

**Before the Oil Conservation Division
Examiner Hearing September 1, 2022**

Case No. 23026

Application to Amend Order R-21486



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

**APPLICATION OF MARATHON OIL
PERMIAN LLC TO AMEND ORDER
NO. R-21486 (AS AMENDED),
EDDY COUNTY, NEW MEXICO**

**CASE NO. 23026
ORDER NO. R-21486 (as
amended)
(Re-Open)**

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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 ORDER
NO. R-21486 (AS AMENDED),
EDDY COUNTY, NEW MEXICO

CASE NO. 23026
ORDER NO. R-21486 (as
amended)
(Re-Open)

SELF-AFFIRMED DECLARATION

Chase F. Rice hereby states and declares as follows:

1. I am over the age of 18, I am a land professional 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 Eddy 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-21486, 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-21486 pooled uncommitted interest owners in a 640-acre, more or less, Bone Spring horizontal spacing unit comprised of the N/2 of Sections 23 and 24, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico.

8. Order No. R-21486 designated Marathon as the operator of the wells and the unit.

9. Order No. R-21486 ¶ 19 states: “The Operator shall commence drilling the Well(s) within one (1) year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.”

10. Order No. R-21486 ¶ 20 states: “This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.”

11. This is Marathon’s second request for an extension of time. In September 2021, Marathon submitted an application requesting a one-year extension of time to commence drilling the initial well.

12. In October 2021, the Division granted Marathon’s request and extended the period to commence drilling the initial well until October 12, 2022. *See* Order R-21486-A, ¶ 7, attached as **Exhibit 3**.

13. Order No. R-21486-A provides that the “Order shall terminate automatically if Operator fails to comply with Paragraph 7 unless prior to termination Operator applies, and OCD grants, to amend Order R-21486 for good cause shown.” Order No. R-21486-A ¶ 8.

14. 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.

15. 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.

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

17. In my opinion, good cause exists to grant Marathon's extension of time because Marathon intends to drill the wells subject to the Order and no other entity has proposed to develop this acreage.

18. The Fiddle Fire wells are on Marathon's drilling schedule with anticipated spud dates of October 1, 2023.

19. Marathon has approved APDs for the Fiddle Fire wells.

20. Under the Order, Marathon would be required to commence drilling the initial well by October 12, 2022.

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

22. Marathon, through its counsel, notified all pooled working interest owners of Marathon's request to re-open Order No. R-21486 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. 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 Carlsbad Current-Argus newspaper, showing that notice of this hearing was published on August 16, 2022.

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

24. 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: August 26, 2022

Chase Rice

Chase F. Rice

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

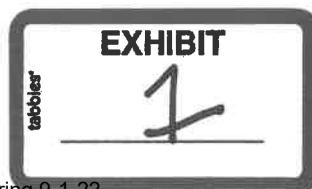
**APPLICATION OF MARATHON OIL
PERMIAN LLC TO AMEND ORDER
NO. R-21486 (AS AMENDED),
EDDY COUNTY, NEW MEXICO**

**CASE NO. 23026
ORDER NO. R-21486 (as
amended)
(Re-Open)**

APPLICATION

Marathon Oil Permian LLC (“Marathon”), OGRID Number 372098, through its undersigned attorney, files this application with the Oil Conservation Division (“Division”) for the limited purpose of amending Order No. R-21486 (as amended) (Order No. R-21486 and its amendments are collectively referred to herein as the “Order”), to allow for an extension of time for Marathon to commence drilling the initial well under the Order. In support of this application, Marathon states as follows:

1. Order No. R-21486 pooled uncommitted interest owners in a 640-acre, more or less, Bone Spring horizontal spacing unit comprised of the N/2 of Sections 23 and 24, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico.
2. Order No. R-21486 designated Marathon as the operator of the wells and the unit.
3. The Division Hearing for Case No. 21392 was held on September 24, 2020.
4. The Division entered Order No. R-21486 in Case No. 21392 on October 12, 2020.
5. Order No. R-21486 ¶ 19 states: “The Operator shall commence drilling the Well(s) within one (1) year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.”



