

**Before the Oil Conservation Division
Examiner Hearing October 7, 2021**

Case No. 22197

Application of Marathon Oil Permian LLC to Amend Order No. R-21141-A, Eddy
County, New Mexico.



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

**APPLICATION OF MARATHON OIL
PERMIAN LLC TO AMEND ORDER
NO. R-21141-A, EDDY COUNTY, NEW MEXICO**

**CASE NO. 22197
ORDER NOS. R-21141 and
R-21141-A
(Amend)**

TABLE OF CONTENTS

Tab A: Affidavit of Chase F. Rice, Land Professional for **Case No. 22197:**

- Exhibit 1: Application
- Exhibit 2: Order No. R-21141-A
- Exhibit 3: Order No. R-21141
- Exhibit 4: Notice Affidavit

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

APPLICATION OF MARATHON OIL
PERMIAN, LLC TO AMEND ORDER
NO. R-21141-A, EDDY COUNTY, NEW MEXICO

CASE NO. 22197
ORDER NOS. R-21141 and
R-21141-A
(Amend)

SELF-AFFIRMED DECLARATION

Chase F. Rice hereby states and declares as follows:

1. I am over the age of 18, I am a land supervisor for Marathon Oil Permian LLC (“Marathon”) and I have personal knowledge of the matters stated herein. I have previously testified before the Oil Conservation Division (“Division”) and I have been qualified by the Division as an expert petroleum landman.
2. My area of responsibility at Marathon includes the area of 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-21141-A, attached as **Exhibit 2**, to allow for a one-year extension of time to commence drilling the initial well under the Order.

7. Order No. R-21141, attached as **Exhibit 3**, pooled uncommitted interest owners in a 640-acre, more or less, Wolfcamp horizontal spacing unit comprised of the W/2 of Section 6 and the W/2 of Section 7, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico.

8. Order No. R-21141 designated Marathon as the operator of the wells and the unit.

9. This is Marathon's second request for an extension of time. On December 8, 2020, Marathon submitted an application to amend Order No. R-21141 to allow for an extension of time for drilling the initial well under the Order.

10. On January 19, 2021, the Division entered Order No. R-21141-A which granted Marathon's request for an extension of time, through February 21, 2022. *See Exhibit 2, ¶ 9.*

11. Order No. R-21141-A, ¶ 15 states: "This Order shall terminate automatically if Operator fails to comply with Paragraph [9]¹ unless Operator obtains an extension by an amendment of this Order for good cause shown."

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

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

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

15. In addition, Marathon requires an APD from the Bureau of Land Management ("BLM"), which has been delayed, and the timing for BLM issuing the APD is uncertain.

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

¹ Paragraph 15 cites to Paragraph 13 of the Order; however this appears to be a relic from the form of order which does not take into account Paragraph 9 which sets a specific deadline by which Marathon must commence drilling the initial well. The correct internal cross reference should be to paragraph 9.

17. Under Order No. R-21141-A, Marathon would be required to commence drilling the initial well by February 21, 2022.

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

19. Marathon, through its counsel, notified all pooled working interest owners of Marathon's request to re-open Order No. R-21141-A for the purpose specified in the application. No opposition is expected because the pooled working interest owners have been contacted, and have not indicated any opposition. Proof of notification is attached as **Exhibit 4** to this Affidavit. 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 September 21, 2021.

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

21. 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.

22. 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: September 29, 2021

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-21141-A, EDDY COUNTY, NEW MEXICO

CASE NO. 22197
ORDER NO. R-21141-A
(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-21141-A to allow for a second 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-21141 pooled uncommitted interest owners in a 640-acre, more or less, Wolfcamp horizontal spacing unit comprised of the W/2 of Section 6 and the W/2 of Section 7, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico.

2. Order No. R-21141 designated Marathon as the operator of the wells and the unit.

3. The Division Hearing for Case No. 21030 was held on February 6, 2020.

4. The Division entered Order No. R-21141 in Case No. 21030 on February 21, 2020.

This order was issued under the “interim form of order” and did not conform to the Amended Order Template.

5. In December 2020, Marathon requested that Order No. R-21141 be re-opened to conform the Order to the terms of the Amended Order Template and to allow Marathon additional time to commence drilling the initial well under the Order.



