BEFORE THE OIL CONSERVATION DIVISION EXAMINER HEARING AUGUST 17, 2023

Case No. 23574

Bing Clawsby WC Federal Com 701H Bing Clawsby WC Federal Com 702H Bing Clawsby WC Federal Com 703H

Lea County, New Mexico



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

APPLICATION OF MARATHON OIL PERMIAN LLC FOR A HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case No. 23574

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Marathon Exhibit B: Filed Application

Marathon Exhibit C: Affidavit of Samuel Cox, Senior Land Professional

• Marathon Exhibit C-1: General Location Map

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• Marathon Exhibit C-3: Tract and Spacing Unit Depictions

• Marathon Exhibit C-4: Interest Calculation for Spacing Unit

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Marathon Exhibit D: Affidavit of Elizabeth Scully, Advanced Geologist

• Marathon Exhibit D-1: Locator Map

• Marathon Exhibit D-2: Cross Section Reference Map

• Marathon Exhibit D-3: Wolfcamp Structure Map

• Marathon Exhibit D-4: Wolfcamp Cross Section

Marathon Exhibit E: Notice Affidavit

Marathon Exhibit F: Affidavit of Publication

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS									
Case:	APPLICANT'S RESPONSE								
Date									
Applicant	Marathon Oil Permian LLC								
Designated Operator & OGRID (affiliation if applicable)	372098								
Applicant's Counsel:	James Parrot, Beatty & Wozniak, P.C.								
Case Title:	Application of Marathon Oil Permian LLC for a								
	Horizontal Spacing Unit and Compulsory Pool, Lea								
	County, NM								
Entries of Appearance/Intervenors:	N/A								
Well Family	Bing Clawsby WC Federal Com								
Formation/Pool									
Formation Name(s) or Vertical Extent:	Wolfcamp								
Primary Product (Oil or Gas):	Oil								
Pooling this vertical extent:	Entire Formation								
Pool Name and Pool Code:	Wolfcamp [98248]								
Well Location Setback Rules:	Statewide Rules								
Spacing Unit									
Type (Horizontal/Vertical)	Horizontal								
Size (Acres)	960, more or less								
Building Blocks:	Quarter-Quarter sections								
Orientation:	North-South								
Description: TRS/County	E/2 of Sections 3, 10 & 15 , T-23-S, R-32-E, Lea County								
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes								
Other Situations									
Depth Severance: Y/N. If yes, description	No								
Proximity Tracts: If yes, description	No								
Proximity Defining Well: if yes, description	N/A								
Applicant's Ownership in Each Tract	Exhibit C, C-4								
Well(s)									
Well #1	Bing Clawsby WC Federal Com 701H (API No. Pending) SHL: SW/4SE/4 (Lot O)of Section 15, Township 23 South, Range 32 East , N.M.P.M. BHL: NW/4NE/4 (Lot L 2) of Section 3, Township 23 South, Range 32 East , N.M.P.M.								
	Completion Target: Wolfcamp Formation								
	Well Orientation: North to South								
	Completion Location: Standard								

	Bing Clawsby WC Federal Com 702H (API No. Page 4 of 58 Pending)
	SHL: SW/4SE/4 (Lot O)of Section 15, Township 23
	South, Range 32 East , N.M.P.M.
	BHL: NW/4NE/4 (Lot L 2) of Section 3, Township 23
	South, Range 32 East , N.M.P.M.
	Completion Target: Wolfcamp Formation
	Well Orientation: North to South
	Completion Location: Standard
Well #2	Bing Clawsby WC Federal Com 703H (API No.
	Pending)
	SHL: SW/4SE/4 (Lot O)of Section 15, Township 23
	South, Range 32 East , N.M.P.M.
	BHL: NE/4NE/4 (Lot L 1) of Section 3, Township 23
	South, Range 32 East , N.M.P.M.
	Journ, Range 32 Last , IV.IVI.I .IVI.
	Completion Target: Wolfcamp Formation
	Well Orientation: North to South
	Completion Location: Standard
Horizontal Well First and Last Take Points	Exhibit C-2
Completion Target (Formation, TVD and MD)	Exhibits D-3, D-4
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	N/A
Production Supervision/Month \$	N/A
Justification for Supervision Costs	N/A
Requested Risk Charge	N/A
Notice of Hearing	
Proposed Notice of Hearing	Exhibits B and E
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit E
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit F
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibits C-3 and C-4
Tract List (including lease numbers and owners)	Exhibits C-3 and C-4
If approval of Non-Standard Spacing Unit is requested, Tract List	
(including lease numbers and owners) of Tracts subject to notice	I
requirements.	
Pooled Parties (including ownership type)	Exhibit C-4
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above &	NI/A
below)	N/A
Joinder	
Sample Copy of Proposal Letter	N/A
List of Interest Owners (ie Exhibit A of JOA)	Exhibits C-3 and C-4
Chronology of Contact with Non-Joined Working Interests	N/A
Overhead Rates In Proposal Letter	N/A
Cost Estimate to Drill and Complete	N/A
Cost Estimate to Equip Well	N/A
COST ESTIMATE TO EMAIL MACH	
Cost Estimate to Equip Well Cost Estimate for Production Facilities	N/A

Surereapy (in duding/special gonsiderations)	Exhibit D Page 5 of					
Spacing Unit Schematic	Exhibits C-2, C-3, D-1					
Gunbarrel/Lateral Trajectory Schematic	Exhibits C-2, C-3, D-2, D-3, D-4					
Well Orientation (with rationale)	Exhibit D					
Target Formation	Exhibit D, D-3, D-4					
HSU Cross Section	Exhibit D-3					
Depth Severance Discussion	N/A					
Forms, Figures and Tables						
C-102	Exhibit C-2					
Tracts	Exhibit C-3					
Summary of Interests, Unit Recapitulation (Tracts)	Exhibits C-4					
General Location Map (including basin)	Exhibit C-1, D-1, D-2					
Well Bore Location Map	Exhibit C-2, C-3, D-2, D-3					
Structure Contour Map - Subsea Depth	Exhibit D-3					
Cross Section Location Map (including wells)	Exhibit D-2					
Cross Section (including Landing Zone)	Exhibit D-4					
Additional Information						
Special Provisions/Stipulations						
CERTIFICATION: I hereby certify that the information pro	ovided in this checklist is complete and accurate.					
Printed Name (Attorney or Party Representative):	James Parrot					
Signed Name (Attorney or Party Representative):						
Date:	8/14/2023					

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

APPLICATION OF MARATHON OIL PERMIAN LLC FOR A HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case No.	

APPLICATION

Marathon Oil Permian LLC ("Marathon"), OGRID Number 372098, through its undersigned attorneys, hereby files this Application with the Oil Conservation Division ("Division") pursuant to the provisions of NMSA 1978, § 70-2-17, for an order (1) creating a standard 960-acre, more or less, overlapping horizontal well spacing and unit ("HSU") composed of the E/2 of Sections 15, 10, and 3, Township 23 South, Range 32 East, N.M.P.M., Lea County, New Mexico, and (2) an order pooling all uncommitted mineral interests in the Wolfcamp Formation, designated as an oil pool, underlying said HSU.

