		6001 Bolling Canyon Rd.	San Ramon	CA	94583	Delivered	Return Receipt - Electronic, Certified Mail	168150	07-23-2019
9314869904300061320622	2019-07-18 9:03 AM	81363-0124 Mead	Conocophillips Company		P.O. Box 2197	Houston	TX	77252	Delivered	Return Receipt - Electronic, Certified Mail	168150	07-24-2019
9314869904300061320615	2019-07-18 9:03 AM	81363-0124 Mead	Conocophillips Company		925 N. Eldridge Parkway	Houston	TX	77079	Lost	Return Receipt - Electronic, Certified Mail	168150	

# Affidavit of Publication


STATE OF NEW MEXICO  
COUNTY OF LEA

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

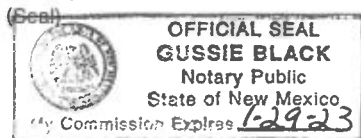
Beginning with the issue dated  
July 21, 2019  
and ending with the issue dated  
July 21, 2019.

  
Publisher

Sworn and subscribed to before me this  
21st day of July 2019.

  
Business Manager

My commission expires  
January 29, 2023



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

## LEGAL NOTICE JULY 21, 2019

CASE NO. 20677: Notice to all affected parties, as well as the heirs and devisees of ConocoPhillips Company, Chevron USA Inc., Ridge Runner Resources Operating LLC, of Marathon Oil Permian LLC's application for compulsory pooling, Lea County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on August 8, 2019, to consider this application. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the W/2 W/2 of Sections 29 and 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the Mead 32 SB State 1H well, to be horizontally drilled. The producing area for the well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said well, and allowing a one year period between when the well is drilled and when the well is completed. Said area is located approximately 12.5 miles west of Monument, New Mexico.

CASE NO. 20688: Notice to all affected parties, as well as the heirs and devisees of ConocoPhillips Company, Chevron USA Inc., Catena Resources LLC, KLMC Inc., First National Bank of Lubbock Successor Trustee of the testamentary trusts created by the Last Wills and Testaments of J.E. Simmons and Bulah H. Simmons Deceased, Lester A. Parks and wife Clara Parks, Michael T. Hooper GST Trust, Michael T. Hooper Trustee, Nancy B. Parks, Diana K. Hammonds, R.F. Fort, Debra Kay Primera, Robert Mitchell Raindi, Ricky D. Raindi, Velta Jean Daignault of Marathon Oil Permian LLC's application for compulsory pooling, Lea County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on August 8, 2019, to consider this application. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the E/2 W/2 of Sections 29 and 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the Mead 32 SB State 2H well, to be horizontally drilled. The producing area for the well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said well, and allowing a one year period between when the well is drilled and when the well is completed. Said area is located approximately 12.5 miles west of Monument, New Mexico.

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CASE NO. 20693: Notice to all affected parties, as well as the heirs and devisees of ConocoPhillips Company of Marathon Oil Permian LLC's application for compulsory pooling, Lea County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on August 8, 2019, to consider this application. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfbone Pool underlying a horizontal spacing unit comprised of the W/2 E/2 of Section 32, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the Mead 32 TB State 7H well, to be horizontally drilled. The producing area for the well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said well, and allowing a one year period between when the well is drilled and when the well is completed. Said area is located approximately 12.5 miles west of Monument, New Mexico.


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# it of Publication

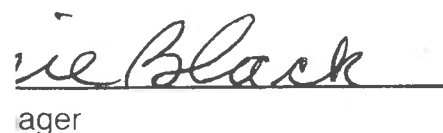
EW MEXICO  
LEA

sell, Publisher of the Hobbs  
newspaper published at  
Mexico, solemnly swear that  
attached hereto was published  
and entire issue of said  
and not a supplement thereof  
f 1 issue(s).

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July 21, 2019  
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July 21, 2019.



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## LEGAL NOTICE JULY 21, 2019

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Notary Public  
State of New Mexico  
Commission Expires 1-29-23

is duly qualified to publish  
or advertisements within the  
Section 3, Chapter 167, Laws of  
the State of New Mexico  
and the amount of fees for said

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

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

CASE NO. 20693, 20699, 20708, 20710

AFFIDAVIT

STATE OF TEXAS                     )  
  ) ss.  
COUNTY OF MIDLAND            )

Thomas Lockwood, being duly sworn, deposes and states:

1. I am over the age of 18, I am a geologist for Marathon Oil Permian LLC, and have personal knowledge of the matters stated herein. I have been qualified by the Oil Conservation Division ("Division") as an expert petroleum geologist.
2. **Exhibit 10** is a locator map showing the approximate location of the proposed wells in relation to the Capitan Reef.
3. **Exhibit 11** is a wellbore schematic showing the proposed laterals within the unit.
4. **Exhibit 12** is structure map of the top of the Wolfcamp. The proposed project area is identified by a black-dashed box, and the proposed wells are identified by red and purple lines. Red indicates Second Bone Spring wells and purple indicates the Wolfbone wells.
5. The contour interval used for Exhibit 12 is 25 feet.
6. Exhibit 12 shows that the structure dips towards the south/southeast.
7. **Exhibit 13** identifies three wells in the vicinity of the proposed Wolfbone wells, shown by a line of cross-section running from A to A'.



8. **Exhibit 14** is a stratigraphic cross section hung on the top of the Wolfcamp. The well logs on the cross-section give a representative sample of the Third Bone Spring sand and Wolfcamp A and Y formations in the area. The target zone is identified by the words "Producing Zone" and the shaded area across the cross section, along with a red arrow.

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

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

11. The wellbores in the upper Wolfcamp are expected to drain the Third Bone Spring sand and the upper Wolfcamp sands equally in this area.

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

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

14. **Exhibit 15** is a Gross Interval Isochore Third Bone Spring Sand to Wolfcamp A. This zone represents the reservoir that would be drained by the proposed Wolfbone wells. From west to east, the Third Bone Spring Sand and the upper Wolfcamp sands thin significantly from 300' thick two miles to the west to less than 50' thick two miles to the east. This reservoir is approximately 100' to 125' thick at the proposed Mead unit.

