Revised March 23, 2017

	260
41 X010 57 2015 Cy M	PE: DU DMAMIF309 60355
	DNSERVATION DIVISION  jineering Bureau –
ADMINISTRATIVE AP	PLICATION CHECKLIST
	TIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND SSING AT THE DIVISION LEVEL IN SANTA FE
Applicant: Marathon Oil Permian LLC	OGRID Number: 372098
Well Name: Sweet Tea State 24 29 31 SB 4H, WD 2H, WA 5H, TB 6H,	
Pool: Willow Lake West Bone Spring; Purple Sage Wolfcamp	Pool Code: 96415; 98220
	N REQUIRED TO PROCESS THE TYPE OF APPLICATION TED BELOW
1) TYPE OF APPLICATION: Check those which apply A. Location – Spacing Unit – Simultaneous D. S. NSP (PROJECT AREA)	
B. Check one only for [1] or [11]  [1] Commingling – Storage – Measureme  DHC CTB XPLC Po  [11] Injection – Disposal – Pressure Increase  WFX PMX SWD DIP	C DOLS DOLM se – Enhanced Oil Recovery
2) NOTIFICATION REQUIRED TO: Check those which A.  Offset operators or lease holders  B.  Royalty, overriding royalty owners, revolution requires published notice D.  Notification and/or concurrent approximately provided the surface owner  G.  For all of the above, proof of notification in the surface of the surface owner or the surface owner	enue owners  val by SLO val by BLM  Notice Complete  Application Content Complete
3) <b>CERTIFICATION:</b> I hereby certify that the inform administrative approval is <b>accurate</b> and <b>comp</b> understand that <b>no action</b> will be taken on this notifications are submitted to the Division.	
Note: Statement must be completed by an ind	ividual with managerial and/or supervisory capacity.
Jennifer Van Curen	10/25/18 Date
Print or Type Name	
	713-296-2500 Phone Number
(1. + 1)	FHORE NUMBER
Signature Van Ceucer	jvancuren@marathonoil.com e-mail Address

Chase Rice, CPL Staff Land Professional Permian Basin



**Marathon Oil Company** 

5555 San Felipe Houston, TX 77056 Telephone 713.296.2164 Fax 713.296.3055 cfrice@marathonoil.com

October 22, 2018

**DELIVERED VIA:**Certified Mail

### WORKING AND REVENUE INTEREST OWNERS (see attached list)

Re:

Marathon Oil Permian LLC Application For Surface Commingling SW/4 of Section 31, T24S-R29E, & W/2 of Section 6, T25S R29E, Eddy County, New Mexico

Dear Interest Owner,

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 Purple Sage Wolfcamp Pool code 98220, and the Willow Lake, West Bone Spring, Pool code 96415, from the wells listed below, to a central tank battery located on the Sweet Tea State 24 29 31 multi-well pad located in Unit L of Section 31, T24S-R29E, Eddy County, New Mexico.

Sweet Tea State 24 29 31 WXY 3H: API# 30-015-44661, producing from the Purple Sage Wolfcamp pool. Hering R 14623
Sweet Tea State 24 29 31 WD 2H: API#30-015-45031, producing from the Purple Sage Wolfcamp

Sweet Tea State 24 29 31 WD 2H: API#30-015-45031, producing from the Purple Sage Wolfcamp pool.

- Sweet Tea State 24 29 31 WA 5H: API#30-015-44662, producing from the Purple Sage Wolfcamp pool. Heaving under-14623
- Sweet Tea State 24 29 31 TB 6H: API#30-015-44663, producing from the Willow Lake, West Bone Spring pool. Helping Unler 12-14624
- Sweet Tea State 24 29 31 SB 4H: API#30-015-45032, producing from the Willow Lake, West Bone Spring pool.

As a working interest and/or revenue interest owner in these wells, Marathon is required to notify you of this application. Any objections musted be filed in writing with the Division within 20 days from the date the Division receives Marathon's application.

