

Before the Oil Conservation Division Examiner Hearing January 6, 2022

Case No. 22384

Honey Mustard 22 WXY Fed Com 8H & Honey Mustard 22 WXY Fed Com 6H



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

**APPLICATION OF MARATHON OIL PERMIAN LLC
FOR (1) TO THE EXTENT NECESSARY,
APPROVAL OF A NON-STANDARD SPACING UNIT,
AND (2) COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 22384

TABLE OF CONTENTS

Tab A: Compulsory Pooling Checklist

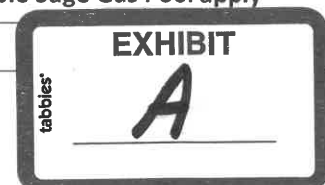
Tab B: Declaration of Chase F. Rice, Land Professional

- Exhibit 1: Application
- Exhibit 2: C-102s
- Exhibit 3: Lease Tract Map/Summary of Interests
- Exhibit 4: Summary of Contacts
- Exhibit 5: Sample Well Proposal
- Exhibit 6: AFE
- Exhibit 7: Notice Affidavit

Tab C: Declaration of Matt Baker, Geologist

- Exhibit 8: Locator Map
- Exhibit 9: Wellbore Schematic
- Exhibit 10: Structure Map
- Exhibit 11: Cross Section Reference Map
- Exhibit 12: Stratigraphic Cross Section
- Exhibit 13: Gross Interval Isochore
- Exhibit 14: Overview of Stress Orientation

COMPULSORY POOLING APPLICATION CHECKLIST (pdf)	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 22384	APPLICANT'S RESPONSE
Date: January 6, 2022	
Applicant	Marathon Oil Permian LLC
Designated Operator & OGRID (affiliation if applicable)	Marathon Oil Permian LLC (372098)
Applicant's Counsel:	Modrall, Sperling, Roehl, Harris & Sisk, P.A. (Deana M. Bennett & Bryce H. Smith)
Case Title:	APPLICATION OF MARATHON OIL PERMIAN LLC FOR (1) TO THE EXTENT NECESSARY, APPROVAL OF A NON-STANDARD SPACING UNIT, AND (2) COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.
Entries of Appearance/Intervenors:	<p>S.K. Warren Resources, LLC Sharon T. Shaheen Ricardo S. Gonzales MONTGOMERY & ANDREWS, P.A. P.O. Box 2307 Santa Fe, New Mexico 87504-2307 (505) 986-2678 sshaaheen@montand.com rgonzales@montand.com</p>
	<p>MRC Permian Company Michael H. Feldewert Adam G. Rankin Julia Broggi Kaitlyn A. Luck HOLLAND & HART, LLP Post Office Box 2208 Santa Fe, New Mexico 87504 TEL: (505) 988-4421 FAX: (505) 983-6043 mfeldewert@hollandhart.com agrankin@hollandhart.com jbroggi@hollandhart.com kaluck@hollandhart.com</p>
Well Family	Honey Mustard
Formation/Pool	
Formation Name(s) or Vertical Extent:	Wolfcamp
Primary Product (Oil or Gas):	Gas
Pooling this vertical extent:	Wolfcamp
Pool Name and Pool Code:	Purple Sage; Wolfcamp (Gas) (Pool Code 98220)
Well Location Setback Rules:	Special Rules for Purple Sage Gas Pool apply
Spacing Unit Size:	480



Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	480 acres
Building Blocks:	320 acres
Orientation:	North-South
Description: TRS/County	SW/4 of Section 15 and the W/2 of Section 22, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico.
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Y. However, to the extent a 480-acre spacing unit in the Purple Sage Wolfcamp is considered by the Division to be non-standard, Marathon is requesting approval of a non-standard spacing unit and has notified the relevant affected parties as required under Rule 19.15.16.15(B)(5).
Other Situations	
Depth Severance: Y/N. If yes, description	None
Proximity Tracts: If yes, description	None
Proximity Defining Well: if yes, description	None
Applicant's Ownership in Each Tract	See Exhibit 3.
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	See Exhibits 2 and 5. See also Tab B, Declarataion of Chase F. Rice.
Well #1	Honey Mustard 22 WXY Fed Com 8H API No.: 30-015-46983 SHL: 479 feet from the South line and 959 feet from the West line, Section 22, Township 24 South, Range 28 East, NMPM, Eddy County, NM. BHL: 2308 feet from the South line and 660 feet from the West line, Section 15, Township 24 South, Range 28 East, NMPM, Eddy County, NM. Completion Target: Wolfcamp Formation at approximately 9,564' TVD. Well Orientation: North-South Completion Location: Expected to be standard. See Exhibits 2 and 5.

Well #2	<p>Honey Mustard 22 WXY Fed Com 6H API No.: 30-015-46975 SHL: 479 feet from the South line and 989 feet from the West line, Section 22, Township 24 South, Range 28 East, NMPM, Eddy County, NM. BHL: 2306 feet from the South line and 1980 feet from the West line, Section 15, Township 24 South, Range 28 East, NMPM, Eddy County, NM. Completion Target: Wolfcamp Formation at approximately 9,564' TVD. Well Orientation: North-South Completion Location: Expected to be standard. See Exhibits 2 and 5.</p>
Horizontal Well First and Last Take Points	See Exhibit 2.
Well #1	<p>Honey Mustard 22 WXY Fed Com 8H FTP: 660 feet from the West line and 330 feet from the South line of Section 22, Township 24 South, Range 28 East. LTP: 660 feet from the West line and 2,308 feet from the South line of Section 15, Township 24 South, Range 28 East. See Exhibit 2.</p>
Well #2	<p>Honey Mustard 22 WXY Fed Com 6H FTP: 1,980 from the West line and 330 from the South line of Section 22, Township 24 South, Range 28 East. LTP: 1,980 feet from the West line and 2,306 feet from the South line of Section 15, Township 24 South, Range 28 East. See Exhibit 2.</p>
Completion Target (Formation, TVD and MD)	See Exhibit 5.
Well #1	<p>Honey Mustard 22 WXY Fed Com 8H Formation: Wolfcamp TVD: 9,564' MD: 17,324' See Exhibit 5.</p>
Well #2	<p>Honey Mustard 22 WXY Fed Com 6H Formation: Wolfcamp TVD: 9,564' MD: 17,324' See Exhibit 5.</p>
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$7,500/month. See Tab B, Declaration of Chase F. Rice, ¶ 26.
Production Supervision/Month \$	\$750/month. See Tab B, Declaration of Chase F. Rice, ¶ 26.
Justification for Supervision Costs	See Tab B, Declaration of Chase F. Rice, ¶ 26.
Requested Risk Charge	200%. See Tab B, Declaration of Chase F. Rice, ¶ 27.

Notice of Hearing	
Proposed Notice of Hearing	Exhibit 7, Exhibit 1, page 4
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit 7
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit 7
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit 3
Tract List (including lease numbers and owners)	Exhibit 3
Pooled Parties (including ownership type)	Exhibit 3
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit 5
List of Interest Owners (ie Exhibit A of JOA)	Exhibit 3
Chronology of Contact with Non-Joined Working Interests	Exhibit 4
Overhead Rates In Proposal Letter	See Tab B, Declaration of Chase F. Rice, ¶ 26.
Cost Estimate to Drill and Complete	Exhibit 6
Cost Estimate to Equip Well	Exhibit 6
Cost Estimate for Production Facilities	Exhibit 6
Geology	
Summary (including special considerations)	Tab C
Spacing Unit Schematic	Exhibit 9
Gunbarrel/Lateral Trajectory Schematic	Exhibit 9
Well Orientation (with rationale)	Exhibit 14
Target Formation	Exhibits 10-13
HSU Cross Section	Exhibits 11-12
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit 2
Tracts	Exhibit 3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit 3
General Location Map (including basin)	Exhibit 8
Well Bore Location Map	Exhibit 8
Structure Contour Map - Subsea Depth	Exhibit 10
Cross Section Location Map (including wells)	Exhibit 11
Cross Section (including Landing Zone)	Exhibit 12

Additional Information	
Special Provisions/Stipulations	<p>1. Applicant and MRC Permian Company have agreed that MRC Permian Company's uncommitted interests will not be pooled under this Order.</p> <p>2. Applicant and Foran Oil Company have agreed that Foran Oil Company's uncommitted interests will not be pooled under this Order.</p>
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Deana M. Bennett
Signed Name (Attorney or Party Representative):	
Date:	Tuesday, January 4, 2022

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

**APPLICATION OF MARATHON OIL PERMIAN LLC
FOR (1) TO THE EXTENT NECESSARY,
APPROVAL OF A NON-STANDARD SPACING UNIT,
AND (2) COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 22384

SELF-AFFIRMED DECLARATION

Chase F. Rice hereby states and declares as follows:

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

2. My area of responsibility at Marathon includes the area of Eddy County in New Mexico.

3. I am familiar with the application filed by Marathon in this case.

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

5. I submit the following information pursuant to NMAC 19.15.4.12.A(1) in support of the above referenced compulsory pooling applications.

6. The purpose of these applications is to force pool working interest owners into the horizontal spacing unit described below, and in the wells to be drilled in the unit.



7. 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.

8. In this case, Marathon seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the SW/4 of Section 15 and the W/2 of Section 22, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico.

9. The spacing unit will be dedicated to the **Honey Mustard 22 WXY Fed Com 8H** and **Honey Mustard 22 WXY Fed Com 6H** wells to be horizontally drilled. The Application is attached hereto as **Exhibit 1**.

10. Attached as **Exhibit 2** are the C-102s for the wells.

11. The C-102s identify the proposed surface hole locations, first take point, and bottom hole locations. The C-102s also identify the pool and pool code.

12. The wells will develop the Purple Sage; Wolfcamp (Gas) pool, pool code, 98220.

13. The Purple Sage; Wolfcamp (Gas) pool is a gas pool with 320-acre building blocks. Marathon's proposed unit consists of a 320-acre building block combined with a 160-acre building block to create a 480-acre building block. To the extent a 480-acre spacing unit in the Purple Sage Wolfcamp is considered by the Division to be non-standard, Marathon is requesting approval of a non-standard spacing unit and has notified the relevant affected parties as required under Rule 19.15.16.15(B)(5).

14. No acreage or minerals are stranded by Marathon's development plans. The NW/4 of Section 15, which is the quarter section excluded from Marathon's Honey Mustard unit, is

dedicated to MRC Permian Company's (MRC) "Anne Com." wells and horizontal spacing unit, and MRC Permian Company is developing the Purple Sage Wolfcamp.

15. The producing interval for the wells will be orthodox and will comply with the set back requirements for the Purple Sage; Wolfcamp (Gas) pool.

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

17. **Exhibit 3** is a lease tract map outlining the unit being pooled. The parties being pooled and the percent of their interests is also included as part of Exhibit 3.

18. I 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 well proposals to all parties entitled to well proposals, including an Authorization for Expenditure.

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

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

21. Marathon and MRC Permian Company have agreed that MRC Permian Company's uncommitted interests will not be pooled under this Order.

22. Marathon and Foran Oil Company have agreed that Foran Oil Company's uncommitted interests will not be pooled under this Order.

23. Marathon and S.K. Warren are in discussions and Marathon will alert the Division of any changes to the pooled parties that may result from those discussions.

24. **Exhibit 5** is the well proposal letter that I sent to all working-interest owners. The proposal letter identifies the proposed surface hole and bottom hole locations and approximate TVD.

25. **Exhibit 6** 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.

26. Marathon requests overhead and administrative rates of \$7500.00/month for drilling a well and \$750.00/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.

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

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

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

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

31. **Exhibit 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 Carlsbad Current Argus newspaper, showing that notice of this hearing was published on December 12, 2021.

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

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

34. 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 law of the State of New Mexico that the information provided herein is correct and complete to the best of my knowledge and belief.

Dated: December 29, 2021



Chase F. Rice

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

APPLICATION OF MARATHON OIL PERMIAN LLC
FOR (1) TO THE EXTENT NECESSARY,
APPROVAL OF A NON-STANDARD SPACING UNIT,
AND (2) COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

CASE NO. 22384

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 (1) to the extent necessary approving a non-standard spacing unit, and (2) pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the SW/4 of Section 15 and the W/2 of Section 22, Township 24 South, Range 28 East, NMPM, Eddy 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 SW/4 of Section 15 and the W/2 of Section 22, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico to form a 480-acre, more or less, spacing unit.
3. Marathon plans to drill the proposed **Honey Mustard 22 WXY Fed Com 8H and Honey Mustard 22 WXY Fed Com 6H** wells to a depth sufficient to test the Wolfcamp formation. These wells will be horizontally drilled.



4. These wells will be drilled in the Purple Sage; Wolfcamp (Gas) Pool, Pool Code 98220, and will comply with the setback requirements for that pool.

5. Marathon sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Wolfcamp formation underlying the proposed spacing unit to participate in the drilling of the wells or to otherwise commit their interests to the wells.

6. The pooling of all interests in the Wolfcamp 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 January 6, 2022, and after notice and hearing as required by law, the Division enter its order:

- A. Approving, to the extent necessary, a non-standard spacing unit;
- B. Pooling all mineral interests in the Wolfcamp formation underlying a horizontal spacing unit within the SW/4 of Section 15 and the W/2 of Section 22, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico.;
- C. Designating Marathon as operator of this unit and the wells to be drilled thereon;
- D. Authorizing Marathon to recover its costs of drilling, equipping and completing the wells;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. 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: /s/ Bryce H. Smith

Deana M. Bennett

Bryce H. Smith

Post Office Box 2168

500 Fourth Street NW, Suite 1000

Albuquerque, New Mexico 87103-2168

Telephone: 505.848.1800

Attorneys for Applicant

CASE NO. 22384 : Application of Marathon Oil Permian LLC for (1) to the extent necessary, approval of a non-standard spacing unit, and (2) compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division (1) to the extent necessary approving a non-standard spacing unit, and (2) pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the SW/4 of Section 15 and the W/2 of Section 22, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Honey Mustard 22 WXY Fed Com 8H and Honey Mustard 22 WXY Fed Com 6H** wells, to be horizontally drilled. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 2 miles South of Malaga, 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

¹ API Number 30-015-46983		² Pool Code 98220		³ Pool Name PURPLE SAGE; WOLFCAMP (GAS)	
⁴ Property Code		⁵ Property Name HONEY MUSTARD 22 WXY FED COM			⁶ Well Number 8H
⁷ OGRID No. 372098		⁸ Operator Name MARATHON OIL PERMIAN LLC			⁹ Elevation 3000'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	22	24S	28E		479	SOUTH	959	WEST	EDDY

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	15	24S	28E		2308	SOUTH	660	WEST	EDDY

¹² Dedicated Acres 480.0	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--	-------------------------------	----------------------------------	-------------------------

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

17 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: *Adrian Covarrubias* Date: 12/3/2020

Printed Name: **Adrian Covarrubias**

E-mail Address:

18 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.