15. **Exhibit 16** is structure map of the base of the Second Bone Spring Sand/Top of Third Bone Spring Carbonate. The proposed project area is identified by a black-dashed box, and the proposed wells are



identified by red and purple lines. Red indicates Second Bone Spring wells and purple indicates the Wolfbone wells

16. The contour interval used for Exhibit 16 is 25 feet.

17. Exhibit 16 shows that the structure dips to the south/southwest.

18. **Exhibit 17** identifies three wells in the vicinity of the proposed Second Bone Spring sand wells, shown by a line of cross-section running from A to A'.

19. **Exhibit 18** is a stratigraphic cross section hung on the base of the Second Bone Spring. The well logs on the cross-section give a representative sample of the Second Bone Spring sand in the area. The target zone is identified by the words "Producing Zone" and the shaded area across the cross section, along with a red arrow.

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

21. **Exhibit 19** is a Gross Interval Isochore Second Bone Spring Sand. The formation is relatively uniform across the proposed well unit.

22. I conclude from the maps that:

a. The horizontal spacing unit is justified from a geologic standpoint.

b. There are no structural impediments or faulting that will interfere with horizontal development.

c. Each quarter quarter section in the unit will contribute more or less equally to production.

23. **Exhibit 20** provides an overview of the stress orientation in the area based on the 2018 Snee-Zoback paper.

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

25. Exhibits 10-20 were prepared by my or under my supervision or compiled from company business records.

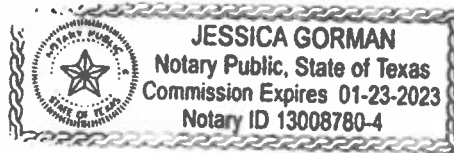
26. In my opinion, the granting of Marathon's applications is in the interests of conservation and the prevention of waste.

Thomas Lockwood  
Thomas Lockwood

SUBSCRIBED AND SWORN to before me this 8<sup>th</sup> day of October, 2019 by Thomas Lockwood, on behalf of Marathon Oil Permian LLC.