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

Sincerely,

Chase Rice, CPL Permian Basin

Marathon Oil Permian LLC - Application For Surface Commingling Sweet Tea State WXY 3H, WD 2H, WA 5H, TB 6H, & SB 4H

Submit I Copy To Appropriate District Office	State of New Mex		Form C-103				
<u>District I</u> – (575) 393-6161	Energy, Minerals and Natura	Il Resources	Revised July 18, 2013 WELL API NO.				
1625 N. French Dr., Hobbs, NM 88240 <u>District II</u> – (575) 748-1283	OIL CONSERVATION I	DIVISION	Multiple				
811 S. First St., Artesia, NM 88210 <u>District III</u> – (505) 334-6178	1220 South St. Franc		5. Indicate Type of Lease				
1000 Rio Brazos Rd., Aztec, NM 87410	Santa Fe, NM 875		STATE FEE 6. State Oil & Gas Lease No.				
<u>District IV</u> – (505) 476-3460 1220 S. St. Francis Dr., Santa Fe, NM	6. State Oil & Gas Lease No.						
87505 SUNDRY NOTION	CES AND REPORTS ON WELLS		7. Lease Name or Unit Agreement Name				
DIFFERENT RESERVOIR. USE "APPLIC	ALS TO DRILL OR TO DEEPEN OR PLUC ATION FOR PERMIT" (FORM C-101) FOR		SWEET TEA STATE 24 29 31				
PROPOSALS.)  1. Type of Well: Oil Well	Gas Well 🔲 Other		8. Well Number Multiple				
2. Name of Operator Marathon Oil Permian LLC			9. OGRID Number 372098				
3. Address of Operator			10. Pool name or Wildcat				
5555 San Felipe St., Houston, TX 77	056		Multiple				
4. Well Location							
Unit Letter:	feet from the	line and	feet from theline  NMPM County EDDY				
Section 31	Township 24S Ran	<u> </u>					
	11. Elevation (Snow whether DR, 1	(KD, KI, GK, etc.)					
12. Check A	ppropriate Box to Indicate Nat	ture of Notice,	Report or Other Data				
NOTICE OF IN	TENTION TO:	SUR	SEQUENT REPORT OF:				
PERFORM REMEDIAL WORK		REMEDIAL WOR	<u> </u>				
TEMPORARILY ABANDON	· · · · · · · · · · · · · · · · · · ·	COMMENCE DRI	LLING OPNS.□ P AND A □				
PULL OR ALTER CASING	MULTIPLE COMPL	CASING/CEMEN <sup>*</sup>	T JOB				
DOWNHOLE COMMINGLE CLOSED-LOOP SYSTEM							
	commingle	OTHER:					
13. Describe proposed or compl	eted operations. (Clearly state all pe	rtinent details, and	d give pertinent dates, including estimated date				
of starting any proposed wo proposed completion or reco		For Multiple Cor	mpletions: Attach wellbore diagram of				
the approval of this commingle reque	ting approval to commingle different pools est. Please see the attached pool commi have been mailed to all interest owners.	s on the lease. The v ngle request. Wells v	ralue of the oil and gas will not be affected with will be accurately measured with daily				
Wells to be commingled:							
Name	Location	API	Pool				
Sweet Tea State 24 29 31 SB 4H Sweet Tea State 24 29 31 TB 6H	L-31-24S-29E (2371 FSL 431 FWL) L-31-24S-29E (2407 FSL 406 FWL)	30-015-45032 30-015-44663	Willow Lake, West; Bone Spring (96415) Willow Lake, West; Bone Spring (96415)				
Sweet Tea State 24 29 31 WA 5H	L-31-24S-29E (2407 FSL 356 FWL)	30-015-44662	Purple Sage; Wolfcamp (98220)				
Sweet Tea State 24 29 31 WD 2H Sweet Tea State 24 29 31 WXY 3H	L-31-24S-29E (2372 FSL 381 FWL) L-31-24S-29E (2406 FSL 456 FWL)	30-015-45031 30-015-44661	Purple Sage; Wolfcamp (98220) Purple Sage; Wolfcamp (98220)				
			, , ,				
Spud Date:	Rig Release Date						
Spud Date.	Nig Release Dute	·					
I hereby certify that the information a	bove is true and complete to the bes	t of my knowledge	e and belief.				
SIGNATURE Jennifer Van Jennifer Van Cur	Curen TITLE Sr. Regu	latory Compliance	Representative DATE 10/26/2018				
Type or print name  Jennifer Van Cur	en E-mail address:	jvancuren@mara	athonoil.com 713-296-2500 PHONE:				
For State Use Only	E-man address.		i HOND.				
APPROVED BY:	TITLE		DATE				
Conditions of Approval (if any):							

