

**Before the Oil Conservation Division
Examiner Hearing November 15-16, 2018**

Case Numbers 20061 & 20062

Queenie Federal Com 20-32-15 SB 2H & Queenie Federal Com 20-32-15 SB 3H



**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**APPLICATION OF MARATHON
OIL PERMIAN LLC FOR APPROVAL
OF A SPACING UNIT AND COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.**

CASE NO. 20061

APPLICATION

Marathon Oil Permian LLC ("Marathon"), OGRID Number 372098, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order: (1) to the extent necessary, approving the creation of a Bone Spring spacing unit; and (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the E/2 E/2 of Sections 10 and 15, Township 20 South, Range 32 East, Lea County, New Mexico. In support of this application, Marathon states as follows:

1. Marathon is an interest owner in the subject lands and has a right to drill a well thereon.
2. Marathon seeks to dedicate the E/2 E/2 of Sections 10 and 15, Township 20 South, Range 32 East, Lea County, New Mexico to form a 320-acre, more or less, spacing unit.
3. Marathon plans to drill the **Queenie Federal 20-32-15 SB 2H** well to a depth sufficient to test the Bone Spring formation. This well will be horizontally drilled.
4. This well will comply with the Division's setback requirements.

5. Marathon sought, but has been unable to obtain a voluntary agreement from all interest owners in the Bone Spring formation underlying the proposed spacing unit to participate in the drilling of the well or to otherwise commit their interests to the well.

6. The creation of a spacing unit and the pooling of all interests in the Bone Spring formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

7. Marathon further requests that it be allowed one (1) year between the time the well is drilled and completion of the well under the order issued by the Division.

WHEREFORE, Marathon requests this application be set for hearing before an Examiner of the Oil Conservation Division on November 15, 2018, and after notice and hearing as required by law, the Division enter its order:

- A. To the extent necessary, approving the creation of a spacing unit;
- B. Pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing unit underlying the E/2 E/2 of Sections 10 and 15, Township 20 South, Range 32 East, Lea County, New Mexico;
- C. Designating Marathon as operator of this unit and the well to be drilled thereon;
- D. Authorizing Marathon to recover its costs of drilling, equipping and completing this well;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;
- F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

G. Allowing a time period of one (1) year between when the well is drilled and when the well is completed under the order.

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS
& SISK, P.A.

By: Deana M. Bennett

Jennifer Bradfute
Deana M. Bennett
Post Office Box 2168
500 Fourth Street NW, Suite 1000
Albuquerque, New Mexico 87103-2168
Telephone: 505.848.1800
Attorneys for Applicant

CASE NO. _____: Application of Marathon Oil Permian LLC for a spacing and unit and compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a Bone Spring spacing unit; and (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the E/2 E/2 of Sections 10 and 15, Township 20 South, Range 32 East, Lea County, New Mexico. This proposed spacing unit will be dedicated to the **Queenie Federal 20-32-15 SB 2H** well, to be horizontally drilled. The producing area for this well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said well, and allowing a one year period between when the well is drilled and when the well is completed. Said area is located approximately 28 miles northeast of Loving, New Mexico.

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**APPLICATION OF MARATHON
OIL PERMIAN LLC FOR APPROVAL
OF A SPACING UNIT AND COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.**

CASE NO. 20062

APPLICATION

Marathon Oil Permian LLC ("Marathon"), OGRID Number 372098, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order: (1) to the extent necessary, approving the creation of a Bone Spring spacing unit; and (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the W/2 E/2 of Sections 10 and 15, Township 20 South, Range 32 East, Lea County, New Mexico. In support of this application, Marathon states as follows:

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2. Marathon seeks to dedicate the W/2 E/2 of Sections 10 and 15, Township 20 South, Range 32 East, Lea County, New Mexico to form a 320-acre, more or less, spacing unit.
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4. This well will comply with the Division's setback requirements.

5. Marathon sought, but has been unable to obtain a voluntary agreement from all interest owners in the Bone Spring formation underlying the proposed spacing unit to participate in the drilling of the well or to otherwise commit their interests to the well.

6. The creation of a spacing unit and the pooling of all interests in the Bone Spring formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

7. Marathon further requests that it be allowed one (1) year between the time the well is drilled and completion of the well under the order issued by the Division.

WHEREFORE, Marathon requests this application be set for hearing before an Examiner of the Oil Conservation Division on November 15, 2018, and after notice and hearing as required by law, the Division enter its order:

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- D. Authorizing Marathon to recover its costs of drilling, equipping and completing this well;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;
- F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

G. Allowing a time period of one (1) year between when the well is drilled and when the well is completed under the order.

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS
& SISK, P.A.

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Jennifer Bradfute
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Post Office Box 2168
500 Fourth Street NW, Suite 1000
Albuquerque, New Mexico 87103-2168
Telephone: 505.848.1800
Attorneys for Applicant

CASE NO. _____: Application of Marathon Oil Permian LLC for a spacing and unit and compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a Bone Spring spacing unit; and (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the W/2 E/2 of Sections 10 and 15, Township 20 South, Range 32 East, Lea County, New Mexico. This proposed spacing unit will be dedicated to the **Queenie Federal 20-32-15 SB 3H** well, to be horizontally drilled. The producing area for this well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said well, and allowing a one year period between when the well is drilled and when the well is completed. Said area is located approximately 28 miles northeast of Loving, New Mexico.



4. No opposition is expected because the interest owners being pooled have been contacted regarding the proposed wells, but have failed or refused to voluntarily commit their interests in the wells.

5. In Case No. 20061, Marathon seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the E/2 E/2 of Sections 10 and 15, Township 20 South, Range 32 East, Lea County, New Mexico. This proposed spacing unit will be dedicated to the **Queenie Federal 20-32-15 SB 2H** well, to be horizontally drilled.

6. In Case No. 20062, Marathon seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the W/2 E/2 of Sections 10 and 15, Township 20 South, Range 32 East, Lea County, New Mexico. This proposed spacing unit will be dedicated to the **Queenie Federal 20-32-15 SB 3H** well, to be horizontally drilled.

7. A plat outlining the unit being pooled is attached hereto as **Exhibit A**. The parties being pooled, the nature and percent of their interests, and their last known addresses are also included as part of Exhibit A. Exhibit A includes information for the working interest owners, the overriding interest owners, and offsets.

8. There are no depth severances within the Bone Spring formation.

9. I have conducted a diligent search of the public records in the county where the wells are located, and conducted phone directory and computer searches to locate contact information for parties entitled to notification, and mailed all parties well proposals, including an Authorization for Expenditure.

10. In my opinion, Marathon has made a good faith effort to obtain voluntary joinder of the working interest owners in the proposed wells. A summary of my attempts to contact working interest owners is attached as **Exhibit B**.

11. Attached as **Exhibit C** are proposed C-102s for the wells. The wells will develop the Salt Lake, Bone Spring pool, pool code 53560, which is an oil pool.

12. The producing interval for the wells will be orthodox and will comply with the Division's set back requirements.

13. **Exhibits D and E** are a sample proposal letter and the Authorization for Expenditure for the proposed wells. The estimated cost of the wells set forth therein is fair and reasonable, and is comparable to the costs of other wells of similar depths and length drilled in this area of New Mexico.

14. Marathon requests overhead and administrative rates of \$8000.00/month for drilling a well and \$800.00/month for a producing well. These rates are fair, and comparable to the rates charged by other operators for wells of this type in this area of Southeastern, New Mexico. Marathon requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

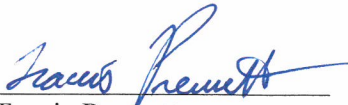
15. Marathon requests the maximum cost plus 200% risk charge be assessed against non-consenting working interest owners.

16. Marathon requests that it be designated operator of the wells.


17. The attachments to this affidavit were prepared by me, or compiled from company business

18. I attest that the information provided herein is correct and complete to the best of my knowledge and belief.

19. The granting of this application is in the interests of conservation and the prevention of waste.

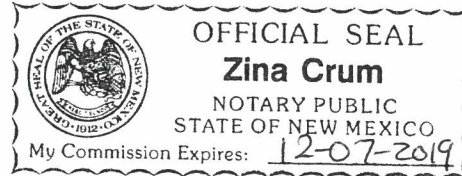

Travis Prewett

SUBSCRIBED AND SWORN to before me this 14th day of November, 2018 by Travis Prewett on behalf of Marathon Oil Permian LLC.



