

Before the Oil Conservation Division  
Examiner Hearing January 7, 2021

*Case No. 21599*



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

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

**CASE NO. 21599**

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## Tab 1: Affidavit of Clayton Rule

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

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

**CASE NO. 21599  
ORDER NO. R-21132 (Re-Open)  
(Honey Mustard)**

**AFFIDAVIT**

STATE OF TEXAS                    )  
  ) ss.  
COUNTY OF MIDLAND            )

Clayton Rule, being duly sworn, deposes and states:

1. I am over the age of 18, I am a land supervisor for Marathon Oil Permian LLC and have personal knowledge of the matters stated herein. I have previously testified before the Oil Conservation Division (“Division”) and my credentials as an expert petroleum landman were accepted by the Division as a matter of record.

2. My area of responsibility at Marathon includes the area of Eddy County in New Mexico.

3. I am familiar with the application filed by Marathon in this case.

4. I am familiar with the status of the lands that are subject to this application.

5. I submit the following information pursuant to NMAC 19.15.4.12.A(1) in support of the above referenced application.

6. The purpose of the application is to re-open Order No. R-21132 (the “Order”) to 1) conform the Order to the amended order template (“Amended Order Template”) described in the April 9, 2020 Letter of the Division Director (Re: Amendments to Compulsory Pooling Order

Template), which is attached as Exhibit 1 to this Affidavit; and 2) amend the Order to allow for an extension of time for drilling the initial well under the Order.

7. Order No. R-21132 pooled uncommitted interest owners in a 320-acre, more or less, Wolfcamp horizontal spacing unit comprised of the W/2 of Section 22, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico.

8. The Order designated Marathon as the operator of the well(s) and the unit described in the Order.

9. Marathon's first request is to conform the Order to the Amended Order Template.

10. Marathon is in good standing under the statewide rules and regulations.

11. Marathon has reviewed the Amended Order Template and agrees to its terms and conditions.

12. Marathon further requests that the Order be re-opened and amended to allow Marathon additional time to commence drilling the well(s) under the Order.

13. Good cause exists for Marathon's request for an extension of time.

14. Marathon requests this extension because there have been changes in Marathon's drilling schedule due to COVID-19 and current market conditions.

15. Marathon's operations and drilling activity has been impacted by COVID-19 and oil and gas market conditions.

16. Under the Order, Marathon is required to commence drilling the initial well by February 20, 2021.

17. Marathon asks that the deadline to commence drilling the initial well under the Order be extended for a year to February 20, 2022.

18. Marathon, through its counsel, notified all pooled parties of Marathon's request to re-open the Order for the purposes specified in the application. No opposition is expected because the pooled parties have been contacted, and have not indicated any opposition. Proof of notification is attached as Exhibit 2 to this Affidavit. Exhibit 2 shows the parties who were notified of this hearing, the status of whether they received notice, and an affidavit of publication from the Carlsbad Current-Argus newspaper, showing that notice of this hearing was published on December 20, 2020.

19. The attachments to this affidavit were prepared by me, or compiled from company business records, or were prepared at my direction.

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

21. In my opinion, the granting of this application is in the interests of conservation and the prevention of waste.

*Clayton Rule*

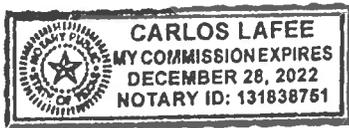
Clayton Rule

SUBSCRIBED AND SWORN to before me this 22 day of December, 2020 by Clayton Rule on behalf of Marathon Oil Permian LLC.

*Carlos Lafée*

Notary Public

My commission expires: 12/28/2022



**Exhibit 1: OCD April 9, 2020 Letter**

State of New Mexico  
Energy, Minerals and Natural Resources Department

**Michelle Lujan Grisham**  
Governor

**Sarah Cottrell Propst**  
Cabinet Secretary

**Todd E. Leahy, JD, PhD**  
Deputy Cabinet Secretary

**Adrienne E. Sandoval**  
Director, Oil Conservation Division



**BY ELECTRONIC MAIL ONLY**

**April 9, 2020**

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**EXHIBIT 1**

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**RE: Amendments to Compulsory Pooling Order Template**

Dear Counsel:

The Oil Conservation Division (“OCD”) has amended the compulsory pooling order template effective on April 1, 2020. The amended template is attached as Exhibit 1.

Prior to April 1, 2020, OCD issued compulsory pooling orders for the cases identified in Exhibit 2. To conform an order with the amended template, please file an application for a hearing.

If you have any questions about this letter, please call Eric Ames, Office of General Counsel, at (505) 476-3463.