DECEMBER 2, 2020
Date of Survey

Signature and Seal of Professional Surveyor: *David W. Myers*

Certificate Number: DAVID W. MYERS 11403

CORNER COORDINATES NAD 83, SPCS NM EAST
A - X: 618435.00' / Y: 435137.87'
B - X: 618399.59' / Y: 437828.09'
C - X: 618403.24' / Y: 440522.49'
D - X: 618408.72' / Y: 443161.70'
E - X: 621053.46' / Y: 443149.10'
F - X: 621044.41' / Y: 440514.29'
G - X: 621080.94' / Y: 437828.23'
H - X: 621117.44' / Y: 435144.26'

CORNER COORDINATES NAD 27, SPCS NM EAST
A - X: 577251.41' / Y: 435079.46'
B - X: 577216.07' / Y: 437769.63'
C - X: 577219.77' / Y: 440463.98'
D - X: 577225.31' / Y: 443103.14'
E - X: 579870.00' / Y: 443090.51'
F - X: 579860.89' / Y: 440455.75'
G - X: 579897.36' / Y: 437769.74'
H - X: 579933.80' / Y: 435085.82'

LAST TAKE POINT/BOTTOM HOLE LOCATION
2308' FSL 660' FWL, SECTION 15
NAD 83, SPCS NM EAST
X: 619068.03' / Y: 442828.56'
LAT: 32.21716248N / LON: 104.08198617W
NAD 27, SPCS NM EAST
X: 577884.59' / Y: 442769.99'
LAT: 32.21704095N / LON: 104.08149373W

KOP/FIRST TAKE POINT
330' FSL 660' FWL, SECTION 22
NAD 83, SPCS NM EAST
X: 619090.69' / Y: 435469.43'
LAT: 32.19693291N / LON: 104.08196853W
NAD 27, SPCS NM EAST
X: 577907.10' / Y: 435411.01'
LAT: 32.19681113N / LON: 104.08147671W

SURFACE HOLE LOCATION
479' FSL 959' FWL, SECTION 22
NAD 83, SPCS NM EAST
X: 619387.36' / Y: 435618.88'
LAT: 32.19734181N / LON: 104.08100825W
NAD 27, SPCS NM EAST
X: 578203.79' / Y: 435560.45'
LAT: 32.19722002N / LON: 104.08051645W

Distances/areas relative to NAD 83 Combined Scale Factor: 0.99977572 Convergence Angle: 00°08'09.70192"



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

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

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-46975		² Pool Code 98220		³ Pool Name PURPLE SAGE; WOLFCAMP (GAS)	
⁴ Property Code		⁵ Property Name HONEY MUSTARD 22 WXY FED COM			⁶ Well Number 6H
⁷ OGRID No. 372098		⁸ Operator Name MARATHON OIL PERMIAN LLC			⁹ Elevation 2999'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	22	24S	28E		479	SOUTH	989	WEST	EDDY

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	15	24S	28E		2306	SOUTH	1980	WEST	EDDY

¹² Dedicated Acres 480.0	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--	-------------------------------	----------------------------------	-------------------------

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

CORNER COORDINATES NAD 83, SPCS NM EAST
A - X: 618435.00' / Y: 435137.87'
B - X: 618399.59' / Y: 437828.09'
C - X: 618403.24' / Y: 440522.49'
D - X: 618408.72' / Y: 443161.70'
E - X: 621053.46' / Y: 443149.10'
F - X: 621044.41' / Y: 440514.29'
G - X: 621080.94' / Y: 437828.23'
H - X: 621117.44' / Y: 435144.26'

CORNER COORDINATES NAD 27, SPCS NM EAST
A - X: 577251.41' / Y: 435079.46'
B - X: 577216.07' / Y: 437769.63'
C - X: 577219.77' / Y: 440463.98'
D - X: 577225.31' / Y: 443103.14'
E - X: 579870.00' / Y: 443090.51'
F - X: 579860.89' / Y: 440455.75'
G - X: 579897.36' / Y: 437769.74'
H - X: 579933.80' / Y: 435085.82'

LAST TAKE POINT/BOTTOM HOLE LOCATION
2306' FSL 1980' FWL, SECTION 15
NAD 83, SPCS NM EAST
X: 620368.02' / Y: 442822.27'
LAT: 32.21713663N / LON: 104.07771797W
NAD 27, SPCS NM EAST
X: 579204.56' / Y: 442763.69'
LAT: 32.21701504N / LON: 104.07722571W

KOP/FIRST TAKE POINT
330' FSL 1980' FWL, SECTION 22
NAD 83, SPCS NM EAST
X: 620410.76' / Y: 435472.58'
LAT: 32.19693301N / LON: 104.07770094W
NAD 27, SPCS NM EAST
X: 579227.15' / Y: 435414.14'
LAT: 32.19681116N / LON: 104.07720930W

SURFACE HOLE LOCATION
479' FSL 989' FWL, SECTION 22
NAD 83, SPCS NM EAST
X: 619417.38' / Y: 435618.92'
LAT: 32.19734173N / LON: 104.08091127W
NAD 27, SPCS NM EAST
X: 578233.78' / Y: 435560.49'
LAT: 32.19721993N / LON: 104.08041948W

¹⁷ 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.

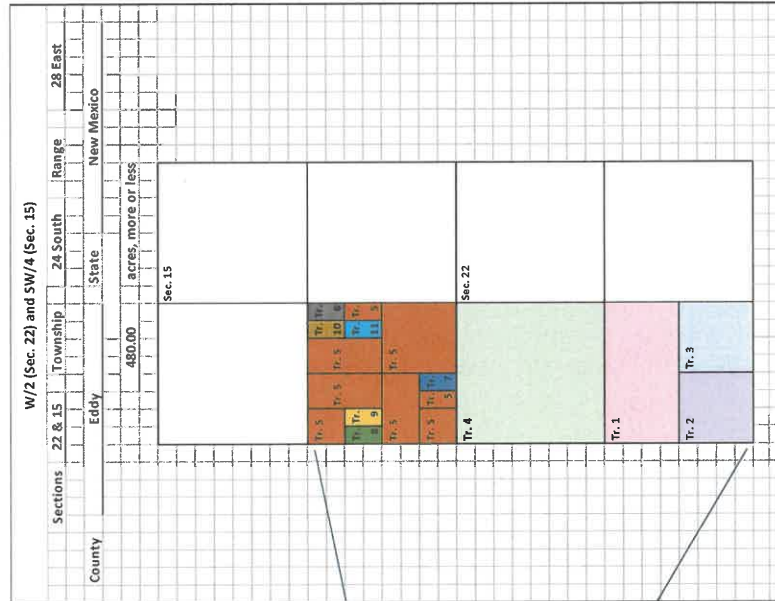
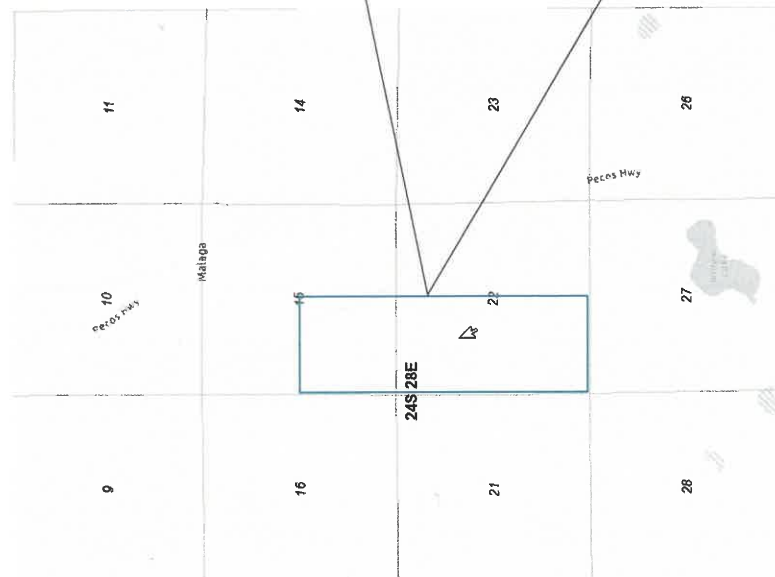
Signature: *[Signature]* Date: 12/3/2020
Printed Name: Adrian Covarrubias
E-mail Address:

¹⁸ 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.

DECEMBER 2, 2020
Date of Survey
Signature and Seal of Professional Surveyor: *[Signature]*
Certificate Number: DAVID W. MYERS 11403

Distances/areas relative to NAD 83 Combined Scale Factor: 0.99977572 Convergence Angle: 00°08'09.70192"

**Lease Tract Map:
SW/4 Section 15 and W/2 Section 22, T24S-R28E , Eddy County, NM
Purple Sage; Wolfcamp (Gas) pool**



Tract 1: FED:	80.00
Tract 2: FED:	40.00
Tract 3: STE:	40.00
Tract 4: FED:	160.00
Tract 5: FEE:	130.00
Tract 6: FEE:	5.00
Tract 7: FEE:	5.00
Tract 8: FEE:	5.00
Tract 9: FEE:	5.00
Tract 10: FEE:	5.00
Tract 11: FEE:	5.00
TOTAL:	480.00

- Total Federal Acres: 280.00
- Total State Acres: 40.00
- Total Fee Acres: 160.00



Summary of Working Interests: Honey Mustard 22 WXY Fed Com 8H & 6H SW/4 Section 15 and W/2 Section 22, T24S-R28E, Eddy County, NM (480 Acre Spacing Unit)

Committed Working Interest: 62.499537%

Interest Owner	Tract 1 WI N/2 SW/4 of Section 22	Tract 2 WI SW/4 SW/4 of Section 22	Tract 3 WI SE/4 SW/4 of Section 22	Tract 4 WI NW/4 of Section 22	Tract 5 WI NW/4NW/4SW/4, et al. of Section 15	Tract 6 WI E/2NE/4NE/4SW/4 4 of Section 15	Tract 7 WI E/2SE/4SW/4SW/4 4 of Section 15	Tract 8 WI W/2SW/4NW/4SW/4 4 of Section 15	Tract 9 WI E/2SW/4NW/4SW/4 4 of Section 15	Tract 10 WI W/2NE/4NE/4SW/4 4 of Section 15	Tract 11 WI W/2SE/4NE/4SW/4 4 of Section 15	Unit WI
Marathon Oil Permian, LLC 980 Town and Country Boulevard Houston, TX 77024	0.8333333333	0.73728333		0.79932986	0.47523333	0.50000000	0.50000000	0.50000000	0.50000000	0.50000000	0.33333333	0.62499537

Uncommitted Working Interest: 37.5000463%

Interest Owner	Tract 1 WI N/2 SW/4 of Section 22	Tract 2 WI SW/4 SW/4 of Section 22	Tract 3 WI SE/4 SW/4 of Section 22	Tract 4 WI NW/4 of Section 22	Tract 5 WI NW/4NW/4SW/4, et al. of Section 15	Tract 6 WI E/2NE/4NE/4SW/4 4 of Section 15	Tract 7 WI E/2SE/4SW/4SW/4 4 of Section 15	Tract 8 WI W/2SW/4NW/4SW/4 4 of Section 15	Tract 9 WI E/2SW/4NW/4SW/4 4 of Section 15	Tract 10 WI W/2NE/4NE/4SW/4 4 of Section 15	Tract 11 WI W/2SE/4NE/4SW/4 4 of Section 15	Unit WI
WPX Energy Permian, LLC (Devon) Attn: Kim Dent P.O. Box 3102 MO37 Tulsa, OK 74101			0.50000000									0.04166667
Sisbro Oil & Gas, LLC 4350 S. Monaco Street, 5th Floor Denver, CO 80237				0.10000000								0.03333333
Mizel Resources, a Trust 4350 S. Monaco Street, 5th Floor Denver, CO 80237				0.10000000								0.03333333
S K Warren Resources, LLC P.O. Box 470372 Tulsa, OK 74147	0.16666667	0.05856667			0.17570000							0.08024375
MRC Permian Company* 5400 LBJ Freeway, Suite 1500 Dallas, TX 75240			0.25000000		0.29953333	0.50000000	0.50000000	0.50000000	0.50000000	0.50000000	0.33333333	0.13147083
CXA Oil & Gas Holdings, L.P. Attn: Neil Morgan 6000 Legacy Drive Plano, TX 75024			0.23750000									0.01979167
Broughton Petroleum, Inc. Attn: Lois Krenek P.O. Box 1389 Sealy, TX 77474		0.14860000										0.01238333

* Marathon and MRC Permian Company have agreed that MRC Permian Company's uncommitted interests will not be pooled under this Order.



Summary of Working Interests: Uncommitted Interests Cont.