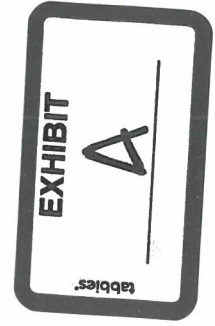
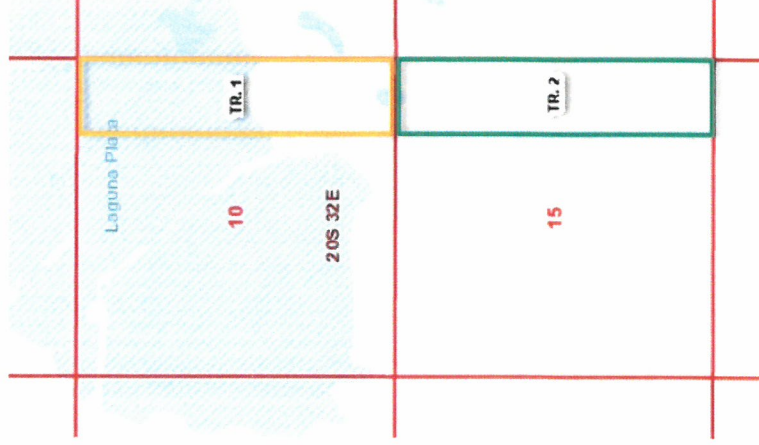
Notary Public

My commission expires: 12-07-2019



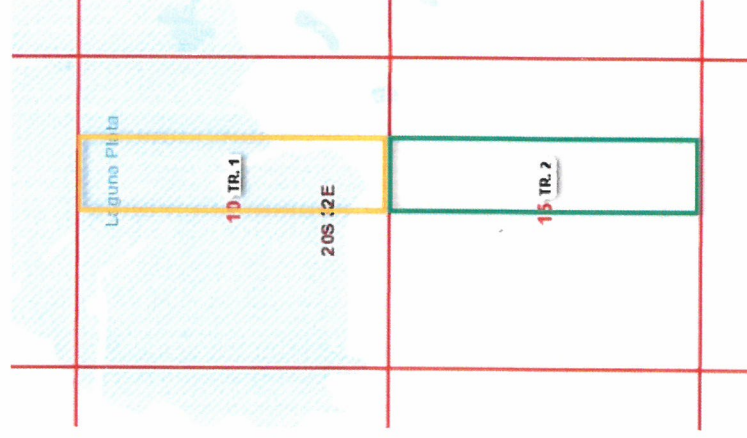
Queenie 20-32-15 SB 2H
E/2E/2 of Sections 10 and 15, T20S-R32E, Lea County, New Mexico

- Tract 1: Federal Acreage
- Tract 2: Federal Acreage



**Queenie 20-32-15 SB 2H & Queenie 20-32-15 SB 3H
W/2E/2 of Sections 10 and 15, T20S-R32E, Lea County, New Mexico**

- Tract 1: Federal Acreage
- Tract 2: Federal Acreage



**Queenie 20-32-15 SB 2H & Queenie 20-32-15 SB 3H
E/2 of Sections 10 and 15, T20S-R32E, Lea County, New Mexico**

<u>Committed Working Interest:</u> Marathon Oil Permian LLC	36.5%	36.5%
<u>Uncommitted Working Interest:</u> Hanley Petroleum, LLC H6 Holdings, LLC LHAH Properties, LLC TBO Oil & Gas, LLC Transcendent Oil & Gas Properties, LLC Escondido Oil & Gas, LLC Oxy USA, Inc.	10.500000% 0.625000% 1.250000% 0.125000% 0.666667% 0.333333% 50.000000%	63.5%
<u>Unleased Mineral Interest:</u>		0.00%

Section 10 & 15, Township 20 South, Range 32 East, Lea County, NM

Oxy USA, Inc.	5 Greenway Plaza Suite 110	Houston	TX	77046	WI
Anadarko E&P Onshore, LLC.	P.O. Box 173779	Denver	CO	80217	ORRI
Hanley Petroleum, LLC	415 West Wall St., Suite 1500	Midland	TX	79701	WI
LHAH Properties, LLC	415 West Wall St., Suite 1500	Midland	TX	79701	WI
TBO Oil & Gas, LLC	P.O. Box 10502	Midland	TX	79702	WI
Transcendent Oil & Gas Properties, LLC	P.O. Box 9612	Midland	TX	79708	WI
Escondido Oil & Gas, LLC	P.O. Box 51390	Midland	TX	79710	WI
Black Family Partnership, Ltd.	P.O. Box 50820	Midland	TX	79710	ORRI
Charles D. Ray	P.O. Box 51608	Midland	TX	79710	ORRI
Ronald Jackson Erwin	P.O. Box 50820	Midland	TX	79710	ORRI
Oak Valley Mineral and Land, LP	P.O. Box 50820	Midland	TX	79710	ORRI
Mavros Oil Company, LLC	P.O. Box 50820	Midland	TX	79710	ORRI
Martin Joyce	P.O. Box 2142	Roswell	NM	88202	ORRI
Nestegg Energy Corporation	2308 Sierra Vista Rd.	Artesia	NM	88210	ORRI
CEP Minerals, LLC	P.O. Box 50820	Midland	TX	79710	ORRI
Good News Minerals, LLC	P.O. Box 50820	Midland	TX	79710	ORRI

Offset Acreage Lessee's

Faskin Oil & Ranch Ltd	6101 HOLIDAY HILL RD	MIDLAND	TX	79707
Oxy USA, Inc.	5 Greenway Plaza, Suite 110	Houston	TX	77046
OXY Y-1 COMPANY	5 Greenway Plaza, Suite 110	Houston	TX	77046
Devon Production Company, LP	333 W Sheridan Ave.	Oklahoma City	OK	73102
EOG A RESOURCES INC	5509 Champions Drive	Midland	TX	79706
EOG Y RESOURCES INC	5509 Champions Drive	Midland	TX	79706
EOG M RESOURCES INC	5509 Champions Drive	Midland	TX	79706
CROSS BORDER RESOURCES INC	14282 GILLIS RD	Farmers Branch	TX	75244
Apache Corporation	2000 Post Oak Blvd , Ste 100	Houston	TX	77056
Chisos Ltd.	670 Dona Ana Rd. SW	Deming	NM	88030

Summary of Attempted Contacts

- Marathon sent well proposal letters on August 13, 2018.
- Marathon then contacted parties to see if they would participate in the well and/or execute a joint operating agreement.
- Marathon conducted updated record searches and internet searches for contact information for parties it seeks to pool.
- Marathon continued to attempt to contact the parties who had not executed an agreement.
- Marathon filed an application to force pool parties who had not entered in to an agreement.
- Marathon sent notices of the force pooling application to the addresses of record.
- Marathon also published notice in a newspaper of general circulation in the county where the well will be located.

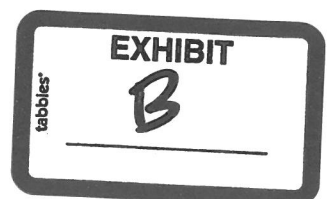


EXHIBIT
C

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 53560		³ Pool Name SALT LAKE; BONE SPRING	
⁴ Property Code		Property Name QUEENIE 15-10 FEDERAL COM			⁶ Well Number 3H
⁷ OGRID No. 372098		⁸ Operator Name MARATHON OIL PERMIAN LLC			⁹ Elevation 3529'
¹⁰ Surface Location					
UL or lot no. A	Section 22	Township T20S	Range R32E	Lot Idn 100	Feet from the North/South line 450
				Feet from the East/West line EAST	County LEA
¹¹ Bottom Hole Location If Different From Surface					
UL or lot no. B	Section 10	Township T20S	Range R32E	Lot Idn 100	Feet from the North/South line 1982
				Feet from the East/West line EAST	County LEA
¹² Dedicated Acres 320.00		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.

¹⁶				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. NOVEMBER 12, 2018 Date of Survey _____ Signature and Seal of Professional Surveyor _____ Certificate Number _____					

2	11/01/2018	ANC
REV.	DATE	BY

Ryan Gyllenband
Land Professional



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

August 13, 2018

VIA CERTIFIED RETURN RECEIPT MAIL

Hanley Petroleum, LLC
415 West Wall, Suite 1500
Midland, TX 79701

Re: Queenie Federal 2H & 3H Well Proposals
Sections 10 & 15, T20S-R32E
Lea County, New Mexico

Hanley Petroleum, LLC:

Marathon Oil Permian LLC ("MRO") proposes the drilling of the following wells located in Sections 10 & 15, 20S-32E, Lea County, New Mexico to be drilled from the same surface pad location.

- Queenie Fed 20 32 15 SB 2H with a proposed first take point located 100' FSL and 660' FEL of Section 15, 20S-32E, and a proposed last take point located 100' FNL and 660' FEL of Section 10, 20S-32E. The well will have a targeted interval located in the Bone Spring Formation (~9,750' TVD) with a productive lateral length of approximately 9,895'. The total estimated drilling and completion cost is \$11,135,758 as shown in the attached AFE.
- Queenie Fed 20 32 15 SB 3H with a proposed first take point located 100' FSL and 1,980' FEL of Section 15, 20S-32E, and a proposed last take point located 100' FNL and 1,980' FEL of Section 10, 20S-32E. The well will have a targeted interval located in the Bone Spring Formation (~9,725' TVD) with a productive lateral length of approximately 9,895'. The total estimated drilling and completion cost is \$11,135,758 as shown in the attached AFE.

