

WXFY1-200304-C-107B 1382

RECEIVED: 3/4/20	REVIEWER: DM	TYPE: PC	APP NO: pDM2008757381
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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: Cave Lion 5 TB Federal 1H, Cave Lion 5 WA Federal 5H **API:** 30-025-44087, 30-025-44102 **+**
Pool: WC-025 G-08 S2535340; Bone Springs, WC-025 G-09 S263504N; Wolfcamp **Pool Code:** 97088; 98117

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

<u>FOR OCD ONLY</u>	
<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.

Adrian Covarrubias

Print or Type Name

Signature

3/4/2020

Date

713-296-3368

Phone Number

acovarrubias@marathonoil.com

e-mail Address

Submit Copy To Appropriate District
Office
District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM
87505

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 [] FEE []
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name
Cave Lion 5 Federal
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 M : feet from the line and feet from the line
Section 5 Township 26S Range 35E NMPM County LEA
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 pool commingle [x]
SUBSEQUENT REPORT OF:
REMEDIAL WORK [] ALTERING CASING []
COMMENCE DRILLING OPNS. [] P AND A []
CASING/CEMENT JOB []
OTHER: []

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 request approval to pool Commingle production on the following wells at a common central tank battery located on the Cave Lion 5 Federal CTB located in the SWSW, of Sec. 5, T26S, R35E. The facility and both wells are in the same lease and share the same pad.

Cave Lion 5 TB Federal 1H, Lease# NMNM13647, Section 5, SWSW, T26S, R35E, API 30-025-44087

Cave Lion 5 WC Federal 5H, Lease# NMNM13647, Section 5, SWSW, T26S, R35E, API 30-025-44102.

Please see the attached Commingle proposal.

Spud Date:

[Empty box for Spud Date]

Rig Release Date:

[Empty box for Rig Release Date]

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE [Signature] TITLE Regulatory Professional DATE 3/4/2020

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):

APPLICATION FOR CENTRAL TANK BATTERY, SALES, & STORAGE**Proposal for Cave Lion 5 TB Federal 1H & Cave Lion 5 WA Federal 5H:**

Marathon Oil Permian LLC is requesting approval for the Central Tank Battery:

Federal Lease NM-13647

Well Name	Location	API #	Pool 96665	Oil BOPD	Gravities	MCFPD	BTU
Cave Lion 5 TB Federal 1H Sec. 5-T26S-R35E	30-025-44087	WC025G05S2535340	Bone Spring	413	44.39	936	1352
Cave Lion 5 WA Federal 5H Sec. 5-T26S-R35E	30-025-44102	WC025G09S263504N	Wolfcamp	120	45.09	434	1321

Lease map shows the federal leases and well locations in Section 5-T26S-R35E. Working, royalty, and overriding interest owners have been notified of this proposal are identical. OCD has been sent proposal for approval.

The BLM's interest in both wells has identical royalty rates of 12.5%. Waste is not induced and no correlative rights are impaired. These meters will be calibrated on a regular basis per API, NMOCD and BLM specifications. The BLM and OCD will be notified of any future changes in the CTB.

Oil & Gas metering:

The central Tank Battery (CTB) will be located at the Cave Lion 5 Federal 1H & 5H. There are five oil tanks at the CTB that the wells will utilize and for gas they will have a common central delivery point (CDP) gas sales meter (Lucid-T174600922) which is located on the SWSW, Sec. 5, T26S, R35E. The produced water will go to a common water tank on location.

Each well will have its own 3-phase separator. The oil production will be allocated on a daily basis using the Coriolis meter on the downstream side of the 3-phase separator.

Cave Lion 5 TB Federal 1H oil allocation meter consists of a Micro Motion Coriolis meter (SN-14750232)
Cave Lion 5 WA Federal 5H oil allocation meter consists of a Micro Motion Coriolis meter (SN-14749695)

Gas production will be allocated on a daily basis using the allocation meters downstream of the 3-phase separator.

Cave Lion 5 TB Federal 1H gas allocation meter consists of an orifice meter (SN-D0303653)
Cave Lion 5 WA Federal 5H gas allocation meter consists of an orifice meter (SN-D0304225)

Oil and gas meters will be calibrated per API & NMOCD specifications.
The BLM and OCD will be notified of any future changes in the facilities.