Interest Owner	Tract 1 WI N/2 SW/4 of Section 22	Tract 2 WI SW/4 SW/4 of Section 22	Tract 3 WI SE/4 SW/4 of Section 22	Tract 4 WI NW/4 of Section 22	Tract 5 WI NW/4NW/4S W/4, et al. of Section 15	Tract 6 WI E/2NE/4NE/ 4SW/4 of Section 15	Tract 7 WI E/2SE/4SW/4SW/4 of Section 15	Tract 8 WI W/2SW/4NW/4SW/4 of Section 15	Tract 9 WI E/2SW/4NW/ 4SW/4 of Section 15	Tract 10 WI W/2NE/4NE/4SW/4 of Section 15	Tract 11 WI W/2SE/4NE/4SW /4 of Section 15	Unit WI
Foran Oil Company* 5400 LBJ Freeway, Suite 1500 Dallas, TX 75240		0.05555000										0.00462917
Roy Edward Guinnup 2812-A Wayside Avenue Fort Worth, TX 76110			0.01250000									0.00104167
Roy G. Barton Jr., whose wife is Claudia Barton 1919 Turner Street Hobbs, NM 88240				0.0006701 4								0.00022338
Dinero Energy, Inc. 1004 N. Big Spring, Suite 500 Midland, TX 79701					0.00099067						0.06666667	0.00096275
Jane B. Ramsland Oil and Gas Partnership Ltd. P.O. Box 10505 Midland, TX 79702					0.00142408						0.09583333	0.00138395
Bannhof Holdings, LP P.O. Box 10505 Midland, TX 79702					0.00099067						0.06666667	0.00096275
KCK Resources, Inc. 5600 Fenway Midland, TX 79707					0.00043342						0.02916667	0.00042120
AGS Oil and Gas Holdings, Inc. 10 Inverness Drive East, Suite 155 Englewood, CO 80112					0.00055725						0.03750000	0.00054155
AGS Oil and Gas Company 10 Inverness Drive East, Suite 155 Englewood, CO 80112					0.00055725						0.03750000	0.00054155
J & L Resources, Inc. 3126 South Boulevard, Suite 345 Edmond, OK 73013					0.02229000							0.00603688
Sieb Resources, Inc. 2211 Shady Trail Court Richmond, TX 77406					0.02229000							0.00603688

*Marathon and Foran Oil Company have agreed that Foran Oil Company's uncommitted interests will not be pooled under this Order.



Summary of ORRI Owners: Honey Mustard 22 WXY Fed Com 8H & 6H SW/4 Section 15 and W/2 Section 22, T24S-R28E, Eddy County, NM (480 Acre Spacing Unit)

List of ORRI Owners:

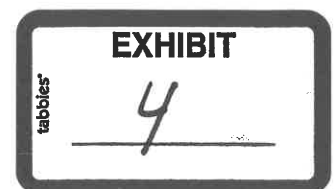
Wing Resources III, LLC 2100 McKinney Avenue, Suite 1540 Dallas, TX 75201	Cathleen Ann Adams, Trustee of the Cathleen Ann Adams Revocable Trust dated 9/25/2020, as amended and restated, successor to Cathleen Ann Adams	OTSS Investments LLC P.O. Box 101265 Fort Worth, TX 76185	Arlen L. Edgar, a single man 414 W. Texas, Suite 208 Midland, TX 79701
Santa Elena Minerals IV, L.P. P.O. Box 2063 Midland, TX 79702	Rio Rancho, NM 87174	Una Oreja LLC P.O. Box 101265 Fort Worth, TX 76185	M.D. Abel, Co. Lampasas, TX 76850
Zunis Energy, LLC 15 E. 5th Street, Suite 3300 Tulsa, OK 74103	Susan Arrott a.k.a. Susan Carol Arrott, Trustee of the Arrott Family Revocable Trust dated 4/8/2019, as amended and restated, successor to Susan Carol Arrott	Griffin Petroleum Company 2800 N. Big Spring Street Midland, TX 79705	Bishop-Windham Family Limited Partnership P.O. Box 2698 Midland, TX 79702
Pennaco Petroleum LLC P.O. Box 2992 Roswell, NM 88202	North Little Rock, AR 86074	Robert S. Lee P.O. Box 10523 Midland, TX 79702	Scott T. Peterson, whose wife is Billie Peterson P.O. Box 1112 Midland, TX 79702
Rolla R. Hinkle III P.O. Box 2292 Roswell, NM 88202	Howard A. Rubin, Inc. P.O. Box 58 El Rito, NM 87630	Gene Shumate, as separate property P.O. Box 2473 Midland, TX 79702	Doroll Corporation 1637 Prairie Mark Lane Houston, TX 77077
Justin T. Crum P.O. Box 3598 Roswell, NM 88202	Wells Fargo Bank, National Association, Trustee of the Robert N. Erffeld Irrevocable Trust B 201 Main Street, Suite 400 Fort Worth, TX 76102	Carol Shumate, as separate property P.O. Box 8632 Midland, TX 79708	Donald E. Hockaday III, Trustee of the Donohy L. Hockaday Trust 11607 Noblewood Crest Lane Houston, TX 77092
Warren American Oil Company P.O. Box 470372 Tulsa, OK 74147	Rubie Crosby Bell Family LLC 213 20th Street New Orleans, LA 70124	Isramco Resources, LLC 1001 West Loop, Suite 750 Houston, TX 77027	Christa Hijoiosa, whose husband is Antonio Hijoiosa 1443 Scenic Ridge Houston, TX 77043
Susanmah D. Adelson, Trustee of the James Adelson & Family 2015 Trusts 15 E. 5th Street, Suite 3300 Tulsa, OK 74103	Bryan Bell Family LLC 213 20th Street New Orleans, LA 70124	Williamson Oil & Gas Company, LLC 303 Veteran's Airport Lane, Suite 1100 Midland, TX 79705	Masters Energy, LLC 7500 Riello Boulevard, Building 2, Suite 280 Austin, TX 78735
Cathleen Ann Adams, Trustee of the Cathleen Ann Adams Revocable Trust dated 9/25/2020, as amended and restated, successor to Cathleen Ann Adams	AGS Oil & Gas Holdings, Inc. 10 Inverness Drive East, Suite 155 Englewood, CO 80112	Dolores McCall, a single woman P.O. Box 631 Midland, TX 79702	WPX Energy Permian, LLC (Devon) Attn: Kim Derrit P.O. Box 3102, MO37 Tulsa, OK 74101
P.O. Box 45807 Rio Rancho, NM 87174	AGS Oil & Gas Holdings #2, Inc. 10 Inverness Drive East, Suite 155 Englewood, CO 80112	G.K. Partners 2800 N. Big Spring Street Midland, TX 79705	KCK Resources, Inc. 5600 Fenway Midland, TX 79707
Susan Arrott a.k.a. Susan Carol Arrott, Trustee of the Arrott Family Revocable Trust dated 4/8/2019, as amended and restated, successor to Susan Carol Arrott	Duer Wagner, III and Genevieve Wagner Roberts, Co-Trustees for the Wagner Family Trust (created under the Last Will of Duer Wagner, Jr. dated 8/24/2016) 2525 North Pearl Street, Suite 1903 Dallas, TX 75201		Roy G. Barton, Jr., separate property 1919 N. Turner Street Hobbs, NM 88240
North Little Rock, AR 86074	911 Oil & Gas LLC P.O. Box 101265 Fort Worth, TX 76185		Norma J. Berton, separate property 407 E. Arriba Drive Hobbs, NM 88240

Case No. 22384 Parties to Be Pooled (Honey Mustard 22 WXY Fed Com 8H & 6H)	
Name	Type
WPX Energy Permian, LLC (Devon)	WI
Sisbro Oil & Gas, LLC	WI
Mizel Resources, a Trust	WI
CXA Oil & Gas Holdings, L.P.	WI
Broughton Petroleum, Inc.	WI
Roy Edward Guinnup	WI
Roy G. Barton Jr., whose wife is Claudia Barton	WI
Dinero Energy, Inc.	WI
Jane B. Ramsland Oil and Gas Partnership Ltd.	WI
Bahnhof Holdings, LP	WI
KCK Resources, Inc.	WI
AGS Oil and Gas Holdings, Inc.	WI
AGS Oil and Gas Company	WI
J & L Resources, Inc.	WI
Sieb Resources, Inc.	WI
Wing Resources III, LLC	ORRI
Santa Elena Minerals IV, L.P.	ORRI
Zunis Energy, LLC	ORRI
Penasco Petroleum LLC	ORRI
Rolla R. Hinkle III	ORRI
Justin T. Crum	ORRI
Warren American Oil Company	ORRI
Susannah D. Adelson, Trustee of the James Adelson & Family 2015 Trusts	ORRI
Cathleen Ann Adams, Trustee of the Cathleen Ann Adams Revocable Trust dated 9/25/2020, as amended and restated, successor to Cathleen Ann Adams	ORRI
Susan Arrott a.k.a. Susan Carol Arrott, Trustee of the Arrott Family Revocable Trust dated 4/8/2019, as amended and restated, successor to Susan Carol Arrott	ORRI
Howard A. Rubin, Inc.	ORRI
Wells Fargo Bank, National Association, Trustee of the Robert N. Enfield Irrevocable Trust B	ORRI
Rubie Crosby Bell Family LLC	ORRI
Bryan Bell Family LLC	ORRI
AGS Oil & Gas Holdings, Inc.	ORRI
AGS Oil & Gas Holdings #2, Inc.	ORRI

Duer Wagner, III and Genevieve Wagner Roberts, Co-Trustees for the Wagner Family Trust (created under the Last Will of Duer Wagner, Jr. dated 8/24/2016)	ORRI
911 Oil & Gas LLC	ORRI
OTSS Investments LLC	ORRI
Una Oreja LLC	ORRI
Griffin Petroleum Company	ORRI
Robert S. Lee	ORRI
Gene Shumate, as separate property	ORRI
Carol Shumate, as separate property	ORRI
Isramco Resources, LLC	ORRI
Williamson Oil & Gas Company, LLC	ORRI
Dolores McCall, a single woman	ORRI
G.K. Partners	ORRI
Arien L. Edgar, a single man	ORRI
M.D. Abel. Co.	ORRI
Bishop-Windham Family Limited Partnership	ORRI
Scott T. Peterson, whose wife is Billie Peterson	ORRI
Doroil Corporation	ORRI
Donald E. Hockaday III, Trustee of the Dorothy L. Hockaday Trust	ORRI
Christa Hinojosa, whose husband is Antonio Hinojosa	ORRI
Masters Energy, LLC	ORRI
WPX Energy Permian, LLC (Devon)	ORRI
KCK Resources, Inc.	ORRI
Roy G. Barton, Jr., separate property	ORRI
Norma J. Barton, separate property	ORRI

Summary of Attempted Contacts: Case No. 22384 (Honey Mustard 22 WXY Fed Com 8H and 6H)

- Marathon conducted extensive title work to determine the working interest owners and other interest owners.
- Marathon searched public records, phone directory, and various different types of internet searches.
- Marathon sent well proposal letters to the working interest owners on or around October 6, 2021.
- Marathon proposed general terms of a Joint Operating Agreements (JOA) within the well proposal letters sent to working interest owners and offered to send said form to owners upon request.
- Marathon continued to attempt to contact the parties who had not executed an agreement.
- Marathon has been in discussions with MRC Permian Company, Foran Oil Company, and S.K. Warren.
- Marathon has agreed that MRC Permian Company's and Foran Oil Company's uncommitted interests will not be pooled under the order issued in this case.
- Marathon has provided requested information to Override Royalty Interest Owners: Una Oreja LLC, The Wagner Family Trust, 911 Oil & Gas LLC, OTSS Investments LLC, and Masters Energy, LLC
- Marathon filed an application to force pool parties who had not entered in to an agreement.
- Marathon sent notices of the force pooling application to the addresses of record at the time of the filing of the application.
- Marathon then also published notice in a newspaper of general circulation in the county where the wells will be located.





Clayton Rule, CPL
Land Supervisor
LAND - Permian

Marathon Oil Company
990 Town & Country Blvd
Houston, TX 77024
Telephone 713.296.2186
CWRULE@marathonoil.com

October 6, 2021

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

AGS Oil and Gas Company
10 Inverness Drive East, Suite 155
Englewood, CO 80112

Re: Well Proposals
Sections 15 and 22, Township 24 South, Range 28 East
Eddy County, New Mexico

Dear Sir or Madam:

Marathon Oil Permian LLC (“Marathon”) hereby proposes the drilling of the below-referenced Horizontal Wells located in the SW4 Section 15 & W2 Section 22 T24S-T28E, Eddy County, New Mexico. Accordingly, enclosed are the AFEs for the following wells:

- Honey Mustard 22 WXY Fed Com 8H to be drilled to a depth sufficient to adequately test the Wolfcamp Formation, with an approximate true vertical depth (“TVD”) of 9,564’ subsurface and a total measured depth of 17,324’ from a legal surface location in Section 22-T24S-R28E. The proposed First Take Point (“FTP”) shall be located approximately 660’ FWL x 330’ FSL of Section 22-T24S-R28E and a proposed Last Take Point (“LTP”) 660’ FWL x 2,310’ FSL of Section 15-T24S-R28E with a proration unit being the SW4 Section 15 and W2 Section 22-T24S-R28E.
- Honey Mustard 22 WXY Fed Com 6H to be drilled to a depth sufficient to adequately test the Wolfcamp Formation, with an approximate true vertical depth (“TVD”) of 9,564’ subsurface and a total measured depth of 17,324’ from a legal surface location in Section 22-T24S-R28E. The proposed First Take Point (“FTP”) shall be located approximately 1,980’ FWL x 330’ FSL of Section 22-T24S-R28E and a proposed Last Take Point (“LTP”) 1,980’ FWL x 2,310’ FSL of Section 15-T24S-R28E with a proration unit being the SW4 Section 15 and W2 Section 22-T24S-R28E.

These proposed locations and target depths are subject to change depending on any surface or subsurface concerns encountered. The enclosed 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.

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 an executed copy of the enclosed AFEs for each well within thirty (30) days of receipt of this proposal.



Marathon proposes that a 1989 AAPL Model Form Operating Agreement (JOA), with a contract area encompassing the SW4 Sections 15 and W2 Section 22, T24S-R28E from the top of the Wolfcamp Formation to the base of the Wolfcamp Formation be utilized. A copy of which will be subsequently provided for execution.

If you do not wish to participate in these wells, please contact the undersigned to discuss a potential acquisition of your interest via an assignment. If an agreement cannot be reached within 30 days of the date of this letter, Marathon will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into the proration unit for the proposed wells.

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,

A handwritten signature in blue ink, appearing to read "Clayton Rule".

Clayton Rule, CPL
Land Supervisor
Marathon Oil Permian LLC



Drilling Project #
Pad Project #
DATE: 10/8/2021

Permian Asset Team		Location <u>0</u>	Rig <u>480</u>
Field		State <u>NEW MEXICO</u>	
Lease / Facility	<u>HONEY MUSTARD 22 XY FED COM 8H</u>	County/Parish <u>EDDY</u>	
Operator	<u>MARATHON OIL PERMIAN LLC</u>	Estimated Start Date	
		Estimated Completion Date	

Estimated Gross Cost This AFE: \$6,845,399

Project Description & Reason for Expenditure: Drill, Complete, & Equip a Horizontal Well

This well is planned to be drilled and completed with multistage fracturing using plug and perf. The estimated cost of drilling, testing, completing, and equipping the well is \$6,845,399 as detailed in the provided authority for expenditure document. This will include installation of transitional and long term artificial lift systems.

