

**Before the Oil Conservation Division  
Examiner Hearing May 2, 2019**

**Case No. 20467**

Ares 7 WXY Fee 1H, Ares 7 WA Fee 3H, Ares 7 WXY Fee 5H,

Ares 7 WA Fee 7H, Ares 7 WD Fee 2H, Ares 7 WD Fee 4H, Ares 7 WD Fee 8H



# **Exhibit A**

# **Exhibit 1**

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

APPLICATION OF MARATHON OIL PERMIAN LLC  
FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO

APR 03 2019 4:09:38

CASE NO. 20467

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 pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the W/2 of Section 7, Township 23 South, Range 28 East, NMPM, Eddy 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 W/2 of Section 7, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico to form a 320-acre, more or less, spacing unit.
3. Marathon plans to drill the **Ares 7 WXY Fee 1H; Ares 7 WA Fee 3H; Ares 7 WXY Fee 5H; Ares 7 WA Fee 7H; Ares 7 WD Fee 2H; Ares 7 WD Fee 4H; Ares 7 WD Fee 8H** wells to a depth sufficient to test the Wolfcamp formation. These wells will be horizontally drilled.
4. These wells will be located within the Purple Sage Wolfcamp Gas Pool, pool code 98220.





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

6. The pooling of all interests in the Wolfcamp 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 wells are drilled and completion of the first 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 May 2, 2019, and after notice and hearing as required by law, the Division enter its order:

A. Pooling all mineral interests in the Wolfcamp formation underlying a horizontal spacing unit within the W/2 of Section 7, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico;

B. Designating Marathon as operator of this unit and the wells to be drilled thereon;

C. Authorizing Marathon to recover its costs of drilling, equipping and completing these wells;

D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;

E. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

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

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

By: Deana M. Bennett

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. 20467: **Application of Marathon Oil Permian LLC for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the W/2 of Section 7, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Ares 7 WXY Fee 1H; Ares 7 WA Fee 3H; Ares 7 WXY Fee 5H; Ares 7 WA Fee 7H; Ares 7 WD Fee 2H; Ares 7 WD Fee 4H; Ares 7 WD Fee 8H** wells, to be horizontally drilled. The producing area for these wells will be orthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the wells, and a 200% charge for risk involved in drilling said wells, and allowing a one year period between when the wells are drilled and when the first well is completed. Said area is located approximately 3 miles Northwest of Loving, New Mexico.

# **Exhibit 2**

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

<sup>1</sup> API Number	<sup>2</sup> Pool Code 98220	<sup>3</sup> Pool Name PURPLE SAGE; WOLFCAMP (GAS)
<sup>4</sup> Property Code	<sup>5</sup> Property Name ARES 7 WXY FEE	<sup>6</sup> Well Number 1H
<sup>7</sup> OGRID No. 372098	<sup>8</sup> Operator Name MARATHON OIL PERMIAN LLC	<sup>9</sup> Elevation 3067'

<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
D	18	23S	28E		500	NORTH	1041	WEST	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
C	7	23S	28E		330	NORTH	2269	WEST	EDDY

<sup>12</sup> Dedicated Acres 316.58	<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.

**<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.

Signature \_\_\_\_\_ Date \_\_\_\_\_

Printed Name \_\_\_\_\_

E-mail Address \_\_\_\_\_

**<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 \_\_\_\_\_

SHEET 1 OF 3  
JOB No. R3980\_001\_A  
REV 1 JCS 4/30/2019

**EXHIBIT**  
2

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<sup>7</sup> OGRID No. 372098	<sup>8</sup> Operator Name MARATHON OIL PERMIAN LLC	<sup>9</sup> Elevation 3065'

<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
D	18	23S	28E		300	NORTH	1040	WEST	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
C	7	23S	28E		330	NORTH	2178	WEST	EDDY

<sup>12</sup> Dedicated Acres 316.58	<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.

	<b>CORNER COORDINATES NAD 83, SPCS NM EAST</b> A - X: 602604.61' / Y: 482813.81' B - X: 605206.57' / Y: 482843.69' C - X: 605148.50' / Y: 477508.83' D - X: 602586.62' / Y: 477508.93'	<b>CORNER COORDINATES NAD 27, SPCS NM EAST</b> A - X: 561422.36' / Y: 482754.52' B - X: 564024.29' / Y: 482784.37' C - X: 563966.09' / Y: 477449.65' D - X: 561404.25' / Y: 477449.78'	<b>17 OPERATOR CERTIFICATION</b> 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 _____
	<b>LAST TAKE POINT/BOTTOM HOLE LOCATION</b> 330' FNL 2178' FWL, SECTION 7 NAD 83, SPCS NM EAST X:604781.59' / Y:482508.78' LAT:32.32632161N / LON:-104.12793651W NAD 27, SPCS NM EAST X:563599.30' / Y:482449.48' LAT:32.32620171N / LON:-104.12743871W	<b>FIRST TAKE POINT</b> 330' FSL 2178' FWL, SECTION 7 NAD 83, SPCS NM EAST X:604765.75' / Y:477838.84' LAT:32.31348474N / LON:-104.12801674W NAD 27, SPCS NM EAST X:563583.36' / Y:477779.66' LAT:32.31336476N / LON:-104.12751936W	<b>18 SURVEYOR CERTIFICATION</b> 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 _____
	<b>KICK OFF POINT</b> 100' FSL 2178' FWL, SECTION 7 NAD 83, SPCS NM EAST X:604764.97' / Y:477608.84' LAT:32.31285251N / LON:-104.12802069W NAD 27, SPCS NM EAST X:563582.58' / Y:477549.66' LAT:32.31273253N / LON:-104.12752333W	<b>SURFACE HOLE LOCATION</b> 300' FNL 1040' FWL, SECTION 18 NAD 83, SPCS NM EAST X:603625.48' / Y:477208.89' LAT:32.31175904N / LON:-104.13171160W NAD 27, SPCS NM EAST X:562443.09' / Y:477149.73' LAT:32.31163910N / LON:-104.13121414W	
	<b>PRELIMINARY</b> THIS DOCUMENT IS NOT TO BE USED FOR CONVEYANCE, RECORDING, OR AS THE BASIS FOR THE ISSUANCE OF A PERMIT.		



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<sup>7</sup> OGRID No. 372098	<sup>8</sup> Operator Name MARATHON OIL PERMIAN LLC	<sup>9</sup> Elevation 3067'

<sup>10</sup> Surface Location

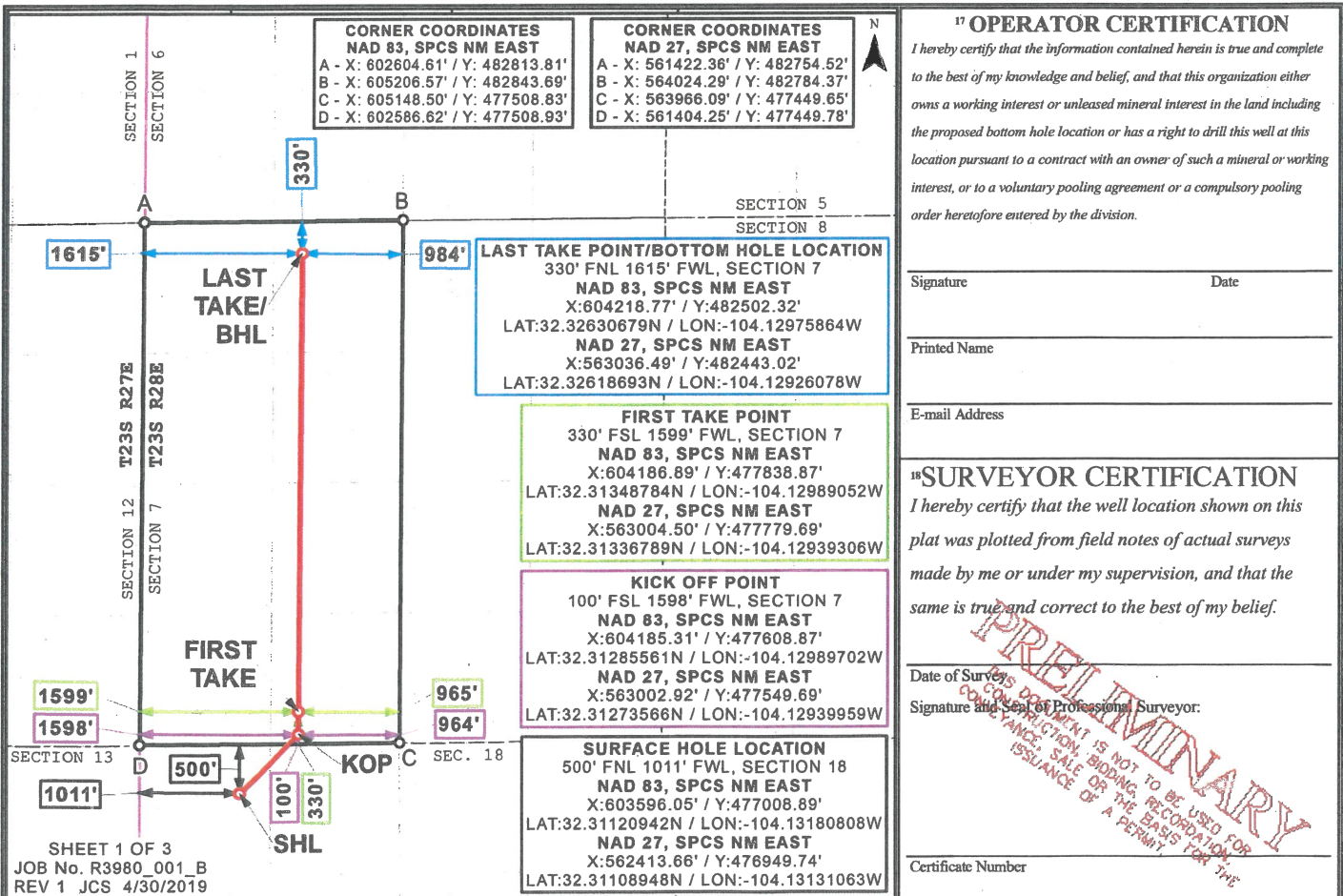
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	18	23S	28E		500	NORTH	1011	WEST	EDDY

<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
C	7	23S	28E		330	NORTH	1615	WEST	EDDY

<sup>12</sup> Dedicated Acres 316.58	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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Distances/areas relative to NAD 83 Combined Scale Factor: 0.123456789 Convergence: 01°23'45.67890"



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<sup>7</sup> OGRID No. 372098	<sup>8</sup> Operator Name MARATHON OIL PERMIAN LLC	<sup>9</sup> Elevation 3065'

<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
D	18	23S	28E		300	NORTH	1010	WEST	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
D	7	23S	28E		330	NORTH	1255	WEST	EDDY

<sup>12</sup> Dedicated Acres 316.58	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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**CORNER COORDINATES NAD 83, SPCS NM EAST**  
A - X: 602604.61' / Y: 482813.81'  
B - X: 605206.57' / Y: 482843.69'  
C - X: 605148.50' / Y: 477508.83'  
D - X: 602586.62' / Y: 477508.93'

**CORNER COORDINATES NAD 27, SPCS NM EAST**  
A - X: 561422.36' / Y: 482754.52'  
B - X: 564024.29' / Y: 482784.37'  
C - X: 563966.09' / Y: 477449.65'  
D - X: 561404.25' / Y: 477449.78'

**LAST TAKE POINT/BOTTOM HOLE LOCATION**  
330' FNL 1255' FWL, SECTION 7  
NAD 83, SPCS NM EAST  
X: 603858.73' / Y: 482498.19'  
LAT: 32.32629731N / LON: -104.13092426W  
NAD 27, SPCS NM EAST  
X: 562676.46' / Y: 482438.89'  
LAT: 32.32617746N / LON: -104.13042635W

**FIRST TAKE POINT**  
330' FSL 1239' FWL, SECTION 7  
NAD 83, SPCS NM EAST  
X: 603826.88' / Y: 477838.88'  
LAT: 32.31348975N / LON: -104.13105585W  
NAD 27, SPCS NM EAST  
X: 562644.50' / Y: 477779.71'  
LAT: 32.31336982N / LON: -104.13055836W

**KICK OFF POINT**  
100' FSL 1238' FWL, SECTION 7  
NAD 83, SPCS NM EAST  
X: 603825.31' / Y: 477608.88'  
LAT: 32.31285752N / LON: -104.13106235W  
NAD 27, SPCS NM EAST  
X: 562642.92' / Y: 477549.71'  
LAT: 32.31273758N / LON: -104.13056487W

**SURFACE HOLE LOCATION**  
300' FNL 1010' FWL, SECTION 18  
NAD 83, SPCS NM EAST  
X: 603595.48' / Y: 477208.89'  
LAT: 32.31175919N / LON: -104.13180872W  
NAD 27, SPCS NM EAST  
X: 562413.09' / Y: 477149.73'  
LAT: 32.31163926N / LON: -104.13131125W

**<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.

Signature \_\_\_\_\_ Date \_\_\_\_\_

Printed Name \_\_\_\_\_

E-mail Address \_\_\_\_\_

**<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 \_\_\_\_\_

PRELIMINARY

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SHEET 1 OF 3  
JOB No. R3980\_002\_B  
REV 1 JCS 4/30/2019

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<sup>7</sup> OGRID No. 372098	<sup>8</sup> Operator Name MARATHON OIL PERMIAN LLC	<sup>9</sup> Elevation 3067'

<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
D	18	23S	28E		500	NORTH	981	WEST	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
D	7	23S	28E		330	NORTH	955	WEST	EDDY

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C - X: 563966.09' / Y: 477449.65'  
D - X: 561404.25' / Y: 477449.78'

**LAST TAKE POINT/BOTTOM HOLE LOCATION**  
330' FNL 955' FWL, SECTION 7  
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X: 603558.70' / Y: 482494.74'  
LAT: 32.32628939N / LON: -104.13189561W  
NAD 27, SPCS NM EAST  
X: 562376.43' / Y: 482435.45'  
LAT: 32.32616956N / LON: -104.13139767W

**FIRST TAKE POINT**  
330' FSL 939' FWL, SECTION 7  
NAD 83, SPCS NM EAST  
X: 603526.87' / Y: 477838.89'  
LAT: 32.31349133N / LON: -104.13202697W  
NAD 27, SPCS NM EAST  
X: 562344.50' / Y: 477779.72'  
LAT: 32.31337141N / LON: -104.13152944W

**KICK OFF POINT**  
100' FSL 938' FWL, SECTION 7  
NAD 83, SPCS NM EAST  
X: 603525.30' / Y: 477608.89'  
LAT: 32.31285910N / LON: -104.13203345W  
NAD 27, SPCS NM EAST  
X: 562342.92' / Y: 477549.73'  
LAT: 32.31273918N / LON: -104.13153594W

**SURFACE HOLE LOCATION**  
500' FNL 981' FWL, SECTION 18  
NAD 83, SPCS NM EAST  
X: 603566.05' / Y: 477008.89'  
LAT: 32.31120958N / LON: -104.13190520W  
NAD 27, SPCS NM EAST  
X: 562383.66' / Y: 476949.74'  
LAT: 32.31108964N / LON: -104.13140774W

**<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.

Signature \_\_\_\_\_ Date \_\_\_\_\_

Printed Name \_\_\_\_\_

E-mail Address \_\_\_\_\_

**<sup>18</sup> SURVEYOR CERTIFICATION**  
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Signature and Seal of Professional Surveyor: \_\_\_\_\_

Certificate Number \_\_\_\_\_

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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

<sup>1</sup> API Number	<sup>2</sup> Pool Code 98220	<sup>3</sup> Pool Name PURPLE SAGE; WOLFCAMP (GAS)
<sup>4</sup> Property Code	<sup>5</sup> Property Name ARES 7 WA FEE	<sup>6</sup> Well Number 7H
<sup>7</sup> OGRID No. 372098	<sup>8</sup> Operator Name MARATHON OIL PERMIAN LLC	<sup>9</sup> Elevation 3067'

<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
D	18	23S	28E		500	NORTH	951	WEST	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
D	7	23S	28E		330	NORTH	330	WEST	EDDY

<sup>12</sup> Dedicated Acres 316.58	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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.