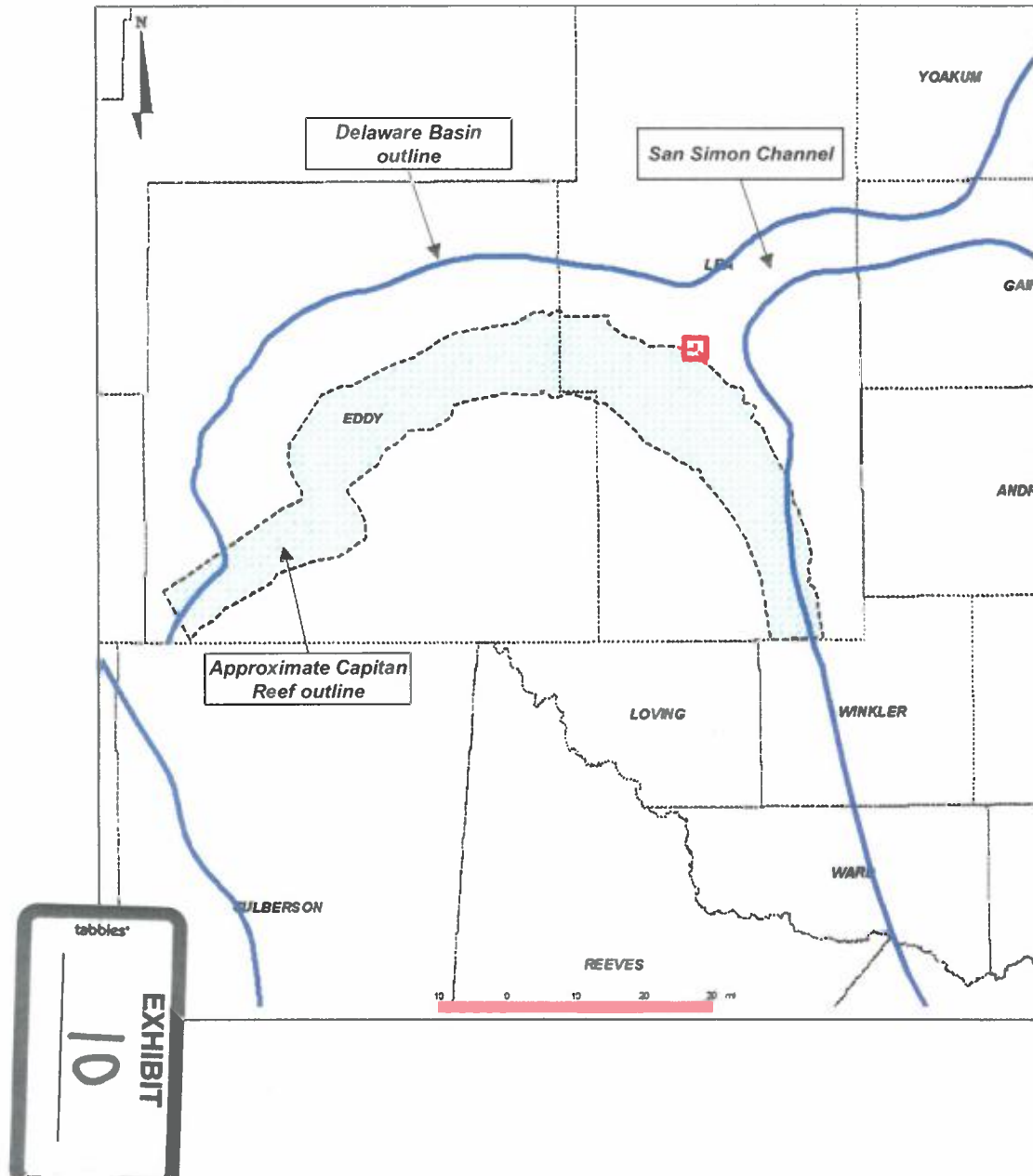
Jessica Gorman  
Notary Public

My commission expires: 1/23/2023



# Mead East 32 State Unit

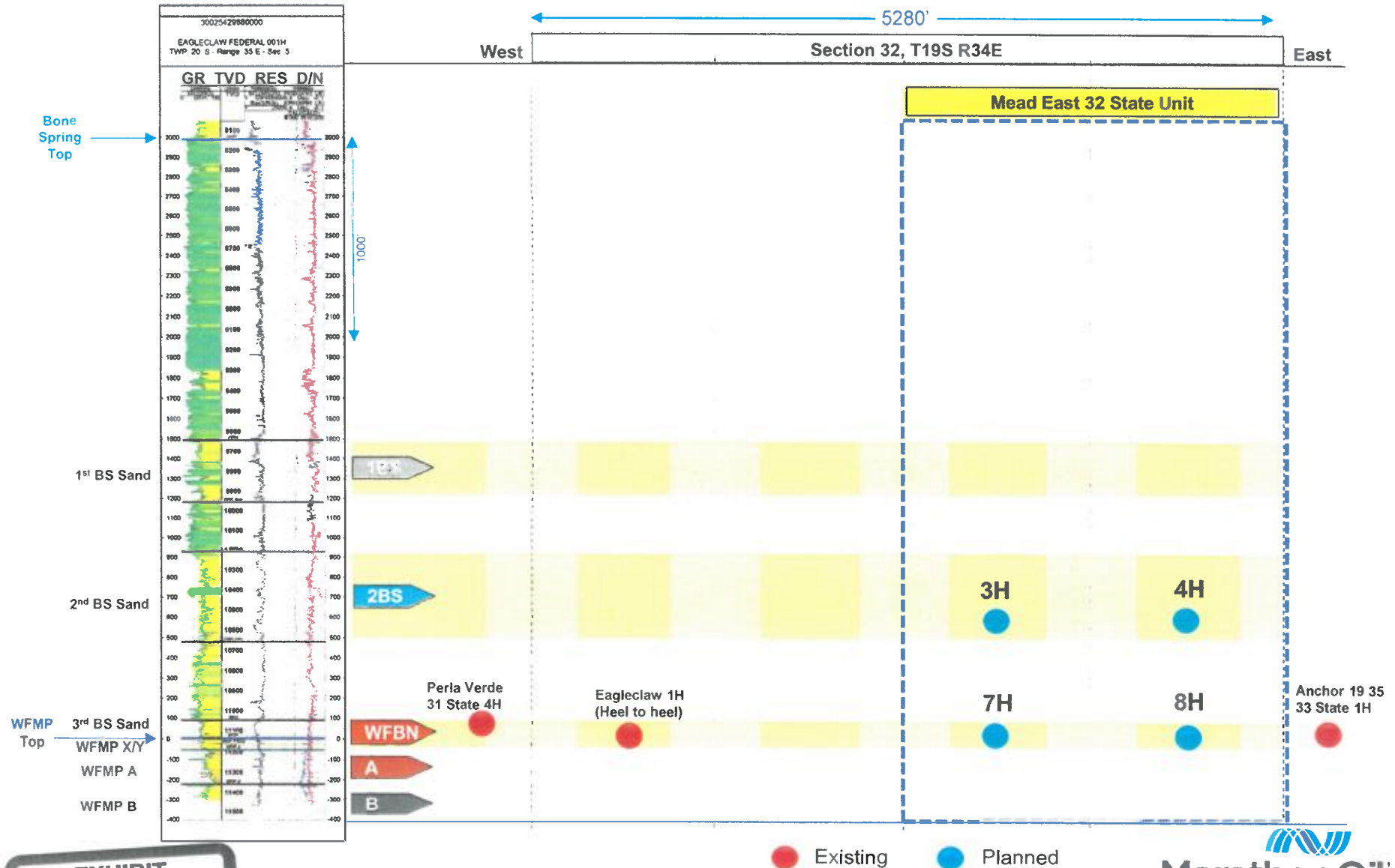
## Locator Map



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

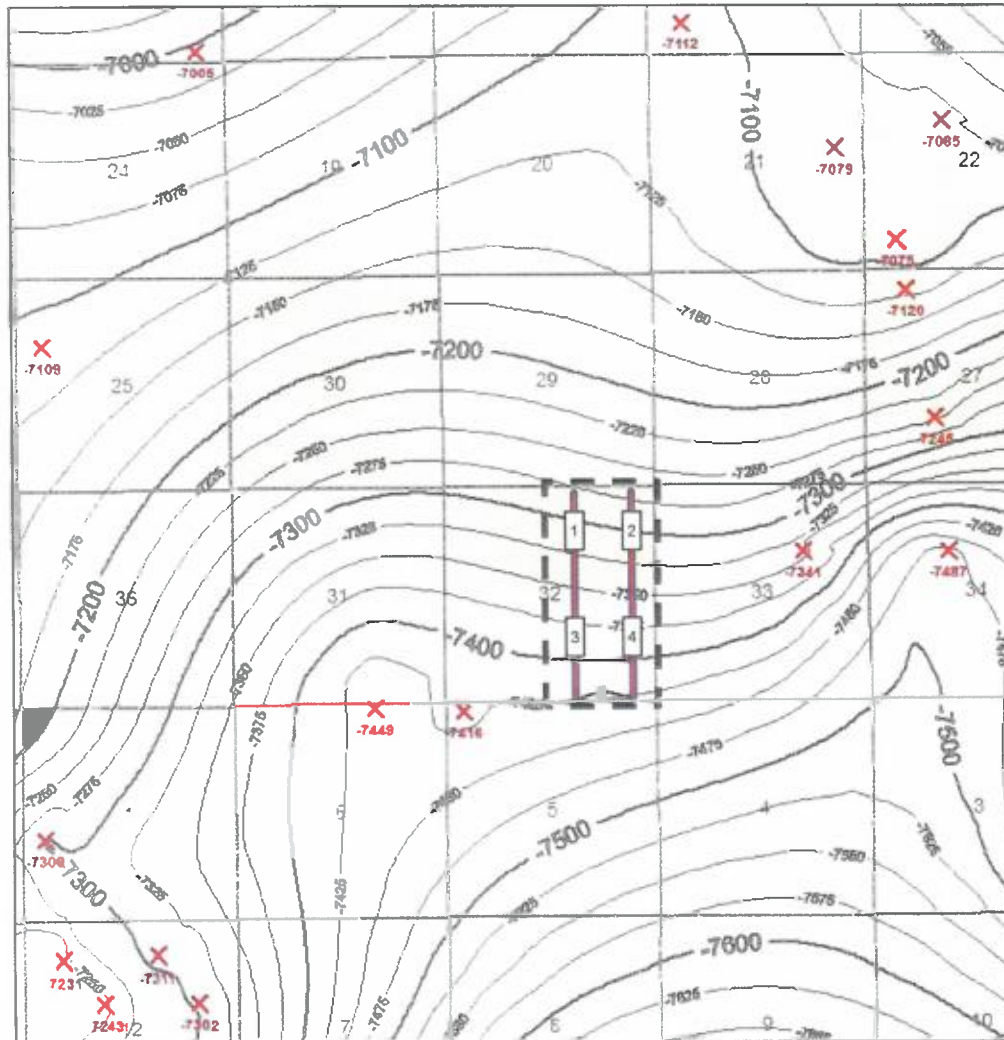
# Mead East 32 State Unit

## Wellbore Schematic



# Mead East 32 State Unit

## Structure Map – Top of Wolfcamp (TVDSS)

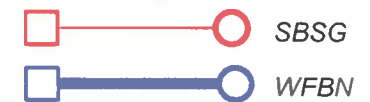


C.I. = 25'

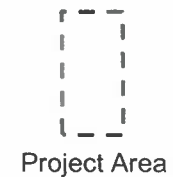
1 mile

- 1 Mead East 32 SBSG State 3H
- 2 Mead East 32 SBSG State 4H