The well will be drilled to a total vertical depth of 9,564' and a total measured depth of 17,324', with an estimated treatable lateral length of 7,260' in the WOLFCAMP WXY formation and will be completed with an estimated 30 stages and approximately 2,500 lbs/ft of proppant.

Participant's Approval

Name of Company: _____

Signature: _____

Title: _____ Date: _____



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

DATE 9/30/2021
 DRILLING & LOCATION PREPARED BY MATTHEW RUGAARD
 COMPLETION PREPARED BY JOSH SHANNON
 FACILITIES PREPARED BY MATT HENSCHEN
 ARTIFICIAL LIFT PREPARED BY BILLY MOORE/MATT HE

Asset Team PERMIAN
 Field 0 FORMATION: WXY WILDCAT EXPLORATION
 Lease/Facility HONEY MUSTARD 22 XY FED COM 8H DEVELOPMENT RECOMPLETION
 Location EDDY COUNTY X EXPLOITATION WORKOVER
 Prospect MALAGA

Est Total Depth 17,324 Est Drilling Days Est Completion Days 5.5

LOCATION COST - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access	87,500
7001250	Land Broker Fees and Services	65,000
TOTAL LOCATION COST - INTANGIBLE		152,500

DRILLING COST - TANGIBLE

7012050	Conductor Pipe	25,000
7012050	Surface Casing	26,000
7012050	Intermediate Casing 1	106,000
7012050	Intermediate Casing 2	
7012050	Production Casing	450,000
7012050	Drig Liner Hanger, Tieback Eq & Csg Accessories	-
7012550	Drilling Wellhead Equipment	55,000
7012040	Casing & Tubing Access	24,000
7012270	Miscellaneous MRO Materials	5,000
TOTAL DRILLING - TANGIBLE		691,000

DRILLING COST - INTANGIBLE

7019200	Drilling Rig Mob/Demob	100,000
7019220	Drilling Rig - day work/footage	482,400
7019040	Directional Drilling Services	135,000
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	135,000
7019140	Mud Fluids & Services	62,600
7012310	Solids Control equipment	36,180
7012020	Bits	105,000
7019010	Casing Crew and Services	40,000
7016350	Fuel (Rig)	62,310
7019140	Fuel (Mud)	18,000
7001460	Water (non potable)	25,000
7012350	Water (potable)	5,000
7019000	Well Logging Services	-
7019150	Mud Logging/geosteering	11,250
7019250	Stabilizers, Hole Openers, Underreamers (DH rentals)	15,000
7019110	Casing inspection/cleaning	15,000
7019110	Drill pipe/collar inspection services	10,000
7016180	Freight - truck	25,000
7001460	Water hauling and disposal (includes soil farming)	60,000
7001160	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
7019300	Well Services - Well Control Services	19,425
7019350	Well Services - Well/Wellhead Services	10,000
7018150	Rental Tools and Equipment (surface rentals)	80,400
7018150	Rig Equipment and Misc.	10,050
7001110	Telecommunications Services	5,000
7001120	Consulting Services	84,420
7001400	Safety and Environmental	28,140
7018120	Rental Buildings (trailers)	10,050
7019310	Coring (sidewalls & analysis)	-
7011010	7% Contingency & Taxes	196,338
TOTAL DRILLING - INTANGIBLE		\$1,959,563

TOTAL DRILLING COST \$2,650,563

COMPLETION - TANGIBLE

7012580	Tubing	-
7012040	Tubing Accessories (nipple, wireline entry)	-
7012550	Wellhead Equip	40,000
7012560	Packers - Completion Equipment	-
TOTAL COMPLETION - TANGIBLE		\$40,000

MARATHON OIL PERMIAN LLC DATE 9/30/2021
 AUTHORITY FOR EXPENDITURE

DETAIL OF ESTIMATED WELL COSTS

Asset Team	PERMIAN
Field	FORMATION: WXY
Lease/Facility	HONEY MUSTARD 22 XY FED COM 8H

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access (dress location after rig move, set anchors)	7,000
7019220	Drilling Rig During Completion	-
7019140	Mud Fluids & Services	-
7019030	Coiled Tubing Services (3 runs)	75,200
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)	243,750
7019320	Fracturing Services	1,584,460
7019330	Perforating	-
7019360	Wireline Services	111,500
7001460	Water Hauling & Disposal (frac fluids)	163,000
7016180	Freight - Truck (haul pipe; drlg & compl)	-
7018150	BOP Rental & Testing	-
7018150	Rental Tools and Equipment (incl drlg; lightplant,hydra-walk)	-
7018150	CT Downhole Rental Equipment (ie. Bit, BHA)	19,000
7000030	Contract Labor - general	-
7001110	Telecommunications Services	45,000
7001400	Safety and Environmental	-
7001120	Consulting Services	25,000
7018150	Zipper Manifold	152,500
7019300	Frack Stack Rentals	80,000
7016190	Freight (Transportation Services)	4,800
7018150	Equipment Rental (w/o operator, frac tanks, lightplants)	207,500
7018120	Rental Buildings (trailers)	-
7000030	Contract Labor - Pumping (pump-down pumps)	10,000
7011010	8% Contingency & Taxes	-
TOTAL COMPLETION - INTANGIBLE		\$2,728,710
TOTAL COMPLETION COST		\$2,768,710

SURFACE EQUIPMENT - TANGIBLE		
7012350	Misc. Piping, Fittings & Valves	104,819
7006640	Company Labor & Burden	-
7000030	Contract Labor - General	113,839
7001110	Telecommunication equip (Telemetry)	-
7012410	Line Pipe & Accessories	30,346
7012270	Miscellaneous Materials (containment system)	31,609
7008060	SCADA	10,000
7016180	Freight - truck	10,454
7001190	Contract Engineering	6,476
7012290	Metering and Instrumentation	177,383
7012290	I&E Materials	104,048
7012200	Gas Treating	-
7012200	Dehydration	-
7012010	Compressor	12,038
7012350	Power	-
7012610	Vapor Recovery Unit	-
7012440	Separator & other pressure vessels	168,190
7012500	Tanks	29,605
7012100	Heater Treater	87,500
7012640	Flare & Accessories	12,710
7000010	Electrical Labor	57,492
7000010	Mechanical Labor	124,327
7012480	Rod Pumping unit & Pad	-
7012180	Pumping Unit Engine	-
7012350	Electrical Power (electrical cooperative construction costs)	23,290
TOTAL SURFACE EQUIPMENT - TANGIBLE		\$1,104,126
TOTAL SURFACE EQUIPMENT COST		\$ 1,104,126

ARTIFICIAL LIFT		
7012580	Tubing	50,000
7012040	Tubing Accessories (nipple, wireline entry)	5,000
7012550	Wellhead Equip	5,000
7012560	Packers - Completion Equipment	5,000
7006640	Company Labor	6,000
7012180	Gas Lift Equipment	23,000
7012480	Rod Pumping, Sucker Rods & Rod Pump	-
7012140	Elect Sub Pumps (ESP)	-
7019350	Well Services-Well/Wellhead Services	42,500
7012270	Materials & Supplies-Tangible	25,000
7012550	Surface Wellhead Equipment	3,000
7012390	Pig Launchers/Receivers & Rel Equip	-
7011010	Contingency & Taxes	5,000
TOTAL ARTIFICIAL LIFT		169,500
TOTAL ARTIFICIAL LIFT COST		\$ 169,500

SUMMARY OF ESTIMATED DRILLING WELL COSTS	TOTAL COST
TOTAL LOCATION COST	\$ 152,500
TOTAL DRILLING COST	\$ 2,650,563
TOTAL COMPLETIONS COST	\$ 2,768,710
TOTAL SURFACE EQUIPMENT COST	\$ 1,104,126
TOTAL ARTIFICIAL LIFT COST	\$ 169,500
GRAND TOTAL COST	\$6,845,399



Drilling Project #
Pad Project #
DATE: 10/6/2021

Permian Asset Team	
Field	Location 22-24S-28E Rig 480
Lease / Facility	Honey Mustard WXY Fed Com 6H State NEW MEXICO
Operator	MARATHON OIL PERMIAN LLC County/Parish EDDY
	Estimated Start Date _____
	Estimated Completion Date _____
Estimated Gross Cost This AFE: \$6,845,399	

Project Description & Reason for Expenditure: Drill, Complete, & Equip a Horizontal Well

This well is planned to be drilled and completed with multistage fracturing using plug and perf. The estimated cost of drilling, testing, completing, and equipping the well is \$6,845,399 as detailed in the provided authority for expenditure document. This will include installation of transitional and long term artificial lift systems.

The well will be drilled to a total vertical depth of 9,564' and a total measured depth of 17,324', with an estimated treatable lateral length of 7,260' in the WOLFCAMP WXY formation and will be completed with an estimated 30 stages and approximately 2,500 lbs/ft of proppant.

Participant's Approval

Name of Company: _____

Signature: _____

Title: _____ Date: _____

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

DATE 9/30/2021
 DRILLING & LOCATION PREPARED BY MATTHEW RUGAARD
 COMPLETION PREPARED BY JOSH SHANNON
 FACILITIES PREPARED BY MATT HENSCHEN
 ARTIFICIAL LIFT PREPARED BY _____

Asset Team PERMIAN
 Field 0 FORMATION: WXY WILDCAT EXPLORATION
 Lease/Facility HONEY MUSTARD 22 WXY FED COM 6H DEVELOPMENT RECOMPLETION
 Location EDDY COUNTY X EXPLOITATION WORKOVER
 Prospect MALAGA

Est Total Depth 17,324 Est Drilling Days _____ Est Completion Days 5.5

LOCATION COST - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access	87,500
7001250	Land Broker Fees and Services	65,000
TOTAL LOCATION COST - INTANGIBLE		152,500

DRILLING COST - TANGIBLE

7012050	Conductor Pipe	25,000
7012050	Surface Casing	26,000
7012050	Intermediate Casing 1	106,000
7012050	Intermediate Casing 2	-
7012050	Production Casing	450,000
7012050	Drilg Liner Hanger, Tieback Eq & Csg Accessories	-
7012550	Drilling Wellhead Equipment	55,000
7012040	Casing & Tubing Access	24,000
7012270	Miscellaneous MRO Materials	5,000
TOTAL DRILLING - TANGIBLE		691,000

DRILLING COST - INTANGIBLE

7019200	Drilling Rig Mob/Demob	100,000
7019220	Drilling Rig - day work/footage	482,400
7019040	Directional Drilling Services	135,000
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	135,000
7019140	Mud Fluids & Services	62,600
7012310	Solids Control equipment	36,180
7012020	Bits	105,000
7019010	Casing Crew and Services	40,000
7016350	Fuel (Rig)	62,310
7019140	Fuel (Mud)	18,000
7001460	Water (non potable)	25,000
7012350	Water (potable)	5,000
7019000	Well Logging Services	-
7019150	Mud Logging/steering	11,250
7019250	Stabilizers, Hole Openers, Underreamers (DH rentals)	15,000
7019110	Casing Inspection/cleaning	15,000
7019110	Drill pipe/collar inspection services	10,000
7016180	Freight - truck	25,000
7001460	Water hauling and disposal (Includes soil farming)	60,000
7001160	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
7019300	Well Services - Well Control Services	19,425
7019350	Well Services - Well/Wellhead Services	10,000
7018150	Rental Tools and Equipment (surface rentals)	80,400
7018150	Rig Equipment and Misc.	10,050
7001110	Telecommunications Services	5,000
7001120	Consulting Services	84,420
7001400	Safety and Environmental	28,140
7018120	Rental Buildings (trailers)	10,050
7019310	Coring (sidewalls & analysis)	-
7011010	7% Contingency & Taxes	196,338
TOTAL DRILLING - INTANGIBLE		\$1,959,563

TOTAL DRILLING COST **\$2,650,563**

COMPLETION - TANGIBLE

7012580	Tubing	-
7012040	Tubing Accessories (nipple, wireline entry)	-
7012550	Wellhead Equip	40,000
7012560	Packers - Completion Equipment	-
TOTAL COMPLETION - TANGIBLE		\$40,000

MARATHON OIL PERMIAN LLC
 AUTHORITY FOR EXPENDITURE
 DETAIL OF ESTIMATED WELL COSTS
 Asset Team PERMIAN
 Field _____ FORMATION: WXY
 Lease/Facility HONEY MUSTARD 22 WXY FED COM 6H
 DATE 9/30/2021

COMPLETION - INTANGIBLE		
GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access (dress location after rig move, set anchors)	7,000
7019220	Drilling Rig During Completion	-
7019140	Mud Fluids & Services	-
7019030	Coiled Tubing Services (3 runs)	75,200
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)	243,750
7019320	Fracturing Services	1,584,460
7019330	Perforating	-
7019360	Wireline Services	111,500
7001460	Water Hauling & Disposal (frac fluids)	163,000
7016180	Freight - Truck (haul pipe, drlg & compl)	-
7018150	BOP Rental & Testing	-
7018150	Rental Tools and Equipment (incl drlg, lightplant, hydra-walk)	-
7018150	CT Downhole Rental Equipment (ie. BH, BHA)	19,000
7000030	Contract Labor - general	-
7001110	Telecommunications Services	45,000
7001400	Safety and Environmental	-
7001120	Consulting Services	25,000
7018150	Zipper Manifold	152,500
7019300	Frack Stack Rentals	80,000
7016190	Freight (Transportation Services)	4,800
7018150	Equipment Rental (w/o operator, frac tanks, lightplants)	207,500
7018120	Rental Buildings (trailers)	-
7000030	Contract Labor - Pumping (pump-down pumps)	10,000
7011010	8% Contingency & Taxes	-
TOTAL COMPLETION - INTANGIBLE		\$2,728,710
TOTAL COMPLETION COST		\$2,768,710

