

Revised March 23, 2017

8WUY3-201112-C-107B OLM-222

RECEIVED: 11/12/20	REVIEWER: DM	TYPE: OLM	APP NO: pDM2031858322
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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: Blue Steel 21 WA Fee 2H & Blue Steel 21 WA Fee 9H **API:** 30-015-46069 & 30-015-45895 **+**
Pool: Purple Sage; Wolfcamp (Gas) **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 holdersB. ☒ Royalty, overriding royalty owners, revenue ownersC. ☐ Application requires published noticeD. ☒ Notification and/or concurrent approval by SLOE. ☒ Notification and/or concurrent approval by BLMF. ☐ Surface ownerG. ☒ For all of the above, proof of notification or publication is attached, and/or,H. ☐ No notice required**FOR OCD ONLY**☐ Notice Complete
☐ 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

11/12/2020

Date

713-296-3368

Phone Number

acovarrubias@marathonoil.com

e-mail Address

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr, Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B
Revised August 1, 2011

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original
application to the Santa Fe
office with one copy to the
appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: Marathon Oil Permian LLC

OPERATOR ADDRESS: 5555 San Felipe St., Houston, TX 77057

APPLICATION TYPE:

☐ Pool Commingling ☐ Lease Commingling ☐ Pool and Lease Commingling ☒ Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: ☐ Fee ☐ State ☒ Federal

Is this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No. _____

Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling

☒ Yes ☐ No

(A) POOL COMMINGLING

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes

(2) Are any wells producing at top allowables? ☐ Yes ☐ No

(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No.

(4) Measurement type: ☐ Metering ☐ Other (Specify)

(5) Will commingling decrease the value of production? ☐ Yes ☐ No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING

Please attach sheets with the following information

(1) Pool Name and Code.

(2) Is all production from same source of supply? ☐ Yes ☐ No

(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No

(4) Measurement type: ☐ Metering ☐ Other (Specify)

(C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

(1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

(1) Is all production from same source of supply? ☒ Yes ☐ No Pending CA#

(2) Include proof of notice to all interest owners. Attached

(E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location. Attached

(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.

(3) Lease Names, Lease and Well Numbers, and API Numbers.

Attached

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

SIGNATURE: Adrian Covarrubias

TITLE: Regulatory Professional

DATE: 11/12/2020

TYPE OR PRINT NAME Adrian Covarrubias

TELEPHONE NO.: 713-296-3368

E-MAIL ADDRESS: acovarrubias@marathonoil.com

Marathon Oil Permian LLC is requesting approval for off-lease transportation and storage:

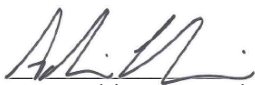
Lease map shows the Central Tank Battery (CTB) for Blue Steel 21 Fee WA 2H and Blue Steel 21 Fee WA 9H resides off-lease from the hydrocarbons produced from the wells.

Oil and Gas Production

The oil and gas production from Blue Steel 21 Fee WA 2H and WA 9H will be stored and measured at the central tank battery located in UL. D, Section 28, T23S-R29E.

