

Submit 1 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

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

OCT 26 2018 PM03:06

Form C-103  
Revised July 18, 2013

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b> (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.)		WELL API NO. Multiple
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator Marathon Oil Permian LLC		6. State Oil & Gas Lease No.
3. Address of Operator 5555 San Felipe St., Houston, TX 77056		7. Lease Name or Unit Agreement Name STERLING STATE 23 27 20
4. Well Location Unit Letter <u>O</u> : _____ feet from the _____ line and _____ feet from the _____ line Section <u>20</u> Township <u>23S</u> Range <u>27E</u> NMPM County <u>EDDY</u>		8. Well Number Multiple
11. Elevation (Show whether DR, RKB, RT, GR, etc.)		9. OGRID Number 372098
		10. Pool name or Wildcat Multiple

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

NOTICE OF INTENTION TO:

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

SUBSEQUENT REPORT OF:

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

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

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

Wells to be commingled:

Name	Location	API	Pool
Sterling State 23 27 20 TB 4H	O-20-23S-27E (603 FSL & 1462 FEL)	30-015-44619	Carlsbad; Bone Spring, South (9670)
Sterling State 23 27 20 WA 6H	O-20-23S-27E (603 FSL & 1412 FEL)	30-015-44620	Purple Sage; Wolfcamp (98220)

Spud Date:

Rig Release Date:

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

SIGNATURE

Adrian Covarrubias

TITLE CTR - Technician HES

DATE 10/23/2018

Type or print name

E-mail address: acovarrubias@marathonoil.com

PHONE: 713-296-3368

For State Use Only

APPROVED BY:

TITLE

DATE

Conditions of Approval (if any):

Revised March 23, 2017

RECEIVED: 10/26/2018	REVIEWER: MAM	TYPE: PL	APP NO: PMAM16244 55589
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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:** Sterling State 23 27 20 TB 4H, WA 6H**API:** 30-015-44619, 44620**Pool:** Carlsbad Bone Spring; Purple Sage Wolfcamp**Pool Code:** 9670; 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.**

