

Before the Oil Conservation Division Examiner Hearing May 19, 2022

Case No. 22332

Colossus 18-19 WA Fed Com 1H



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

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

**CASE NO. 22332
(Colossus Wolfcamp)**

TABLE OF CONTENTS

Tab A: Compulsory Pooling Checklist

Tab B: Self-Affirmed Declaration of Jeff Broussard, Land Professional

- Exhibit B-1: Application
- Exhibit B-2: C-102
- Exhibit B-3: Lease Tract Map and Summary of Interests
- Exhibit B-4: Summary of Contacts
- Exhibit B-5: Sample Proposal Letter
- Exhibit B-6: AFE
- Exhibit B-7: Notice Declaration

Tab C: Affidavit of Matt Baker, Geologist

- Exhibit C-1: Locator Map
- Exhibit C-2: Well Bore Schematic
- Exhibit C-3: Structure Map
- Exhibit C-4: Cross Reference Well Location Map
- Exhibit C-5: Stratigraphic Cross Section
- Exhibit C-6: Gross Interval Isochore
- Exhibit C-7: Orientation Justification

Tab A: Compulsory Pooling Checklist

COMPULSORY POOLING APPLICATION CHECKLIST


ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 22332	APPLICANT'S RESPONSE
Date: Hearing Date-May 17, 2022	
Applicant	Marathon Oil Permian LLC
Designated Operator & OGRID (affiliation if applicable)	Marathon Oil Permian LLC (372098)
Applicant's Counsel:	Modrall Sperling (Deana Bennett, Bryce Smith)
Case Title:	Application of Marathon Oil Permian LLC for Compulsory Pooling, Lea County, New Mexico
Entries of Appearance/Intervenors:	None
Well Family	Colossus
Formation/Pool	
Formation Name(s) or Vertical Extent:	Wolfcamp
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Wolfcamp
Pool Name and Pool Code:	Jabalina; Wolfcamp; Southwest (96776)
Well Location Setback Rules:	Statewide rules
Spacing Unit Size:	640 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	640 acres
Building Blocks:	40 acres
Orientation:	North-South
Description: TRS/County	E/2 of Sections 18 and 19, Township 26 South, Range 35 East, NMPM, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Y
Other Situations	
Depth Severance: Y/N. If yes, description	N
Proximity Tracts: If yes, description	Y
Proximity Defining Well: if yes, description	The completed interval for the Colossus 18-19 WA Federal Com 1H will be less than 330' from the adjoining tracts and the Division's rules allow for the inclusion of proximity tracts within the proposed spacing unit.
Applicant's Ownership in Each Tract	Exhibit B.3.
Well(s)	

OCD Examiner Hearing 5-19-22



Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	See C-102, Exhibit B.2; see also Exhibit B, paragraphs 21-22.
Well #1	Colossus 18-19 WA Federal Com 1H API: Not yet assigned SHL: 392 feet from the North line and 1591 feet from the East line, Section 18, Township 26 South, Range 35 East, NMPM. BHL: 100 feet from the South line and 1452 feet from the East line, Section 19, Township 26 South, Range 35 East, NMPM. Completion Target: Wolfcamp. Well Orientation: North/South Completion location: Expected to be standard. See also Exhibit B.2 for C-102.
Horizontal Well First and Last Take Points	FTP: 1452 feet from the East line, 100 feet from the North line of Section 18, Township 26 South, Range 35 East, NMPM, Lea County, New Mexico. LTP: 1452 feet from the East line, 100 feet from the South line of Section 19, Township 26 South, Range 35 East, NMPM, Lea County, New Mexico. See also Exhibit B.2 for C-102; see also Exhibit B, paragraphs 21-22; and Exhibit B.1 (application)
Completion Target (Formation, TVD and MD)	Wolfcamp: TVD 12740'; MD 22,991'; see also Exhibit B.5 (proposal letter)
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$7500/month; see also Exhibit B.5.
Production Supervision/Month \$	\$750 per month; see also Exhibit B.5.
Justification for Supervision Costs	See Exhibit B, Para. 24.
Requested Risk Charge	200%; see also Exhibit B, Para 25; Exhibit B.5.
Notice of Hearing	
Proposed Notice of Hearing	Exhibit B.7.
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit B.7.
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit B.7.
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit B.3.
Tract List (including lease numbers and owners)	Exhibit B.3.
OCD Examiner Hearing 5-19-22 Pooled Parties (including ownership type)	Exhibit B.3.

Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit B.5.
List of Interest Owners (ie Exhibit A of JOA)	Exhibit B.3.
Chronology of Contact with Non-Joined Working Interests	Exhibit B.4.
Overhead Rates In Proposal Letter	Exhibit B.5.
Cost Estimate to Drill and Complete	Exhibit B.6.
Cost Estimate to Equip Well	Exhibit B.6.
Cost Estimate for Production Facilities	Exhibit B.6.
Geology	
Summary (including special considerations)	Tab C
Spacing Unit Schematic	Exhibit C.1
Gunbarrel/Lateral Trajectory Schematic	Exhibit C.2
Well Orientation (with rationale)	Exhibit C.7; see also Exhibit C, paras. 14-15.
Target Formation	Exhibit C.5
HSU Cross Section	Exhibit C.5
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit B.2
Tracts	Exhibit B.3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit B.3
General Location Map (including basin)	Exhibit C.1
Well Bore Location Map	Exhibit C.1
Structure Contour Map - Subsea Depth	Exhibit C.3
Cross Section Location Map (including wells)	Exhibit C.4
Cross Section (including Landing Zone)	Exhibit C.5
Additional Information	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Deana M. Bennett
Signed Name (Attorney or Party Representative):	
Date: May 17, 2022	May 17, 2022

Tab B: Self-Affirmed Declaration of Jeff Broussard, Land Professional

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

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

CASE NO. 22332

SELF-AFFIRMED DECLARATION OF JEFF BROUSSARD

Jeff Broussard states and declares as follows:

BACKGROUND

1. I am a landman for Marathon Oil Permian ("Marathon"), over the age of 18, 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 Delaware Basin and Lea County.

3. I am familiar with the application filed by Marathon in Case Number 22332, which is attached as **Exhibit B.1**.

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

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

6. The purpose of the application is to force pool all uncommitted interests into the horizontal spacing unit described below, and in the well to be drilled in the unit.

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



8. In this case, Marathon seeks an order from the Division pooling all uncommitted mineral interests within a standard 640-acre Wolfcamp horizontal spacing unit underlying the E/2 of Sections 18 and 19, Township 26 South, Range 35 East, NMPM, Lea County, New Mexico.

9. This spacing unit will be dedicated to the **Colossus 18-19 WA Federal Com 1H** well to be horizontally drilled.

10. Attached as Exhibit **B.2** is the proposed C-102 for the well.

11. The C-102 identifies the proposed surface hole location, the first take point, and the bottom hole location. The C-102 also identifies the pool and pool code.

12. The well will develop the JABALINA;WOLFCAMP, SOUTHWEST Pool (Pool Code 96776). This pool is an oil pool with 40-acre building blocks.

13. This pool is governed by the state-wide horizontal well rules. The producing interval for the well will be orthodox and will comply with the Division's set back requirements.

14. The completed interval for the **Colossus 18-19 WA Federal Com 1H** well is less than 330 feet from the adjoining tracts and the Division's rules allow for the inclusion of proximity tracts within the proposed spacing unit for the well.

15. There are no depth severances within the proposed spacing unit.

16. **Exhibit B.3** includes a lease tract map outlining the unit being pooled. Exhibit B.3 also includes the parties being pooled, the nature, and the percent of their interests.

17. I have conducted a diligent search of the public records in the county where the well will be located, and conducted phone directory and computer searches to locate contact information for parties entitled to notification, and mailed the working interest owners well proposals, including an Authorization for Expenditure.

18. In my opinion, Marathon has made a good faith effort to obtain voluntary joinder in the proposed well.

19. **Exhibit B.4** is a summary of my contacts with the various working interest owners.

20. **Exhibit B.5** is a sample of the well proposal letter that was sent. The proposal letter included typos regarding the proposed surface hole and bottom hole locations for the well. Marathon provided the correct footages in its application, which I restate in my declaration. The proposal letter also included the TVD and MD.

21. The first take point will be 1,452 feet from the East line, 100 feet from the North line of Section 18, Township 26 South, Range 35 East, NMPM, Lea County, New Mexico.

22. The last take point will be 1,452 feet from the East line, 100 feet from the South line of Section 19, Township 26 South, Range 35 East, NMPM, Lea County, New Mexico.

23. **Exhibit B.6** contains the Authorization for Expenditure for the proposed well. The estimated cost of the well set forth therein is fair and reasonable, and is comparable to the costs of other wells of similar depths and length drilled in this area of New Mexico.

24. Marathon requests overhead and administrative rates of \$7500.00/month for drilling a well and \$750.00/month for a producing well. These rates are fair, and comparable to the rates charged by other operators for wells of this type in this area of Southeastern, New Mexico. Marathon requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

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

26. Marathon requests that it be designated operator of the well.

27. The parties Marathon is seeking to pool were notified of this hearing.

28. Marathon seeks to pool overriding royalty interest owners, and they were provided notice of this hearing.

29. **Exhibit B.7** is a declaration of notice prepared by counsel for Marathon that shows the parties who were notified of this hearing, the status of whether they received notice, and an affidavit of publication from the Hobbs News-Sun newspaper, showing that notice of this hearing was published on November 12, 2021.