	<p><b>CORNER COORDINATES NAD 83, SPCS NM EAST</b>  A - X: 602604.61' / Y: 482813.81'  B - X: 605206.57' / Y: 482843.69'  C - X: 605148.50' / Y: 477508.83'  D - X: 602586.62' / Y: 477508.93'</p>	<p><b>CORNER COORDINATES NAD 27, SPCS NM EAST</b>  A - X: 561422.36' / Y: 482754.52'  B - X: 564024.29' / Y: 482784.37'  C - X: 563966.09' / Y: 477449.65'  D - X: 561404.25' / Y: 477449.78'</p>	<p><b><sup>17</sup> OPERATOR CERTIFICATION</b>  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.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p>
	<p><b>LAST TAKE POINT/BOTTOM HOLE LOCATION</b>  330' FNL 330' FWL, SECTION 7  NAD 83, SPCS NM EAST  X:602933.51' / Y:482487.56'  LAT:32.32627287N / LON:-104.13391967W  NAD 27, SPCS NM EAST  X:561751.25' / Y:482428.28'  LAT:32.32615307N / LON:-104.13342166W</p>		
	<p><b>FIRST TAKE POINT</b>  330' FSL 330' FWL, SECTION 7  NAD 83, SPCS NM EAST  X:602917.74' / Y:477838.92'  LAT:32.31349453N / LON:-104.13399870W  NAD 27, SPCS NM EAST  X:561735.38' / Y:477779.75'  LAT:32.31337464N / LON:-104.13350109W</p>		
	<p><b>KICK OFF POINT</b>  100' FSL 330' FWL, SECTION 7  NAD 83, SPCS NM EAST  X:602916.96' / Y:477608.92'  LAT:32.31286229N / LON:-104.13400261W  NAD 27, SPCS NM EAST  X:561734.59' / Y:477549.76'  LAT:32.31274240N / LON:-104.13350502W</p>		
<p><b>SURFACE HOLE LOCATION</b>  500' FNL 951' FWL, SECTION 18  NAD 83, SPCS NM EAST  X:603536.05' / Y:477008.89'  LAT:32.31120974N / LON:-104.13200231W  NAD 27, SPCS NM EAST  X:562353.65' / Y:476949.74'  LAT:32.31108980N / LON:-104.13150486W</p>			<p><b><sup>18</sup> SURVEYOR CERTIFICATION</b>  I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyor: _____</p> <p>Certificate Number _____</p>

**PRELIMINARY**  
THIS DOCUMENT IS NOT TO BE USED FOR CONSTRUCTION, BIDDING, RECORDATION, SALE OR THE BASIS FOR THE ISSUANCE OF A PERMIT.

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

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<sup>7</sup> OGRID No. 372098	<sup>8</sup> Operator Name MARATHON OIL PERMIAN LLC	<sup>9</sup> Elevation 3065'

<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
D	18	23S	28E		300	NORTH	980	WEST	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
D	7	23S	28E		330	NORTH	330	WEST	EDDY

<sup>12</sup> Dedicated Acres 316.58	<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.

**CORNER COORDINATES NAD 83, SPCS NM EAST**  
A - X: 602604.61' / Y: 482813.81'  
B - X: 605206.57' / Y: 482843.69'  
C - X: 605148.50' / Y: 477508.83'  
D - X: 602586.62' / Y: 477508.93'

**CORNER COORDINATES NAD 27, SPCS NM EAST**  
A - X: 561422.36' / Y: 482754.52'  
B - X: 564024.29' / Y: 482784.37'  
C - X: 563966.09' / Y: 477449.65'  
D - X: 561404.25' / Y: 477449.78'

**LAST TAKE POINT/BOTTOM HOLE LOCATION**  
330' FNL 330' FWL, SECTION 7  
NAD 83, SPCS NM EAST  
X:602933.51' / Y:482487.56'  
LAT:32.32627287N / LON:-104.13391967W  
NAD 27, SPCS NM EAST  
X:561751.25' / Y:482428.28'  
LAT:32.32615307N / LON:-104.13342166W

**FIRST TAKE POINT**  
330' FSL 330' FWL, SECTION 7  
NAD 83, SPCS NM EAST  
X:602917.74' / Y:477838.92'  
LAT:32.31349453N / LON:-104.13399870W  
NAD 27, SPCS NM EAST  
X:561735.38' / Y:477779.75'  
LAT:32.31337464N / LON:-104.13350109W

**KICK OFF POINT**  
100' FSL 330' FWL, SECTION 7  
NAD 83, SPCS NM EAST  
X:602916.96' / Y:477608.92'  
LAT:32.31286229N / LON:-104.13400261W  
NAD 27, SPCS NM EAST  
X:561734.59' / Y:477549.76'  
LAT:32.31274240N / LON:-104.13350502W

**SURFACE HOLE LOCATION**  
300' FNL 980' FWL, SECTION 18  
NAD 83, SPCS NM EAST  
X:603565.48' / Y:477208.89'  
LAT:32.31175935N / LON:-104.13190584W  
NAD 27, SPCS NM EAST  
X:562383.09' / Y:477149.74'  
LAT:32.31163942N / LON:-104.13140837W

**<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.

Signature \_\_\_\_\_ Date \_\_\_\_\_

Printed Name \_\_\_\_\_

E-mail Address \_\_\_\_\_

**<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 \_\_\_\_\_

SHEET 1 OF 3  
JOB No. R3980\_002\_C  
REV 1 JCS 4/30/2019

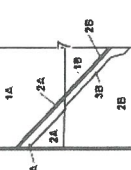
PRELIMINARY

THIS DOCUMENT IS NOT TO BE USED FOR CONSTRUCTION, BIDDING, RECORDATION, COMPENSANCE, SALE OR THE BASIS FOR THE ISSUANCE OF A PERMIT.

# **Exhibit 3**

Lease Tract Map

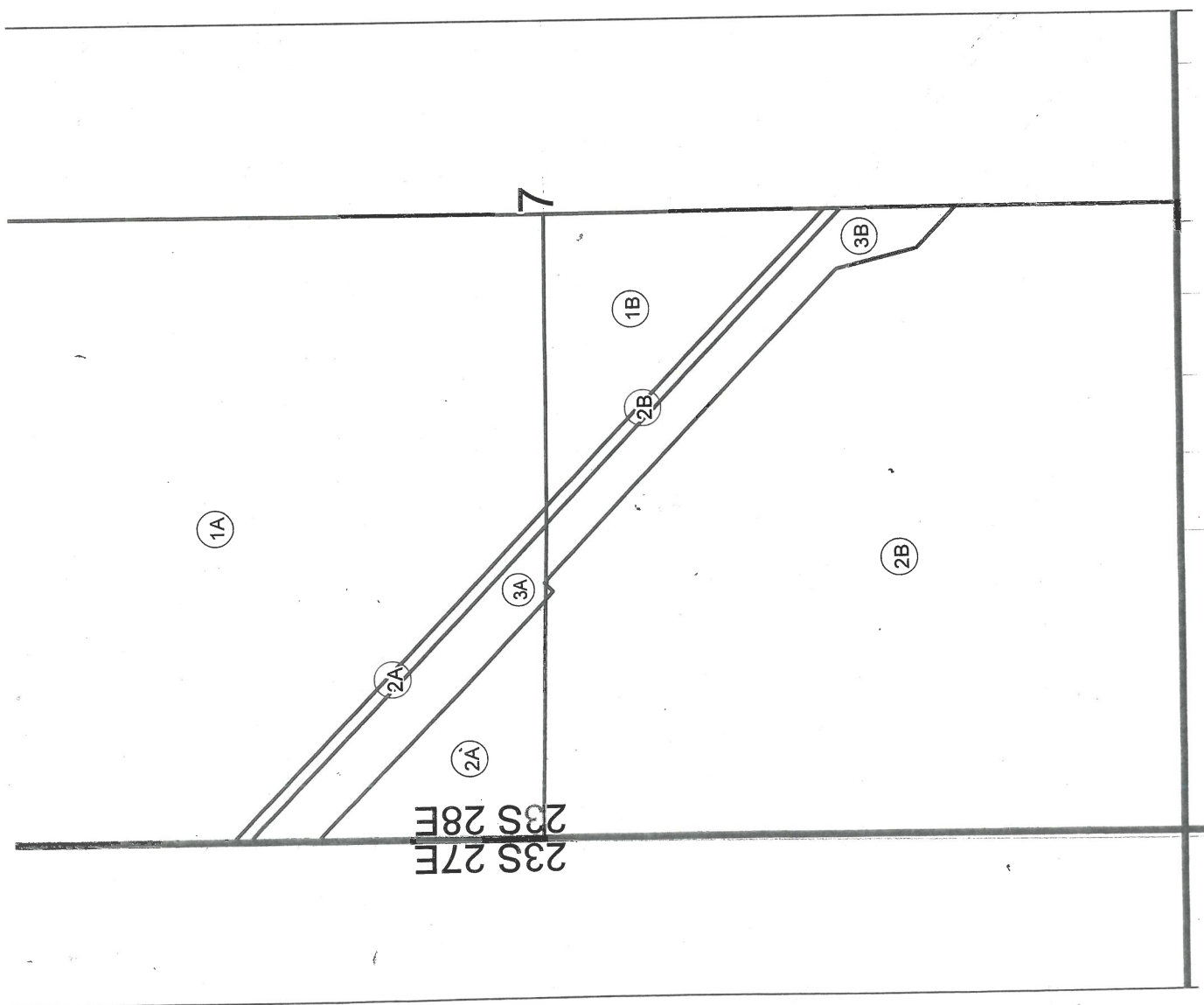
Ares 7 WXY Fee 1H, Ares 7 WA Fee 3H, Ares 7 WXY Fee 5H,  
Ares 7 WA Fee 7H, Ares 7 WD Fee 2H, Ares 7 WD Fee 4H, Ares 7 WD Fee 8H  
W/2 of Section 7, T23S-R28E-320 acres

36	31	32
22S 27E 23S 27E	22S 28E 23S 28E	
1	6	5
12		8
13	18	17
23S 27E 23S 28E		

- Tract 1A: Fee Acreage
- Tract 1B: Fee Acreage
- Tract 2A: Fee Acreage
- Tract 2B: Fee Acreage
- Tract 3A: Fee Acreage
- Tract 3B: Fee Acreage

# Ares Unit

West Half Section 7  
Township 23 South, Range 28 East  
Eddy County, New Mexico





Summary of Interests

Ares 7 WXY Fee 1H, Ares 7 WA Fee 3H, Ares 7 WXY Fee 5H,  
Ares 7 WA Fee 7H, Ares 7 WD Fee 2H, Ares 7 WD Fee 4H, Ares 7 WD Fee 8H  
W/2 of Section 7, T23S-R28E- 320 acres

Committed Working Interest: Marathon Oil Permian LLC	34.987401% 34.987401%
Uncommitted Working Interest: OXY USA WTP Limited Partnership Fasken Land & Minerals, Ltd.	63.745318% 49.338741% 14.406577%
Unleased Mineral Interest: State of New Mexico, Dept. of Transportation	1.267281% 1.267281%

# **Exhibit 4**

Jeffrey Broussard  
Landman



Marathon Oil Permian LLC  
5555 San Felipe Street  
Houston, Texas 77056  
Telephone: 713-296-3159  
jbroussard1@marathonoil.com

January 30, 2019

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED  
7017 2680 0000 3163 0910

OXY USA WTP Limited Partnership  
5 Greenway Plaza, Suite 110  
Houston, TX 77046

Re: Ares 1H, 2H, 3H, 4H, 5H, 6H, 7H, 8H, 9H Well Proposals  
W/2 of Section 7, Township 23 South, Range 28 East  
Eddy County, New Mexico

Dear OXY USA WTP Limited Partnership:

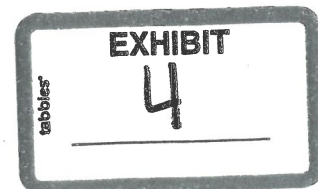
Marathon Oil Permian LLC ("Marathon") proposes the drilling of the following wells located in Section 7, 23S-28E, Eddy, New Mexico, all to be drilled from two surface pad locations.

