

**Before the Oil Conservation Division  
Examiner Hearing September 7, 2023**

**Case No. 23723**  
*Hefeweizen State Com 501H*



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

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

**CASE NO. 23723**

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

<b>Case: 23723</b>	<b>APPLICANT'S RESPONSE</b>
<b>Date: September 7, 2023</b>	
Applicant	Marathon Oil Permian LLC
Designated Operator & OGRID (affiliation if applicable)	Marathon Oil Permian LLC OGRID 372098
Applicant's Counsel:	Modrall Sperling
Case Title:	APPLICATION OF MARATHON OIL PERMIAN LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.
Entries of Appearance/Intervenors:	
Well Family	Hefeweizen
<b>Formation/Pool</b>	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring
Pool Name and Pool Code:	40 (Note: OCD pool code spreadsheet states that this pool has 80-acre building blocks, which is likely superceded by statewide rules. In any event, even with 80-acre building blocks, unit is standard.)
Well Location Setback Rules:	Statewide Rules
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320
Building Blocks:	40
Orientation:	North South
Description: TRS/County	W/2E/2 of Sections 30 and 31, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico.
Standard Horizontal Well Spacing Unit (Y/N), If No, describe <u>and</u> is approval of non-standard unit requested in this application?	Y.
<b>Other Situations</b>	
Depth Severance: Y/N. If yes, description	N
Proximity Tracts: If yes, description	N
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	See Exhibit B-3.
<b>Well(s)</b>	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1: Hefeweizen State Com 501H	SHL: 246' FNL & 1333' FEL, Section 30, T-19-S R-35-E FTP: 100' FNL & 1980' FEL Section 30, T-19-S R-35-E BHL: 100' FSL & 1980' FEL Section 31, T-19-S R-35-E Orientation: North South Completion Target: Bone Spring Completion Status: Standard TVD: 10400', MVD: 20650'
Horizontal Well First and Last Take Points	See above cells and Exhibit B-2 (C-102s)
Completion Target (Formation, TVD and MD)	See above cells and Exhibit B-5 (proposal letter)

<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	\$10,000
Production Supervision/Month \$	\$1,000
Justification for Supervision Costs	See Exhibit B Paragraph 24
Requested Risk Charge	200%
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	Exhibit B-7
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit B-7
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit B-7
<b>Ownership Determination</b>	
Land Ownership Schematic of the Spacing Unit	Exhibit B-3
Tract List (including lease numbers and owners)	Exhibit B-3
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to	N/A
Pooled Parties (including ownership type)	Exhibit B-3
Unlocatable Parties to be Pooled	Exhibit B-3
Ownership Depth Severance (including percentage above & below)	NA
<b>Joinder</b>	
Sample Copy of Proposal Letter	Exhibit B-5
List of Interest Owners (ie Exhibit A of JOA)	Exhibit B-3
Chronology of Contact with Non-Joined Working Interests	Exhibit B-4
Overhead Rates In Proposal Letter	Exhibit B-5
Cost Estimate to Drill and Complete	Exhibit B-6
Cost Estimate to Equip Well	Exhibit B-6
Cost Estimate for Production Facilities	Exhibit B-6
<b>Geology</b>	
Summary (including special considerations)	Exhibit C
Spacing Unit Schematic	Exhibit C-2
Gunbarrel/Lateral Trajectory Schematic	Exhibit C-2
Well Orientation (with rationale)	Exhibit C-7
Target Formation	Exhibits C-3 to C-6
HSU Cross Section	Exhibit C-5
Depth Severance Discussion	NA
<b>Forms, Figures and Tables</b>	
C-102	Exhibit B-2
Tracts	Exhibit B-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit B-3
General Location Map (including basin)	Exhibit C-1
Well Bore Location Map	Exhibit C-3
Structure Contour Map - Subsea Depth	Exhibit C-3
Cross Section Location Map (including wells)	Exhibit C-4
Cross Section (including Landing Zone)	Exhibit C-5
<b>Additional Information</b>	
Special Provisions/Stipulations	NA
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
Printed Name (Attorney or Party Representative):	Deana M. Bennett
	OCD Examiner Hearing 9-7-23

Signed Name (Attorney or Party Representative):

*W. Alan M. Brunt*

Date:

7-Sep-23

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

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

CASE NO. 23723

SELF AFFIRMED DECLARATION OF FARLEY DUVALL

Farley Duvall, being duly sworn, deposes and states:

1. I am over the age of 18, I am a landman for Marathon Oil Permian LLC (“Marathon”) and have personal knowledge of the matters stated herein.

2. I have previously testified before the Oil Conservation Division (“Division”) and my credentials as an expert petroleum landman were accepted as a matter of record.

3. My area of responsibility at Marathon includes the area Lea County in New Mexico.

4. I am familiar with the application filed by Marathon in this case, which is attached as

**Exhibit B.1.**

5. I am familiar with the status of the lands that are subject to this application.

6. I submit the following information pursuant to NMAC 19.15.4.12.A(1) in support of the above referenced application.

7. The purpose of the application is to force pool all uncommitted interests into the horizontal spacing unit described below, and in the well to be drilled in the unit.

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

9. In this case, Marathon seeks an order from the Division pooling all uncommitted mineral interests within a standard 320-acre, more or less, Bone Spring horizontal spacing unit



underlying the W/2E/2 of Sections 30 and 31, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico.

10. This spacing unit will be dedicated to the **Hefeweizen State Com 501H** well, to be horizontally drilled.

11. Attached as **Exhibit B.2** is the proposed C-102 for the well.

12. The C-102 identifies the proposed surface hole location and the bottom hole location. The C-102 also identifies the pool and pool code.

13. The well will develop the Lea; Bone Spring, Pool Code 37570.

14. This pool is an oil pool with 40-acre building blocks.

15. This pool is governed by the state-wide horizontal well rules.

16. The producing areas for the well is expected to be orthodox.

17. There are no depth severances within the proposed spacing unit.

18. **Exhibit B.3** includes a lease tract map outlining the unit being pooled. Exhibit B.3 also includes the parties being pooled, the nature, and the percent of their interests.

19. I have conducted a diligent search of the public records in the county where the well is located, and conducted phone directory and computer searches to locate contact information for parties entitled to notification, and mailed the working interest owners well proposals, including an Authorization for Expenditure.

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

21. **Exhibit B.4** is a summary of my contacts with the working interest owners.

22. **Exhibit B.5** is a sample of the well proposal letter that was sent to all working interest owners. The proposal letter identifies the proposed first and last take points and approximate TVD/MD for the well.

23. **Exhibit B.6** contains the Authorization for Expenditure for the proposed well. The estimated cost of the well 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.

24. Marathon requests overhead and administrative rates of \$10,000.00/month for drilling a well and \$1,000.00/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.

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

26. Marathon requests that it be designated operator of the well.

27. The parties Marathon is seeking to pool were notified of this hearing.

28. Marathon seeks to pool overriding royalty interest owners, and they were also provided notice of this hearing.

29. **Exhibit B.7** 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 August 22, 2023.

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

31. In my opinion, the granting of this application is in the interests of conservation and the prevention of waste.

*[Signature page follows]*



I attest under penalty of perjury under the laws of the State of New Mexico that the information provided herein is correct and complete to the best of my knowledge and belief.

Dated this 30th day of August, 2023.



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Farley Duvall

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

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

CASE NO. 23723

**APPLICATION**

Marathon Oil Permian LLC (“Marathon”), OGRID Number 372098, through its undersigned attorneys, hereby submits this application to the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted mineral interests within a standard 320-acre, more or less, Bone Spring horizontal spacing unit comprising the W/2E/2 of Sections 30 and 31, 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/2E/2 of Sections 30 and 31, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico to form a standard 320-acre, more or less, Bone Spring spacing unit.
3. Marathon plans to drill the **Hefeweizen State Com 501H** well to a depth sufficient to test the Bone Spring formation. The well will be horizontally drilled, and the producing area for the well is expected to be orthodox.
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.

WHEREFORE, Marathon requests this application be set for hearing before an Examiner of the Oil Conservation Division on September 7, 2023 and after notice and hearing as required by law, the Division enter its order:

A. Pooling all uncommitted interests in the Bone Spring formation underlying a horizontal spacing unit within the W/2 E/2 of Sections 30 and 31, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico;

B. Designating Marathon as operator of this unit and the wells 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.

Respectfully submitted,

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. 23723 : 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 standard 320-acre, more or less, Bone Spring horizontal spacing unit underlying the W/2E/2 of Sections 30 and 31, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Hefeweizen State Com 501H** well, to be horizontally drilled. The well will be drilled at orthodox locations. 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. Said area is located approximately 19.4 miles from Hobbs, 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 ACERAGE DEDICATION PLAT

<sup>1</sup> API Number		<sup>2</sup> Pool Code 37570		<sup>3</sup> Pool Name LEA; BONE SPRING	
<sup>4</sup> Property Code		<sup>5</sup> Property Name HEFEWEIZEN STATE COM		<sup>6</sup> Well Number 501H	
<sup>7</sup> OGRID No. 372098		<sup>8</sup> Operator Name MARATHON OIL PERMIAN, LLC		<sup>9</sup> Elevation 3786'	

