

Submit 1 Copy To Appropriate District Office
District I - (575) 393-6161
District II - (575) 748-1283
District III - (505) 334-6178
District IV - (505) 476-3460

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised July 18, 2013

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. Multiple
5. Indicate Type of Lease STATE [X] FEE [ ]
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name STERLING STATE 23 27 20
8. Well Number Multiple
9. OGRID Number 372098
10. Pool name or Wildcat Multiple
11. Elevation (Show whether DR, RKB, RT, GR, etc.)

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)
1. Type of Well: Oil Well [ ] Gas Well [ ] Other [ ]
2. Name of Operator Marathon Oil Permian LLC
3. Address of Operator 5555 San Felipe St., Houston, TX 77056
4. Well Location Unit Letter O : feet from the line and feet from the line
Section 20 Township 23S Range 27E NMPM County EDDY
11. Elevation (Show whether DR, RKB, RT, GR, etc.)

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

- PERFORM REMEDIAL WORK [ ] PLUG AND ABANDON [ ]
TEMPORARILY ABANDON [ ] CHANGE PLANS [ ]
PULL OR ALTER CASING [ ] MULTIPLE COMPL [ ]
DOWNHOLE COMMINGLE [ ]
CLOSED-LOOP SYSTEM [ ]
OTHER: Request to commingle [X]

SUBSEQUENT REPORT OF:

- REMEDIAL WORK [ ] ALTERING CASING [ ]
COMMENCE DRILLING OPNS. [ ] P AND A [ ]
CASING/CEMENT JOB [ ]
OTHER: PL-1341 [ ]

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Marathon Oil Permian LLC is requesting approval to commingle different pools on the lease. The value of the oil and gas will not be affected with the approval of this commingle request. Please see the attached pool commingle request. Wells will be accurately measured with daily measurement at separation. Notices have been mailed to all interest owners.

Wells to be commingled:

Table with 5 columns: Name, Location, API, Pool. Rows include Sterling State 23 27 20 TB 4H and Sterling State 23 27 20 WA 6H.

Spud Date: [ ]

Rig Release Date: [ ]

I hereby certify that the information above is true and complete to the best of my knowledge and belief.
Recommend signature by Director. Subject Like Approval [Signature]

SIGNATURE [Signature] TITLE CTR - Technician HES DATE 10/23/2018

Type or print name Adrian Covarrubias E-mail address: acovarrubias@marathonoil.com PHONE: 713-296-3368

For State Use Only

APPROVED BY: TITLE DATE

Conditions of Approval (if any):

|                                |                         |                    |                                  |
|--------------------------------|-------------------------|--------------------|----------------------------------|
| RECEIVED:<br><i>10/26/2018</i> | REVIEWER:<br><i>MAN</i> | TYPE:<br><i>PL</i> | APP NO:<br><i>PMAM1659 55589</i> |
|--------------------------------|-------------------------|--------------------|----------------------------------|

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

|  |  |
|--|--|
| <b>Applicant:</b> <u>Marathon Oil Permian LLC</u>              | <b>OGRID Number:</b> <u>372098</u>     |
| <b>Well Name:</b> <u>Sterling State 23 27 20 TB 4H, WA 6H</u>  | <b>API:</b> <u>30-015-44619, 44620</u> |
| <b>Pool:</b> <u>Carlsbad Bone Spring; Purple Sage Wolfcamp</u> | <b>Pool Code:</b> <u>9670; 98220</u>   |

**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

*PL-1341*

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

| <b>FOR OCD ONLY</b>      |                              |
|--------------------------|------------------------------|
| <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 Van Curen  
Print or Type Name

10/23/18  
Date

713-296-2500  
Phone Number

Jennifer Van Curen  
Signature

jvancuren@marathonoil.com  
e-mail Address

**Process and Flow Descriptions:**

The central tank battery is located on the Sterling State 23 27 20 multi-well pad location in Sec 20, T23S, R27E. The production from each well will flow through its own three phase metering separator with a Micro Motion Coriolis Meter to meter the oil, Mag meter to meter the water, and an orifice meter to meter the gas. VRU gas will be allocated back to each well utilizing a percentage of each wells monthly oil production. After the water is measured with the Mag meter, it is combined with the water for the other wells and with any water knockout from the heater treater and sent to the water tanks. The water tanks have guided wave radar level transmitters which can detect oil/water interfaces. If an interface is seen the operator will use the recycle pump to pump this interface and any oil to the heater treater for further processing.