Pad	Well Name	SHL	BHL	Proration Unit	Target TVD	Est. MD
1	Ares 7 WXY Fee 1H	1310' FWL & 330' FNL	2310' FWL & 330' FSL	W/2 of Sec. 7	9368'	14326'
1	Ares 7 WA Fee 3H	1280' FWL & 330' FNL	1640' FWL & 330' FSL	W/2 of Sec. 7	9488'	14402'
1	Ares 7 WXY Fee 5H	1250' FWL & 330' FNL	990' FWL & 330' FSL	W/2 of Sec. 7	9358'	14269'
1	Ares 7 WA Fee 7H	1220' FWL & 330' FNL	330' FWL & 330' FSL	W/2 of Sec. 7	9478'	14426'
2	Ares 7 WD Fee 2H	1310' FWL & 530' FNL	1254' FWL & 330' FSL	W/2 of Sec. 7	10261'	15206'
2	Ares 7 WD Fee 4H	1280' FWL & 530' FNL	1254' FWL & 330' FSL	W/2 of Sec. 7	9947'	14856'
2	Ares 7 WD Fee 8H	1250' FWL & 530' FNL	330' FWL & 330' FSL	W/2 of Sec. 7	10241'	15191'
2	Ares 7 SB Fee 6H	1220' FWL & 530' FNL	660' FWL & 100' FSL	W/2 of Sec. 7	7805'	12735'
2	Ares 7 TB Fee 9H	1190' FWL & 530' FNL	1310' FWL & 100' FSL	W/2 of Sec. 7	9221'	14131'

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.

Marathon proposes drilling the wells under the terms of the 1989 AAPL JOA. Enclosed is a draft of the JOA covering the contract area. The JOA has the following general provisions:

- 100%/300%/300% non-consent penalty



- \$7,000/\$700 drilling and producing rates
- Contract area of W/2 of Section 7, 23S-28E, covering from the top of the Wolfcamp Formation to the base of the Wolfcamp formation

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.

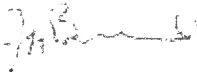
If you do not wish to participate, Marathon proposes to acquire your interest via term assignment at the following terms:

- 
- 
- 

This term assignment offer terminates on March 1, 2019 and is subject to due diligence and title verification satisfactory to Marathon.

Should you have any questions regarding this or other matters, please do not hesitate to contact me at the above listed phone number or email.

Sincerely,



Jeffrey Broussard  
Marathon Oil Permian LLC

\_\_\_\_\_ OXY USA WTP Limited Partnership elects to participate in the drilling, completing, and equipping of the Ares 7 WXY Fee 1H.

\_\_\_\_\_ OXY USA WTP Limited Partnership elects NOT to participate in the drilling, completing, and equipping of the Ares 7 WXY Fee 1H.

\_\_\_\_\_ OXY USA WTP Limited Partnership elects to participate in the drilling, completing, and equipping of the Ares 7 WD Fee 2H.

\_\_\_\_\_ OXY USA WTP Limited Partnership elects NOT to participate in the drilling, completing, and equipping of the Ares 7 WD Fee 2H.

\_\_\_\_\_ OXY USA WTP Limited Partnership elects to participate in the drilling, completing, and equipping of the Ares 7 WA Fee 3H.

\_\_\_\_\_ OXY USA WTP Limited Partnership elects NOT to participate in the drilling, completing, and equipping of the Ares 7 WA Fee 3H.

\_\_\_\_\_ OXY USA WTP Limited Partnership elects to participate in the drilling, completing, and equipping of the Ares 7 WD Fee 4H.

\_\_\_\_\_ OXY USA WTP Limited Partnership elects NOT to participate in the drilling, completing, and equipping of the Ares 7 WD Fee 4H.

\_\_\_\_\_ OXY USA WTP Limited Partnership elects to participate in the drilling, completing, and equipping of the Ares 7 WXY Fee 5H.

\_\_\_\_\_ OXY USA WTP Limited Partnership elects NOT to participate in the drilling, completing, and equipping of the Ares 7 WXY Fee 5H.

\_\_\_\_\_ OXY USA WTP Limited Partnership elects to participate in the drilling, completing, and equipping of the Ares 7 SB Fee 6H.

\_\_\_\_\_ OXY USA WTP Limited Partnership elects NOT to participate in the drilling, completing, and equipping of the Ares 7 SB Fee 6H.

\_\_\_\_\_ OXY USA WTP Limited Partnership elects to participate in the drilling, completing, and equipping of the Ares 7 WA Fee 7H.

\_\_\_\_\_ OXY USA WTP Limited Partnership elects NOT to participate in the drilling, completing, and equipping of the Ares 7 WA Fee 7H.

\_\_\_\_\_ OXY USA WTP Limited Partnership elects to participate in the drilling, completing, and equipping of the Ares 7 WD Fee 8H.

\_\_\_\_\_ OXY USA WTP Limited Partnership elects NOT to participate in the drilling, completing, and equipping of the Ares 7 WD Fee 8H.

\_\_\_\_\_ OXY USA WTP Limited Partnership elects to participate in the drilling, completing, and equipping of the Ares 7 TB Fee 9H.

\_\_\_\_\_ OXY USA WTP Limited Partnership elects NOT to participate in the drilling, completing, and equipping of the Ares 7 TB Fee 9H.

OXY USA WTP Limited Partnership

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

# **Exhibit 5**

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

DATE 11/19/2018  
DRILLING & LOCATION PREPARED BY MATTHEW RUGAARD  
COMPLETION PREPARED BY JOSH SHANNON  
FACILITIES PREPARED BY MATT HENSCHEN  
ARTIFICIAL LIFT PREPARED BY BILLY MOORE/MATT H

Asset Team	PERMIAN			
Field	PURPLE SAGE-WOL	FORMATION: WOLFCAMP XY	WILDCAT	EXPLORATION
Lease/Facility	Ares 7 WXY Fee 1H		DEVELOPMENT	RECOMPLETION
Location	EDDY COUNTY		X EXPLOITATION	WORKOVER
Prospect	MALAGA			

Est Total Depth	14,326	Est Drilling Days		Est Completion Days	5.5
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LOCATION COST - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access	37,500
7001250	Land Broker Fees and Services	33,750
TOTAL LOCATION COST - INTANGIBLE		71,250

DRILLING COST - TANGIBLE

7012050	Conductor Pipe	28,000
7012050	Surface Casing	16,000
7012050	Intermediate Casing 1	55,000
7012050	Intermediate Casing 2	231,000
7012050	Production Casing	67,000
7012050	Drfg 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		531,000

DRILLING COST - INTANGIBLE

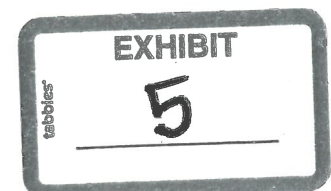
7019200	Drilling Rig Mob/Demob	32,500
7019220	Drilling Rig - day work/footage	430,950
7019040	Directional Drilling Services	139,500
7019020	Cement and Cementing Service Surface	15,000
7019020	Cement and Cementing Service Intermediate 1	25,000
7019020	Cement and Cementing Service Intermediate 2	40,000
7019020	Cement and Cementing Service Production	55,000
7019140	Mud Fluids & Services	60,450
7012310	Solids Control equipment	30,000
7012020	Bits	70,000
7019010	Casing Crew and Services	30,000
7016350	Fuel (Rig)	51,000
7019140	Fuel (Mud)	18,000
7001460	Water (non potable)	25,000
7012350	Water (potable)	5,000
7019000	Well Logging Services	-
7019150	Mud Logging-geosteering	12,000
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	18,288
7019350	Well Services - Well/Wellhead Services	10,000
7018150	Rental Tools and Equipment (surface rentals)	66,300
7018150	Rig Equipment and Misc.	8,288
7001110	Telecommunications Services	5,000
7001120	Consulting Services	77,803
7001400	Safety and Environmental	26,520
7018120	Rental Buildings (trailers)	19,260
7019310	Coring (sidewalls & analysis)	-
7011010	7% Contingency & Taxes	143,777
TOTAL DRILLING - INTANGIBLE		\$1,666,735

TOTAL DRILLING COST

\$2,197,735

COMPLETION - TANGIBLE

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





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

DATE 11/19/2018

Asset Team PERMIAN  
 Field PURPLE SAGE;WOL FORMATION: WOLFCAMP XY  
 Lease/Facility Ares 7 WXY Fee 1H

COMPLETION - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access (dress location after rig move, set anchors)	10,000
7019220	Drilling Rig During Completion	-
7019140	Mud Fluids & Services	-
7019030	Coiled Tubing Services (3 runs)	210,000
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)	315,000
7019320	Fracturing Services	1,960,000
7019330	Perforating	175,000
7019360	Wireline Services	15,000
7001460	Water Hauling & Disposal (frac fluids)	147,000
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	35,000
7001110	Telecommunications Services	90,000
7001400	Safety and Environmental	-
7001120	Consulting Services	60,000
7018150	Zipper Manifold	150,000
7019300	Frack Stack Rentals	45,000
7016190	Freight (Transportation Services)	-
7018150	Equipment Rental ( w/o operator, frac tanks, lightplants)	135,000
7018120	Rental Buildings (trailers)	15,000
7000030	Contract Labor - Pumping (pump-down pumps)	30,000
7011010	8% Contingency & Taxes	234,800
TOTAL COMPLETION - INTANGIBLE		\$3,641,800

TOTAL COMPLETION COST

\$3,656,800

SURFACE EQUIPMENT - TANGIBLE

7012350	Misc. Piping, Fittings & Valves	85,795
7006640	Company Labor & Burden	-
7000030	Contract Labor - General	74,150
7001110	Telecommunication equip (Telemetry)	-
7012410	Line Pipe & Accessories	27,950
7012270	Miscellaneous Materials (containment system)	43,230
7008060	SCADA	-
7016180	Freight - truck	-
7001190	Contract Engineering	29,115
7012290	Metering and Instrumentation	237,080
7012290	I&E Materials	-
7012200	Gas Treating	-
7012200	Dehydration	-
7012010	Compressor	-
7012350	Power	-
7012610	Vapor Recovery Unit	-
7012440	Separator & other pressure vessels	67,350
7012500	Tanks	193,450
7012100	Heater Treater	17,560
7012640	Flare & Accessories	11,645
7000010	Electrical Labor	29,115
7000010	Mechanical Labor	-
7012480	Rod Pumping unit & Pad	-
7012180	Pumping Unit Engine	-
7012350	Electrical Power (electrical cooperative construction costs)	23,290
TOTAL SURFACE EQUIPMENT - TANGIBLE		\$839,730

TOTAL SURFACE EQUIPMENT COST

\$ 839,730

ARTIFICIAL LIFT

7012580	Tubing	50,000
7012040	Tubing Accessories (nipple, wireline entry)	5,000
7012550	Wellhead Equip	5,000
7012560	Packers - Completion Equipment	5,000
7006640	Company Labor	6,000
7012180	Gas Lift Equipment	23,000
7012480	Rod Pumping, Sucker Rods & Rod Pump	-
7012140	Elect Sub Pumps (ESP)	-
7019350	Well Services-Well/Wellhead Services	42,500
7012270	Materials & Supplies-Tangible	25,000
7012550	Surface Wellhead Equipment	3,000
7012390	Pig Launchers/Receivers & Rel Equip	-
7011010	Contingency & Taxes	5,000
TOTAL ARTIFICIAL LIFT		169,500

TOTAL ARTIFICIAL LIFT COST

\$ 169,500

SUMMARY OF ESTIMATED DRILLING WELL COSTS

TOTAL LOCATION COST	\$ 71,250
TOTAL DRILLING COST	\$ 2,197,735
TOTAL COMPLETIONS COST	\$ 3,656,800
TOTAL SURFACE EQUIPMENT COST	\$ 839,730
TOTAL ARTIFICIAL LIFT COST	\$ 169,500
GRAND TOTAL COST	\$6,935,015

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

DATE 11/19/2018  
DRILLING & LOCATION PREPARED BY MATTHEW RUGAARD  
COMPLETION PREPARED BY JOSH SHANNON  
FACILITIES PREPARED BY MATT HENSCHEN  
ARTIFICIAL LIFT PREPARED BY BILLY MOORE/MATT H

Asset Team	PERMIAN			
Field	PURPLE SAGE/WOL	FORMATION: WOLFCAMP D	WILDCAT	EXPLORATION
Lease/Facility	Ares 7 WD Fee 2H		DEVELOPMENT	RECOMPLETION
Location	EDDY COUNTY		X EXPLOITATION	WORKOVER
Prospect	MALAGA			

Est Total Depth	15,206	Est Drilling Days		Est Completion Days	5.5
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LOCATION COST - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access	30,000
7001250	Land Broker Fees and Services	27,000
TOTAL LOCATION COST - INTANGIBLE		57,000

DRILLING COST - TANGIBLE

7012050	Conductor Pipe	28,000
7012050	Surface Casing	16,000
7012050	Intermediate Casing 1	55,000
7012050	Intermediate Casing 2	231,000
7012050	Production Casing	67,000
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		531,000

DRILLING COST - INTANGIBLE

7019200	Drilling Rig Mob/Demob	26,000
7019220	Drilling Rig - day work/footage	455,000
7019040	Directional Drilling Services	150,000
7019020	Cement and Cementing Service Surface	15,000
7019020	Cement and Cementing Service Intermediate 1	25,000
7019020	Cement and Cementing Service Intermediate 2	40,000
7019020	Cement and Cementing Service Production	45,000
7019140	Mud Fluids & Services	61,500
7012310	Solids Control equipment	32,000
7012020	Bits	70,000
7019010	Casing Crew and Services	30,000
7016350	Fuel (Rig)	54,000
7019140	Fuel (Mud)	18,000
7001460	Water (non potable)	25,000
7012350	Water (potable)	5,000
7019000	Well Logging Services	-
7019150	Mud Logging+geosteering	14,000
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	18,750
7019350	Well Services - Well/Wellhead Services	10,000
7018150	Rental Tools and Equipment (surface rentals)	70,000
7018150	Rig Equipment and Misc.	8,750
7001110	Telecommunications Services	5,000
7001120	Consulting Services	82,250
7001400	Safety and Environmental	28,000
7018120	Rental Buildings (trailers)	14,000
7019310	Coring (sidewalls & analysis)	-
7011010	7% Contingency & Taxes	146,388
TOTAL DRILLING - INTANGIBLE		\$1,706,638

TOTAL DRILLING COST

\$2,237,638

COMPLETION - TANGIBLE

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

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

DATE 11/19/2018

Asset Team PERMIAN  
 Field PURPLE SAGE;WOL FORMATION: WOLFCAMP D  
 Lease/Facility Ares 7 WD Fee 2H

