

**Before the Oil Conservation Division  
Examiner Hearing January 6, 2022**

**Case No. 22440**

*Application of Marathon Oil Permian LLC to Amend Order No. R-21099-A, Lea  
County, New Mexico.*



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

**APPLICATION OF MARATHON OIL  
PERMIAN LLC TO AMEND ORDER  
NO. R-21099-A, LEA COUNTY, NEW MEXICO**

**CASE NO. 22440  
ORDER NOS. R-21099 and  
R-21099-A  
(Amend)**

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- Exhibit 4: Notice Affidavit

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

APPLICATION OF MARATHON OIL  
PERMIAN LLC TO AMEND ORDER  
NO. R-21099-A, LEA COUNTY, NEW MEXICO

CASE NO. 22440  
ORDER NO. R-21099 and  
R-21099-A  
(Amend)

SELF-AFFIRMED DECLARATION

Jeff Broussard hereby states and declares as follows:

1. I am over the age of 18, I am a land supervisor for Marathon Oil Permian LLC (“Marathon”) and I have personal knowledge of the matters stated herein. I have previously testified before the Oil Conservation Division (“Division”) and I have been qualified by the Division as an expert petroleum landman.

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

3. I am familiar with the application filed by Marathon in this case, which is attached as **Exhibit 1**.

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

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

6. The purpose of the application is to amend Order No. R-21099-A, attached as **Exhibit 2**, to allow for a one-year extension of time to commence drilling the initial well under the Order.



7. Order No. R-21099, attached as **Exhibit 3**, pooled uncommitted interest owners in a 240-acre, more or less, Bone Spring horizontal spacing unit comprised of the E/2 W/2 of Section 11 and the E/2 NW/4 of Section 14, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico.

8. Order No. R-21099 designated Marathon as the operator of the wells and the unit.

9. This is Marathon's second request for an extension of time. On December 8, 2020, Marathon submitted an application to amend Order No. R-21099 to, among other things, allow for an extension of time for drilling the initial well under the Order.

10. On January 19, 2021, the Division entered Order No. R-21099-A which granted Marathon's request for an extension of time, through February 12, 2022. *See Exhibit 2, ¶ 9.*

11. Order No. R-21099-A ¶ 15 states: "This Order shall terminate automatically if Operator fails to comply with Paragraph [14]<sup>1</sup> unless Operator obtains an extension by an amendment of this Order for good cause shown."

12. Good cause exists for Marathon's request for a second extension of time.

13. As Marathon explained in its first extension request, there have been changes in Marathon's drilling schedule due to COVID-19 and current market conditions.

14. Marathon's operations and drilling activity continue to be impacted by COVID-19 and oil and gas market conditions, which continue to delay Marathon's drilling plans.

15. Marathon has diligently conducted its operations pursuant to the Division's other orders related to Marathon's Ender Wiggins well group. As evidence of this fact, Marathon has drilled and completed the **Ender Wiggins 14 WXY Fed Com 6H, Ender Wiggins 14 WD Fed**

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<sup>1</sup> Order R-21099-A, ¶ 15 incorrectly references paragraph 13 as the paragraph stating the timeframe allowed to drill and complete a well under the order.

**Com 2H, and Ender Wiggins 14 TB Fed Com 3H** wells under Order Nos. R-20031, R-20032, and R-20033 respectively.

16. Marathon is in good standing under the statewide rules and regulations.

17. Under Order No. R-21099-A, Marathon would be required to commence drilling the initial well by February 12, 2022.

18. Marathon asks that the deadline to commence drilling the initial well be extended for one year from February 12, 2022 to February 12, 2023.

19. Marathon, through its counsel, notified all pooled working interest owners of Marathon's request to re-open Order No. R-21099-A for the purpose specified in the application. No opposition is expected because the pooled working interest owners have been contacted, and have not indicated any opposition.

20. Proof of notification is attached as **Exhibit 4** to this declaration. Exhibit 4 shows the parties who were notified of this hearing, the status of whether they received notice, and an affidavit of publication from the Hobbs Sun-News newspaper, showing that notice of this hearing was published on December 14, 2021.