Process and Flow Descriptions:

The Cave Lion 5 TB Federal 1H & Cave Lion 5 WA Federal 5H well pad has a central tank battery on Sec. 5-T26S-R35E on federal lease NMNM-13647 in Lea County, New Mexico.

The production from the two wells are routed to the CTB where each well will have its own separator for measurement and a common heater treater. Oil, gas and water volumes from each well producing to this battery are determined by using an individual separator for continuous measurement at the CTB. Oil and water production will be allocated on a daily basis based on the coriolis (oil) and mag (water) downstream of each separator. Gas production will be allocated on a daily basis based on the orifice meter downstream of each separator.

After separation and allocation measurement, the oil and water will go to common oil tanks and water tanks. The oil will be sold through a LACT (SN-P1043116000). The gas from the separator will combine with gas from the heater treater and will be routed to a gas scrubber and then on to the gas CDP (Lucid T174600922) located in Section 5 on west side of pad.

The flow of produced fluids is shown in detail on the facility diagram along with a description of each vessel. The commingling of production is in the interest of conservation and waste and will result in the most effective, economic means of producing the reserves in place from the affected wells and will not result in reduced royalty or improper measurement of production. The proposed commingling will reduce operating expenses as well as reduce the surface facility footprint and overall emissions.

Signed: 
Printed Name: Adrian Covarrubias
Title: Regulatory Professional
Date: 3/4/2020

Economic Justification Worksheet Cave Lion 5 Federal

Federal lease NMNM13647 Royalty Rate 12.5%

Well Name	BOPD	Oil gravity @ 60 deg	Value / bbl	MCFPD	Dry BTU	Value / mcf
Cave Lion 5 TB Federal 1H	413	44.39	48.03	936	1352	2.11
Cave Lion 5 WA Federal 5H	120	45.09	48.03	494	1321	2.11

Economic Combined Production

Well Name	BOPD	Oil gravity @ 60 deg	Value / bbl	MCFPD	Dry BTU	Value / mcf
Cave Lion 5 Federal M CTB	533	44.6	48.03	1430	1341	2.11

By combining the production of these leases, the royalty value will not be affected due to the contract Marathon has with the purchaser; which states that they will purchase all oil and gas at one price regardless of variance in API gravity for oil or BTU for gas.

Signed: 
 Printed Name: Adrian Covarrubias
 Title: Regulatory Professional
 Date: 3/4/2020

Weighted averages for economic value

1H oil	413/44.39	18,333	23,744	44.6 API
5H oil	120/45.09	5411		
1H gas	963/1,352	1,265,472	1,918,046	1341 BTU
5H gas	494/1,321	652,574		

Interest owner letter



Ryan Gyllenband
Land Supervisor

Marathon Oil Permian LLC
5555 San Felipe Street
Houston, TX 77056
Telephone: 713.296.2453 Mobile: 281.684.7389
Fax: 713.513.4006
mrgyllenband@marathonoil.com

January 20, 2020

Mr. Dean McClure
Petroleum Specialist
New Mexico Energy, Minerals and Natural Resources Department
1220 South Francis Drive
Santa Fe, NM 87505

Re: Marathon Oil Permian LLC - Surface Commingling
Cave Lion 1H & 5H Wells
W/2 W/2 of Section 5, T26S-R35E
Lea County, New Mexico