- 3 Mead East 32 WFBN State 7H
- 4 Mead East 32 WFBN State 8H

### Map Legend\*



MRO – Horizontal  
Location

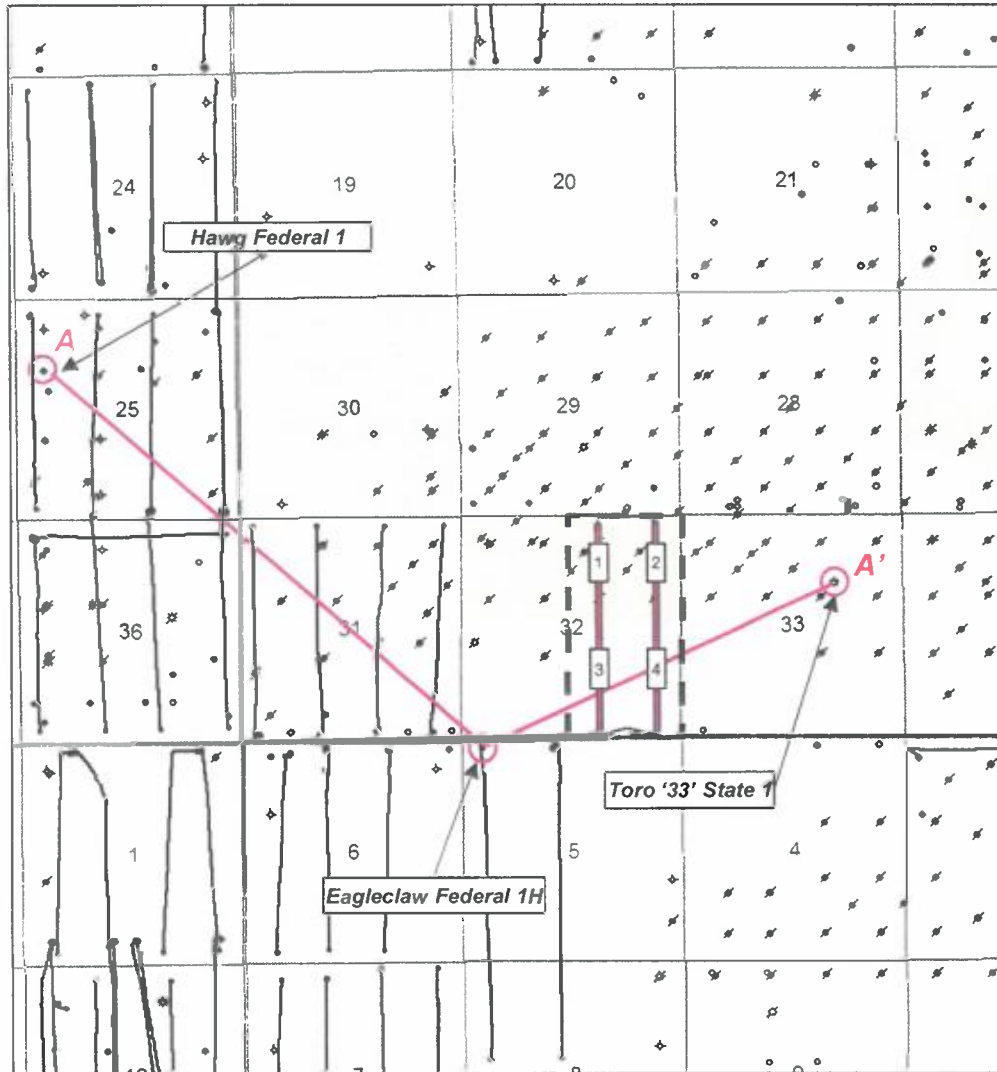


\*Please note- Second Bone Spring laterals are stacked vertically on top of the Wolfbone laterals (same footage calls)



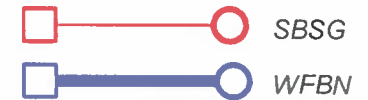
# Mead East 32 State Unit

## Reference Map for Cross Section – Wolfbone Wells

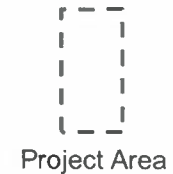


- 1 Mead East 32 SBSG State 3H
- 2 Mead East 32 SBSG State 4H
- 3 Mead East 32 WFBN State 7H
- 4 Mead East 32 WFBN State 8H