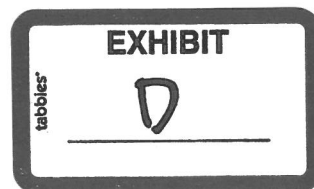
These proposed locations and target depths are subject to change depending on any surface or subsurface concerns encountered. The AFEs represent an estimate of the costs that will be incurred to drill and complete the wells, but those electing to participate in the wells are responsible for their proportionate share of the actual costs incurred.

MRO proposes drilling the well under the terms of the 1989 AAPL JOA and a form of this JOA will be sent to you following this proposal. The JOA will have these general provisions:

- 100%/300%/300% non-consent penalty
- \$8,000/\$800 drilling and producing rates
- Contract area of Sections 10 & 15, 20S-32E, covering all depths

Our title records show that you own 10.50% WI in the proposed unit.

If your election is to participate in the drilling and completion of the wells please sign and return a copy of this letter along with the enclosed AFE within thirty (30) days of receipt of this proposal.



If you do not wish to participate, Marathon proposes to acquire your interest via term assignment at the following terms:

This term assignment offer terminates August 15, 2018 and is subject to due diligence and title verification satisfactory to Marathon.

Should you have any questions regarding this or other matters, please don't hesitate to contact me at the above listed numbers.

Sincerely,

Ryan Gyllenband

Queenie Federal 2H & 3H

_____ elects to participate in the drilling, completing, and equipping of the Queenie Fed 20 32 15 SB 2H well.

_____ elects NOT to participate in the drilling, completing, and equipping of the Queenie Fed 20 32 15 SB 2H well.

_____ elects to participate in the drilling, completing, and equipping of the Queenie Fed 20 32 15 SB 3H well.

_____ elects NOT to participate in the drilling, completing, and equipping of the Queenie Fed 20 32 15 SB 3H well.

Hanley Petroleum, LLC

By: _____

Print Name: _____

Title: _____

Date: _____

MARATHON OIL PERMIAN LLC
AUTHORITY FOR EXPENDITURE
DETAIL OF ESTIMATED WELL COSTS

DATE 5/3/2018
DRILLING & LOCATION PREPARED BY MATTHEW RUGAARD
COMPLETION PREPARED BY JOSH SHANNON
FACILITIES PREPARED BY MATT HENSCHEN
ARTIFICIAL LIFT PREPARED BY BILLY MOORE/MATT HE

Asset Team	PERMIAN			
Field	0	FORMATION: 2ND BONE SPRINGS	WILDCAT	EXPLORATION
Lease/Facility	QUEENIE FEDERAL COM 20 32 15 SB 2H		DEVELOPMENT	RECOMPLETION
Location	LEA COUNTY		X EXPLOITATION	WORKOVER
Prospect	RANGER			

Est Total Depth	19,977	Est Drilling Days		Est Completion Days	5.5
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LOCATION COST - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access	75,000
7001250	Land Broker Fees and Services	67,500
TOTAL LOCATION COST - INTANGIBLE		142,500

DRILLING COST - TANGIBLE

7012050	Conductor Pipe	28,000
7012050	Surface Casing	53,000
7012050	Intermediate Casing 1	119,000
7012050	Intermediate Casing 2	203,000
7012050	Production Casing	136,000
7012050	Drig Liner Hanger, Tieback Eq & Csg Accessories	55,000
7012550	Drilling Wellhead Equipment	50,000
7012040	Casing & Tubing Access	24,000
7012270	Miscellaneous MRO Materials	5,000
TOTAL DRILLING - TANGIBLE		673,000

DRILLING COST - INTANGIBLE

7019200	Drilling Rig Mob/Demob	65,000
7019220	Drilling Rig - day work/footage	793,750
7019040	Directional Drilling Services	262,000
7019020	Cement and Cementing Service	25,000
7019020	Cement and Cementing Service	35,000
7019020	Cement and Cementing Service	60,000
7019020	Cement and Cementing Service	75,000
7019140	Mud Fluids & Services	74,000
7012310	Solids Control equipment	54,000
7012020	Bits	70,000
7019010	Casing Crew and Services	40,000
7016350	Fuel (Rig)	98,000
7019140	Fuel (Mud)	-
7001460	Water (non potable)	25,000
7012350	Water (potable)	5,000
7019000	Well Logging Services	-
7019150	Mud Logging+geosteering	21,000
7019250	Stabilizers, Hole Openers, Underreamers (DH rentals)	15,000
7019110	Casing inspection/cleaning	15,000
7019110	Drill pipe/collar inspection services	10,000
7016180	Freight - truck	25,000
7001460	Water hauling and disposal (includes soil farming)	60,000
7001160	Contract Services - Disposal/Non-Hazardous Waste	80,000
7001440	Vacuum Trucks	10,000
7000030	Contract Labor - general	30,000
7000030	Contract Labor - Operations	3,000
7001200	Contract Services - Facilities	10,000
7019300	Well Services - Well Control Services	25,875
7019350	Well Services - Well/Wellhead Services	10,000
7018150	Rental Tools and Equipment (surface rentals)	127,000
7018150	Rig Equipment and Misc.	15,875
7001110	Telecommunications Services	5,000
7001120	Consulting Services	149,225
7001400	Safety and Environmental	50,800
7018120	Rental Buildings (trailers)	25,400
7019310	Coring (sidewalls & analysis)	-
7011010	7% Contingency & Taxes	213,005
TOTAL DRILLING - INTANGIBLE		\$2,582,930

TOTAL DRILLING COST

\$3,255,930

COMPLETION - TANGIBLE

7012580	Tubing	75,000
7012040	Tubing Accessories (nipple, wireline entry)	15,000
7012550	Wellhead Equip	20,000
7012560	Packers - Completion Equipment	60,000
TOTAL COMPLETION - TANGIBLE		\$170,000



Asset Team PERMIAN
Field FORMATION: 2ND BONE SPRINGS
Lease/Facility QUEENIE FEDERAL COM 20 32 15 5B 2H

COMPLETION - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access (dress location after rig move, set anchors)	20,000
7019220	Drilling Rig During Completion	80,000
7019140	Mud Fluids & Services	-
7019030	Coiled Tubing Services (3 runs)	240,000
7019240	Snubbing Services	-
7019270	Pulling/Swab Units	-
7016350	Fuel (from drlg)	-
7019010	Casing Crew and Services	-
7019020	Cement and Cementing Services	-
7019080	Well Testing Services (flow hand & equip)	195,000
7019320	Fracturing Services	3,850,000
7019330	Perforating	300,000
7019360	Wireline Services	10,000
7001460	Water Hauling & Disposal (frac fluids)	600,000
7016180	Freight - Truck (haul pipe; drlg & compl)	15,000
7018150	BOP Rental & Testing	-
7018150	Rental Tools and Equipment (incl drlg; lightplant,hydra-walk)	-
7018150	CT Downhole Rental Equipment (ie. Bit, BHA)	-
7000030	Contract Labor - general	50,000
7001110	Telecommunications Services	130,000
7001400	Safety and Environmental	-
7001120	Consulting Services	60,000
7018150	Zipper Manifold	165,000
7019300	Frack Stack Rentals	70,000
7016190	Freight (Transportation Services)	-
7018150	Equipment Rental (w/o operator, frac tanks, lightplants)	140,000
7018120	Rental Buildings (trailers)	60,000
7000030	Contract Labor - Pumping (pump-down pumps)	120,000
7011010	8% Contingency & Taxes	426,800
TOTAL COMPLETION - INTANGIBLE		\$6,531,800

TOTAL COMPLETION COST \$6,701,800

SURFACE EQUIPMENT - TANGIBLE

7012350	Misc. Piping, Fittings & Valves	103,535
7006640	Company Labor & Burden	-
7000030	Contract Labor - General	111,222
7001110	Telecommunication equip (Telemetry)	-
7012410	Line Pipe & Accessories	33,891
7012270	Miscellaneous Materials (containment system)	52,263
7008060	SCADA	3,494
7016180	Freight - truck	-
7001190	Contract Engineering	29,116
7012290	Metering and Instrumentation	211,962
7012290	I&E Materials	-
7012200	Gas Treating	-
7012200	Dehydration	-
7012010	Compressor	-
7012350	Power	-
7012610	Vapor Recovery Unit	-
7012440	Separator & other pressure vessels	81,065
7012500	Tanks	242,448
7012100	Heater Treater	14,744
7012640	Flare & Accessories	17,469
7000010	Electrical Labor	32,027
7000010	Mechanical Labor	-
7012480	Rod Pumping unit & Pad	-
7012180	Pumping Unit Engine	-
7012350	Electrical Power (electrical cooperative construction costs)	23,293
TOTAL SURFACE EQUIPMENT - TANGIBLE		\$956,528