Mr. McClure,

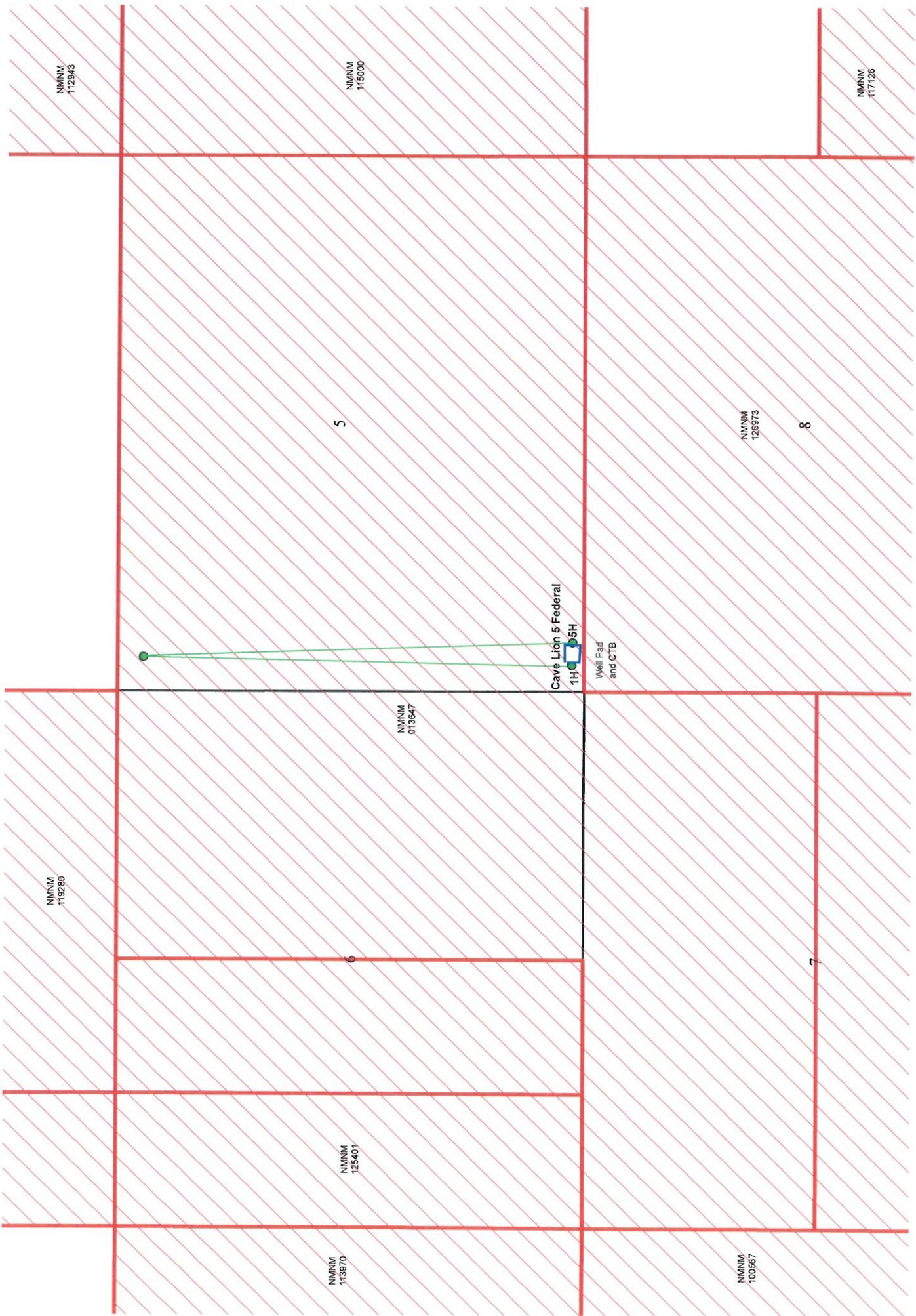
Marathon Oil Permian LLC ("Marathon") has filed the attached application with the New Mexico Oil Conservation Division ("Division") for administrative approval to surface lease commingle production according to the provisions of NMAC 19.15.12.10.C from the Cave Lion 26 35 5 TB Federal #001H well (API# 30-025-44087) located in the Jabalina; Delaware, Southwest Pool (97597) and from the Cave Lion 5 Federal WC #005H well (API# 30-025-44102) located in the WC-025 G-09 S263504N; Wolfcamp pool located in Section 5, T26S-R35E, Lea County, New Mexico. The working interest and royalty interest in these two wells is identical.

Should you have any questions please do not hesitate to contact me at 713-296-2453 or by email at mrgyllenband@marathonoil.com.