COMPLETION - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access (dress location after rig move, set anchors)	10,000
7019220	Drilling Rig During Completion	-
7019140	Mud Fluids & Services	-
7019030	Coiled Tubing Services (3 runs)	210,000
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)	315,000
7019320	Fracturing Services	2,275,000
7019330	Perforating	175,000
7019360	Wireline Services	15,000
7001460	Water Hauling & Disposal (frac fluids)	155,000
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	35,000
7001110	Telecommunications Services	90,000
7001400	Safety and Environmental	-
7001120	Consulting Services	60,000
7018150	Zipper Manifold	150,000
7019300	Frack Stack Rentals	45,000
7016190	Freight (Transportation Services)	-
7018150	Equipment Rental ( w/o operator, frac tanks, lightplants)	135,000
7018120	Rental Buildings (trailers)	15,000
7000030	Contract Labor - Pumping (pump-down pumps)	30,000
7011010	8% Contingency & Taxes	260,000
TOTAL COMPLETION - INTANGIBLE		\$3,990,000
TOTAL COMPLETION COST		\$4,005,000

SURFACE EQUIPMENT - TANGIBLE

7012350	Misc. Piping, Fittings & Valves	85,795
7006640	Company Labor & Burden	-
7000030	Contract Labor - General	74,150
7001110	Telecommunication equip (Telemetry)	-
7012410	Line Pipe & Accessories	27,950
7012270	Miscellaneous Materials (containment system)	43,230
7008060	SCADA	-
7016180	Freight - truck	-
7001190	Contract Engineering	29,115
7012290	Metering and Instrumentation	237,080
7012290	I&E Materials	-
7012200	Gas Treating	-
7012200	Dehydration	-
7012010	Compressor	-
7012350	Power	-
7012610	Vapor Recovery Unit	-
7012440	Separator & other pressure vessels	67,350
7012500	Tanks	193,450
7012100	Heater Treater	17,560
7012640	Flare & Accessories	11,645
7000010	Electrical Labor	29,115
7000010	Mechanical Labor	-
7012480	Rod Pumping unit & Pad	-
7012180	Pumping Unit Engine	-
7012350	Electrical Power (electrical cooperative construction costs)	23,290
TOTAL SURFACE EQUIPMENT - TANGIBLE		\$839,730
TOTAL SURFACE EQUIPMENT COST		\$ 839,730

ARTIFICIAL LIFT

7012580	Tubing	50,000
7012040	Tubing Accessories (nipple, wireline entry)	5,000
7012550	Wellhead Equip	5,000
7012560	Packers - Completion Equipment	5,000
7006640	Company Labor	6,000
7012180	Gas Lift Equipment	23,000
7012480	Rod Pumping, Sucker Rods & Rod Pump	-
7012140	Elect Sub Pumps (ESP)	-
7019350	Well Services-Well/Wellhead Services	42,500
7012270	Materials & Supplies-Tangible	25,000
7012550	Surface Wellhead Equipment	3,000
7012390	Pig Launchers/Receivers & Rel Equip	-
7011010	Contingency & Taxes	5,000
TOTAL ARTIFICIAL LIFT		169,500
TOTAL ARTIFICIAL LIFT COST		\$ 169,500

SUMMARY OF ESTIMATED DRILLING WELL COSTS

TOTAL LOCATION COST	\$ 57,000
TOTAL DRILLING COST	\$ 2,237,638
TOTAL COMPLETIONS COST	\$ 4,005,000
TOTAL SURFACE EQUIPMENT COST	\$ 839,730
TOTAL ARTIFICIAL LIFT COST	\$ 169,500
GRAND TOTAL COST	\$7,308,868

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

DATE 11/19/2018  
 DRILLING & LOCATION PREPARED BY MATTHEW RUGAARD  
 COMPLETION PREPARED BY JOSH SHANNON  
 FACILITIES PREPARED BY MATT HENSCHEN  
 ARTIFICIAL LIFT PREPARED BY BILLY MOORE/MATT H

Asset Team	PERMIAN			
Field	PURPLE SAGE-WOL	FORMATION: WOLFCAMP A	WILDCAT	EXPLORATION
Lease/Facility	Ares 7 WA Fee 3H		DEVELOPMENT	RECOMPLETION
Location	EDDY COUNTY		X EXPLOITATION	WORKOVER
Prospect	MALAGA			

Est Total Depth	<u>14,402</u>	Est Drilling Days		Est Completion Days	<u>5.5</u>
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LOCATION COST - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access	37,500
7001250	Land Broker Fees and Services	33,750
TOTAL LOCATION COST - INTANGIBLE		71,250

DRILLING COST - TANGIBLE

7012050	Conductor Pipe	28,000
7012050	Surface Casing	16,000
7012050	Intermediate Casing 1	55,000
7012050	Intermediate Casing 2	231,000
7012050	Production Casing	67,000
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		531,000

DRILLING COST - INTANGIBLE

7019200	Drilling Rig Mob/Demob	32,500
7019220	Drilling Rig - day work/footage	430,950
7019040	Directional Drilling Services	139,500
7019020	Cement and Cementing Service Surface	15,000
7019020	Cement and Cementing Service Intermediate 1	25,000
7019020	Cement and Cementing Service Intermediate 2	40,000
7019020	Cement and Cementing Service Production	55,000
7019140	Mud Fluids & Services	60,450
7012310	Solids Control equipment	30,000
7012020	Bits	70,000
7019010	Casing Crew and Services	30,000
7016350	Fuel (Rlg)	51,000
7019140	Fuel (Mud)	18,000
7001460	Water (non potable)	25,000
7012350	Water (potable)	5,000
7019000	Well Logging Services	-
7019150	Mud Logging+geosteering	12,000
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	18,288
7019350	Well Services - Well/Wellhead Services	10,000
7018150	Rental Tools and Equipment (surface rentals)	66,300
7018150	Rig Equipment and Misc.	8,288
7001110	Telecommunications Services	5,000
7001120	Consulting Services	77,903
7001400	Safety and Environmental	26,520
7018120	Rental Buildings (trailers)	13,260
7019310	Coring (sidewalls & analysis)	-
7011010	7% Contingency & Taxes	143,777
TOTAL DRILLING - INTANGIBLE		\$1,666,735

TOTAL DRILLING COST	<b>\$2,197,735</b>
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COMPLETION - TANGIBLE

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



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

DATE 11/19/2018

Asset Team PERMIAN  
Field PURPLE SAGE;WOL FORMATION: WOLFCAMP A  
Lease/Facility Ares 7 WA Fee 3H

COMPLETION - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access (dress location after rig move, set anchors)	10,000
7019220	Drilling Rlg During Completion	-
7019140	Mud Fluids & Services	-
7019030	Coiled Tubing Services (3 runs)	210,000
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)	315,000
7019320	Fracturing Services	1,960,000
7019330	Perforating	175,000
7019360	Wireline Services	15,000
7001460	Water Hauling & Disposal (frac fluids)	147,000
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	35,000
7001110	Telecommunications Services	90,000
7001400	Safety and Environmental	-
7001120	Consulting Services	60,000
7018150	Zipper Manifold	150,000
7019300	Frack Stack Rentals	45,000
7016190	Freight (Transportation Services)	-
7018150	Equipment Rental ( w/o operator, frac tanks, lightplants)	135,000
7018120	Rental Buildings (trailers)	15,000
7000030	Contract Labor - Pumping (pump-down pumps)	30,000
7011010	8% Contingency & Taxes	234,800
TOTAL COMPLETION - INTANGIBLE		\$3,641,800
TOTAL COMPLETION COST		\$3,656,800

SURFACE EQUIPMENT - TANGIBLE

7012350	Misc. Piping, Fittings & Valves	85,795
7006640	Company Labor & Burden	-
7000030	Contract Labor - General	74,150
7001110	Telecommunication equip (Telemetry)	-
7012410	Line Pipe & Accessories	27,950
7012270	Miscellaneous Materials (containment system)	43,230
7008060	SCADA	-
7016180	Freight - truck	-
7001190	Contract Engineering	29,115
7012290	Metering and Instrumentation	237,080
7012290	I&E Materials	-
7012200	Gas Treating	-
7012200	Dehydration	-
7012010	Compressor	-
7012350	Power	-
7012610	Vapor Recovery Unit	-
7012440	Separator & other pressure vessels	67,350
7012500	Tanks	193,450
7012100	Heater Treater	17,560
7012640	Flare & Accessories	11,645
7000010	Electrical Labor	29,115
7000010	Mechanical Labor	-
7012480	Rod Pumping unit & Pad	-
7012180	Pumping Unit Engine	-
7012350	Electrical Power (electrical cooperative construction costs)	23,290
TOTAL SURFACE EQUIPMENT - TANGIBLE		\$839,730
TOTAL SURFACE EQUIPMENT COST		\$ 839,730

ARTIFICIAL LIFT

7012580	Tubing	50,000
7012040	Tubing Accessories (nipple, wireline entry)	5,000
7012550	Wellhead Equip	5,000
7012560	Packers - Completion Equipment	5,000
7006640	Company Labor	6,000
7012180	Gas Lift Equipment	23,000
7012480	Rod Pumping, Sucker Rods & Rod Pump	-
7012140	Elect Sub Pumps (ESP)	-
7019350	Well Services-Well/Wellhead Services	42,500
7012270	Materials & Supplies-Tangible	25,000
7012550	Surface Wellhead Equipment	3,000
7012390	Pig Launchers/Receivers & Rel Equip	-
7011010	Contingency & Taxes	5,000
TOTAL ARTIFICIAL LIFT		169,500
TOTAL ARTIFICIAL LIFT COST		\$ 169,500

SUMMARY OF ESTIMATED DRILLING WELL COSTS

TOTAL LOCATION COST	\$ 71,250
TOTAL DRILLING COST	\$ 2,197,735
TOTAL COMPLETIONS COST	\$ 3,656,800
TOTAL SURFACE EQUIPMENT COST	\$ 839,730
TOTAL ARTIFICIAL LIFT COST	\$ 169,500

GRAND TOTAL COST

\$6,935,015

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

DATE 11/15/2018  
 DRILLING & LOCATION PREPARED BY MATTHEW RUGAARD  
 COMPLETION PREPARED BY JOSH SHANNON  
 FACILITIES PREPARED BY MATT HENSCHEN  
 ARTIFICIAL LIFT PREPARED BY BILLY MOORE/MATT HI

Asset Team	PERMIAN			
Field	PURPLE SAGE/WOL	FORMATION: WOLFCAMP D	WILDCAT	EXPLORATION
Lease/Facility	Ares 7 WD Fee 4H		DEVELOPMENT	RECOMPLETION
Location	EDDY COUNTY		X EXPLOITATION	WORKOVER
Prospect	MALAGA			

Est Total Depth	14,856	Est Drilling Days		Est Completion Days	5.5
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LOCATION COST - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access	30,000
7001250	Land Broker Fees and Services	27,000
TOTAL LOCATION COST - INTANGIBLE		57,000

DRILLING COST - TANGIBLE

7012050	Conductor Pipe	28,000
7012050	Surface Casing	16,000
7012050	Intermediate Casing 1	55,000
7012050	Intermediate Casing 2	291,000
7012050	Production Casing	67,000
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		531,000

DRILLING COST - INTANGIBLE

7019200	Drilling Rig Mob/Demob	26,000
7019220	Drilling Rig - day work/footage	455,000
7019040	Directional Drilling Services	150,000
7019020	Cement and Cementing Service Surface	15,000
7019020	Cement and Cementing Service Intermediate 1	25,000
7019020	Cement and Cementing Service Intermediate 2	40,000
7019020	Cement and Cementing Service Production	45,000
7019140	Mud Fluids & Services	61,500
7012310	Solids Control equipment	32,000
7012020	Bits	70,000
7019010	Casing Crew and Services	30,000
7016350	Fuel (Rig)	54,000
7019140	Fuel (Mud)	18,000
7001460	Water (non potable)	25,000
7012350	Water (potable)	5,000
7019000	Well Logging Services	-
7019150	Mud Logging+geosteering	14,000
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	18,750
7019350	Well Services - Well/Wellhead Services	10,000
7018150	Rental Tools and Equipment (surface rentals)	70,000
7018150	Rig Equipment and Misc.	8,750
7001110	Telecommunications Services	5,000
7001120	Consulting Services	82,250
7001400	Safety and Environmental	28,000
7018120	Rental Buildings (trailers)	14,000
7019310	Coring (sidewalls & analysis)	-
7011010	7% Contingency & Taxes	146,388
TOTAL DRILLING - INTANGIBLE		\$1,706,638

TOTAL DRILLING COST

\$2,237,638

COMPLETION - TANGIBLE

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

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

DATE 11/19/2018

Asset Team PERMIAN  
 Field PURPLE SAGE;WOL FORMATION: WOLFCAMP D  
 Lease/Facility Ares 7 WD Fee 4H

COMPLETION - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access (dress location after rig move, set anchors)	10,000
7019220	Drilling Rig During Completion	-
7019140	Mud Fluids & Services	-
7019030	Coiled Tubing Services (3 runs)	210,000
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)	315,000
7019320	Fracturing Services	2,275,000
7019330	Perforating	175,000
7019360	Wireline Services	15,000
7001460	Water Hauling & Disposal (frac fluids)	155,000
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	35,000
7001110	Telecommunications Services	90,000
7001400	Safety and Environmental	-
7001120	Consulting Services	60,000
7018150	Zipper Manifold	150,000
7019300	Frack Stack Rentals	45,000
7016190	Freight (Transportation Services)	-
7018150	Equipment Rental ( w/o operator, frac tanks, lightplants)	135,000
7018120	Rental Buildings (trailers)	15,000
7000030	Contract Labor - Pumping (pump-down pumps)	30,000
7011010	8% Contingency & Taxes	260,000
TOTAL COMPLETION - INTANGIBLE		\$3,990,000