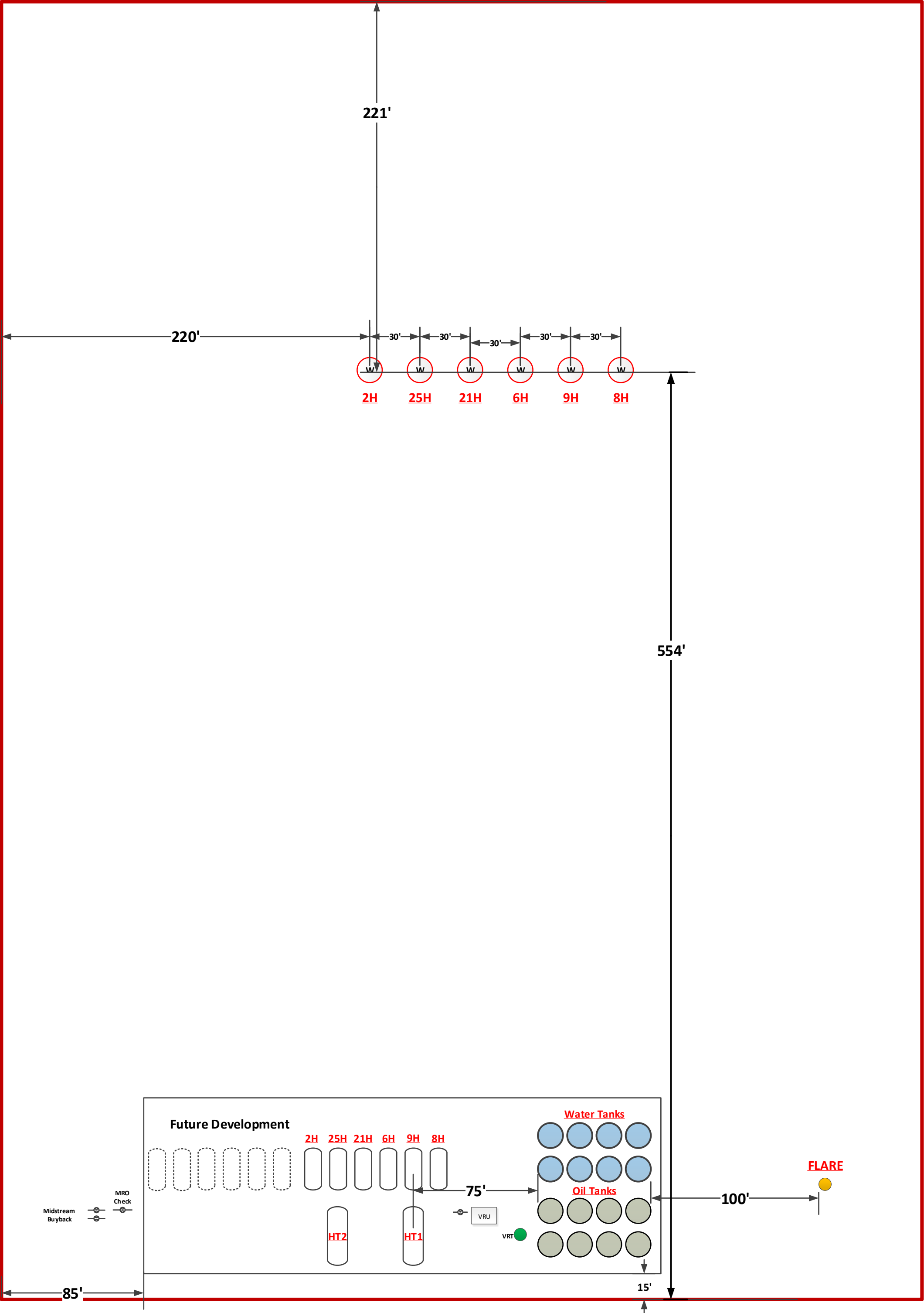
The CTB will have a total of eight oil tanks. Both wells will have a common CDP. Oil, gas, and water volumes from each well producing to this battery will be determined by using individual metering allocation separator.

Please see the enclosed forms for referenced wells, site facility diagram, and maps with lease boundaries showing wells and facility locations.

Signed: 
Printed Name: Adrian Covarrubias
Title: Regulatory Professional
Date: 11/12/2020



Blue Steel 23-29-21 (302-1) Pad – 2H
25H 21H 6H 9H 8H
Facility Layout



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 AS-DRILLED PLAT

¹ API Number 30-015-46069	² Pool Code 98220	³ Pool Name Purple Sage; Wolfcamp (Gas)
⁴ Property Code	Property Name BLUE STEEL 21 WA FEE	⁶ Well Number 2H
⁷ OGRID No. 372098	⁸ Operator Name MARATHON OIL PERMIAN LLC	⁹ Elevation 3001'

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
D	28	23S	29E		270	NORTH	1105	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
D	16	23S	29E		286	NORTH	341	WEST	EDDY

¹² Dedicated Acres 640.0	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.