SURFACE EQUIPMENT - TANGIBLE		
7012350	Misc. Piping, Fittings & Valves	104,819
7006640	Company Labor & Burden	-
7000030	Contract Labor - General	113,839
7001110	Telecommunication equip (Telemetry)	-
7012410	Line Pipe & Accessories	30,346
7012270	Miscellaneous Materials (containment system)	31,609
7008060	SCADA	10,000
7016180	Freight - truck	10,454
7001190	Contract Engineering	6,476
7012290	Metering and Instrumentation	177,383
7012290	I&E Materials	104,048
7012200	Gas Treating	-
7012200	Dehydration	-
7012010	Compressor	12,038
7012350	Power	-
7012610	Vapor Recovery Unit	-
7012440	Separator & other pressure vessels	168,190
7012500	Tanks	29,605
7012100	Heater Treater	87,500
7012640	Flare & Accessories	12,710
7000010	Electrical Labor	57,492
7000010	Mechanical Labor	124,327
7012480	Rod Pumping unit & Pad	-
7012180	Pumping Unit Engine	-
7012350	Electrical Power (electrical cooperative construction costs)	23,290
TOTAL SURFACE EQUIPMENT - TANGIBLE		\$1,104,126
TOTAL SURFACE EQUIPMENT COST		\$ 1,104,126

ARTIFICIAL LIFT		
7012580	Tubing	50,000
7012040	Tubing Accessories (nipple, wireline entry)	5,000
7012550	Wellhead Equip	5,000
7012560	Packers - Completion Equipment	5,000
7006640	Company Labor	6,000
7012180	Gas Lift Equipment	23,000
7012480	Rod Pumping, Sucker Rods & Rod Pump	-
7012140	Elect Sub Pumps (ESP)	-
7019350	Well Services-Well/Wellhead Services	42,500
7012270	Materials & Supplies-Tangible	25,000
7012550	Surface Wellhead Equipment	3,000
7012390	Pig Launchers/Receivers & Rel Equip	-
7011010	Contingency & Taxes	5,000
TOTAL ARTIFICIAL LIFT		169,500
TOTAL ARTIFICIAL LIFT COST		\$ 169,500

SUMMARY OF ESTIMATED DRILLING WELL COSTS	TOTAL COST
TOTAL LOCATION COST	\$ 152,500
TOTAL DRILLING COST	\$ 2,650,563
TOTAL COMPLETION COST	\$ 2,768,710
TOTAL SURFACE EQUIPMENT COST	\$ 1,104,126
TOTAL ARTIFICIAL LIFT COST	\$ 169,500
GRAND TOTAL COST	\$6,845,399

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

**APPLICATION OF MARATHON OIL PERMIAN LLC
 FOR (1) TO THE EXTENT NECESSARY,
 APPROVAL OF A NON-STANDARD SPACING UNIT,
 AND (2) COMPULSORY POOLING,
 EDDY COUNTY, NEW MEXICO.**

CASE NO. 22384

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 provided under a notice letter, attached, and that proof of notice is attached hereto. I also state that notice of the hearing was published in the Carlsbad Current Argus on December 12, 2021, as reflected in the attached Affidavit of Publication.

Deana M. Bennett

 Deana M. Bennett

SUBSCRIBED AND SWORN to before me this 4 day of January, 2022 by Deana M. Bennett.

Karlene Schuman

 Notary Public

My commission expires: 02-27-25

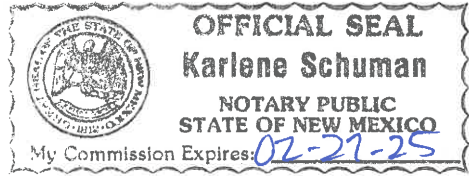


EXHIBIT 7

Marlene Schuman
Rodrall Sperling Roehl Harris & Sisk P.A.
100 Fourth Street, Suite 1000
Albuquerque NM 87102

PS Form 3877

Type of Mailing: CERTIFIED MAIL
12/08/2021

Firm Mailing Book ID: 219254

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0089 5599 81	S K Warren Resources, LLC P.O. Box 470372 Tulsa OK 74147	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
2	9314 8699 0430 0089 5599 98	Foran Oil Company 5400 LBJ Freeway, Suite 1500 Dallas TX 75240	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
3	9314 8699 0430 0089 5600 00	Broughton Petroleum, Inc. Attn: Lois Krenek P.O. Box 1389 Sealy TX 77474	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
4	9314 8699 0430 0089 5600 17	WPX Energy Permian, LLC Attn: Kim Dent P.O. Box 3102 MO37 Tulsa OK 74101	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
5	9314 8699 0430 0089 5600 24	MRC Permian Company 5400 LBJ Freeway, Suite 1500 Dallas TX 75240	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
6	9314 8699 0430 0089 5600 31	CXA Oil & Gas Holdings, L.P. 6000 Legacy Drive Plano TX 75024	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
7	9314 8699 0430 0089 5600 48	Roy Edward Guinnup 2812-A Wayside Avenue Fort Worth TX 76110	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
8	9314 8699 0430 0089 5600 55	Sisbro Oil & Gas, LLC 4350 S. Monaco Street, 5th Floor Denver CO 80237	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
9	9314 8699 0430 0089 5600 62	Mizel Resources, a Trust 4350 S. Monaco Street, 5th Floor Denver CO 80237	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
10	9314 8699 0430 0089 5600 79	Roy G. Barton Jr., whose wife is Claudia Barton 1919 Turner Street Hobbs NM 88240	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
11	9314 8699 0430 0089 5600 93	Dinero Energy, Inc. 1004 N. Big Spring, Suite 500 Midland TX 79701	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
12	9314 8699 0430 0089 5601 09	Jane B. Ramsland Oil and Gas Partnership Ltd. P.O. Box 10505 Midland TX 79702	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
13	9314 8699 0430 0089 5601 16	Bahnhof Holdings, LP P.O. Box 10505 Midland TX 79702	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
14	9314 8699 0430 0089 5601 23	KCK Energy, LLC 5600 Fenway Midland TX 79701	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
15	9314 8699 0430 0089 5601 30	AGS Oil and Gas Holdings, Inc. 10 Inverness Drive East, Suite 155 Englewood CO 80112	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice



Carlene Schuman
Dorrell Sperling Roehl Harris & Sisk P.A.
100 Fourth Street, Suite 1000
Albuquerque NM 87102

PS Form 3877

Type of Mailing: CERTIFIED MAIL
12/08/2021

Firm Mailing Book ID: 219254

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
16	9314 8699 0430 0089 5601 47	AGS Oil and Gas Company 10 Inverness Drive East, Suite 155 Englewood CO 80112	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
17	9314 8699 0430 0089 5601 54	J & L Resources, Inc. 3126 South Boulevard, Suite 345 Edmond OK 73013	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
18	9314 8699 0430 0089 5601 61	Sieb Resources, Inc. 2211 Shady Trail Court Richmond TX 77406	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
19	9314 8699 0430 0089 5601 78	Saundra Richards Adams 23203 Verona View Lane Katy TX 77493	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
20	9314 8699 0430 0089 5601 85	Theodore C. Hochstim 3717 Maplewood Avenue Dallas TX 75025	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
21	9314 8699 0430 0089 5601 92	J.M. Beique 5216 Treemont Midland TX 79701	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
22	9314 8699 0430 0089 5602 08	Wing Resources III, LLC 2100 McKinney Avenue, Suite 1540 Dallas TX 75201	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
23	9314 8699 0430 0089 5602 15	Santa Elena Minerals IV, L.P. P.O. Box 2063 Midland TX 79702	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
24	9314 8699 0430 0089 5602 22	Zumis Energy, LLC 15 E. 5th Street, Suite 3300 Tulsa OK 74103	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
25	9314 8699 0430 0089 5602 39	Penasco Petroleum LLC P.O. Box 2992 Roswell NM 88202	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
26	9314 8699 0430 0089 5602 46	Rolla R. Hinkle III P.O. Box 2292 Roswell NM 88202	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
27	9314 8699 0430 0089 5602 53	Justin T. Crum P.O. Box 3598 Roswell NM 88202	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
28	9314 8699 0430 0089 5602 60	Warren American Oil Company P.O. Box 470372 Tulsa OK 74147	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
29	9314 8699 0430 0089 5602 77	Susannah D. Adelson, Trustee of the James Adelson & Family 2015 Trusts 15 E. 5th Street, Suite 3300 Tulsa OK 74103	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
30	9314 8699 0430 0089 5602 84	Cathleen Ann Adams, Trustee of the Cathleen Ann Adams Revocable Trust of 9/25/20 P.O. Box 45807 Rio Rancho NM 87174	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice



Marlene Schuman
Rodrall Sperling Roehl Harris & Sisk P.A.
100 Fourth Street, Suite 1000
Albuquerque NM 87102

PS Form 3877

Type of Mailing: CERTIFIED MAIL
12/08/2021

Firm Mailing Book ID: 219254

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
31	9314 8699 0430 0089 5602 91	Susan Arrott a.k.a. Susan Carol Arrott, Trustee of Arrott Family Revocable Trust 4/8/19 P.O. Box 95074 North Little Rock AR 95074	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
32	9314 8699 0430 0089 5603 07	Howard A. Rubin, Inc. P.O. Box 58 El Rito NM 87530	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
33	9314 8699 0430 0089 5603 14	Wells Fargo Bank, National Association, Trustee of Robert N. Enfield Irrevocable Trust B 201 Main Street, Suite 400 Fort Worth TX 76102	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
34	9314 8699 0430 0089 5603 21	Rubie Crosby Bell Family LLC 213 20th Street New Orleans LA 70124	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
35	9314 8699 0430 0089 5603 38	Bryan Bell Family LLC 213 20th Street New Orleans LA 70124	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
36	9314 8699 0430 0089 5603 45	AGS Oil & Gas Holdings, Inc. 10 Inverness Drive East, Suite 155 Englewood CO 80112	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
37	9314 8699 0430 0089 5603 52	AGS Oil & Gas Holdings #2, Inc. 10 Inverness Drive East, Suite 155 Englewood CO 80112	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
38	9314 8699 0430 0089 5603 69	Duer Wagner, III and Genevieve Wagner Roberts, Co-Trustees for Wagner Family Trust 2525 North Pearl Street, Suite 1903 Dallas TX 75201	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
39	9314 8699 0430 0089 5603 83	911 Oil & Gas LLC P.O. Box 101265 Fort Worth TX 76185	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
40	9314 8699 0430 0089 5603 90	OTSS Investments LLC P.O. Box 101265 Fort Worth TX 76185	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
41	9314 8699 0430 0089 5604 06	Una Oreja LLC P.O. Box 101265 Fort Worth TX 76185	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
42	9314 8699 0430 0089 5604 13	Griffin Petroleum Company 2800 N. Big Spring Street Midland TX 79705	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
43	9314 8699 0430 0089 5604 20	Robert S. Lee P.O. Box 10523 Midland TX 79702	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
44	9314 8699 0430 0089 5604 37	Gene Shumate, as separate property P.O. Box 2473 Midland TX 79702	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice



Marlene Schuman
 Odrell Sperling Roehl Harris & Sisk P.A.
 50 Fourth Street, Suite 1000
 Albuquerque NM 87102

PS Form 3877

Type of Mailing: CERTIFIED MAIL
 12/08/2021

Firm Mailing Book ID: 219254

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
45	9314 8699 0430 0089 5604 44	Carol Shumate, as separate property P.O. Box 8632 Midland TX 79708	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
46	9314 8699 0430 0089 5604 51	Isramco Resources, LLC 1001 West Loop, Suite 750 Houston TX 77027	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
47	9314 8699 0430 0089 5604 68	Williamson Oil & Gas Company, LLC 303 Veteran's Airpark Lane, Suite 1100 Midland TX 79705	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
48	9314 8699 0430 0089 5604 75	Dolores McCall, a single woman P.O. Box 931 Midland TX 79702	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
49	9314 8699 0430 0089 5604 82	G.K. Partners 2800 N. Big Spring Street Midland TX 79705	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
50	9314 8699 0430 0089 5604 99	Arlen L. Edgar, a single man 414 W. Texas, Suite 208 Midland TX 79701	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
51	9314 8699 0430 0089 5605 05	M.D. Abel. Co. P.O. Box 949 Lampasas TX 76550	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
52	9314 8699 0430 0089 5605 12	Bishop-Windham Family Limited Partnership P.O. Box 2698 Midland TX 79702	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
53	9314 8699 0430 0089 5605 29	Scott T. Peterson, whose wife is Billie Peterson P.O. Box 1112 Midland TX 79702	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
54	9314 8699 0430 0089 5605 36	Doroil Corporation 1637 Prairie Mark Lane Houston TX 77077	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
55	9314 8699 0430 0089 5605 43	Donald E. Hockaday III, Trustee of the Dorothy L. Hockaday Trust 11607 Noblewood Crest Lane Houston TX 77082	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
56	9314 8699 0430 0089 5605 67	Christa Hinojos, (husband is Antonio Hinojosa) 1443 Scenic Ridge Houston TX 77043	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
57	9314 8699 0430 0089 5605 74	Gwen G. Armstrong 4207 Lynbrook Avenue Odessa TX 77069	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
58	9314 8699 0430 0089 5605 81	David Hanger & Rita Hanger Revocable Trust 440 Independence Parkway, Apt. 3102 Plano TX 75075	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
59	9314 8699 0430 0089 5605 98	Grover D. Smith 13714 Chelwood Place Houston TX 77069	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice



Marlene Schuman
Dorall Sperling Roehl Harris & Sisk P.A.
100 Fourth Street, Suite 1000
Albuquerque NM 87102

PS Form 3877

Type of Mailing: CERTIFIED MAIL
12/08/2021

Firm Mailing Book ID: 219254

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
60	9314 8699 0430 0089 5606 04	Whilden Trustee No. 1 c/o Baker Botts 910 Louisiana Houston TX 77002	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
61	9314 8699 0430 0089 5606 11	Bo Digby 1414 Shafter Avenue Odessa TX 79761	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
62	9314 8699 0430 0089 5606 28	Transatlantic Petroleum Corp. 41 Schermerhorn Street, Suite 323 Brooklyn NY 11201	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
63	9314 8699 0430 0089 5606 35	Sydran, L.P. P.O. Box 940549 Houston TX 77094	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
64	9314 8699 0430 0089 5606 42	Rialto Production Co. P.O. Box 981028 Houston TX 77098	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
65	9314 8699 0430 0089 5606 59	Marathon Oil Permian LLC 990 Town and Country Boulevard Houston TX 77024	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
66	9314 8699 0430 0089 5606 66	Masters Energy, LLC 7500 Rialto Blvd Building 2, Suite 280 Austin TX 78735	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
67	9314 8699 0430 0089 5606 73	KCK Resources, Inc. 5600 Fenway Midland TX 79707	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
68	9314 8699 0430 0089 5606 80	Norma J. Barton, separate property 407 E. Arriba Drive Hobbs NM 88240	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
69	9314 8699 0430 0089 5606 97	Roy G. Barton Jr., separate property 1919 Turner Street Hobbs NM 88240	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
70	9314 8699 0430 0089 5607 03	Marathon Oil Permian LLC 990 Town and Country Boulevard Houston TX 77024	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
71	9314 8699 0430 0089 5607 10	S K Warren Resources, LLC P.O. Box 470372 Tulsa OK 74147	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
72	9314 8699 0430 0089 5607 27	Magnum Hunter Production, Inc. 600 N. Marienfeld, Suite 600 Midland TX 79701	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
73	9314 8699 0430 0089 5607 34	Chaparral Energy, LLC 701 Cedar Lake Boulevard Oklahoma City OK 73114	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
74	9314 8699 0430 0089 5607 41	Woodson Oil & Gas, L.P. 301 Commerce Street, Suite 1830 Fort Worth TX 76102	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice



PS Form 3877

Type of Mailing: CERTIFIED MAIL
12/08/2021

Firm Mailing Book ID: 219254

Carlene Schuman
1000 Fourth Street, Suite 1000
Albuquerque NM 87102

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
75	9314 8699 0430 0089 5607 58	New Mexico Bureau of Land Management 301 Dinosaur Trail Santa Fe NM 87508	\$1.36	\$3.75	\$1.85	\$0.00	81363.0191.HM Notice
Totals:			\$102.00	\$281.25	\$138.75	\$0.00	
				Grand Total:		\$522.00	

Dated:

Postmaster:
Name of receiving employee

75

Total Number of Pieces
Received at Post Office

Number of Pieces
Listed by Sender



Carlsbad Current Argus.