The Sterling State 23 27 20 CTB will have three oil tanks that these two wells will utilize and they have a common CDP, (Central Delivery Point) (**Number provided upon receipt**) which is located on site. Oil, gas, and water volumes from each well producing to this battery will be determined by using individual metering allocation separator. Oil sold through a common sales line for tanks (information provided upon receipt).

Oil production will be allocated on a daily basis based on the Coriolis Test meter located downstream of the metering test separator and daily tank gauges and truck LACT. The Coriolis meters will be proven, as per API & NMOCD specifications, when installed, once per month for the first 3 months (to establish a consistent repeatability factor), and then quarterly thereafter, the factor obtained will be used to allocate the production volumes. Gas production will be allocated on a daily basis utilizing the gas test meters for each well. The gas production from the wells and the gas test meters will commingle and flow to an allocation meter and then to the CDP sales meter, (**number provided upon receipt**) these meters will be calibrated on a regular basis per API & NMOCD specifications. The OCD will be notified of any future changes in the facilities.

**Reasoning:**

The flow of produced fluids is shown in detail on the enclosed Sterling State 23 27 20 CTB Process Flow Diagrams along with a description of each vessel. The commingling of this production is the most effective, economic means of producing the reserves and will not result in reduced royalty or improper measurement of production. The proposed commingling will reduce the surface facility footprint and overall emissions.



KEY/NOTES

- W – Water Storage Tank
- TK – Oil Storage Tank
- S – Separator
- HT – Heater Treater
- GB – Gun barrel Tank
- COMP - Compressor