### Map Legend\*



MRO – Horizontal  
Location

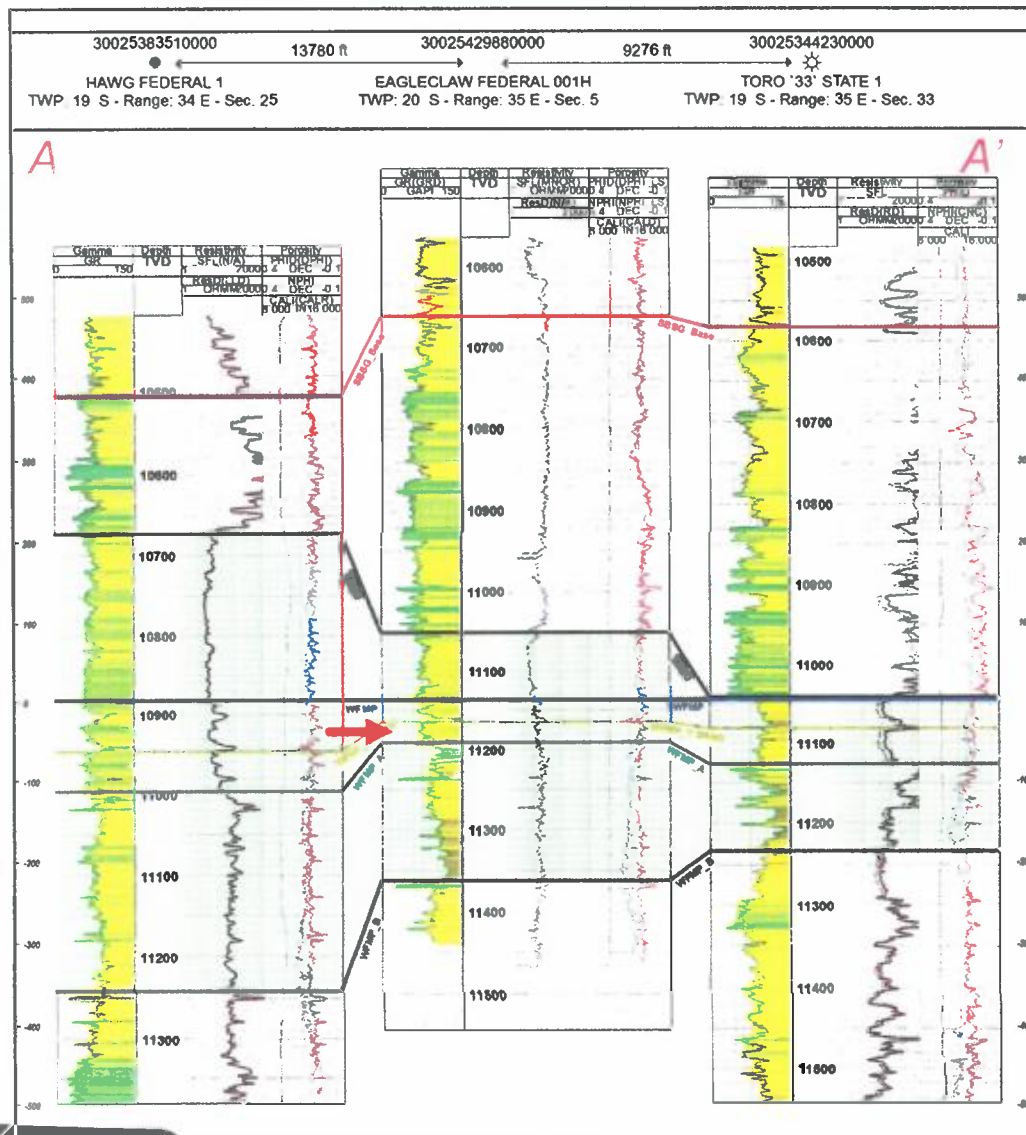


\*Please note- Second Bone Spring laterals are stacked vertically on top of the Wolfbone laterals (same footage calls)



# Mead East 32 State Unit

## Stratigraphic Cross Section (Top Wolfcamp Datum)



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

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

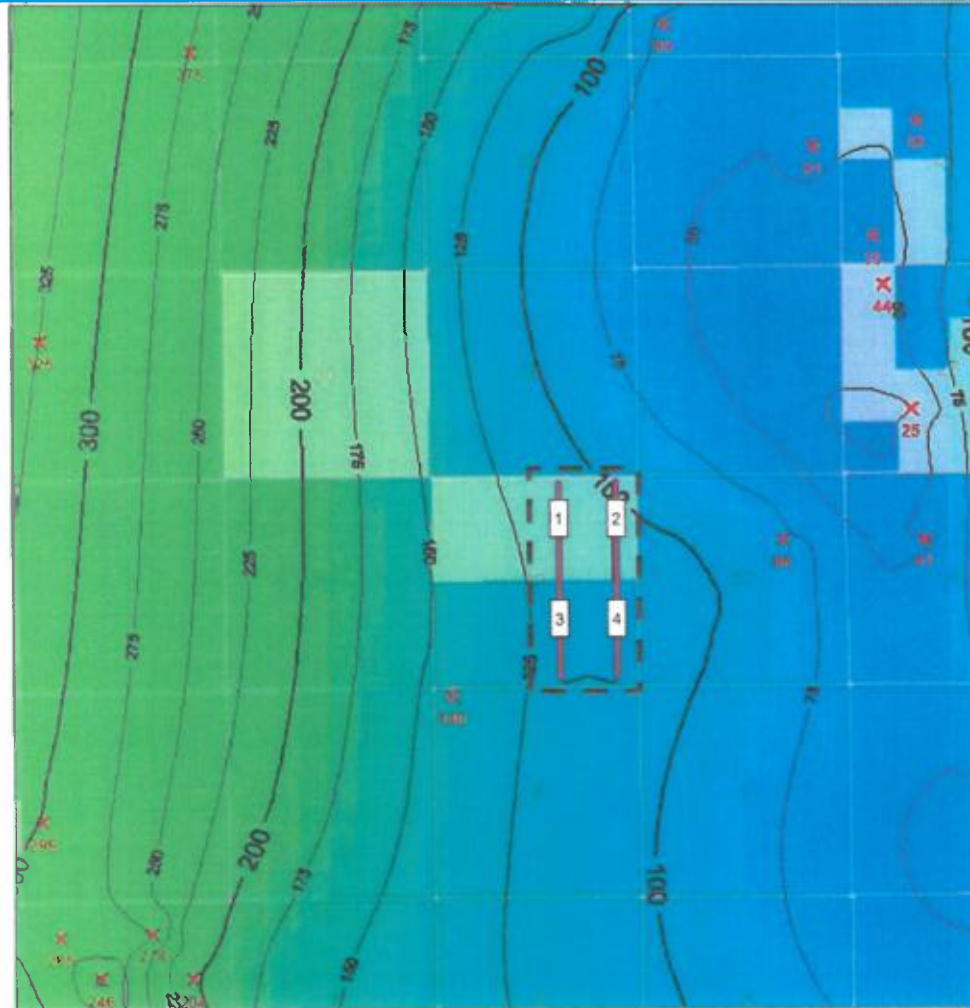
Wellbore in upper Wolfcamp expected to drain Third Bone Spring sand and upper Wolfcamp sands equally at proposed unit.