<sup>10</sup> Surface Location

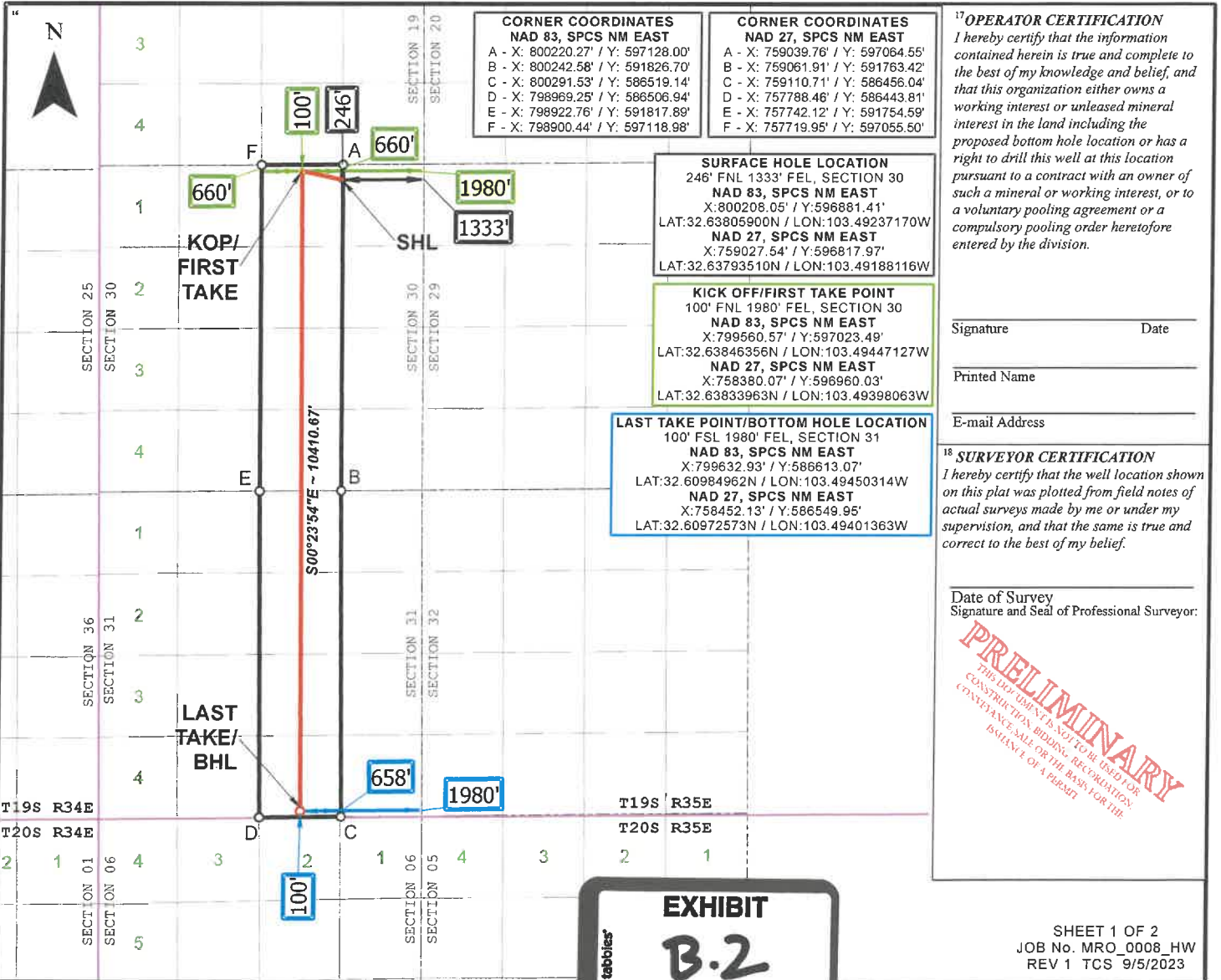
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	30	19S	35E		246	NORTH	1333	EAST	LEA

<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
O	31	19S	35E		100	SOUTH	1980	EAST	LEA

<sup>12</sup> Dedicated Acres 320.00	<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.



Distances/areas relative to NAD 83 grid measurements. Combined Scale F

ence Angle: 0.44922778°

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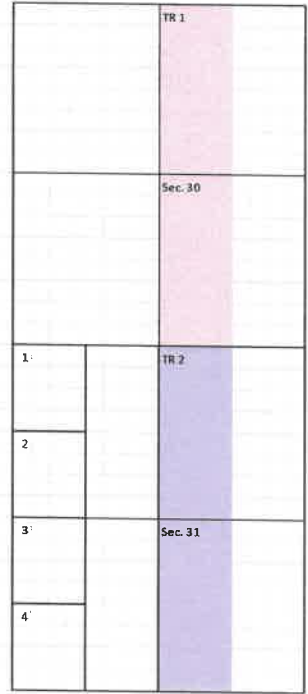
**Exhibit "B.3" Lease Tract Map**  
**Hefeweizen State Com 501H**  
**W/2 E/2 of Sections 30 & Section 31 T19S-R35E: 320.00 acres**

W/2 E/2 (Sec. 30) and W/2 E/2 (Sec. 31)

Sections 30 & 31 Township 19 South Range 35 East

County Lea State New Mexico

320.00 acres, more or less



- Tract 1: State (160.00 acres)
- Tract 2: State (160.00 acres)



Exhibit "B.3" - Summary of Working Interest Owners  
Hefeweizen State Com 501H  
W/2 E/2 of Sections 30 & Section 31 T19S-R35E: 320.00 acres

<b><u>Committed Working Interest:</u></b>	<b>81.250000%</b>
• Marathon Oil Permian LLC	75.000000%
• XTO Holdings, LLC	6.250000%
<b><u>Uncommitted Working Interest:</u></b>	<b>18.750000%</b>
• MJK Mineral Partners, Ltd	5.4833335%
• Sipes Exploration, Inc.	4.1125005%
• Chisos, Ltd.	3.1250000%
• Southwest Royalties, Inc.	1.6041665%
• Black Shale Minerals, LLC	1.5625000%
• Cross Borders Resources, Inc.	1.5625000%
• West Pecos Trading Company, LLC	0.7083335%
• Diane Patrick Tipton, marital status unknown	0.2333330%
• Yalch Operating, LP	0.2333330%
• DM Royalties, Ltd.	0.1250000%



Exhibit "B.3" – Summary of ORRI Owners  
Hefeweizen State Com 501H  
W/2 E/2 of Sections 30 & Section 31 T19S-R35E: 320.00 acres

**ORRI Owners:**

- Adele Royalty Ventures, LLC
- B&R Land and Cattle, LLC
- Chevron USA, Inc
- Chisos, Ltd.
- Cross Borders Resources, Inc.
- Donaldson Brown Royalty, LP
- GBB Royalties, LLC
- John & Theresa Hillman Family Properties, LP
- KHB Energy, LLC
- Leslie Hendrix Wood and Lee F. Wood, Jr
- Manix Royalty, Ltd.
- Tolleson Private Bank, Executor of the Estate of Krisen Lee Hayes, Dec.
- Veirs Family Partnership, L.P.
- XTO Royalty Holdings, L.P.





**HEFEWEIZEN PARTIES BEING POOLED**

**Working Interest Owners**

MJK Mineral Partners, Ltd  
Sipes Exploration, Inc.  
Chisos, Ltd.  
Southwest Royalties, Inc.  
Black Shale Minerals, LLC  
Cross Borders Resources, Inc.  
West Pecos Trading Company, LLC  
Diane Patrick Tipton, marital status unknown  
Yalch Operating, LP  
DM Royalties, Ltd.

**ORRI**

Adele Royalty Ventures, LLC  
B&R Land and Cattle, LLC  
Chevron USA, Inc  
Chisos, Ltd.  
Cross Borders Resources, Inc.  
Donaldson Brown Royalty, LP  
GBB Royalties, LLC  
John & Theresa Hillman Family Properties, LP  
KHB Energy, LLC  
Leslie Hendrix Wood and Lee F. Wood, Jr  
Manix Royalty, Ltd.  
Tolleson Private Bank, Executor of the Estate of Krisen Lee Hayes, Dec.  
Veirs Family Partnership, L.P.  
XTO Royalty Holdings, L.P.

**Exhibit "B.4" Summary of Contacts**  
**Hefeweizen State Com 501H**  
**W/2 E/2 of Sections 30 & Section 31 T19S-R35E: 320.00 acres**

**Summary of Contacts**

- Marathon conducted extensive title work to determine the working interest owners and other interest owners.
- Marathon searched public records, phone directory, and various types of internet searches.
- Marathon sent well proposal letters to the working interest owners on or around June 29, 2022.
- Marathon proposed general terms of a Joint Operating Agreements (JOA) within the well proposal letters sent to working interest owners.
  - Marathon has discussed the general terms of the JOA with the intent of finalizing the JOA with the working interest owners prior to spud (subject to final approvals)
- Marathon had multiple communications with the uncommitted working interest owners, which I have outlined in the chart below.
- Marathon has acquired several parties' working interest in the spacing through commercial transactions
- Marathon filed applications to force pool parties who had not entered into an agreement.
- Marathon's counsel sent notices of the force pooling applications to the addresses of record for the uncommitted interest owners and also for overriding royalty interest owners.
- Marathon also published notice in a newspaper of general circulation in the county where the wells will be located.



Exhibit "B.4" Continued - Summary of Contacts  
Hefeweizen State Com 501H  
W/2 E/2 of Sections 30 & Section 31 T19S-R35E: 320.00 acres

Summary of Contacts with Working Interest Owners/Unleased Mineral Interest Owners to Be Pooled					
Name	Unit % Interest	Date Proposal Letter Sent	Proposal Letter Received	Follow Up	Follow Up Date
MJK Mineral Partners, Ltd	5.483334%	6/6/2023	7/11/2023	MJK submitted their election to participate.	8/21/2023
Chisos, Ltd.	3.125000%	6/6/2023	6/29/2023	Sent interest confirmation.	8/9/2023
Southwest Royalties, Inc.	1.604167%	6/6/2023	7/3/2023	Email to confirm WI and ops timing.	8/15/2023
Black Shale Minerals, LLC	1.562500%	6/6/2023	6/30/2023	Email to confirm WI and operations timing. Also provided JOA draft.	8/9/2023
West Pecos Trading Company, LLC	0.708334%	6/6/2023	6/29/2023	Email to confirm WI and operations timing. Also provided JOA draft.	8/21/2023
Diane Patrick Tipton	0.233333%	6/6/2023	Undeliverable	Mail undeliverable, mailed to two possible alternate addresses	8/17/2023
Yalch Operating, LP	0.233333%	6/6/2023	7/5/2023	Email to confirm WI and operations timing. Also provided JOA draft.	8/9/2023
DM Royalties, Ltd.	0.125000%	6/6/2023	6/29/2023	Sent interest confirmation and provided DM an estimate of their completed well costs.	8/17/2023





Farley Duvall  
Land Professional - Permian

Marathon Oil Company  
990 Town & Country Blvd.  
Houston, Texas 77024  
713.296.2399 (o)  
fduvall@marathonoil.com

August 1, 2023

Re: Hefeweizen State Com 501H & 502H  
Clarification Letter for Previous Proposal  
E/2 of Sections 30 & 31, T19S-R35E  
Lea County, New Mexico

Dear Sir/Madam:

Marathon Oil Permian LLC (“Marathon”) previously mailed out well proposals dated June 26, 2023 for the Hefeweizen State Com 501H & 502H wells. Please let this letter serve as clarification on the well locations, as it was discovered there were typos in the description. The terms, AFE costs, etc. all previously received in the June 26, 2023 packet remain unchanged. Please see the well locations in the table below and do not hesitate to contact me if you have any questions.