In support of its Application, Marathon states the following:

- 1. Marathon is a working interest owner in the subject lands and has a right to drill wells thereon.
- 2. Marathon seeks to dedicate the E/2 of Sections 15, 10, and 3, Township 23 South, Range 32 East, NMPM, Lea County, New Mexico to form a 960-acre, more or less, spacing unit.
- 3. Marathon seeks to dedicate the above-referenced HSU to the following proposed wells:

- A. Bing Clawsby WC Federal Com 703H Well, which is an oil well that will be horizontally drilled from a surface location in the SW¼SE¼ of Section 15 to a bottom hole location in the Wolfcamp Formation in the NE¼NE¼ of Section 3; and
- B. Bing Clawsby WC Federal Com 701H Well and Bing Clawsby WC Federal Com 702H Well, which are oil wells that will be horizontally drilled from a surface location in the SW¹/₄SE¹/₄ of Section 15 to a bottom hole location in the Wolfcamp Formation in the NW¹/₄NE¹/₄ of Section 3.
- 4. The wells are orthodox in their location, and the take points and laterals comply with Statewide Rules for setbacks.
- 5. The completed interval for the Bing Clawsby WC Federal Com 702H well is less than 330' from the adjoining tracts and the Division's rules allow for the inclusion of proximity tracts within the proposed standard spacing unit for the wells.
- 6. Marathon has sought in good faith, but has been unable to obtain, 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.
- 7. The pooling of all interests in the Wolfcamp formation within the proposed unit will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Marathon requests that all uncommitted interests in this HSU be pooled and that Marathon be designated the operator of the proposed horizontal wells and HSU.

WHEREFORE, Marathon requests this Application be set for hearing on July 6, 2023, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

- A. Approving the creation of a standard 960-acre, more or less, spacing and proration unit comprised of the E/2 of Sections 15, 10, and 3, Township 23 South, Range 32 East, Lea County, New Mexico;
- B. Pooling all uncommitted interests in the Wolfcamp formation underlying a horizontal spacing unit within the E/2 of Sections 15, 10, and 3, Township 23 South, Range 32 East, NMPM, Lea County, New Mexico;
- C. Approving the Bing Clawsby WC Federal Com 701H, Bing Clawsby WC Federal Com 702H Well, and Bing Clawsby WC Federal Com 703H Well as the wells for the HSU.
- D. Designating Marathon as operator of the HSU and the horizontal wells to be drilled thereon;
- E. Authorizing Marathon to recover its costs of drilling, equipping, and completing the wells;
- F. Approving actual operating charges and costs of supervision, to the maximum extent allowable, while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- G. Setting a 200% charge for the risk assumed by Marathon in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

BEATTY & WOZNIAK, P.C.

By:

James P. Parrot

1675 Broadway, Suite 600

Denver, CO 80202 (303) 407-4457

iparrot@bwenergylaw.com

Application of Marathon Oil Permian LLC for a Horizontal Spacing Unit and Compulsory **Pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order from the Division: (1) creating a standard 960-acre, more or less, spacing and proration unit comprised of the E½ of Sections 15, 10, and 3, Township 23 South, Range 32 East, N.M.P.M, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Wolfcamp formation, designated as an oil pool, underlying said unit. The proposed wells to be dedicated to the horizontal spacing unit are the Bing Clawsby WC Federal Com 703H Well, which is an oil well that will be horizontally drilled from a surface location in the SW1/4SE1/4 of Section 15 to a bottom hole location in the Wolfcamp Formation in the NE1/4NE1/4 of Section 3, and the Bing Clawsby WC Federal Com 701H Well and Bing Clawsby WC Federal Com 702H Well, which are oil wells that will be horizontally drilled from a surface location in the SW1/4SE1/4 of Section 15 to a bottom hole location in the Wolfcamp Formation in the NW1/4NE1/4 of Section 3. The wells are orthodox in location and the take points and laterals comply with Statewide Rules for setbacks; also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 25 miles from Jal, New Mexico.

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

APPLICATIONS OF MARATHON OIL PERMIAN LLC FOR A HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case No. 23574

AFFIDAVIT OF SAMUEL COX

Samuel Cox, being first duly sworn upon oath, deposes and states as follows:

- 1. My name is Samuel Cox, and I am employed by Marathon Oil Permian LLC ("Marathon") as a Senior Land Professional.
- 2. I have previously testified before the New Mexico Oil Conservation Division ("Division"), and my qualifications as an expert in petroleum land matters were accepted and made a matter of record. I have several years of experience in petroleum land matters, and I have worked directly or in a supervisory role with the properties that are the subject of these matters.
- 3. I am submitting this affidavit in support of Marathon's applications in the above-referenced cases pursuant to 19.15.4.12.(A)(1) NMAC.
- 4. I am familiar with the applications filed by Marathon in these consolidated cases and the status of the lands in the subject lands.
- 5. Under Case No. 23574, Marathon seeks an order (1) creating a standard 960-acre, more or less, overlapping horizontal well spacing and unit ("HSU") composed of the E/2 of Sections 15, 10, and 3, Township 23 South, Range 32 East, N.M.P.M., Lea County, New Mexico,

and (2) an order pooling all uncommitted mineral interests in the Wolfcamp Formation, designated as an oil pool, underlying said HSU.

- 6. **Marathon Exhibit C-1** is a general location map showing the proposed Wolfcamp Formation spacing unit. The acreage subject to the applications are federal lands.
- 7. **Marathon Exhibit C-2** contains the Form C-102s reflecting that the proposed Wolfcamp wells to be drilled and completed in the subject unit. The location of each well is orthodox and meets the Division's offset requirements.
- 8. A review of the Wolfcamp Formation underlying the subject lands indicated that there are no overlapping spacing units in the Wolfcamp Formation.
 - 9. **Marathon Exhibit C-3** outlines the proposed Wolfcamp unit and tracts therein.
- 10. Marathon Exhibit C-4 sets forth the parties being pooled, the nature of their interests, and their last known address. The exhibit identifies the tract number, tract percentage interest, and spacing unit percentage interest for each mineral owner. In compiling these addresses, I conducted a diligent search of the public records in Lea County, New Mexico, where the wells are located, and of phone directories and did computer searches to locate the contact information for parties entitled to notification. All interest owners were locatable and noticed, and there are no unleased mineral interest owners. Marathon caused notice to be published in the Hobs News-Sun, a newspaper of general circulation in Lea County, New Mexico. I provided the law firm of Beatty & Wozniak, P.C. with the names and addresses for these mineral owners and instructed that each owner be provided notice of the hearing in these matters.
- 11. **Marathon Exhibit C-5** sets forth a chronology of the contacts with owners. Marathon has made a good faith effort to obtain voluntary joinder of the interest owners in the proposed wells.

- 12. As of the date of this testimony, there are no uncommitted unleased mineral owners or uncommitted lessees in the unit. Accordingly, Marathon is omitting an election letter, lease offer letter, and authorization for expenditure from this testimony because the documents are inapplicable to Applicant's requested relief.
- 13. Marathon is not seeking an order recovering the proportionate share of well costs or a charge for risk associated with the drilling, completion or working over of the unit wells from any uncommitted owner.
 - 14. Marathon requests that it be designated operator of the unit and wells.
- 15. **Exhibit C-1** through **Exhibit C-5** were either prepared by me or compiled from Marathon's company business records under my direction and supervision.
- 16. The granting of these applications is in the best interest of conservation, the prevention of waste, and the protection of correlative rights, and will avoid the drilling of unnecessary wells.
- 17. I hereby swear that to the best of my knowledge and belief, all of the matters set forth herein and in the exhibits are true, correct, and accurate.

[Remainder of page left intentionally blank]

FURTHER AFFIANT SAYETH NO

Dated this 10 rh agust, 2023.

Samuel Cox

Marathon Oil Permian LLC

STATE OF TEXAS)) ss CITY OF HOUSTON AND COUNTY OF HARRIS)

The foregoing instrument was subscribed and sworn to before me this <u>10</u>¹² day of <u>August</u>, 2023, by Samuel Cox, Senior Land Professional for Marathon Oil Permian LLC.