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

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

[Signature page follows]

I attest under penalty of perjury under the laws of the State of New Mexico that the information provided herein is correct and complete to the best of my knowledge and belief.

Dated: May 17, 2022

A handwritten signature in blue ink, appearing to read "J. Broussard", written over a horizontal line.

Jeff Broussard

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

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

CASE NO. 22332

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 E/2 of Sections 18 and 19, Township 26 South, Range 35 East, NMPM, Lea County, New Mexico. In support of this application, Marathon states as follows:

1. Marathon is an interest owner in the subject lands and has a right to drill a well thereon.
2. Marathon seeks to dedicate the E/2 of Sections 18 and 19, Township 26 South, Range 35 East, NMPM, Lea County, New Mexico to form a 640-acre, more or less, spacing unit.
3. Marathon plans to drill the **Colossus 18-19 WA Federal Com 1H** well to a depth sufficient to test the Wolfcamp formation. This well will be horizontally drilled and will be drilled at an orthodox location under the Division's rules.



4. The completed interval for the **Colossus 18-19 WA Federal Com 1H** well is less than 330 feet from the adjoining tracts and the Division's rules allow for the inclusion of proximity tracts within the proposed spacing unit for the wells.

5. The first take point will be 1,452 feet from the East line, 100 feet from the North line of Section 18, Township 26 South, Range 35 East, NMPM, Lea County, New Mexico.

6. The last take point will be 1,452 feet from the East line, 100 feet from the South line of Section 19, Township 26 South, Range 35 East, NMPM, Lea County, New Mexico.

7. 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 well or to otherwise commit their interests to the well.

8. 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.

WHEREFORE, Marathon requests this application be set for hearing before an Examiner of the Oil Conservation Division on December 2, 2021, 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 E/2 of Sections 18 and 19, Township 26 South, Range 35 East, NMPM, Lea County, New Mexico;

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

C. Authorizing Marathon to recover its costs of drilling, equipping and completing the well;

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 well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

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

By: Deana M. Bennett

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

CASE NO. 22332: Application of Marathon Oil Permian LLC for compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the E/2 of Sections 18 and 19, Township 26 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Colossus 18-19 WA Federal Com 1H** 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. Said area is located approximately 13 miles Southwest of Jal, New Mexico.

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

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

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code 96776	³ Pool Name JABALINA; WOLFCAMP, SOUTHWEST
⁴ Property Code	⁵ Property Name COLOSSUS 18-19 WA FEDERAL COM	⁶ Well Number 1H
⁷ OGRID No. 372098	⁸ Operator Name MARATHON OIL PERMIAN LLC	⁹ Elevation 3258'

¹⁰ Surface Location

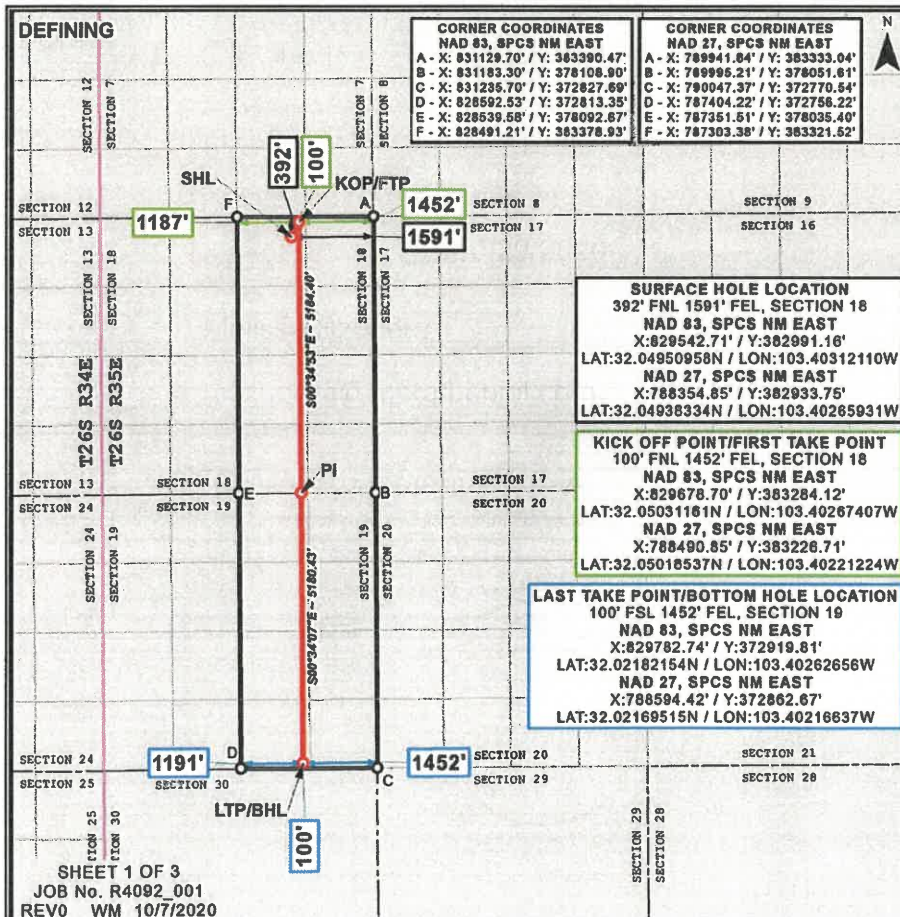
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	18	26S	35E		392	NORTH	1591	EAST	LEA

¹¹ Bottom Hole Location If Different From Surface

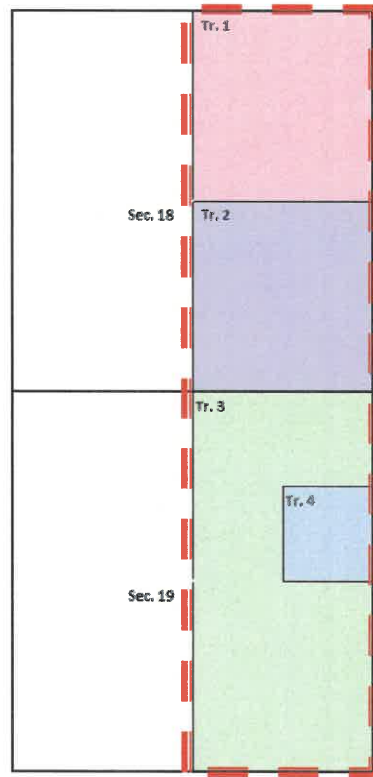
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	19	26S	35E		100	SOUTH	1452	EAST	LEA

¹² Dedicated Acres 640.0	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--	-------------------------------	----------------------------------	-------------------------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



Colossus 18-19 WA Fed Com 1H
E/2 of Sections 18 & 19, T26S-R35E– 640 acres
Wolfcamp Formation



- Tract 1: BLM Lease NMNM-104706
- Tract 2: BLM Lease NMNM-093223
- Tract 3: Fee Leases
- Tract 4: Fee Leases



Colossus 18-19 WA Fed Com 1H

E/2 of Sections 18 & 19, T26S-R35E– 640 acres
Wolfcamp Formation

Committed Working Interest:

- Marathon Oil Permian LLC

91.81152%

91.81152%

Uncommitted Working Interest:

- OXY Y-1 Company
- OXY USA Inc.
- Sharbro Energy, LLC

8.188477%

5.000000%

2.438477%

0.780000%

ORRI Owners:

- Wing Resources III, LLC
- Wing Resources IV, LLC
- Shogoil and Gas Co. II, LLC
- Santa Elena Minerals IV, LP
- Sammy L. Morrison, Trustee of the Sammy and Sibyl Mineral Trust
- Deborah Knorr
- Lawrence Jay Morrison
- HK Investment Properties, LLC
- Enerstar Resources Oil & Gas, LLC
- Mitchell Exploration, Inc.
- Viper Energy Partners, LLC
- James Baker Oil & Gas



Parties to Be Pooled

Uncommitted Working Interest:

- OXY Y-1 Company
- OXY USA Inc.
- Sharbro Energy, LLC

ORRI Owners:

- Wing Resources III, LLC
- Wing Resources IV, LLC
- Shogoil and Gas Co. II, LLC
- Santa Elena Minerals IV, LP
- Sammy L. Morrison, Trustee of the Sammy and Sibyl Mineral Trust
- Deborah Knorr
- Lawrence Jay Morrison
- HK Investment Properties, LLC
- Enerstar Resources Oil & Gas, LLC
- Mitchell Exploration, Inc.
- Viper Energy Partners, LLC
- James Baker Oil & Gas



Summary of Attempted Contacts

- Marathon conducted extensive title work to determine the working interest owners and other interest owners.
- Marathon searched public records, phone directory, and various different types of internet searches.
- Marathon sent well proposal letters to the working interest owners on or around September 2021.
- Marathon proposed general terms of a Joint Operating Agreement (JOA) within the well proposal letters sent to working interest owners and indicated that a copy of the JOA would be provided upon request.
- Marathon and OXY have had multiple communications and have been negotiating JOA in this unit and nearby acreage.
- Marathon had discussions with Sharbro Energy, LLC. Sharbro initially stated that it wanted to participate in the wells, but never signed the JOA. Marathon called Sharbro on a number of occasions, including to discuss the upcoming hearing, but Sharbro did not return Marathon's call.
- Marathon filed applications to force pool parties who had not entered in to an agreement.
- Marathon's counsel sent notices of the force pooling applications to the addresses of record for the uncommitted interest owners.
- Marathon also published notice in a newspaper of general circulation in the county where the wells will be located.



