

NSL Initial Application

Received: 02/27/2020



MODRALL SPERLING

L A W Y E R S

February 27, 2020

Deana M. Bennett
505.848.1834
dmb@modrall.com

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

Re: Application of Marathon Oil Permian LLC for administrative approval of unorthodox well location for its Valkyrie 12 WD Federal Com 12H well, located in the S/2 of Section 12, Township 23 South, Range 28 East, and Section 7 of Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico.

Dear Director Sandoval:

Marathon Oil Permian LLC ("Marathon"), OGRID Number 372098, is seeking administrative approval of an unorthodox well location ("NSL") for the **Valkyrie 12 WD Federal Com 12H well** (the "Well") to be completed within the Purple Sage Wolfcamp Gas Pool (Pool ID: 98220) underlying the S/2 of Section 12, Township 23 South, Range 28 East, and Section 7 of Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico. A C-102 for the Well is attached as Exhibit A. This is a horizontal well that will be drilled as follows:

- First Take Point: 330' from the South line and 100' from the West line of Section 12;
- Last Take Point and Bottom Hole Location: 330' from the South line and 100' from the East line of Section 7.

Marathon has included as Exhibit B a letter explaining why this application is needed. This well will produce from the Purple Sage Wolfcamp Gas Pool (Pool ID: 98220). The special pool rules establish 330' foot setback requirements. The completed interval for the proposed well is closer than 330' from the boundary of the spacing unit.

Modrall Sperling
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 SW/4 of Section 8, Township 23 South, Range 29 East and towards the SE/4 of Section 11, Township 23 South, Range 28 East.

Marathon is providing notice to the working interest owners in the SW/4 of Section 8, Township 23 South, Range 29 East and to the working interest owners in the SE/4 of Section 11, Township 23 South, Range 28 East. Marathon is also providing notice to the Bureau of Land Management as the owner of the mineral estate with respect to offsetting areas. Marathon also provides a midland map of this area, attached as Exhibit C. Proof of mailing, along with a copy of the notice letter sent to affected parties, is attached hereto as Exhibit D.

Your attention to this matter is appreciated.

Sincerely,



Deana M. Bennett
Attorney for Marathon Oil
Permian LLC

Revised March 23, 2017

| | | | |
|---------------------|---------------|----------------|------------------------|
| RECEIVED: 2/27/2020 | REVIEWER: JAG | TYPE: NSL-8002 | APP NO: pJAG2005941349 |
|---------------------|---------------|----------------|------------------------|

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: Valkyrie 12 WD Federal Com 12H **API:** Pending
Pool: Purple Sage; Wolfcamp **Pool Code:** 98220

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.

Deana M. Bennett

Print or Type Name

Deana M Bennett

Signature

February 27, 2020
Date

505-848-1800
Phone Number

deana.bennett@modrall.com
e-mail Address

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 98220 | ³ Pool Name PURPLE SAGE; WOLFCAMP (GAS) |
| ⁴ Property Code | ⁵ Property Name VALKYRIE 12 WD FEDERAL COM | |
| ⁷ OGRID No. 372098 | ⁸ Operator Name MARATHON OIL PERMIAN LLC | ⁶ Well Number 12H |
| | | ⁹ Elevation 2992' |

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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| L | 12 | 23S | 28E | | 1657 | SOUTH | 460 | WEST | EDDY |

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 | 7 | 23S | 29E | | 330 | SOUTH | 100 | EAST | EDDY |

| | | | |
|---|-------------------------------|----------------------------------|-------------------------|
| ¹² Dedicated Acres 634.72 | 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.