TOTAL SURFACE EQUIPMENT COST \$ 956,528

ARTIFICIAL LIFT

7006640	Company Labor	3,000
7012180	Gas Lift Equipment	23,000
7012480	Rod Pumping, Sucker Rods & Rod Pump	-
7012140	Elect Sub Pumps (ESP)	-
7019350	Well Services-Well/Wellhead Services	22,500
7012270	Materials & Supplies-Tangible	25,000
7012550	Surface Wellhead Equipment	3,000
7012390	Pig Launchers/Receivers & Rel Equip	-
7011010	8% Contingency & Taxes	2,500
TOTAL ARTIFICIAL LIFT		79,000

TOTAL ARTIFICIAL LIFT COST \$ 79,000

SUMMARY OF ESTIMATED DRILLING WELL COSTS

	TOTAL COST
TOTAL LOCATION COST	\$ 142,500
TOTAL DRILLING COST	\$ 3,255,930
TOTAL COMPLETIONS COST	\$ 6,701,800
TOTAL SURFACE EQUIPMENT COST	\$ 956,528
TOTAL ARTIFICIAL LIFT COST	\$ 79,000
GRAND TOTAL COST	\$11,135,758

Participant's Approval

Name of Company: _____
Signature: _____
Title: _____ Date: _____

MARATHON OIL PERMIAN LLC
AUTHORITY FOR EXPENDITURE
DETAIL OF ESTIMATED WELL COSTS

DATE 5/3/2018
DRILLING & LOCATION PREPARED BY MATTHEW RUGAARD
COMPLETION PREPARED BY JOSH SHANNON
FACILITIES PREPARED BY MATT HENSCHEN
ARTIFICIAL LIFT PREPARED BY BILLY MOORE/MATT HE

Asset Team	PERMIAN			
Field	0	FORMATION: 2ND BONE SPRINGS	WILDCAT	EXPLORATION
Lease/Facility	QUEENIE FEDERAL COM 20 32 15 58 3H		DEVELOPMENT	RECOMPLETION
Location	LEA COUNTY		X EXPLOITATION	WORKOVER
Prospect	RANGER			

Est Total Depth	19,952	Est Drilling Days		Est Completion Days	5.5
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LOCATION COST - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access	75,000
7001250	Land Broker Fees and Services	67,500
TOTAL LOCATION COST - INTANGIBLE		142,500

DRILLING COST - TANGIBLE

7012050	Conductor Pipe	28,000
7012050	Surface Casing	53,000
7012050	Intermediate Casing 1	119,000
7012050	Intermediate Casing 2	203,000
7012050	Production Casing	136,000
7012050	Orig Liner Hanger, Tieback Eq & Csg Accessories	55,000
7012550	Drilling Wellhead Equipment	50,000
7012040	Casing & Tubing Access	24,000
7012270	Miscellaneous MRO Materials	5,000
TOTAL DRILLING - TANGIBLE		673,000

DRILLING COST - INTANGIBLE

7019200	Drilling Rig Mob/Demob	65,000
7019220	Drilling Rig - day work/footage	793,750
7019040	Directional Drilling Services	262,000
7019020	Cement and Cementing Service Surface	25,000
7019020	Cement and Cementing Service Intermediate 1	35,000
7019020	Cement and Cementing Service Intermediate 2	60,000
7019020	Cement and Cementing Service Production	75,000
7019140	Mud Fluids & Services	74,000
7012310	Solids Control equipment	54,000
7012020	Bits	70,000
7019010	Casing Crew and Services	40,000
7016350	Fuel (Rig)	98,000
7019140	Fuel (Mud)	-
7001460	Water (non potable)	25,000
7012350	Water (potable)	5,000
7019000	Well Logging Services	-
7019150	Mud Logging+geosteering	21,000
7019250	Stabilizers, Hole Openers, Underreamers (DH rentals)	15,000
7019110	Casing inspection/cleaning	15,000
7019110	Drill pipe/collar inspection services	10,000
7016180	Freight - truck	25,000
7001460	Water hauling and disposal (includes soil farming)	60,000
7001160	Contract Services - Disposal/Non-Hazardous Waste	80,000
7001440	Vacuum Trucks	10,000
7000030	Contract Labor - general	30,000
7000030	Contract Labor - Operations	3,000
7001200	Contract Services - Facilities	10,000
7019300	Well Services - Well Control Services	25,875
7019350	Well Services - Well/Wellhead Services	10,000
7018150	Rental Tools and Equipment (surface rentals)	127,000
7018150	Rig Equipment and Misc.	15,875
7001110	Telecommunications Services	5,000
7001120	Consulting Services	149,225
7001400	Safety and Environmental	50,800
7018120	Rental Buildings (trailers)	25,400
7019310	Coring (sidewalls & analysis)	-
7011010	7% Contingency & Taxes	213,005
TOTAL DRILLING - INTANGIBLE		\$2,582,930

TOTAL DRILLING COST

\$3,255,930

COMPLETION - TANGIBLE

7012580	Tubing	75,000
7012040	Tubing Accessories (nipple, wireline entry)	15,000
7012550	Wellhead Equip	20,000
7012560	Packers - Completion Equipment	60,000
TOTAL COMPLETION - TANGIBLE		\$170,000

Asset Team PERMIAN
Field FORMATION: 2ND BONE SPRINGS
Lease/Facility QUEENIE FEDERAL COM 20 32 15 5B 3H

COMPLETION - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access (dress location after rig move, set anchors)	20,000
7019220	Drilling Rig During Completion	80,000
7019140	Mud Fluids & Services	-
7019030	Coiled Tubing Services (3 runs)	240,000
7019240	Snubbing Services	-
7019270	Pulling/Swab Units	-
7016350	Fuel (from drlg)	-
7019010	Casing Crew and Services	-
7019020	Cement and Cementing Services	-
7019080	Well Testing Services (flow hand & equip)	195,000
7019320	Fracturing Services	3,850,000
7019330	Perforating	300,000
7019360	Wireline Services	10,000
7001460	Water Hauling & Disposal (frac fluids)	600,000
7016180	Freight - Truck (haul pipe; drlg & compl)	15,000
7018150	BOP Rental & Testing	-
7018150	Rental Tools and Equipment (incl drlg, lightplant, hydra-walk)	-
7018150	CT Downhole Rental Equipment (ie. Bit, BHA)	-
7000030	Contract Labor - general	50,000
7001110	Telecommunications Services	130,000
7001400	Safety and Environmental	-
7001120	Consulting Services	60,000
7018150	Zipper Manifold	165,000
7019300	Frack Stack Rentals	70,000
7016190	Freight (Transportation Services)	-
7018150	Equipment Rental (w/o operator, frac tanks, lightplants)	140,000
7018120	Rental Buildings (trailers)	60,000
7000030	Contract Labor - Pumping (pump-down pumps)	120,000
7011010	8% Contingency & Taxes	426,800
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TOTAL COMPLETION COST

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7001110	Telecommunication equip (Telemetry)	-
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7012290	I&E Materials	-
7012200	Gas Treating	-
7012200	Dehydration	-
7012010	Compressor	-
7012350	Power	-
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TOTAL SURFACE EQUIPMENT COST

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TOTAL ARTIFICIAL LIFT COST

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TOTAL SURFACE EQUIPMENT COST	\$ 956,528
TOTAL ARTIFICIAL LIFT COST	\$ 79,000

GRAND TOTAL COST

\$11,135,758

Participant's Approval

Name of Company: _____

Signature: _____

Title: _____ Date: _____

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

APPLICATION OF MARATHON OIL PERMIAN LLC FOR APPROVAL OF A
SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

CASE NO. 20061

APPLICATION OF MARATHON OIL PERMIAN LLC FOR APPROVAL OF A
SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

CASE NO. 20062

AFFIDAVIT

STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

Ethan Perry, being duly sworn, deposes and states:

1. I am over the age of 18, I am a geologist for Marathon Oil Permian LLC, and have personal knowledge of the matters stated herein. I have been qualified by the Oil Conservation Division (“Division”) as an expert petroleum geologist.

2. **Exhibit A** is a structure map of the base of the Second Bone Spring. The proposed project area is identified by black-dashed boxes. The proposed horizontal locations are identified by a blue line, and the proposed wells are identified by the two red lines.

3. Exhibit A identifies Second Bone Spring wells in the vicinity of the proposed wells, and has a line of cross-section running from A to A’.

4. Exhibit A shows that the structure dips northwest to southeast.

5. **Exhibit B** is a stratigraphic cross section hung on the base of the Second Bone Spring. The well logs on the cross-section give a representative sample of the Second Bone Spring in the area. The target zone for the wells is the Second Bone Spring, identified by the words “Producing Zone” and the shaded area across the cross section, along with a red arrow. That zone is relatively continuous across the well unit.

6. **Exhibit C** is a Gross Interval Isochore of the Second Bone Spring. The Second Bone Spring gross interval thickness is relatively uniform across the proposed well unit.