  
Total Flow Meter  
SN: T180609743

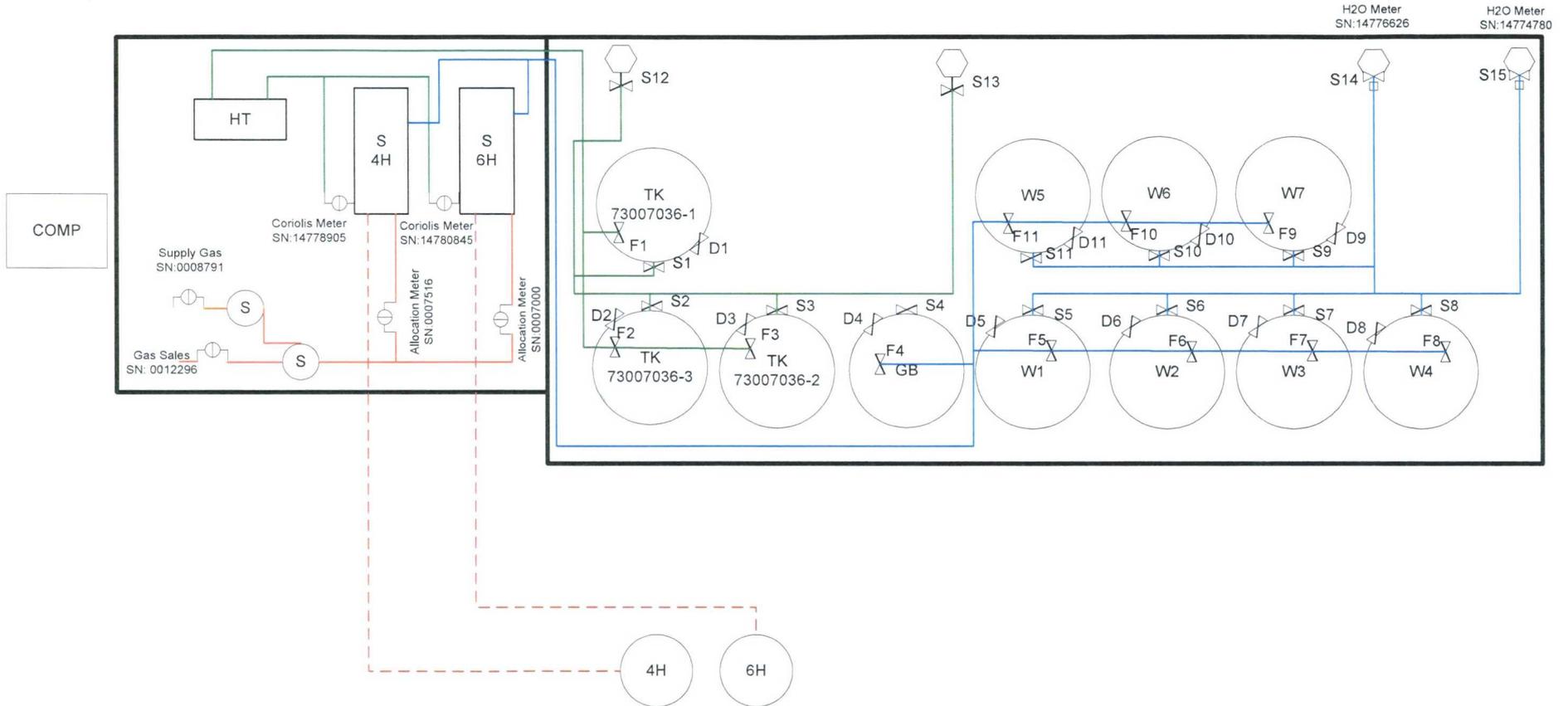


FIGURE TITLE  
**STERLING STATE 23 27 20 4H, 6H CTB**

API **30-015-44619** LEASE CA #  
**30-015-44620**

OPERATOR **MARATHON OIL PERMIAN, LLC**  
**5555 SAN FELIPE ST, HOUSTON, TX 77056**

LOCATION **EDDY COUNTY, NM** O-20-T23S-R27E LAT **32.28465704**  
603 FSL & 1462 FEL LONG **-104.2082717**

|             |              |
|-------------|--------------|
| DATE        | SEP 2018     |
| SCALE       | NOT TO SCALE |
| DRAWN BY    | AC           |
| APPROVED BY | JVC          |

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V05808 0001



STERLING STATE

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  
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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

|   |  |  |
|---|--|--|
| <sup>1</sup> API Number<br>30-015-44619 | <sup>2</sup> Pool Code<br>9670                           | <sup>3</sup> Pool Name<br>CARLSBAD; BONE SPRING, SOUTH |
| <sup>4</sup> Property Code              | <sup>5</sup> Property Name<br>STERLING STATE 23-27-20 TB | <sup>6</sup> Well Number<br>4H                         |
| <sup>7</sup> OGRID No.<br>372098        | <sup>8</sup> Operator Name<br>MARATHON OIL PERMIAN LLC   | <sup>9</sup> Elevation<br>3181'                        |

<sup>10</sup> Surface Location

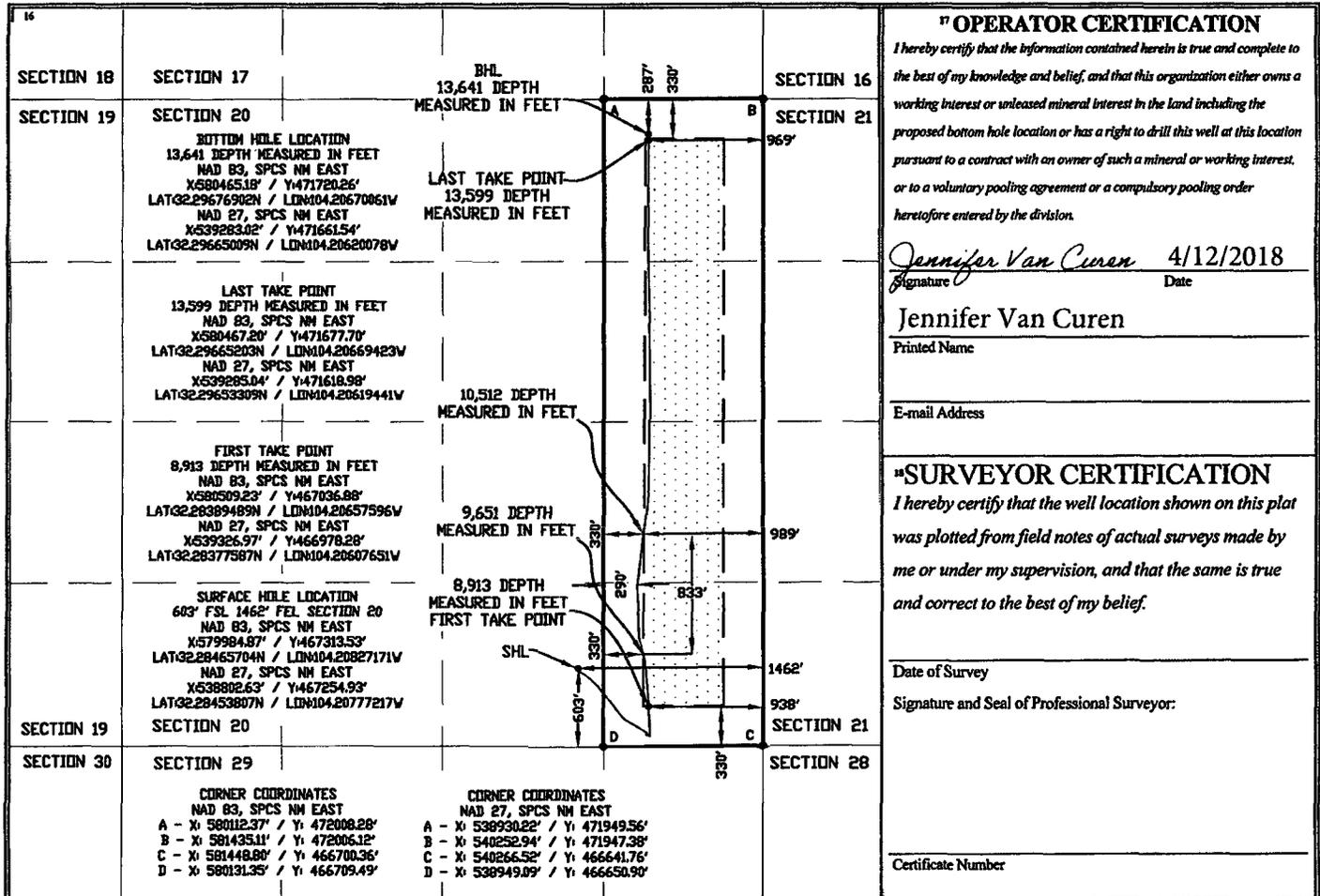
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| 0             | 20      | 23S      | 27E   |         | 603           | SOUTH            | 1462          | EAST           | EDDY   |

<sup>11</sup> 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| A             | 20      | 23S      | 27E   |         | 287           | NORTH            | 969           | EAST           | EDDY   |

|   |                               |                                  |                         |
|---|-------------------------------|----------------------------------|-------------------------|
| <sup>12</sup> Dedicated Acres<br>160.00 | <sup>13</sup> Joint or Infill | <sup>14</sup> Consolidation Code | <sup>15</sup> 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.