Hefeweizen	First Take Point		Last Take Point		Target TVD	Total MD
HEFEWEIZEN STATE COM 501H	1980' FEL Section 30	100' FNL Section 30	1980' FEL Section 31	100' FSL Section 31	10400	20650
HEFEWEIZEN STATE COM 502H	660' FEL Section 30	100' FNL Section 30	660' FEL Section 31	100' FSL Section 31	10400	20650

Best Regards,  
Marathon Oil Permian LLC

Farley Duvall  
Land Professional



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No. 23723

18



Farley Duvall  
Land Professional - Permian

Marathon Oil Company  
990 Town & Country Blvd.  
Houston, Texas 77024  
713.296.2399 (o)  
fduvall@marathonoil.com

June 26, 2023

Re: Hefeweizen State Com 501H & 502H (the "Wells")  
Participation Proposal  
E/2 of Sections 30 & 31, T19S-R35E  
Lea County, New Mexico

Dear Sir/Madam:

Marathon Oil Permian LLC ("Marathon") proposes the drilling, completion, and equipping of the Wells to test the Bone Springs formations, at a legal location in Sections 30 & 31, T19S-R35E, Lea County, New Mexico (the "Subject Lands"), as follows:

Hefeweizen	First Take Point		Last Take Point		TVD	TMD	Target Interval	Total AFE
HEFEWEIZEN STATE COM 501H	1980' FEL Section 30	100' FSL Section 30	1980' FEL Section 31	100' FNL Section 31	10400	20650	Second Bone	\$10,229,022
HEFEWEIZEN STATE COM 502H	660' FEL Section 30	100' FSL Section 30	660' FEL Section 31	100' FNL Section 31	10400	20650	Second Bone	\$10,229,022

**Authority for Expenditure (AFEs)**

Enclosed with this letter is an Authority for Expenditure ("AFE") for each of the proposed Wells. Please be aware that the enclosed AFEs are only an estimate of costs to be incurred, and by electing to participate, you shall be responsible for your proportionate share of all actual costs incurred.

**Voluntary Agreement of Compulsory Pooling**

Marathon will provide, upon request, a proposed Joint Operating Agreement ("JOA") for development of the Subject Lands that will include the following basic terms:

- Marathon Oil Permian LLC to be named as Operator
- Contract Area begin the Subject Lands
- As a charge for the risk involved in drilling the well, 300% of the above costs

- \$10,000 per month drilling overhead rates and \$1,000 per month producing overhead rates, adjusted annually pursuant to Section III.1.A.3 of COPAS form titled "Accounting Procedure-Joint Operations."

If you would like to discuss a farmout, an assignment of interest, an acreage trade or other form of agreement for your interests in the Subject Lands, please contact the undersigned. If Marathon is unable to reach a voluntary agreement for the development of the Subject Lands with all the interest owners in the proposed spacing unit, Marathon will file an application with the New Mexico Oil Conservation Division for an order pooling the Subject Lands.

### **Election Instructions**

Please use the attached ballot to indicate your desire to participate in each of the proposed wells and return a signed AFE for each well in which you elect to participate. If we do not receive a response from you within thirty (30) days, we will proceed with the necessary proceedings to pool your interests in the proposed spacing unit for the initial wells.

Should you elect to participate, your interest will automatically be covered by the Operator's insurance unless and until you provide written notice to Operator to the contrary, together with a valid, current insurance certificate from your insurance carrier in compliance with Operator's minimum insurance requirements.

Should you have any questions regarding the above, please do not hesitate to contact me at the information provided in the top of this letter.

Best Regards,  
**Marathon Oil Permian LLC**

Farley Duvall  
Land Professional

### **PARTICIPATION BALLOT**

**Ridge Runner Resources Operating, LLC** hereby elects to:

\_\_\_\_\_ Not to participate in the **HEFEWEIZEN STATE COM 501H** Well.

\_\_\_\_\_ Participate in the **HEFEWEIZEN STATE COM 501H** Well by paying its proportionate share of all actual costs.

\_\_\_\_\_ Not to participate in the **HEFEWEIZEN STATE COM 502H** Well.

\_\_\_\_\_ Participate in the **HEFEWEIZEN STATE COM 502H** Well by paying its proportionate share of all actual costs.

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

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

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

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

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

DATE 6/26/2023  
 DRILLING & LOCATION PREPARED BY COURT NELSON  
 COMPLETION PREPARED BY KRISTEN DRAIN  
 FACILITIES PREPARED BY HARSHA DISSANAYAKE  
 ARTIFICIAL LIFT PREPARED BY CRAIG PLANTE

Asset Team	PERMIAN		
Field	Bone Spring FORMATION: SB	WILDCAT	EXPLORATION
Lease/Facility	Hefeweizen State Com 501H	DEVELOPMENT	RECOMPLETION
Location	E/2 30 & 31-195-35E	X EXPLOITATION	WORKOVER
Prospect	Red Hills		
Est Total Depth	21,200	Est Drilling Days	20.25
		Est Completion Days	7

LOCATION COST - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access	165,000
7001250	Land Broker Fees and Services	110,000
		0
TOTAL LOCATION COST - INTANGIBLE		\$275,000

DRILLING COST - TANGIBLE

7001270	Conductor Pipe	36,607
7012050	Surface Casing	80,534
7012050	Intermediate Casing 1	163,997
7012050	Intermediate Casing 2	-
7012050	Production Casing	464,171
7012050	Drig Liner Hanger, Tieback Eq & Csg Accessories	36,607
7012550	Drilling Wellhead Equipment	35,142
7012040	Casing & Tubing Access	80,534
7290003	Miscellaneous MRO Materials	7,321
		-
TOTAL DRILLING - TANGIBLE		\$904,913

DRILLING COST - INTANGIBLE

7290002	Drilling Rig Mob/Demob	95,177
7290002	Drilling Rig - day work/footage	666,239
7019040	Directional Drilling Services	226,375
7019020	Cement and Cementing Service Surface	36,607
7019020	Cement and Cementing Service Intermediate 1	58,570
7019020	Cement and Cementing Service Intermediate 2	-
7019020	Cement and Cementing Service Production	183,033
7019140	Mud Fluids & Services	95,543
7012310	Solids Control equipment	59,961
7012020	Bits	219,639
7019010	Casing Crew and Services	58,570
7016350	Fuel (Rig)	103,267
7019140	Fuel (Mud)	43,928
7001460	Water (non potable)	36,607
7012350	Water (potable)	7,321
7019000	Well Logging Services	-
7019150	Mud Logging+geosteering	19,164
7019250	Stabilizers, Hole Openers, Underreamers (DH rentals)	51,249
7019110	Casing inspection/cleaning	21,964
7019110	Drill pipe/collar inspection services	14,643
7016180	Freight - truck	36,607
7001460	Water hauling and disposal (includes soil farming)	87,856
7001160	Contract Services - Disposal/Non-Hazardous Waste	117,141
7001440	Vacuum Trucks	14,643
7000030	Contract Labor - general	43,928
7000010	Contract Labor - Operations	4,393
7001200	Contract Services - Facilities	14,643
7019300	Well Services - Well Control Services	30,017
7019350	Well Services - Well/Wellhead Services	14,643
7290003	Rental Tools and Equipment (surface rentals)	16,656
7260001	Rig Equipment and Misc.	133,248
7001110	Telecommunications Services	7,321
7001120	Consulting Services	139,910
7001400	Safety and Environmental	46,637
7330002	Rental Buildings (trailers)	16,656
7019310	Coring (sidewalls & analysis)	-
7011010	8% Contingency & Taxes	290,165
TOTAL DRILLING - INTANGIBLE		\$3,012,317

TOTAL DRILLING COST

\$3,917,230

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

DATE 6/26/2023

Asset Team	PERMIAN
Field	FORMATION: Bone Spring
Lease/Facility	Hefeweizen State Com 501H

COMPLETION - TANGIBLE

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

COMPLETION - INTANGIBLE



OCD Examiner Hearing 9-7-23  
 No. 23723



7001270	Location and Access (dress location after rig move, set anchors)	8,071
7290002	Drilling Rig During Completion	-
7019140	Mud Fluids & Services	-
7019030	Coiled Tubing Services (3 runs)	126,831
7019240	Snubbing Services	-
7019270	Pulling/Swab Units	-
7016350	Fuel (from drlg)	-
7019010	Casing Crew and Services	-
7019020	Cement and Cementing Services	-
7019080	Well Testing Services (flow hand & equip)	318,185
7390002	Fracturing Services	3,318,261
7019330	Perforating	150,731
7019360	Wireline Services	-
7001460	Water Hauling & Disposal (frac fluids)	238,181
7016180	Freight - Truck (haul pipe; drlg & compl)	-
7290003	BOP Rental & Testing	-
7290003	Rental Tools and Equipment (incl drlg; lightplant,hydra-walk)	-
7290003	CT Downhole Rental Equipment (ie. Bit, BHA)	37,473
7290003	Contract Labor - general	-
7000030	Telecommunications Services	28,825
7001110	Safety and Environmental	-
7001400	Consulting Services	75,811
7001120	Zipper Manifold	113,438
7019300	Frac Stack Rentals	98,006
7016180	Freight (Transportation Services)	5,534
7260001	Equipment Rental ( w/o operator, frac tanks, lightplants)	146,620
7330002	Rental Buildings (trailers)	-
7000030	Contract Labor - Pumping (pump-down pumps)	28,825
7011010	8% Contingency & Taxes	-
<b>TOTAL COMPLETION - INTANGIBLE</b>		<b>\$4,694,792</b>

**TOTAL COMPLETION COST \$4,709,792**

**SURFACE EQUIPMENT - TANGIBLE**

7012350	Misc. Piping, Fittings & Valves	85,061
7006640	Company Labor & Burden	-
7000030	Contract Labor - General	92,381
7001110	Telecommunication equip (Telemetry)	-
7012410	Line Pipe & Accessories	24,626
7012270	Miscellaneous Materials (containment system)	25,651
7008060	SCADA	8,115
7016180	Freight - truck	8,483
7001190	Contract Engineering	5,255
7012290	Metering and Instrumentation	143,947
7012290	I&E Materials	84,435
7012200	Gas Treating	-
7012200	Dehydration	-
7012010	Compressor	9,769
7012350	Power	-
7012610	Vapor Recovery Unit	-
7012440	Separator & other pressure vessels	136,486
7012500	Tanks	24,024
7012100	Heater Treater	71,006
7012640	Flare & Accessories	10,314
7000010	Electrical Labor	46,655
7000010	Mechanical Labor	100,891
7012480	Rod Pumping unit & Pad	-
7012180	Pumping Unit Engine	-
7012350	Electrical Power (electrical cooperative construction costs)	18,900
<b>TOTAL SURFACE EQUIPMENT - TANGIBLE</b>		<b>\$896,000</b>