	CORNER COORDINATES NAD 83, SPCS NM EAST A - X: 644823.90' / Y: 472250.71' B - X: 644867.18' / Y: 477568.44' C - X: 647506.95' / Y: 477578.03' D - X: 647481.28' / Y: 472260.27' E - X: 647475.03' / Y: 466934.71' F - X: 644816.72' / Y: 466932.98'	CORNER COORDINATES NAD 27, SPCS NM EAST A - X: 603640.77' / Y: 472191.16' B - X: 603684.20' / Y: 477508.77' C - X: 606323.97' / Y: 477518.36' D - X: 606298.14' / Y: 472200.73' E - X: 606291.75' / Y: 466875.28' F - X: 603633.45' / Y: 466873.55'	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 Adrian Covarrubias Printed Name E-mail Address ¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well surface location shown on this plat was plotted from field notes of the as-staked surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Data used for underground measurements were provided by others for reference only and does not constitute field measurements performed by R-Squared Global. MARCH 5, 2020 Date of Survey Signature and Seal of Professional Surveyor: Certificate Number LLOYD P. SHORT 21653
	BOTTOM HOLE LOCATION 286' FNL 341' FWL, SECTION 16 20365' MEASURED DEPTH IN FEET NAD 83, SPCS NM EAST X: 645206.22' / Y: 477283.93' LAT: 32.31167855N / LON: 103.99711858W NAD 27, SPCS NM EAST X: 604023.23' / Y: 477224.26' LAT: 32.31155669N / LON: 103.9962613W	LAST TAKE POINT 330' FNL 341' FWL, SECTION 16 20321' MEASURED DEPTH IN FEET NAD 83, SPCS NM EAST X: 645205.41' / Y: 477239.67' LAT: 32.31155689N / LON: 103.99712165W NAD 27, SPCS NM EAST X: 604022.42' / Y: 477180.00' LAT: 32.31143504N / LON: 103.9962920W	
	FIRST TAKE POINT 330' FSL 292' FWL, SECTION 21 10320' MEASURED DEPTH IN FEET NAD 83, SPCS NM EAST X: 645109.53' / Y: 467263.16' LAT: 32.28413403N / LON: 103.99753310W NAD 27, SPCS NM EAST X: 603926.26' / Y: 467203.73' LAT: 32.284041193N / LON: 103.99704171W	KICK OFF POINT 72' FSL 316' FWL, SECTION 21 9663' MEASURED DEPTH IN FEET NAD 83, SPCS NM EAST X: 645132.38' / Y: 467004.84' LAT: 32.28342374N / LON: 103.99746180W NAD 27, SPCS NM EAST X: 603949.10' / Y: 466945.41' LAT: 32.28330165N / LON: 103.99697043W	
	SURFACE HOLE LOCATION 270' FNL 1105' FWL, SECTION 28 0' MEASURED DEPTH IN FEET NAD 83, SPCS NM EAST X: 645923.78' / Y: 466663.71' LAT: 32.28247919N / LON: 103.99490442W NAD 27, SPCS NM EAST X: 604740.49' / Y: 466604.29' LAT: 32.28235708N / LON: 103.99441315W		

Distances/areas relative to NAD 83 Combined Scale Factor: 0.999782 Convergence Angle: 00°11'10.61002"

District I
1625 N. French Dr., Hobbs, NM 88240
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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 AS-DRILLED PLAT

¹ API Number 30-015-45895	² Pool Code 98220	³ Pool Name Purple Sage; Wolfcamp (Gas)
⁴ Property Code	Property Name Blue Steel 21 WA Fee	⁶ Well Number 9H
⁷ OGRID No. 372098	⁸ Operator Name MARATHON OIL PERMIAN LLC	⁹ Elevation 3001'

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
D	28	23S	29E		270	NORTH	1225	WEST	EDDY