Respectfully,



Adrienne Sandoval

Director

cc: Gabriel Wade, Deputy Director  
Eric Ames, OGC-EMNRD  
Scott Cox, OCD Engineering Bureau

**EXHIBIT 1**

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

**IN THE MATTER OF APPLICATION FOR  
COMPULSORY POOLING SUBMITTED BY  
[OPERATOR]**

**CASE NO. \_\_\_\_\_  
ORDER NO. R-\_\_\_\_\_**

**ORDER**

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on [DATE], and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

**FINDINGS OF FACT**

1. [NAME] ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

**CONCLUSIONS OF LAW**

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.

8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
10. Operator has the right to drill the Well(s) to a common source of supply at the ~~described~~ depth(s) and location(s) in the Unit described in Exhibit A.
11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

### ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. ~~If the Surface Location or Bottom Hole Location of a well is changed from the location described in Exhibit A, Operator shall submit an amended Exhibit A, which the Division shall append to this Order.~~
19. ~~If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location before commencing production of the well in accordance with 19.15.16.15(C) NMAC.~~
- 19.20. ~~The Operator shall commence drilling the Winitial well(s) within one year one (+) year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well; and (b) for an infill well, no later than thirty (30) days after completion of the well.~~
20. ~~This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.~~

CASE NO. \_\_\_\_\_  
 ORDER NO.   R-

~~214.~~ ~~Operator shall comply with th~~The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.

~~22~~ ~~This Order shall terminate automatically if Operator fails to comply with Paragraphs 20 or 21.~~

~~233.~~ Operator shall submit ~~to (C-1) and~~ each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs") no later than (a) for an initial well, no later than thirty (30) days after the date of this Order; (b) for an infill well proposed by Operator, no later than (30) days after the later of the initial notice period pursuant to 19.15.13.10(B) NMAC or the extension granted by the OCD Director pursuant 19.15.13.10(D) NMAC; or (c) for an infill well proposed by an owner of a Pooled Working Interest, no later than thirty (30) days after expiration of the last action required by 19.15.13.11 NMAC.

~~234.~~ No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

~~245.~~ No later than ~~within~~ one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.

~~256.~~ No later than sixty (60) days after ~~the later of~~ the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share

of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.

257. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
278. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
289. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
409. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to OCD and each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
323. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.

33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**

\_\_\_\_\_  
**ADRIENNE SANDOVAL**  
**DIRECTOR**  
[AES/AA](#)

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

CASE NO. \_\_\_\_\_  
ORDER NO. R-\_\_\_\_\_

**EXHIBIT 2**

<b><u>ORDER</u></b>	<b><u>CASE</u></b>	<b><u>APPLICANT</u></b>
R-21168	21002	MEWBOURNE
R-21167	21001	MEWBOURNE
R-21166	21000	MEWBOURNE
R-21165	20869	MARATHON
R-21164	20811	MEWBOURNE
R-21162	21036	DEVON
R-21161	21035	DEVON
R-21160	21021	CIMAREX
R-21159	20997	DEVON
R-21158	20996	DEVON
R-21157	20995	DEVON
R-21156	20994	DEVON
R-21155	20990	DEVON
R-21154	20987	DEVON
R-21153	20986	DEVON
R-21152	20968	KAISER-FRANCIS
R-21151	20966	KAISER-FRANCIS
R-21150	20960	BTA
R-21149	20959	BTA
R-21148	20872	DEVON
R-21141	21030	MARATHON
R-21140	21028	APACHE
R-21139	21027	APACHE
R-21138	21026	APACHE
R-21137	20981	COG
R-21136	20980	COG
R-21135	20979	COG
R-21134	20597	TAP ROCK
R-21133	20596	TAP ROCK
R-21132	20468	MARATHON
R-21131	20993	CIMAREX
R-21130	20915	BTA
R-21129	20914	BTA
R-21128	20938	CHISHOLM
R-21127	20871	MARATHON
R-21136	20870	MARATHON
R-20924-A	20809	MEWBOURNE
R-21125	20946	MARATHON
R-21124	20936	MATADOR
R-21123	20858	SPC RESOURCES
R-21122	20708	MARATHON
R-21113	20864	MARATHON
R-21112	20822	MARATHON
R-21111	16210	MATADOR