Witness my hand and official seal.

My commission expires: 10/13/2026

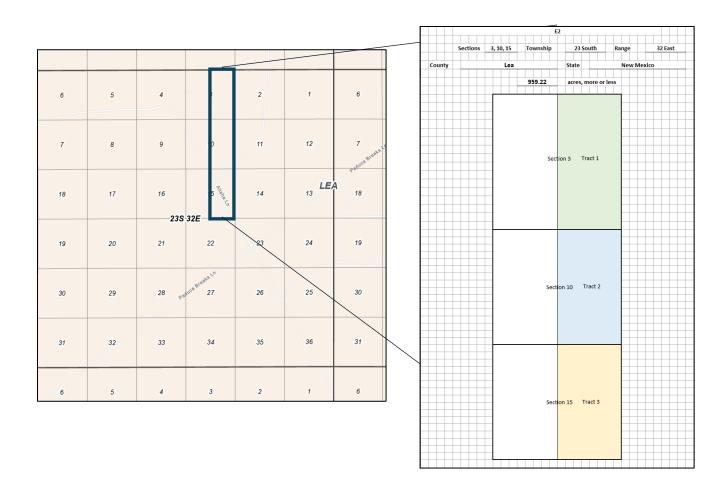
Tuyla Most

TAYLOR ROBERTS
Notary Public, State of Texas
Comm. Expires 10-13-2026
Notary ID 129990884

General Location Map

Bing Clawsby WC Federal Com 701H, Bing Clawsby WC Federal Com 702H, & Bing Clawsby WC Federal Com 703H

E/2 Section 3, 10 & 15, T23S-R32E, Lea County, NM Wolfcamp (Oil) pool





<u>District I</u>
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 <u>District IV</u>

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

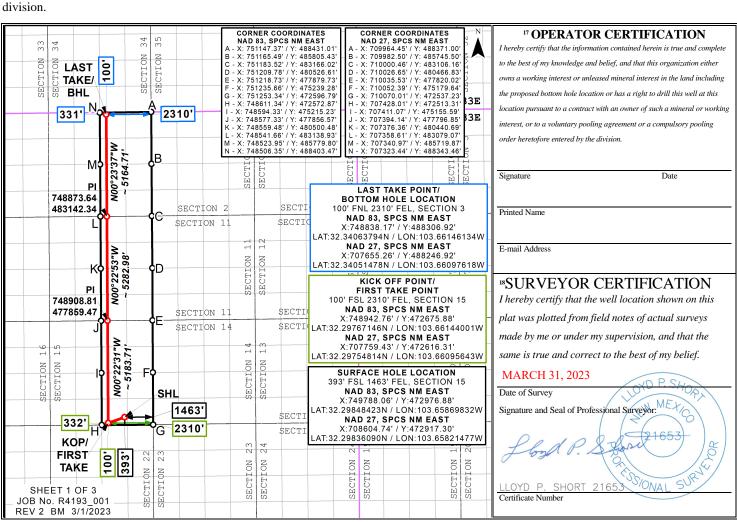
¹ API Number		² Pool Code					
		98248	WOLFCAMP				
⁴ Property Code		⁵ P	roperty Name	⁶ Well Number			
		BING CLAWSBY WC FEDERAL COM					
⁷ OGRID No.		8 O	perator Name	⁹ Elevation			
372098		MARATHON	OIL PERMIAN LLC	3709'			

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	
	О	15	23S	32E		393	SOUTH	1463	EAST	LEA	
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	

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L 2	3	23S	32E		100	NORTH	2310	EAST	LEA
12 Dedicated Acres	13 Joint or	Infill 14 (Consolidation (Code 15 Or	der No.				
959.22									

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



Distances/areas relative to NAD 83 Combined Scale Factor: 0.99914426 Convergence Angle: 00°07'17.93119"

PUBLIC ACCESS ROAD MAP

30	29	28	27	26	73 E2 25 E2	R33 30	29
31	32	33 T22S R32E	34	35	36 T22S	დ 22 - 31 T22S R33E	32
6	5	T23S R32E	3	LAST TAKE/ BH	1 Y WC FEDERA		5
BING CLA		DERAL COM 70	PI 10	PI	12 Y WC FEDERA L PERMIAN LL		8
BING CLA		DERAL COM 70 KOP/FIRST TA OIL PERMIAN	AKE 45	14	13 PADUCA BREAVS	18	17
BING CL		DERAL COM 7	SHL	3	24	19 XL	20
30	29	28	27	26	T23S R32E	T23S R33E	29
31	32	33	34	35	36	31	32

SEC. 15 TWP. 23-S RGE. 32-E

SURVEY: N.M.P.M. COUNTY: LEA

OPERATOR: MARATHON OIL PERMIAN LLC

DESCRIPTION: 393' FSL & 1463' FEL

ELEVATION: 3709'

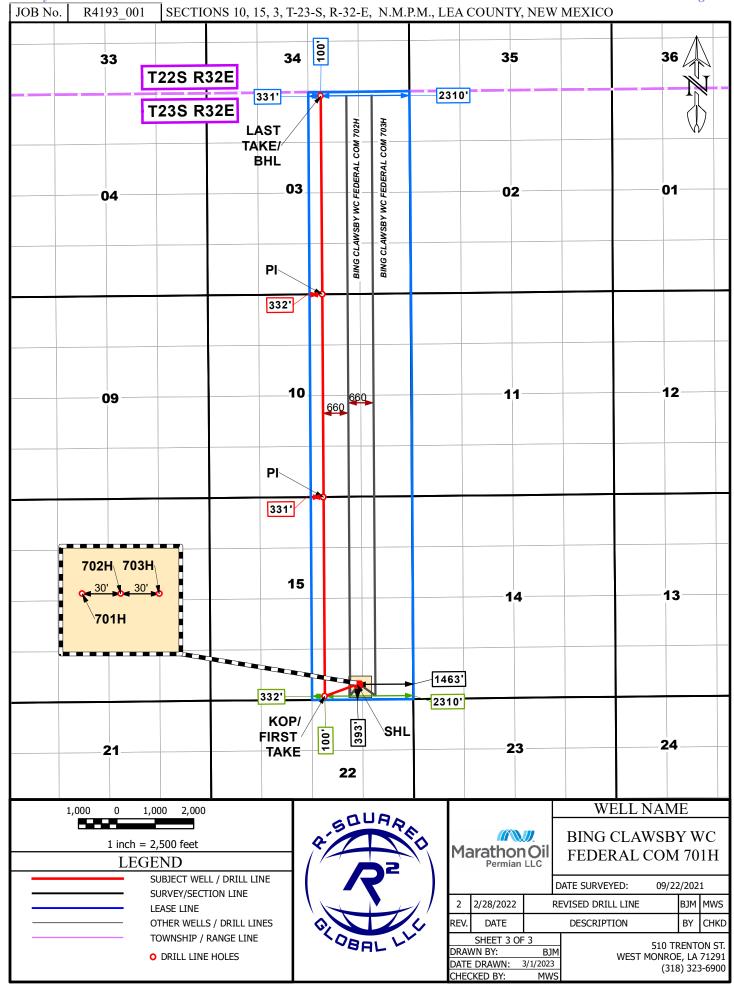
LEASE: BING CLAWSBY FEDERAL COM

U.S.G.S. TOPOGRAPHIC MAP: BOOTLEG RIDGE, NM.



