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|--------------------|---------------|-----------|------------------------|
| RECEIVED: 08/06/18 | REVIEWER: LRL | TYPE: NSL | APP NO: pLEL1823539392 |
|--------------------|---------------|-----------|------------------------|

ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Geological & Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: Marathon Oil Permian LLC _____ **OGRID Number: 372098** _____
Well Name: Dee Boot Fee 24 34 26 TB 7H _____ **API: 30-025-44165** _____
Pool: Red Hills Bone Spring, North _____ **Pool Code: 96434** _____

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

- 1) **TYPE OF APPLICATION:** Check those which apply for [A]
 A. Location – Spacing Unit – Simultaneous Dedication
 NSL NSP (PROJECT AREA) NSP (PRORATION UNIT) SD
- B. Check one only for [I] or [II]
 [I] Commingling – Storage – Measurement
 DHC CTB PLC PC OLS OLM
 [II] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

- 2) **NOTIFICATION REQUIRED TO:** Check those which apply.
 A. Offset operators or lease holders
 B. Royalty, overriding royalty owners, revenue owners
 C. Application requires published notice
 D. Notification and/or concurrent approval by SLO
 E. Notification and/or concurrent approval by BLM
 F. Surface owner
 G. For all of the above, proof of notification or publication is attached, and/or,
 H. No notice required

| FOR OCD ONLY | |
|--------------------------|------------------------------|
| <input type="checkbox"/> | Notice Complete |
| <input type="checkbox"/> | Application Content Complete |

3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Jennifer Bradfute _____
 Print or Type Name

8-6-2018
 Date

505-848-1845
 Phone Number

Signature

jlb@modrall.com
 e-mail Address



MODRALL SPERLING

L A W Y E R S

August 6, 2018

Heather Riley
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Zoë E. Lees
505.848.1859
Fax: 505.848.9710
zel@modrall.com

Re: Application of Marathon Oil Permian LLC for administrative approval of unorthodox well location for its Dee Boot Fee 24 34 26 TB 7H well, located in the E/2 E/2 Section 26, Township 24 South, Range 34 East, N.M.P.M., Lea County, New Mexico.

Dear Ms. Riley:

Marathon Oil Permian LLC (“Marathon”), OGRID Number 372098, is seeking administrative approval of an unorthodox well location (“NSL”) for the **Dee Boot Fee 24 34 26 TB 7H** well (the “Well”) to be completed within the Red Hills: Bone Spring, North Pool (Pool Code 96434) underlying the E/2 E/2, Section 26, Township 24 South, Range 34 East, N.M.P.M., Lea County, New Mexico. A C-102 for the Well is attached as Exhibit A. This is a horizontal well that has been drilled as follows:

- Surface Hole Location: 271 feet from the North line and 1145 feet from the East line of Section 26;
- First Take Point: 330 feet from the North line and 1117 feet from the East line of Section 26;
- Deviation: The lateral deviates and most non-standard perforation will be located at 1119 feet from the East line of Section 26, as shown in Exhibit A.
- Last Take Point and Bottom Hole Location: 105 feet from the South line and 955 feet from East line of Section 26.

Marathon has included as Exhibit B a letter explaining why this application is needed. This well will produce from the Red Hills: Bone Spring, North Pool (Pool Code 96434). There are no special pool rules for this pool, and thus the setback requirements of 330’ apply for the lateral and 100’ for the First and Last Take Points. The completed interval for the proposed well is closer than 330’ from the boundary of the spacing unit.

Modrall Spierling
Roehl Harris & Sisk P.A.

500 Fourth Street NW
Suite 1000
Albuquerque,
New Mexico 87102

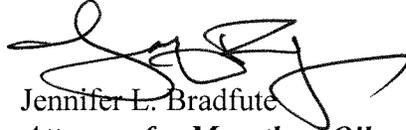
PO Box 2168
Albuquerque,
New Mexico 87103-2168

Tel: 505.848.1800
www.modrall.com

The unorthodox location will encroach towards the W/2 E/2 of Section 26. Marathon is providing notice to the working interest owners in the W/2 E/2, as shown in Exhibit C. Marathon has confirmed that the tracts adjoining the spacing unit by a corner are more the 330' away from the unorthodox locations requested. Proof of mailing is attached hereto as Exhibit D.