| | |
|--|---|
| <p>SURFACE HOLE LOCATION 1657' FSL 460' FWL, SECTION 12 NAD 83, SPCS NM EAST X: 629491.00' / Y: 479325.00' LAT: 32.31740189N / LON: 104.04799852W NAD 27, SPCS NM EAST X: 588308.00' / Y: 479266.00' LAT: 32.31729889N / LON: 104.04699707W</p> | <p>KICK OFF POINT / FIRST TAKE POINT 330' FSL 100' FWL, SECTION 12 NAD 83, SPCS NM EAST X: 629121.00' / Y: 477997.00' LAT: 32.31380081N / LON: 104.04900360W NAD 27, SPCS NM EAST X: 587938.00' / Y: 477938.00' LAT: 32.31359863N / LON: 104.04900360W</p> |
|--|---|

| | |
|---|---|
| <p>LAST TAKE POINT/BOTTOM HOLE LOCATION 330' FSL 100' FWL, SECTION 7 NAD 83, SPCS NM EAST X: 639489.00' / Y: 477854.00' LAT: 32.31330109N / LON: 104.01599884W NAD 27, SPCS NM EAST X: 598306.00' / Y: 477794.00' LAT: 32.31320190N / LON: 104.01499939W</p> | <p>CORNER COORDINATES NAD 83, SPCS NM EAST A - X: 629038.85' / Y: 480296.05' B - X: 634415.36' / Y: 480343.15' C - X: 639494.87' / Y: 480162.85' D - X: 639603.08' / Y: 477520.38' E - X: 634411.06' / Y: 477678.47' F - X: 629017.97' / Y: 477667.04'</p> |
|---|---|

¹⁷ OPERATOR CERTIFICATION
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.

Signature _____ Date _____

Printed Name _____

E-mail Address _____

¹⁸ SURVEYOR CERTIFICATION
I hereby certify that the well location shown on this plat was plotted 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.

Date of Survey _____
Signature and Seal of Professional Surveyor: _____

Certificate Number _____

Distances/areas relative to NAD 83 Combined Scale Factor: 0.999774 Convergence: 00°08'50.61001"





Billy Moore
Reservoir Engineer

Marathon Oil Permian LLC
5555 San Felipe Street
Houston, TX 77056
713.296.1883
bsmoore@marathonoil.com

Adrienne Sandoval
Director - NMOCD
1220 South Saint Francis Drive
Santa Fe, NM 87505

Re: Non-Standard Location Application
Valkyrie 12 WD Federal Com 12H
Eddy County, New Mexico

Dear Ms. Sandoval,

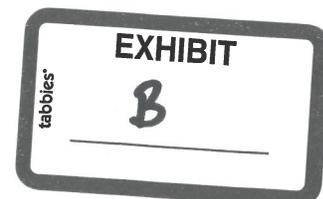
Marathon Oil Permian LLC respectfully requests administrative approval of the non-standard location for the Valkyrie 12 WD Federal Com 12H well, to be drilled in Purple Sage; Wolfcamp (Gas) pool (98220). Marathon plans for this well to have a first take point at 100' FWL and 330' FSL of Section 12, and last take point at 100' FEL and 330' FSL of Section 7, which is closer to the unit line than allowed under the subject field rules. Marathon requests this non-standard location because the placement conforms to the first and last take points of the other wells in the section. This spacing best fits into the spacing for the other wells in the development plan of the entire section and we believe that it will result in the greatest recovery of reserves.

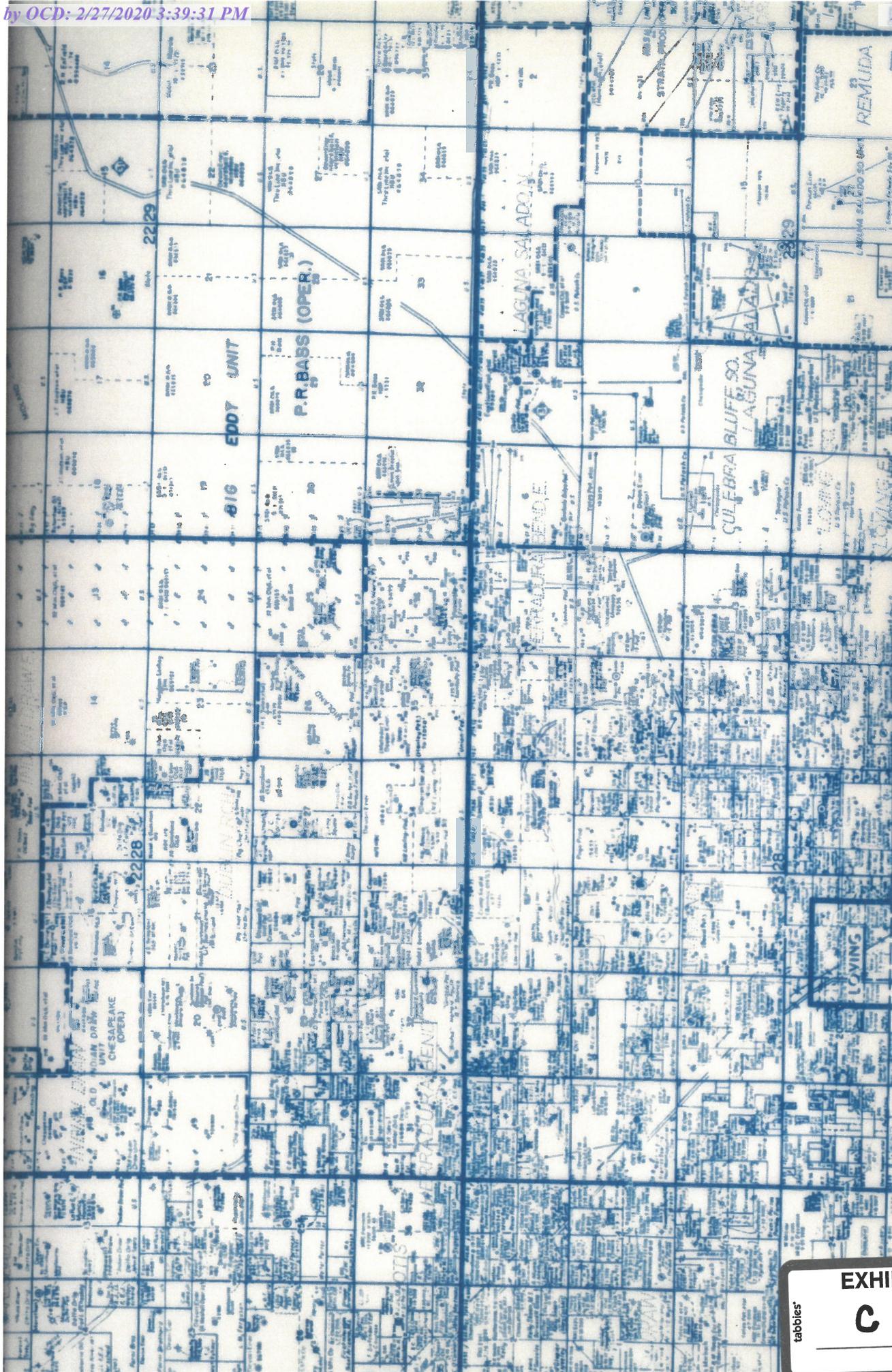
Thank you for your consideration. Should you have any questions please contact me at (713) 296-1883.

Sincerely,

A handwritten signature in blue ink that reads "Billy S. Moore".

Billy Moore
Reservoir Engineer
Permian Asset





tabbies
EXHIBIT
C



MODRALL SPERLING

L A W Y E R S

February 27, 2020

VIA CERTIFIED MAIL

RETURN RECEIPT REQUESTED

TO AFFECTED PARTIES

Deana M. Bennett
505.848.1834
dmb@modrall.com

Re: Application of Marathon Oil Permian LLC for administrative approval of unorthodox well location for its Valkyrie 12 WA Federal Com 7H well, located in the S/2 of Section 12, Township 23 South, Range 28 East, and Section 7 of Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico.

Re: Application of Marathon Oil Permian LLC for administrative approval of unorthodox well location for its Valkyrie 12 WXY Federal Com 9H well, located in the S/2 of Section 12, Township 23 South, Range 28 East, and Section 7 of Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico.