6. On January 19, 2021 (in Case No. 21608), the Division entered Order No. R-21141-A, in which the Division granted Marathon's application to amend the Order to conform to the Amended Order Template and extended the period of time to commence drilling the initial well under the Order until February 21, 2022. *See* Order R-21113-A ¶ 9.

7. Order No. R-21141-A ¶ 15 states: "This Order shall terminate automatically if Operator fails to comply with Paragraph [9]¹ unless Operator obtains an extension by an amendment of this Order for good cause shown."

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

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

10. 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.

11. In addition, there have been delays in obtaining BLM approved APDs, which in turn delays Marathon's schedule.

12. Under Order No. R-21141-A, Marathon would be required to commence drilling the well by February 21, 2022.

13. Marathon asks that the deadline to commence drilling the initial well be extended for one year from February 21, 2022 to February 21, 2023.

WHEREFORE, Marathon requests this application be set for hearing before an Examiner of the Oil Conservation Division on October 7, 2021, and after notice and hearing as required by law, the Division:

¹ Paragraph 15 cites to Paragraph 13 of the Order; however this appears to be a relic from the form of order which does not take into account Paragraph 9 which sets a specific deadline by which Marathon must commence drilling the initial well. The correct internal cross reference should be to paragraph 9.

A. Amend Order No. R-21141-A to extend the time for Marathon to commence drilling the initial well under the Order for a year, through February 21, 2023.

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

By: Deana M. Bennett
Deana M. Bennett
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Albuquerque, New Mexico 87103-2168
Telephone: 505.848.1800
Attorneys for Applicant

CASE NO. 22197 (Re-Open) Application of Marathon Oil Permian LLC to Amend Order No. R-21141-A, Eddy County, New Mexico. Applicant seeks an order from the Division for the limited purposes of amending Order No. R-21141-A to allow for a one-year extension of time to commence drilling the initial well under the Order. Order No. R-21141-A pooled uncommitted interest owners in a 640-acre, more or less, Wolfcamp horizontal spacing unit comprised of the W/2 of Section 6 and the W/2 of Section 7, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico. Said area is located approximately 10 miles Southeast of Malaga, New Mexico.

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

IN THE MATTER OF APPLICATION TO
AMEND ORDER NO. R-21141 BY
MARATHON OIL PERMIAN, LLC

CASE NO. 21608
ORDER NO. R-21141-A

ORDER

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

FINDINGS OF FACT

1. Marathon Oil Permian, LLC (“Operator”) applied to conform Order R-21141 (“Existing Order”) issued in Case No. 21030 with the Division’s recently amended order template (“Amended Template”), and to extend the time to drill the initial well.
2. Operator is in good standing under state-wide rules and regulations with respect to the Existing Order.
3. Operator has reviewed and agrees to the terms and conditions in the ordering paragraphs of the Amended Template.
4. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

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



ORDER

9. The period to drill the well is extended until February 21, 2022.
10. The uncommitted interests in the Unit are pooled as set forth in Exhibit A as appended to the original order and incorporated by reference herein.
11. The Unit shall be dedicated to the Well(s) set forth in aforesaid Exhibit A.
12. Operator is designated as operator of the Unit and the Well(s).
13. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
14. The Operator shall commence drilling the Well(s) within one year after the date of this Order and complete each Well no later than one (1) year after the commencement of drilling the Well.
15. This Order shall terminate automatically if Operator fails to comply with Paragraph 13 unless Operator obtains an extension by an amendment of this Order for good cause shown.
16. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
17. Operator shall submit to each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
18. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."
19. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be

CASE NO. 21608
ORDER NO. R-21141-A

Page 2 of 4

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

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

CASE NO. 21608
ORDER NO. R-21141-A

Page 3 of 4

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



ADRIENNE SANDOVAL
DIRECTOR
AES/jag

Date: 1/19/2021

CASE NO. 21608
ORDER NO. R-21141-A

Page 4 of 4

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. 21030
ORDER NO. R-21141

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on February 6, 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 described depth(s) and location(s) in the Unit.
11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the Surface Location or Bottom Hole Location of a well is changed from the location described in Exhibit A, Operator shall submit an amended Exhibit A, which the Division shall append to this Order.
19. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location before commencing production of the well.

CASE NO. 21030
ORDER NO. R-21141

Page 2 of 8

EXAMINER HEARING OCTOBER 7, 2021

20. The Operator shall commence drilling the initial well within one (1) year after the date of this Order; and (b) for an infill well, no later than thirty (30) days after completion of the well.
21. Operator shall comply with the infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC.
22. This Order shall terminate automatically if Operator fails to comply with Paragraphs 20 or 21.
23. Operator shall submit to OCD and each owner of a working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs") no later than: (a) for an initial well, no later than thirty (30) days after the date of this Order; (b) for an infill well proposed by Operator, no later than (30) days after the later of the initial notice period pursuant to 19.15.13.10(B) NMAC or the extension granted by the OCD Director pursuant 19.15.13.10(D) NMAC; or (c) for an infill well proposed by an owner of a Pooled Working Interest, no later than thirty (30) days after expiration of the last action required by 19.15.13.11 NMAC.
24. No later than thirty (30) days after Operator submits the Estimated Well Costs , the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."
25. No later than within one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
26. No later than sixty (60) days after the later of the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well

CASE NO. 21030

ORDER NO. R-21141

Page 3 of 8

Case No. 22197

Marathon Oil Permian LLC

Page 16 of 31

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.

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

CASE NO. 21030
ORDER NO. R-21141

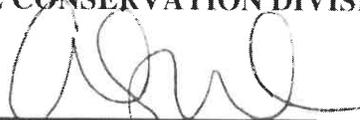
Page 4 of 8

Case No. 22197
Marathon Oil Permian LLC
Page 17 of 31

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.*

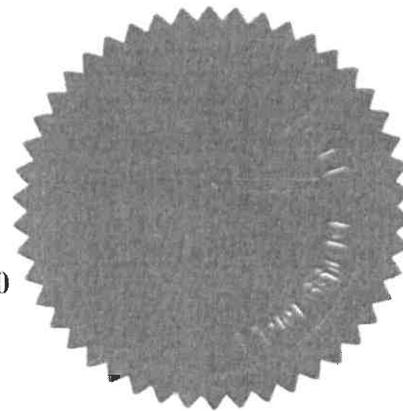
34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
35. OCD 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
AS/kms

Date: February 21, 2020



CASE NO. 21030
ORDER NO. R-21141

Page 5 of 8

Exhibit A

COMPULSORY POOLING APPLICATION CHECKLIST (pdf)	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 21030	APPLICANT'S RESPONSE
Date: February 5, 2020	
Applicant:	Marathon Oil Permian LLC
Designated Operator & OGRID (affiliation if applicable):	Marathon Oil Permian LLC (372098)
Applicant's Counsel:	Deana M. Bennett/Medtrac Sperring
Case Title:	Application of Marathon Oil Permian LLC for Compulsory Pooling, Eddy County, New Mexico
Entries of Appearance/Intervenor:	EDG Resources, Inc.
Well Family:	Rick Vaughn
Formation/Pool	
Formation Name(s) or Vertical Extent:	Wolfcamp
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Wolfcamp
Pool Name and Pool Code:	Purple Sage, Wolfcamp Gas (Pool Code 98220)
Well Location Setback Rules:	Special Rules for the Purple Sage Gas Pool Apply
Spacing Unit Size:	640 acres
Spacing Unit	
Type (Horizontal/Vertical):	Horizontal
Size (Acres):	640 acres
Building Blocks:	320 acres
Orientation:	N/S
Description: TRS/County:	Wolfcamp Gas Pool, 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:	N
Proximity Defining Well: if yes, description:	
Applicant's Ownership in Each Tract:	Exhibit 3, p. 18
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard):	Add as needed
Well #1:	<p>Rick Vaughn 7 WA Fed Com 1H: API Pending Proposed SHL: 270' FSL and 1410' FWL (Unit N), Section 7, Township 26 South, Range 29 East. Proposed BHL: 100' FNL and 2310' FWL (Unit C), Section 6, Township 26 South, Range 29 East. Proposed FTP: 2310' FWL x 100' FSL of Section 7-T26S-R29E. Proposed LTP: 2310' FWL x 100' FNL of Section 6-T26S-R29E. Formation: Wolfcamp Approximate TVD: 9,745' Approximate TMD: 19,967' Well Orientation: South to North Completion Status: Expected to be non-standard. See also C-102 Exhibit 2, p. 10, and proposal letter, Exhibit 4, p. 21</p>
Well #2:	<p>Rick Vaughn 7 WB Fed Com 5H: API Pending Proposed SHL: 270' FSL and 1360' FWL (Unit N), Section 7, Township 26 South, Range 29 East. Proposed BHL: 100' FNL and 1980' FWL (Unit C), Section 6, Township 26 South, Range 29 East. Proposed FTP: 1980' FWL x 100' FSL of Section 7-T26S-R29E. Proposed LTP: 1980' FWL x 100' FNL of Section 6-T26S-R29E. Formation: Wolfcamp Approximate TVD: 9,745' Approximate TMD: 20,092' Well Orientation: South to North Completion Status: Expected to be non-standard. See also C-102 Exhibit 2, p. 11, and proposal letter, Exhibit 4, p. 21</p>

CASE NO. 21030
ORDER NO. R-21141

Well #3	<p>Rick Vaughn 7 WA Fed Com 8H: API Pending Proposed SHL: 270' FSL and 1350' FWL (Unit N), Section 7, Township 26 South, Range 29 East Proposed BHL: 100' FNL and 1350' FWL (Unit C), Section 6, Township 26 South, Range 29 East Proposed FTP: 1350' FWL x 100' FSL of Section 7-T26S-R29E Proposed LTP: 1350' FWL x 100' FNL of Section 6-T26S-R29E Formation: Wolfcamp Approximate TVD: 9,745' Approximate TMD: 19,817' Well Orientation: South to North Completion Status: Expected to be non-standard See also C-102 Exhibit 2, p. 12, and proposal letter, Exhibit 4, p. 20</p>
Well #4	<p>Rick Vaughn 7 WB Fed Com 8H: API Pending Proposed SHL: 270' FSL and 1320' FWL (Unit N), Section 7, Township 26 South, Range 29 East Proposed BHL: 100' FNL and 1320' FWL (Lot 1), Section 6, Township 26 South, Range 29 East Proposed FTP: 1320' FWL x 100' FSL of Section 7-T26S-R29E Proposed LTP: 1320' FWL x 100' FNL of Section 6-T26S-R29E Formation: Wolfcamp Approximate TVD: 9,900' Approximate TMD: 20,060' Well Orientation: South to North Completion Status: Expected to be non-standard See also C-102 Exhibit 2, p. 13, and proposal letter, Exhibit 4, p. 21</p>
Well #5	<p>Rick Vaughn 7 WA Fed Com 9H: API Pending Proposed SHL: 270' FSL and 1290' FWL (Lot 4), Section 7, Township 26 South, Range 29 East Proposed BHL: 100' FNL and 900' FWL (Lot 1), Section 6, Township 26 South, Range 29 East Proposed FTP: 990' FWL x 100' FSL of Section 7-T26S-R29E Proposed LTP: 990' FWL x 100' FNL of Section 6-T26S-R29E Formation: Wolfcamp Approximate TVD: 9,725' Approximate TMD: 19,885' Well Orientation: South to North Completion Status: Expected to be non-standard See also C-102 Exhibit 2, p. 14, and proposal letter, Exhibit 4, p. 21-22</p>
Well #6	<p>Rick Vaughn 7 WA Fed Com 13H: API Pending Proposed SHL: 270' FSL and 1260' FWL (Lot 4), Section 7, Township 26 South, Range 29 East Proposed BHL: 100' FNL and 660' FWL (Lot 1), Section 6, Township 26 South, Range 29 East Proposed FTP: 660' FWL x 100' FSL of Section 7-T26S-R29E Proposed LTP: 660' FWL x 100' FNL of Section 6-T26S-R29E Formation: Wolfcamp Approximate TVD: 9,880' Approximate TMD: 20,050' Well Orientation: South to North Completion Status: Expected to be non-standard See also C-102 Exhibit 2, p. 15, and proposal letter, Exhibit 4, p. 22</p>
Well #7	<p>Rick Vaughn 7 WA Fed Com 14H: API Pending Proposed SHL: 270' FSL and 1230' FWL (Lot 4), Section 7, Township 26 South, Range 29 East Proposed BHL: 100' FNL and 330' FWL (Lot 1), Section 6, Township 26 South, Range 29 East Proposed FTP: 330' FWL x 100' FSL of Section 7-T26S-R29E Proposed LTP: 330' FWL x 100' FNL of Section 6-T26S-R29E Formation: Wolfcamp Approximate TVD: 9,725' Approximate TMD: 19,915' Well Orientation: South to North Completion Status: Expected to be non-standard See also C-102 Exhibit 2, p. 16, and proposal letter, Exhibit 4, p. 22</p>
Horizontal Well First and Last Take Points	See above discussion for each well.
Completion Target (Formation, TVD and MD)	See above discussion for each well.