**TOTAL SURFACE EQUIPMENT COST \$ 896,000**

**ARTIFICIAL LIFT**

7000030	Contract Labor	5,071
7001120	Consultant	4,056
7008230	Time Writing/Overhead	5,071
7012180	Artificial Lift Equipment	265,699
7012350	Materials & Supplies	2,028
7012550	Production Tree	5,071
7012580	Tubing	106,482
7016190	Freight	5,071
7018150	Rentals	6,085
7019130	Kill Fluid	2,028
7019220	Well Services & Rig	24,339
<b>TOTAL ARTIFICIAL LIFT</b>		<b>431,000</b>

**TOTAL ARTIFICIAL LIFT COST \$ 431,000**

**SUMMARY OF ESTIMATED DRILLING WELL COSTS**

<b>TOTAL LOCATION COST</b>	<b>\$ 275,000</b>
<b>TOTAL DRILLING COST</b>	<b>\$ 3,917,230</b>
<b>TOTAL COMPLETIONS COST</b>	<b>\$ 4,709,792</b>
<b>TOTAL SURFACE EQUIPMENT COST</b>	<b>\$ 896,000</b>
<b>TOTAL ARTIFICIAL LIFT COST</b>	<b>\$ 431,000</b>
<b>GRAND TOTAL COST</b>	<b>\$10,229,022</b>

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

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

**CASE NO. 23723**

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

**CASE NO. 23724**

**SELF-AFFIRMED DECLARATION OF DEANA M. BENNETT**

Deana M. Bennett, attorney in fact and authorized representative of Marathon Oil Permian, LLC, the Applicant herein, declares as follows:

1) The above-referenced Application was provided under notice letter, dated August 15, 2023, and attached hereto, as Exhibit A.

2) Exhibit B is the mailing list, which show the notice letters were delivered to the USPS for mailing on August 15, 2023.

3) Exhibit C is the certified mailing tracking information, which is automatically complied by CertifiedPro, the software Modrall uses to track the mailings. This spreadsheet shows the names and addresses of the parties to whom notice was sent and the status of the mailing.

4) Exhibit D is the certified mail sheet and tracking information for a second letter sent to MJK Mineral Partners at an updated address.

5) Exhibit E is the Affidavit of Publication from the Hobbs News-Sun, confirming that notice of the September 7, 2023 hearing was published on August 22, 2023.

6) I attest under penalty of perjury under the laws of the State of New Mexico that the information provided herein is correct and complete to the best of my knowledge and belief.



Dated: September 5, 2023

  
\_\_\_\_\_

Deana M. Bennett



MODRALL SPERLING

LAWYERS

August 15, 2023

Deana M. Bennett  
505.848.1834  
dmb@modrall.com

**VIA CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

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

**CASE NO. 23723**

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

**CASE NO. 23724**

TO: AFFECTED PARTIES

This letter is to advise you that Marathon Oil Permian, LLC ("Marathon") has filed the enclosed applications.

In Case No. 23723, Marathon seeks an order from the Division pooling all uncommitted mineral interests within a standard 320-acre, more or less, Bone Spring horizontal spacing unit underlying the W/2E/2 of Sections 30 and 31, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Hefeweizen State Com 501H** well, to be horizontally drilled. The well will be drilled at orthodox locations. 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. Said area is located approximately 19.4 miles from Hobbs, New Mexico.

In Case No. 23724, Marathon seeks an order from the Division pooling all uncommitted mineral interests within a standard 320-acre, more or less, Bone Spring horizontal spacing unit underlying the E/2E/2 of Sections 30 and 31, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Hefeweizen State Com 502H** well, to be horizontally drilled. The well will be drilled at orthodox locations. Also to be

Modrall Spierling  
Roehl Harris & Sisk P.A.

500 Fourth Street NW  
Suite 1000  
Albuquerque,  
New Mexico 87102

PO Box 2168  
Albuquerque,  
New Mexico 87103-2168

Tel: 505.848.1800  
www.modrall.com



OCD Examiner Hearing 9-7-23

No. 23723

26

Page 2

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. Said area is located approximately 19.4 miles from Hobbs, New Mexico.

**The hearing will be conducted remotely on September 7, 2023 beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the docket for the hearing date: <https://www.emnrd.nm.gov/ocd/hearing-info/>.**

As a party who may be affected by these applications, we are notifying you of your right to appear at the hearing and participate in these cases, including the right to present evidence either in support of or in opposition to the applications. Failure to appear at the hearing may preclude you from any involvement in these 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,



Deana M. Bennett

*Attorney for Applicant*

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

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

CASE NO. 23723

APPLICATION

Marathon Oil Permian LLC (“Marathon”), OGRID Number 372098, through its undersigned attorneys, hereby submits this application to the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted mineral interests within a standard 320-acre, more or less, Bone Spring horizontal spacing unit comprising the W/2E/2 of Sections 30 and 31, 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/2E/2 of Sections 30 and 31, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico to form a standard 320-acre, more or less, Bone Spring spacing unit.
3. Marathon plans to drill the **Hefeweizen State Com 501H** well to a depth sufficient to test the Bone Spring formation. The well will be horizontally drilled, and the producing area for the well is expected to be orthodox.
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.

WHEREFORE, Marathon requests this application be set for hearing before an Examiner of the Oil Conservation Division on September 7, 2023 and after notice and hearing as required by law, the Division enter its order:

A. Pooling all uncommitted interests in the Bone Spring formation underlying a horizontal spacing unit within the W/2 E/2 of Sections 30 and 31, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico;

B. Designating Marathon as operator of this unit and the wells 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.

Respectfully submitted,

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. 23723 : 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 standard 320-acre, more or less, Bone Spring horizontal spacing unit underlying the W/2E/2 of Sections 30 and 31, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Hefeweizen State Com 501H** well, to be horizontally drilled. The well will be drilled at orthodox locations. 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. Said area is located approximately 19.4 miles from Hobbs, New Mexico.



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

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

CASE NO. 23724

**APPLICATION**

Marathon Oil Permian LLC (“Marathon”), OGRID Number 372098, through its undersigned attorneys, hereby submits this application to the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted mineral interests within a standard 320-acre, more or less, Bone Spring horizontal spacing unit comprising the E/2E/2 of Sections 30 and 31, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. In support of this application, Marathon states as follows:

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B. Designating Marathon as operator of this unit and the wells 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.

Respectfully submitted,

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. 23724 : 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 standard 320-acre, more or less, Bone Spring horizontal spacing unit underlying the E/2E/2 of Sections 30 and 31, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Hefeweizen State Com 502H** well, to be horizontally drilled. The well will be drilled at orthodox locations. 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. Said area is located approximately 19.4 miles from Hobbs, New Mexico.

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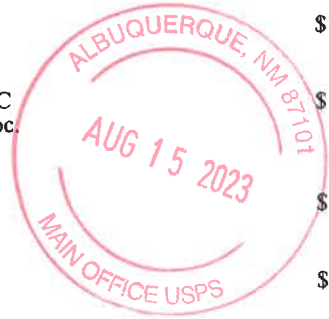
Karlene Schuman  
Modrall Sperlger Roehl Harris & Sisk P.A.  
500 Fourth Street, Suite 1000  
Albuquerque NM 87102

PS Form 3877

Type of Mailing: CERTIFIED MAIL  
08/15/2023

Firm Mailing Book ID: 250809

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0111 0491 07	Apache Corporation 2000 Post Oak Boulevard, Suite 100 Houston TX 77056	\$1.59	\$4.35	\$2.20	\$0.00	81363.0232. Notice
2	9314 8699 0430 0111 0491 14	Black Shale Minerals, LLC P.O. Box 2243 Longview TX 75606	\$1.59	\$4.35	\$2.20	\$0.00	81363.0232. Notice
3	9314 8699 0430 0111 0491 21	Chisos, Ltd. 1331 Lamar Street, Suite 1075 Houston TX 77010	\$1.59	\$4.35	\$2.20	\$0.00	81363.0232. Notice
4	9314 8699 0430 0111 0491 38	Cross Borders Resources, Inc. 6334 Maple Avenue, Suite 500 Dallas TX 75235	\$1.59	\$4.35	\$2.20	\$0.00	81363.0232. Notice
5	9314 8699 0430 0111 0491 45	Diane Patrick Tipton 10 Double Arrow Road Santa Fe NM 87505	\$1.59	\$4.35	\$2.20	\$0.00	81363.0232. Notice
6	9314 8699 0430 0111 0491 52	DM Royalties 4971 E i20 Service Rd N, Ste 302 Willow Park TX 76087	\$1.59	\$4.35	\$2.20	\$0.00	81363.0232. Notice
7	9314 8699 0430 0111 0491 69	MJK Mineral Partners, Ltd P.O. Box 570 Marble Falls TX 78654	\$1.59	\$4.35	\$2.20	\$0.00	81363.0232. Notice
8	9314 8699 0430 0111 0491 76	Sipes Exploration, Inc. P.O. Box 10865 Midland TX 79702	\$1.59	\$4.35	\$2.20	\$0.00	81363.0232. Notice
9	9314 8699 0430 0111 0491 83	Southwest Royalties, Inc. P.O. Box 53570 Midland TX 79710	\$1.59	\$4.35	\$2.20	\$0.00	81363.0232. Notice
10	9314 8699 0430 0111 0491 90	West Pecos Trading Company, LLC 8849 Larston Street Houston TX 77055	\$1.59	\$4.35	\$2.20	\$0.00	81363.0232. Notice
11	9314 8699 0430 0111 0492 06	Yalch Operating, LP P.O. Box 10458 Midland TX 79702	\$1.59	\$4.35	\$2.20	\$0.00	81363.0232. Notice
12	9314 8699 0430 0111 0492 13	State of New Mexico Old Santa Fe Trail Santa Fe NM 87501	\$1.59	\$4.35	\$2.20	\$0.00	81363.0232. Notice
	9314 8699 0430 0111 0492 20	Adele Royalty Ventures, LLC c/o PNC Bank National Assoc. One East Pratt Street Baltimore MD 21202	\$1.59	\$4.35	\$2.20	\$0.00	81363.0232. Notice
	9314 8699 0430 0111 0492 37	B&R Land and Cattle, LLC P.O. Box 2243 Longview TX 75606	\$1.59	\$4.35	\$2.20	\$0.00	81363.0232. Notice
	9314 8699 0430 0111 0492 44	Chevron USA, inc. 1400 Smith Street Houston TX 77024	\$1.59	\$4.35	\$2.20	\$0.00	81363.0232. Notice