1"=1 MILE

SHEET 2 OF 3
PREPARED BY:
R-SQUARED GLOBAL, LLC
510 TRENTON ST,
WEST MONROE, LA 71291
318-323-6900 OFFICE
JOB No. R4193_001



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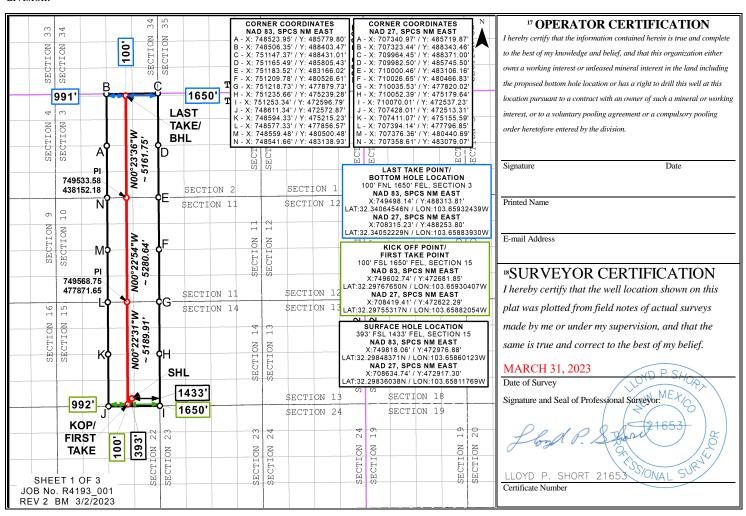
¹ API Number		² Pool Code					
		98248	WOLFCAMP				
⁴ Property Code		⁵ P1	operty Name	⁶ Well Number			
		BING CLAWSBY WC FEDERAL COM					
⁷ OGRID No.		8 O _l	perator Name	⁹ Elevation			
372098		MARATHON	OIL PERMIAN LLC	3709'			

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		
О	15	23S	32E		393	SOUTH	1433	EAST	LEA		
	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 2	3	23S	32E		100	NORTH	1650	EAST	LEA
12 Dedicated Acres	¹³ Joint or	Infill 14 C	Consolidation	Code 15 Or	der No.				
959.22									

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31	32	33	34	35	36 T	1228	32
	T22S R32E					T22S R33E	
	T23S R32E	4	3	BING CLAWSB LAST TAKE/ BI	1 Y WC FEDERA	T23S R33E L COM 702H	5
6] 	4	Ĭ		IL PERMIAN LL		
	<u> </u>		k -			6	
BING CI	LAWSBY WC F	EDERAL COM	702H PI	11 DINC CLAWS	12 BY WC FEDER	7 AL COM 702H	8
7		OIL PERMIAN	\ 40	PI			
7	8	9		MARATHON C	DIL PERMIAN L	<u>LC</u>	
		KOP/FIRST T NOIL PERMIAN	TAKE	14	13 PADUCA BREENES	18	17
18	17	16			PADE		
19 BING	20 CLAWSBY WO	21 C FEDERAL CO	SHL	P. O.	24	19 XL	20
30	29	28	27	26	T23S R32E	723S R33E	29
31	32	33	34	35	36	31	32

SEC. 15 TWP. 23-S RGE. 32-E

SURVEY: N.M.P.M. COUNTY: LEA

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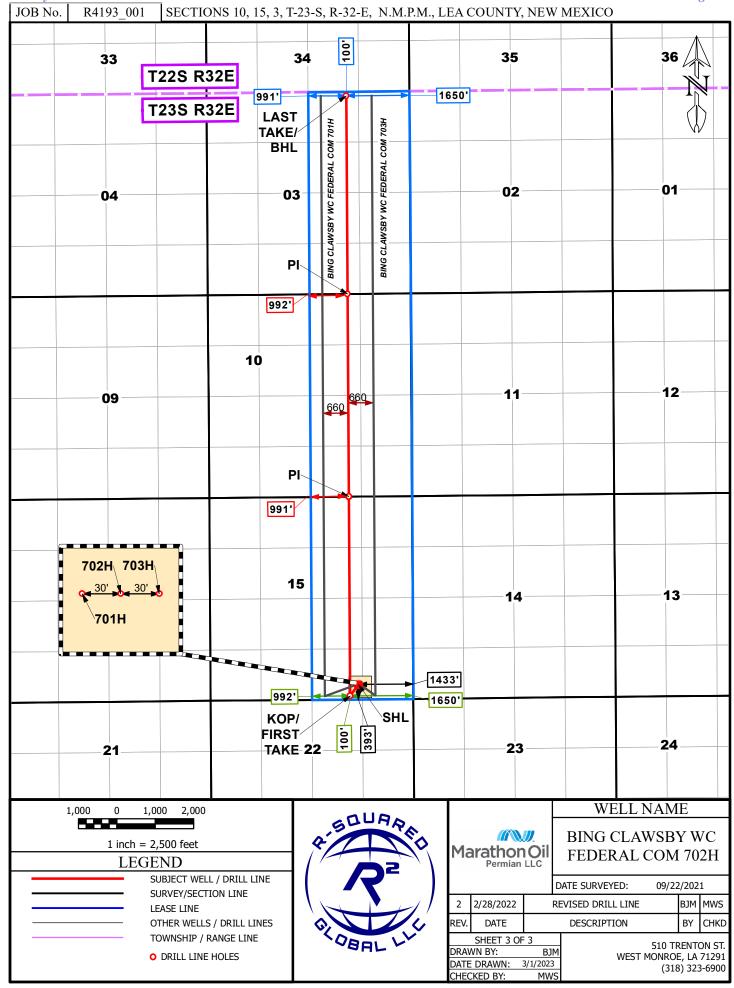
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State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505

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

☐ AMENDED REPORT

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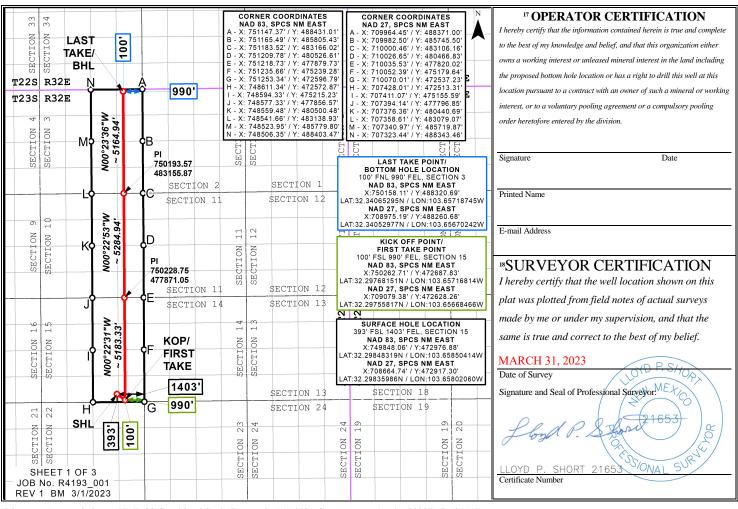
¹ API Number		² Pool Code			
			WC-025 G-08 S243217P; UPR	WOLFCAMP	
⁴ Property Code	roperty Code 5 Pr		roperty Name	⁶ Well Number	
		BING CLAWSBY	Y WC FEDERAL COM	703H	
⁷ OGRID No.		8 O _I	perator Name	⁹ Elevation	
372098		MARATHON	OIL PERMIAN LLC	3709'	

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
O	15	23S	32E		393	SOUTH	1403	EAST	LEA
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
	_		~~~		100		0.00		

UL or lot no.	Section	1 ownsnip	Kange	Lot Ian	Feet from the	North/South line	Feet from the	East/ West line	County
L 1	3	23S	32E		100	NORTH	990	EAST	LEA
12 Dedicated Acres	13 Joint or	Infill 14 C	Consolidation (Code 15 Or	der No.				
959.22									