CASE NO. 21030
ORDER NO. R-21141

AFE Capex and Operating Costs	
Drilling Supervision/Month 5	Exhibit A, p. 3
Production Supervision/Month 5	Exhibit A, p. 3
Justification for Supervision Costs	Exhibit A, p. 3
Requested Risk Charge	Exhibit A, p. 3
Notice of Hearing	
Proposed Notice of Hearing	Exhibit 6
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit 6, p. 38 and 47
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit 6, p. 38 and 48
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit 3, p. 17
Tract List (including lease numbers and owners)	Exhibit 3, p. 17-18
Pooled Parties (including ownership type)	Exhibit 3, p. 18-19
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit 4, p. 21-22
List of Interest Owners (ie Exhibit A of IOA)	Exhibit 3, p. 17-18
Chronology of Contact with Non-Joined Working Interests	Exhibit 3, p. 20
Overhead Rates in Proposal Letter	N/A
Cost Estimate to Drill and Complete	Exhibit 5, pp. 24-37
Cost Estimate to Equip Well	Exhibit 5, pp. 24-37
Cost Estimate for Production Facilities	Exhibit 5, pp. 24-37
Geology	
Summary (including special considerations)	Exhibit 6, pp. 49-51
Spacing Unit Schematic	Exhibit 9-A, p. 55
Gunbarrel/Lateral Trajectory Schematic	Exhibit 8, p. 54
Well Orientation (with rationale)	Exhibit 10, p. 59
Target Formation	Exhibit 9 C, p. 57
HSU Cross Section	Exhibit 9 C, p. 57
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit 2, pp. 10-16
Tracts	Exhibit 3, p. 17
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit 3, p. 18
General Location Map (including basin)	Exhibit 7, p. 53
Well Bore Location Map	Exhibit 7, p. 53
Structure Contour Map - Subsea Depth	Exhibit 9 A, p. 55
Cross Section Location Map (including wells)	Exhibit 9 B, p. 56
Cross Section (including Landing Zone)	Exhibit 9 C, p. 57
Additional Information	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	JEANNE M BENNETT
Signed Name (Attorney or Party Representative):	<i>JEANNE M BENNETT</i>
Date:	2/5/2020

CASE NO. 21030
ORDER NO. R-21141

Page 8 of 8

Case No. 22197
Marathon Oil Permian LLC
Page 21 of 31

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

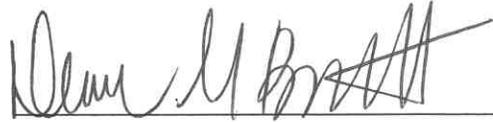
APPLICATION OF MARATHON OIL
PERMIAN LLC TO AMEND ORDER
NO. R-21141-A, EDDY COUNTY, NEW MEXICO

CASE NO. 22197

AFFIDAVIT

STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

Deana M. Bennett, attorney in fact and authorized representative of Marathon Oil Permian LLC, the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Applications were provided under a notice letter, attached, and that proof of notice is attached hereto. I also state that notice of the hearing was published in the Carlsbad Current Argus on September 21, 2021, as reflected in the attached Affidavit of Publication.



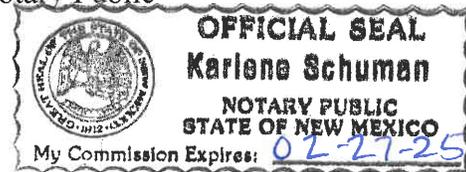
Deana M. Bennett

SUBSCRIBED AND SWORN to before me this 5^h day of October, 2021 by Deana M. Bennett.