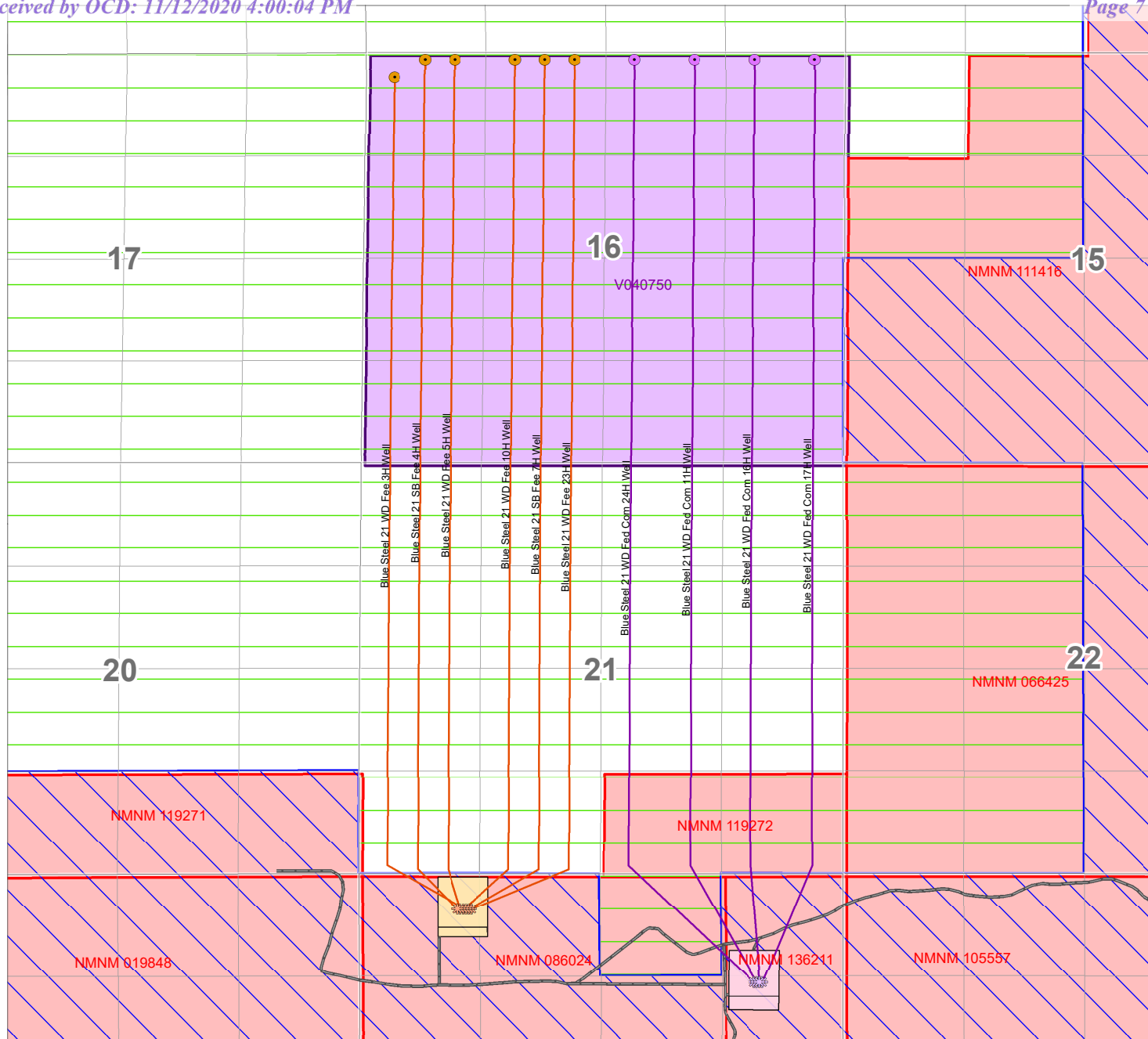
¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	16	23S	29E		286	NORTH	1654	WEST	EDDY

¹² Dedicated Acres 640.0	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.