Your attention to this matter is appreciated.

Sincerely,



Jennifer L. Bradfute
*Attorney for Marathon Oil
Permian LLC*

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

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

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

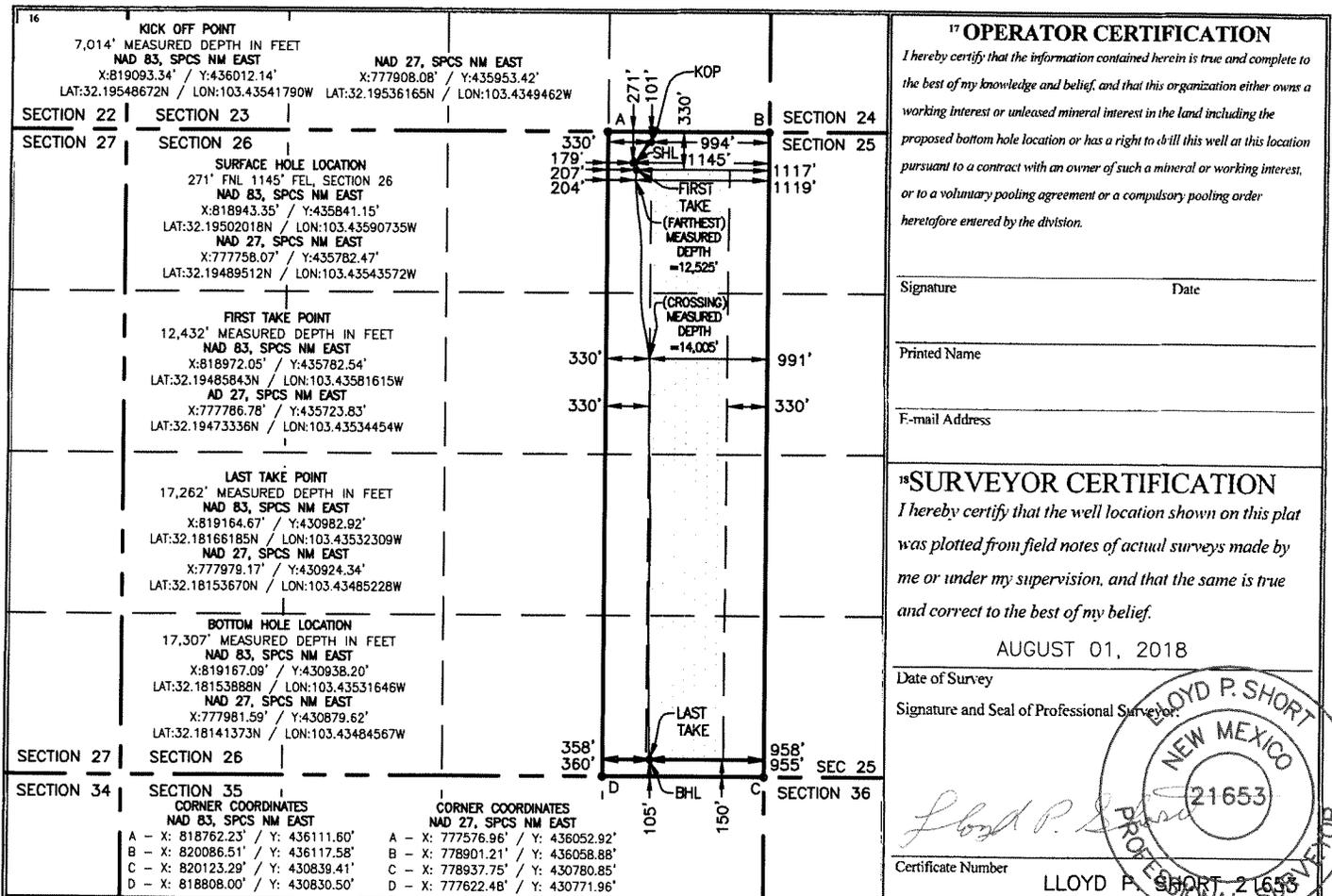
| | | |
|----------------------------------|--|---|
| ¹ API Number | ² Pool Code 96434 | ³ Pool Name RED HILLS: BONE SPRING, NORTH |
| ⁴ Property Code | ⁵ Property Name DEE BOOT FEE 24 34 26 TB | ⁶ Well Number 7H |
| ⁷ OGRID No. 372098 | ⁸ Operator Name MARATHON OIL PERMIAN LLC | ⁹ Elevation 3447' |