TOTAL COMPLETION COST

\$4,005,000

SURFACE EQUIPMENT - TANGIBLE

7012350	Misc. Piping, Fittings & Valves	85,795
7006640	Company Labor & Burden	-
7000030	Contract Labor - General	74,150
7001110	Telecommunication equip (Telemetry)	-
7012410	Line Pipe & Accessories	27,950
7012270	Miscellaneous Materials (containment system)	43,230
7008060	SCADA	-
7016180	Freight - truck	-
7001190	Contract Engineering	29,115
7012290	Metering and Instrumentation	237,080
7012290	I&E Materials	-
7012200	Gas Treating	-
7012200	Dehydration	-
7012010	Compressor	-
7012350	Power	-
7012610	Vapor Recovery Unit	-
7012440	Separator & other pressure vessels	67,350
7012500	Tanks	193,450
7012100	Heater Treater	17,560
7012640	Flare & Accessories	11,645
7000010	Electrical Labor	29,115
7000010	Mechanical Labor	-
7012480	Rod Pumping unit & Pad	-
7012180	Pumping Unit Engine	-
7012350	Electrical Power (electrical cooperative construction costs)	23,290
TOTAL SURFACE EQUIPMENT - TANGIBLE		\$839,730

TOTAL SURFACE EQUIPMENT COST

\$ 839,730

ARTIFICIAL LIFT

7012580	Tubing	50,000
7012040	Tubing Accessories (nipple, wireline entry)	5,000
7012550	Wellhead Equip	5,000
7012560	Packers - Completion Equipment	5,000
7006640	Company Labor	6,000
7012180	Gas Lift Equipment	23,000
7012480	Rod Pumping, Sucker Rods & Rod Pump	-
7012140	Elect Sub Pumps (ESP)	-
7019350	Well Services-Well/Wellhead Services	42,500
7012270	Materials & Supplies-Tangible	25,000
7012550	Surface Wellhead Equipment	3,000
7012390	Plg Launchers/Receivers & Rel Equip	-
7011010	Contingency & Taxes	5,000
TOTAL ARTIFICIAL LIFT		169,500

TOTAL ARTIFICIAL LIFT COST

\$ 169,500

SUMMARY OF ESTIMATED DRILLING WELL COSTS

TOTAL COST

TOTAL LOCATION COST	\$ 57,000
TOTAL DRILLING COST	\$ 2,237,638
TOTAL COMPLETIONS COST	\$ 4,005,000
TOTAL SURFACE EQUIPMENT COST	\$ 839,730
TOTAL ARTIFICIAL LIFT COST	\$ 169,500
GRAND TOTAL COST	\$7,308,868



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

DATE 11/19/2018  
 DRILLING & LOCATION PREPARED BY MATTHEW RUGAARD  
 COMPLETION PREPARED BY JOSH SHANNON  
 FACILITIES PREPARED BY MATT HENSCHEN  
 ARTIFICIAL LIFT PREPARED BY BILLY MOORE/MATT H

Asset Team	PERMIAN			
Field	PURPLE SAGE:WOL	FORMATION: WOLFCAMP XY	WILDCAT	EXPLORATION
Lease/Facility	Ares 7 WXY Fee SH		DEVELOPMENT	RECOMPLETION
Location	EDDY COUNTY		X EXPLOITATION	WORKOVER
Prospect	MALAGA			

Est Total Depth	14,269	Est Drilling Days		Est Completion Days	5.5
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LOCATION COST - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access	37,500
7001250	Land Broker Fees and Services	33,750
TOTAL LOCATION COST - INTANGIBLE		71,250

DRILLING COST - TANGIBLE

7012050	Conductor Pipe	28,000
7012050	Surface Casing	16,000
7012050	Intermediate Casing 1	55,000
7012050	Intermediate Casing 2	231,000
7012050	Production Casing	67,000
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		531,000

DRILLING COST - INTANGIBLE

7019200	Drilling Rig Mob/Demob	32,500
7019220	Drilling Rig - day work/footage	430,950
7019040	Directional Drilling Services	139,500
7019020	Cement and Cementing Service Surface	15,000
7019020	Cement and Cementing Service Intermediate 1	25,000
7019020	Cement and Cementing Service Intermediate 2	40,000
7019020	Cement and Cementing Service Production	55,000
7019140	Mud Fluids & Services	60,450
7012310	Solids Control equipment	30,000
7012020	Bits	70,000
7019010	Casing Crew and Services	30,000
7016350	Fuel (Rig)	51,000
7019140	Fuel (Mud)	18,000
7001460	Water (non potable)	25,000
7012350	Water (potable)	5,000
7019000	Well Logging Services	-
7019150	Mud Logging+geosteering	12,000
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	18,288
7019350	Well Services - Well/Wellhead Services	10,000
7018150	Rental Tools and Equipment (surface rentals)	66,300
7018150	Rig Equipment and Misc.	8,288
7001110	Telecommunications Services	5,000
7001120	Consulting Services	77,903
7001400	Safety and Environmental	26,520
7018120	Rental Buildings (trailers)	13,760
7019310	Coring (sidewalls & analysis)	-
7011010	7% Contingency & Taxes	143,777
TOTAL DRILLING - INTANGIBLE		\$1,666,735

TOTAL DRILLING COST

\$2,197,735

COMPLETION - TANGIBLE

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

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

DATE 11/19/2018

Asset Team PERMIAN  
 Field PURPLE SAGE;WOL FORMATION: WOLFCAMP XY  
 Lease/Facility Ares 7 WXY Fee 5H

COMPLETION - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access (dress location after rig move, set anchors)	10,000
7019220	Drilling Rig During Completion	-
7019140	Mud Fluids & Services	-
7019030	Coiled Tubing Services (3 runs)	210,000
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)	915,000
7019320	Fracturing Services	1,960,000
7019330	Perforating	175,000
7019360	Wireline Services	15,000
7001460	Water Hauling & Disposal (frac fluids)	147,000
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. Bht, BHA)	-
7000030	Contract Labor - general	35,000
7001110	Telecommunications Services	90,000
7001400	Safety and Environmental	-
7001120	Consulting Services	60,000
7018150	Zipper Manifold	150,000
7019300	Frack Stack Rentals	45,000
7016190	Freight (Transportation Services)	-
7018150	Equipment Rental ( w/o operator, frac tanks, lightplants)	135,000
7018120	Rental Buildings (trailers)	15,000
7000030	Contract Labor - Pumping (pump-down pumps)	30,000
7011010	8% Contingency & Taxes	234,800
TOTAL COMPLETION - INTANGIBLE		\$3,641,800

TOTAL COMPLETION COST

\$3,656,800

SURFACE EQUIPMENT - TANGIBLE

7012350	Misc. Piping, Fittings & Valves	85,795
7006640	Company Labor & Burden	-
7000030	Contract Labor - General	74,150
7001110	Telecommunication equip (Telemetry)	-
7012410	Line Pipe & Accessories	27,950
7012270	Miscellaneous Materials (containment system)	43,230
7008060	SCADA	-
7016180	Freight - truck	-
7001190	Contract Engineering	29,115
7012290	Metering and Instrumentation	237,080
7012290	I&E Materials	-
7012200	Gas Treating	-
7012200	Dehydration	-
7012010	Compressor	-
7012350	Power	-
7012610	Vapor Recovery Unit	-
7012440	Separator & other pressure vessels	67,350
7012500	Tanks	193,450
7012100	Heater Treater	17,560
7012640	Flare & Accessories	11,645
7000010	Electrical Labor	29,115
7000010	Mechanical Labor	-
7012480	Rod Pumping unit & Pad	-
7012180	Pumping Unit Engine	-
7012350	Electrical Power (electrical cooperative construction costs)	23,290
TOTAL SURFACE EQUIPMENT - TANGIBLE		\$839,730

TOTAL SURFACE EQUIPMENT COST

\$ 839,730

ARTIFICIAL LIFT

7012580	Tubing	50,000
7012040	Tubing Accessories (nipple, wireline entry)	5,000
7012550	Wellhead Equip	5,000
7012560	Packers - Completion Equipment	5,000
7006640	Company Labor	6,000
7012180	Gas Lift Equipment	23,000
7012480	Rod Pumping, Sucker Rods & Rod Pump	-
7012140	Elect Sub Pumps (ESP)	-
7019350	Well Services-Well/Wellhead Services	42,500
7012270	Materials & Supplies-Tangible	25,000
7012550	Surface Wellhead Equipment	3,000
7012390	Pig Launchers/Receivers & Rel Equip	-
7011010	Contingency & Taxes	5,000
TOTAL ARTIFICIAL LIFT		169,500

TOTAL ARTIFICIAL LIFT COST

\$ 169,500

SUMMARY OF ESTIMATED DRILLING WELL COSTS

TOTAL COST

TOTAL LOCATION COST	\$ 71,250
TOTAL DRILLING COST	\$ 2,197,735
TOTAL COMPLETIONS COST	\$ 3,656,800
TOTAL SURFACE EQUIPMENT COST	\$ 839,730
TOTAL ARTIFICIAL LIFT COST	\$ 169,500
GRAND TOTAL COST	\$6,935,015

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

DATE 11/19/2018  
 DRILLING & LOCATION PREPARED BY MATTHEW RUGAARD  
 COMPLETION PREPARED BY JOSH SHANNON  
 FACILITIES PREPARED BY MATT HENSCHEN  
 ARTIFICIAL LIFT PREPARED BY BILLY MOORE/MATT HI

Asset Team	PERMIAN			
Field	PURPLE SAGE:WOL	FORMATION: WOLFCAMP A	WILDCAT	EXPLORATION
Lease/Facility	Ares 7 WA Fee 7H		DEVELOPMENT	RECOMPLETION
Location	EDDY COUNTY		X EXPLOITATION	WORKOVER
Prospect	MALAGA			
Est Total Depth	14,426	Est Drilling Days		Est Completion Days 5.5

LOCATION COST - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access	37,500
7001250	Land Broker Fees and Services	33,750
TOTAL LOCATION COST - INTANGIBLE		71,250

DRILLING COST - TANGIBLE

7012050	Conductor Pipe	28,000
7012050	Surface Casing	16,000
7012050	Intermediate Casing 1	55,000
7012050	Intermediate Casing 2	231,000
7012050	Production Casing	67,000
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		531,000

DRILLING COST - INTANGIBLE

7019200	Drilling Rig Mob/Demob	32,500
7019220	Drilling Rig - day work/footage	430,950
7019040	Directional Drilling Services	139,500
7019020	Cement and Cementing Service Surface	15,000
7019020	Cement and Cementing Service Intermediate 1	25,000
7019020	Cement and Cementing Service Intermediate 2	40,000
7019020	Cement and Cementing Service Production	55,000
7019140	Mud Fluids & Services	60,450
7012310	Solids Control equipment	30,000
7012020	Bits	70,000
7019010	Casing Crew and Services	30,000
7016350	Fuel (Rig)	51,000
7019140	Fuel (Mud)	18,000
7001460	Water (non potable)	25,000
7012350	Water (potable)	5,000
7019000	Well Logging Services	-
7019150	Mud Logging+geosteering	12,000
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	18,288
7019350	Well Services - Well/Wellhead Services	10,000
7018150	Rental Tools and Equipment (surface rentals)	66,300
7018150	Rig Equipment and Misc.	8,288
7001110	Telecommunications Services	5,000
7001120	Consulting Services	77,903
7001400	Safety and Environmental	26,520
7018120	Rental Buildings (trailers)	13,260
7019310	Coring (sidewalls & analysis)	-
7011010	7% Contingency & Taxes	143,777
TOTAL DRILLING - INTANGIBLE		\$1,666,735

TOTAL DRILLING COST

\$2,197,735

COMPLETION - TANGIBLE

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

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

DATE 11/19/2018

Asset Team PERMIAN  
 Field PURPLE SAGE;WOL FORMATION: WOLFCAMP A  
 Lease/Facility Ares 7 WA Fee 7H

COMPLETION - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access (dress location after rig move, set anchors)	10,000
7019220	Drilling Rig During Completion	-
7019140	Mud Fluids & Services	-
7019030	Coiled Tubing Services (3 runs)	210,000
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)	315,000
7019320	Fracturing Services	1,960,000
7019330	Perforating	175,000
7019360	Wireline Services	15,000
7001460	Water Hauling & Disposal (frac fluids)	147,000
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	35,000
7001110	Telecommunications Services	90,000
7001400	Safety and Environmental	-
7001120	Consulting Services	60,000
7018150	Zipper Manifold	150,000
7019300	Frack Stack Rentals	45,000
7016190	Freight (Transportation Services)	-
7018150	Equipment Rental ( w/o operator, frac tanks, lightplants)	135,000
7018120	Rental Buildings (trailers)	15,000
7000030	Contract Labor - Pumping (pump-down pumps)	30,000
7011010	8% Contingency & Taxes	234,800
TOTAL COMPLETION - INTANGIBLE		\$3,641,800

TOTAL COMPLETION COST \$3,656,800

SURFACE EQUIPMENT - TANGIBLE

7012350	Misc. Piping, Fittings & Valves	85,795
7006640	Company Labor & Burden	-
7000030	Contract Labor - General	74,150
7001110	Telecommunication equip (Telemetry)	-
7012410	Line Pipe & Accessories	27,950
7012270	Miscellaneous Materials (containment system)	43,230
7008060	SCADA	-
7016180	Freight - truck	-
7001190	Contract Engineering	29,115
7012290	Metering and Instrumentation	237,080
7012290	I&E Materials	-
7012200	Gas Treating	-
7012200	Dehydration	-
7012010	Compressor	-
7012350	Power	-
7012610	Vapor Recovery Unit	-
7012440	Separator & other pressure vessels	67,350
7012500	Tanks	193,450
7012100	Heater Treater	17,560
7012640	Flare & Accessories	11,645
7000010	Electrical Labor	29,115
7000010	Mechanical Labor	-
7012480	Rod Pumping unit & Pad	-
7012180	Pumping Unit Engine	-
7012350	Electrical Power (electrical cooperative construction costs)	23,290
TOTAL SURFACE EQUIPMENT - TANGIBLE		\$839,730

TOTAL SURFACE EQUIPMENT COST \$ 839,730

ARTIFICIAL LIFT

7012580	Tubing	50,000
7012040	Tubing Accessories (nipple, wireline entry)	5,000
7012550	Wellhead Equip	5,000
7012560	Packers - Completion Equipment	5,000
7006640	Company Labor	6,000
7012180	Gas Lift Equipment	23,000
7012480	Rod Pumping, Sucker Rods & Rod Pump	-
7012140	Elect Sub Pumps (ESP)	-
7019350	Well Services-Well/Wellhead Services	42,500
7012270	Materials & Supplies-Tangible	25,000
7012550	Surface Wellhead Equipment	3,000
7012390	Pig Launchers/Receivers & Rel Equip	-
7011010	Contingency & Taxes	5,000
TOTAL ARTIFICIAL LIFT		169,500