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

E-MAIL ADDRESS: jvancuren@marathonoil.com

### 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.

APPLICATIO	N FOR SURFACE	<u>COMMINGLING</u>	(DIVERSE)	OWNERSHIP)	
OPERATOR NAME: Marat	hon Oil Permian LLC				
	San Felipe St., Houstor	n, TX 77057			
APPLICATION TYPE:					
☐ Pool Commingling ☐ Lease Commi	ngling Pool and Lease Co	mmingling Off-Lease	Storage and Measure	ement (Only if not Surface	Commingled)
LEASE TYPE:	ĭ State ☐ Fede	eral			
Is this an Amendment to existing O					
Have the Bureau of Land Managem   ☐ Yes ☐ No	ent (BLM) and State Lan	d office (SLO) been not	tified in writing o	f the proposed commi	ngling
		OL COMMINGLIN ts with the following in			
(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes
Willow Lake, West; Bone Spring (964	15)			4	
Purple Sage; Wolfcamp (98220)				NO production	
				Danduchu	
				FILLOW	
		1			
<ul> <li>(3) Has all interest owners been notified</li> <li>(4) Measurement type: Metering</li> <li>(5) Will commingling decrease the value</li> </ul>	Other (Specify)		Mes ☐No.	ng should be approved	
		SE COMMINGLIN ts with the following in			
<ol> <li>Pool Name and Code. Attached</li> <li>Is all production from same source</li> <li>Has all interest owners been notifie</li> <li>Measurement type: X Metering</li> </ol>	of supply? Yes 🖾	lo .	<b>⊠</b> Yes □No	:	
		LEASE COMMIN			
(1) Complete Sections A and E. Atta		ts with the following in	itormation		
	(D) OFF-LEASE ST	TORACE and MEA	SUBFMENT		M-M-1-10-1
		ets with the following			
<ol> <li>Is all production from same source</li> <li>Include proof of notice to all interest</li> </ol>	of supply? Yes 🗷				
(E)	ADDITIONAL INFO	ORMATION (for all	application ty	pes)	
		ts with the following in		- ,	
<ul> <li>(1) A schematic diagram of facility, in</li> <li>(2) A plat with lease boundaries show</li> <li>(3) Lease Names, Lease and Well Number</li> <li>Included on the C-103</li> </ul>	ing all well and facility locat		ers if Federal or Stat	te lands are involved.	
I hereby certify that the information abo	ve is true and complete to the	best of my knowledge an	d belief.		/ /
SIGNATURE: Mules (1)	anteren T	ITLE: Sr. Regulatory (	Compliance Rep	D. DATE: 10	125/18
TYPE OR PRINT NAME Jennifer Va	ın Curen		TELE	EPHONE NO.: 713-296	6-2500