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

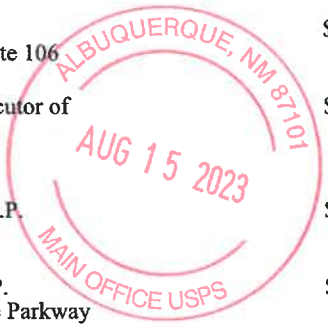
PS Form 3877

Type of Mailing: CERTIFIED MAIL  
08/15/2023

Firm Mailing Book ID: 250809

Received by OCD: 9/5/2023 3:54:10 PM

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
16	9314 8699 0430 0111 0492 51	Chisos, Ltd. 1331 Lamar Street, Suite 1075 Houston TX 77010	\$1.59	\$4.35	\$2.20	\$0.00	81363.0232. Notice
17	9314 8699 0430 0111 0492 68	Cross Borders Resources, Inc. 6334 Maple Avenue, Suite 500 Dallas TX 75235	\$1.59	\$4.35	\$2.20	\$0.00	81363.0232. Notice
18	9314 8699 0430 0111 0492 75	Donaldson Brown Royalty, LP c/o Paul J. Haviland P.O. Box 1183 Abiingdon MD 21009	\$1.59	\$4.35	\$2.20	\$0.00	81363.0232. Notice
19	9314 8699 0430 0111 0492 82	GBB Royalties, LLC, c/o Esther A. Streete, Esq. McNamee Hosea 888 Bestgate Road, Suite 402 Annapolis MD 21401	\$1.59	\$4.35	\$2.20	\$0.00	81363.0232. Notice
20	9314 8699 0430 0111 0492 99	John & Theresa Hillman Family Properties, LP P.O. Box 50187 Midland TX 79710	\$1.59	\$4.35	\$2.20	\$0.00	81363.0232. Notice
21	9314 8699 0430 0111 0493 05	KHB Energy, LLC Attn: Justin Thompson 5500 Preston Road, Suite 250 Dallas TX 75205	\$1.59	\$4.35	\$2.20	\$0.00	81363.0232. Notice
22	9314 8699 0430 0111 0493 12	Leslie Hendrix Wood and Lee F. Wood, Jr 1606 Country Club Midland TX 79701	\$1.59	\$4.35	\$2.20	\$0.00	81363.0232. Notice
23	9314 8699 0430 0111 0493 29	Manix Royalty, Ltd. 3300 N. A. Street, Bldg 8, Ste 106 Midland TX 79701	\$1.59	\$4.35	\$2.20	\$0.00	81363.0232. Notice
24	9314 8699 0430 0111 0493 36	Tolleson Private Bank, Executor of Krisen Lee Hayes, Dec. 5550 Preston Road, Suite B Dallas TX 75205	\$1.59	\$4.35	\$2.20	\$0.00	81363.0232. Notice
25	9314 8699 0430 0111 0493 43	Veirs Family Partnership, L.P. 36 Kestral Lane El Prado NM 79701	\$1.59	\$4.35	\$2.20	\$0.00	81363.0232. Notice
26	9314 8699 0430 0111 0493 50	XTO Royalty Holdings, L.P. 22777 Springwoods Village Parkway Spring TX 77389	\$1.59	\$4.35	\$2.20	\$0.00	81363.0232. Notice
<b>Totals:</b>			<b>\$41.34</b>	<b>\$113.10</b>	<b>\$57.20</b>	<b>\$0.00</b>	
<b>Grand Total:</b>						<b>\$211.64</b>	



List Number of Pieces Listed by Sender: 26

Total Number of Pieces Received at Post Office: *26*

Postmaster: *[Signature]*  
Name of receiving employee

Dated:

Transaction Report Details - CertifiedPro.net  
 Firm Mail Book ID= 250809  
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USPS Article Number	Date Created	Reference Number	Name 1	Name 2	City	State	Zip	Mailing Status	Service Options	Mail Delivery Date
9314869904300111049350	2023-08-15 2:32 PM	81363.0232.	XTO Royalty Holdings, L.P.		Spring	TX	77389	Delivered	Return Receipt - Electronic, Certified Mail	2023-08-18 7:58 AM
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9314869904300111049329	2023-08-15 2:32 PM	81363.0232.	Manix Royalty, Ltd.		Midland	TX	79701	Delivered	Return Receipt - Electronic, Certified Mail	2023-08-21 11:17 AM
9314869904300111049312	2023-08-15 2:32 PM	81363.0232.	Leslie Hendrik Wood and Lee F. Wood, Jr		Midland	TX	79701	To be Returned	Return Receipt - Electronic, Certified Mail	
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9314869904300111049282	2023-08-15 2:32 PM	81363.0232.	GBB Royalties, LLC, c/o Esther A. Streete, Esq.	McNamee Hosea	Annapolis	MD	21401	Delivered	Return Receipt - Electronic, Certified Mail	2023-08-21 3:20 PM
9314869904300111049275	2023-08-15 2:32 PM	81363.0232.	Donaldson Brown Royalty, LP	c/o Paul J. Haviland	Abingdon	MD	21009	To be Returned	Return Receipt - Electronic, Certified Mail	
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OCD Examiner Hearing 9-7-23  
 No. 23723

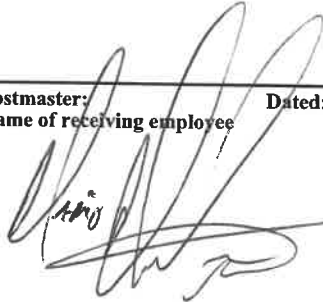
Karlene Schuman  
Modrall Sperling Roehl Harris & Sisk P.A.  
500 Fourth Street, Suite 1000  
Albuquerque NM 87102

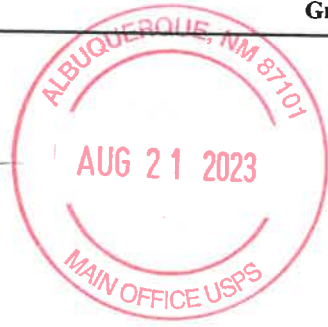
PS Form 3877

Type of Mailing: CERTIFIED MAIL  
08/21/2023

Firm Mailing Book ID: 251048

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0111 2357 53	MJK Mineral Partners P.O. Box 750 Marble Falls TX 78654	\$1.83	\$4.35	\$2.20	\$0.00	81363.0232 Hef
<b>Totals:</b>			<b>\$1.83</b>	<b>\$4.35</b>	<b>\$2.20</b>	<b>\$0.00</b>	
<b>Grand Total:</b>						<b>\$8.38</b>	

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August 25, 2023

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<b>Status Date / Time:</b>	August 24, 2023, 11:45 a.m.
<b>Location:</b>	MARBLE FALLS, TX 78654
<b>Postal Product:</b>	First-Class Mail®
<b>Extra Services:</b>	Certified Mail™ Return Receipt Electronic
<b>Recipient Name:</b>	MJK Mineral Partners

**Shipment Details**

**Weight:** 3.0oz

**Destination Delivery Address**

<b>Street Address:</b>	PO BOX 750
<b>City, State ZIP Code:</b>	MARBLE FALLS, TX 78654-0750

**Recipient Signature**

Signature of Recipient:	 Kathryn Epley
Address of Recipient:	<b>PO BOX 750</b> <small>MARBLE FALLS, TX 78654-0750</small>

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OCD Examiner Hearing 9-7-23

No. 23723

38



# 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 August 22, 2023 and ending with the issue dated August 22, 2023.

  
Publisher

Sworn and subscribed to before me this 22nd day of August 2023.

  
Business Manager

My commission expires January 29, 2027

(Seal)  
STATE OF NEW MEXICO  
NOTARY PUBLIC  
GUSSIE RUTH BLACK  
COMMISSION # 1087526  
COMMISSION EXPIRES 01/29/2027

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 publication has been made.

## LEGAL NOTICE August 22, 2023

CASE NO. 23723: Notice to all affected parties, as well as heirs and devisees of: Apache Corporation; Black Shale Minerals, LLC; Chisos, Ltd.; Cross Borders Resources, Inc.; Diane Patrick Tipton; DM Royalties, Ltd.; MJK Mineral Partners, Ltd; Sipes Exploration, Inc.; Southwest Royalties, Inc.; West Pecos Trading Company, LLC; Yalch Operating, LP; State of New Mexico; Adele Royalty Ventures, LLC, c/o PNC Bank National Association; B&R Land and Cattle, LLC; Chevron USA, Inc.; Donaldson Brown Royalty, LP, c/o Paul J. Haviland; GGB Royalties, LLC; John & Theresa Hillman Family Properties, LP; KHB Energy, LLC, attn.: Justin Thompson; Leslie Hendrix Wood and Lee F. Wood, Jr.; Manix Royalty, Ltd; Tolleson Private Bank, Executor of the Estate of Krisen Lee Hayes, Dec.; Veirs Family Partnership, L.P.; XTO Royalty Holdings, L.P. of Application of Marathon Oil Permian LLC 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 September 7, 2023 to consider this application. Information about accessing the electronic hearing is posted at "OCD NOTICES" at <https://www.emprd.nm.gov/oqd/hearing-info/>. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a standard 320-acre, more or less, Bone Spring horizontal spacing unit underlying the W/2E/2 of Sections 30 and 31, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the Hefeweizen State Com 601H well, to be horizontally drilled. The well will be drilled at orthodox locations. 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. Said area is located approximately 19.4 miles from Hobbs, New Mexico.