TOTAL ARTIFICIAL LIFT COST \$ 169,500

SUMMARY OF ESTIMATED DRILLING WELL COSTS

TOTAL LOCATION COST	\$ 71,250
TOTAL DRILLING COST	\$ 2,197,735
TOTAL COMPLETIONS COST	\$ 3,656,800
TOTAL SURFACE EQUIPMENT COST	\$ 839,730
TOTAL ARTIFICIAL LIFT COST	\$ 169,500

GRAND TOTAL COST \$6,935,015



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

DATE 11/19/2018  
DRILLING & LOCATION PREPARED BY MATTHEW RUGAARD  
COMPLETION PREPARED BY JOSH SHANNON  
FACILITIES PREPARED BY MATT HENSCHEN  
ARTIFICIAL LIFT PREPARED BY BILLY MOORE/MATT H

Asset Team	PERMIAN			
Field	PURPLE SAGE:WOL	FORMATION: WOLFCAMP D	WILDCAT	EXPLORATION
Lease/Facility	Ares 7 WD Fee BH		DEVELOPMENT	RECOMPLETION
Location	EDDY COUNTY		X EXPLOITATION	WORKOVER
Prospect	MALAGA			

Est Total Depth	15,191	Est Drilling Days		Est Completion Days	5.5
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LOCATION COST - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access	30,000
7001250	Land Broker Fees and Services	27,000
TOTAL LOCATION COST - INTANGIBLE		57,000

DRILLING COST - TANGIBLE

7012050	Conductor Pipe	28,000
7012050	Surface Casing	16,000
7012050	Intermediate Casing 1	55,000
7012050	Intermediate Casing 2	231,000
7012050	Production Casing	67,000
7012050	Drig Ulnr 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		531,000

DRILLING COST - INTANGIBLE

7019200	Drilling Rig Mob/Demob	26,000
7019220	Drilling Rig - day work/footage	455,000
7019040	Directional Drilling Services	150,000
7019020	Cement and Cementing Service Surface	15,000
7019020	Cement and Cementing Service Intermediate 1	25,000
7019020	Cement and Cementing Service Intermediate 2	40,000
7019020	Cement and Cementing Service Production	45,000
7019140	Mud Fluids & Services	61,500
7012310	Solids Control equipment	32,000
7012020	Bits	70,000
7019010	Casing Crew and Services	30,000
7016350	Fuel (Rig)	54,000
7019140	Fuel (Mud)	18,000
7001460	Water (non potable)	25,000
7012350	Water (potable)	5,000
7019000	Well Logging Services	-
7019150	Mud Logging+geosteering	14,000
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 soli 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	18,750
7019350	Well Services - Well/Wellhead Services	10,000
7018150	Rental Tools and Equipment (surface rentals)	70,000
7018150	Rig Equipment and Misc.	8,750
7001110	Telecommunications Services	5,000
7001120	Consulting Services	82,250
7001400	Safety and Environmental	28,000
7018120	Rental Buildings (trailers)	14,000
7019310	Coring (sidewalls & analysis)	-
7011010	7% Contingency & Taxes	146,388
TOTAL DRILLING - INTANGIBLE		\$1,706,638

TOTAL DRILLING COST

\$2,237,638

COMPLETION - TANGIBLE

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

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

DATE 11/19/2018

Asset Team PERMIAN  
 Field PURPLE SAGE;WOL FORMATION: WOLFCAMP D  
 Lease/Facility Ares 7 WD Fee 8H

COMPLETION - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
701270	Location and Access (dress location after rig move, set anchors)	10,000
701220	Drilling Rig During Completion	-
7019140	Mud Fluids & Services	-
7019030	Coiled Tubing Services (3 runs)	210,000
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)	315,000
7019320	Fracturing Services	2,275,000
7019330	Perforating	175,000
7019360	Wireline Services	15,000
7001460	Water Hauling & Disposal (frac fluids)	155,000
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	35,000
7001110	Telecommunications Services	90,000
7001400	Safety and Environmental	-
7001120	Consulting Services	60,000
7018150	Zipper Manifold	150,000
7019300	Frack Stack Rentals	45,000
7016190	Freight (Transportation Services)	-
7018150	Equipment Rental ( w/o operator, frac tanks, lightplants)	135,000
7018120	Rental Buildings (trailers)	15,000
7000030	Contract Labor - Pumping (pump-down pumps)	30,000
7011010	8% Contingency & Taxes	260,000
TOTAL COMPLETION - INTANGIBLE		\$3,990,000

TOTAL COMPLETION COST \$4,005,000

SURFACE EQUIPMENT - TANGIBLE

7012350	Misc. Piping, Fittings & Valves	85,795
7006640	Company Labor & Burden	-
7000030	Contract Labor - General	74,150
7001110	Telecommunication equip (Telemetry)	-
7012410	Line Pipe & Accessories	27,950
7012270	Miscellaneous Materials (containment system)	43,230
7008060	SCADA	-
7016180	Freight - truck	-
7001190	Contract Engineering	29,115
7012290	Metering and Instrumentation	237,080
7012290	I&E Materials	-
7012200	Gas Treating	-
7012200	Dehydration	-
7012010	Compressor	-
7012350	Power	-
7012610	Vapor Recovery Unit	-
7012440	Separator & other pressure vessels	67,350
7012500	Tanks	193,450
7012100	Heater Treater	17,560
7012640	Flare & Accessories	11,645
7000010	Electrical Labor	29,115
7000010	Mechanical Labor	-
7012480	Rod Pumping unit & Pad	-
7012180	Pumping Unit Engine	-
7012350	Electrical Power (electrical cooperative construction costs)	23,290
TOTAL SURFACE EQUIPMENT - TANGIBLE		\$839,730

TOTAL SURFACE EQUIPMENT COST \$ 839,730

ARTIFICIAL LIFT

7012580	Tubing	50,000
7012040	Tubing Accessories (nipple, wireline entry)	5,000
7012550	Wellhead Equip	5,000
7012560	Packers - Completion Equipment	5,000
7006640	Company Labor	6,000
7012180	Gas Lift Equipment	23,000
7012480	Rod Pumping, Sucker Rods & Rod Pump	-
7012140	Elect Sub Pumps (ESP)	-
7019350	Well Services-Well/Wellhead Services	42,500
7012270	Materials & Supplies-Tangible	25,000
7012550	Surface Wellhead Equipment	9,000
7012390	Pig Launchers/Receivers & Rel Equip	-
7011010	Contingency & Taxes	5,000
TOTAL ARTIFICIAL LIFT		169,500

TOTAL ARTIFICIAL LIFT COST \$ 169,500

SUMMARY OF ESTIMATED DRILLING WELL COSTS

	TOTAL COST
TOTAL LOCATION COST	\$ 57,000
TOTAL DRILLING COST	\$ 2,237,638
TOTAL COMPLETIONS COST	\$ 4,005,000
TOTAL SURFACE EQUIPMENT COST	\$ 839,730
TOTAL ARTIFICIAL LIFT COST	\$ 169,500
GRAND TOTAL COST	\$7,308,868

# **Exhibit 6**

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

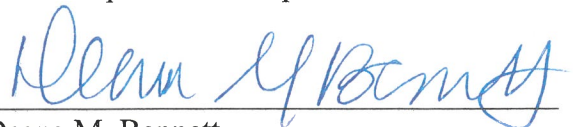
APPLICATION OF MARATHON OIL PERMIAN LLC FOR COMPUSLORY  
POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 20467  
(ARES)

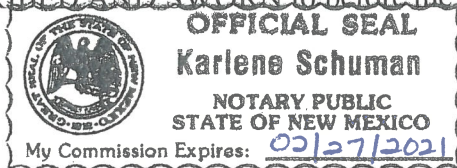
**AFFIDAVIT**

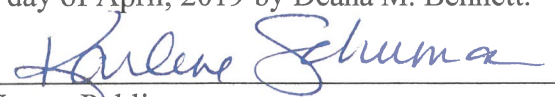
STATE OF NEW MEXICO            )  
  ) ss.  
COUNTY OF BERNALILLO        )

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 Application was sent under a notice letter and that proof of receipt is attached hereto.

  
\_\_\_\_\_  
Deana M. Bennett

SUBSCRIBED AND SWORN to before me this 29th day of April, 2019 by Deana M. Bennett.



  
\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

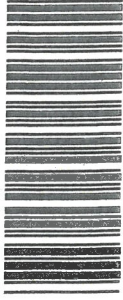




Karlene Schuman  
Modrall Sperlberg Roehl Harris & Sisk P.A.  
500 Fourth Street, Suite 1000  
Albuquerque NM 87102

PS Form 3877

Type of Mailing: CERTIFIED MAIL  
04/12/2019



Firm Mailing Book ID: 165171

81363-  
190

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0058 0665 40	Chevron U.S.A. Inc. 6301 Deauville Blvd. Midland TX 79706	\$1.15	\$3.50	\$1.60	\$0.00	81363-Ares Notice
2	9314 8699 0430 0058 0665 57	Fasken Land & Minerals, L.T.D. 6101 Holiday Hill Rd. Midland TX 79707	\$1.15	\$3.50	\$1.60	\$0.00	81363-Ares Notice
3	9314 8699 0430 0058 0665 64	OXY USA WTP Limited Partnership 5 Greenway Plaza, Suite 110 Houston TX 77046	\$1.15	\$3.50	\$1.60	\$0.00	81363-Ares Notice
4	9314 8699 0430 0058 0665 71	State of New Mexico, Dept of Transportation P.O. Box 1148 Santa Fe NM 87501	\$1.15	\$3.50	\$1.60	\$0.00	81363-Ares Notice
5	9314 8699 0430 0058 0665 88	Stryker Energy, LLC P.O. Box 53448 Houston TX 77052	\$1.15	\$3.50	\$1.60	\$0.00	81363-Ares Notice
6	9314 8699 0430 0058 0665 95	Dick Jackson 411 N. Maple Ave. Mountain Grove MO 65711	\$1.15	\$3.50	\$1.60	\$0.00	81363-Ares Notice
7	9314 8699 0430 0058 0666 01	Marathon Oil Permian, LLC 5555 San Felipe Street Houston TX 77057	\$1.15	\$3.50	\$1.60	\$0.00	81363-Ares Notice
Totals:			\$8.05	\$24.50	\$11.20	\$0.00	
			Grand Total:				\$43.75

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= 165171

Generated: 4/29/2019 1:56:22 PM

USPS Article Number	Date Created	Name 1	Address	City	State	Zip	Mailing Status	Service Options	Batch ID	Mail Delivery Date
9314869904300058066601	2019-04-12 1:04 PM	Marathon Oil Permian, LLC	5555 San Felipe Street	Houston	TX	77057	Delivered	Return Receipt - Electronic, Certified Mail	161402	04-15-2019
9314869904300058066595	2019-04-12 1:04 PM	Dick Jackson	411 N. Maple Ave.	Mountain Grove	MO	65711	Delivered	Return Receipt - Electronic, Certified Mail	161402	04-16-2019
9314869904300058066588	2019-04-12 1:04 PM	Stryker Energy, LLC	P.O. Box 53448	Houston	TX	77052	Delivered	Return Receipt - Electronic, Certified Mail	161402	04-16-2019
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9314869904300058066557	2019-04-12 1:04 PM	Fasken Land & Minerals, L.T.D.	6101 Holiday Hill Rd.	Midland	TX	79707	Delivered	Return Receipt - Electronic, Certified Mail	161402	04-15-2019
9314869904300058066540	2019-04-12 1:04 PM	Chevron U.S.A. Inc.	6301 Deauville Blvd.	Midland	TX	79706	Delivered	Return Receipt - Electronic, Certified Mail	161402	04-15-2019

# CARLSBAD CURRENT-ARGUS

## AFFIDAVIT OF PUBLICATION

Ad No.  
0001283500

MODRALL SPERLING  
PO BOX 2168

ALBUQUERQUE NM 87103

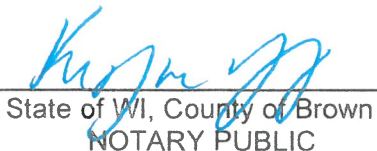
I, a legal clerk of the **Carlsbad Current-Argus**, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

04/18/19



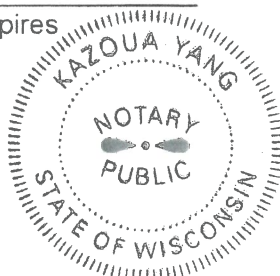
Legal Clerk

Subscribed and sworn before me this  
18th of April 2019.



State of WI, County of Brown  
NOTARY PUBLIC

11/9/22  
My Commission Expires



Ad#:0001283500  
P O : 20467  
# of Affidavits :0.00

**CASE No. 20467:** Notice to all affected parties, as well as the heirs and devisees of **CHEVRON U.S.A. INC.; FASKENLAND & MINERALS, L.T.D.; OXY USA WTP LIMITED PARTNER SHIP; STATE OF NEW MEXICO, DEPT OF TRANSPORTATION; STRYKER ENERGY, LLC DICK JACKSON of Marathon Oil Permian LLC's application for compulsory pooling, Eddy 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 May 2, 2019. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the W/2 of Section 7, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Ares 7 WXY Fee 1H; Ares 7 WA Fee 3H; Ares 7 WXY Fee 5H; Ares 7 WA Fee 7H; Ares 7 WD Fee 2H; Ares 7 WD Fee 4H; Ares 7 WD Fee 8H** wells, to be horizontally drilled. The producing area for these wells will be orthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the wells, and a 200% charge for risk involved in drilling said wells, and allowing a one year period between when the wells are drilled and when the first well is completed. Said area is located approximately 3 miles Northwest of Loving, New Mexico.

**CASE No. \_\_\_\_\_:** Notice to all affected parties, as well as the heirs and devisees of **CHEVRON U.S.A. INC.; FASKENLAND & MINERALS, L.T.D.; OXY USA WTP LIMITED PARTNER SHIP; STATE OF NEW MEXICO, DEPT OF TRANSPORTATION; STRYKER ENERGY, LLC DICK JACKSON of Marathon Oil Permian LLC's application for compulsory pooling, Eddy 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 June 6, 2019. This case has not yet been assigned a case number. In this case, Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the W/2 W/2 of Section 7, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Ares 7 SB Fee 6H** well, to be horizontally drilled. The producing area for the 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 3 miles Northwest of

Loving, New Mexico.