#### **Process and Flow Descriptions:**

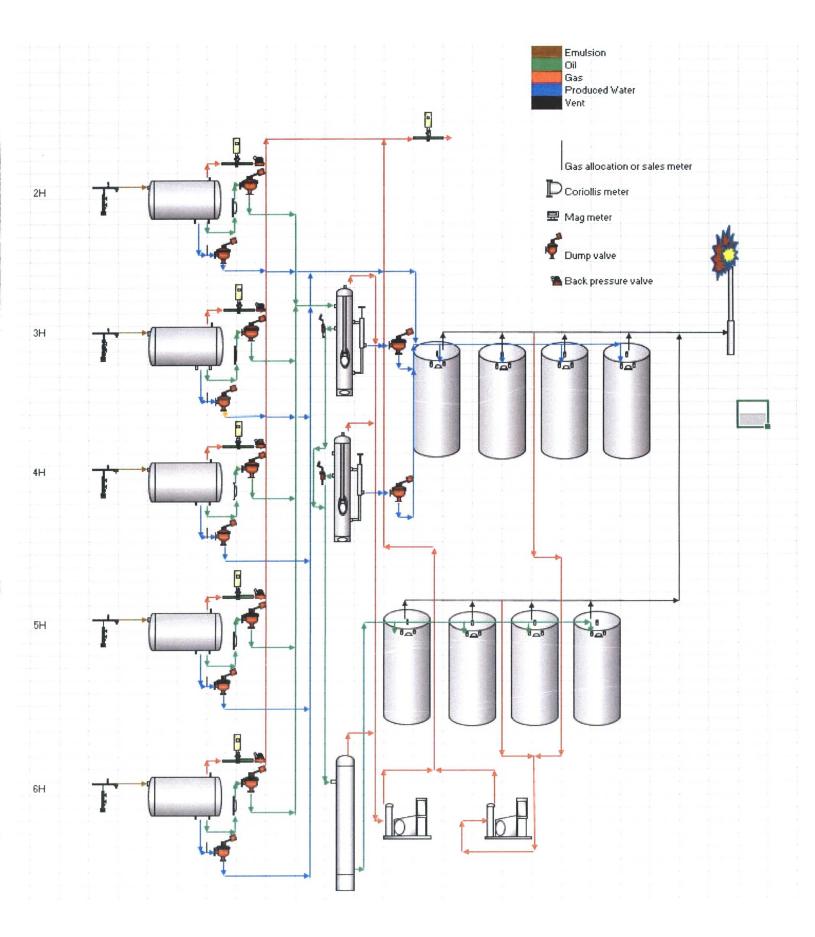
The central tank battery is located on the Sweet Tea State 24 29 31 multi-well pad location in Sec 31, T24S, R29E. The production from each well will flow through its own three phase metering separator with a Micro Motion Coriolis Meter to meter the oil, Mag meter to meter the water, and an orifice meter 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.

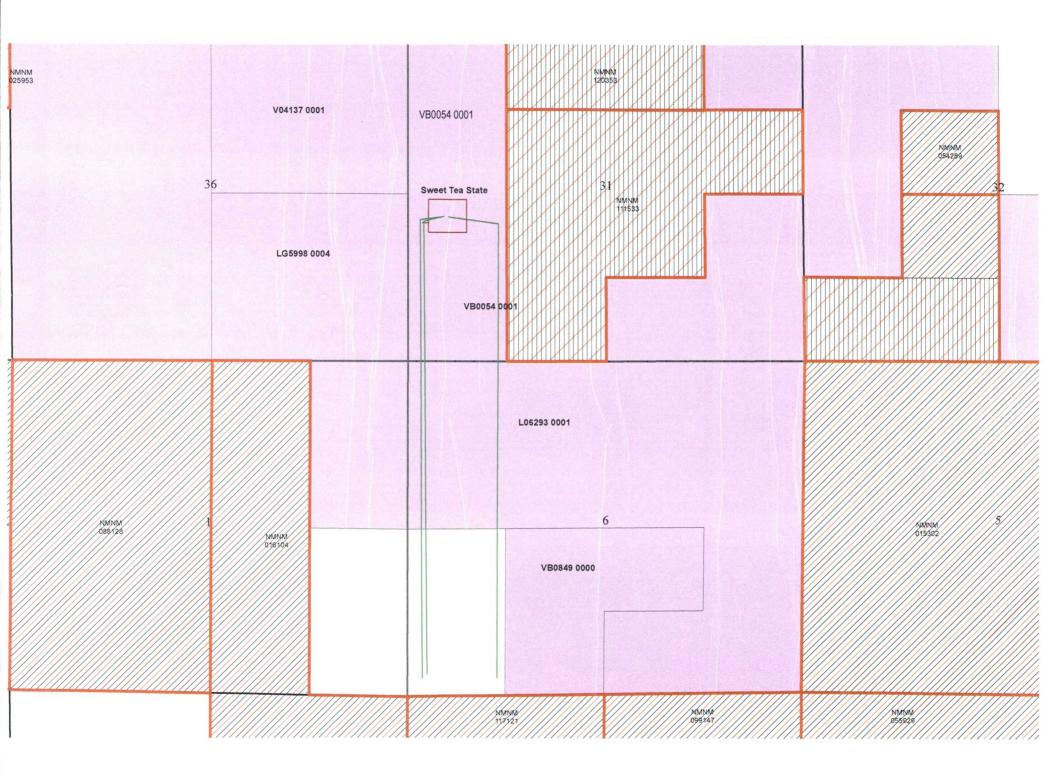
The Sweet Tea State 24 29 31 CTB will have four oil tanks that these five wells will utilize and they have a common CDP, (Central Delivery Point) (Number provided upon receipt) which is located on site. Oil, gas, and water volumes from each well producing to this battery will be determined by using individual 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 Sweet Tea State 24 29 31 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.