EXHIBIT

14

# Mead East 32 State Unit

## Gross Interval Isochore – Third Bone Spring Sand to Wolfcamp A



C.I. = 25'

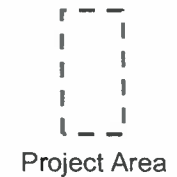
1 mile

- 1 Mead East 32 SBSG State 3H
- 2 Mead East 32 SBSG State 4H
- 3 Mead East 32 WFBN State 7H
- 4 Mead East 32 WFBN State 8H

### Map Legend\*



MRO – Horizontal  
Location

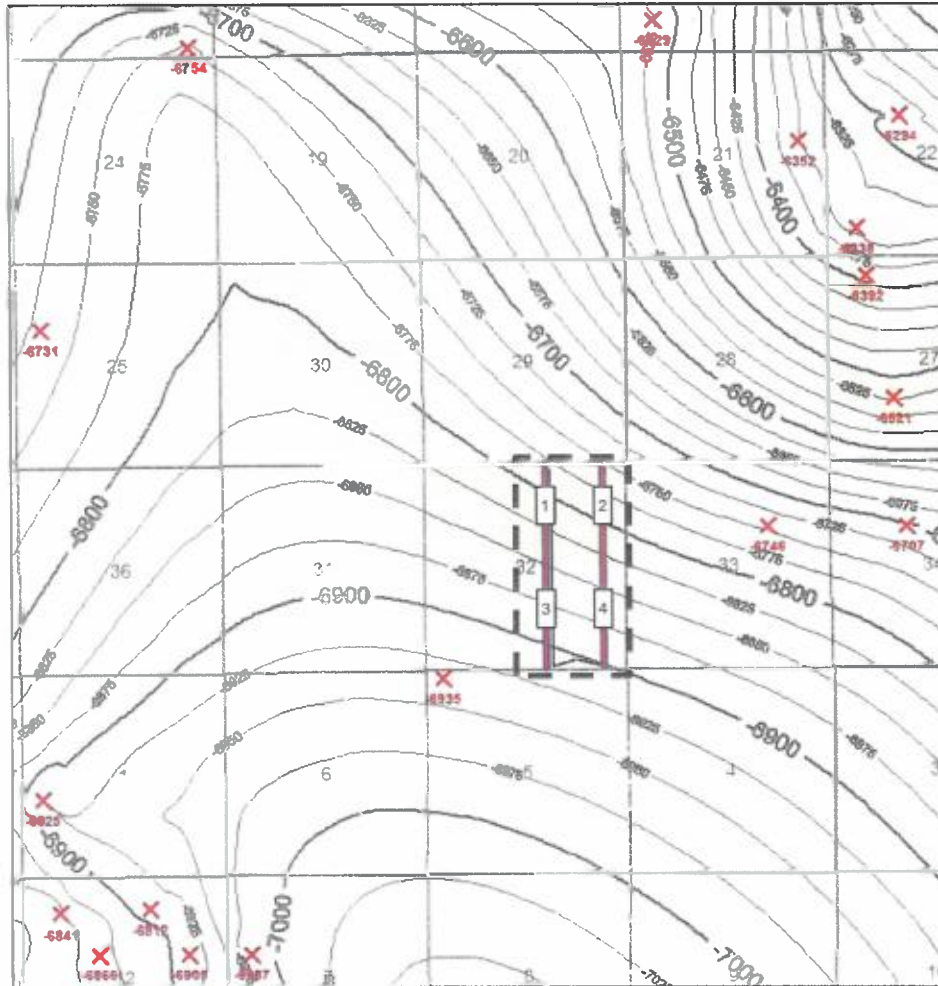


\*Please note- Second Bone Spring laterals are stacked vertically on top of the Wolfbone laterals (same footage calls)



# Mead East 32 State Unit

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





C.I. = 25'

1 mile


- 1 Mead East 32 SBSG State 3H
- 2 Mead East 32 SBSG State 4H
- 3 Mead East 32 WFBN State 7H
- 4 Mead East 32 WFBN State 8H