Jennifer Van Curen

Print or Type Name

Date

10/23/18

713-296-2500

Phone Number

jvancuren@marathonoil.com

e-mail Address

*Jennifer Van Curen*  
 Signature

**Process and Flow Descriptions:**

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

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

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

**Reasoning:**

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



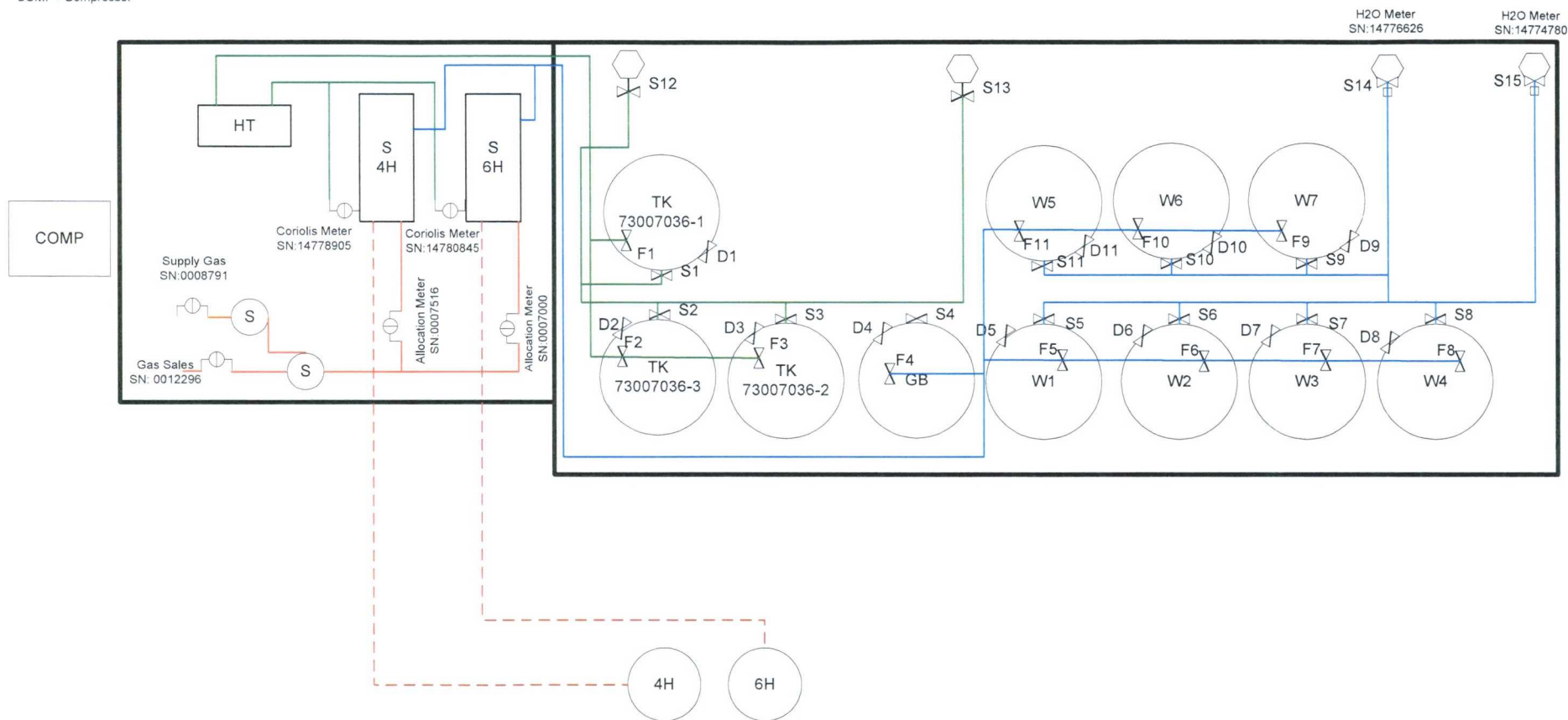
## KEY/NOTES

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



Total Flow Meter  
SN: T180609743

FLARE



### FIGURE TITLE

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

### API

**30-015-44619  
30-015-44620**

### LEASE

CA #

### OPERATOR

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

### LOCATION

**EDDY COUNTY, NM**

**O-20-T23S-R27E  
603 FSL & 1462 FEL**

**LAT 32.28465704  
LONG -104.2082717**

DATE SEP 2018

SCALE NOT TO SCALE

DRAWN BY AC

APPROVED BY JVC

18

17

16

19

20

21

V05805 0001



STERLING STATE

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
District II  
811 S. First St., Artesia, NM 88210  
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1000 Rio Brazos Road, Aztec, NM 87410  
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Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

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

<sup>10</sup> Surface Location

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

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	20	23S	27E		287	NORTH	969	EAST	EDDY

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

SECTION 18		SECTION 17		SECTION 16	
SECTION 19		SECTION 20		SECTION 21	
		<p>BH.L 13,641 DEPTH MEASURED IN FEET</p> <p>LAST TAKE POINT 13,599 DEPTH MEASURED IN FEET</p> <p>10,512 DEPTH MEASURED IN FEET</p> <p>9,651 DEPTH MEASURED IN FEET</p> <p>8,913 DEPTH MEASURED IN FEET FIRST TAKE POINT</p> <p>SHL</p> <p>603' FSL 1462' FEL SECTION 20 NAD 83, SPCS NM EAST X:579984.87' / Y:467313.53' LAT:32.284465704N / LON:104.20827171W NAD 27, SPCS NM EAST X:538802.63' / Y:467254.93' LAT:32.28453807N / LON:104.20777217W</p>		<p>287' 330'</p> <p>969'</p> <p>989'</p> <p>1462'</p> <p>938'</p> <p>330'</p>	
SECTION 19		SECTION 20		SECTION 21	
SECTION 30		SECTION 29		SECTION 28	
<p>CORNER COORDINATES NAD 83, SPCS NM EAST A - X: 580112.37' / Y: 472008.28' B - X: 581435.11' / Y: 472006.12' C - X: 581448.80' / Y: 466700.36' D - X: 580131.35' / Y: 466709.49'</p>		<p>CORNER COORDINATES NAD 27, SPCS NM EAST A - X: 538930.22' / Y: 471949.56' B - X: 540252.94' / Y: 471947.38' C - X: 540266.52' / Y: 466641.76' D - X: 538949.09' / Y: 466650.90'</p>		<p><sup>17</sup> 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.  Jennifer Van Curen 4/12/2018 Signature Date Jennifer Van Curen Printed Name E-mail Address</p> <p><sup>18</sup> 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</p>	

2 03/06/2018 WHM  
REV. DATE BY

NOTE: ALL DEMINIONS IN U.S. FEET



NOTE: ALL DIMENSION IN U.S. FEET

**Van Curen, Jennifer (MRO)**

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

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

Jennifer

Please find the signed email statement below?

Thank you  
Matt

Jennifer

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

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

Thank you



Matt S. Tate, CPL  
Land Professional – Permian Basin

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



4H

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

6H

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