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

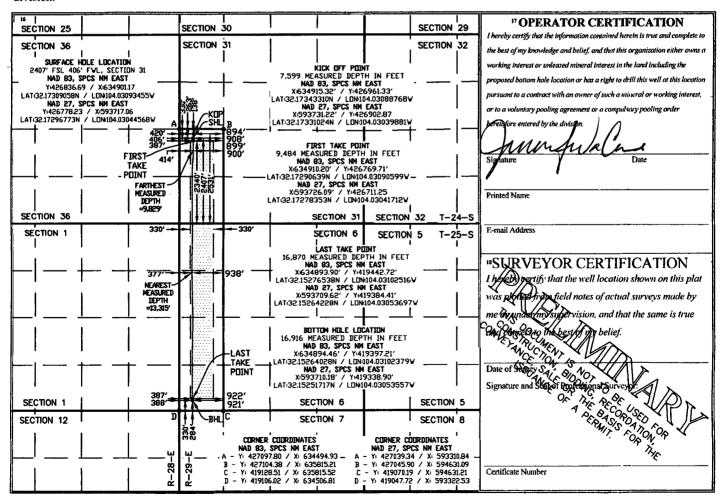
## State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe. NM 87505

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

			***************************************		711111211011	LAGE DEDIC				
¹ A	PI Number	•		<sup>2</sup> Pool Cod	le		3 Pool Na			
96415 WILLOW LAKE, WEST;									SPRING	
<sup>4</sup> Property Co	ode				5 Property N	Name		Ì	<sup>6</sup> Well Number	
	l		2	SWEET	TEA STATE	24-29-31	TB		6H	
<sup>7</sup> OGRID N	0.				<sup>8</sup> Operator ?	Name			<sup>9</sup> Elevation	
372098	. [			MARA	THON OIL F	PERMIAN LLC			2922'	
<sup>™</sup> Surface Location										
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/Wes	t line County	
L (LOT 3)	31	T24S	R29E		2406	SOUTH	406	WEST	EDDY	
		N <del>a.</del>	" Bo	ttom Ho	le Location If	Different Fron	n Surface			
UL or lot no.	Section	Township	Range	Lot Ide	Feet from the	North/South line	Feet from the	East/Wes	t line County	
M (LOT 7)	6	T25S	R29E		284	SOUTH	388	WEST	EDDY	
12 Dedicated Acres	13 Joint of	lifal 1	<sup>4</sup> Consolidation	Code 15 O	rder No.					
235.88		-		l						



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, Aztoc. 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