| 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 |
| A | 26 | T24S | R34E | | 271 | NORTH | 1145 | 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 |
| P | 26 | T24S | R34E | | 105 | SOUTH | 955 | EAST | LEA |

| | | | |
|---|-------------------------------|----------------------------------|-------------------------|
| ¹² Dedicated Acres 160.00 | ¹³ Joint or Infill | ¹⁴ Consolidation Code | ¹⁵ Order No. |
|---|-------------------------------|----------------------------------|-------------------------|

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



| | | |
|------|------------|-----|
| 2 | 07/31/2018 | DEF |
| REV. | DATE | BY |

NOTE: ALL DIMENSIONS IN U.S. FEET



Marathon Oil Permian LLC
5555 San Felipe Street
Houston, TX 77056



August 1, 2018

Mr. Leonard Lowe
New Mexico Oil Conservation Division
1220 South Francis Drive
Santa Fe, NM 87505

Re: Non-Standard Location Application
Dee Boot Fee 24 34 26 TB 7H
Lea County, New Mexico

Dear Mr. Lowe:

Marathon Oil Permian LLC ("Marathon") spud the production hole on the Dee Boot Fee 24 34 26 7H, API# 30-025-44165 ("Dee Boot 7H") well on July 12, 2018. During the drilling of the curve of the Dee Boot 7H, Marathon experienced directional azimuth issues and without Marathon's immediate knowledge due to a directional miscalculation, the well drifted to the west toward the spacing unit boundary. At its closest point the wellbore encroached to within 204' of the spacing unit boundary before being corrected and brought back into plan.

In an effort to maximize recoverable reserves and prevent waste, Marathon respectfully requests administrative approval of the non-standard location for the Dee Boot 7H well.

Please see attached as-drilled C102 for location and horizontal path of the referenced well.

Thank you for your consideration. Should you have any questions please contact me at 832-306-1623.

Sincerely,

A handwritten signature in cursive script that reads 'Jacob Beaty'.

Jacob Beaty
Drilling Engineer
Permian Asset

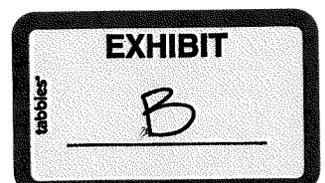


EXHIBIT C

Tap Rock Resources, LLC
602 Park Point Drive, Suite 200
Golden, CO 80401

MRC Permian Company
5400 LBJ Freeway, Suite 1500
Dallas, Texas 75240

Centennial Resource Development, Inc.
1001 17th Street, Suite 1800
Denver, CO 80202

Energen Resources Corporation
605 Richard Arrington, Jr. Blvd.
North Birmingham, Alabama 35203

EXHIBIT D

7017 2680 0000 5953 4122

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| Certified Mail Fee | \$ | |
| Extra Services & Fees (check box, add fee as appropriate) | | |
| <input type="checkbox"/> Return Receipt (hardcopy) | \$ | |
| <input type="checkbox"/> Return Receipt (electronic) | \$ | |
| <input type="checkbox"/> Certified Mail Restricted Delivery | \$ | |
| <input type="checkbox"/> Adult Signature Required | \$ | |
| <input type="checkbox"/> Adult Signature Restricted Delivery | \$ | |
| Postage | \$ | |
| Total F | \$ | |

Sent To: Tap Rock Resources, LLC
 Street: 602 Park Point Drive, Suite 200
 City, S: Golden, CO 80401

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7017 0190 0000 7530 5759

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| <input type="checkbox"/> Return Receipt (hardcopy) | \$ | |
| <input type="checkbox"/> Return Receipt (electronic) | \$ | |
| <input type="checkbox"/> Certified Mail Restricted Delivery | \$ | |
| <input type="checkbox"/> Adult Signature Required | \$ | |
| <input type="checkbox"/> Adult Signature Restricted Delivery | \$ | 6.68 |
| Postage | \$ | |
| Total | \$ | |