R-21110	16209	MATADOR
R-21107	20903	COG
R-21106	20868	MARATHON
R-21105	20867	MARATHON
R-21104	20860	SPC RESOURCES
R-21103	20823	MARATHON
R-21102	20935	COG
R-21101	20934	COG
R-21100	20859	SPC RESOURCES
R-21099	20820	MARATHON
R-21098	20819	SEP PERMIAN
R-21097	20818	SEP PERMIAN
R-21096	20762	SPC RESOURCES
R-21095	20889	NOVO
R-21094	20888	NOVO
R-21093	20887	NOVO
R-21092	20886	NOVO
R-21091	20855	COG
R-21090	20854	COG
R-21089	20836	COG
R-21088	20826	XTO
R-21087	20813	OXY
R-21086	20789	OXY
R-21085	20788	OXY
R-21084	20786	OXY
R-21083	20863	COG
R-21082	20794	DEVON
R-21081	20793	DEVON
R-21080	20791	IMPETRO
R-21079	20790	IMPETRO
R-21078	20767	MATADOR
R-21077	20999	COG
R-21076	20998	COG
R-21075	20950	MARATHON
R-21074	20948	MARATHON
R-21073	20932	COG
R-21072	20931	COG
R-21071	20839	B.C. OPERATING
R-21070	20838	B.C. OPERATING
R-21069	20837	B.C. OPERATING
R-21066	20943	CENTENNIAL

## Exhibit 2: Notice Affidavit

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

**APPLICATION OF MARATHON OIL PERMIAN LLC  
TO AMEND ORDER, EDDY COUNTY, NEW MEXICO**

**CASE NO. 21599**

**AFFIDAVIT**

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

Deana M. Bennett, attorney in fact and authorized representative of Marathon Oil Permian LLC, the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Applications were sent under a notice letter, provided herewith, and that proof of receipt is attached hereto. Marathon also timely published notice of the January 7, 2021 Hearing. The affidavit of publication is attached hereto.



Deana M. Bennett

SUBSCRIBED AND SWORN to before me this 5th day of January, 2021 by Deana M. Bennett.



Notary Public

My commission expires: 02-27-21



Karlene Schuman  
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 500 Fourth Street, Suite 1000  
 Albuquerque NM 87102

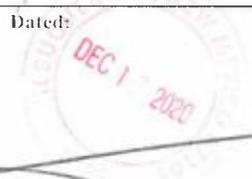
PS Form 3877

Type of Mailing: CERTIFIED MAIL  
 12/17/2020

Firm Mailing Book ID: 200520

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0077 7841 97	CM Resources, LLC Attn: Lois Krenek P.O. Box 1389 Sealy TX 77474	\$1.20	\$3.55	\$1.70	\$0.00	81363-Honey M Notice
2	9314 8699 0430 0077 7842 03	CXA Oil & Gas Holdings, L.P. 303 W. Wall St., #700 Midland TX 79701	\$1.20	\$3.55	\$1.70	\$0.00	81363-Honey M Notice
3	9314 8699 0430 0077 7842 10	Foran Oil Company 1302 West Avenue Austin TX 78701	\$1.20	\$3.55	\$1.70	\$0.00	81363-Honey M Notice
4	9314 8699 0430 0077 7842 27	Mizel Resources, a Trust 5216 Treemont Midland TX 79707	\$1.20	\$3.55	\$1.70	\$0.00	81363-Honey M Notice
5	9314 8699 0430 0077 7842 34	MRC Permian Company 4350 S. Monaco St., 5th Floor Denver CO 80237	\$1.20	\$3.55	\$1.70	\$0.00	81363-Honey M Notice
6	9314 8699 0430 0077 7842 41	Roy Edward Guinnup 5400 LBJ Freeway, Suite 1500 Dallas TX 75240	\$1.20	\$3.55	\$1.70	\$0.00	81363-Honey M Notice
7	9314 8699 0430 0077 7842 58	Roy G. Barton, Jr. 2812-A Wayside Ave. Fort Worth TX 75240	\$1.20	\$3.55	\$1.70	\$0.00	81363-Honey M Notice
8	9314 8699 0430 0077 7842 65	S K Warren Resources, LLC 1919 N. Turner St. Hobbs NM 88240	\$1.20	\$3.55	\$1.70	\$0.00	81363-Honey M Notice
9	9314 8699 0430 0077 7842 72	Sisbro Oil & Gas, LLC 232303 Verona View Lane Katy TX 77493	\$1.20	\$3.55	\$1.70	\$0.00	81363-Honey M Notice
10	9314 8699 0430 0077 7842 89	WPX Energy Permian, LLC 4350 S. Monaco St., 5th Floor Denver CO 80237	\$1.20	\$3.55	\$1.70	\$0.00	81363-Honey M Notice
<b>Totals:</b>			\$12.00	\$35.50	\$17.00	\$0.00	
						<b>Grand Total:</b>	\$64.50