Notary Public

My commission expires: 02-27-25





MODRALL SPIERLING
L A W Y E R S

Deana M. Bennett
505.848.1834
dmb@modrall.com

September 16, 2021

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

**Re: APPLICATION OF MARATHON OIL PERMIAN LLC TO
AMEND ORDER NO. R-21141, EDDY COUNTY, NEW
MEXICO.**

CASE NO. 22197

TO: AFFECTED PARTIES

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

In Case No. 22197, Marathon seeks an order from the Division for the limited purposes of amending Order No. R-21141-A to allow for a one-year extension of time to commence drilling the initial well under the Order. Order No. R-21141-A pooled uncommitted interest owners in a 640-acre, more or less, Wolfcamp horizontal spacing unit comprised of the W/2 of Section 6 and the W/2 of Section 7, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico.

During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on October 7, 2021 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 the case, including the right to present evidence either in support of or in opposition to the application. Failure to appear at the hearing may preclude you from any involvement in the case at a later date.

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

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Case No. 22197
Marathon Oil Permian LLC
Page 23 of 31

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,



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-21141-A, EDDY COUNTY, NEW MEXICO

CASE NO. 22197
ORDER NO. R-21141-A
(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-21141-A to allow for a second 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-21141 pooled uncommitted interest owners in a 640-acre, more or less, Wolfcamp horizontal spacing unit comprised of the W/2 of Section 6 and the W/2 of Section 7, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico.

2. Order No. R-21141 designated Marathon as the operator of the wells and the unit.

3. The Division Hearing for Case No. 21030 was held on February 6, 2020.

4. The Division entered Order No. R-21141 in Case No. 21030 on February 21, 2020.

This order was issued under the “interim form of order” and did not conform to the Amended Order Template.

5. In December 2020, Marathon requested that Order No. R-21141 be re-opened to conform the Order to the terms of the Amended Order Template and to allow Marathon additional time to commence drilling the initial well under the Order.

6. On January 19, 2021 (in Case No. 21608), the Division entered Order No. R-21141-A, in which the Division granted Marathon's application to amend the Order to conform to the Amended Order Template and extended the period of time to commence drilling the initial well under the Order until February 21, 2022. See Order R-21113-A ¶ 9.

7. Order No. R-21141-A ¶ 15 states: "This Order shall terminate automatically if Operator fails to comply with Paragraph [9]¹ unless Operator obtains an extension by an amendment of this Order for good cause shown."

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

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

10. 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.

11. In addition, there have been delays in obtaining BLM approved APDs, which in turn delays Marathon's schedule.

12. Under Order No. R-21141-A, Marathon would be required to commence drilling the well by February 21, 2022.

13. Marathon asks that the deadline to commence drilling the initial well be extended for one year from February 21, 2022 to February 21, 2023.

WHEREFORE, Marathon requests this application be set for hearing before an Examiner of the Oil Conservation Division on October 7, 2021, and after notice and hearing as required by law, the Division:

¹ Paragraph 15 cites to Paragraph 13 of the Order; however this appears to be a relic from the form of order which does not take into account Paragraph 9 which sets a specific deadline by which Marathon must commence drilling the initial well. The correct internal cross reference should be to paragraph 9.

A. Amend Order No. R-21141-A to extend the time for Marathon to commence drilling the initial well under the Order for a year, through February 21, 2023.

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

By: Deana M. Bennett

Deana M. Bennett
Jamie L. Allen
Post Office Box 2168
500 Fourth Street NW, Suite 1000
Albuquerque, New Mexico 87103-2168
Telephone: 505.848.1800
Attorneys for Applicant

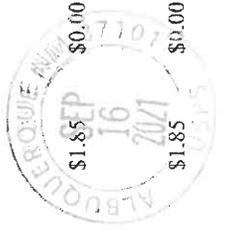
CASE NO. 22197 (Re-Open) Application of Marathon Oil Permian LLC to Amend Order No. R-21141-A, Eddy County, New Mexico. Applicant seeks an order from the Division for the limited purposes of amending Order No. R-21141-A to allow for a one-year extension of time to commence drilling the initial well under the Order. Order No. R-21141-A pooled uncommitted interest owners in a 640-acre, more or less, Wolfcamp horizontal spacing unit comprised of the W/2 of Section 6 and the W/2 of Section 7, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico. Said area is located approximately 10 miles Southeast of Malaga, New Mexico.