	CORNER COORDINATES NAD 83, SPCS NM EAST A - X: 644823.90' / Y: 472250.71' B - X: 644867.18' / Y: 477568.44' C - X: 647506.95' / Y: 477578.03' D - X: 647481.28' / Y: 472260.27' E - X: 647475.03' / Y: 466934.71' F - X: 644816.72' / Y: 466932.98'	CORNER COORDINATES NAD 27, SPCS NM EAST A - X: 603640.77' / Y: 472191.16' B - X: 603684.20' / Y: 477508.77' C - X: 606323.97' / Y: 477518.36' D - X: 606298.14' / Y: 472200.73' E - X: 606291.75' / Y: 466875.28' F - X: 603633.45' / Y: 466873.55'	<p>¹⁷ OPERATOR CERTIFICATION</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</p> <p>heretofore entered by the division.</p> <p><i>[Signature]</i> 4/3/2020 Signature Date Adrian Covarrubias Printed Name</p> <p>E-mail Address</p> <p>¹⁸ SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well surface location shown on this plat was plotted from field notes of the as-staked surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Data used for underground measurements were provided by others for reference only and does not constitute field measurements performed by R-Squared Global.</p> <p>MARCH 5, 2020</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor: <i>[Signature]</i> 21653</p> <p>Certificate Number LLOYD P. SHORT 21653</p>
	BOTTOM HOLE LOCATION 286' FNL 1654' FWL, SECTION 16 20328' MEASURED DEPTH IN FEET NAD 83, SPCS NM EAST X: 646518.87' / Y: 477288.40' LAT: 32.31167946N / LON: 103.99286963W NAD 27, SPCS NM EAST X: 605335.88' / Y: 477228.74' LAT: 32.31155758N / LON: 103.99237728W	LAST TAKE POINT 330' FNL 1653' FWL, SECTION 16 20284' MEASURED DEPTH IN FEET NAD 83, SPCS NM EAST X: 646517.95' / Y: 477244.43' LAT: 32.31155861N / LON: 103.99287308W NAD 27, SPCS NM EAST X: 605334.96' / Y: 477184.77' LAT: 32.31143673N / LON: 103.99238074W	
	FIRST TAKE POINT 330' FSL 1642' FWL, SECTION 21 10273' MEASURED DEPTH IN FEET NAD 83, SPCS NM EAST X: 646459.73' / Y: 467264.18' LAT: 32.28412514N / LON: 103.99316399W NAD 27, SPCS NM EAST X: 605276.46' / Y: 467204.75' LAT: 32.28400303N / LON: 103.99267270W	KICK OFF POINT 67' FSL 1647' FWL, SECTION 21 9762' MEASURED DEPTH IN FEET NAD 83, SPCS NM EAST X: 646464.05' / Y: 467001.12' LAT: 32.28340199N / LON: 103.99315272W NAD 27, SPCS NM EAST X: 605280.77' / Y: 466994.170' LAT: 32.28327987N / LON: 103.99266146W	
	SURFACE HOLE LOCATION 270' FNL 1225' FWL, SECTION 28 0' MEASURED DEPTH IN FEET NAD 83, SPCS NM EAST X: 646043.69' / Y: 466663.67' LAT: 32.28247805N / LON: 103.99451639W NAD 27, SPCS NM EAST X: 604860.41' / Y: 466604.25' LAT: 32.28235594N / LON: 103.99402512W		
	<p>Distances/areas relative to NAD 83 Combined Scale Factor: 0.9997823 Convergence Angle: 00°11'10.61002"</p>		



BLUE STEEL 21 FED COM

- Proposed SHL
- Proposed BHL
- Proposed Well
- Existing Lease Road
- Existing Well Pad

BLUE STEEL 21 FEE

- Proposed SHL
- Proposed BHL
- Proposed Well
- Existing Lease Road
- Existing Well Pad