NOTE: ALL DEMINIONS IN U.S. FEET

|      |            |     |
|------|------------|-----|
| 2    | 03/06/2018 | WHM |
| REV. | DATE       | BY  |

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

|   |  |                                 |   |
|---|--|---------------------------------|---|
| <sup>1</sup> API Number<br>30-015-44620 |  | <sup>2</sup> Pool Code<br>98220 | <sup>3</sup> Pool Name<br>PURPLE SAGE; WOLFCAMP (GAS) |
| <sup>4</sup> Property Code<br>320545    | <sup>5</sup> Property Name<br>STERLING STATE 23-27-20 WA |                                 | <sup>6</sup> Well Number<br>6H                        |
| <sup>7</sup> OGRID No.<br>372098        | <sup>8</sup> Operator Name<br>MARATHON OIL PERMIAN LLC   |                                 | <sup>9</sup> Elevation<br>3181'                       |

<sup>10</sup> Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| 0             | 20      | 23S      | 27E   |         | 603           | SOUTH            | 1412          | EAST           | EDDY   |

<sup>11</sup> 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| A             | 20      | 23S      | 27E   |         | 284           | NORTH            | 1001          | EAST           | EDDY   |

|   |                               |                                  |                         |
|---|-------------------------------|----------------------------------|-------------------------|
| <sup>12</sup> Dedicated Acres<br>320.00 | <sup>13</sup> Joint or Infill | <sup>14</sup> Consolidation Code | <sup>15</sup> 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.

|   |  |  |  |  |
|---|--|--|--|--|
| <p><sup>16</sup></p>  |  |  |  | <p><b><sup>17</sup> OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p style="text-align: right;">5/16/2018</p> <p>Signature _____ Date</p> <p><b>Adrian Covarrubias</b></p> <p>Printed Name</p> <p>E-mail Address _____</p> |
| <p><b><sup>18</sup> SURVEYOR CERTIFICATION</b></p> <p>I hereby certify that the well location shown on this plat was located from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p style="text-align: center;">THIS DOCUMENT IS NOT TO BE USED FOR CONSTRUCTION, BIDDING, RECORDATION, OR AS A BASIS FOR THE ISSUANCE OF A PERMIT.</p> <p>Date of Survey _____</p> <p>Signature _____ Seal of Professional Surveyor</p> <p>Certificate Number _____</p> |  |  |  |  |

NOTE: ALL DIMENSION IN U.S. FEET

**Van Curen, Jennifer (MRO)**

---

**Subject:** FW: Sterling State 23 27 20 TB 4H & WA 6H

**From:** Tate, Matthew S. (MRO)  
**Sent:** Tuesday, October 23, 2018 6:35 AM  
**To:** Van Curen, Jennifer (MRO) <jvancuren@marathonoil.com>  
**Cc:** Kaul, Janine D. (MRO) <jkaul@marathonoil.com>  
**Subject:** RE: Sterling State 23 27 20 TB 4H & WA 6H

Jennifer

Please find the signed email statement below?

Thank you  
Matt

Jennifer

Please let this email serve as notice that the working, royalty and ORRI in the Sterling State 23 27 TB 4H and WA 6H are identical.

Please let me know if you need anything further for these wells.

Thank you



Matt S. Tate, CPL  
Land Professional – Permian Basin

Marathon Oil Company  
5555 San Felipe Street  
Houston, TX 77056  
Telephone 713.296.2164 Mobile 832.499.2029  
Fax 713.235.8033  
[matthewstate@marathonoil.com](mailto:matthewstate@marathonoil.com)

4H

|        | Total Monthly OIL (BBLs) | Total Monthly Gas (MCF) |
|--------|--------------------------|-------------------------|
| Apr-18 | 0                        | 320                     |
| May-18 | 6699                     | 14858                   |
| Jun-18 | 6046                     | 13705                   |
| Jul-18 | 5298                     | 14108                   |
| Aug-18 | 3425                     | 8958                    |
| Sep-18 | 1988                     | 7738                    |

6H

|        | Total Monthly OIL (BBLs) | Total Monthly Gas (MCF) |
|--------|--------------------------|-------------------------|
| Apr-18 | 0                        | 198                     |
| May-18 | 6007                     | 19028                   |
| Jun-18 | 9216                     | 25558                   |
| Jul-18 | 5384                     | 17787                   |
| Aug-18 | 5424                     | 20663                   |
| Sep-18 | 4339                     | 19208                   |