PS Form 3877
Type of Mailing: CERTIFIED MAIL
09/16/2021

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

Firm Mailing Book ID: 215223

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest. Del. Fee	Reference Contents
1	9314 8699 0430 0086 7180 53	COG Operating LLC One Concho Center 600 W. Illinois Avenue Midland TX 79701	\$1.36	\$3.75	\$1.85	\$0.00	81363-0208. Notice
2	9314 8699 0430 0086 7180 60	Concho Resources LLC One Concho Center 600 W. Illinois Avenue Midland TX 79701	\$1.36	\$3.75	\$1.85	\$0.00	81363-0208. Notice
3	9314 8699 0430 0086 7180 77	OXY Y-1 Company 5 Greenway Plaza Houston TX 77046	\$1.36	\$3.75	\$1.85	\$0.00	81363-0208. Notice
4	9314 8699 0430 0086 7180 84	EOG Resources Inc. 104 S. 4th Street Artesia NM 88210	\$1.36	\$3.75	\$1.85	\$0.00	81363-0208. Notice
5	9314 8699 0430 0086 7180 91	EOG Resources Inc. 5509 Champions Drive Midland TX 79706	\$1.36	\$3.75	\$1.85	\$0.00	81363-0208. Notice
Totals:			\$6.80	\$18.75	\$9.25	\$0.00	
			Grand Total:		\$34.80		



Case No. 22197

Marathon Oil Permian L.L.C.

List Number of Pieces Sent by Sender: 5
Total Number of Pieces Received at Post Office: 5
Postmaster: Name of receiving employee
Dated:

Transaction Report Details - CertifiedPro.net
 Firm Mail Book ID= 215223
 Generated: 10/5/2021 7:26:08 AM

USPS Article Number	Date Created	Reference Number	Name 1	Name 2	City	State	Zip	Mailing Status	Service Options	Mail Delivery Date
9314869904300086718091	2021-09-16 12:44 PM	81363-0208	EOG Resources Inc.		Midland	TX	79706	Delivered	Return Receipt - Electronic, Certified Mail	2021-09-21 7:55 AM
9314869904300086718084	2021-09-16 12:44 PM	81363-0208	EOG Resources Inc.		Artesia	NM	88210	Delivered	Return Receipt - Electronic, Certified Mail	2021-09-20 8:23 AM
9314869904300086718077	2021-09-16 12:44 PM	81363-0208	OXY Y-1 Company		Houston	TX	77046	Delivered	Return Receipt - Electronic, Certified Mail	
9314869904300086718060	2021-09-16 12:44 PM	81363-0208	Concho Resources LLC	One Concho Center	Midland	TX	79701	Delivered	Return Receipt - Electronic, Certified Mail	2021-09-21 8:26 AM
9314869904300086718053	2021-09-16 12:44 PM	81363-0208	COG Operating LLC	One Concho Center	Midland	TX	79701	Delivered	Return Receipt - Electronic, Certified Mail	2021-09-21 8:26 AM



Affidavit of Publication

Ad # 0004919119

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:

09/21/2021

Legal Clerk

Subscribed and sworn before me this September 21, 2021:

State of WI, County of Brown
NOTARY PUBLIC

1-7-25

My commission expires

KATHLEEN ALLEN
Notary Public
State of Wisconsin

Ad # 0004919119
PO #: 22197
of Affidavits 1

This is not an invoice

CASE NO. No. 22197: (Re-Open) Notice to all affected parties, as well as the heirs and devisees of COG Operating LLC; Concho Resources LLC; OXY Y-1 Company; EOG Resources, Inc. of (Re-Open) Application of Marathon Oil Permian LLC to Amend Order No. R-21141-A, 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 October 7, 2021. Applicant seeks an order from the Division for the limited purposes of amending Order No. R-21141-A to allow for a one-year extension of time to commence drilling the initial well under the Order. Order No. R-21141-A pooled uncommitted interest owners in a 640-acre, more or less, Wolfcamp horizontal spacing unit comprised of the W/2 of Section 6 and the W/2 of Section 7, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico. Said area is located approximately 10 miles Southeast of Malaga, New Mexico. #4919119 Current Argus, Sept 21

Case No. 22197

Marathon Oil Permian LLC

Page 31 of 31