SURFACE & MINERAL OWNERSHIP

- BLM SURFACE
- PRIVATE SURFACE
- STATE SURFACE
- FEDERAL LEASE
- STATE LEASE





Chase Rice

Staff Land Professional
Permian

Marathon Oil Company

5555 San Felipe
Houston, TX 77056
Telephone 713.296.3055
cfrice@marathonoil.com

November 11, 2020

DELIVERED VIA:
Certified Mail

Re: Application for Off-Lease Measurement, Sales, & Storage
Blue Steel 21 WA FEE 2H (30-015-46069)
Blue Steel 21 WA FEE 9H (30-015-45895)
Sections 16 & 21, T23S-R29E, N.M.P.M
Eddy County, New Mexico

To whom it may concern:

This letter will serve as notice that Marathon Oil Permian LLC ("Marathon") has filed the attached application with the New Mexico Oil Conservation Division ("Division") for administrative approval for Off-Lease Measurement, Sales, & Storage at a common central tank battery for the Blue Steel 21 WA FEE 2H well, located in the Purple Sage Wolfcamp (Gas) pool (98220), with the Blue Steel 21 WA Fee 9H, located in the Purple Sage Wolfcamp (Gas) pool (98220) all located in Sections 16 & 21, T23S-R29E, Eddy County, New Mexico.

Should your company have any objections, it must be filed in writing within (20) days from the date of this notice. If the Division determines the application complies with the applicable regulations, then it will be approved. The Division's address is 1220 South St. Francis Drive, Santa Fe, NM 87505.

Should you have any questions please do not hesitate to contact me at 713-296-3055 or by email at cfrice@marathonoil.com.

Sincerely,

MARATHON OIL COMPANY

Chase Rice

Chase Rice, CPL

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

PS Form 3877

Type of Mailing: CERTIFIED MAIL
11/12/2020

Firm Mailing Book ID: 198790

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0076 8585 54	Devon Energy Production Company, L.P. 333 West Sheridan Avenue Oklahoma City OK 73102-5015	\$1.00	\$3.55	\$1.70	\$0.00	Blue Steel 81363.0124
Totals:			\$1.00	\$3.55	\$1.70	\$0.00	
			Grand Total:				\$6.25

List Number of Pieces
Listed by Sender

Total Number of Pieces
Received at Post Office

Postmaster:
Name of receiving employee

Dated:

**NEW MEXICO
STATE
LAND OFFICE**

**APPLICATION FOR
COMMINGLING AND OFF-LEASE STORAGE
ON STATE TRUST LANDS**



This application form is required for all commingling applications requiring approval by the Commissioner of Public Lands.

Applicant: Marathon Oil Permian, LLC

OGRID #: 372098

Well Name: Blue Steel 21 WA Fee 2H & Blue Steel 21 WA Fee 9H

API #: 30-015-46069 & 30-015-45895

Pool: Purple Sage; Wolfcamp (Gas) (98220)

OPERATOR NAME: Marathon Oil Permian, LLC

OPERATOR ADDRESS: 5555 San Felipe St, Houston, TX 77056

APPLICATION REQUIREMENTS – SUBMIT:

1. New Mexico Oil Conservation Division (NMOCD) application packet (or equivalent information if no application is required by NMOCD),
2. Commingling application fee of \$150.

CERTIFICATION: To the best of my knowledge,

- All business leases and rights-of-way necessary for conducting the proposed operation on State Trust lands have been applied for or obtained,
- The information submitted with this application is **accurate** and **complete**, and
- No loss will accrue to the state of New Mexico as a result of the proposed operation.

I also understand that **no action** will be taken on this application until the required information and fee are submitted to the State Land Office.

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

Adrian Covarrubias

Print or Type Name



Signature

713-296-3368

Phone Number

11/12/2020

Date

acovarrubias@marathonoil.com

e-mail Address

Submit application to:
Commissioner of Public Lands
Attn: Commingling Manager
PO Box 1148
Santa Fe, NM 87504-1148

Questions?
Contact the Commingling Manager:
505.827.5791

Upon approval, the requesting organization will receive an acknowledgment letter from the Commissioner of Public Lands.