6. Order No. R-21486 ¶ 20 states: “This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.”

7. In September 2021, Marathon submitted an application requesting a one-year extension of time to commence drilling the initial well.

8. In October 2021, the Division granted Marathon’s request and extended the period to commence drilling the initial well until October 12, 2022. *See* Order R-21486-A ¶ 7.

9. Order No. R-21486-A provides that the “Order shall terminate automatically if Operator fails to comply with Paragraph 7 unless prior to termination Operator applies, and OCD grants, to amend Order R-21486 for good cause shown.” Order No. R-21486-A ¶ 8.

10. Marathon requests that the Order be re-opened and amended to allow Marathon additional time to commence drilling the initial well under the Order.

11. Good cause exists for Marathon’s request for an extension of time.

12. As Marathon explained in its initial request for an extension of time, Marathon’s operations and drilling activity have been impacted and continue to be impacted by COVID-19 and oil and gas market conditions.

13. Under the Order, Marathon would be required to commence drilling the initial well by October 12, 2022.

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

WHEREFORE, Marathon requests this application be set for hearing before an Examiner of the Oil Conservation Division on September 1, 2022, and after notice and hearing as required by law, the Division:

A. Amend Order No. R-21486 to extend the time for Marathon to commence drilling the initial well under the Order for a year, through October 12, 2023.

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

By: Deana M. Bennett

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. 23026 : (Re-Open) Application of Marathon Oil Permian LLC to Amend Order No. R-21486, Eddy County, New Mexico. Applicant seeks an order from the Division for the limited purpose of amending Order No. R-21486 to allow for a one-year extension of time to commence drilling the initial well under the Order. Order No. R-21486 pooled uncommitted interest owners in a 640-acre, more or less, Bone Spring horizontal spacing unit comprised of the N/2 of Sections 23 and 24, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico. Said area is located approximately 2 miles southeast of Malaga, New Mexico.

**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. 21392
ORDER NO. R-21486**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on September 24, 2020, 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 depth(s) and location(s) in the Unit described in Exhibit A.
11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. 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.
20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
23. 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

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ORDER NO. R-21486

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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."

24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
25. 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.
26. 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."
27. 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.
28. 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.

- 29. 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.
- 30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
- 31. 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.
- 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.*
- 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**
AES/jag

Date: 10/12/2020

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Exhibit A

COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 21392	APPLICANT'S RESPONSE
Date: 09/10/2020 (Hearing date)	
Applicant:	Marathon Oil Permian LLC
Designated Operator & OGRID (affiliation if applicable)	Marathon Oil Permian LLC (OGRID 372098)
Applicant's Counsel:	Modrall Sperling
Case Title:	Application of Marathon Oil Permian LLC for Compulsory Pooling, Eddy County, New Mexico
Entries of Appearance/Intervenors:	EOG Resources Inc.
Well Family	Fiddle Fire
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	N/A
Pool Name and Pool Code:	Malaga; Bone Spring Pool (42780)
Well Location Setback Rules:	State wide rules apply
Spacing Unit Size:	640 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	640 acres
Building Blocks:	Quarter/Quarter Sections
Orientation:	E/W
Description: TRS/County	N/2 of Sections 23 and 24, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Y
Other Situations	
Depth Severance: Y/N. If yes, description	N
Proximity Tracts: If yes, description	Yes: Fiddle Fire 24 SB Fed Com 10H is less than 330' from the adjoining tracts.
Proximity Defining Well: if yes, description	Fiddle Fire 24 SB Fed Com 10H
Applicant's Ownership in Each Tract	See Exhibit B-3, page 16
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed



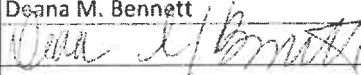
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Well #1: Fiddle Fire 24 SB Fed Com 10H	SHL: 1701' FNL 913' FWL (Unit E) Section 23, T-23-S R-28-E FTP: 1000'FNL 100'FWL Section 23, T-23-S R-28-E BHL: 1000' FNL 100' (Unit A) FEL Section 24, T-23-S R-28-E Orientation: East to West Completion Target: Second Bone Spring; Completion Status: Standard; TVD 8,178', MVD: 18,838'
Well #2	SHL: 1731' FNL 910' FWL (Unit E) Section 23, T-23-S R-28-E FTP: 2310'FNL 100'FWL Section 23, T-23-S R-28-E BHL: 2310' FNL 100' (UnitHA) FEL Section 24, T-23-S R-28-E Orientation: East to West Completion Target: Second Bone Spring; Completion Status: Standard TVD 8,178', MVD: 18,838'
Horizontal Well First and Last Take Points	See above; see also Exhibit B-2 (Page 13); 5 (Page 19)
Completion Target (Formation, TVD and MD)	See above; see also Exhibit B-2 (Page 14); 5 (Page 19)
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000.00
Production Supervision/Month \$	\$800.00
Justification for Supervision Costs	See Exhibit B, ¶ 23.
Requested Risk Charge	See Exhibit B, ¶ 24.
Notice of Hearing	
Proposed Notice of Hearing	See Exhibit B-7, pages 26-31.
Proof of Mailed Notice of Hearing (20 days before hearing)	See Exhibit B-7, pages 26-35
Proof of Published Notice of Hearing (10 days before hearing)	See Exhibit B-7, page 36.
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	See Exhibit B-3, page 15.
Tract List (including lease numbers and owners)	See Exhibit B-3, pages 15-16.
Pooled Parties (including ownership type)	See Exhibit B-3, pages 15-16.
Unlocatable Parties to be Pooled	None
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	See Exhibit B-5, pages 19-20.
List of Interest Owners (ie Exhibit A of JOA)	See Exhibit B-3, pages 16-17.
Chronology of Contact with Non-Joined Working Interests	See Exhibit B-4, page 18.
Overhead Rates In Proposal Letter	N/A

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List of Interest Owners (ie Exhibit A of JOA)	See Exhibit B-3, pages 16-17.
Chronology of Contact with Non-Joined Working Interests	See Exhibit B-4, page 18.
Overhead Rates In Proposal Letter	N/A
Cost Estimate to Drill and Complete	See Exhibit B-6, pages 21-24.
Cost Estimate to Equip Well	See Exhibit B-6, pages 21-24.
Cost Estimate for Production Facilities	See Exhibit B-6, pages 21-24.
Geology	
Summary (including special considerations)	See Exhibit C, pages 37-40.
Spacing Unit Schematic	See Exhibit C-8, page 41; C-9, page 42; C-10-A, page 43.
Gunbarrel/Lateral Trajectory Schematic	See Exhibit C-9, page 42.
Well Orientation (with rationale)	See Exhibit C-11, page 47; Exhibit C, ¶ 14.
Target Formation	See Exhibit C-10-C, page 45.
HSU Cross Section	See Exhibit C-10-C, page 45.
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	See Exhibit B-2, pages 13-14.
Tracts	See Exhibit B-3, page 15.
Summary of Interests, Unit Recapitulation (Tracts)	See Exhibit B-3, pages 16-17.
General Location Map (including basin)	See Exhibit C-8, page 41.
Well Bore Location Map	See Exhibit C-10-A, page 43.
Structure Contour Map - Subsea Depth	See Exhibit C-10-A, page 43.
Cross Section Location Map (including wells)	See Exhibit C-10-B, page 44.
Cross Section (including Landing Zone)	See Exhibit C-10-C, page 45.
Additional Information	
Special Provisions/Stipulations	None
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: 9/8/2020	

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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. 22198
ORDER NO. R-21486-A**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on October 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”) submitted an application (“Application”) requesting an extension to drill the well(s) as required by Order R-21486.
2. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice of the Application was given.
3. The Application was heard by the Hearing Examiner, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

4. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
5. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
6. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.