21. COG Operating LLC/ConocoPhillips<sup>2</sup> should not be considered a pooled party under Order R-21099-A. COG Operating LLC/ConocoPhillips is not a party to this case because Marathon and COG Operating LLC previously entered into a joint operating agreement ("JOA") covering the acreage subject to Order R-21099. However, since the Division entered Order R-21099-A, the JOA between COG Operating LLC and Marathon expired. Marathon and COG Operating LLC/Conoco Phillips are presently negotiating a new JOA.

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<sup>2</sup> COG Operating LLC was acquired by ConocoPhillips subsequent to entering the JOA with Marathon.

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

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

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

Dated: December 15, 2021



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Jeff Broussard

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

APPLICATION OF MARATHON OIL  
PERMIAN LLC TO AMEND ORDER  
NO. R-21099-A, LEA COUNTY, NEW MEXICO

CASE NO. 22440  
ORDER NOS. R-21099 and  
R-21099-A  
(Amend)

APPLICATION

Marathon Oil Permian LLC (“Marathon”), OGRID Number 372098, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division (the “Division”) for the limited purpose of amending Order No. R-21099-A (the “Order”) to allow for a second extension of time for drilling the initial well under the Order. In support of this application, Marathon states as follows:

1. In September 2019, Marathon filed an application (Case No. 20820) seeking to pool uncommitted interests in the Bone Spring formation underlying the E/2 W/2 of Section 11 and the E/2 NW/4 of Section 14, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico.
2. On February 12, 2020, the Division entered Order No. R-21099 in Case No. 20820. Order No. R-21099 is one of eight orders relating to Marathon’s “Ender Wiggins” well group.
3. Order No. R-21099 pooled uncommitted interest owners in a 240-acre, more or less, Bone Spring horizontal spacing unit comprised of the E/2 W/2 of Section 11 and the E/2 NW/4 of Section 14, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico.
4. Order No. R-21099 designated Marathon as the operator of the wells and the unit.





5. In December 2020, Marathon requested that Order No. R-21099 be re-opened to conform the Order to the terms of the Amended Order Template and to allow Marathon additional time to commence drilling the initial well under the order (Case No. 21600).

6. On January 19, 2021, the Division entered Order No. R-21099-A in Case No. 21600 which extended the period to drill the initial well to February 12, 2022. *See* Order No. R-21099-A, ¶ 9. The Order also affirmed the Findings of Fact and Conclusions of Law in Order No. R-21099. *See* Order No. R-21099-A, ¶ 8.

7. Marathon requests that Order No. R-21099-A be re-opened and amended to allow Marathon additional time to commence drilling the initial well under the Order.

8. Order No. R-21099-A, ¶ 14 states: “The Operator shall commence drilling the Well(s) within one year after the date of this Order and complete each Well no later than one (1) year after the commencement of drilling the Well.”

9. Further, Order No. R-21099-A, ¶ 15 states: “This Order shall terminate automatically if Operator fails to comply with Paragraph [14]<sup>1</sup> unless Operator obtains an extension by an amendment of this Order for good cause shown.”

10. Good cause exists for Marathon’s request for a second extension of time.

11. As Marathon explained in its first extension request, there have been changes in Marathon’s drilling schedule due to COVID-19 and the then-existing market conditions.

12. Marathon’s operations and drilling activity continue to be impacted by COVID-19 and oil and gas market conditions, which continue to delay Marathon’s drilling plans.

13. Marathon has diligently conducted its operations pursuant to the Division’s other orders related to Marathon’s Ender Wiggins well group. As evidence of this fact, Marathon has

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<sup>1</sup> Order R-21099-A, ¶ 15 incorrectly references paragraph 13 as the paragraph stating the timeframe allowed to drill and complete a well under the order.

drilled and completed the **Ender Wiggins 14 WXY Fed Com 6H, Ender Wiggins 14 WD Fed Com 2H, and Ender Wiggins 14 TB Fed Com 3H** wells under Order Nos. R-20031, R-20032, and R-20033 respectively.

14. Under Order No. R-21099-A, Marathon would be required to commence drilling the initial well by February 12, 2022.

15. Marathon asks that the deadline to commence drilling the initial well be extended for a year from February 12, 2022 to February 12, 2023.

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:

A. Amend Order No. R-21099-A to extend the time for Marathon to commence drilling the initial well under the Order for one year, through February 12, 2023; and

B. Incorporate all of the provisions of Order Nos. R-21099 and R-21099-A.

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

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*Attorneys for Applicant*

**CASE NO. 22440 : (Re-Open) Application of Marathon Oil Permian LLC to Amend Order No. R-21099-A, Lea County, New Mexico.** Applicant seeks an order from the Division for the limited purpose of amending Order No. R-21099-A to allow for an extension of time to commence drilling the initial well under the Order. The Order pooled uncommitted interest owners in a 240-acre, more or less, Bone Spring horizontal spacing unit comprised of the E/2 W/2 of Section 11 and the E/2 NW/4 of Section 14, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico.

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

**IN THE MATTER OF APPLICATION TO  
AMEND ORDER NO. R-21099 BY  
MARATHON OIL PERMIAN, LLC**

**CASE NO. 21600  
ORDER NO. R-21099-A**

**ORDER**

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on January 7, 2021, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order:

**FINDINGS OF FACT**

1. Marathon Oil Permian, LLC (“Operator”) applied to conform Order R-21099 (“Existing Order”) issued in Case No. 20820 with the Division’s recently amended order template (“Amended Template”), and to extend the time to drill the initial well.
2. Operator is in good standing under state-wide rules and regulations with respect to the Existing Order.
3. Operator has reviewed and agrees to the terms and conditions in the ordering paragraphs of the Amended Template.
4. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

**CONCLUSIONS OF LAW**

5. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
6. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
7. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
8. This Order affirms the Findings of Fact and Conclusions of Law in the Existing Order and replaces the ordering paragraphs 15-35 in the Existing Order as stated below.



**ORDER**

9. The period to drill the well is extended until February 12, 2022.
10. The uncommitted interests in the Unit are pooled as set forth in Exhibit A as appended to the original order and incorporated by reference herein.
11. The Unit shall be dedicated to the Well(s) set forth in aforesaid Exhibit A.
12. Operator is designated as operator of the Unit and the Well(s).
13. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
14. The Operator shall commence drilling the Well(s) within one year after the date of this Order and complete each Well no later than one (1) year after the commencement of drilling the Well.
15. This Order shall terminate automatically if Operator fails to comply with Paragraph 13 unless Operator obtains an extension by an amendment of this Order for good cause shown.
16. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
17. Operator shall submit to each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
18. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."
19. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be

CASE NO. 21600  
ORDER NO. R-21099-A

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considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.

20. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
21. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
22. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
23. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
24. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
25. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 23 to each Pooled Working Interest that paid its share of the Estimated Well Costs.

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ORDER NO. R-21099-A

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

**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL  
DIRECTOR  
AES/jag**

Date: 1/19/2021

CASE NO. 21600  
ORDER NO. R-21099-A

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

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

CASE NO. 20820  
ORDER NO. R-21099

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on October 3, 2019, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. Marathon Oil Permian LLC (“Operator”) submitted an application (“Application”) to compulsory pool the uncommitted oil and gas interests within the spacing unit (“Unit”) described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A (“Well(s)”) to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.





**CONCLUSIONS OF LAW**

- 6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
- 7. Operator is the owner of an oil and gas working interest within the Unit.
- 8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
- 9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
- 10. Operator has the right to drill the Well(s) to a common source of supply at the described depth(s) and location(s) in the Unit.
- 11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
- 12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
- 13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
- 14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

**ORDER**

- 15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
- 16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
- 17. Operator is designated as operator of the Unit and the Well(s).
- 18. If the Surface Location or Bottom Hole Location of a well is changed from the location described in Exhibit A, Operator shall submit an amended Exhibit A, which the Division shall append to this Order.
- 19. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location before commencing production of the well.
- 20. The Operator shall commence drilling the initial well within one (1) year after the date of this Order; and (b) for an infill well, no later than thirty (30) days after completion of the well.

CASE NO. 20820  
ORDER NO. R-21099

- 21. Operator shall comply with the infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC.
- 22. This Order shall terminate automatically if Operator fails to comply with Paragraphs 20 or 21.
- 23. Operator shall submit to OCD and each owner of a working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs") no later than: (a) for an initial well, no later than thirty (30) days after the date of this Order; (b) for an infill well proposed by Operator, no later than (30) days after the later of the initial notice period pursuant to 19.15.13.10(B) NMAC or the extension granted by the OCD Director pursuant 19.15.13.10(D) NMAC; or (c) for an infill well proposed by an owner of a Pooled Working Interest, no later than thirty (30) days after expiration of the last action required by 19.15.13.11 NMAC.
- 24. No later than thirty (30) days after Operator submits the Estimated Well Costs , the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."
- 25. No later than within one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
- 26. No later than sixty (60) days after the later of the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.

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 ORDER NO. R-21099

27. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
28. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
29. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
30. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to OCD and each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*

CASE NO. 20820  
 ORDER NO. R-21099

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- 34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
- 35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

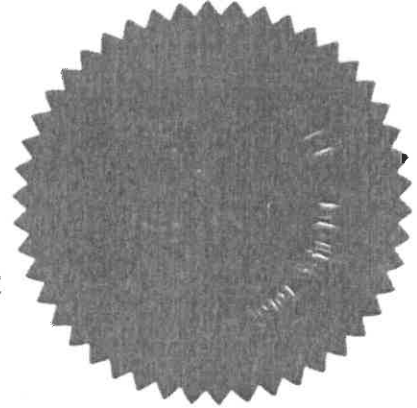
**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL  
DIRECTOR**

AS/jag

Date: February 12, 2020



CASE NO. 20820  
ORDER NO. R-21099

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**Exhibit "A"**

Applicant: Marathon Oil Permian LLC  
Operator: Marathon Oil Permian LLC (OGRID 372098)

Spacing Unit: Horizontal oil  
Building Blocks: quarter/quarter sections  
Spacing Unit Size: 240 acres (more or less)  
Orientation of Unit: North/South

Spacing Unit Description: E/2 NW/4 of Section 14 and the E/2 W/2 of Section 11, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico.

Pooling this Vertical Extent: Bone Spring Formation  
Depth Severance? (Yes/No): No

Pool: Red Hills; Bone Spring East (Pool code 97369)  
Pool Spacing Unit Size: quarter-quarter sections  
Governing Well Setbacks: Horizontal Oil Well Rules  
Pool Rules: Latest Horizontal Rules Apply.

Proximity Tracts: None Included

Monthly charge for supervision: While drilling: \$7,500; While producing: \$750  
As the charge for risk, 200 percent of reasonable well costs.

**Proposed Well:**

**Ender Wiggins 14 TB FC 11H, API No. 30-15-Pending**

SHL: 2451 feet from the North line and 1765 feet from the West line, (Unit F) of Section 14, Township 25 South, Range 34 East, NMPM.  
BHL: 100 feet from the North line and 1805 feet from the West line, (Unit C) of Section 11, Township 25 South, Range 34 East, NMPM.

Completion Target: Third Bone Spring Sand at approximately 12376 feet TVD  
Well Orientation: South to North  
Completion Location expected to be: Standard

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

APPLICATION OF MARATHON OIL  
PERMIAN LLC TO AMEND ORDERS,  
LEA COUNTY, NEW MEXICO

CASE NOS. 22440-22444


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 Hobbs News-Sun on December 14, 2021, as reflected in the attached Affidavit of Publication.

  
\_\_\_\_\_  
Deana M. Bennett

SUBSCRIBED AND SWORN to before me this 30 day of December, 2021 by Deana M. Bennett.

  
\_\_\_\_\_  
Notary Public

My commission expires: 02-27-25



Transaction Report Details - CertifiedPro.net  
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USPS Article Number	Date Created	Reference Number	Name 1	City	State	Zip	Mailing Status	Service Options	Mail Delivery Date
9314869904300089628625	2021-12-10 10:03 AM	81363-0151 EW	New Mexico Bureau of Land Management	Santa Fe	NM	87508	Delivered	Return Receipt - Electronic, Certified Mail	2021-12-13 2:48 PM
9314869904300089628618	2021-12-10 10:03 AM	81363-0151 EW	OXY Y-1	Houston	TX	77046	Delivered	Return Receipt - Electronic, Certified Mail	

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12/10/2021

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No. 22440

Karlene Schuman  
Modrall Sperling Roehl Harris & Sisk P.A.  
500 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
1	9314 8699 0430 0089 6286 18	OXY Y-1 5 Greenway Plaza, Suite 110 Houston TX 77046	\$1.36	\$3.75	\$1.85	\$0.00	81363-0151 EW	Notice
2	9314 8699 0430 0089 6286 25	New Mexico Bureau of Land Management 301 Dinosaur Trail Santa Fe NM 87508	\$1.36	\$3.75	\$1.85	\$0.00	81363-0151 EW	Notice
<b>Totals:</b>			<b>\$2.72</b>	<b>\$7.50</b>	<b>\$3.70</b>	<b>\$0.00</b>		
						<b>Grand Total:</b>	<b>\$13.92</b>	

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Postmaster:

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Total Number of Pieces  
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OCD EXAMINER HEARING 1-6-22

Case No. 22440



LEGAL NOTICE  
December 14, 2021

# Affidavit of Publication


STATE OF NEW MEXICO  
COUNTY OF LEA

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

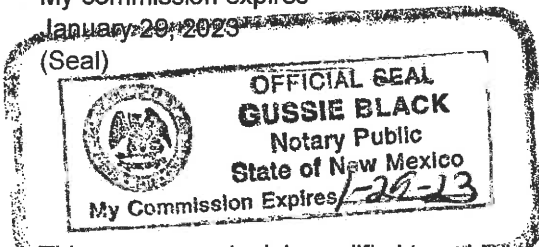
Beginning with the issue dated  
December 14, 2021  
and ending with the issue dated  
December 14, 2021.

  
\_\_\_\_\_  
Publisher

Sworn and subscribed to before me this  
14th day of December 2021.

  
\_\_\_\_\_  
Business Manager

My commission expires  
January 29, 2023



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

**CASE NO. 22440: Notice to all affected parties, as well as the heirs and devisees of OXY Y-1 and New Mexico Bureau of Land Management of (Re-Open) Application of Marathon Oil Permian LLC to Amend Order No. R-21099-A, Lea County, New Mexico.** The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on January 6, 2022. Applicant seeks an order from the Division for the limited purpose of amending Order No. R-21099-A to allow for an extension of time to commence drilling the initial well under the Order. The Order pooled uncommitted interest owners in a 240-acre, more or less, Bone Spring horizontal spacing unit comprised of the E/2 W/2 of Section 11 and the E/2 NW/4 of Section 14, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico.

**CASE NO. 22441: Notice to all affected parties, as well as the heirs and devisees of EOG Resources Inc.; Chevron U.S.A. Inc.; Chevron Midcontinent, L.P.; OXY Y-1; COG Operating LLC; New Mexico Bureau of Land Management of (Re-Open) Application of Marathon Oil Permian LLC to Amend Order No. R-21126-A, Lea County, New Mexico.** The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on January 6, 2022. Applicant seeks an order from the Division for the limited purpose of amending Order No. R-21126-A to allow for an extension of time to commence drilling the initial well under the Order. The Order pooled uncommitted interest owners in a 240-acre, more or less, Bone Spring horizontal spacing unit comprised of the W/2 E/2 of Section 11 and the W/2 NE/4 of Section 14, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico.