PART OF THE USA TODAY NETWORK

Affidavit of Publication

Ad # 0005039906

This is not an invoice

MODRALL SPERLING

POBOX 2168

ALBUQUERQUE, NM 87103

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

12/12/2021




Legal Clerk

Subscribed and sworn before me this December 12, 2021:



State of WI, County of Brown
NOTARY PUBLIC



My commission expires

Ad # 0005039906

PO #:

of Affidavits 1

This is not an invoice

KATHLEEN ALLEN
Notary Public
State of Wisconsin

CASE NO. 22384: Notice to all affected parties, as well as the heirs and devisees of S.K. Warren Resources, LLC; Foran Oil Company; Broughton Petroleum, Inc.; WPX Energy Permian, LLC; MRC Permian Company; CXA Oil & Gas Holdings, L.P.; Roy Edward Guinnup; Sibbro Oil & Gas, LLC; Mizel Resources, a Trust; Roy G. Barton Jr., whose wife is Claudia Barton; Dinero Energy, Inc.; Jane B. Ramsland Oil and Gas Partnership Ltd.; Bahnhof Holdings, LP; KCK Energy, LLC; AGS Oil and Gas Holdings, Inc.; AGS Oil and Gas Company; J&L Resources, Inc.; Sieb Resources, Inc.; Sandra Richards Adams; Theodore C. Hochstim; J.M. Beique; Wing Resources III, LLC; Santa Elena Minerals IV, L.P.; Zunis Energy, LLC; Penasco Petroleum LLC; Rolla R. Hinkle III; Justin T. Crum; Warren American Oil Company; Susannah D. Adelson, Trustee of the James Adelson & Family 2015 Trusts; Cathleen Ann Adams, Trustee of the Cathleen Ann Adams Revocable Trust dated 9/25/2020, as amended and restated, successor to Cathleen Ann Adams; Susan Arrott a.k.a. Susan Carol Arrott, Trustee of the Arrott Family Revocable Trust dated 4/8/2019, as amended and restated, successor to Susan Carol Arrott; Howard A. Rubin, Inc.; Wells Fargo Bank, National Association, Trustee of the Robert N. Enfield Irrevocable Trust B; Rubie Crosby Bell Family LLC; Bryan Bell Family LLC; AGS Oil & Gas Holdings #2, Inc.; Duer Wagner, III and Genevieve Wagner Roberts, Co-Trustees for the Wagner Family Trust (created under the Last Will of Duer Wagner, Jr. dated 8/24/2016); 911 Oil & Gas LLC; OTSS Investments LLC; Una Oreja LLC; Griffin Petroleum Company; Robert S. Lee; Gene Shumate, as separate property; Carol Shumate, as separate property; Isramco Resources, LLC; Williamson Oil & Gas Company, LLC; Dolores McCall, a single woman; G.K. Partners; Arlen L. Edgar, a single man; M.D. Abel. Co.; Bishop-Windham Family Limited Partnership; Scott T. Peterson, whose wife is Billie Peterson; Doroil Corporation; Donald E. Hockaday III, Trustee of the Dorothy L. Hockaday Trust; Christa Hinojosa, whose husband is Antonio Hinojosa; Gwen G. Armstrong; David Hanger & Rita Hanger Revocable Trust; Grover D. Smith; Whilden Trustee No. 1; Bo Digby; Transatlantic Petroleum Corp.; Sydtran, L.P.; Rialto Production Co.; Masters Energy, LLC; KCK Resources, Inc.; Norma J. Barton, separate property; Roy G. Barton Jr., separate property; LLC; Magnum Hunter Production, Inc.; Chaparral Energy, LLC; Woodson Oil & Gas, L.P.; and New Mexico Bureau of Land Management of Application of Marathon Oil Permian LLC for (1) to the extent necessary, approval of a non-standard spacing unit, and (2) compulsory pooling, Eddy 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 January 6, 2022. Applicant seeks an order from the Division (1) to the extent necessary approving a non-standard spacing unit, and (2) pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the SW/4 of Section 15 and the W/2 of Section 22, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico, and (3) to the extent necessary, approval of the Honey

OCD EXAMINER HEARING 1/6/22
 Case No. 22384

Mustard 22 WXY Fed Com 8H and Honey Mustard 22 WXY Fed Com 6H wells, to be horizontally drilled. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 2 miles South of Malaga, New Mexico. #5039906, Current Argus, Dec. 12, 2021



MODRALL SPERLING

L A W Y E R S

Deana M. Bennett
505.848.1834
dmb@modrall.com

December 8, 2021

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Re: APPLICATION OF MARATHON OIL PERMIAN LLC FOR (1) TO THE EXTENT NECESSARY, APPROVAL OF A NON-STANDARD SPACING UNIT, AND (2) COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO

CASE NO. 22384

TO: AFFECTED PARTIES

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

In Case No. 22384, Marathon seeks an order from the Division (1) to the extent necessary approving a non-standard spacing unit, and (2) pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the SW/4 of Section 15 and the W/2 of Section 22, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Honey Mustard 22 WXY Fed Com 8H and Honey Mustard 22 WXY Fed Com 6H** wells, to be horizontally drilled. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 2 miles South of Malaga, New Mexico.

During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on January 6, 2022 beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the docket for the hearing date: <http://www.emnrd.state.nm.us/OCD/hearings.html>.

Modrall Sperring
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

Page 2

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

You are further notified that if you desire to appear in this case, 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 (1) TO THE EXTENT NECESSARY,
APPROVAL OF A NON-STANDARD SPACING UNIT,
AND (2) COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

CASE NO. 22384

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 (1) to the extent necessary approving a non-standard spacing unit, and (2) pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the SW/4 of Section 15 and the W/2 of Section 22, Township 24 South, Range 28 East, NMPM, Eddy 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 SW/4 of Section 15 and the W/2 of Section 22, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico to form a 480-acre, more or less, spacing unit.
3. Marathon plans to drill the proposed **Honey Mustard 22 WXY Fed Com 8H and Honey Mustard 22 WXY Fed Com 6H** wells to a depth sufficient to test the Wolfcamp formation. These wells will be horizontally drilled.

4. These wells will be drilled in the Purple Sage; Wolfcamp (Gas) Pool, Pool Code 98220, and will comply with the setback requirements for that pool.

5. Marathon sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Wolfcamp formation underlying the proposed spacing unit to participate in the drilling of the wells or to otherwise commit their interests to the wells.

6. The pooling of all interests in the Wolfcamp 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 January 6, 2022, and after notice and hearing as required by law, the Division enter its order:

- A. Approving, to the extent necessary, a non-standard spacing unit;
- B. Pooling all mineral interests in the Wolfcamp formation underlying a horizontal spacing unit within the SW/4 of Section 15 and the W/2 of Section 22, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico.;
- C. Designating Marathon as operator of this unit and the wells to be drilled thereon;
- D. Authorizing Marathon to recover its costs of drilling, equipping and completing the wells;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. 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: /s/ Bryce H. Smith

Deana M. Bennett

Bryce H. Smith

Post Office Box 2168

500 Fourth Street NW, Suite 1000

Albuquerque, New Mexico 87103-2168

Telephone: 505.848.1800

Attorneys for Applicant

CASE NO. 22384 : Application of Marathon Oil Permian LLC for (1) to the extent necessary, approval of a non-standard spacing unit, and (2) compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division (1) to the extent necessary approving a non-standard spacing unit, and (2) pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the SW/4 of Section 15 and the W/2 of Section 22, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Honey Mustard 22 WXY Fed Com 8H and Honey Mustard 22 WXY Fed Com 6H** wells, to be horizontally drilled. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 2 miles South of Malaga, New Mexico.

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

APPLICATION OF MARATHON OIL PERMIAN LLC
FOR (1) TO THE EXTENT NECESSARY,
APPROVAL OF A NON-STANDARD SPACING UNIT,
AND (2) COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

CASE NO. 22384

SELF-AFFIRMED DECLARATION

Matt Baker 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.

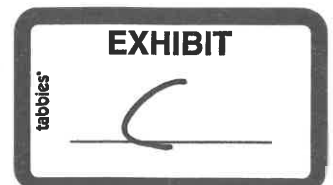
2. My area of responsibility at Marathon includes the area of Eddy County in New Mexico.

3. I am familiar with the application filed by Marathon in this case.

4. **Exhibit 8** is a locator map showing the approximate location of the proposed wells in relation to the Capitan Reef.

5. **Exhibit 9** is a wellbore schematic showing Marathon’s Honey Mustard development plan.

6. **Exhibit 10** is a structure map of the top of the Wolfcamp. The proposed project area is identified by a black-dashed box. The proposed horizontal locations are identified by red lines, and the proposed wells are numbered 1 and 2. The horizontal wells shown in black represent



existing Upper Wolfcamp laterals. The contour interval used this exhibit is 25 feet. This exhibit shows that the structure dips towards the east.

7. **Exhibit 11** is a cross section reference map that identifies three wells in the vicinity of the proposed Upper Wolfcamp wells, shown by a line of cross-section running from A to A'.

8. **Exhibit 12** 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 Upper Wolfcamp formation in the area. The target zones for the wells are the Wolfcamp XY and the Wolfcamp A, identified by the words "Producing Zone" and the shaded area across the cross section, along with a red arrow. The Upper Wolfcamp thickness is near constant across the unit.

9. **Exhibit 13** is a Gross Interval Isochore of the Top Wolfcamp to Top Wolfcamp B. The formation is near constant across the proposed well unit.

10. 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 section in the unit will contribute more or less equally to production.

11. **Exhibit 14** provides an overview of the stress orientation in the area based on the 2018 Snee-Zoback paper.

12. The preferred well orientation in this area is either north/south or east/west. This is because the S_{Hmax} is at approximately 45 degrees in mid-Eddy County. Marathon is proposing north/south orientation to maximize the lateral length given Marathon's acreage.

13. Exhibits 8-14 were prepared by my or under my supervision or compiled from company business records.

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

[Signature page follows]