7. I conclude from the maps that:

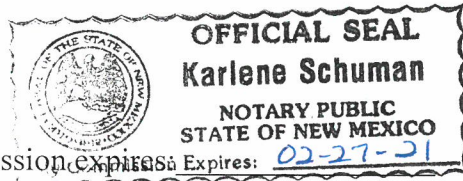
- a. The horizontal spacing unit is justified from a geologic standpoint.
- b. There are no structural impediments or faulting that will interfere with horizontal development.
- c. Each quarter quarter section in the unit will contribute more or less equally to production.

8. The preferred well orientation in this area is north to south. This is because the maximum horizontal stress orientation is more or less east to west.

9. The granting of this application is in the interests of conservation and the prevention of waste.

Ethan Perry
Ethan Perry

SUBSCRIBED AND SWORN to before me this 14th day of November, 2018 by Ethan Perry, on behalf of Marathon Oil Permian LLC.

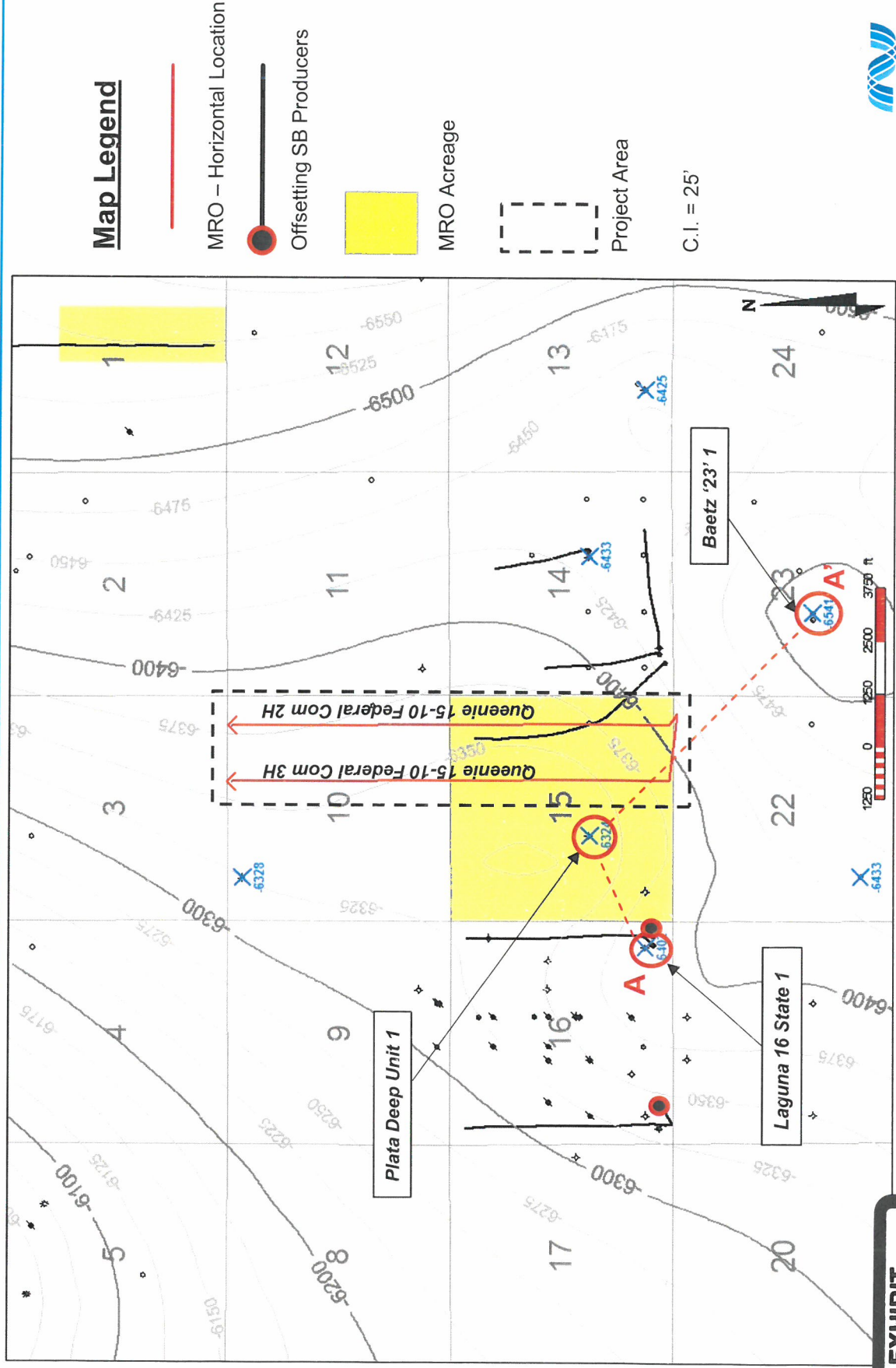


My commission expires

Karlene Schuman
Notary Public

Queenie 15-10 Federal Com 2H & 3H

Structure Map – Base of Second Bone Spring (SSTVD)



Queenie 15-10 Federal Com 2H & 3H

Stratigraphic Cross Section (Base Second Bone Spring Datum)