CASE NO. 23724: Notice to all affected parties, as well as heirs and devisees of: Apache Corporation; Black Shale Minerals, LLC; Chisos, Ltd.; Cross Borders Resources, Inc.; Diane Patrick Tipton; DM Royalties, Ltd.; MJK Mineral Partners, Ltd; Sipes Exploration, Inc.; Southwest Royalties, Inc.; West Pecos Trading Company, LLC; Yalch Operating, LP; State of New Mexico; Adele Royalty Ventures, LLC, c/o PNC Bank National Association; B&R Land and Cattle, LLC; Chevron USA, Inc.; Donaldson Brown Royalty, LP, c/o Paul J. Haviland; GGB Royalties, LLC; John & Theresa Hillman Family Properties, LP; KHB Energy, LLC, attn.: Justin Thompson; Leslie Hendrix Wood and Lee F. Wood, Jr.; Manix Royalty, Ltd; Tolleson Private Bank, Executor of the Estate of Krisen Lee Hayes, Dec.; Veirs Family Partnership, L.P.; XTO Royalty Holdings, L.P. of Application of Marathon Oil Permian LLC 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 September 7, 2023 to consider this application. Information about accessing the electronic hearing is posted at "OCD NOTICES" at <https://www.emprd.nm.gov/oqd/hearing-info/>. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a standard 320-acre, more or less, Bone Spring horizontal spacing unit underlying the E/2E/2 of Sections 30 and 31, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the Hefeweizen State Com 502H well, to be horizontally drilled. The well will be drilled at orthodox locations. 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. Said area is located approximately 19.4 miles from Hobbs, New Mexico.  
#00281840

01104570

00281840

DOLORES SERNA  
MODRALL, SPERLING, ROEHL, HARRIS &  
P. O. BOX 2168  
ALBUQUERQUE, NM 87103-2168

EXHIBIT  
**E**  
OCD Examiner Hearing 9-7-23  
No. 23723

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

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

CASE NO. 23723

SELF AFFIRMED DECLARATION OF ELIZABETH SCULLY

Elizabeth Scully hereby states and declares as follows:

1. I am over the age of 18, I am a geologist for Marathon Oil Permian, LLC (“Marathon”), and have personal knowledge of the matters stated herein. I have previously testified before the Oil Conservation Division (“Division”) and my credentials as an expert petroleum geologist were accepted by the Division as a matter of record.
2. My area of responsibility at Marathon includes the area of Lea County in New Mexico.
3. I am familiar with the application filed by Marathon in this case.
4. I conducted a geological study of the area embracing Marathon’s Hefeweizen Development Area.
5. **Exhibit C.1** is a locator map showing the approximate location of the proposed unit in relation to the Capitan Reef.
6. **Exhibit C.2** is a wellbore schematic showing Marathon’s Hefeweizen development plan.
7. **Exhibit C.3** is a structure map of the Second Bone Spring formation. The proposed spacing unit is identified by a black box. The Hefeweizen State Com 501H well proposed in this



case is identified by the red line. The contour interval used in this exhibit is 25 feet. This exhibit shows that the structure dips gently to the South.

8. **Exhibit C.4** is a cross-section reference map that identifies two wells in the vicinity of the proposed Hefeweizen State Com 501H well, shown by a line of cross-section running from A to A'.

9. **Exhibit C.5** is a stratigraphic cross-section, and the well shown on the cross-section give a representative sample of the Second Bone Spring formation in the area. The target zone is identified by green shading.

10. **Exhibit C.6** is an Isopach map of the Second Bone Spring formation. Exhibit C.6 identifies the unit by a black box and the proposed well is identified by a red line. The gross interval thickness increases to the West.

11. I conclude from the geology studies referenced above 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 proposed unit will contribute more or less equally to production.

12. **Exhibit C.7** provides an overview of the stress orientation in the area based on the 2020 Snee-Zoback paper.

13. The preferred well orientation in this area is either north/south or south/north, nearly orthogonal to  $S_{Hmax}$ , optimal for inducted fracture propagation. This is because the  $S_{Hmax}$  is at approximately 70 degrees in this area of Lea County.

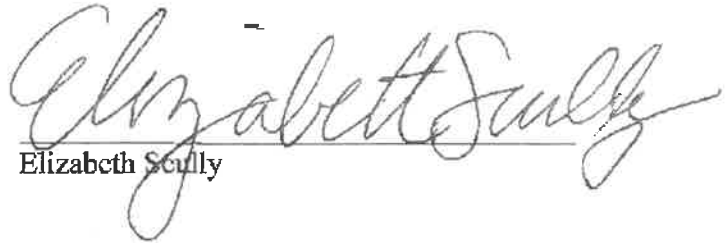
14. In my opinion, the granting of Marathon's application is in the interests of conservation and the prevention of waste.

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

*[Signature page follows]*

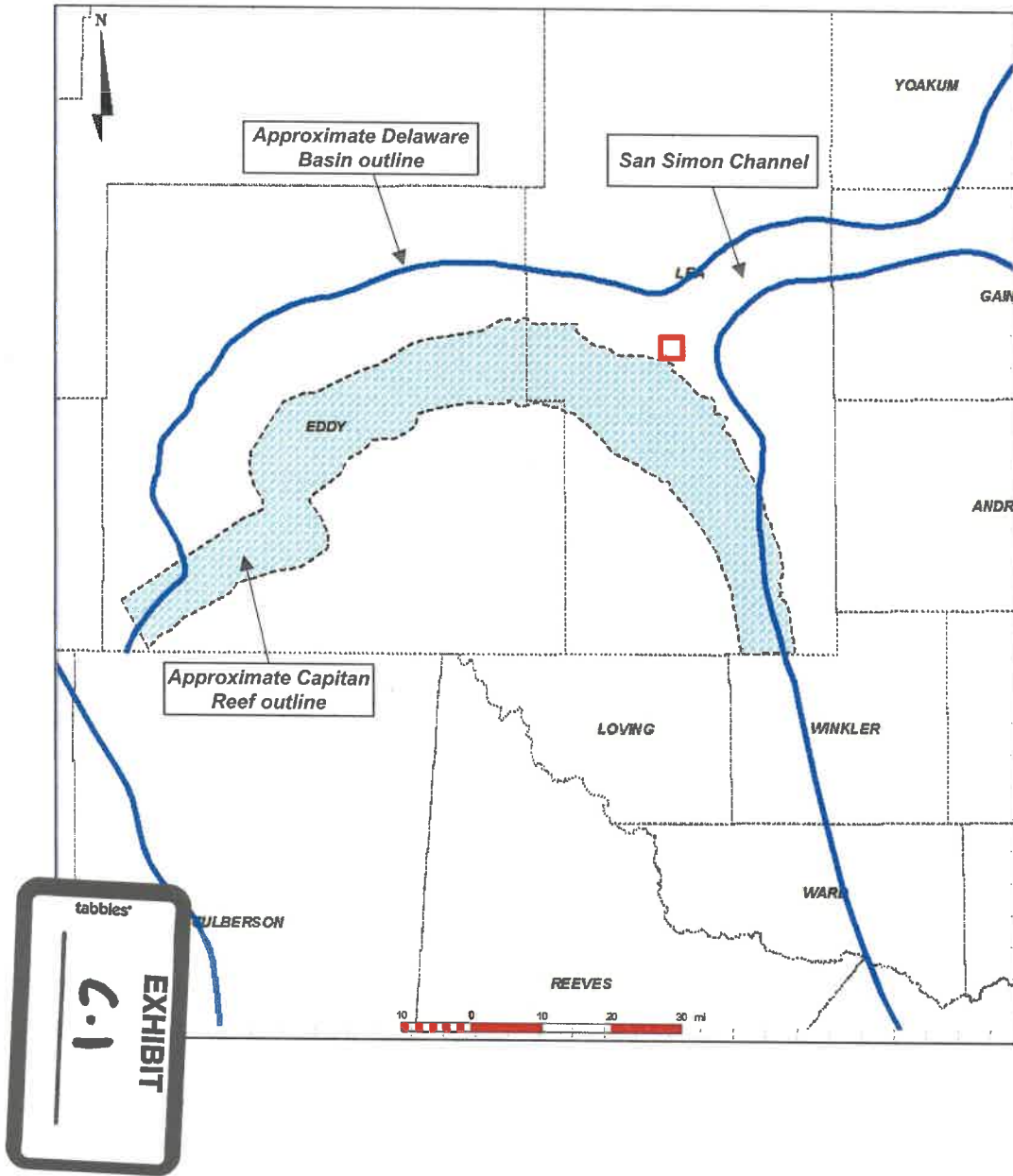
I attest under penalty of perjury under the laws of the State of New Mexico that the information provided herein is correct and complete to the best of my knowledge and belief.

Dated: August 31, 2023

  
Elizabeth Scully

# Hefeweizen State Com Unit

## Locator Map

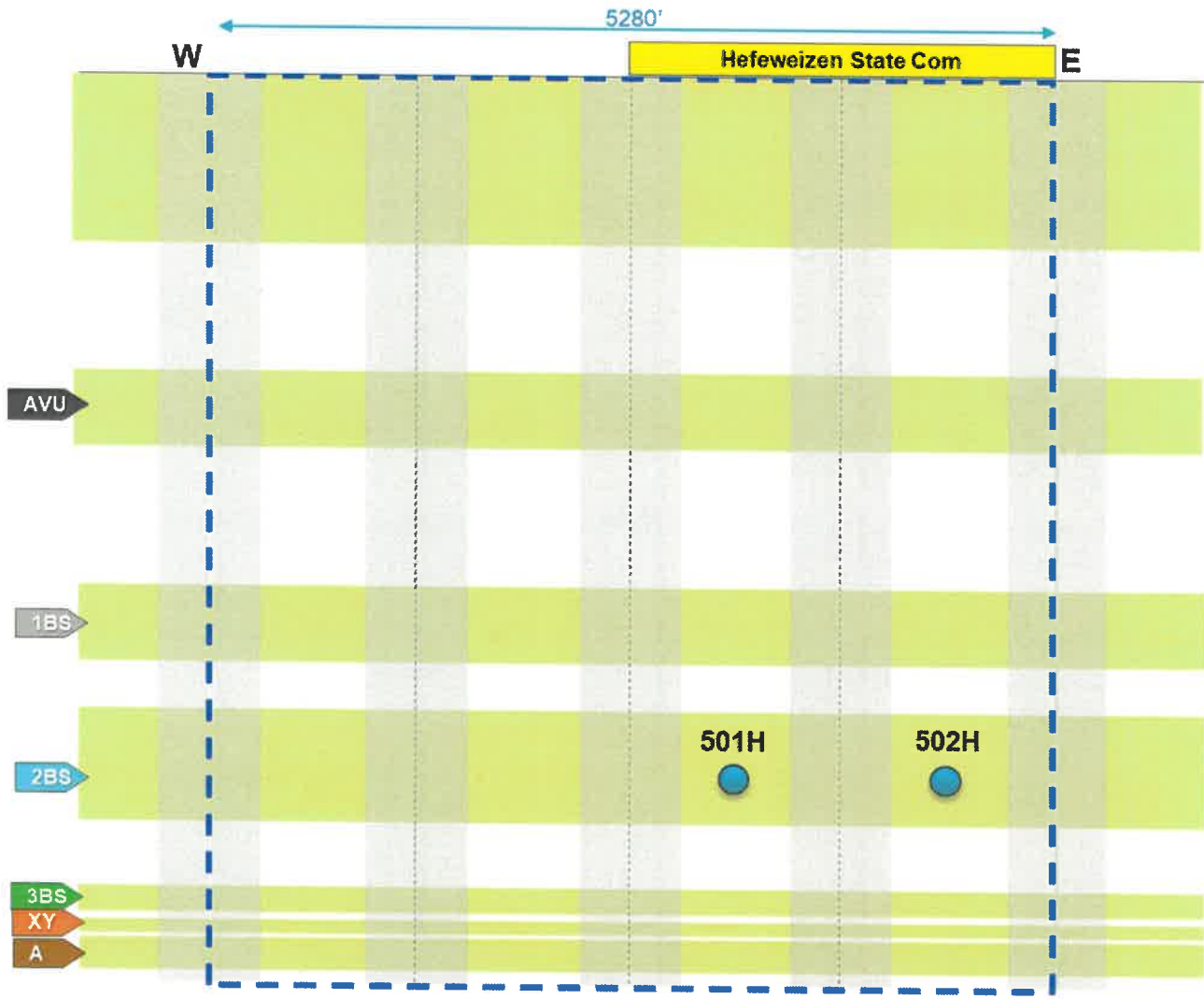


- Approximate location of proposed Hefeweizen State Com well locations shown with red box
- Located at edge of the Capitan Reef
- Lea County