# **Exhibit B**



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

APPLICATION OF MARATHON OIL PERMIAN LLC FOR COMPUSLORY  
POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 20467  
(ARES)

AFFIDAVIT

STATE OF TEXAS                                 )  
  ) ss.  
COUNTY OF HARRIS                         )

Matt Baker, 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.

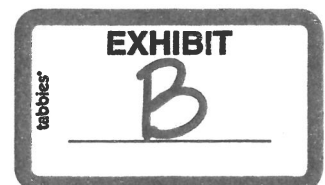
2. **Exhibit 7** is a structure map of the top of the Wolfcamp. The proposed project area is identified by a black-dashed box. The proposed horizontal locations are identified by colored lines, and the proposed wells are numbered 1-7.

3. **Exhibit 7** shows that the structure dips to the East.

4. I have prepared separate exhibits for the proposed Upper Wolfcamp wells and Lower Wolfcamp wells.

5. **Exhibit 8** identifies three wells in the vicinity of the proposed Upper Wolfcamp wells, which are the WA and WXY wells, and has a line of cross-section running from A to A'.

6. **Exhibit 9** is a stratigraphic cross section showing the Top Wolfcamp datum, also for the Upper Wolfcamp wells. The well logs on the cross-section give a representative sample of



the Wolfcamp formation in the area. The target zones for the wells is the Wolfcamp Y Sand and the Wolfcamp A, identified by the words “Producing Zone” and the shaded area across the cross section, along with a red arrow. The Wolfcamp Y Sand and Wolfcamp A thicknesses are consistent across the unit.

7. **Exhibit 10** is a Gross Interval Isochore of the Wolfcamp to Wolfcamp B. The formation is relatively uniform across the proposed well unit.

8. **Exhibit 11** identifies three wells in the vicinity of the proposed Lower Wolfcamp wells, which are the WD wells, and has a line of cross-section running from A to A’.

9. **Exhibit 12** is a stratigraphic cross section showing the Wolfcamp D2 datum, also for the Lower Wolfcamp wells. The well logs on the cross-section give a representative sample of the Wolfcamp formation in the area. The target zones for the wells are identified by the words “Producing Zone” and the shaded area across the cross section, along with a red arrow. The Wolfcamp C2 and D2 intervals thicken from North to South.

10. **Exhibit 13** is a Gross Interval Isochore of the Wolfcamp C2 to D3. The formation is thickens slightly from North to South, but is relatively consistent across the unit.

11. 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.

12. The preferred well orientation in this area is either North/South or East/West.

This is because  $SH_{max}$  is  $\sim 45^\circ$  from North within this unit.

13. Exhibits 7-13 were prepared by me or under my supervision or compiled from company business records.

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

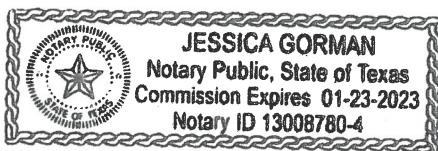
*[Signature page follows]*

M. Baker  
Matt Baker

SUBSCRIBED AND SWORN to before me this 30<sup>th</sup> day of April, 2019 by Matt Baker,  
on behalf of Marathon Oil Permian LLC.

Jessica Gorman  
Notary Public

My commission expires: 1/23/2023

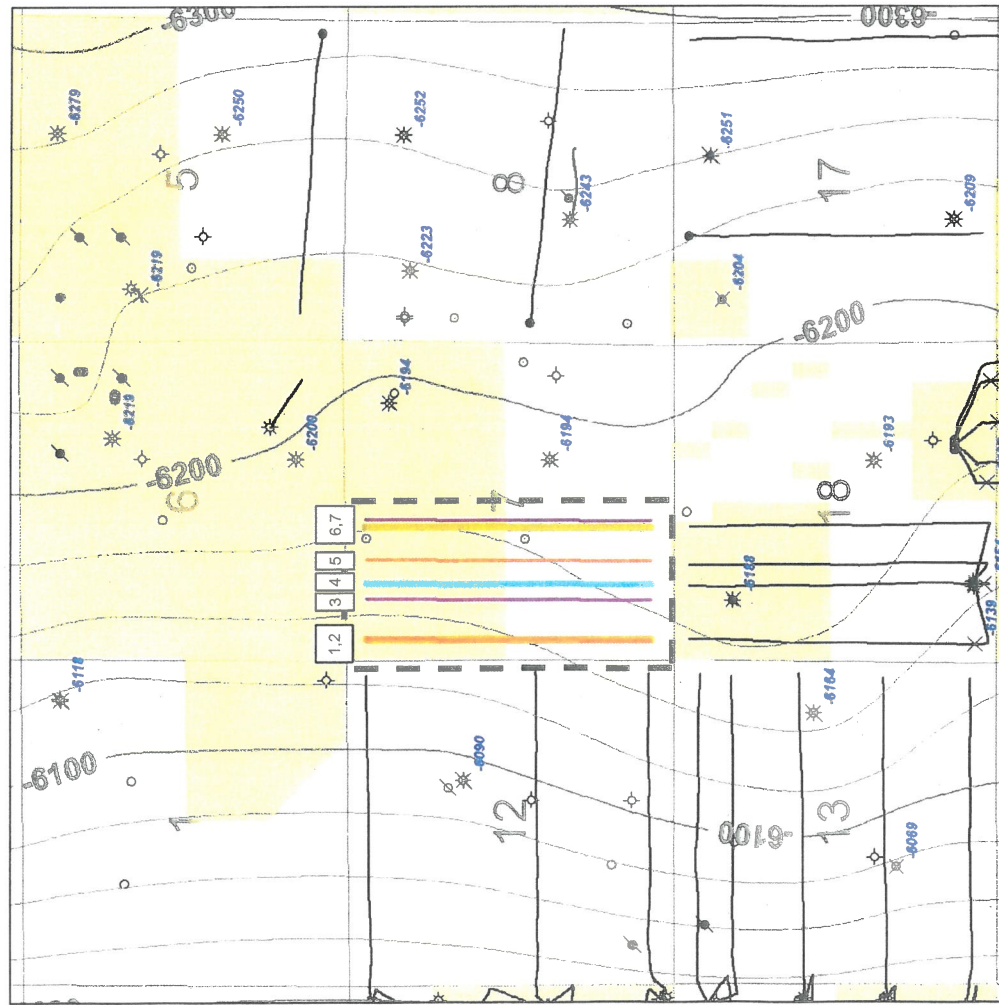


# **Exhibit 7**



# Ares 7 Fee Unit

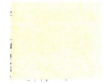
## Structure Map – Top of Wolfcamp (SSTVD)



- 1 Ares 7 WA Fee 7H
- 2 Ares 7 WD Fee 8H
- 3 Ares 7 WXY Fee 5H
- 4 Ares 7 WD Fee 4H
- 5 Ares 7 WA Fee 3H
- 6 Ares 7 WD Fee 2H
- 7 Ares 7 WXY Fee 1H

**Map Legend**

- WXY
- WA
- WC2
- WD2
- MRO – Horizontal Location

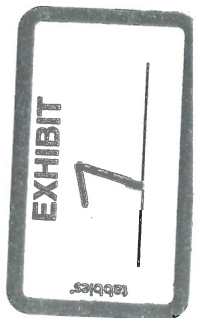


MRO Acreage



Project Area

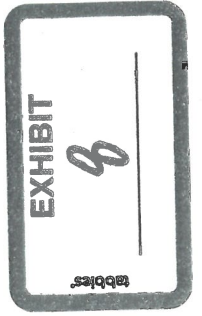
C.I. = 25'



# **Exhibit 8**

# Ares 7 Fee Unit

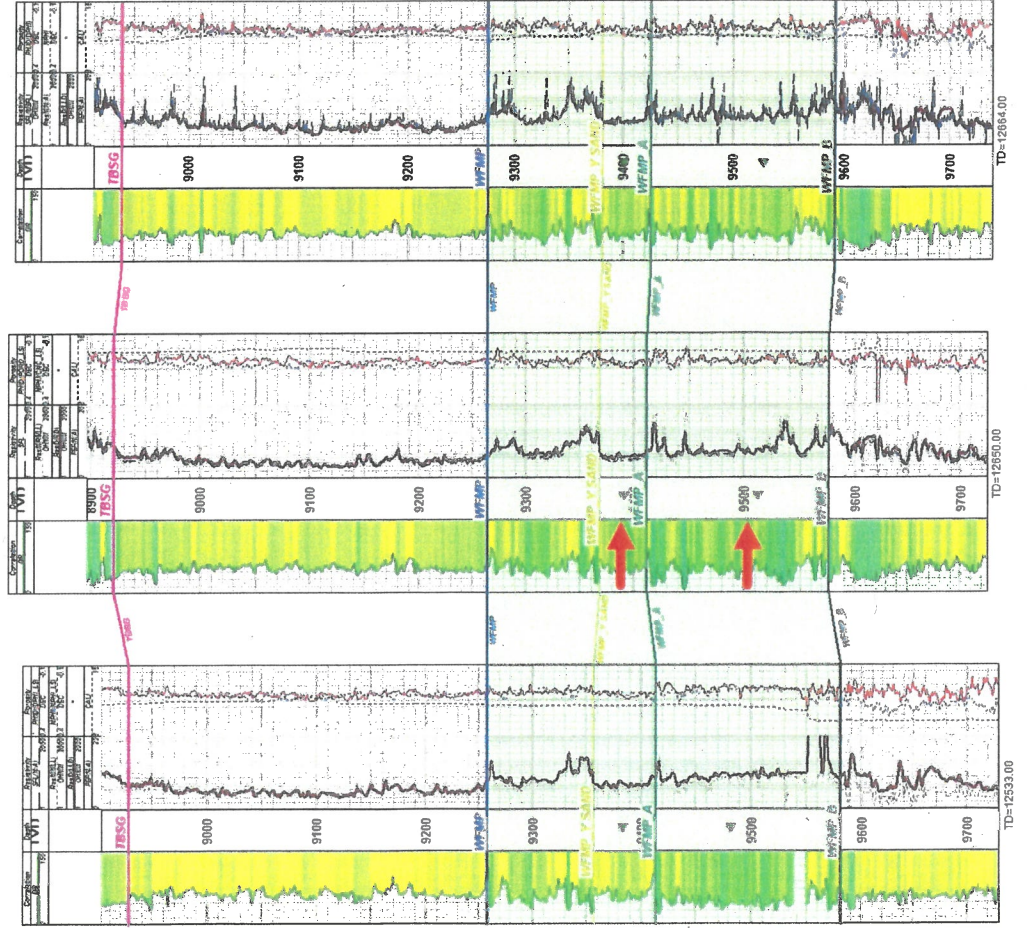
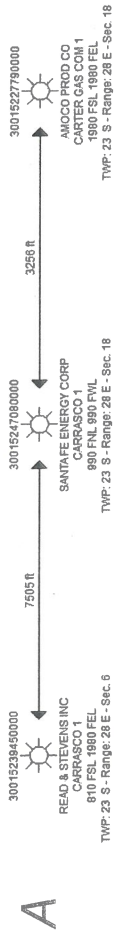
Reference Map for Cross Section – Upper Wolfcamp Wells



# **Exhibit 9**

# Ares 7 Fee Unit

## Stratigraphic Cross Section (Top Wolfcamp Datum)



Wolfcamp Y-Sand and Wolfcamp A thickness consistent across unit

Producing Zone

EXHIBIT

9

tabbles

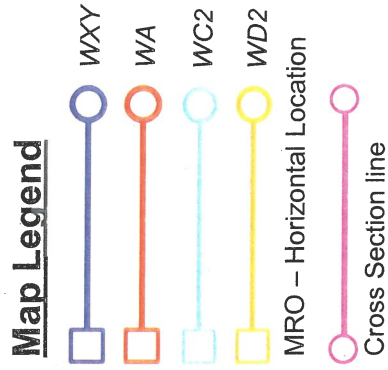
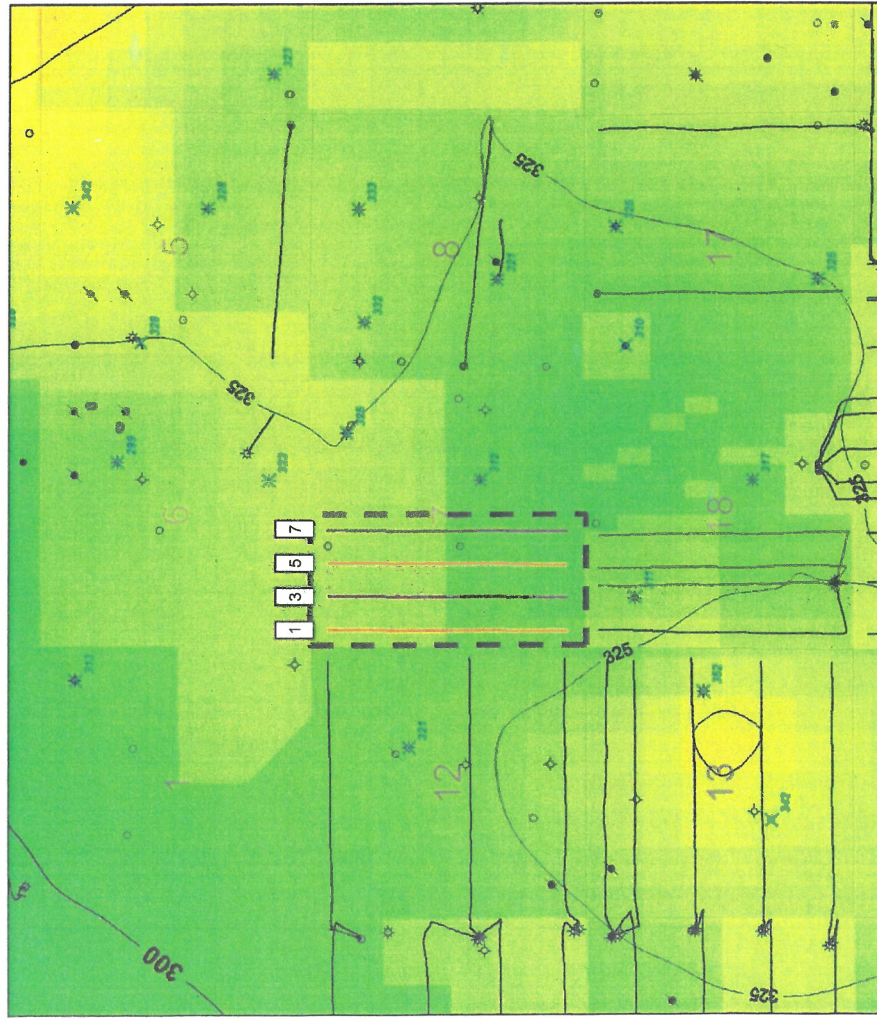