Jeff Broussard
Land Professional



Marathon Oil Permian LLC
5555 San Felipe Street
Houston, TX 77056
Telephone: 713.296.3159 Mobile: 409.351.2656
jbroussard1@marathonoil.com

September 22, 2021

VIA CERTIFIED RETURN RECEIPT MAIL

OXY Y-1 Company
5 Greenway Plaza, Suite 110
Houston, TX 77046

Re: Colossus 18-19 Federal Com 1H, 2H & 3H Well Proposals
Section 18 & 19, T26S-R35E
Lea County, New Mexico

Dear OXY Y-1 Company:

Marathon Oil Permian LLC ("MRO") proposes the drilling of the following wells located in the E/2 of Section 18 and 19, 26S-35E, Lea County, New Mexico all to be drilled from a single surface pad location:

Well Name	FTP (Sec 19, 26S-35E)	LTP (Sec 18, 26S-35E)	TVD	MD	AFE Cost
Colossus 18-19 WA Federal Com 1H	1,452' FEL/100' FNL	1,452' FEL/100' FSL	12,740'	22,991'	\$ 9,061,394
Colossus 18-19 TB Federal Com 2H	2,310' FEL/100' FNL	2,310' FEL/100' FSL	12,510'	22,733'	\$ 9,061,394
Colossus 18-19 TB Federal Com 3H	594' FEL/100' FNL	594' FEL/100' FSL	12,510'	22,726'	\$ 9,061,394

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

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

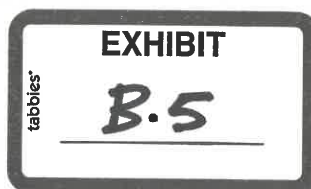
- 100%/300%/300% non-consent penalty
- \$7,500/\$750 drilling and producing rates
- Contract area of E/2 of Section 18 and 19, 26S-35E, covering all depths

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.

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

Sincerely,

Jeff Broussard



Colossus 18-19 Federal Com Wells

_____ elects to participate in the drilling, completing, and equipping of the Colossus 18-19 WA Federal Com 1H well.

_____ elects NOT to participate in the drilling, completing, and equipping of the Colossus 18-19 WA Federal Com 1H well.

_____ elects to participate in the drilling, completing, and equipping of the Colossus 18-19 TB Federal Com 2H well.

_____ elects NOT to participate in the drilling, completing, and equipping of the Colossus 18-19 TB Federal Com 2H well.

_____ elects to participate in the drilling, completing, and equipping of the Colossus 18-19 TB Federal Com 3H well.

_____ elects NOT to participate in the drilling, completing, and equipping of the Colossus 18-19 TB Federal Com 3H well.

OXY Y-1 Company

By: _____

Print Name: _____

Title: _____

Date: _____

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

DATE 9/21/2021
 DRILLING & LOCATION PREPARED BY Court Nelson
 COMPLETION PREPARED BY Kristen Drain
 FACILITIES PREPARED BY Harsha Dissanaya
 ARTIFICIAL LIFT PREPARED BY Harsha Dissanaya

Asset Team PERMIAN
 Field JABALINA; WOLFCAMP, SOUTHWEST [96776]
 FORMATION: WOLFCAMP A
 Lease/Facility COLOSSUS 18-19 WA FED COM 1H
 Location LEA COUNTY
 Prospect RED HILLS

WILDCAT
 DEVELOPMENT
 X EXPLOITATION

EXPLORATION
 RECOMPLETION
 WORKOVER

Est TMD 22,991 Est Drilling Days 29.8 Est Completion Days 6
 Est TVD 12,740

LOCATION COST - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access	67,000
7001250	Land Broker Fees and Services	45,000
TOTAL LOCATION COST - INTANGIBLE		112,000

DRILLING COST - TANGIBLE

7001270	Conductor Pipe	25,000
7012050	Surface Casing	59,000
7012050	Intermediate Casing 1	502,000
7012050	Intermediate Casing 2	-
7012050	Production Casing	609,000
7012050	Drig Liner Hanger, Tieback Eq & Csg Accessories	-
7012550	Drilling Wellhead Equipment	65,000
7012040	Casing & Tubing Access	24,000
7290003	Miscellaneous MRO Materials	5,000
TOTAL DRILLING - TANGIBLE		1,289,000

DRILLING COST - INTANGIBLE

7290002	Drilling Rig Mob/Demob	66,667
7290002	Drilling Rig - day work/footage	775,200
7019040	Directional Drilling Services	231,000
7019020	Cement and Cementing Service Surface	25,000
7019020	Cement and Cementing Service Intermediate 1	45,000
7019020	Cement and Cementing Service Intermediate 2	-
7019020	Cement and Cementing Service Production	110,000
7019140	Mud Fluids & Services	129,800
7012310	Solids Control equipment	58,140
7012020	Bits	165,000
7019010	Casing Crew and Services	45,000
7016350	Fuel (Rig)	100,130
7019140	Fuel (Mud)	80,000
7001460	Water (non potable)	25,000
7012350	Water (potable)	5,000
7019000	Well Logging Services	-
7019150	Mud Logging+geosteering	20,250
7019250	Stabilizers, Hole Openers, Underreamers (DH rentals)	35,000
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)	180,000
7001160	Contract Services - Disposal/Non-Hazardous Waste	80,000
7001440	Vacuum Trucks	10,000
7000030	Contract Labor - general	30,000
7000030	Contract Labor - Operations	3,000
7001200	Contract Services - Facilities	10,000
7019300	Well Services - Well Control Services	25,400
7019350	Well Services - Well/Wellhead Services	10,000
7290003	Rental Tools and Equipment (surface rentals)	129,200
7360001	Rig Equipment and Misc.	16,150
7001110	Telecommunications Services	5,000
7001120	Consulting Services	135,660
7001400	Safety and Environmental	45,220
7330002	Rental Buildings (trailers)	16,150
7019310	Coring (sidewalls & analysis)	-
7011010	8% Contingency & Taxes	316,077

TOTAL DRILLING - INTANGIBLE **\$2,978,044**

TOTAL DRILLING COST **\$4,267,044**



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

DATE 9/21/2021

Asset Team PERMIAN
 Field JABALINA; WOLFCAMP, SOUTHWEST [96776]
 FORMATION: WOLFCAMP A
 Lease/Facility COLOSSUS 18-19 WA FED COM 1H

COMPLETION - TANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7012580	Tubing	-
7012040	Tubing Accessories (nipple, wireline entry)	-
7012550	Wellhead Equip	40,000
7012560	Packers - Completion Equipment	-
TOTAL COMPLETION - TANGIBLE		40,000

COMPLETION - INTANGIBLE

7001270	Location and Access (dress location after rig move, set anchors)	7,000
7290002	Drilling Rig During Completion	-
7019140	Mud Fluids & Services	-
7019030	Coiled Tubing Services (3 runs)	75,200
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)	190,600
7390002	Fracturing Services	2,287,408
7019330	Perforating	148,540
7019360	Wireline Services	-
7001460	Water Hauling & Disposal (frac fluids)	300,000
7016180	Freight - Truck (haul pipe; drlg & compl)	-
7290003	BOP Rental & Testing	-
7290003	Rental Tools and Equipment (incl drlg; lightplant,hydra-walk)	-
7290003	CT Downhole Rental Equipment (ie. Bit, BHA)	19,000
7290003	Contract Labor - general	-
7000030	Telecommunications Services	25,000
7001110	Safety and Environmental	-
7001400	Consulting Services	25,000
7001120	Zipper Manifold	132,000
7019300	Frack Stack Rentals	80,000
7016190	Freight (Transportation Services)	4,800
7018150	Equipment Rental (w/o operator, frac tanks, lightplants)	154,500
7330002	Rental Buildings (trailers)	-
7000030	Contract Labor - Pumping (pump-down pumps)	10,000
7011010	8% Contingency & Taxes	-
TOTAL COMPLETION - INTANGIBLE		\$3,459,048

TOTAL COMPLETION COST

\$3,499,048

SURFACE EQUIPMENT - TANGIBLE

7012350	Misc. Piping, Fittings & Valves	83,856
7006640	Company Labor & Burden	-
7000030	Contract Labor - General	91,071
7001110	Telecommunication equip (Telemetry)	-
7012410	Line Pipe & Accessories	24,277
7012270	Miscellaneous Materials (containment system)	25,287
7008060	SCADA	8,000
7016180	Freight - truck	8,363
7001190	Contract Engineering	5,181
7012290	Metering and Instrumentation	141,907
7012290	I&E Materials	83,239
7012200	Gas Treating	-
7012200	Dehydration	-
7012010	Compressor	9,630
7012350	Power	-
7012610	Vapor Recovery Unit	-
7012440	Separator & other pressure vessels	134,552
7012500	Tanks	23,684
7012100	Heater Treater	70,000
7012640	Flare & Accessories	10,168
7000010	Electrical Labor	45,994
7000010	Mechanical Labor	99,461
7012480	Rod Pumping unit & Pad	-
7012180	Pumping Unit Engine	-
7012350	Electrical Power (electrical cooperative construction costs)	18,632
TOTAL SURFACE EQUIPMENT - TANGIBLE		\$883,302