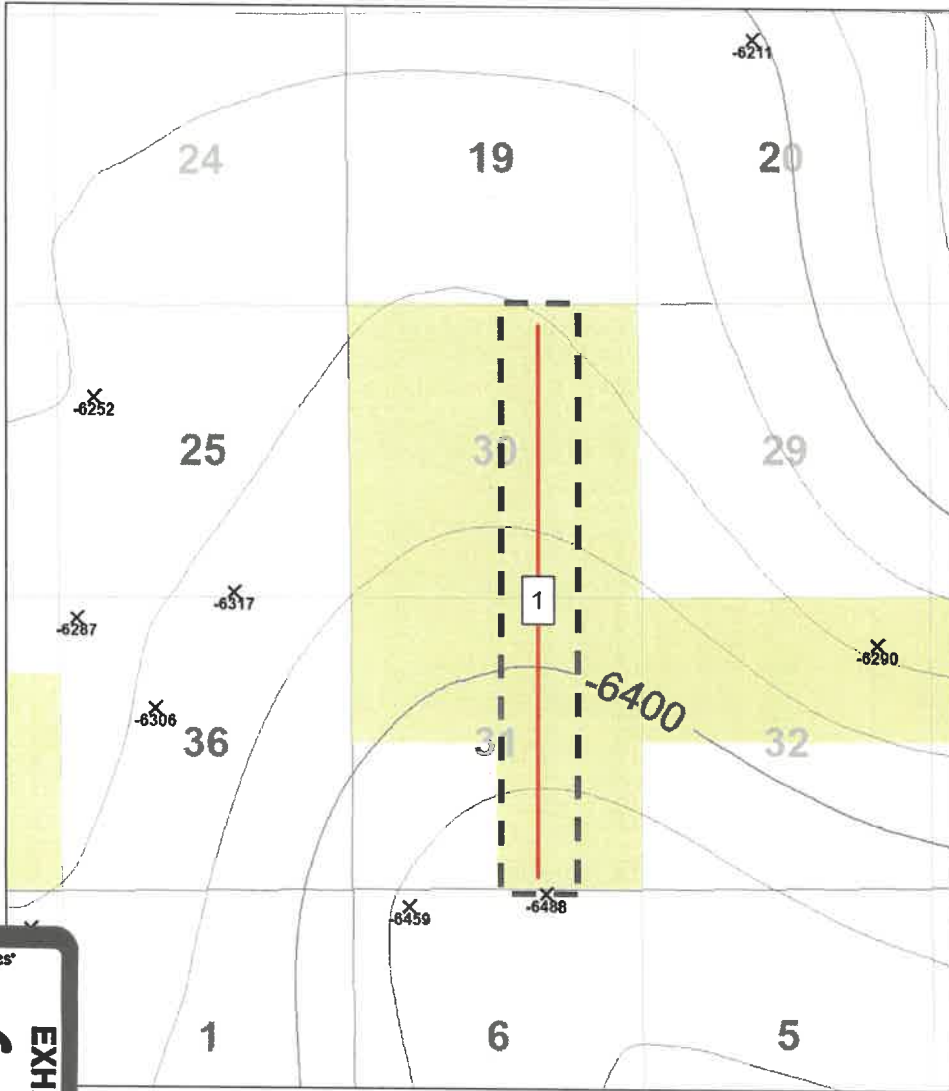
# Hefeweizen State Com Unit

## Wellbore Schematic



# Hefeweizen State Com Unit

## Structure Map – Top of Second Bone (TV DSS)



1 Hefeweizen State Com 501H

### Map Legend

— Proposed Well



MRO Acreage



Project Area

*The top of the Second Bone dips to the South over project area.*

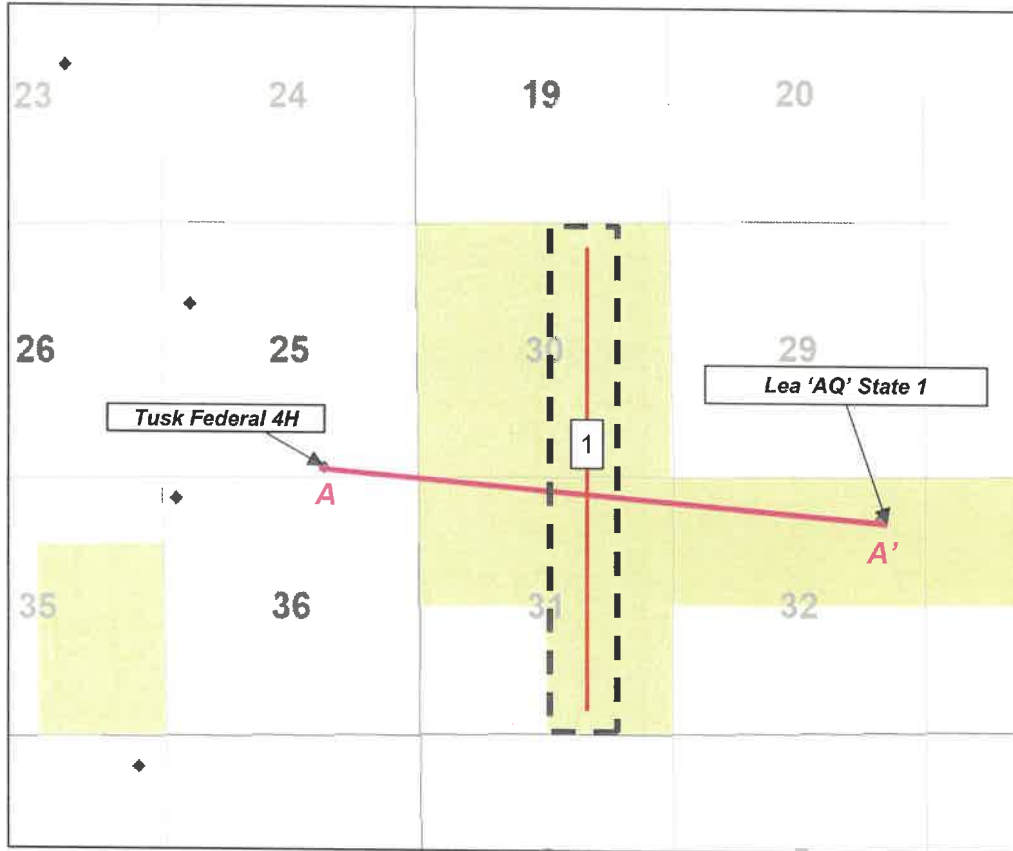
C.I. = 25'









# Hefeweizen State Com Unit

## Reference Map for Cross Section



1 Hefeweizen State Com 501H

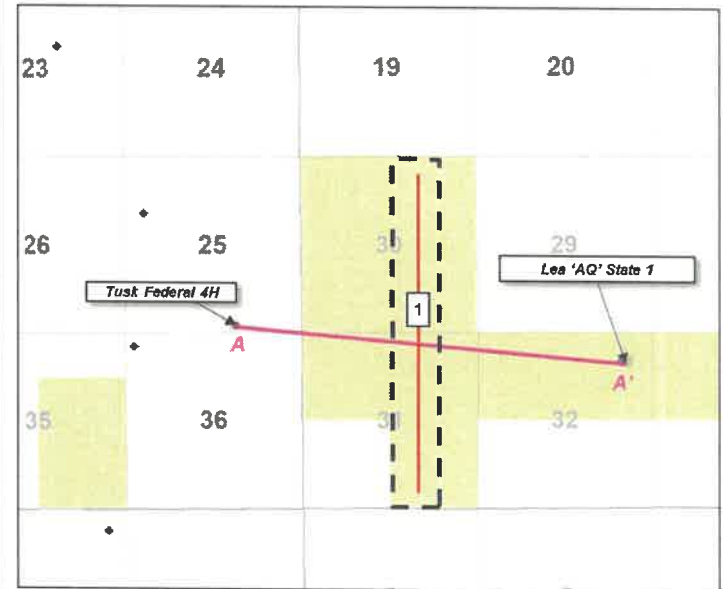
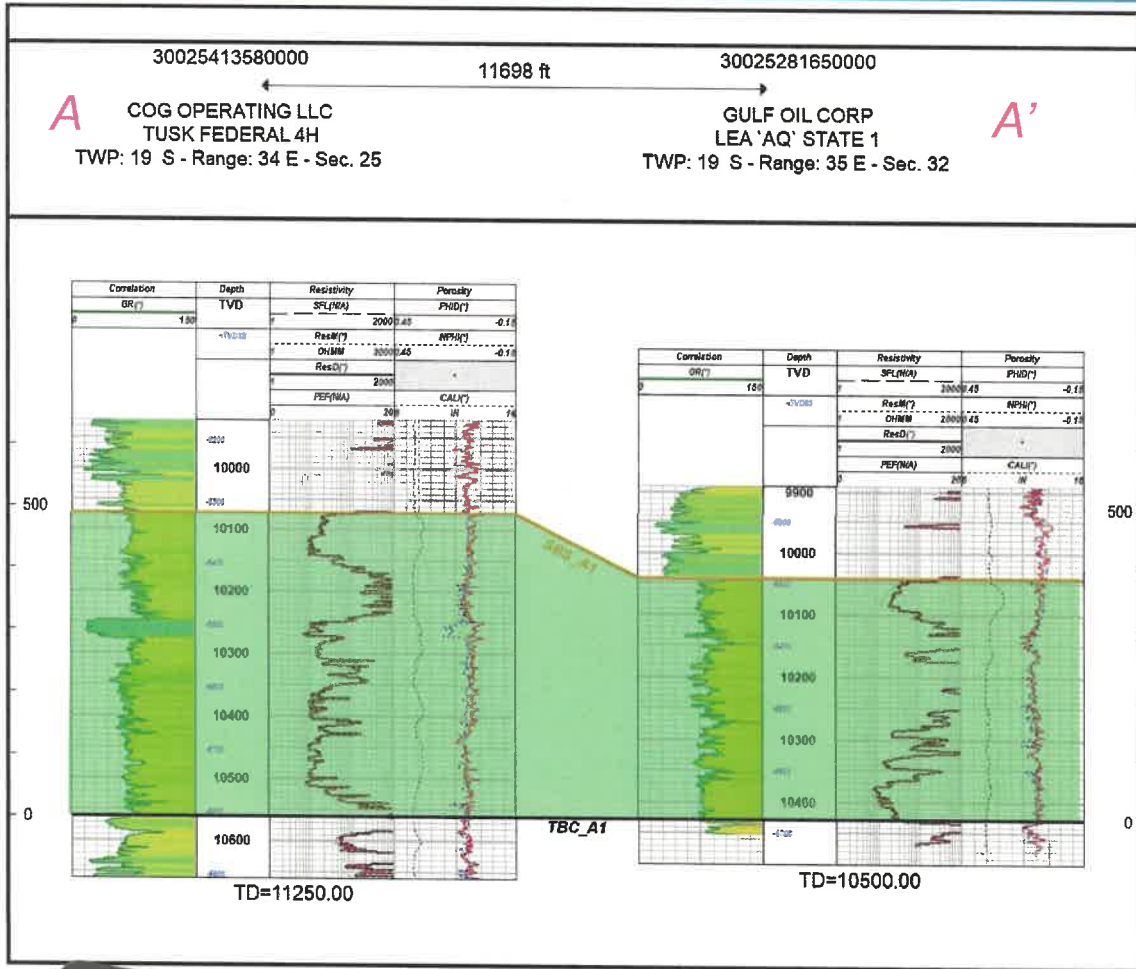
### Map Legend