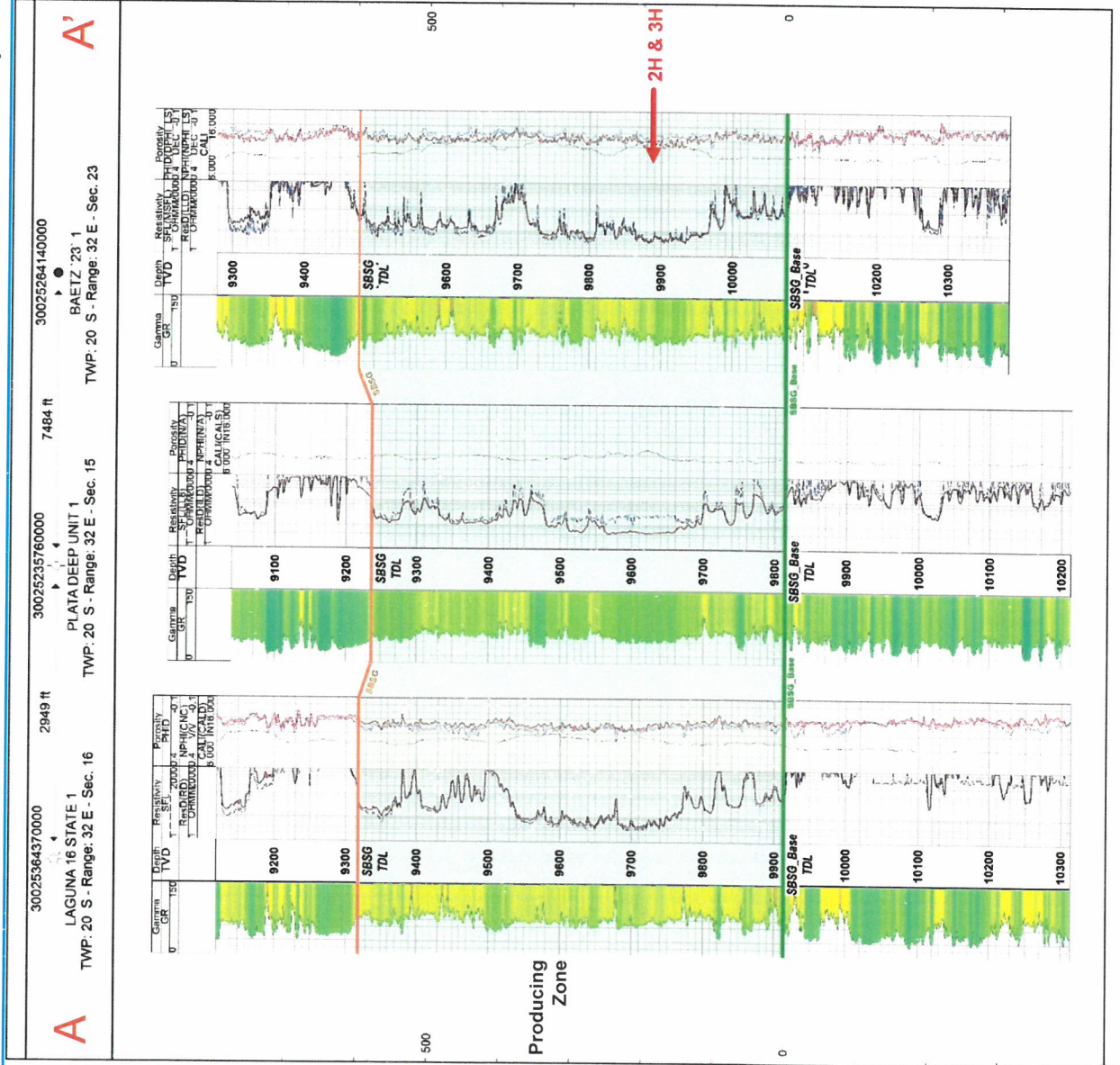
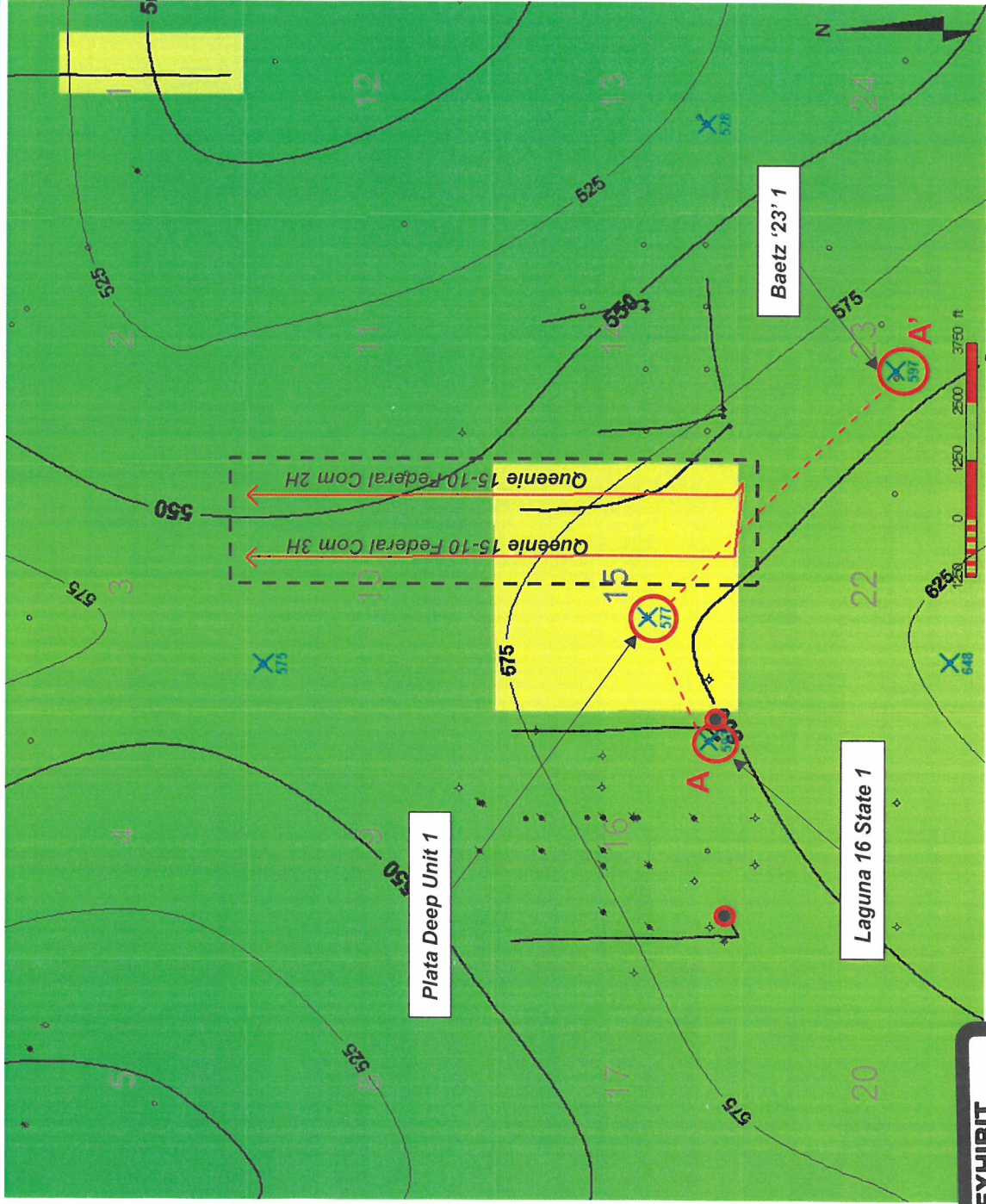


EXHIBIT B

Queenie 15-10 Federal Com 2H & 3H

Gross Interval Isochore – Second Bone Spring



EXHIBIT

C

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

APPLICATION OF MARATHON OIL PERMIAN LLC FOR APPROVAL OF A
SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

CASE NO. 20061

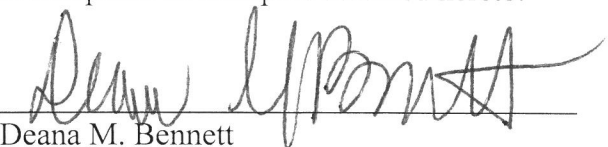
APPLICATION OF MARATHON OIL PERMIAN LLC FOR APPROVAL OF A
SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

CASE NO. 20062

AFFIDAVIT

STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

Deana M. Bennett, attorney in fact and authorized representative of Marathon Oil Permian LLC, the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Applications were under a notice letter and that proof of receipt is attached hereto.



Deana M. Bennett



SUBSCRIBED AND SWORN to before me this 14th day of November, 2018 by Deana M. Bennett.



Karlene Schuman
Notary Public

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

PS Form 3877

Type of Mailing: CERTIFIED
10/25/2018

Firm Mailing Book ID: 154283

Line	Article Number	Name, Street & P.O. Address	Postage	Fee	R.R.Fee	Reference	Rest.Del.Fee Contents
1	9314 8699 0430 0052 1648 46	Oxy USA, Inc. 5 Greenway Plaza Suite 110 Houston TX 77046	\$1.21	\$3.45	\$1.50	81363-0179	\$0.00 Notice
2	9314 8699 0430 0052 1648 53	Anadarko E&P Onshore, LLC. P.O. Box 173779 Denver CO 80217	\$1.21	\$3.45	\$1.50	81363-0179	\$0.00 Notice
3	9314 8699 0430 0052 1648 60	Hanley Petroleum, LLC 415 West Wall St., Suite 1500 Midland TX 79701	\$1.21	\$3.45	\$1.50	81363-0179	\$0.00 Notice
4	9314 8699 0430 0052 1648 77	LHAH Properties, LLC 415 West Wall St., Suite 1500 Midland TX 79701	\$1.21	\$3.45	\$1.50	81363-0179	\$0.00 Notice
5	9314 8699 0430 0052 1648 84	TBO Oil & Gas, LLC P.O. Box 10502 Midland TX 79702	\$1.21	\$3.45	\$1.50	81363-0179	\$0.00 Notice
6	9314 8699 0430 0052 1648 91	Transcendent Oil & Gas Properties, LLC P.O. Box 9612 Midland TX 79708	\$1.21	\$3.45	\$1.50	81363-0179	\$0.00 Notice
7	9314 8699 0430 0052 1649 07	Escondido Oil & Gas, LLC P.O. Box 51390 Midland TX 79710	\$1.21	\$3.45	\$1.50	81363-0179	\$0.00 Notice
8	9314 8699 0430 0052 1649 14	Black Family Partnership, Ltd. P.O. Box 50820 Midland TX 79710	\$1.21	\$3.45	\$1.50	81363-0179	\$0.00 Notice
9	9314 8699 0430 0052 1649 21	Charles D. Ray P.O. Box 51608 Midland TX 79710	\$1.21	\$3.45	\$1.50	81363-0179	\$0.00 Notice
10	9314 8699 0430 0052 1649 38	Ronald Jackson Erwin P.O. Box 50820 Midland TX 79710	\$1.21	\$3.45	\$1.50	81363-0179	\$0.00 Notice
11	9314 8699 0430 0052 1649 45	Oak Valley Mineral and Land, LP P.O. Box 50820 Midland TX 79710	\$1.21	\$3.45	\$1.50	81363-0179	\$0.00 Notice
12	9314 8699 0430 0052 1649 52	Mavros Oil Company, LLC P.O. Box 50820 Midland TX 79710	\$1.21	\$3.45	\$1.50	81363-0179	\$0.00 Notice
13	9314 8699 0430 0052 1649 69	Martin Joyce P.O. Box 2142 Roswell NM 88202	\$1.21	\$3.45	\$1.50	81363-0179	\$0.00 Notice
14	9314 8699 0430 0052 1649 76	Nestegg Energy Corporation 2308 Sierra Vista Rd. Artesia NM 88210	\$1.21	\$3.45	\$1.50	81363-0179	\$0.00 Notice
15	9314 8699 0430 0052 1649 83	CEP Minerals, LLC P.O. Box 50820 Midland TX 79710	\$1.21	\$3.45	\$1.50	81363-0179	\$0.00 Notice