Sincerely,

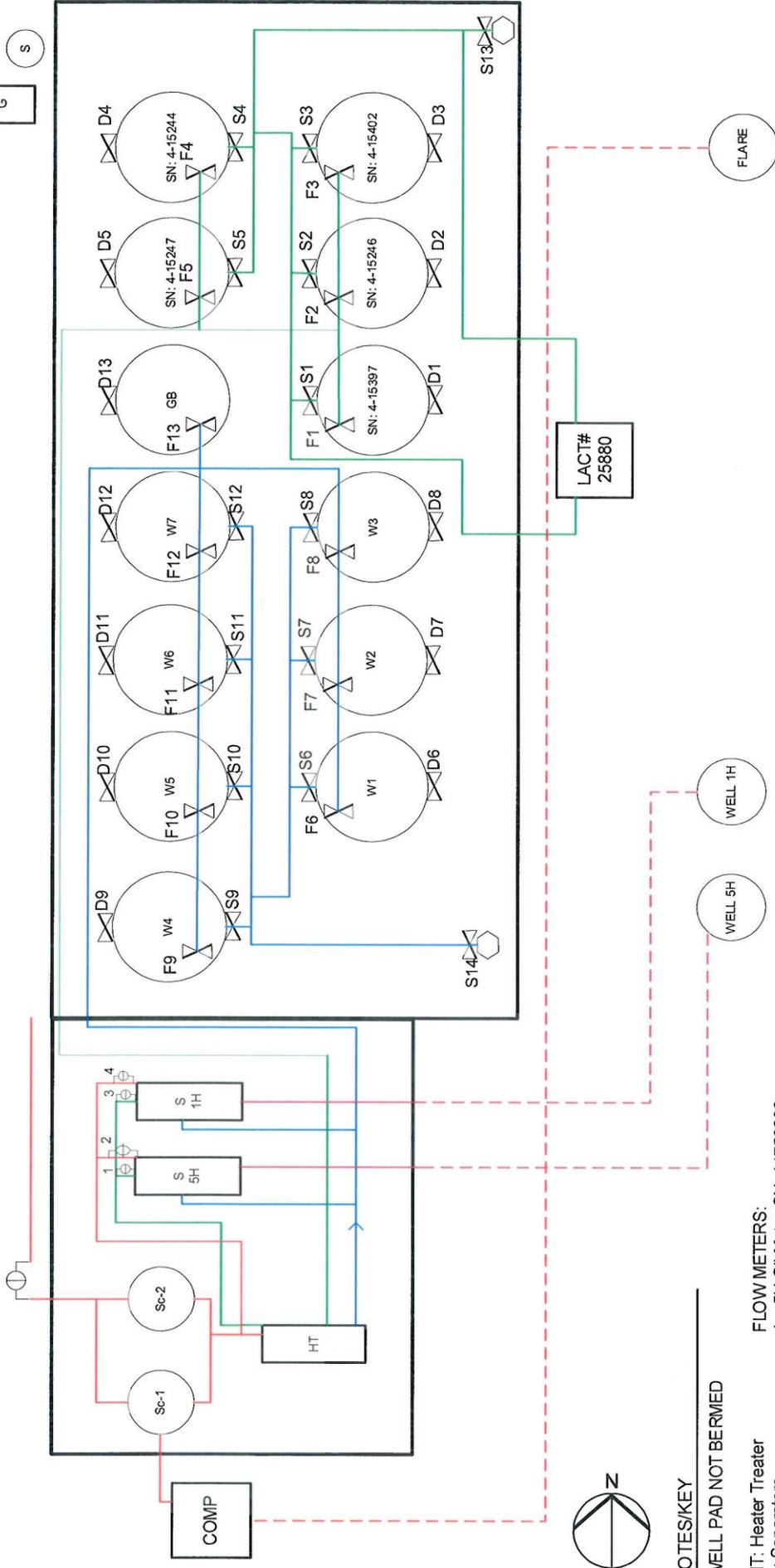
Ryan Gyllenband
Land Supervisor
Lea County, New Mexico

Lease Map



Facility Diagram

SN: T174600922 FMP NO.