ORDER

7. The period to drill the well(s) is extended until October 12, 2022.
8. This Order shall terminate automatically if Operator fails to comply with Paragraph 7 unless prior to termination Operator applies, and OCD grants, to amend Order R-21486 for good cause shown.
9. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.
10. The remaining provisions of Order R-21486 remain in force or effect.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



ADRIENNE SANDOVAL
DIRECTOR
AES/jag

Date: 10/22/2021

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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 ORDER
NO. R-21486 (AS AMENDED),
EDDY COUNTY, NEW MEXICO**

**CASE NO. 23026
ORDER NO. R-21486 (as
amended)
(Re-Open)**

SELF-AFFIRMED DECLARATION OF DEANA M. BENNETT

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

- 1) The above-referenced Application was provided under a notice letter, dated August 12, 2022, and attached hereto, as Exhibit D.
- 2) Exhibit A is the mailing list, which shows the notice letter was delivered to the USPS for mailing on August 12, 2022.
- 3) Exhibit B is the certified mailing tracking information, which is automatically complied by CertifiedPro, the software Modrall uses to track the mailings. This spreadsheet shows the names and addresses of the parties to whom notice was sent and the status of the mailing.
- 4) Exhibit C is the Affidavit of Publication from the Carlsbad Current Argus, confirming that notice of the September 1, 2022 hearing was published on August 16, 2022.
- 5) I attest under penalty of perjury under the laws of the State of New Mexico that the information provided herein is correct and complete to the best of my knowledge and belief.

Dated: August 29, 2022


Deana M. Bennett



Released to Imaging: 8/29/2022 2:14:02 PM

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

PS Form 3877

Type of Mailing: CERTIFIED MAIL
08/12/2022

Firm Mailing Book ID: 231945

Received by OCD: 8/29/2022 1:57:31 PM

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0098 2112 52	EOG RESOURCES INC PO BOX 4362 HOUSTON TX 77210	\$1.44	\$4.00	\$2.00	\$0.00	81363-0124 FF Notice
2	9314 8699 0430 0098 2112 69	KAISER FRANCIS OIL CO P O BOX 21468 TULSA OK 74121	\$1.44	\$4.00	\$2.00	\$0.00	81363-0124 FF Notice
3	9314 8699 0430 0098 2112 76	MRC PERMIAN COMPANY 5400 LBJ FREEWAY SUITE 1500 ONE LINCOLN CENTRE DALLAS TX 75240	\$1.44	\$4.00	\$2.00	\$0.00	81363-0124 FF Notice
4	9314 8699 0430 0098 2112 83	RSC Resources, LP P.O. Box 8329 Horseshoe Bay TX 78657	\$1.44	\$4.00	\$2.00	\$0.00	81363-0124 FF Notice
5	9314 8699 0430 0098 2112 90	Headington Royalty, Inc. 1700 N. Redbud Blvd., Suite 400 McKinney TX 75069	\$1.44	\$4.00	\$2.00	\$0.00	81363-0124 FF Notice
6	9314 8699 0430 0098 2113 06	The H and S Drilling Company P.O. Box 701620 Tulsa OK 74170	\$1.44	\$4.00	\$2.00	\$0.00	81363-0124 FF Notice
7	9314 8699 0430 0098 2113 13	Lean Dog Limited Partnership No. 1 P.O. Box 25203 Dallas TX 75225	\$1.44	\$4.00	\$2.00	\$0.00	81363-0124 FF Notice
8	9314 8699 0430 0098 2113 20	TBO Oil & Gas, LLC P.O. Box 10502 Midland TX 79702	\$1.44	\$4.00	\$2.00	\$0.00	81363-0124 FF Notice
9	9314 8699 0430 0098 2113 37	CD Ray Exploration, LLC 4 Churchill Way Midland TX 79705	\$1.44	\$4.00	\$2.00	\$0.00	81363-0124 FF Notice
Totals:			\$12.96	\$36.00	\$18.00	\$0.00	
			Grand Total:		\$66.96		

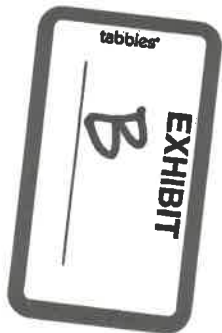


List Number of Pieces Listed by Sender: 9
 Total Number of Pieces Received at Post Office: 9
 Postmaster: Name of receiving employee: *[Signature]*
 Dated:



Transaction Report Details - CertifiedPro.net
 Firm Mail Book ID= 231945
 Generated: 8/26/2022 2:59:17 PM

USPS Article Number	Date Created	Reference Number	Name 1	Name 2	City	State	Zip	Mailing Status	Service Options	Mail Delivery Date
9314869904300098211337	2022-08-12 7:37 AM	81363-0124 FF	CD Ray Exploration, LLC		Midland	TX	79705	Delivered	Return Receipt - Electronic, Certified Mail	2022-08-15 12:55 PM
9314869904300098211320	2022-08-12 7:37 AM	81363-0124 FF	TBO Oil & Gas, LLC		Midland	TX	79702	Delivered	Return Receipt - Electronic, Certified Mail	2022-08-17 11:18 AM
9314869904300098211313	2022-08-12 7:37 AM	81363-0124 FF	Lean Dog Limited Partnership No. 1		Dallas	TX	75225	Delivered	Return Receipt - Electronic, Certified Mail	2022-08-16 12:07 PM
9314869904300098211306	2022-08-12 7:37 AM	81363-0124 FF	The H and S Drilling Company		Tulsa	OK	74170	Delivered	Return Receipt - Electronic, Certified Mail	2022-08-16 1:01 PM
9314869904300098211290	2022-08-12 7:37 AM	81363-0124 FF	Headington Royalty, Inc.		McKinney	TX	75069	Mailed	Return Receipt - Electronic, Certified Mail	
9314869904300098211283	2022-08-12 7:37 AM	81363-0124 FF	RSC Resources, LP		Horseshoe Bay	TX	78657	Delivered	Return Receipt - Electronic, Certified Mail	2022-08-23 11:52 AM
9314869904300098211276	2022-08-12 7:37 AM	81363-0124 FF	MRC PERMIAN COMPANY	5400 LBJ FREEWAY SUITE 1500	DALLAS	TX	75240	Mailed	Return Receipt - Electronic, Certified Mail	
9314869904300098211269	2022-08-12 7:37 AM	81363-0124 FF	KAISER FRANCIS OIL CO		TULSA	OK	74121	Delivered	Return Receipt - Electronic, Certified Mail	2022-08-16 5:51 AM
9314869904300098211252	2022-08-12 7:37 AM	81363-0124 FF	EOG RESOURCES INC		HOUSTON	TX	77210	Mailed	Return Receipt - Electronic, Certified Mail	



Carlsbad Current Argus.

PART OF THE USA TODAY NETWORK

Affidavit of Publication

Ad # 0005375583

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:

08/16/2022

Legal Clerk

Subscribed and sworn before me this August 16, 2022:

State of WI, County of Brown
NOTARY PUBLIC

My commission expires

CASE NO. 23026: Notice to all affected parties, as well as the heirs and devisees of: EOG Resources, Inc.; Kaiser Francis Oil Co.; MRC Permian Company; RSC Resources, LP; Headington Royalty, Inc.; The H and S Drilling Company; Lean Dog Limited Partnership No. 1; TBO Oil & Gas, LLC; CD Ray Exploration, LLC of Marathon Oil Permian LLC's Application to Amend Order No. R-21486 (as amended), 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 September 1, 2022, to consider this application. Applicant seeks an order from the Division for the limited purpose of amending Order No. R-21486 to allow for a one-year extension of time to commence drilling the initial well under the Order. Order No. R-21486 pooled uncommitted interest owners in a 640-acre, more or less, Bone Spring horizontal spacing unit comprised of the N/2 of Sections 23 and 24, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico. Said area is located approximately 2 miles southeast of Malaga, New Mexico. #5375583, Current Argus, August 16, 2022

KATHLEEN ALLEN
Notary Public
State of Wisconsin

Ad # 0005375583
PO #:
of Affidavits 1

This is not an invoice

EXHIBIT
C



MODRALL SPERLING

L A W Y E R S

August 12, 2022

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-21486 (AS AMENDED), EDDY
COUNTY, NEW MEXICO.**

CASE NO. 23026

TO: AFFECTED PARTIES

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

In Case No. 23026, Marathon seeks an order from the Division for the limited purpose of amending Order No. R-21486 to allow for a one-year extension of time to commence drilling the initial well under the Order. Order No. R-21486 pooled uncommitted interest owners in a 640-acre, more or less, Bone Spring horizontal spacing unit comprised of the N/2 of Sections 23 and 24, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico. Said area is located approximately 2 miles southeast of Malaga, New Mexico.

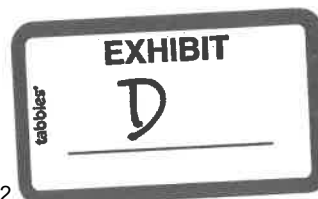
During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on September 1, 2022 beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the docket for the hearing 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 these cases, 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 this case at a later date.

Modrall Sperring
Roehl Harris & Sisk P.A.
500 Fourth Street NW
Suite 1000
Albuquerque,
New Mexico 87102

PO Box 2168
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New Mexico 87103-2168

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www.modrall.com



Page 2

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,

A handwritten signature in black ink that reads "Deana M. Bennett". The signature is written in a cursive style with a large initial 'D'.

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-21486 (AS AMENDED),
EDDY COUNTY, NEW MEXICO**

**CASE NO. 23026
ORDER NO. R-21486 (as
amended)
(Re-Open)**

APPLICATION

Marathon Oil Permian LLC (“Marathon”), OGRID Number 372098, through its undersigned attorney, files this application with the Oil Conservation Division (“Division”) for the limited purpose of amending Order No. R-21486 (as amended) (Order No. R-21486 and its amendments are collectively referred to herein as the “Order”), to allow for an extension of time for Marathon to commence drilling the initial well under the Order. In support of this application, Marathon states as follows:

1. Order No. R-21486 pooled uncommitted interest owners in a 640-acre, more or less, Bone Spring horizontal spacing unit comprised of the N/2 of Sections 23 and 24, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico.
2. Order No. R-21486 designated Marathon as the operator of the wells and the unit.
3. The Division Hearing for Case No. 21392 was held on September 24, 2020.
4. The Division entered Order No. R-21486 in Case No. 21392 on October 12, 2020.
5. Order No. R-21486 ¶ 19 states: “The Operator shall commence drilling the Well(s) within one (1) year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.”

6. Order No. R-21486 ¶ 20 states: “This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.”

7. In September 2021, Marathon submitted an application requesting a one-year extension of time to commence drilling the initial well.

8. In October 2021, the Division granted Marathon’s request and extended the period to commence drilling the initial well until October 12, 2022. *See* Order R-21486-A ¶ 7.

9. Order No. R-21486-A provides that the “Order shall terminate automatically if Operator fails to comply with Paragraph 7 unless prior to termination Operator applies, and OCD grants, to amend Order R-21486 for good cause shown.” Order No. R-21486-A ¶ 8.

10. Marathon requests that the Order be re-opened and amended to allow Marathon additional time to commence drilling the initial well under the Order.

11. Good cause exists for Marathon’s request for an extension of time.

12. As Marathon explained in its initial request for an extension of time, Marathon’s operations and drilling activity have been impacted and continue to be impacted by COVID-19 and oil and gas market conditions.

13. Under the Order, Marathon would be required to commence drilling the initial well by October 12, 2022.

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

WHEREFORE, Marathon requests this application be set for hearing before an Examiner of the Oil Conservation Division on September 1, 2022, and after notice and hearing as required by law, the Division:

A. Amend Order No. R-21486 to extend the time for Marathon to commence drilling the initial well under the Order for a year, through October 12, 2023.

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

By: Deana M Bennett

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. 23026 : (Re-Open) Application of Marathon Oil Permian LLC to Amend Order No. R-21486, Eddy County, New Mexico. Applicant seeks an order from the Division for the limited purpose of amending Order No. R-21486 to allow for a one-year extension of time to commence drilling the initial well under the Order. Order No. R-21486 pooled uncommitted interest owners in a 640-acre, more or less, Bone Spring horizontal spacing unit comprised of the N/2 of Sections 23 and 24, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico. Said area is located approximately 2 miles southeast of Malaga, New Mexico.