-  Proposed Well
-  Well with log data
-  MRO Acreage
-  Project Area

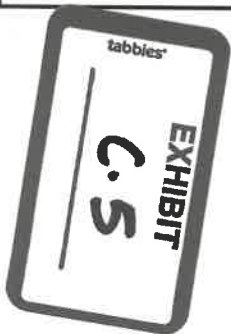


# Hefeweizen State Com Unit

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

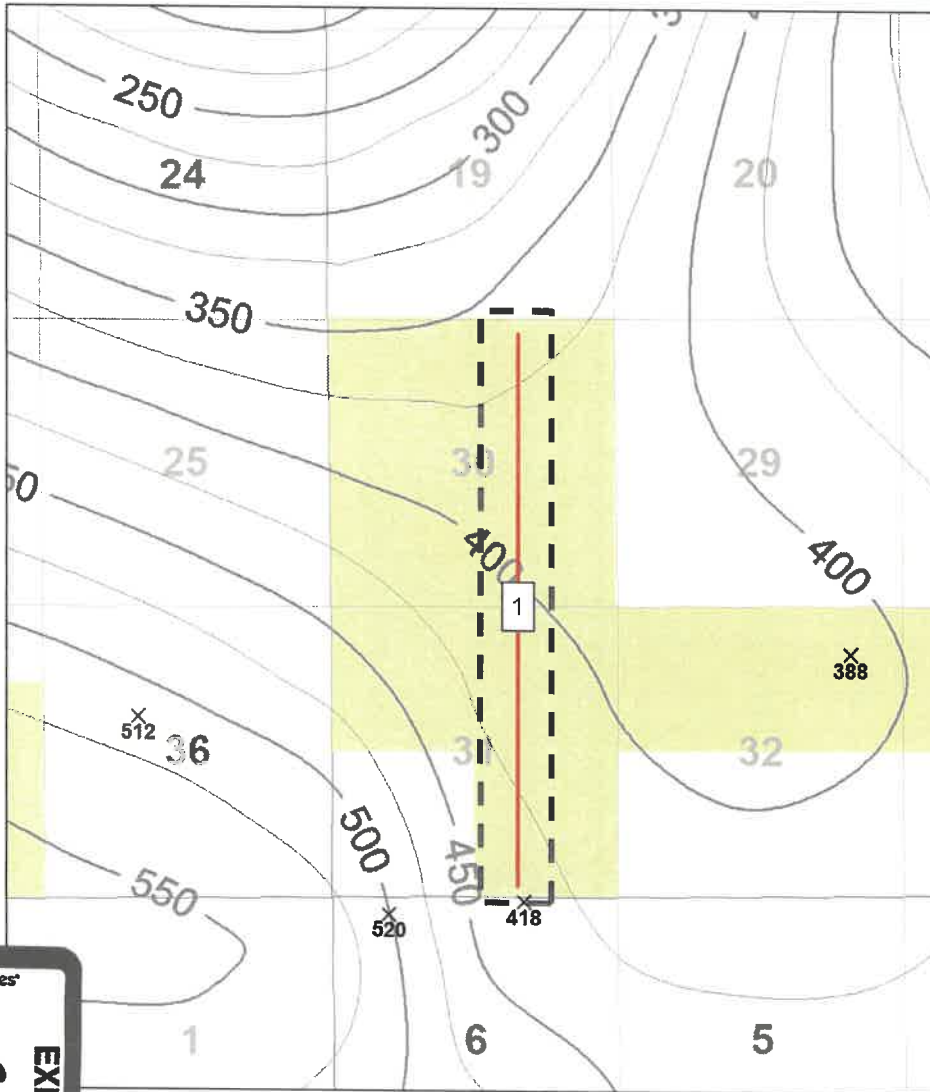


The Second Bone Sand is roughly 400' over the project area.



# Hefeweizen State Com Unit

## Structure Map – Second Bone Isopach



C.I. = 25'

1 Hefeweizen State Com 501H

### Map Legend

— Proposed Well

MRO Acreage

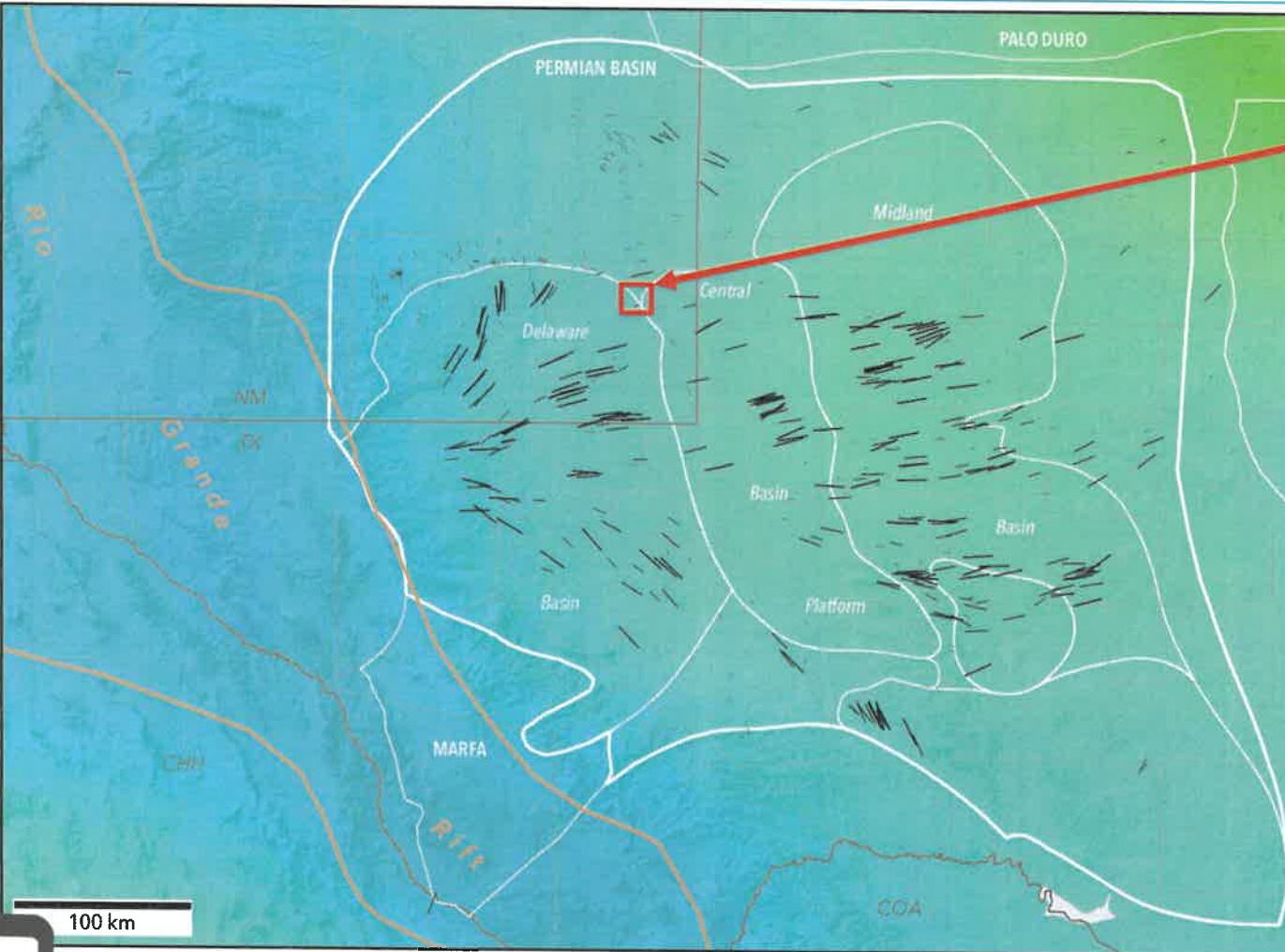
Project Area

The Second Bone Sand is roughly 400' over the project area.

tabbles'  
EXHIBIT  
C-6

# Hefeweizen State Com Unit

## Preferred Well Orientation - SHmax



**Preferred well orientation is N/S**

- Plate boundaries (USGS ScienceBase)
- Urban areas

$S_{Hmax}$  orientation quality:

- A
- B
- C

Faulting regime ( $A_f$ ):

0 0.5 1.0 1.5 2.0 2.5 3.0

normal strike-slip reverse

Lund Snee & Zoback (2020)  
 Previous stress data from Lund Snee & Zoback (2016), Alt & Zoback (2017), Heidbach et al. (2018), Lund Snee & Zoback (2018), and sources therein.  
 Gulf of Mexico salt boundary from Pindell & Kennan (2009).

Lund Snee and Zoback (2020)

tabbles®

EXHIBIT

C-7