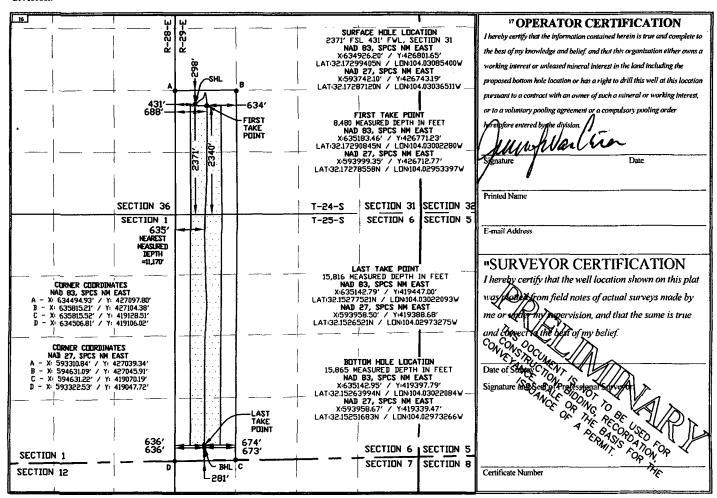
## State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505

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

■ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

			<u> </u>			EAGE DEDIC		<u> </u>		
14	API Number	r		<sup>2</sup> Pool Code	<sup>3</sup> Pool Name					
96415 WILLOW LAKE, WEST (BO									NE SPRING)	
<sup>4</sup> Property C	Code				<sup>5</sup> Property	Name			<sup>6</sup> Well Number	
	SWEET TEA STATE 24-29-31 SB								4H	
OGRID !	Vo.	<sup>8</sup> Operator Name , Elevati							<sup>9</sup> Elevation	
37209	8	MARATHON OIL PERMIAN LLC 2919'							2919'	
					" Surface ]	Location				
UL or lot no,	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West li	ne County	
L	31	24S	29E		2371	SOUTH	431	WEST	EDDY	
			"Bo	ttom Ho	le 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 li	ne County	
М	6	25S	29E		281	SOUTH	636	WEST	EDDY	
12 Dedicated Acres	13 Joint of	Infill 1	Consolidation	Code 15 Or	der No.					
235.88		ł								



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

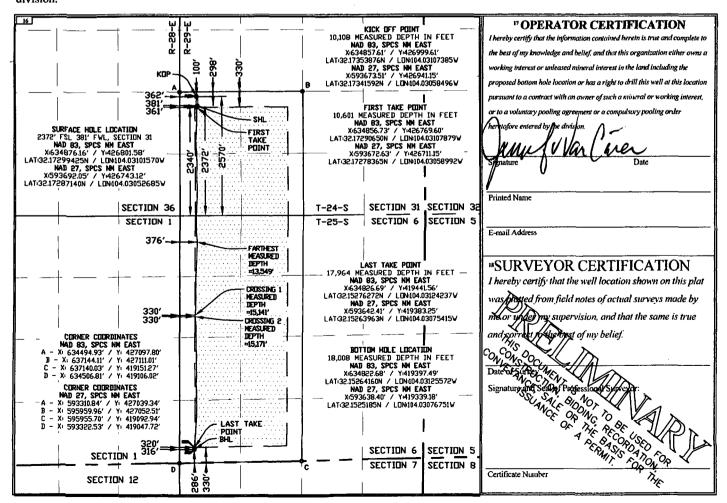
# State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505

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	r		<sup>2</sup> Pool Code	2		<sup>3</sup> Pool Na	me		i		
				98220	)	PURPLE SAGE (WOLFCAMP)						
<sup>4</sup> Property C	Code				5 Property	Name			<sup>6</sup> Well Number			
	ļ			SWEET	TEA STATE	24-29-31	WD	į	2H			
OGRID :	No.				8 Operator	r Name				Elevation		
37209	98	MARATHON OIL PERMIAN LLC 2918'					2918'					
	<sup>™</sup> Surface Location											
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	e North/South line	Feet from the	East/\	Vest line	County		
L	31	245	29E		2372	SOUTH	381	WES.	T [	EDDY		
			"Bo	ttom Ho	le Location I	f Different Fron	n Surface					
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	e North/South line	Feet from the	East/V	Nest line	County		
М	6	25S	29E		286	SOUTH	316	WES.	Τ	EDDY		
12 Dedicated Acres	13 Joint o	r lafili 1.	Consolidation	Code 15 Or	der No.							
475.88	1											