Re: Application of Marathon Oil Permian LLC for administrative approval of unorthodox well location for its Valkyrie 12 WA Federal Com 11H well, located in the S/2 of Section 12, Township 23 South, Range 28 East, and Section 7 of Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico.

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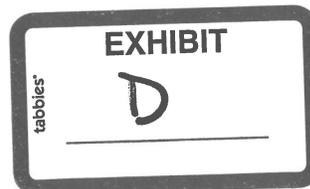
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Modrall Sperring
Roehl Harris & Sisk P.A.

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



Ladies and Gentlemen:

Enclosed in the notice are copies of the above referenced applications filed with the New Mexico Conservation Division on this date. Any objections that you have to this application must be filed in writing with the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico 87505, within twenty (20) days from the date the Division receives the above referenced application may be administratively approved by the Division.

If you have any questions concerning this application, please contact:

Jeffrey Broussard
Land Professional
Marathon Oil Permian LLC
713.296.3159 (Office)
jbroussard1@marathonoil.com

If you have no objection to this application, please sign the waiver as indicated below and return the original. Your assistance and cooperation in this matter are appreciated.

Sincerely,



Deana M. Bennett
*Attorney for Marathon Oil
Permian LLC*

WAIVER

_____ hereby waives objection to the above referenced Application for an Unorthodox Location for **Valkyrie 12 WA Federal Com 7H well**, located in the S/2 of Section 12, Township 23 South, Range 28 East, and Section 7 of Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico.

.

Dated: _____
Signature _____

_____ hereby waives objection to the above referenced Application for an Unorthodox Location for **Valkyrie 12 WXY Federal Com 9H well**, located in the S/2 of Section 12, Township 23 South, Range 28 East, and Section 7 of Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico.

Dated: _____

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Signature _____

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Dated: _____
Signature _____

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Dated: _____

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

PS Form 3877

Type of Mailing: CERTIFIED MAIL
 02/27/2020

Firm Mailing Book ID: 185479

| Line | USPS Article Number | Name, Street, City, State, Zip | Postage | Service Fee | RR Fee | Rest.Del.Fee | Reference Contents |
|----------------|-----------------------------|---|----------------|----------------|----------------|---------------------|----------------------------|
| 1 | 9314 8699 0430 0069 3043 03 | Chevron USA, Inc. 6301 Deauville Blvd Midland TX 79706 | \$2.40 | \$3.55 | \$1.70 | \$0.00 | 81363-205Val NSL Notice |
| 2 | 9314 8699 0430 0069 3043 10 | Occidental Permian Limited Partnership 5 Greenway Plaza, Suite 110 Houston TX 77046 | \$2.40 | \$3.55 | \$1.70 | \$0.00 | 81363-205Val NSL Notice |
| 3 | 9314 8699 0430 0069 3043 27 | Bureau of Land Management 301 Dinosaur Trail Santa Fe NM 87508 | \$2.40 | \$3.55 | \$1.70 | \$0.00 | 81363-205Val NSL Notice |
| 4 | 9314 8699 0430 0069 3043 34 | Novo Oil & Gas Northern Delaware LLC 1001 West Wilshire Boulevard, Suite 206 Oklahoma City OK 73116 | \$2.40 | \$3.55 | \$1.70 | \$0.00 | 81363-205Val NSL Notice |
| 5 | 9314 8699 0430 0069 3043 41 | BTA Oil Producers LLC 104 South Pecos Midland TX 79701 | \$2.40 | \$3.55 | \$1.70 | \$0.00 | 81363-205Val NSL Notice |
| 6 | 9314 8699 0430 0069 3043 58 | OXY Y-1 Co. 5 Greenway Plaza, Suite 110 Houston TX 77046 | \$2.40 | \$3.55 | \$1.70 | \$0.00 | 81363-205Val NSL Notice |
| Totals: | | | \$14.40 | \$21.30 | \$10.20 | \$0.00 | |
| | | | | | | Grand Total: | \$45.90 |

List Number of Pieces Listed by Sender

Dated:

Postmaster:
Name of receiving employee