## Map Legend\*

 SBSG  
 WFBN

MRO – Horizontal Location

  
 MRO Acreage

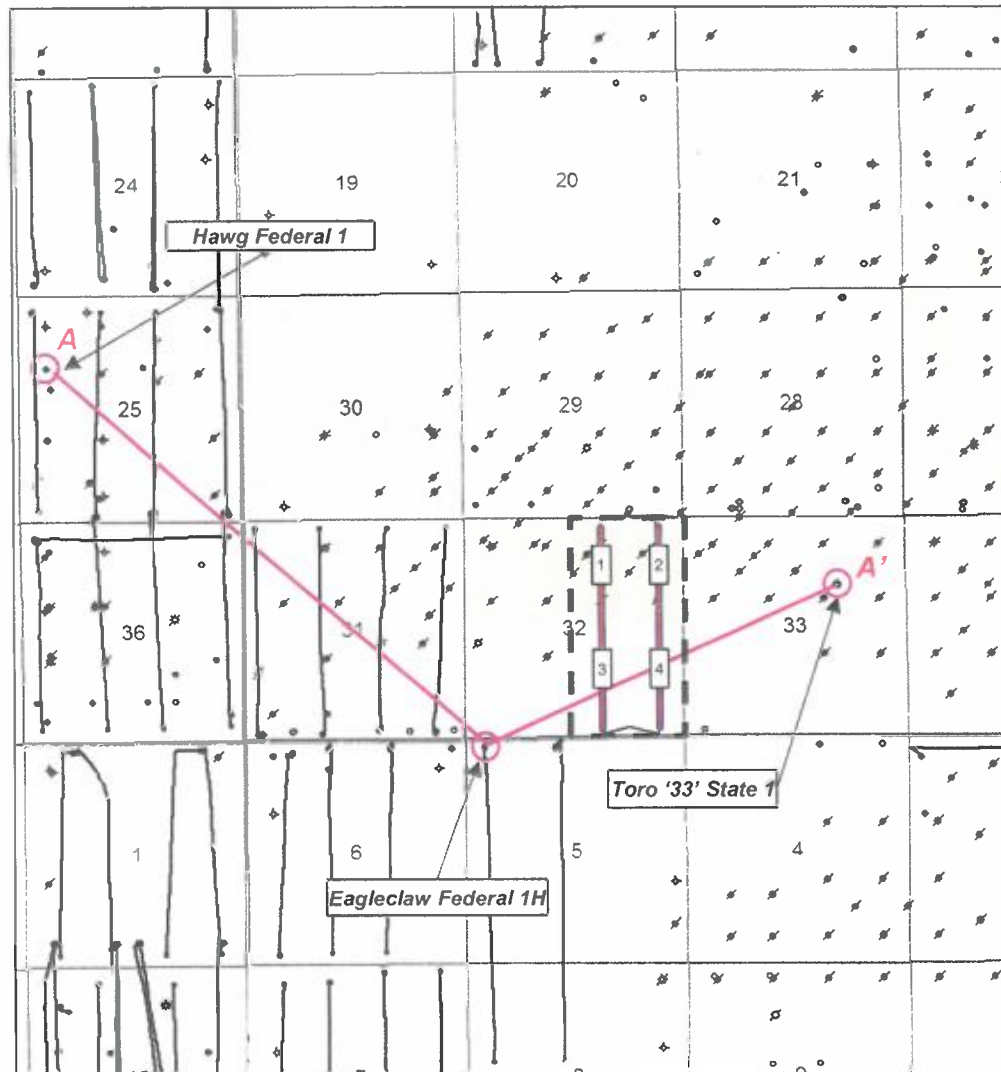
  
 Project Area

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



# Mead East 32 State Unit

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



- 1 Mead East 32 SMSG State 3H
- 2 Mead East 32 SMSG State 4H
- 3 Mead East 32 WFBN State 7H
- 4 Mead East 32 WFBN State 8H

### Map Legend\*

- — ○ SMSG
- — ○ WFBN

MRO – Horizontal  
Location



MRO Acreage



Project Area

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

1 mile

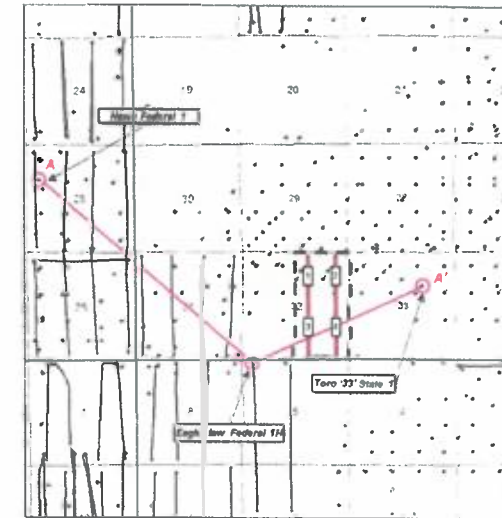
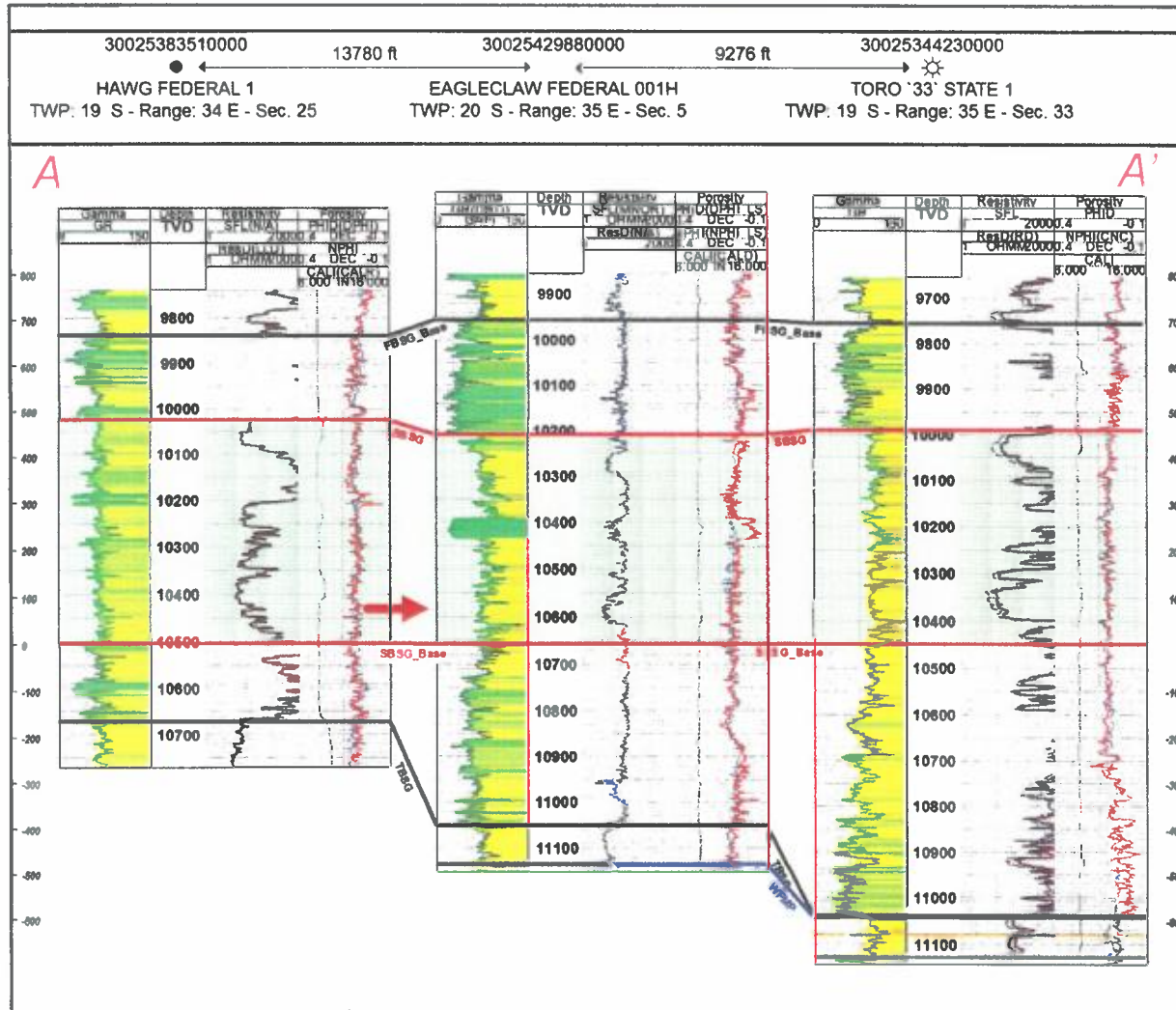
  