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 Postmaster: [Signature]  
 Name of receiving employee: [Signature]



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USPS Article Number	Date Created	Reference Number	Name 1	Name 2	City	State	Zip	Mailing Status	Service Options	Mail Delivery Date
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9314869904300077784241	2020-12-17 10:19 AM	81363-Honey M	Roy Edward Guinnup		Dallas	TX	75240	Delivered	Return Receipt - Electronic, Certified Mail	12-22-2020
9314869904300077784234	2020-12-17 10:19 AM	81363-Honey M	MRC Permian Company		Denver	CO	80237	Delivered	Return Receipt - Electronic, Certified Mail	12-21-2020
9314869904300077784227	2020-12-17 10:19 AM	81363-Honey M	Mizel Resources, a Trust		Midland	TX	79707	Undelivered - To Be Returned	Return Receipt - Electronic, Certified Mail	
9314869904300077784210	2020-12-17 10:19 AM	81363-Honey M	Foran Oil Company		Austin	TX	78701	Delivered	Return Receipt - Electronic, Certified Mail	12-24-2020
9314869904300077784203	2020-12-17 10:19 AM	81363-Honey M	CXA Oil & Gas Holdings, L.P.		Midland	TX	79701	Delivered	Return Receipt - Electronic, Certified Mail	12-21-2020
9314869904300077784197	2020-12-17 10:19 AM	81363-Honey M	CM Resources, LLC	Attn: Lois K Sealy		TX	77474	Delivered	Return Receipt - Electronic, Certified Mail	12-22-2020



MODRALL SPERLING

L A W Y E R S

Deana M. Bennett  
505.848.1834  
[dmb@modrall.com](mailto:dmb@modrall.com)

December 17, 2020

**VIA CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**Re: APPLICATION OF MARATHON OIL PERMIAN LLC TO  
AMEND ORDER NO. R-21132, EDDY COUNTY, NEW  
MEXICO.**

CASE NO. 21599

TO: AFFECTED PARTIES

This letter is to advise you that Marathon Oil Permian LLC (“Marathon”) has filed the above-listed application.

In Case No. 21599, Marathon seeks an order from the Division for the limited purposes of 1) conforming Division Order No. R-21132 to the amended order template (“Amended Order Template”) described in the Letter of the Division Director dated April 9, 2020 (Re: Amendments to Compulsory Pooling Order Template); and 2) amending Order No. R-21132 to allow for an extension of time to commence drilling the wells under the Order.

**During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on January 7, 2021 beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the docket for the hearing date: <http://www.emnrd.state.nm.us/OCD/hearings.html>.**

As a party who may be affected by this application, we are notifying you of your right to appear at the hearing and participate in the case, including the right to present evidence either in support of or in opposition to the application. Failure to appear at the hearing may preclude you from any involvement in the case at a later date.

Modrall Sperring  
Roehl Harris & Sisk P.A.  
500 Fourth Street NW  
Suite 1000  
Albuquerque,  
New Mexico 87102

PO Box 2168  
Albuquerque,  
New Mexico 87103-2168

Tel: 505.848.1800  
[www.modrall.com](http://www.modrall.com)

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You are further notified that if you desire to appear in this case, then you are requested to file a Pre-Hearing Statement with the Division at least four business days in advance of a scheduled hearing before the Division or the Commission, but in no event later than 5:00 p.m. mountain time, on the Thursday preceding the scheduled hearing date, with a copy delivered to the undersigned.

Sincerely,

A handwritten signature in cursive script that reads "Deana M. Bennett".

Deana M. Bennett

*Attorney for Applicant*

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

**APPLICATION OF MARATHON OIL  
PERMIAN LLC TO AMEND ORDER  
NO. R-21132, EDDY COUNTY, NEW MEXICO**

**CASE NO. 21599  
ORDER NO. R-21132  
(Re-Open)**

**APPLICATION**

Marathon Oil Permian LLC (“Marathon”), OGRID Number 372098, through its undersigned attorney, files this application with the Oil Conservation Division (“Division”) for the limited purpose of amending Order No. R-21132 as follows: 1) conforming Division Order No. R-21132 to the amended order template (“Amended Order Template”) described in the Letter of the Division Director dated April 9, 2020 (Re: Amendments to Compulsory Pooling Order Template); and 2) amending Order No. R-21132 to allow for an extension of time for drilling the wells under the Order. In support of this application, Marathon states as follows:

1. Order No. R-21132 pooled uncommitted interest owners in a 320-acre, more or less, Wolfcamp horizontal spacing unit comprised of the W/2 of Section 22, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico.
2. Order No. R-21132 designated Marathon as the operator of the wells and the unit.
3. The Division Hearing for Case No. 20468 was held on May 2, 2019.
4. The Division entered Order No. R-21132 in Case No. 20468 on February 20, 2020.

This order was issued under the “interim form of order” and does not conform to the Amended Order Template.

5. Marathon requests that Order No. R-21132 be re-opened to conform this order to the terms of the Amended Order Template.

6. Marathon further requests that Order No. R-21132 be re-opened and amended to allow Marathon additional time to commence drilling the wells under the Order.

7. Order No. R-21132 ¶ 20 states: “The Operator shall commence drilling the initial well within one (1) year after the date of this Order; and (b) for an infill well, no later than thirty (30) days after completion of the well.”

8. The Amended Order Template contains the same obligation to commence drilling within one year, Amended Order Template ¶19. It also states: “This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.” Amended Order Template ¶ 20.

9. Good cause exists for Marathon’s request for an extension of time.

10. Marathon requests this extension because there have been changes in Marathon’s drilling schedule due to COVID-19 and current market conditions.

11. Marathon’s operations and drilling activity have been impacted by COVID-19 and oil and gas market conditions.

12. Under Order No. R-21132, Marathon would be required to commence drilling the wells by February 21, 2021.

13. Marathon asks that the deadline to commence drilling the wells be extended for a year from February 21, 2021 to February 21, 2022.

WHEREFORE, Marathon requests this application be set for hearing before an Examiner of the Oil Conservation Division on January 7, 2021, and after notice and hearing as required by law, the Division:

- A. Amend Order No. R-21132 to conform it to the terms of the Amended Order Template; and
- B. Amend Order No. R-21132 to extend the time for Marathon to commence drilling the wells under the Order for a year, through February 21, 2022.

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. \_\_\_\_\_ : (Re-Open) Application of Marathon Oil Permian LLC to Amend Order No. R-21132, Eddy County, New Mexico.** Applicant seeks an order from the Division for the limited purposes of 1) conforming Division Order No. R-21132 to the amended order template ("Amended Order Template") described in the Letter of the Division Director dated April 9, 2020 (Re: Amendments to Compulsory Pooling Order Template); and 2) amending Order No. R-21132 to allow for an extension of time to commence drilling the wells under the Order.

# Carlsbad Current Argus

PART OF THE USA TODAY NETWORK

## Affidavit of Publication

Ad # 0004517301

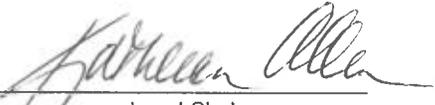
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MODRALL SPERLING  
POBOX 2168

ALBUQUERQUE, NM 87103

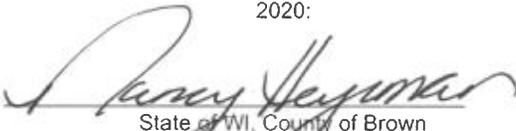
I, a legal clerk of the **Carlsbad Current Argus**, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements 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:

12/20/2020



\_\_\_\_\_  
Legal Clerk

Subscribed and sworn before me this December 20,  
2020:



\_\_\_\_\_  
State of WI, County of Brown  
NOTARY PUBLIC  
5.15.23  
\_\_\_\_\_  
My commission expires

CASE NO. No. 21599: (Re-Open) Notice to all affected parties, as well as the heirs and devisees of CXA Oil & Gas Holdings, LP; Roy Edward Guinnup; Roy G. Barton, Jr. and wife, Claudia Barton; CM Resources; WPX Energy Permian, LLC; Mizel Resources; Sisbro Oil & Gas, LLC; S.K. Warren Resources, LLC; MRC Permian Company; Foran Oil Company of (Re-Open) Application of Marathon Oil Permian LLC to Amend Order No. R-21132, 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 January 7, 2021. Applicant seeks an order from the Division for the limited purposes of 1) conforming Division Order No. R-21132 to the amended order template ("Amended Order Template") described in the Letter of the Division Director dated April 9, 2020 (Re: Amendments to Compulsory Pooling Order Template); and 2) amending Order No. R-21132 to allow for an extension of time to commence drilling the wells under the Order. #4517301, Current Argus, December 20, 2020

Ad # 0004517301  
PO #: 21599  
# of Affidavits 1

This is not an invoice

NANCY HEYRMAN  
Notary Public  
State of Wisconsin

## Tab 2: Application

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

**APPLICATION OF MARATHON OIL  
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