**CASE NO. 22442: Notice to all affected parties, as well as the heirs and devisees of EOG Resources Inc.; Chevron U.S.A. Inc.; Chevron Midcontinent, L.P.; OXY Y-1; COG Operating LLC; Energen Resources Corporation; Ozark Royalty Co., LLC; Crown Oil Partners V, L.P.; Crump Energy Partners II, LLC; Nadel and Gussman Delaware, LLC; Normanssen Investment Company; Veritas Permian Resources, LLC; New Mexico Bureau of Land Management of (Re-Open) Application of Marathon Oil Permian LLC to Amend Order No. R-21169-A, Lea County, New Mexico.** The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on January 6, 2022. Applicant seeks an order from the Division for the limited purpose of amending Order No. R-21169-A to allow for an extension of time to commence drilling the initial well under the Order. The Order pooled uncommitted interest owners in a 480-acre, more or less, Wolfcamp horizontal spacing unit comprised of the E/2 of Section 11 and the NE/4 of Section 14, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico.

**CASE NO. 22443: Notice to all affected parties, as well as the heirs and devisees of EOG Resources Inc.; Chevron U.S.A. Inc.; Chevron Midcontinent, L.P.; OXY Y-1; COG Operating LLC; Energen Resources Corporation; Ozark Royalty Co., LLC; Crown Oil Partners V, L.P.; Crump Energy Partners II, LLC; Nadel and Gussman Delaware, LLC; Normanssen Investment Company; Veritas Permian Resources, LLC; New Mexico Bureau of Land Management of (Re-Open) Application of Marathon Oil Permian LLC to Amend Order No. R-21165-A, Lea County, New Mexico.** The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on January 6, 2022. Applicant seeks an order from the Division for the limited purpose of amending Order No. R-21165-A to allow for an extension of time to commence drilling the initial well under the Order. The Order pooled uncommitted interest owners in a 480-acre, more or less, Wolfcamp horizontal spacing unit comprised of the E/2 of Section 11 and NE/4 of Section 14, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico.

**CASE NO. 22444: Notice to all affected parties, as well as the heirs and devisees of EOG Resources Inc.; Chevron U.S.A. Inc.; Chevron Midcontinent, L.P.; OXY Y-1; COG Operating LLC; New Mexico Bureau of Land Management of (Re-Open) Application of Marathon Oil Permian LLC to Amend Order No. R-21127-A, Lea County, New Mexico.** The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on January 6, 2022. Applicant seeks an order from the Division for the limited purpose of amending Order No. R-21127-A to allow for an extension of time to commence drilling the initial well under the Order. The Order pooled uncommitted interest owners in a 240-acre, more or less, Bone Spring horizontal spacing unit comprised of the E/2 E/2 of Section 11 and the E/2 NE/4 of Section 14, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico. #37122

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



MODRALL SPERLING  
LAWYERS

December 10, 2021

Deana M. Bennett  
505.848.1834  
dmb@modrall.com

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

**Re: APPLICATION OF MARATHON OIL PERMIAN LLC TO AMEND  
ORDER NO. R-21099-A, LEA COUNTY, NEW MEXICO.**

**CASE NO. 22440**

TO: AFFECTED PARTIES

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

In Case No. 22440, Marathon seeks an order from the Division for the limited purpose of amending Order No. R-21099-A to allow for an extension of time to commence drilling the initial well under the Order. The Order pooled uncommitted interest owners in a 240-acre, more or less, Bone Spring horizontal spacing unit comprised of the E/2 W/2 of Section 11 and the E/2 NW/4 of Section 14, Township 25 South, Range 34 East, NMPM, Lea County, 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>.**

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 this 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

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Page 2

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 TO AMEND ORDER  
NO. R-21099-A, LEA COUNTY, NEW MEXICO**