Marathon Oil

EXHIBIT

17

# Mead East 32 State Unit

## Stratigraphic Cross Section (Base Second Bone Spring Datum)



**Producing Zone –  
Second Bone Spring Sand**

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



# Mead East 32 State Unit

Gross Interval Isochore – Second Bone Spring Sand



C.I. = 25'

1 mile

- 1 Mead East 32 SBSG State 3H
- 2 Mead East 32 SBSG State 4H
- 3 Mead East 32 WFBN State 7H
- 4 Mead East 32 WFBN State 8H

## Map Legend\*



MRO – Horizontal  
Location



MRO Acreage



Project Area

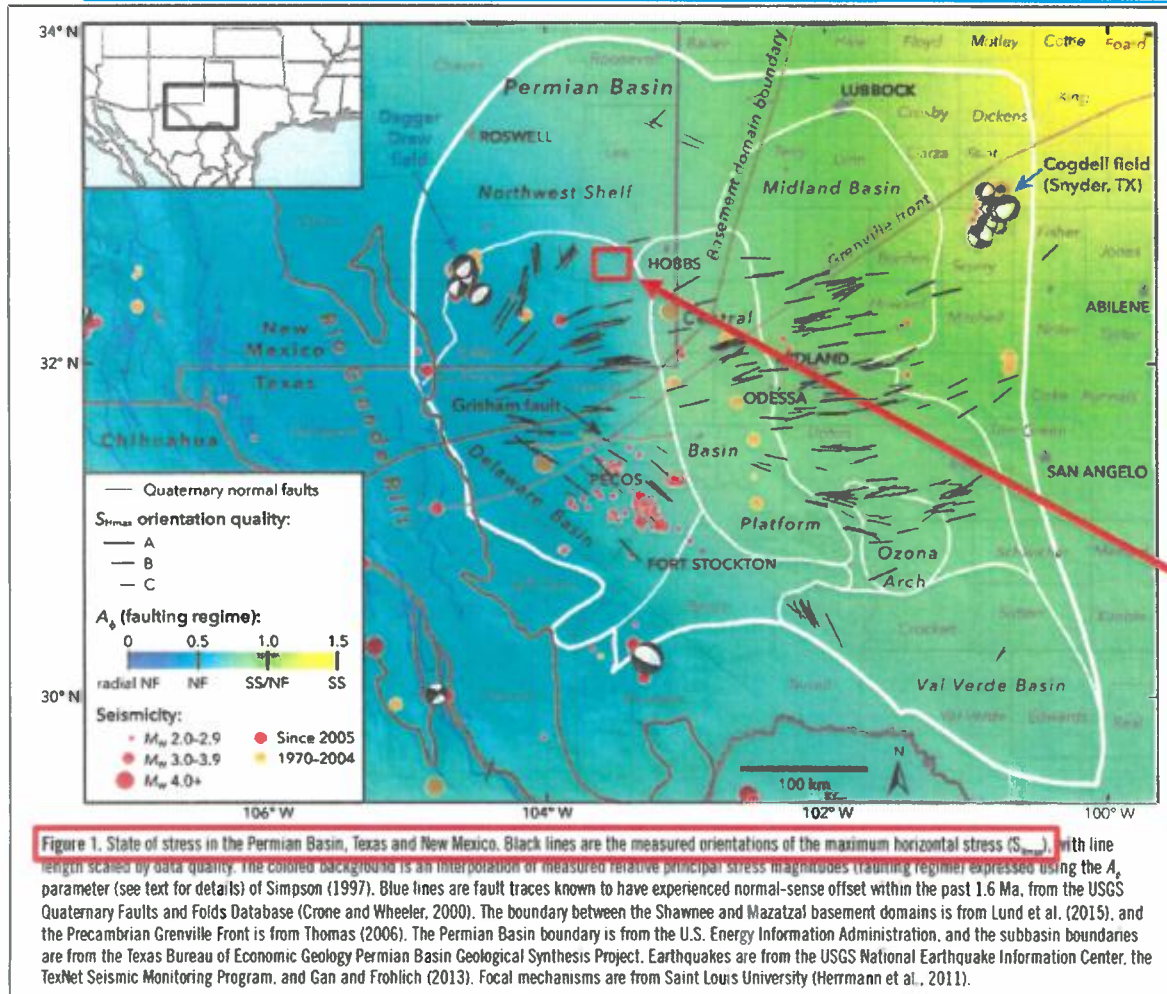
\*Please note- Second Bone Spring laterals are stacked vertically on top of the Wolfbone laterals (same footage calls)





# Mead East 32 State Unit

## Preferred Well Orientation - $SH_{max}$



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

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

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

Source:

Snee, J.L. & M.D. Zoback, 2018, State of stress in the Permian Basin, Texas and New Mexico: Implications for induced seismicity: The Leading Edge, 810-819, <https://doi.org/10.1190/tle37020810.1>.