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

PS Form 3877

Type of Mailing: CERTIFIED
10/25/2018



Firm Mailing Book ID: 154283

Line	Article Number	Name, Street & P.O. Address	Postage	Fee	R.R.Fee	Reference	Rest.Del.Fee Contents
16	9314 8699 0430 0052 1649 90	Good News Minerals, LLC P.O. Box 50820 Midland TX 79710	\$1.21	\$3.45	\$1.50	81363-0179	\$0.00 Notice
17	9314 8699 0430 0052 1650 03	Faskin Oil & Ranch Ltd 6101 HOLIDAY HILL RD MIDLAND TX 79707	\$1.21	\$3.45	\$1.50	81363-0179	\$0.00 Notice
18	9314 8699 0430 0052 1650 10	OXY Y-1 COMPANY 5 Greenway Plaza, Suite 110 Houston TX 77046	\$1.21	\$3.45	\$1.50	81363-0179	\$0.00 Notice
19	9314 8699 0430 0052 1650 27	Devon Production Company, LP 333 W Sheridan Ave. Oklahoma City OK 73102	\$1.21	\$3.45	\$1.50	81363-0179	\$0.00 Notice
20	9314 8699 0430 0052 1650 34	EOG A RESOURCES INC 5509 Champions Drive Midland TX 79706	\$1.21	\$3.45	\$1.50	81363-0179	\$0.00 Notice
21	9314 8699 0430 0052 1650 41	EOG Y RESOURCES INC 5509 Champions Drive Midland TX 79706	\$1.21	\$3.45	\$1.50	81363-0179	\$0.00 Notice
22	9314 8699 0430 0052 1650 58	EOG M RESOURCES INC 5509 Champions Drive Midland TX 79706	\$1.21	\$3.45	\$1.50	81363-0179	\$0.00 Notice
23	9314 8699 0430 0052 1650 65	CROSS BORDER RESOURCES INC 14282 GILLIS RD Farmers Branch TX 75244	\$1.21	\$3.45	\$1.50	81363-0179	\$0.00 Notice
24	9314 8699 0430 0052 1650 72	Apache Corporation 2000 Post Oak Blvd., Ste 100 Houston TX 77056	\$1.21	\$3.45	\$1.50	81363-0179	\$0.00 Notice
25	9314 8699 0430 0052 1650 89	Chisos Ltd. 670 Dona Ana Rd. SW Deming NM 88030	\$1.21	\$3.45	\$1.50	81363-0179	\$0.00 Notice
Totals:			\$30.25	\$86.25	\$37.50	Grand Total:	\$0.00 \$154.00

List Number of Pieces
Listed by Sender

Total Number of Pieces
Received at Post Office

Postmaster:
Name of receiving employee

Dated:

Transaction Report Details - CertifiedPro.net

Firm Mail Book ID- 154283

Generated: 11/13/2018 3:18:35 PM

Certified Mail Article Number	Date Created	Name 1	Address	City	State	Zip	Certified Mailing Status	Service Options	Batch ID	Mail Delivery Date
9314869904300052165089	2018-10-25 8:37 AM	Chioss Ltd.	670 Dona Ana Rd. SW	Deming	NM	88030	Delivered	Return Receipt - Electronic	148725	11-07-2018
9314869904300052165072	2018-10-25 8:37 AM	Apache Corporation	2000 Post Oak Blvd., Ste 100	Houston	TX	77056	Undelivered	Return Receipt - Electronic	148725	10-29-2018
9314869904300052165065	2018-10-25 8:37 AM	CROSS BORDER RESOURCES INC	14282 GILLIS RD	Farmers Branch	TX	75244	Delivered	Return Receipt - Electronic	148725	10-30-2018
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9314869904300052165041	2018-10-25 8:37 AM	EOG Y RESOURCES INC	5509 Champions Drive	Midland	TX	79706	Delivered	Return Receipt - Electronic	148725	10-30-2018
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9314869904300052164938	2018-10-25 8:37 AM	Ronald Jackson Erwin	P.O. Box 50820	Midland	TX	79710	Delivered	Return Receipt - Electronic	148725	10-31-2018
9314869904300052164921	2018-10-25 8:37 AM	Charles D. Ray	P.O. Box 51608	Midland	TX	79710	To be Returned	Return Receipt - Electronic	148725	10-31-2018
9314869904300052164914	2018-10-25 8:37 AM	Black Family Partnership, Ltd.	P.O. Box 50820	Midland	TX	79710	Delivered	Return Receipt - Electronic	148725	10-31-2018
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9314869904300052164884	2018-10-25 8:37 AM	TBO Oil & Gas, LLC	P.O. Box 10502	Midland	TX	79702	Delivered	Return Receipt - Electronic	148725	11-02-2018
9314869904300052164877	2018-10-25 8:37 AM	THAH Properties, LLC	415 West Wall St., Suite 1500	Midland	TX	79701	Delivered	Return Receipt - Electronic	148725	10-29-2018
9314869904300052164860	2018-10-25 8:37 AM	Hanley Petroleum, LLC	415 West Wall St., Suite 1500	Midland	TX	79701	Delivered	Return Receipt - Electronic	148725	10-29-2018
9314869904300052164853	2018-10-25 8:37 AM	Anadarko E&P Onshore, LLC	P.O. Box 173779	Denver	CO	80217	Undelivered	Return Receipt - Electronic	148725	10-29-2018
9314869904300052164846	2018-10-25 8:37 AM	Oxy USA, Inc.	5 Greenway Plaza Suite 110	Houston	TX	77046	Delivered	Return Receipt - Electronic	148725	11-01-2018

Transaction Details

Recipient:	Certified Mail Article Number:	9314869904300052165072
Apache Corporation	Return Receipt Article Number:	
2000 Post Oak Blvd , Ste 100		
Houston, TX 77056		
Sender:	Service Options:	Return Receipt - Electronic
Karlene Schuman	Mail Service:	Certified
Modrall Sperling Roehl Harris & Sisk P.A.	Reference #:	81363-0179
500 Fourth Street, Suite 1000	Postage:	\$1.21
Albuquerque, NM 87102	Fees:	\$4.95
	Status:	Undelivered
Transaction created by: Karlenes	Custom Field 1:	81363-0179
User ID: 20660	Custom Field 2:	81363-0179
Firm Mailing Book ID: 154283	Custom Field 3:	81363-0179
Batch ID: 148725		

Transaction History

Event Description	Event Date	Details
Mailbook Generated	10-25-2018 08:39 AM	[WALZ] - Firm Mailing Book 154283 generated by Karlenes
USPS® Certified Mail	10-25-2018 01:11 PM	[USPS] - PRESHIPMENT INFO SENT USPS AWAITS ITEM at TEMECULA,CA
USPS® Certified Mail	10-26-2018 12:29 AM	[USPS] - PROCESSED THROUGH USPS FACILITY at ALBUQUERQUE,NM
USPS® Certified Mail	10-26-2018 03:26 AM	[USPS] - DEPART USPS FACILITY at ALBUQUERQUE,NM
USPS® Certified Mail	10-27-2018 11:53 AM	[USPS] - PROCESSED THROUGH USPS FACILITY at NORTH HOUSTON,TX

Transaction Details

Recipient:	Charles D. Ray P.O. Box 51608 Midland, TX 79710	Certified Mail Article Number:	9314869904300052164921
		Return Receipt Article Number:	
Sender:	Karlene Schuman Modrall Sperling Roehl Harris & Sisk P.A. 500 Fourth Street, Suite 1000 Albuquerque, NM 87102	Service Options:	Return Receipt - Electronic
		Mail Service:	Certified
		Reference #:	81363-0179
		Postage:	\$1.21
		Fees:	\$4.95
		Status:	To be Returned
		Custom Field 1:	81363-0179
		Custom Field 2:	81363-0179
		Custom Field 3:	81363-0179
Transaction created by:	Karlenes		
User ID:	20660		
Firm Mailing Book ID:	154283		
Batch ID:	148725		

Transaction History

Event Description	Event Date	Details
Mailbook Generated	10-25-2018 08:39 AM	[WALZ] - Firm Mailing Book 154283 generated by Karlenes
USPS® Certified Mail	10-25-2018 01:11 PM	[USPS] - PRESHIPMENT INFO SENT USPS AWAITS ITEM at TEMECULA,CA
USPS® Certified Mail	10-26-2018 12:29 AM	[USPS] - PROCESSED THROUGH USPS FACILITY at ALBUQUERQUE,NM
USPS® Certified Mail	10-26-2018 03:26 AM	[USPS] - DEPART USPS FACILITY at ALBUQUERQUE,NM
USPS® Certified Mail	10-27-2018 10:53 PM	[USPS] - PROCESSED THROUGH USPS FACILITY at MIDLAND,TX
USPS® Certified Mail	10-28-2018 05:23 AM	[USPS] - DEPART USPS FACILITY at MIDLAND,TX
USPS® Certified Mail	10-29-2018 01:32 AM	[USPS] - PROCESSED THROUGH USPS FACILITY at MIDLAND,TX
USPS® Certified Mail	10-29-2018 11:03 AM	[USPS] - ARRIVAL AT UNIT at MIDLAND,TX
USPS® Certified Mail	10-29-2018 11:06 AM	[USPS] - AVAILABLE FOR PICKUP at MIDLAND,TX
USPS® Certified Mail	11-03-2018 04:30 AM	[USPS] - REMINDER TO SCHEDULE REDELIVERY at MIDLAND,TX
USPS® Certified Mail	11-13-2018 04:48 AM	[USPS] - PACKAGE RETURN NOTICE GENERATED at MIDLAND,TX