TOTAL SURFACE EQUIPMENT COST

\$ 883,302

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

DATE 9/21/2021

Asset Team PERMIAN
 Field JABALINA; WOLFCAMP, SOUTHWEST [96776]
 FORMATION: WOLFCAMP A
 Lease/Facility COLOSSUS 18-19 WA FED COM 1H

ARTIFICIAL LIFT

7000030	Contract Labor	2,000
7001120	Consultant	3,000
7008230	Time Writing/Overhead	1,000
7012180	Artificial Lift Equipment	200,000
7012350	Materials & Supplies	2,000
7012550	Production Tree	5,000
7012580	Tubing	50,000
7016190	Freight	5,000
7018150	Rentals	6,000
7019130	Kill Fluid	2,000
7019220	Well Services & Rig	24,000

TOTAL ARTIFICIAL LIFT	300,000
-----------------------	---------

TOTAL ARTIFICIAL LIFT COST	\$ 300,000
----------------------------	------------

SUMMARY OF ESTIMATED DRILLING WELL COSTS

TOTAL COST

TOTAL LOCATION COST	\$ 112,000
TOTAL DRILLING COST	\$ 4,267,044
TOTAL COMPLETIONS COST	\$ 3,499,048
TOTAL SURFACE EQUIPMENT COST	\$ 883,302
TOTAL ARTIFICIAL LIFT COST	\$ 300,000

GRAND TOTAL COST	\$9,061,394
------------------	-------------

Participant's Approval

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

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

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

CASE NO. 22332

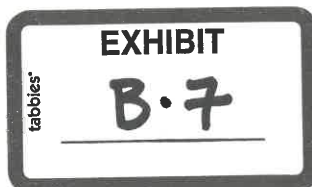
SELF-AFFIRMED DECLARATION OF DEANA M. BENNETT

Deana M. Bennett, attorney in fact and authorized representative of Marathon Oil Permian LLC, the Applicant herein, declares as follows:

- 1) The above-referenced Application was provided under a notice letter, dated November 9, 2021, and attached hereto, as Exhibit D.
- 2) Exhibit A is the mailing list, which shows the notice letter was delivered to the USPS for mailing on November 9, 2021.
- 3) Exhibit B is the certified mailing tracking information, which is automatically compiled by CertifiedPro, the software Modrall uses to track the mailings. This spreadsheet shows the names and addresses of the parties to whom notice was sent and the status of the mailing.
- 4) Exhibit C is the Affidavit of Publication from the Hobbs News-Sun, confirming that notice of the originally set December 16, 2021 hearing was published on November 12, 2021.
- 5) I attest under penalty of perjury under the laws of the State of New Mexico that the information provided herein is correct and complete to the best of my knowledge and belief.

Dated: May 17, 2022


Deana M. Bennett



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

PS Form 3877

Type of Mailing: CERTIFIED MAIL
11/09/2021

NOV
9
2021

Firm Mailing Book ID: 217901

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0088 5965 67	Titus Oil & Gas Production II, LLC 420 Throckmorton Street, Suite 1150 Forth Worth TX 76102	\$1.56	\$3.75	\$1.85	\$0.00	81363.0213. Notice
2	9314 8699 0430 0088 5965 74	Chevron Midcontinent, L.P. 6301 Deauville Blvd. Midland TX 79706	\$1.56	\$3.75	\$1.85	\$0.00	81363.0213. Notice
3	9314 8699 0430 0088 5965 81	OXY Y-1 Company 5 Greenway Plaza, Suite 110 Houston TX 77046	\$1.56	\$3.75	\$1.85	\$0.00	81363.0213. Notice
4	9314 8699 0430 0088 5965 98	OXY USA Inc. 5 Greenway Plaza, Suite 110 Houston TX 77046	\$1.56	\$3.75	\$1.85	\$0.00	81363.0213. Notice
5	9314 8699 0430 0088 5966 04	Sharbro Energy, LLC PO Box 840 Artesia NM 88211	\$1.56	\$3.75	\$1.85	\$0.00	81363.0213. Notice
6	9314 8699 0430 0088 5966 11	Chevron U.S.A. Inc. 6301 Deauville Blvd. Midland TX 79706	\$1.56	\$3.75	\$1.85	\$0.00	81363.0213. Notice
7	9314 8699 0430 0088 5966 28	Lenox Minerals II LLC 420 Throckmorton Street, Suite 1150 Fort Worth TX 76102	\$1.56	\$3.75	\$1.85	\$0.00	81363.0213. Notice
8	9314 8699 0430 0088 5966 35	Wing Resources III, LLC 2100 McKinney Ave., Suite 1540 Dallas TX 75201	\$1.56	\$3.75	\$1.85	\$0.00	81363.0213. Notice
9	9314 8699 0430 0088 5966 42	Shogoi and Gas Co. II, LLC PO Box 29450 Santa Fe NM 87592	\$1.56	\$3.75	\$1.85	\$0.00	81363.0213. Notice
10	9314 8699 0430 0088 5966 59	Santa Elena Minerals IV, LP PO Box 2063 Midland TX 79702	\$1.56	\$3.75	\$1.85	\$0.00	81363.0213. Notice
11	9314 8699 0430 0088 5966 66	Sammy L. Morrison, Trustee of the Sammy & Sybl Mineral Trust 4617 Breezeway Ct. Midland TX 79707	\$1.56	\$3.75	\$1.85	\$0.00	81363.0213. Notice
12	9314 8699 0430 0088 5966 73	Deborah Knorr 12433 Wharton Dr. Dallas TX 75243	\$1.56	\$3.75	\$1.85	\$0.00	81363.0213. Notice
13	9314 8699 0430 0088 5966 80	Lawrence Jay Morrison 7151 White Tail Ct. Fort Worth TX 76132	\$1.56	\$3.75	\$1.85	\$0.00	81363.0213. Notice
14	9314 8699 0430 0088 5966 97	HK Investment Properties, LLC 999 Wildwood Trail Weatherford TX 76085	\$1.56	\$3.75	\$1.85	\$0.00	81363.0213. Notice
15	9314 8699 0430 0088 5967 03	Wing Resources IV, LLC 2100 McKinney Ave., Suite 1540 Dallas TX 75201	\$1.56	\$3.75	\$1.85	\$0.00	81363.0213. Notice



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

PS Form 3877

Type of Mailing: CERTIFIED MAIL
 11/09/2021

NOV 9 2021

Firm Mailing Book ID: 217901

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
16	9314 8699 0430 0088 5967 10	Enerstar Resources Oil & Gas, LLC PO Box 606 Carlsbad NM 88221	\$1.56	\$3.75	\$1.85	\$0.00	81363.0213. Notice
17	9314 8699 0430 0088 5967 27	Mitchell Exploration, Inc. 6212 Homestead Blvd Midland TX 79707	\$1.56	\$3.75	\$1.85	\$0.00	81363.0213. Notice
18	9314 8699 0430 0088 5967 34	Viper Energy Partners, LLC 500 W. Texas Ave., Suite 1200 Midland TX 79701	\$1.56	\$3.75	\$1.85	\$0.00	81363.0213. Notice
19	9314 8699 0430 0088 5967 41	James Baker Oil & Gas 11065 Fern Hollow Dallas TX 75238	\$1.56	\$3.75	\$1.85	\$0.00	81363.0213. Notice
20	9314 8699 0430 0088 5967 58	New Mexico Bureau of Land Management 301 Dinosaur Trail Santa Fe NM 87508	\$1.56	\$3.75	\$1.85	\$0.00	81363.0213. Notice
Totals:			\$31.20	\$75.00	\$37.00	\$0.00	
			Grand Total:		\$143.20		

List Number of Pieces Listed by Sender	Total Number of Pieces Received at Post Office	Postmaster: Name of receiving employee	Dated:
---	---	---	--------

20

Transaction Report Details - CertifiedPro.net
Firm Mail Book ID= 217901
Generated: 5/13/2022 10:44:30 AM

USPS Article Number	Reference Number	Name 1	Name 2	Address1	City	State	Zip	Mailing Status	Service Options	Mail Delivery Date	Mailed Date
9314869904300088596758	81363.0213.	New Mexico Bureau of Land Management		301 Dinosaur Trail	Santa Fe	NM	87508	Delivered	Return Receipt - Electronic, Certified Mail	2021-11-10 1:56 PM	2021-11-09 12:00 AM
9314869904300088596741	81363.0213.	James Baker Oil & Gas		11065 Fern Hollow	Dallas	TX	75238	Delivered	Return Receipt - Electronic, Certified Mail	2021-11-12 3:45 PM	2021-11-09 12:00 AM
9314869904300088596734	81363.0213.	Viper Energy Partners, LLC		500 W. Texas Ave., Suite 1200	Midland	TX	79701	Delivered	Return Receipt - Electronic, Certified Mail	2021-11-12 2:38 PM	2021-11-09 12:00 AM
9314869904300088596727	81363.0213.	Mitchell Exploration, Inc.		6212 Homestead Blvd	Midland	TX	79707	Delivered	Return Receipt - Electronic, Certified Mail	2021-11-12 2:31 PM	2021-11-09 12:00 AM
9314869904300088596710	81363.0213.	Enerstar Resources Oil & Gas, LLC		PO Box 606	Carlsbad	NM	88221	Delivered	Return Receipt - Electronic, Certified Mail	2021-11-15 12:43 PM	2021-11-09 12:00 AM
9314869904300088596703	81363.0213.	Wing Resources IV, LLC		2100 McKinney Ave., Suite 1540	Dallas	TX	75201	Lost	Return Receipt - Electronic, Certified Mail		2021-11-09 12:00 AM
9314869904300088596697	81363.0213.	HK Investment Properties, LLC		999 Wildwood Trail	Weatherford	TX	76085	Delivered	Return Receipt - Electronic, Certified Mail	2021-11-15 10:56 AM	2021-11-09 12:00 AM
9314869904300088596680	81363.0213.	Lawrence Jay Morrison		7151 White Tail Ct.	Fort Worth	TX	76132	Delivered	Return Receipt - Electronic, Certified Mail	2021-11-12 2:07 PM	2021-11-09 12:00 AM
9314869904300088596673	81363.0213.	Deborah Knorr		12433 Wharton Dr.	Dallas	TX	75243	Lost	Return Receipt - Electronic, Certified Mail	2021-11-12 5:13 PM	2021-11-09 12:00 AM
9314869904300088596666	81363.0213.	Sammy L. Morrison, Trustee of the	Sammy & Sybl Mineral Trust	4617 Breezeway Ct.	Midland	TX	79707	To be Mailed	Return Receipt - Electronic, Certified Mail		2021-11-09 12:00 AM
9314869904300088596659	81363.0213.	Santa Elena Minerals IV, LP		PO Box 2063	Midland	TX	79702	Delivered	Return Receipt - Electronic, Certified Mail	2021-11-22 10:03 AM	2021-11-09 12:00 AM
9314869904300088596642	81363.0213.	Shogail and Gas Co. II, LLC		PO Box 29450	Santa Fe	NM	87592	Delivered	Return Receipt - Electronic, Certified Mail	2021-11-12 2:22 PM	2021-11-09 12:00 AM
9314869904300088596635	81363.0213.	Wing Resources III, LLC		2100 McKinney Ave., Suite 1540	Dallas	TX	75201	Lost	Return Receipt - Electronic, Certified Mail		2021-11-09 12:00 AM
9314869904300088596628	81363.0213.	Lenox Minerals II LLC		420 Throckmorton Street, Suite 1150	Fort Worth	TX	76102	Delivered	Return Receipt - Electronic, Certified Mail	2021-11-13 1:44 PM	2021-11-09 12:00 AM
9314869904300088596611	81363.0213.	Chevron U.S.A. Inc.		6301 Deauville Blvd.	Midland	TX	79706	Lost	Return Receipt - Electronic, Certified Mail		2021-11-09 12:00 AM
9314869904300088596604	81363.0213.	Sharbro Energy, LLC		PO Box 840	Artesia	NM	88211	Delivered	Return Receipt - Electronic, Certified Mail	2021-11-12 10:51 AM	2021-11-09 12:00 AM
9314869904300088596598	81363.0213.	OXY USA Inc.		5 Greenway Plaza, Suite 110	Houston	TX	77046	Delivered	Return Receipt - Electronic, Certified Mail		2021-11-09 12:00 AM
9314869904300088596581	81363.0213.	OXY Y-1 Company		5 Greenway Plaza, Suite 110	Houston	TX	77046	Delivered	Return Receipt - Electronic, Certified Mail		2021-11-09 12:00 AM
9314869904300088596574	81363.0213.	Chevron Midcontinent, L.P.		6301 Deauville Blvd.	Midland	TX	79706	Lost	Return Receipt - Electronic, Certified Mail		2021-11-09 12:00 AM
9314869904300088596567	81363.0213.	Titus Oil & Gas Production II, LLC		420 Throckmorton Street, Suite 1150	Forth Worth	TX	76102	Delivered	Return Receipt - Electronic, Certified Mail	2021-11-12 12:19 PM	2021-11-09 12:00 AM



OCD Examiner Hearing 5-19-22

No. 22332

28

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

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

Beginning with the issue dated
November 12, 2021
and ending with the issue dated
November 12, 2021.

Daniel Russell

Publisher

Sworn and subscribed to before me this
12th day of November 2021.

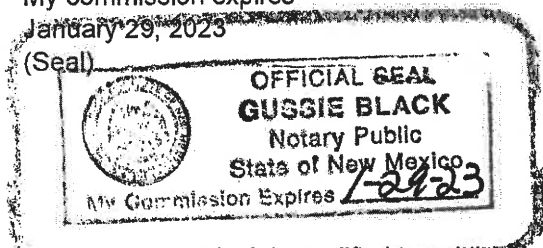
Gussie Black

Business Manager

My commission expires

January 29, 2023

(Seal)



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

LEGAL NOTICE November 12, 2021

CASE NO. 22330: Notice to all affected parties, as well as the heirs and devisees of Titus Oil & Gas Production II, LLC; Chevron Midcontinent, L.P.; OXY Y-1 Company; OXY USA Inc.; Sharbro Energy, LLC; Chevron U.S.A. Inc.; Lenox Minerals II, LLC; Wing Resources III, LLC; Shogoli and Gas Co. II, LLC; Santa Elena Minerals IV, LP; Sammy L. Morrison, Trustee of the Sammy and Sibyl Mineral Trust; Deborah Knorr; Lawrence Jay Morrison; HK Investment Properties, LLC; Wing Resources IV, LLC; Enerstar Resources Oil & Gas, LLC; Mitchell Exploration, Inc.; Viper Energy Partners, LLC; and James Baker Oil & Gas; New Mexico Bureau of Land Management of Marathon Oil Permian LLC's Application for compulsory pooling, Lea County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on December 16, 2021, to consider this application. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the E/2 E/2 of Sections 18 and 19, Township 26 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the Colossus 18-19 TB Federal Com 3H 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. Said area is located approximately 13 miles Southwest of Jal, New Mexico.

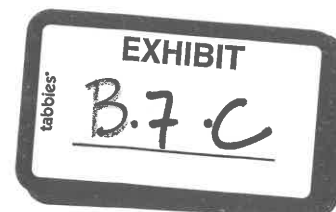
CASE NO. 22331: Notice to all affected parties, as well as the heirs and devisees of Titus Oil & Gas Production II, LLC; Chevron Midcontinent, L.P.; OXY Y-1 Company; OXY USA Inc.; Sharbro Energy, LLC; Chevron U.S.A. Inc.; Lenox Minerals II, LLC; Wing Resources III, LLC; Shogoli and Gas Co. II, LLC; Santa Elena Minerals IV, LP; Sammy L. Morrison, Trustee of the Sammy and Sibyl Mineral Trust; Deborah Knorr; Lawrence Jay Morrison; HK Investment Properties, LLC; Wing Resources IV, LLC; Enerstar Resources Oil & Gas, LLC; Mitchell Exploration, Inc.; Viper Energy Partners, LLC; and James Baker Oil & Gas; New Mexico Bureau of Land Management of Marathon Oil Permian LLC's Application for compulsory pooling, Lea County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on December 16, 2021, to consider this application. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the W/2 E/2 of Sections 18 and 19, Township 26 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the Colossus 18-19 TB Federal Com 2H 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. Said area is located approximately 13 miles Southwest of Jal, New Mexico.

CASE NO. 22332: Notice to all affected parties, as well as the heirs and devisees of Titus Oil & Gas Production II, LLC; Chevron Midcontinent, L.P.; OXY Y-1 Company; OXY USA Inc.; Sharbro Energy, LLC; Chevron U.S.A. Inc.; Lenox Minerals II, LLC; Wing Resources III, LLC; Shogoli and Gas Co. II, LLC; Santa Elena Minerals IV, LP; Sammy L. Morrison, Trustee of the Sammy and Sibyl Mineral Trust; Deborah Knorr; Lawrence Jay Morrison; HK Investment Properties, LLC; Wing Resources IV, LLC; Enerstar Resources Oil & Gas, LLC; Mitchell Exploration, Inc.; Viper Energy Partners, LLC; and James Baker Oil & Gas; New Mexico Bureau of Land Management of Marathon Oil Permian LLC's Application for compulsory pooling, Lea County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on December 16, 2021, to consider this application. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the E/2 of Sections 18 and 19, Township 26 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the Colossus 18-19 WA Federal Com 1H 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. Said area is located approximately 13 miles Southwest of Jal, New Mexico. #37023

01104570

00260630

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





November 9, 2021

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Deana M. Bennett
505.848.1834
Deana.Bennett@modrall.com

**Re: APPLICATION OF MARATHON OIL PERMIAN LLC FOR
COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.**

CASE NO. 22330

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

CASE NO. 22331

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

CASE NO. 22332

TO: AFFECTED PARTIES

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

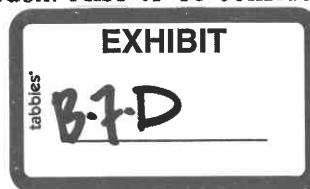
In Case No. 22330, Marathon seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the E/2 E/2 of Sections 18 and 19, Township 26 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Colossus 18-19 TB Federal Com 3H** 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. Said area is located approximately 13 miles Southwest of Jal, New Mexico.

In Case No. 22331, Marathon seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the W/2 E/2 of Sections 18 and 19, Township 26 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Colossus 18-19 TB Federal Com 2H** well, to be horizontally drilled. The producing area for the well will be orthodox. Also to be considered will be the

Modrall Sperling
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



Page 2

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. Said area is located approximately 13 miles Southwest of Jal, New Mexico.

In Case No. 22332, Marathon seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the E/2 of Sections 18 and 19, Township 26 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Colossus 18-19 WA Federal Com 1H** 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. Said area is located approximately 13 miles Southwest of Jal, New Mexico.

During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. This hearing has been continued from its original date stated on the application, and the hearing will be conducted on December 16, 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 these applications, we are notifying you of your right to appear at the hearing and participate in these cases, including the right to present evidence either in support of or in opposition to the applications. Failure to appear at the hearing may preclude you from any involvement in these cases at a later date.

You are further notified that if you desire to appear in these cases, 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,



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 FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.**

CASE NO. 22332

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 E/2 of Sections 18 and 19, Township 26 South, Range 35 East, NMPM, Lea County, New Mexico. In support of this application, Marathon states as follows:

1. Marathon is an interest owner in the subject lands and has a right to drill a well thereon.
2. Marathon seeks to dedicate the E/2 of Sections 18 and 19, Township 26 South, Range 35 East, NMPM, Lea County, New Mexico to form a 640-acre, more or less, spacing unit.
3. Marathon plans to drill the **Colossus 18-19 WA Federal Com 1H** well to a depth sufficient to test the Wolfcamp formation. This well will be horizontally drilled and will be drilled at an orthodox location under the Division's rules.

4. The completed interval for the **Colossus 18-19 WA Federal Com 1H** well is less than 330 feet from the adjoining tracts and the Division's rules allow for the inclusion of proximity tracts within the proposed spacing unit for the wells.

5. The first take point will be 1,452 feet from the East line, 100 feet from the North line of Section 18, Township 26 South, Range 35 East, NMPM, Lea County, New Mexico.

6. The last take point will be 1,452 feet from the East line, 100 feet from the South line of Section 19, Township 26 South, Range 35 East, NMPM, Lea County, New Mexico.

7. 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 well or to otherwise commit their interests to the well.

8. 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.

WHEREFORE, Marathon requests this application be set for hearing before an Examiner of the Oil Conservation Division on December 2, 2021, 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 E/2 of Sections 18 and 19, Township 26 South, Range 35 East, NMPM, Lea County, New Mexico;

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

C. Authorizing Marathon to recover its costs of drilling, equipping and completing the well;

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 well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

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

By: Deana M. Bennett

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

CASE NO. 22332: Application of Marathon Oil Permian LLC for compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the E/2 of Sections 18 and 19, Township 26 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Colossus 18-19 WA Federal Com 1H** 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. Said area is located approximately 13 miles Southwest of Jal, New Mexico.

Tab C: Affidavit of Matt Baker, Geologist

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

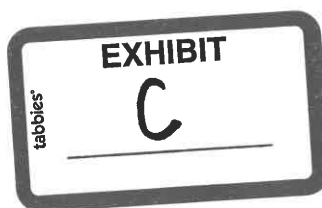
**APPLICATION OF MARATHON
OIL PERMIAN LLC FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO**

CASE NO. 22332

SELF-AFFIRMED DECLARATION OF MATT BAKER

Matt Baker declares states as follows:

1. I am over the age of 18, I am a geologist for Marathon Oil Permian LLC ("Marathon"), and have personal knowledge of the matters stated herein.
2. I have previously testified before the Oil Conservation Division ("Division") and my credentials were accepted as a matter of record.
3. My work for Marathon includes the Permian Basin and Lea County in New Mexico.
4. I am familiar with the applications filed by Marathon in Case Number 22332 and the land matters involved.
5. I conducted a geological study of the areas embracing Marathon's Colossus Development Area.
6. As part of my study, I have prepared the following geological exhibits with respect to the horizontal spacing unit:
 7. **Exhibit C.1** is a locator map showing the approximate location of the proposed Colossus Development Area in relation to the Capitan Reef.
 8. **Exhibit C.2** is a wellbore schematic showing Marathon's development plan.
 9. **Exhibit C.3** is structure map of the top of the Wolfcamp A. The proposed spacing unit is identified by a dashed black box. The **Colossus 18-19 WA Federal Com 1H** is identified



by a red dashed line identified by the box labeled "1". The contour interval used this exhibit is 25 feet. This exhibit shows that the structure dips to the southwest over the project area.

10. **Exhibit C.4** is a cross section reference map that identifies two wells in the vicinity of the proposed wells, shown by a line of cross-section running from A to A'.

11. **Exhibit C.5** is a stratigraphic cross section hung on the top of the Wolfcamp. The well logs on the cross-section give a representative sample of Wolfcamp A formation in the area. The target zone is identified by green shading and a red arrow. In my opinion, the gross interval thickness is near constant thickness across the project area.

12. **Exhibit C.6** is a Gross Interval Isochore of the top of the Wolfcamp A to the top of the Wolfcamp B. The Wolfcamp A is near constant thickness across the project area.

13. I conclude from my study 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 proposed unit will contribute more or less equally to production.

14. **Exhibit C.7** provides an overview of the stress orientation in the area based on the 2020 Lund Snee-Zoback paper.

15. The preferred well orientation in this area is either north/south or south/north.

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

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

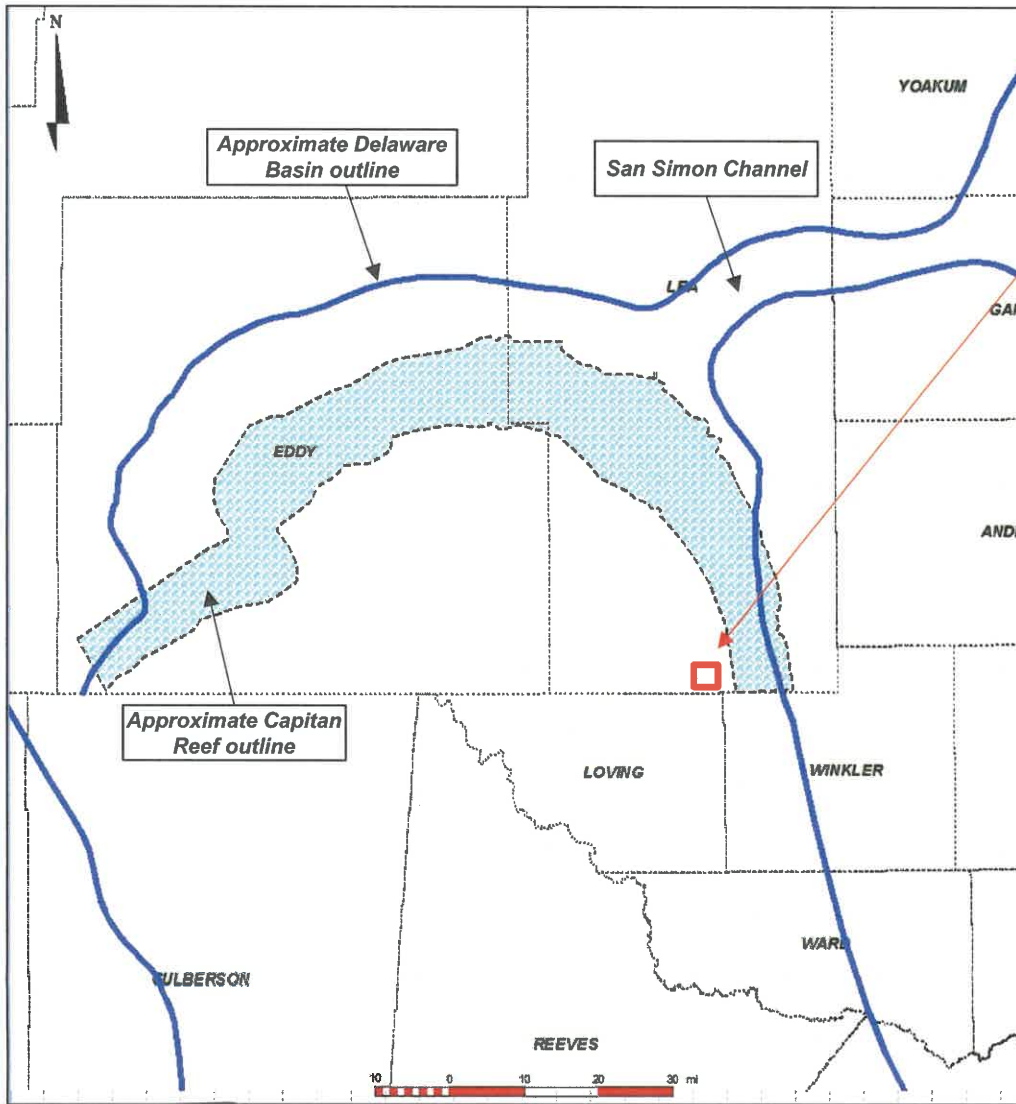
I attest under penalty of perjury under the laws of the State of New Mexico that the information provided herein is correct and complete to the best of my knowledge and belief.

Dated: May 16, 2022


Matt Baker

Colossus Federal Com Unit

Locator Map



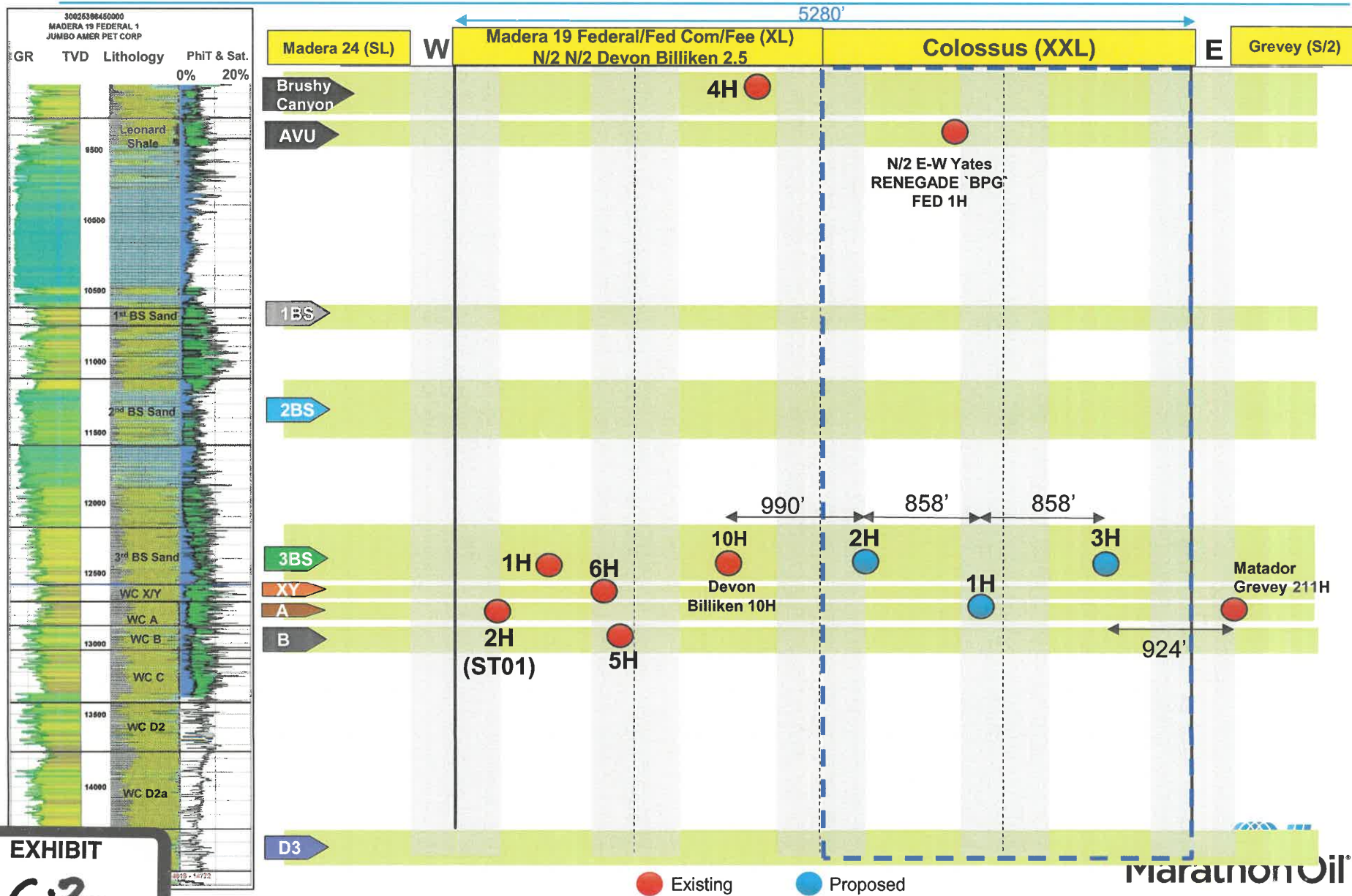
- Approximate location of proposed Colossus Federal Com well locations shown with red box
- Located outside of the Capitan Reef
- Southern Lea County



OCD Examiner Hearing 5-19-22
No. 22332

Colossus Federal Com Unit

Wellbore Schematic



EXHIBIT

C-2

OCD Examiner Hearing 5-19-22
No. 22332

Colossus Federal Com Unit

Structure Map – Top of Wolfcamp A (TVDSS)



1 Colossus 18-19 WA Fed Com 1H

Map Legend

- Proposed Well
- Existing TBSG/Upper Wolfcamp Well



MRO Acreage



Project Area

The top of the Wolfcamp A dips to the Southwest over project area.

1 mile C.I. = 25'

EXHIBIT

C.3

OCD Examiner Hearing 5-19-22
No. 22332

Colossus Federal Com Unit

Reference Map for Cross Section



1 Colossus 18-19 WA Fed Com 1H

Map Legend

— Proposed Well



MRO Acreage



Project Area

1 mile

EXHIBIT

C-4

OCD Examiner Hearing 5-19-22

No. 22332

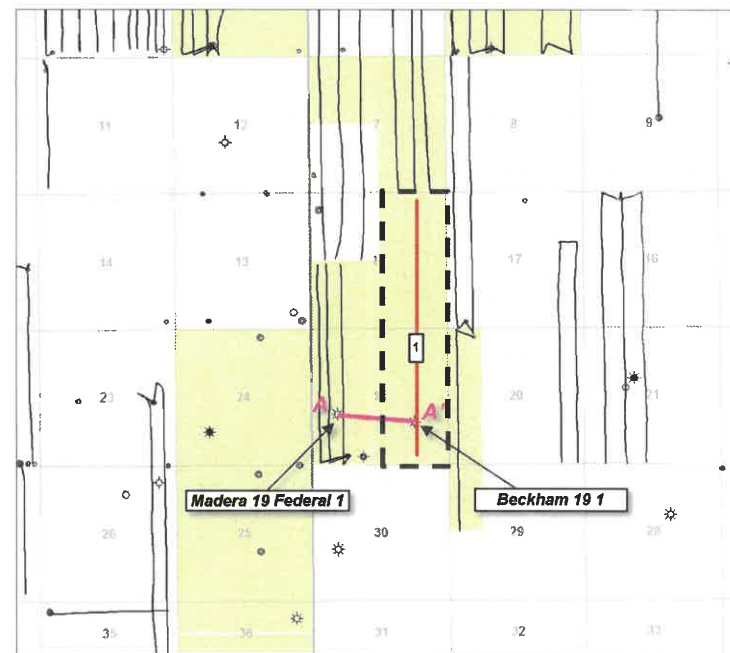
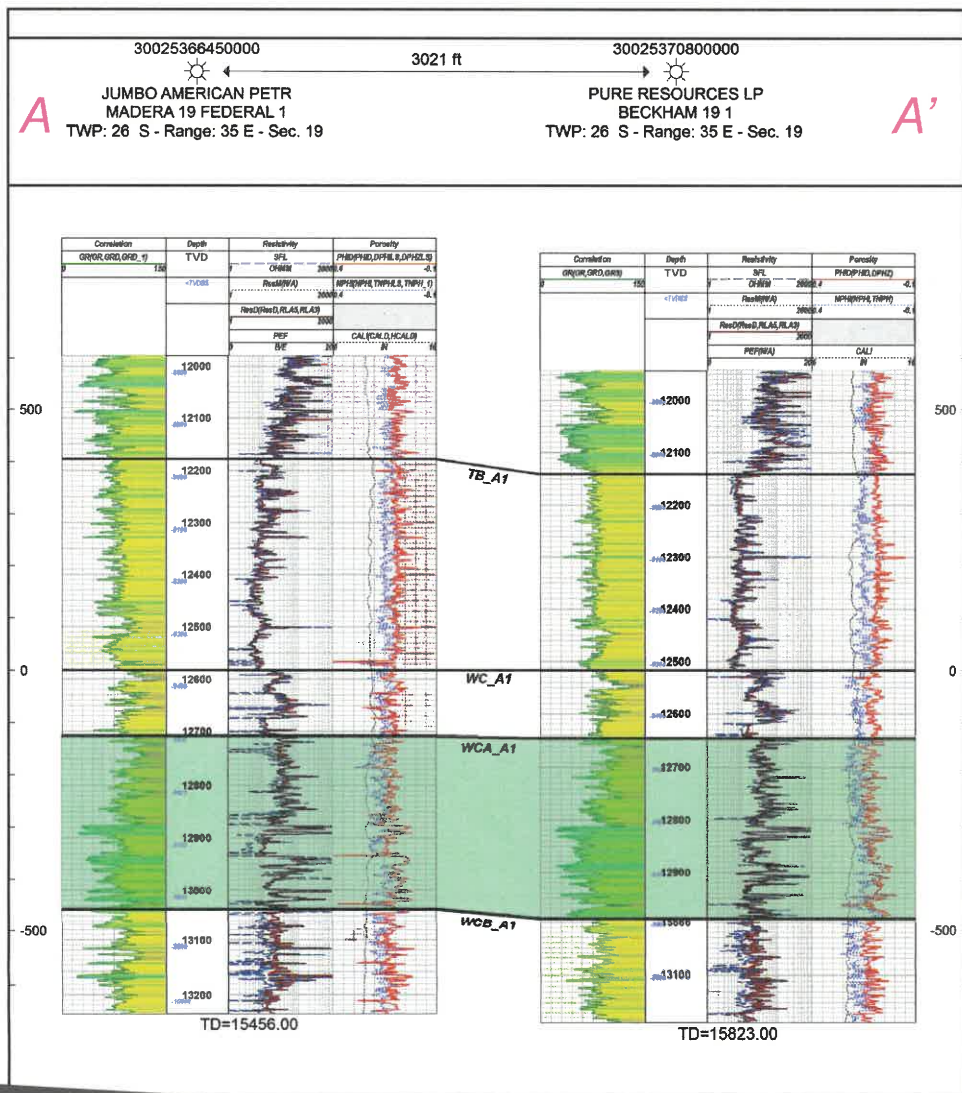
43


MarathonOil

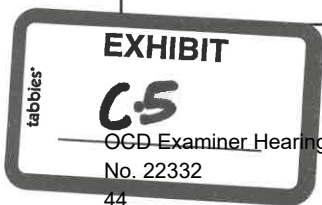
tabbles

Colossus Federal Com Unit

Stratigraphic Cross Section (Top Wolfcamp Datum)



Wolfcamp A is near constant thickness across project area.



EXHIBIT

C-5

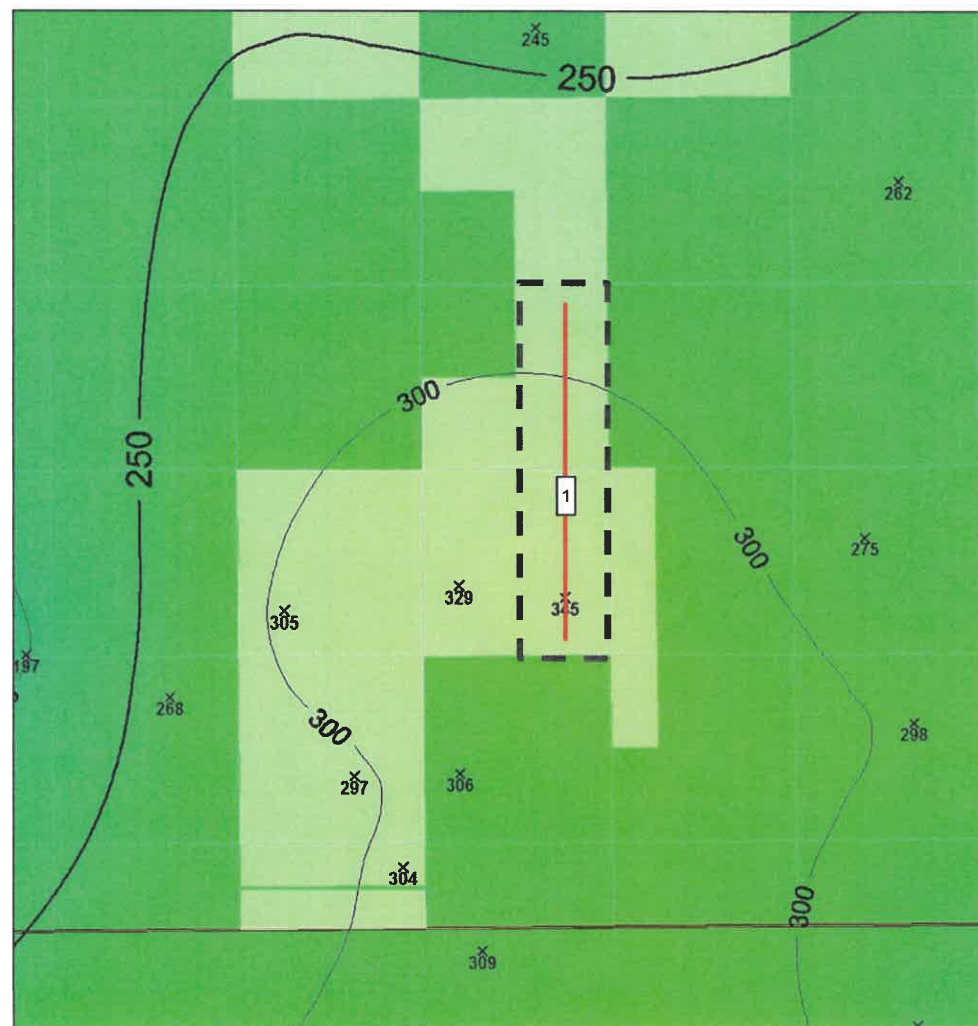
OCD Examiner Hearing 5-19-22

No. 22332

44

Colossus Federal Com Unit

Gross Interval Isochore Map – Top of Wolfcamp A to Top of Wolfcamp B



1 Colossus 18-19 WA Fed Com 1H

Map Legend

— Proposed Well
— Existing Lateral



MRO Acreage



Project Area

The Wolfcamp A is near constant thickness across project area.

1 mile C.I. = 50'



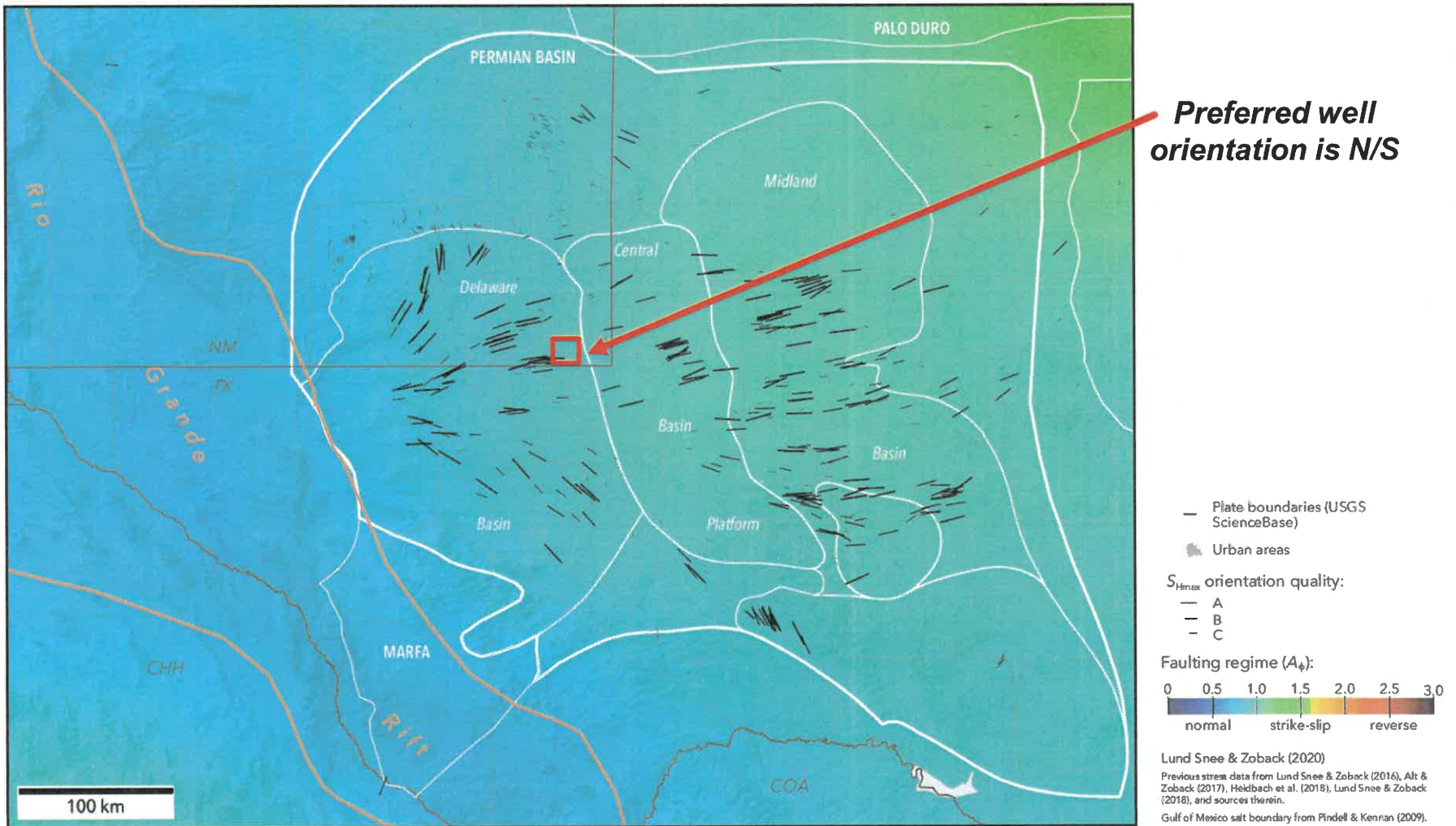
OCD Examiner Hearing 5-19-22

No. 22332

45

Colossus Federal Com Unit

Preferred Well Orientation - S_{Hmax}



Lund Snee and Zoback (2020)