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

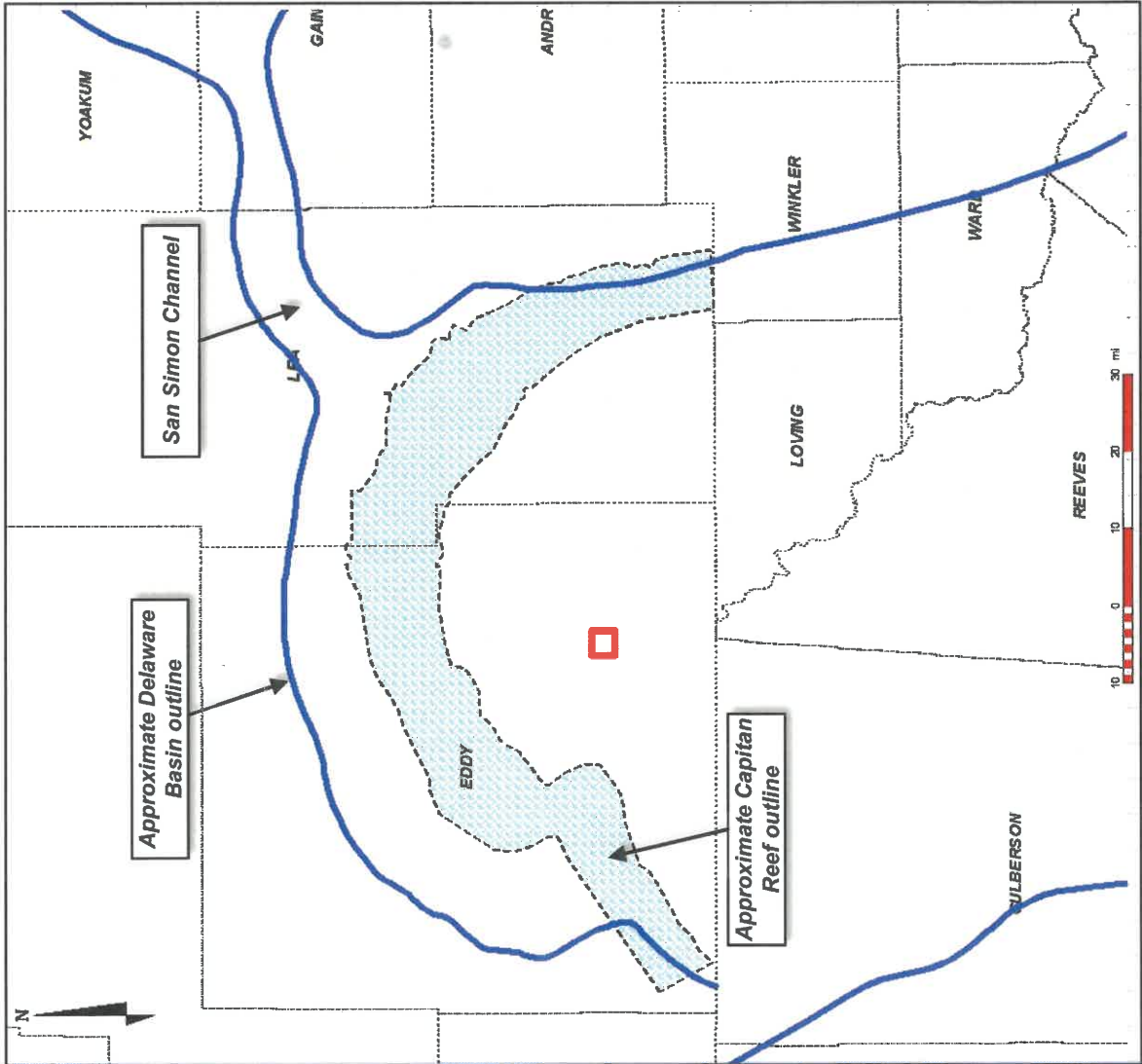
Dated: December 29, 2021



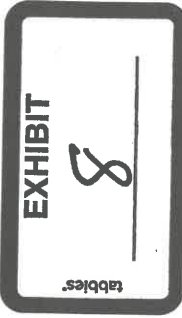
Matt Baker

Honey Mustard 22 Federal Com Unit

Locator Map

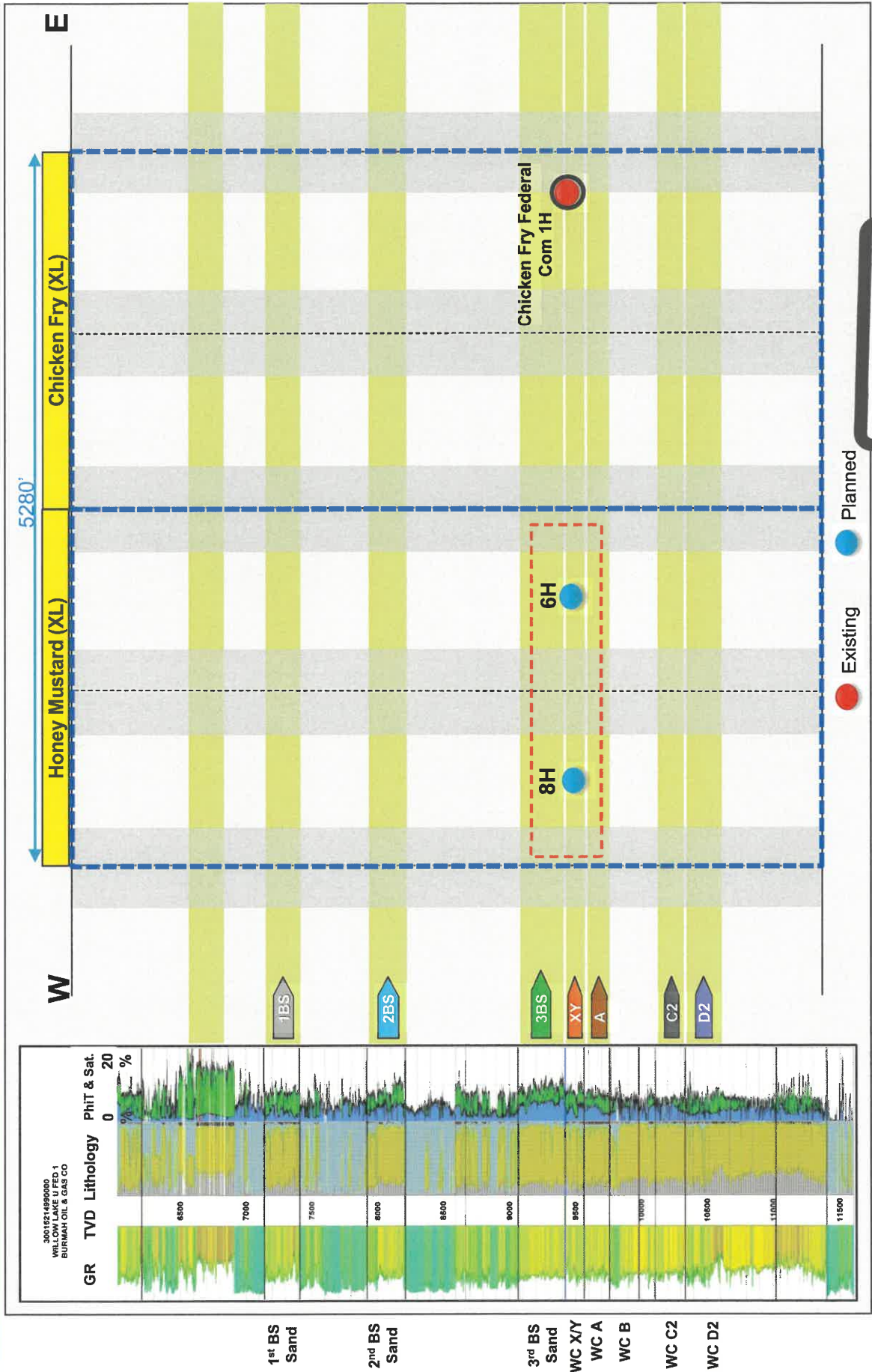


- Approximate location of proposed Honey Mustard 22 Federal Com well locations shown with red box
- Located outside of the Capitan Reef
- Mid-eastern Eddy County



Honey Mustard 22 Federal Com Unit

Wellbore Schematic



Marathon Oil

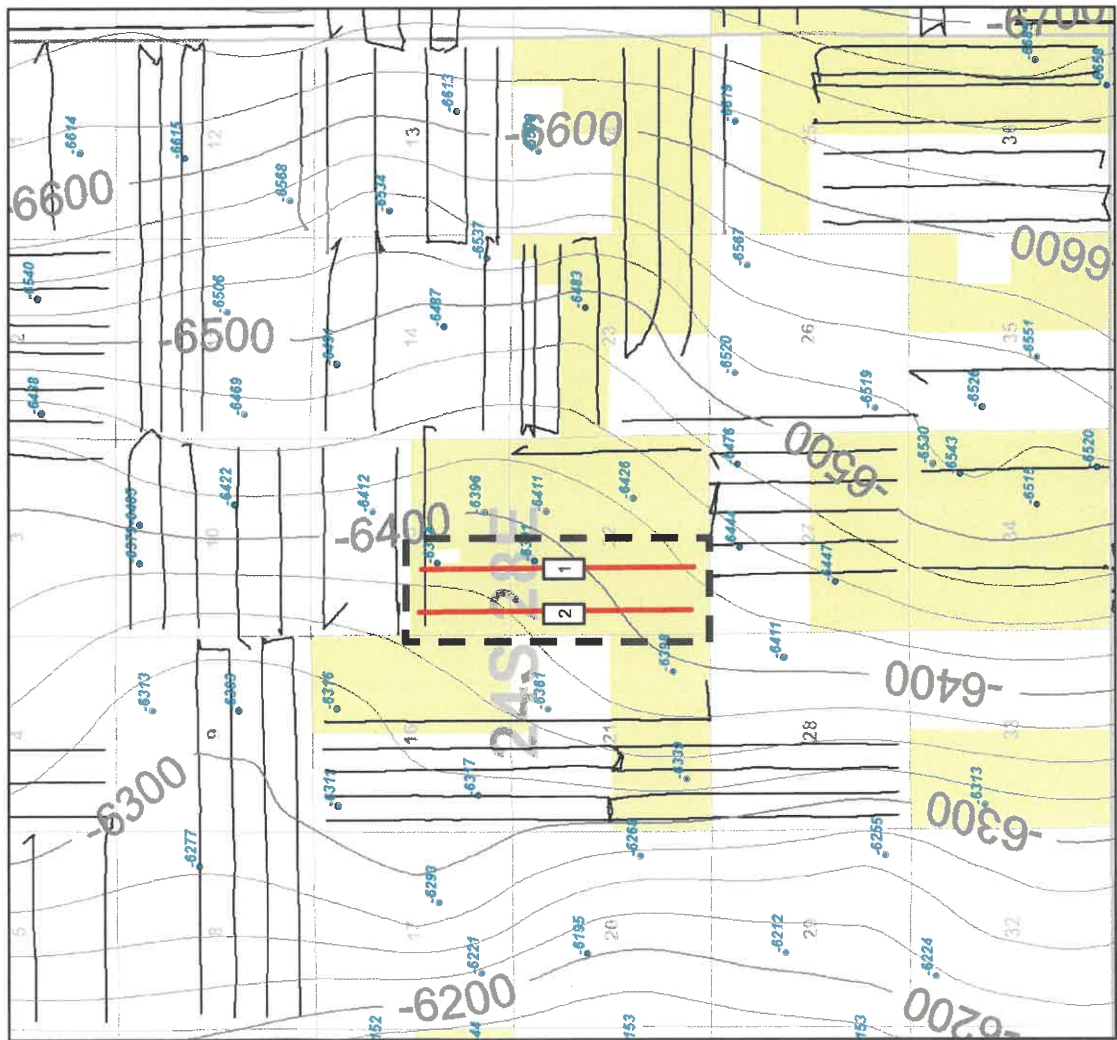
EXHIBIT

9

tabbles

Honey Mustard 22 Federal Com Unit

Structure Map – Top of Wolfcamp (TVDSS)



1

Honey Mustard 22 WXY Federal Com 6H

2

Honey Mustard 22 WXY Federal Com 8H

Map Legend*

- Proposed Wells
- Existing Upper Wolfcamp wells



Project Area



MRO Acreage

The top of the Wolfcamp dips towards the east.

C.I. = 25'