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



Distances/areas relative to NAD 83 Combined Scale Factor: 0.99914426 Convergence Angle: 00°07'17.93119"

PUBLIC ACCESS ROAD MAP

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BING CL		OIL PERMIAN	SHL 22 LLC	23	24	19 XL
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SEC. 15 TWP. 23-S RGE. 32-E

SURVEY: N.M.P.M. COUNTY: LEA

OPERATOR: MARATHON OIL PERMIAN LLC

DESCRIPTION: 393' FSL & 1403' FEL

ELEVATION: 3709'

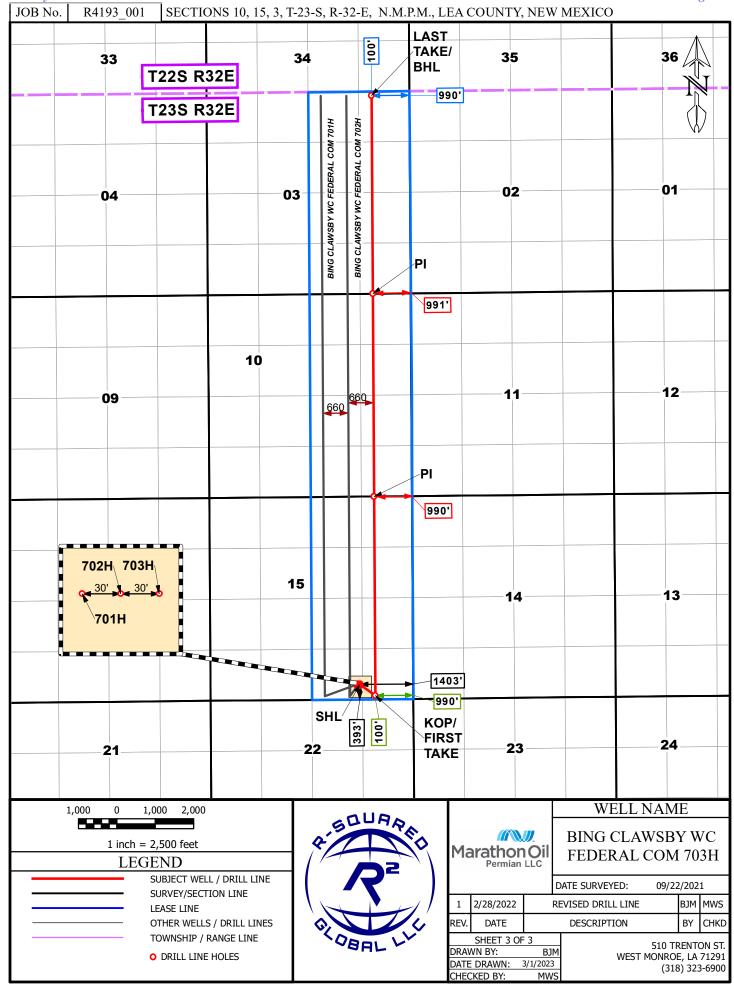
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U.S.G.S. TOPOGRAPHIC MAP: BOOTLEG RIDGE, NM.



1"=1 MILE

SHEET 2 OF 3
PREPARED BY:
R-SQUARED GLOBAL, LLC
510 TRENTON ST,
WEST MONROE, LA 71291
318-323-6900 OFFICE
JOB No. R4193_001



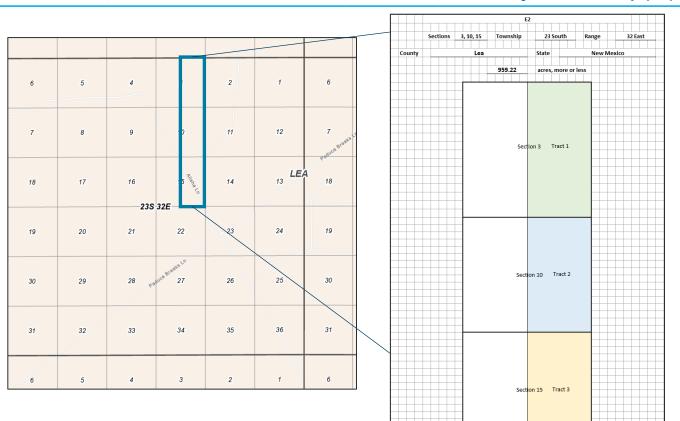
Before the Oil Conservation Division Examiner Hearing August 17, 2023

Cases No. 23574

Bing Clawsby WC Federal Com 701H, Bing Clawsby WC Federal Com 702H, & Bing Clawsby WC Federal Com 703H



Bing Clawsby WC Federal Com 701H, Bing Clawsby WC Federal Com 702H, & Bing Clawsby WC Federal Com 703H E/2 Section 3, E/2 Section 10 & E/2 Section 15, T23S-R32E, Lea County, NM Wolfcamp (Oil) pool



Tract	Fee/Fed/State	Acres
Tract 1	Fed	319.22
Tract 2	Fed	320
Tract 3	Fed	320
	959.22	

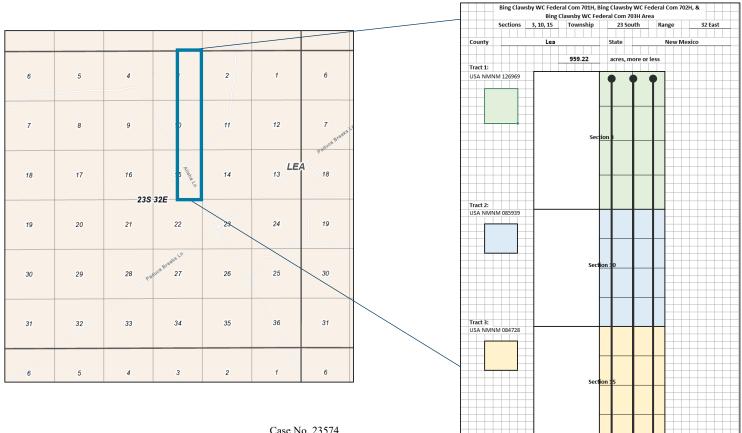
Total Federal Acres: 959.22

Case No. 23574 Marathon Oil Permian LLC - Exhibit C-3



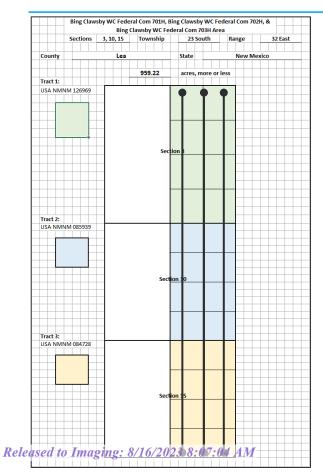
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Bing Clawsby WC Federal Com 701H, Bing Clawsby WC Federal Com 702H, & Bing Clawsby WC Federal Com 703H E/2 Section 3, E/2 Section 10 & E/2 Section 15, T23S-R32E, Lea County, NM Wolfcamp (Oil) pool



Tract 1	Net Acres	Tract WI	Status
Marathon Oil Permian LLC	319.22	1.00000000	Committed

Tract 2	Net Acres	Tract WI	Status
Marathon Oil Permian LLC	320	1.00000000	Committed

Tract 3	Net Acres	Tract WI	Status
Marathon Oil Permian LLC	320	1.00000000	Committed



Bing Clawsby WC Federal Com 701H, Bing Clawsby WC Federal Com 702H, & Bing Clawsby WC Federal Com 703H E/2 Section 3, E/2 Section 10 & E/2 Section 15, T23S-R32E, Lea County, NM

Committed Working Interest:

Marathon Oil Permian LLC

100.000000% 100.000000%

Uncommitted Working Interest:

NONE

<u>0.0000000%</u>



Bing Clawsby WC Federal Com 701H, Bing Clawsby WC Federal Com 702H, & Bing Clawsby WC Federal Com 703H E/2 Section 3, E/2 Section 10 & E/2 Section 15, T23S-R32E, Lea County, NM

Working Interest Owners:

Marathon Oil Permian LLC

Unleased Mineral Owners:

None

ORRI Owners:

Cimarex Energy Company

Susan S. Murphy, Trustee of the Susuan S. Murphy Marital Trust 11/15/2021 Mark B. Murphy, Trustee of the Mark B. Murphy Irrevocable Trust 12/11/12

Frank S. Morgan and Robin L. Morgan

Pegasus Resources II, LLC

TD Minerals, LLC

Rankin Investment Coproration

Hutchings Oil Company

Robert Eaton

Permian Basin Investment Corp.