### <u>District 1</u> 1625 N. French Dr., Hobbs, NM 88240 Phone: (575) 393-6161 Fax: (575) 393-0720 <u>District 11</u>

### 8811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III

1000 Rio Brazos Road, Aztev, NM 87410 Phone: (505) 334-6178 Fax: (505) 334-6170 <u>District LY</u>

1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462

M (LOT 7)

<sup>2</sup> Dedicated Acres

475.65

T25S

Joint or Infill

R29E

<sup>14</sup> Consolidation Code

### 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

**EDDY** 

		V	VELL LO	CATIO	N AND ACR	EAGE DEDIC	<b>ATION PLA</b>	T	_	
	API Numbe	er		Pool Code         3 Pool Name           98220         PURPLE SAGE; WOLF(						
<sup>4</sup> Property (	Code		2,	WEET :		roperty Name TATE 24-29-31 WA				r
<sup>7</sup> ogrid: 37209				MARAT	* Operator : HON OIL F	Name PERMIAN LLC		' Elevation 2,921'		
					Surface I	Location				
UL or lot no.			Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West lin	1	County
L (LOT 3)	31	T24S	R29E		2407	SOUTH	356	WEST	EDDY	
			" Bot	tom Hol	e Location If	Different Fron	1 Surface			
UL or tot no. Section Township Range Lot Idn Feet from the North/South line Feet from the							East/West lin	e	County	

SOUTH

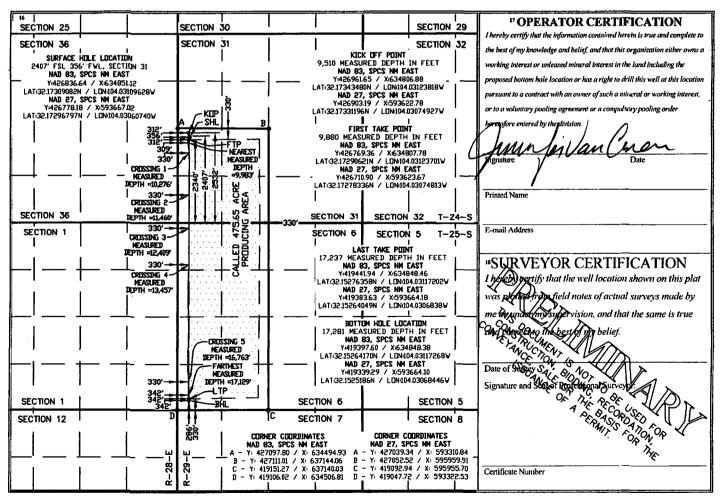
342

WEST

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.

286

Order No.



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

'A	PI Number	r		<sup>2</sup> Pool Co 98220	<b>I</b>	PURF	³ Pool Na PLE SAGE;		<del></del>	
<sup>4</sup> Property Co	nde T	<sup>5</sup> Property Name <sup>6</sup> We								
Tropen, e.			2		ЗН					
<sup>7</sup> OGRID N	о.				<sup>8</sup> Operator 1	Name			<sup>9</sup> Elevation	
372098	3			MARA	ATHON OIL F	PERMIAN LLC			2921'	
	<sup>™</sup> Surface Location									
UL or lot no.	Section	Townshi	Range	Lot Id	n Feet from the	North/South line	Feet from the	East/West I	ine	County
L (LOT 3)	31	T249	R29E		2406	SOUTH	456	WEST	EDDY	
			" Bo	ttom Ho	ole Location If	Different Fron	n Surface			
UL or lot no.	Section	Township	Range	Lot Id	n Feet from the	North/South line	Feet from the	East/West 1	ine	County
M (LOT 7)	6	T259	25S R29E		286	SOUTH 1265 WES		WEST	ST EDDY	
12 Dedicated Acres	13 Joint of	liñaf 1	14 Consolidation	Code 15 C	Order No.					
475.65										