1 mile

EXHIBIT

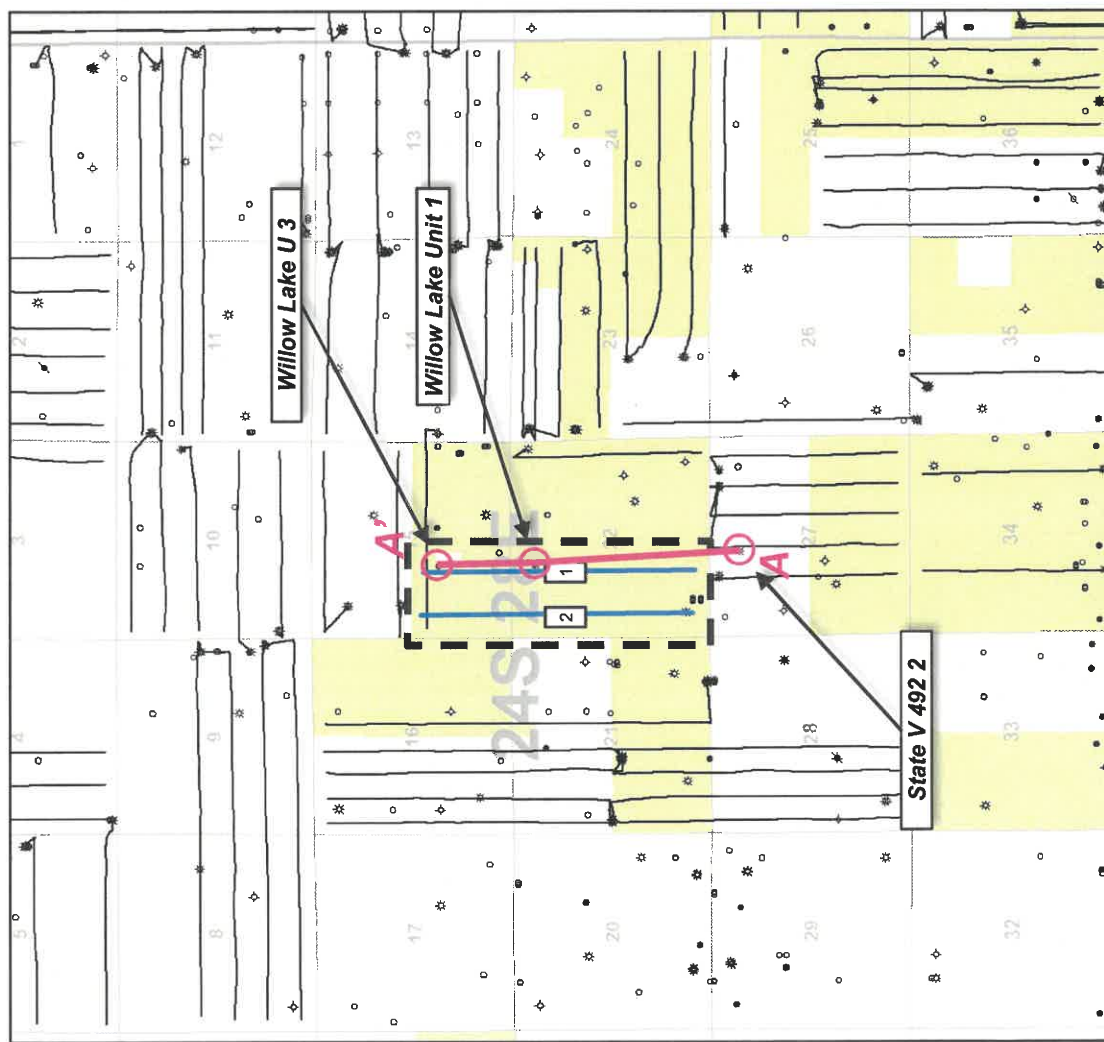
10

tables



Honey Mustard 22 Federal Com Unit

Reference Map for Cross Section



1

2

Honey Mustard 22 WXY Federal Com 6H

Honey Mustard 22 WXY Federal Com 8H

Map Legend*

- Proposed Wells
- Existing Upper
- Wolfcamp wells



Project Area



MRO Acreage

EXHIBIT

//

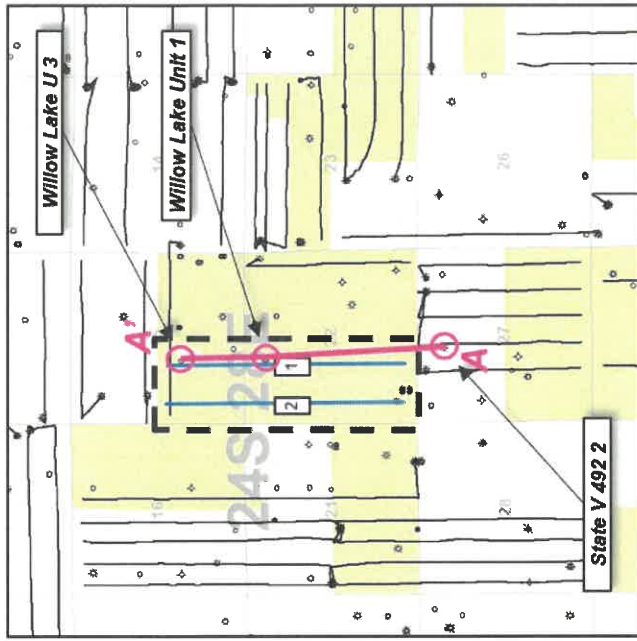
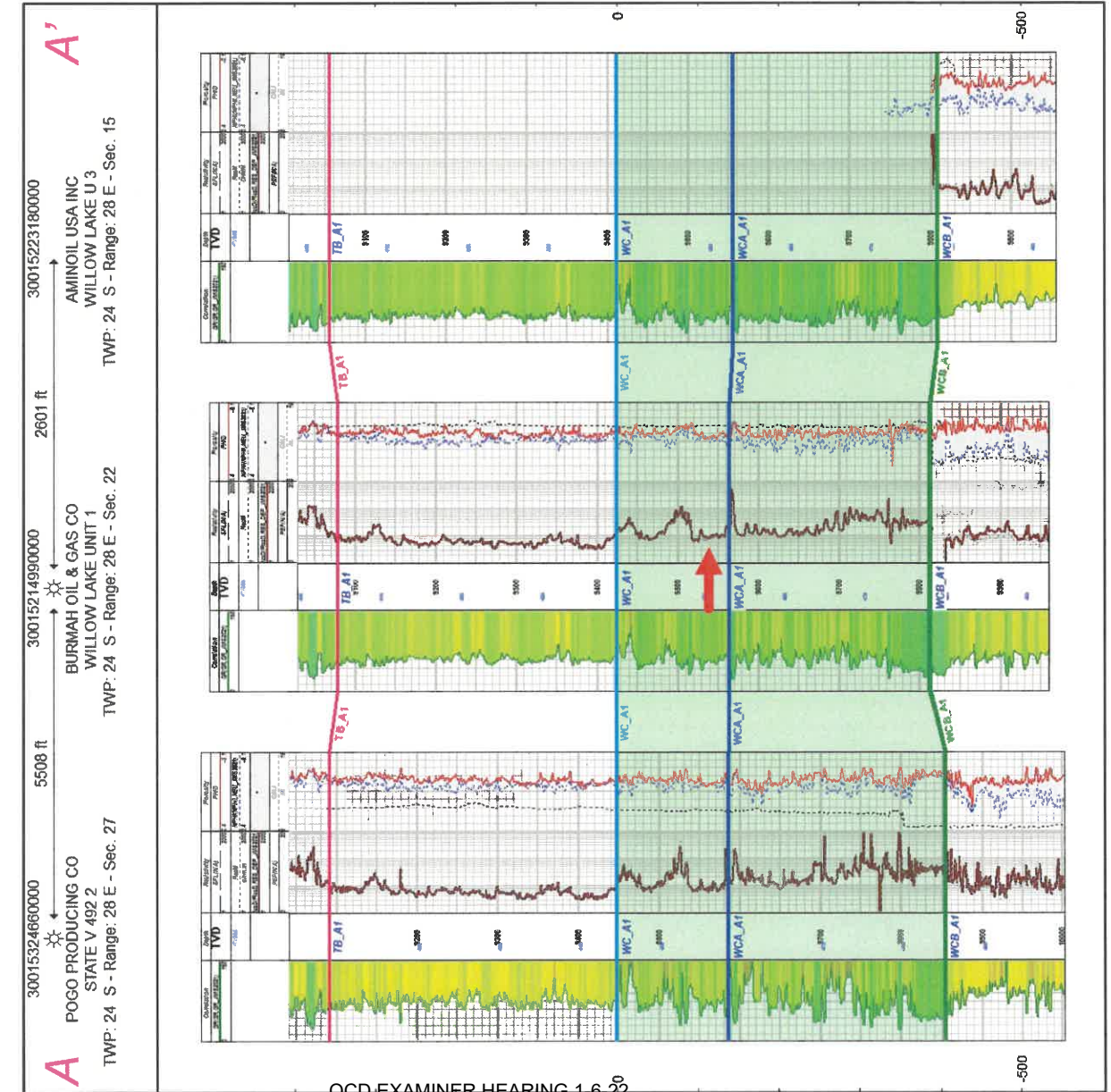
Tables



Marathon Oil

Honey Mustard 22 Federal Com Unit

Stratigraphic Cross Section (Top Wolfcamp Datum)



Producing Zone –
Upper Wolfcamp (Wolfcamp
XY & A)

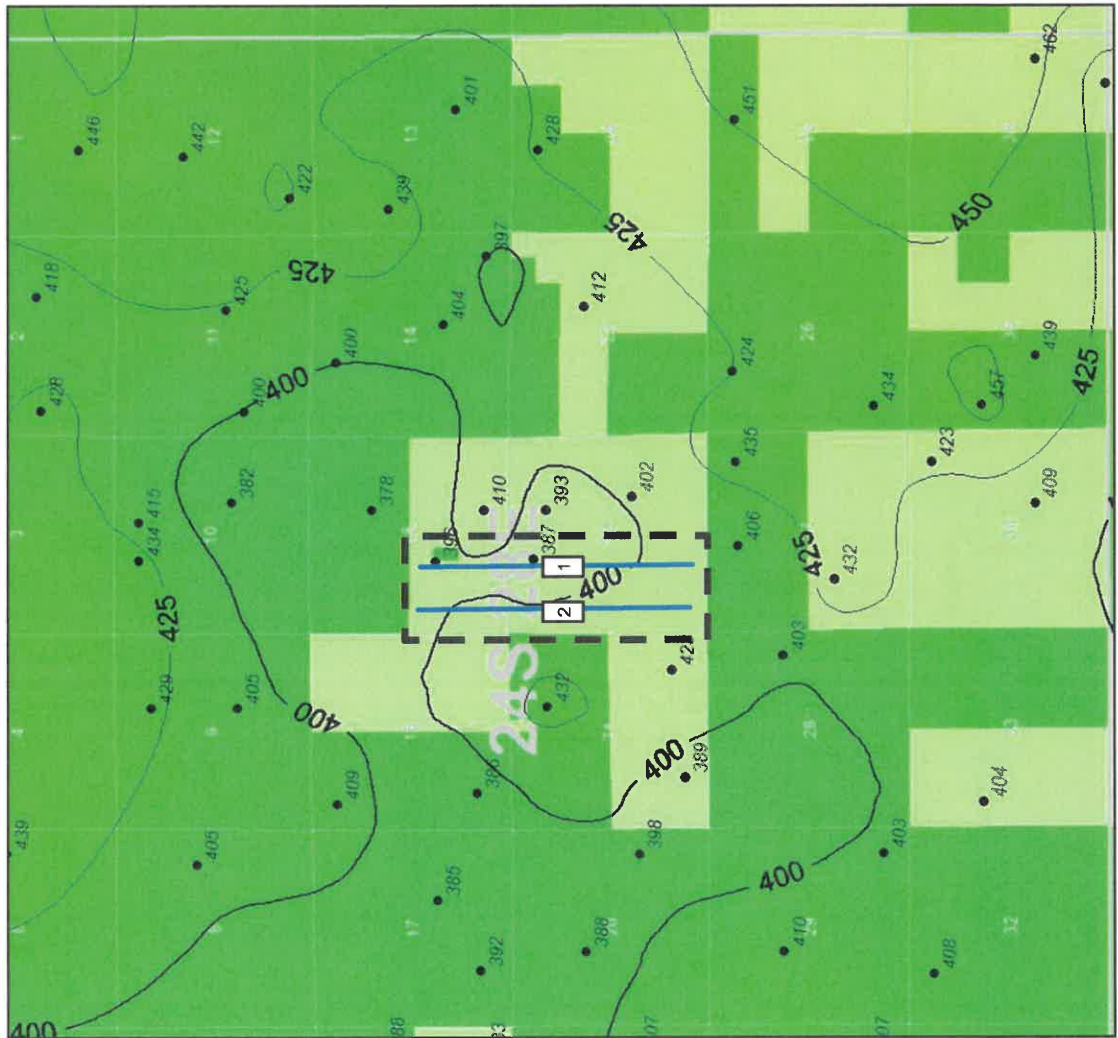
Upper Wolfcamp is near constant
thickness across unit

EXHIBIT
12



Honey Mustard 22 Federal Com Unit

Gross Interval Isochore – Top Wolfcamp to Top Wolfcamp B



- 1 Honey Mustard 22 WXY Federal Com 6H
 - 2 Honey Mustard 22 WXY Federal Com 8H
- Map Legend***
- Proposed Wells
 - MRO Acreage
 - Project Area

Upper Wolfcamp is near constant thickness across unit

EXHIBIT

13

Tables

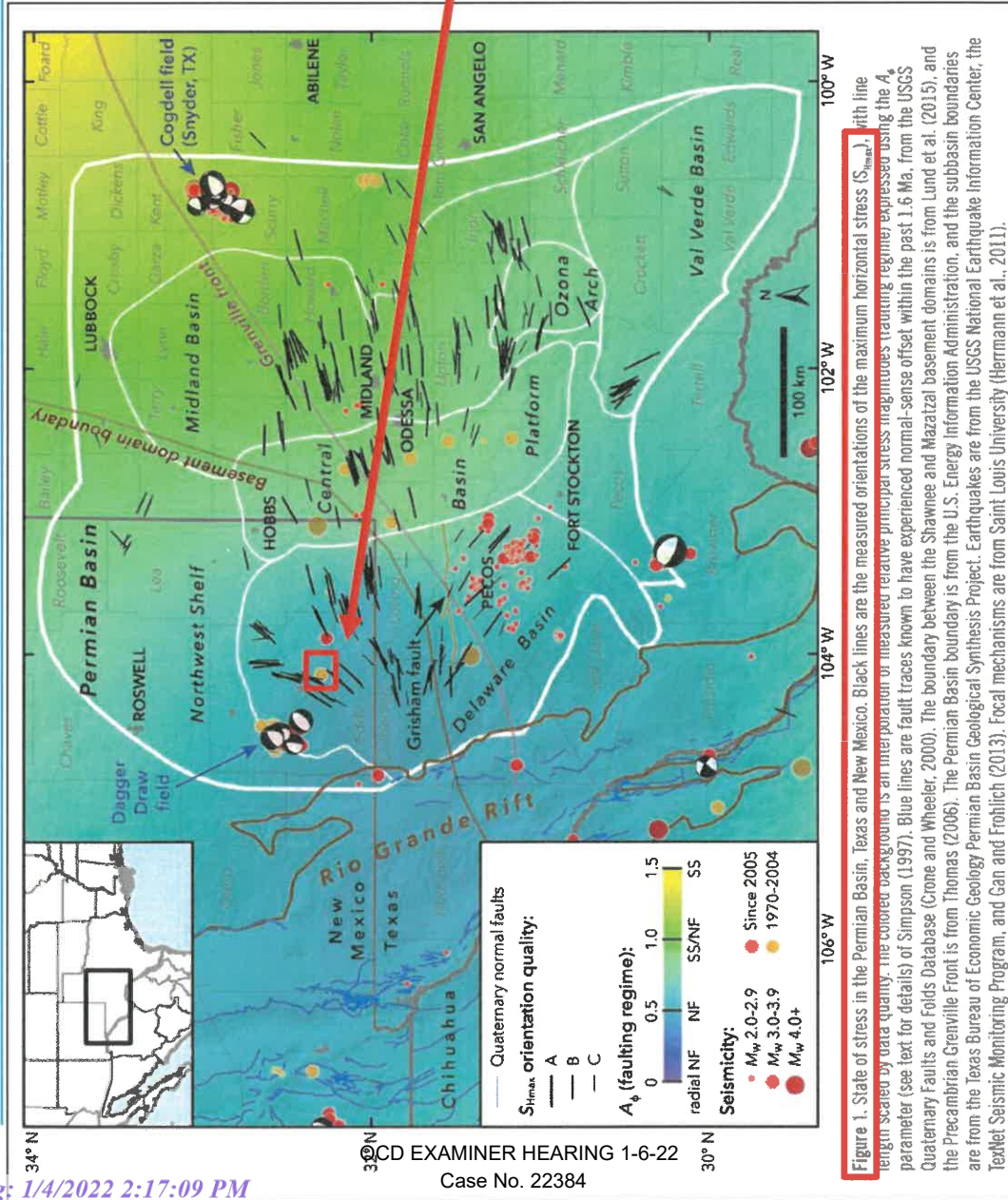
1 mile

C.I. = 25'



Honey Mustard 22 Federal Com Unit

Preferred Well Orientation - SHmax



Preferred well orientation is either N/S or E/W

As outlined in Snee & Zoback (2018), SHmax is at approximately 45° in this part of Eddy Count. As a result, hydraulic fractures will prefer to propagate outwards at 45° regardless if wells are oriented N/S or E/W.

Figure 1. State of stress in the Permian Basin, Texas and New Mexico. Black lines are the measured orientations of the maximum horizontal stress (S_{Hmax}), with line length scaled by data quality. The color background is an interpretation of measured relative principal stress magnitudes (faulting regime) expressed using the A₀ parameter (see text for details) of Simpson (1997). Blue lines are fault traces known to have experienced normal-sense offset within the past 1.6 Ma, from the USGS Quaternary Faults and Folds Database (Crone and Wheeler, 2000). The boundary between the Shawnee and Mazatzal basement domains is from Lund et al. (2015), and the Precambrian Grenville Front is from Thomas (2006). The Permian Basin boundary is from the U.S. Energy Information Administration, and the subbasin boundaries are from the Texas Bureau of Economic Geology Permian Basin Geological Synthesis Project. Earthquakes are from the USGS National Earthquake Information Center, the TexNet Seismic Monitoring Program, and Gan and Frohlich (2013). Focal mechanisms are from Saint Louis University (Herrmann et al., 2011).

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/le37020810.1>.

EXHIBIT

14

tabbles