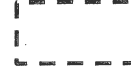
# **Exhibit 10**

# Ares 7 Fee Unit

Gross Interval Isochore – Wolfcamp to Wolfcamp B



MRO Acreage



Project Area

C.I. = 25'

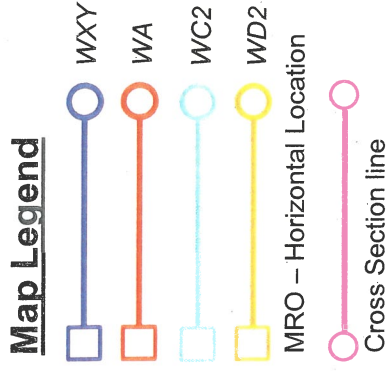
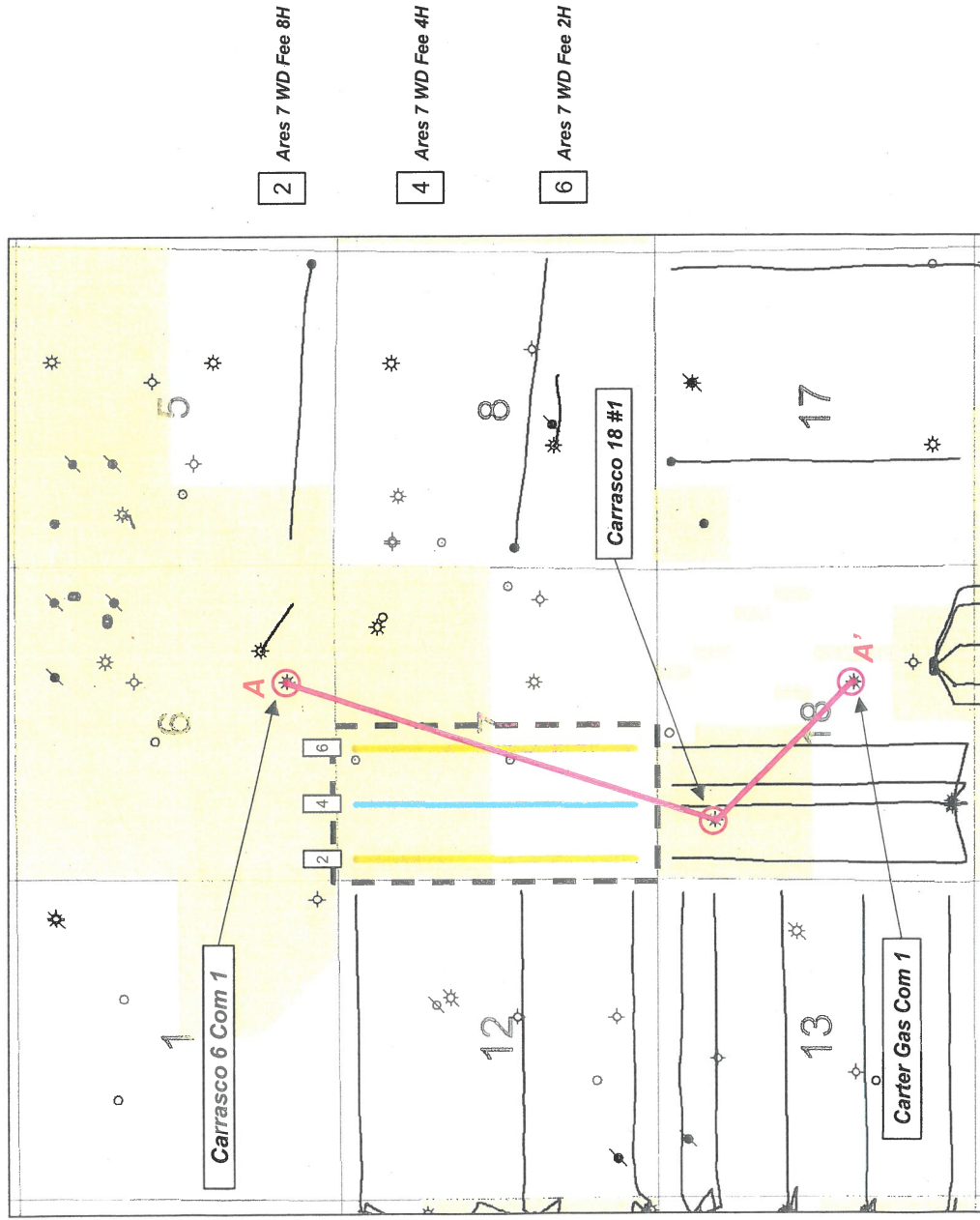
1 mile



# **Exhibit 11**

# Ares 7 Fee Unit

Reference Map for Cross Section – Lower Wolfcamp Wells



MRO Acreage

Project Area

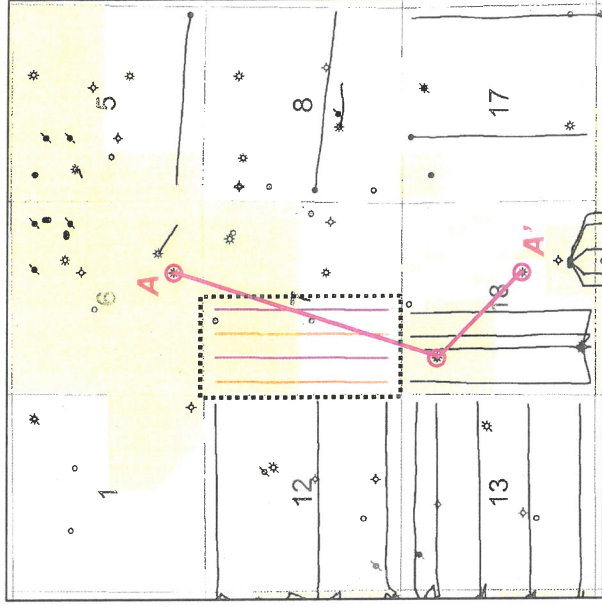
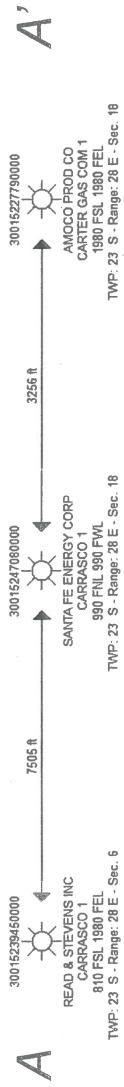
1 mile

# **Exhibit 12**



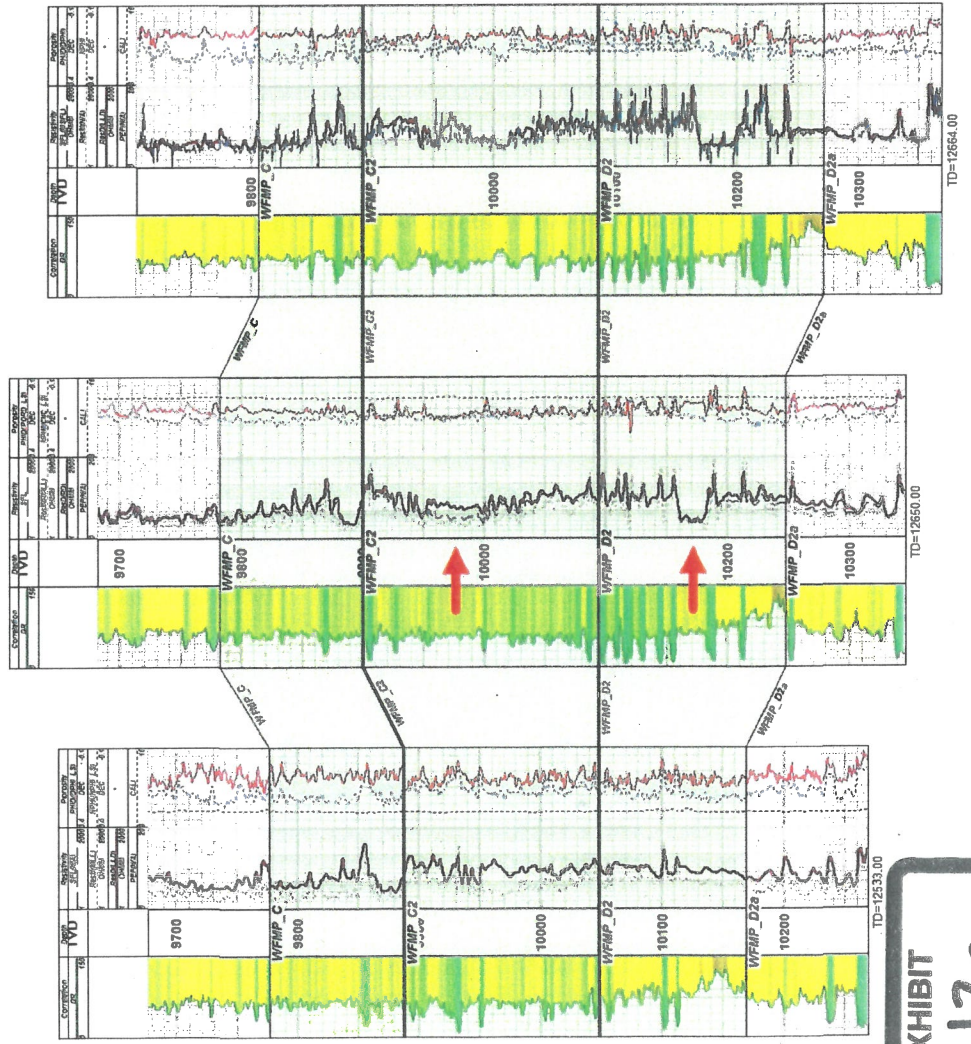
# Ares 7 Fee Unit

## Stratigraphic Cross Section (Wolfcamp D2 Datum)



Slight thickening of the Wolfcamp C2 and D2 moving from North to South

Producing Zone

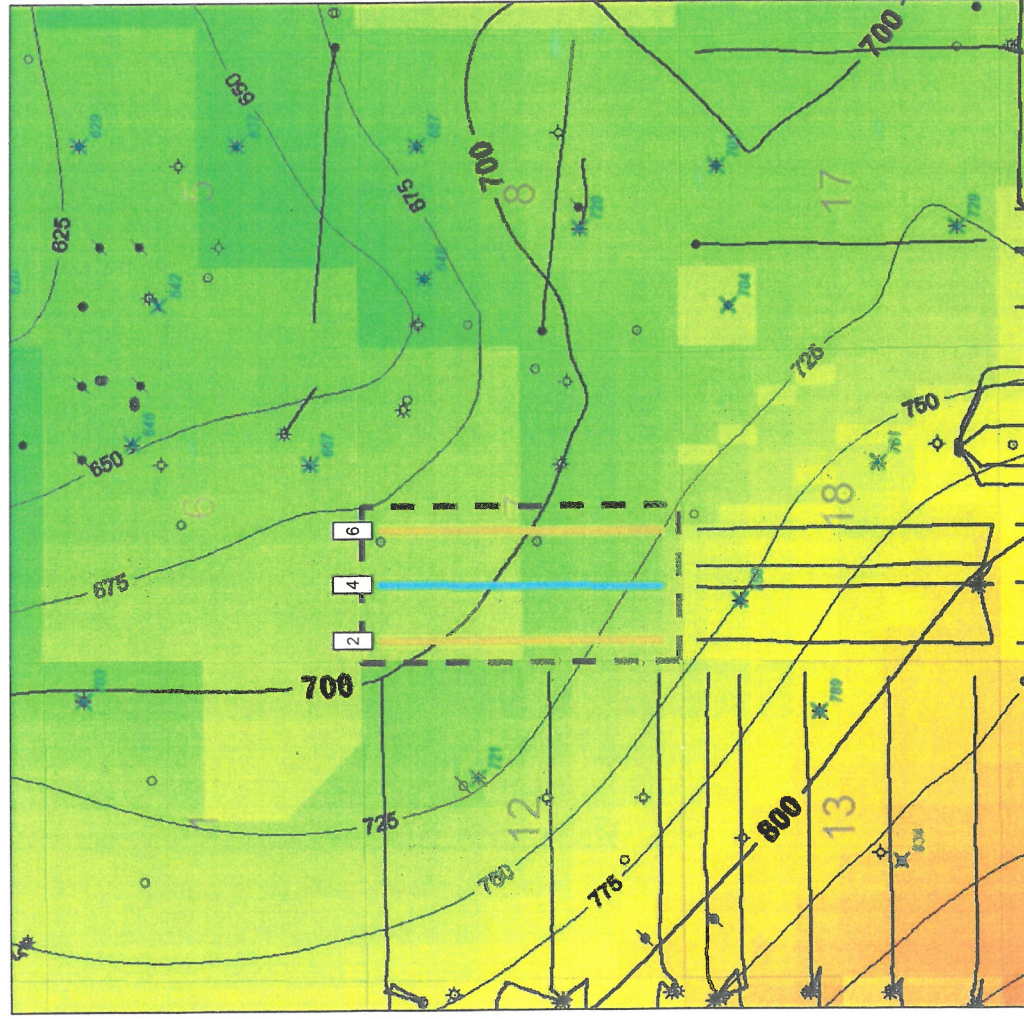




# **Exhibit 13**

# Ares 7 Fee Unit

Gross Interval Isochore – Wolfcamp C2 to Wolfcamp D3



- 2 Ares 7 WD Fee 8H
- 4 Ares 7 WD Fee 4H
- 6 Ares 7 WD Fee 2H

**Map Legend**

- WXY
- WA
- WC2
- WD2
- MRO – Horizontal Location
- Cross Section line

MRO Acreage



Project Area

C.I. = 25'

1 mile

EXHIBIT

13