NOTES/KEY

WELL PAD NOT BERMED

- FLOW METERS:
 1 - 5H Oil Meter SN: 14750232
 2 - 5H Gas Meter SN: D0303653
 3 - 1H Oil Meter SN: 14749695
 4 - 1H Gas Meter SN: D0304225

- HT: Heater Treater
 S: Separators
 Sc: Scrubbers
 G: Generator
 GB: Gun Barrel
 W: Water Storage Tank
 SN: Oil Storage Tank

- F1 - F13 - Production Valves
 S1 - S14 - Sales Valves
 D1 - D13 - Drain Valves

FIGURE TITLE	CAVE LION 5 FEDERAL 1H & 5H		
	API	LEASE	CA #
	30-025-44087	NIMNM13647	
	30-025-44102		
OPERATOR	MARATHON OIL PERMIAN, LLC 5555 SAN FELIPE ST, HOUSTON, TX 77056		
LOCATION	LEA COUNTY, NM	SWSW-05-T26S-R35E 185 FSL & 330 FWL	LAT 32.06560374 LONG -103.39695431
DATE	JULY 2018	SCALE	NOT TO SCALE
		DRAWN BY	AC
		APPROVED BY	JVC



AS DRILLED PLAT

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 30-025-44102		² Pool Code XXXXX		³ Pool Name WC025 G09 S263504N; WOLFCAMP	
⁴ Property Code		⁵ Property Name CAVE LION 5 WA FEDERAL			⁶ Well Number 5H
⁷ OGRID No. 372098		⁸ Operator Name MARATHON OIL PERMIAN, LLC			⁹ Elevation 3270'

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
M	5	T26S	R35E		185'	SOUTH	480'	WEST	LEA

¹⁰ 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
D	5	T26S	R35E		331'	NORTH	325'	WEST	LEA

¹² Dedicated Acres 160	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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>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 the 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><i>Jennifer Van Curen</i> 3/9/2018 Signature Date</p> <p>Jennifer Van Curen Printed Name</p> <p>E-mail Address</p>
	<p>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.</p> <p>THIS DOCUMENT IS NOT TO BE USED FOR CONSTRUCTION, BIDDING, RECORDATION, CONVEYANCE, SALE OR THE BASIS FOR THE ISSUANCE OF A PERMIT.</p> <p>PRELIMINARY</p> <p>Date of Survey Signature and Seal of Professional Surveyor</p> <p>Certificate Number</p>

1	01/05/2018	MWS
REV.	DATE	BY

NOTE: ALL DIMENSIONS IN U.S. FEET

BLM NOTICE

Form 3160-5
(June 2015)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0137
Expires: January 31, 2018

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

5. Lease Serial No.
NMNM13647

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

SUBMIT IN TRIPLICATE - Other instructions on page 2

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		8. Well Name and No. CAVE LION 5 TB FEDERAL 1H
2. Name of Operator MARATHON OIL PERMIAN LLC		9. API Well No. 30-025-44087
3a. Address 5555 SAN FELIPE STREET HOUSTON, TX 77056		10. Field and Pool or Exploratory Area WC025G05S2535340
3b. Phone No. (include area code) Ph: 713-296-2500		11. County or Parish, State LEA COUNTY, NM
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 5 T26S R35E Mer NMP SWSW 185FSL 330FWL		

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Hydraulic Fracturing	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Subsurface Commingling
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.

Marathon Oil Permian LLC request approval to Pool Commingle production on the following wells at a common central tank battery located on the Cave Lion 5 Federal M CTB located in the SWSW, of Sec. 5, T26S, R35E. The facility and both wells are in the same lease and share the same pad.

Cave Lion 5 TB Federal 1H, Lease# NMNM13647, Section 5, SWSW, T26S, R35E, API 30-025-44087

Cave Lion 5 WC Federal 5H, Lease# NMNM13647, Section 5, SWSW, T26S, R35E, API 30-025-44102.

Please see the attached Commingle proposal.

14. I hereby certify that the foregoing is true and correct. Electronic Submission #451006 verified by the BLM Well Information System For MARATHON OIL PERMIAN LLC, sent to the Hobbs	
Name (Printed/Typed) JENNIFER VAN CUREN	Title SR REGULATORY COMPLIANCE REP
Signature (Electronic Submission)	Date 01/17/2019

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By _____	Title _____	Date _____
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.		Office _____

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

**** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ****