

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 Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-101
August 1, 2011
Permit 241582

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

| | | |
|--|--|-------------------------------|
| 1. Operator Name and Address MARATHON OIL PERMIAN LLC 5555 San Felipe St. Houston, TX 77056 | | 2. OGRID Number 372098 |
| 4. Property Code 318143 | | 3. API Number 30-025-44043 |
| 5. Property Name ABE STATE | | 6. Well No. 001H |

7. Surface Location

| | | | | | | | | | |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
| B | 32 | 21S | 33E | B | 240 | N | 1980 | E | Lea |

8. Proposed Bottom Hole Location

| | | | | | | | | | |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
| B | 29 | 21S | 33E | B | 240 | N | 1980 | E | Lea |

9. Pool Information

| | |
|----------------------------------|-------|
| WC-025 G-07 S213330F;BONE SPRING | 97927 |
|----------------------------------|-------|

Additional Well Information

| | | | | |
|---------------------------|-----------------------------|--|-------------------------|------------------------------------|
| 11. Work Type New Well | 12. Well Type OIL | 13. Cable/Rotary | 14. Lease Type State | 15. Ground Level Elevation 3727 |
| 16. Multiple N | 17. Proposed Depth 11159 | 18. Formation Bone Spring | 19. Contractor | 20. Spud Date 9/25/2017 |
| Depth to Ground water | | Distance from nearest fresh water well | | Distance to nearest surface water |

☒ We will be using a closed-loop system in lieu of lined pits

21. Proposed Casing and Cement Program

| Type | Hole Size | Casing Size | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Surf | 17.5 | 13.375 | 54.5 | 1700 | 1700 | 0 |
| Int1 | 12.25 | 9.625 | 40 | 5300 | 1800 | 0 |
| Prod | 8.75 | 5.5 | 20 | 16110 | 2350 | 0 |

Casing/Cement Program: Additional Comments

| |
|--|
| |
|--|

22. Proposed Blowout Prevention Program

| Type | Working Pressure | Test Pressure | Manufacturer |
|------------|------------------|---------------|--------------|
| Double Ram | 10000 | 5000 | Shaffer |
| Annular | 5000 | 2500 | Shaffer |

| | |
|--|--|
| 23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify I have complied with 19.15.14.9 (A) NMAC <input checked="" type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input checked="" type="checkbox"/> if applicable. Signature: | OIL CONSERVATION DIVISION |
| Printed Name: Electronically filed by Melissa Szudera | Approved By: Paul Kautz |
| Title: Regulatory Compliance Representative | Title: Geologist |
| Email Address: mszudera@marathonoil.com | Approved Date: 9/26/2017 Expiration Date: 9/26/2019 |
| Date: 9/25/2017 Phone: 701-260-7272 | Conditions of Approval Attached |

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 97927 | | ³ Pool Name WC-025 G-07 S213330F; BONE SPRING | |
| ⁴ Property Code | | ⁵ Property Name ABE STATE | | | ⁶ Well Number 1H |
| ⁷ OGRID No. 160825 | | ⁸ Operator Name B.C. OPERATING, INC. | | | ⁹ Elevation 3727' |

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 | 32 | T21S | R33E | | 240' | NORTH | 1980' | 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| B | 29 | T21S | R33E | | 240' | NORTH | 1980' | EAST | LEA |

| | | | |
|---|-------------------------------|----------------------------------|-------------------------|
| ¹² Dedicated Acres 160.00 | ¹³ Joint or Infill | ¹⁴ Consolidation Code | ¹⁵ Order No. |
|---|-------------------------------|----------------------------------|-------------------------|

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

| | | |
|--|--|--|
| <p>¹⁶ SECTION 19</p> <p>SECTION 30</p> <p>BOTTOM HOLE LOCATION NAD 83, SPCS NM EAST X:769899.74' / Y:530587.38' LAT:32.45646844N / LON:103.59232152W NAD 27, SPCS NM EAST X:728717.75' / Y:530526.16' LAT:32.45634529N / LON:103.59183436W</p> <p>LAST TAKE POINT NAD 83, SPCS NM EAST X:769899.81' / Y:530497.70' LAT:32.45622193N / LON:103.59232334W NAD 27, SPCS NM EAST X:728717.82' / Y:530436.48' LAT:32.45609878N / LON:103.59183619W</p> <p>FIRST TAKE POINT NAD 83, SPCS NM EAST X:769903.07' / Y:525878.87' LAT:32.44352667N / LON:103.59241667W NAD 27, SPCS NM EAST X:728720.97' / Y:525817.78' LAT:32.44340349N / LON:103.59192994W</p> <p>SURFACE HOLE LOCATION NAD 83, SPCS NM EAST X:769903.47' / Y:525308.87' LAT:32.44195995N / LON:103.59242818W NAD 27, SPCS NM EAST X:728721.35' / Y:525247.80' LAT:32.44183677N / LON:103.59194150W</p> <p>SECTION 30</p> <p>SECTION 31</p> <p>CORNER COORDINATES NAD 83, SPCS NM EAST A - Y: 530824.43' / X: 769243.64' B - Y: 530831.01' / X: 770562.68' C - Y: 525552.16' / X: 770562.41' D - Y: 525545.58' / X: 769243.36'</p> | <p>SECTION 20</p> <p>SECTION 29</p> <p>SECTION 21</p> <p>SECTION 28</p> <p>SECTION 28</p> <p>SECTION 33</p> <p>CORNER COORDINATES NAD 27, SPCS NM EAST A - Y: 530763.20' / X: 728061.66' B - Y: 530769.78' / X: 729380.69' C - Y: 525491.08' / X: 729380.29' D - Y: 525484.50' / X: 728061.25'</p> | <p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature: <i>[Signature]</i> Date: 9/11/2017</p> <p>MELISSA SZUDERA Printed Name MSZUDERA@MARATHONOIL.COM E-mail Address</p> <p>¹⁸ SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>SEPTEMBER 08, 2017 Date of Survey</p> <p>Signature and Seal of Professional Surveyor: <i>[Signature]</i></p> <p>Certificate Number: LLOYD P. SHORT 21653</p> |
|--|--|--|

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 Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form APD Comments

Permit 241582

PERMIT COMMENTS

| | | |
|---|----------------------------|-----------------------------|
| Operator Name and Address: MARATHON OIL PERMIAN LLC [372098] 5555 San Felipe St. Houston, TX 77056 | | API Number: 30-025-44043 |
| | | Well: ABE STATE #001H |
| Created By | Comment | Comment Date |
| pkautz | 5.9 DENIAL COMPLIANCE | 9/12/2017 |
| pkautz | Out of compliance with 5.9 | 9/15/2017 |

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 Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

Form APD Conditions

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Permit 241582

PERMIT CONDITIONS OF APPROVAL

| | |
|---|-----------------------------|
| Operator Name and Address: MARATHON OIL PERMIAN LLC [372098] 5555 San Felipe St. Houston, TX 77056 | API Number: 30-025-44043 |
| | Well: ABE STATE #001H |

| OCD Reviewer | Condition |
|--------------|---|
| pkautz | The operator shall keep a copy of the approved form C-101 and a copy of these conditions of approval at the well site. |
| pkautz | Potash Area - Three String Casing Program - In accordance with R-111-P all strings shall be cemented to surface |
| pkautz | Potash Area - Salt Protection String - If the cement fails to reach the surface or the bottom of the cellar, where required, the top of the cement shall be located by a temperature or other survey and additional cementing shall be done until the cement is brought to the surface. |
| pkautz | Surface casing must be set 25' below top of Rustler Anhydrite in order to seal off protectable water |
| pkautz | Operator shall notify appropriate District office when setting conductor pipe. |
| pkautz | 1)- The Operator is to notify NMOC by sundry (Form C-103) within ten (10) days of the well being spud 2)- Drilling Sundries Form C-103 (Casing and Cement test are to be submitted within 10 days 3)- Completion Reports & Logs are to be submitted within 20 days 4)- Deviation / Directional Drill Survey are to be filed with or prior to C-104 |
| pkautz | It is the operator's responsibility to monitor cancellation dates of approved APDs. APD's are good for 2 years and may be extended for one year. Only one 1 year extension will be granted if submitted by C-103 before expiration date. After expiration date or after a 1 year extension must submit new APD. |
| pkautz | If an APD expires and if site construction has occurred, site remediation is required. |
| pkautz | Stage Tool - 1) Must notify OCD Hobbs Office prior to running Stage Tool at 575-370-3186 2) If using Stage Tool on Surface casing, Stage Tool must be set greater than 350' from surface and a minimum of 200 feet above surface shoe. 3) When using a Stage Tool on Intermediate or Production Casing Stage must be a minimum of 50 feet below previous casing shoe. |
| pkautz | Gas Capture Plan - Operator to Submit Gas Capture Plan ASAP |