Innoventions, Inc.

Mitchell Exploration Inc.

West Bend Energy Partners III, LLC

Jetstream Royalty Partners, LP

Lazy J Bar Cane, LLC

Ann Murphy Daily

LEM, LLC

Matthew B. Murphy

Kyle Thoma, Trustee of the Cornerstone Family Trust

Crownrock Minerals LP

Rave Energy, Inc.

KRP Legacy Isles, LLC

Rusk Capital Management LLC

Taurus Royalty, LLC

ORRI Owners cont.:

George Vaught, Jr.

Kingdom Investments, Ltd.

Paul R. Barwis

Jareed Partners

Chisos Minerals, LLC

Strata Production Company

Scott Exploration, Inc.

Worrall Investment Corporation

Hutchings Oil Company

Robert Eaton TD Minerals

Mitchell Exploration. Inc.

Permian Basin Investment Corporation

Innoventions, Inc.

Frank S. Morgan and Robin L. Morgan

Susan S. Murphy, Trusteee of the Susan S. Murphy Marital Trust 11/15/12

Ann Murphy Daily

LEM, LLC

Matthew B. Murphy



Bing Clawsby WC Federal Com 701H, Bing Clawsby WC Federal Com 702H, & Bing Clawsby WC Federal Com 703H E/2 Section 3, E/2 Section 10 & E/2 Section 15, T23S-R32E, Lea County, NM

Chronology of Contacts

- Marathon retained a broker who conducted extensive title work to determine the interest owners.
- Marathon searched public records, phone directory, and various different types of internet searches.
- Marathon filed the application to pool owners who had not agreed to participate.
- Marathon's counsel sent notices of the pooling applications to the addresses of record for interest owners.
- Marathon also published notice in a newspaper of general circulation in the county where the wells will be located.



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

APPLICATIONS OF MARATHON OIL PERMIAN LLC FOR A HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case No. 23574

AFFIDAVIT OF ELIZABETH SCULLY

Elizabeth Scully, being first duly sworn upon oath, deposes and states as follows:

- 1. My name is Elizabeth Scully, and I am employed by Marathon Oil Permian LLC ("Marathon") as an Advanced Geologist.
- 2. I have previously testified before the New Mexico Oil Conservation Division ("Division"), and my credentials as an expert in petroleum geology matters were accepted and made a matter of record. I have 9 years of experience in petroleum geological matters, and I am familiar with the subject applications and the geology involved.
- 3. I am submitting this affidavit in support of Marathon's applications in the above-referenced cases pursuant to 19.15.4.12.(A)(1) NMAC.
- 4. Marathon Exhibit D-1 is a locator map of the lands showing the proposed Wolfcamp formation spacing unit.
- 5. Marathon Exhibit D-1 is a cross section reference map of the lands showing the proposed Wolfcamp formation spacing unit and wells.
- 6. **Marathon Exhibit D-3** is a structure map showing the depth (subsea) to the top of the Wolfcamp formation, a marker that defines the top of the target interval for the proposed wells. Contour interval of 25'. The unit being pooled is outlined in bold, and the proposed wells are

Case No. 23574

identified. The structure map shows regional down-dip to the southeast. I do not observe any faulting, pinchouts, or other geologic impediments to developing this target interval.

- 7. **Marathon Exhibit D-4** is a stratigraphic cross-section flattened on the top of the Wolfcamp formation. Each well in the cross-section contains a gamma ray, resistivity, and porosity log. The cross-section demonstrates continuity and consistent thickness across the target zone, and the well logs on the cross-section give a representative sample of the targeted interval. The landing zone is highlighted on the exhibit.
 - 8. Based on the attached exhibits, I hereby conclude as follows:
 - a. The target formation is present and continuous throughout the lands subject to the applications.
 - b. The horizontal spacing and proration unit is justified from a geologic standpoint.
 - c. There are no structural impediments or faulting that will interfere with horizontal development.
 - d. Each quarter-quarter section in the unit will contribute more or less equally to production, and I can confirm each quarter section along the lateral will also contribute more or less equally to production.
 - e. The preferred well orientation in this area is North-South so that the wells run sub-perpendicular to the inferred orientation of the maximum horizontal stress.
- 9. **Exhibit D-1** through **Exhibit D-4** were prepared by me or compiled from Marathon's company business records under my direct supervision.

- 10. The granting of these applications is in the best interest of conservation, the prevention of waste, and the protection of correlative rights, and will avoid the drilling of unnecessary wells.
- 11. I hereby swear that to the best of my knowledge and belief, all of the matters set forth herein and in the exhibits are true, correct, and accurate.

[Remainder of page left intentionally blank]

FURTHER AFFIANT SAYETH NOT.

Dated this 10 day of August, 2023.

Elizabeth Scully

Marathon Oil Permian LLC

STATE OF TEXAS

) ss.

CITY OF HOUSTON AND COUNTY OF HARRIS

The foregoing instrument was subscribed and sworn to before me this 10 day of day of 2023, by Elizabeth Scully, Geologist for Marathon Oil Permian LLC.

Witness my hand and official seal.

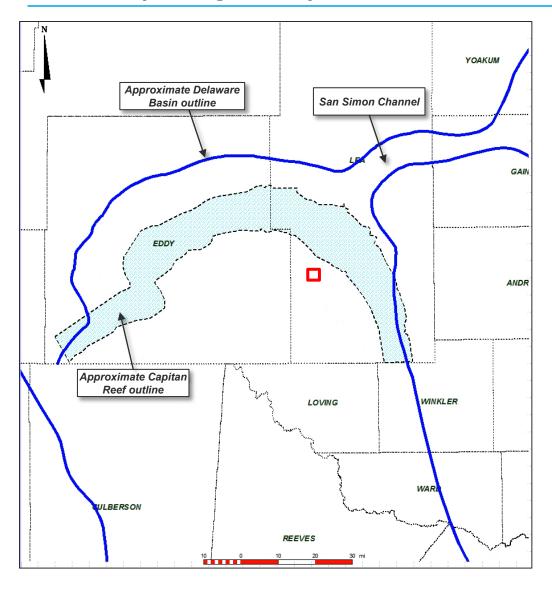
My commission expires: 10/13/2026

Tugh Merts

TAYLOR ROBERTS
Notary Public, State of Texas
Comm. Expires 10-13-2026
Notary ID 129990884

Exhibit D-1

Locator Map – Bing Clawsby Federal Com Unit

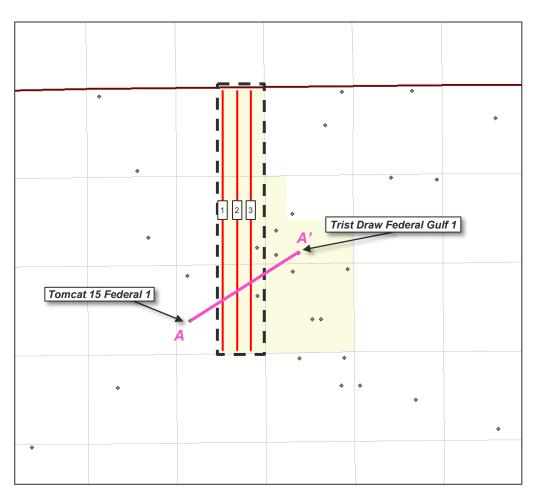


- Approximate location of proposed Bing Clawsby Federal Com well locations shown with red box
- Located outside of the Capitan Reef
- Southern Lea County



Exhibit D-2

Reference Map for Cross Section – Bing Clawsby Federal Com Unit



1 Bing Clawsby WC Federal Com 701H
2 Bing Clawsby WC Federal Com 702H
3 Bing Clawsby WC Federal Com 703H

Well with log data

MRO Acreage

1 mile

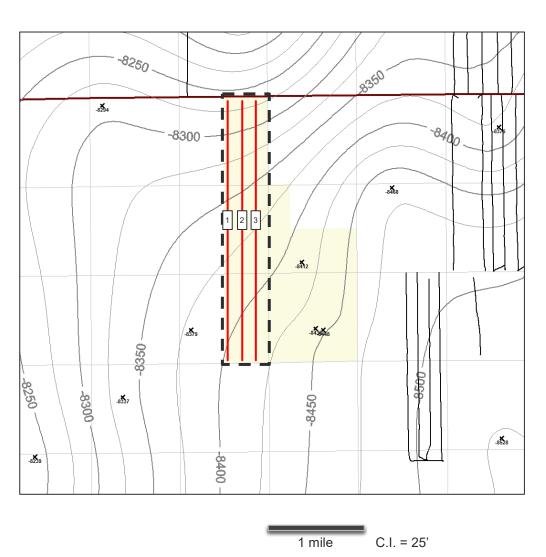
Case No. 23574 Marathon Oil Permian LLC - Exhibit D-2

Project Area



Exhibit D-3

Structure Map - Top of Wolfcamp (TVDSS) - Bing Clawsby Federal Com Unit



Bing Clawsby WC Federal Com 701H

 Bing Clawsby WC Federal Com 702H

 Bing Clawsby WC Federal Com 703H

 Existing Lateral



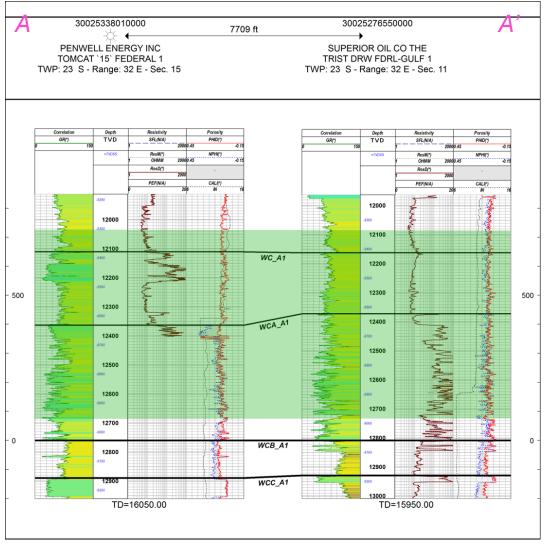
The top of the Wolfcamp dips to the Southeast over project area.

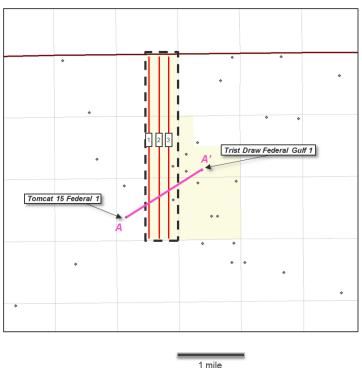
Case No. 23574 Marathon Oil Permian LLC - Exhibit D-3



Exhibit D-4

Stratigraphic Cross Section (Base of Wolfcamp Upper Datum) – Bing Clawsby Federal Com Unit





The Upper Wolfcamp is near constant thickness across project area.

Case No. 23574 Marathon Oil Permian LLC - Exhibit D-4



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

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

CASE NO. 23574

A	F	F	I	D	A	V	I	T	

STATE OF COLORADO)
) ss
CITY AND COUNTY OF DENVER)

James P. Parrot, attorney in fact and authorized representative of Marathon Oil Permian LLC ("Marathon"), the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Application has been provided under Notice Letters dated July 21, 2023, which the Applicant mailed via U.S. Postal Service Certified Mail. Notice was delivered to the interested parties on or about July 25, 2023, as shown on certified mail receipts attached as Exhibit E. Notice could not be delivered to a number of parties where the certified mail receipt was unclaimed or was marked undeliverable and returned to applicant on July 27, 2023 and August 2, 2023, as shown on Exhibit E.

Applicant also published notice of the Application in the Hobbs News-Sun on July 26, 2023.

Proof of receipts is shown on Exhibit F.

James P. Parrot

SUBSCRIBED AND SWORN to before me on August 15, 2023 by James P. Parrot.

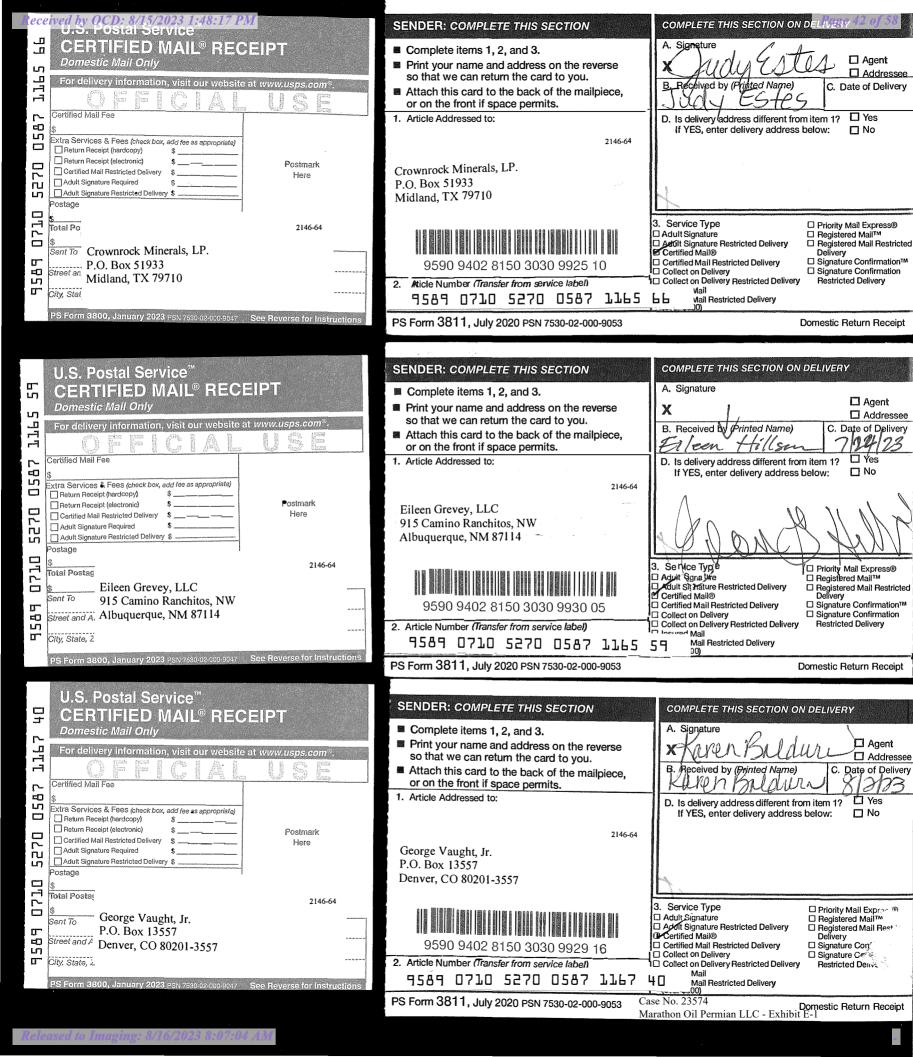
My commission expires:

TERESA L. PETERSON
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 19894002026
MY COMMISSION EXPIRES OCTOBER 4, 2025

NOTARY PUBLIC







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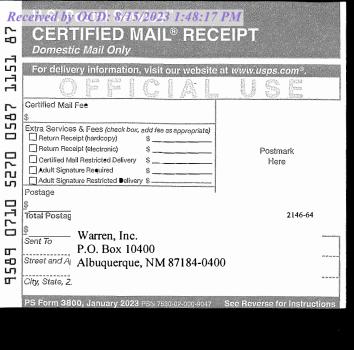
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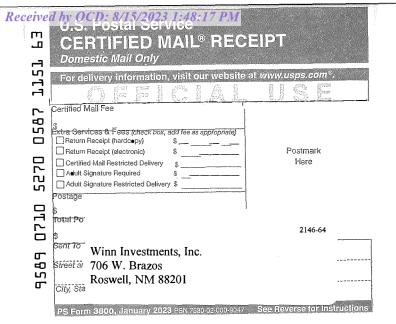
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Page 52 of

Case No. 23574 Marathon Oil Permian LLC - Exhibit E-2

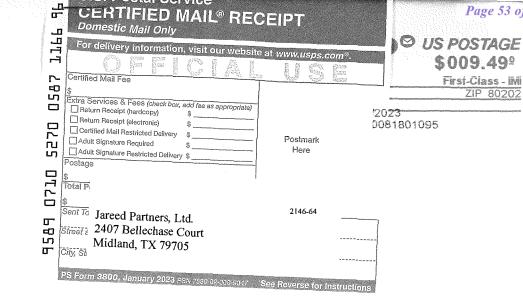


BEATTY&WOZNIAK, P.C.

1675 Broadway, Suite 600 Denver, CO 80202



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Jareed Partners, Ltd. 2407 Bellechase Court Midland, TX 79705

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Permian Basin Investment Corporations 200 West 1st Street, Suite 648 Roswell, NM 88201



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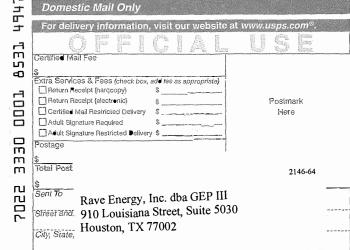
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2146-64

Rave Energy, Inc. dba GEP III 910 Louisiana Street, Suite 5030 Houston, TX 77002

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Rave Energy, Inc. dba GEP III 910 Louisiana Street, Suite 5030 Houston, TX 77002



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2. Article Number (Transfer from service label) 7022 3330 0001 8531 4947

3. Service Type
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A. Signature

☐ Adult Signature Restricted Delivery
☐ Certified Mail®

B. Received by (Printed Name)

- ☐ Certified Mail Restricted Delivery ☐ Collect on Delivery
- Collect on Delivery Restricted Delivery

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Case No. 23574 Marathon Oil Permian LLC - Exhibit E-3

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Affidavit of Publication

STATE OF NEW MEXICO COUNTY OF LEA

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

> Beginning with the issue dated July 26, 2023 and ending with the issue dated July 26, 2023.

Publisher

Sworn and subscribed to before me this 26th day of July 2023.

Business Manager

My commission expires

January 29, 2027

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

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

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LEGAL NOTICE July 26, 2023

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

The State of New Mexico, Energy Minerals and Natural Resources Department, Oil Conservation Division ('Division') hereby gives notice that the Division will hold public hearings before a hearing examiner on the following cases. Hearings will be conducted remotely. The hearing will be conducted on Thursday, August 17, 2023, beginning at 8:15 A.M. To participate in the electronic hearing, see the instructions posted below. The docket that have work and state nm.us/OCD/frearings-info/ or obtained from Mariene m Salvid to Zast emmo state minus may be viewed at . If you are an Individual with a disability

who needs a reader, amplifier, qualified sign language interpreter, or other form of auxiliary aid or service to attend or participate in the hearing, contact Mariene Salvidrez at Mariene, Salvidrez@state.nm,us, or the New Mexico Relay Network at 1-800-659-1779, no later than **August 1, 2023**.

STATE OF NEW MEXICO TO:
All named parties and persons having any right, title, interest or claim in the following case and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

TO: All overriding royalty Interest owners and pooled parties, Including: The United States of America, Marathon Oil Permian LLC, Cimarex Energy, Co., Ann Murphy Dally, Apollo Permian, LLC, Chisos Minerals, LLC, Bowtie Slash Energy, Inc., Cornerstone Family Trust, Trustee John Kyle Thoma, Crownrock Minerals, LP, Elleen Grevey, LLC, George Vaught, Jr., Hat Mesa Oil Company, Helen Grevey, LLC, Hutchings Oil Company, Innovations, Inc., Jareed Partners, Ltd., Jetstream Royalty Partners, LP, Kingdom Investmenta, Limited, KRP Legacy Isles, LLC, Lazy J Bar Cane, LLC, LEM, LLC, Marlanne Fischer, LLC, Mark B. Murphy Irrevocable Trust, Matthew B. Murphy, Mitchell Exploration, Inc., Murphy Irrevocable Trust, Paul R. Barwis, Pegasus Resources II, LLC, Permian Basin Investment Corporations, Rankin Investment Corporation, Rave Energy, Inc. dba GEP III, Robert W. Eaton, Robin L. Morgan, Rusk Capital Management, LLC, Sealy Hutchings Cavin, Inc., Strata Production Company, Susan S. Murphy Marital Trust, TD Minerals, LLC, The Taurus Royalty, LLC, Warren, Inc., West Bend Energy Partners III, LLC, Winn Investments; Inc. and HW Land Company, LLC

CASE NO. 23574: Application of Marathon Oil Permian LLC for a Horizontal Spacing Unit and Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) creating a standard 960-acre, more or less, overlapping horizontal well spacing and unit composed of the E/2 of Sections 15, 10, and 3, Township 23 South, Range 32 East, N.M.P.M., Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Wolfcamp formation, designated as an oil pool, underlying said unit. The proposed wells to be dedicated to the horizontal spacing unit are the Bing Clawsby WC Federal Com 703H Well, which is an oil well that will be horizon ally drilled from a surface location in the SW1/4SE1/4 of Section 15 to a bottom hole location in the Wolfcamp Formation in the NE1/4NE1/4 of Section 3, and the Bing Clawsby WC Federal Com 701H Well and Bing Clawsby WC Federal Com 702H Well, which are oil wells that will be horizontally drilled from a surface location in the SW1/4SE1/4 of Section 15 to a bottom hole location in the Wolfcamp Formation in the NW1/4NE1/4 of Section 3. The wells are orthodox in location and the take points and laterals comply with Statewide Rules for setbacks; also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 25 mlies from Jal, New Mexico.

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BEATTY & WOZNIAK, P.C. 1675 BROADWAY, SUITE 600 **DENVER, CO 80202**