Sent To: MRC Permian Company
 Street: 5400 LBJ Freeway7, Suite 1500
 City: Dallas, Texas 75240

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7017 0190 0000 7530 5766

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| Extra Services & Fees (check box, add fee as appropriate) | | |
| <input type="checkbox"/> Return Receipt (hardcopy) | \$ | |
| <input type="checkbox"/> Return Receipt (electronic) | \$ | |
| <input type="checkbox"/> Certified Mail Restricted Delivery | \$ | |
| <input type="checkbox"/> Adult Signature Required | \$ | |
| <input type="checkbox"/> Adult Signature Restricted Delivery | \$ | 6.68 |
| Postage | \$ | |
| Total F | \$ | |

Sent To: Centennial Resource Development, Inc.
 Street: 1001 17th Street, Suite 1800
 City, S: Denver, CO 80202

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7017 0190 0000 7530 5773

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| Extra Services & Fees (check box, add fee as appropriate) | | |
| <input type="checkbox"/> Return Receipt (hardcopy) | \$ | |
| <input type="checkbox"/> Return Receipt (electronic) | \$ | |
| <input type="checkbox"/> Certified Mail Restricted Delivery | \$ | |
| <input type="checkbox"/> Adult Signature Required | \$ | |
| <input type="checkbox"/> Adult Signature Restricted Delivery | \$ | 6.68 |
| Postage | \$ | |
| Total | \$ | |

Sent To: Energen Resources Corporation
 Street: 605 Richard Arrington, Jr. Blvd.
 City: North Birmingham, Alabama 35203

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

From: Jennifer L. Bradfute
To: [Lowe, Leonard, EMNRD](#); [McMillan, Michael, EMNRD](#)
Cc: [Kathleen Allen](#); [Zina Crum](#)
Subject: Dee Boot Fee 24 34 26 TB 7H, NSL Request, Marathon Oil Permian LLC
Date: Monday, August 6, 2018 5:43:21 PM
Attachments: [Marathon Application for Admin Approval Dee Boot Fee.pdf](#)

Leonard and Mike,

Please see the attached application for an NSL for Marathon. Please let me know if you need anything further related to this request.

Thanks!
Jennifer



Jennifer L. Bradfute
Modrall Sperling | www.modrall.com
P.O. Box 2168 | Albuquerque, NM 87103-2168
500 4th St. NW, Ste. 1000 | Albuquerque, NM 87102
D: 505.848.1845 | O: 505.848.1800 | F: 505.848.1891

This e-mail may be a confidential attorney-client communication. If you received it in error, please delete it without forwarding it to others and notify the sender of the error.

Lowe, Leonard, EMNRD

From: Lowe, Leonard, EMNRD
Sent: Friday, August 31, 2018 12:22 PM
To: 'Jennifer L. Bradfute'
Cc: Brown, Maxey G, EMNRD; Kautz, Paul, EMNRD; Jones, William V, EMNRD; Goetze, Phillip, EMNRD; McMillan, Michael, EMNRD; Dawson, Scott, EMNRD; 'lisa@rwbyram.com'
Subject: APPROVED NSL-7754_Marathon Oil Permian, LLC_Deer Boot Fee 24 34 26 TB Well No. 7H_SEC 26 24S 34E
Attachments: NSL-7754_ORDER.pdf
Importance: High

Ms. Jennifer Bradfute,

The following Administrative Order has been issued.

ORDER: NSL-7754
OPERATOR: Marathon Oil Permian, LLC
POOL: Red Hills; Bone Spring, North [96434]
WELL: Deer Boot Fee 24 34 26 TB Well No. 7H
API NO: 30-025-44165

The Order will soon be available on the Division's web site:

<http://ocdimage.emnrd.state.nm.us/Imaging/Default.aspx>

Thank you!

Leonard Lowe

Engineering Bureau
Oil Conservation Division
Energy Minerals and Natural Resources Department
1220 South St. Frances
Santa Fe, New Mexico 87004
Office: 505-476-3492
Cell: 505-930-6717
Fax: 505-476-3462
E-mail: leonard.lowe@state.nm.us
Website: <http://www.emnrd.state.nm.us/ocd/>