Transaction Details

Recipient:

Transcendent Oil & Gas Properties, LLC
P.O. Box 9612
Midland, TX 79708

Certified Mail Article Number:

9314869904300052164891

Return Receipt Article Number:

Service Options:

Return Receipt - Electronic

Mail Service:

Certified

Reference #:

81363-0179

Postage:

\$1.21

Fees:

\$4.95

Status:

To be Returned

Custom Field 1:

81363-0179

Custom Field 2:

81363-0179

Custom Field 3:

81363-0179

Sender:

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

Transaction created by: Karlenes

User ID: 20660

Firm Mailing Book ID: 154283

Batch ID: 148725

Transaction History

Event Description	Event Date	Details
Mailbook Generated	10-25-2018 08:39 AM	[WALZ] - Firm Mailing Book 154283 generated by Karlenes
USPS® Certified Mail	10-25-2018 01:11 PM	[USPS] - PRESHIPMENT INFO SENT USPS AWAITS ITEM at TEMECULA,CA
USPS® Certified Mail	10-26-2018 12:29 AM	[USPS] - PROCESSED THROUGH USPS FACILITY at ALBUQUERQUE,NM
USPS® Certified Mail	10-26-2018 03:26 AM	[USPS] - DEPART USPS FACILITY at ALBUQUERQUE,NM
USPS® Certified Mail	10-27-2018 10:53 PM	[USPS] - PROCESSED THROUGH USPS FACILITY at MIDLAND,TX
USPS® Certified Mail	10-28-2018 05:23 AM	[USPS] - DEPART USPS FACILITY at MIDLAND,TX
USPS® Certified Mail	10-29-2018 09:13 AM	[USPS] - ARRIVAL AT UNIT at MIDLAND,TX
USPS® Certified Mail	10-29-2018 09:14 AM	[USPS] - AVAILABLE FOR PICKUP at MIDLAND,TX
USPS® Certified Mail	11-03-2018 04:38 AM	[USPS] - REMINDER TO SCHEDULE REDELIVERY at MIDLAND,TX
USPS® Certified Mail	11-13-2018 04:35 AM	[USPS] - PACKAGE RETURN NOTICE GENERATED at MIDLAND,TX
USPS® Certified Mail	11-13-2018 12:26 PM	[USPS] - UNCLAIMEDBEING RETURNED TO SENDER at MIDLAND,TX

Transaction Details

Recipient:	Certified Mail Article Number:	9314869904300052164853
Anadarko E&P Onshore, LLC.	Return Receipt Article Number:	
P.O. Box 173779		
Denver, CO 80217		
Sender:	Service Options:	Return Receipt - Electronic
Karlene Schuman	Mail Service:	Certified
Modrall Sperling Roehl Harris & Sisk P.A.	Reference #:	81363-0179
500 Fourth Street, Suite 1000	Postage:	\$1.21
Albuquerque, NM 87102	Fees:	\$4.95
	Status:	Undelivered
	Custom Field 1:	81363-0179
	Custom Field 2:	81363-0179
	Custom Field 3:	81363-0179
Transaction created by: Karlenes		
User ID: 20660		
Firm Mailing Book ID: 154283		
Batch ID: 148725		

Transaction History

Event Description	Event Date	Details
Mailbook Generated	10-25-2018 08:39 AM	[WALZ] - Firm Mailing Book 154283 generated by Karlenes
USPS® Certified Mail	10-25-2018 01:11 PM	[USPS] - PRESHIPMENT INFO SENT USPS AWAITS ITEM at TEMECULA,CA
USPS® Certified Mail	10-26-2018 12:29 AM	[USPS] - PROCESSED THROUGH USPS FACILITY at ALBUQUERQUE,NM
USPS® Certified Mail	10-26-2018 03:26 AM	[USPS] - DEPART USPS FACILITY at ALBUQUERQUE,NM
USPS® Certified Mail	10-26-2018 03:06 PM	[USPS] - PROCESSED THROUGH USPS FACILITY at DENVER,CO
USPS® Certified Mail	10-26-2018 07:56 PM	[USPS] - DEPART USPS FACILITY at DENVER,CO
USPS® Certified Mail	10-27-2018 10:40 AM	[USPS] - ARRIVAL AT UNIT at DENVER,CO

Affidavit of Publication

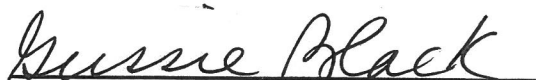
STATE OF NEW MEXICO
COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

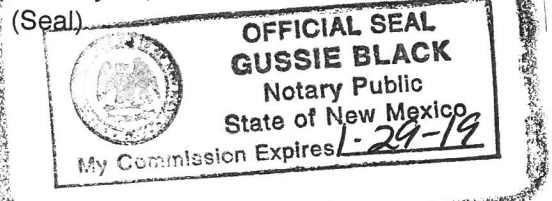
Beginning with the issue dated
November 02, 2018
and ending with the issue dated
November 02, 2018.


Publisher

Sworn and subscribed to before me this
2nd day of November 2018.


Business Manager

My commission expires
January 29, 2019



This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

LEGAL

LEGAL

LEGAL NOTICE
NOVEMBER 2, 2018

CASE No. 20061: Notice to all affected parties, as well as the heirs and devisees of OXY USA, INC., ANADARKO E&P ONSHORE, LLC, HANLEY PETROLEUM, LLC, LHAH PROPERTIES, LLC, TBO OIL & GAS, LLC, TRANSCENDENT OIL & GAS PROPERTIES, LLC, ESCONDIDO OIL & GAS, LLC, BLACK FAMILY PARTNERSHIP, LTD., CHARLES D. RAY, RONALD JACKSON ERWIN, OAK VALLEY MINERAL AND LAND, LP, MAVROS OIL COMPANY, LLC, MARTIN JOYCE, NESTEGG ENERGY CORPORATION, CEP MINERALS, LLC, GOOD NEWS MINERALS, LLC, FASKIN OIL & RANCH LTD, OXY Y-1 COMPANY, DEVON PRODUCTION COMPANY, LP, EOG A RESOURCES INC, EOG Y RESOURCES INC, EOG M RESOURCES INC, CROSS BORDER RESOURCES INC, APACHE CORPORATION, CHISOS LTD., of Marathon Oil Permian LLC's applications for approval of a spacing unit and compulsory pooling, Lea County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on November 15, 2018. Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a Bone Spring spacing unit; and (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the E/2 E/2 of Sections 10 and 15, Township 20 South, Range 32 East, Lea County, New Mexico. This proposed spacing unit will be dedicated to the **Queenie Federal 20-32-15 SB 2H** well, to be horizontally drilled. The producing area for this well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said well, and allowing a one year period between when the well is drilled and when the well is completed. Said areas are located approximately 28 miles northeast of Loving, New Mexico.

CASE No. 20062: Notice to all affected parties, as well as the heirs and devisees of OXY USA, INC., ANADARKO E&P ONSHORE, LLC, HANLEY PETROLEUM, LLC, LHAH PROPERTIES, LLC, TBO OIL & GAS, LLC, TRANSCENDENT OIL & GAS PROPERTIES, LLC, ESCONDIDO OIL & GAS, LLC, BLACK FAMILY PARTNERSHIP, LTD., CHARLES D. RAY, RONALD JACKSON ERWIN, OAK VALLEY MINERAL AND LAND, LP, MAVROS OIL COMPANY, LLC, MARTIN JOYCE, NESTEGG ENERGY CORPORATION, CEP MINERALS, LLC, GOOD NEWS MINERALS, LLC, FASKIN OIL & RANCH LTD, OXY Y-1 COMPANY, DEVON PRODUCTION COMPANY, LP, EOG A RESOURCES INC, EOG Y RESOURCES INC, EOG M RESOURCES INC, CROSS BORDER RESOURCES INC, APACHE CORPORATION, CHISOS LTD., of Marathon Oil Permian LLC's applications for approval of a spacing unit and compulsory pooling, Lea County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on November 15, 2018. Applicant seeks an order from the Division (1) to the extent necessary, approving the creation of a Bone Spring spacing unit; and (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the W/2 E/2 of Sections 10 and 15, Township 20 South, Range 32 East, Lea County, New Mexico. This proposed spacing unit will be dedicated to the **Queenie Federal 20-32-15 SB 3H** well, to be horizontally drilled. The producing area for this well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said well, and allowing a one year period between when the well is drilled and when the well is completed. Said areas are located approximately 28 miles northeast of Loving, New Mexico.

#33420

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00220333

DOLORES SERNA
MODRALL, SPERLING, ROEHL, HARRIS &
P. O. BOX 2168
ALBUQUERQUE, NM 87103-2168