**CASE NO. 22440  
ORDER NOS. R-21099 and  
R-21099-A  
(Amend)**

**APPLICATION**

Marathon Oil Permian LLC (“Marathon”), OGRID Number 372098, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division (the “Division”) for the limited purpose of amending Order No. R-21099-A (the “Order”) to allow for a second extension of time for drilling the initial well under the Order. In support of this application, Marathon states as follows:

1. In September 2019, Marathon filed an application (Case No. 20820) seeking to pool uncommitted interests in the Bone Spring formation underlying the E/2 W/2 of Section 11 and the E/2 NW/4 of Section 14, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico.
2. On February 12, 2020, the Division entered Order No. R-21099 in Case No. 20820. Order No. R-21099 is one of eight orders relating to Marathon’s “Ender Wiggins” well group.
3. Order No. R-21099 pooled uncommitted interest owners in a 240-acre, more or less, Bone Spring horizontal spacing unit comprised of the E/2 W/2 of Section 11 and the E/2 NW/4 of Section 14, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico.
4. Order No. R-21099 designated Marathon as the operator of the wells and the unit.

5. In December 2020, Marathon requested that Order No. R-21099 be re-opened to conform the Order to the terms of the Amended Order Template and to allow Marathon additional time to commence drilling the initial well under the order (Case No. 21600).

6. On January 19, 2021, the Division entered Order No. R-21099-A in Case No. 21600 which extended the period to drill the initial well to February 12, 2022. *See* Order No. R-21099-A, ¶ 9. The Order also affirmed the Findings of Fact and Conclusions of Law in Order No. R-21099. *See* Order No. R-21099-A, ¶ 8.

7. Marathon requests that Order No. R-21099-A be re-opened and amended to allow Marathon additional time to commence drilling the initial well under the Order.

8. Order No. R-21099-A, ¶ 14 states: “The Operator shall commence drilling the Well(s) within one year after the date of this Order and complete each Well no later than one (1) year after the commencement of drilling the Well.”

9. Further, Order No. R-21099-A, ¶ 15 states: “This Order shall terminate automatically if Operator fails to comply with Paragraph [14]<sup>1</sup> unless Operator obtains an extension by an amendment of this Order for good cause shown.”

10. Good cause exists for Marathon’s request for a second extension of time.

11. As Marathon explained in its first extension request, there have been changes in Marathon’s drilling schedule due to COVID-19 and the then-existing market conditions.

12. Marathon’s operations and drilling activity continue to be impacted by COVID-19 and oil and gas market conditions, which continue to delay Marathon’s drilling plans.

13. Marathon has diligently conducted its operations pursuant to the Division’s other orders related to Marathon’s Ender Wiggins well group. As evidence of this fact, Marathon has

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<sup>1</sup> Order R-21099-A, ¶ 15 incorrectly references paragraph 13 as the paragraph stating the timeframe allowed to drill and complete a well under the order.



drilled and completed the **Ender Wiggins 14 WXY Fed Com 6H, Ender Wiggins 14 WD Fed Com 2H, and Ender Wiggins 14 TB Fed Com 3H** wells under Order Nos. R-20031, R-20032, and R-20033 respectively.

14. Under Order No. R-21099-A, Marathon would be required to commence drilling the initial well by February 12, 2022.

15. Marathon asks that the deadline to commence drilling the initial well be extended for a year from February 12, 2022 to February 12, 2023.

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:

A. Amend Order No. R-21099-A to extend the time for Marathon to commence drilling the initial well under the Order for one year, through February 12, 2023; and

B. Incorporate all of the provisions of Order Nos. R-21099 and R-21099-A.

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

By: Deana M. Bennett  
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*Attorneys for Applicant*

**CASE NO. 22440 : (Re-Open) Application of Marathon Oil Permian LLC to Amend Order No. R-21099-A, Lea County, New Mexico.** Applicant seeks an order from the Division for the limited purpose of amending Order No. R-21099-A to allow for an extension of time to commence drilling the initial well under the Order. The Order pooled uncommitted interest owners in a 240-acre, more or less, Bone Spring horizontal spacing unit comprised of the E/2 W/2 of Section 11 and the E/2 NW/4 of Section 14, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico.