

DO NOT SCAN

Revised March 23, 2017

RECEIVED: <u>2/23/18</u>	REVIEWER: <u>LRL</u>	TYPE: <u>NSP</u> <u>NSL</u>	APP NO: <u>PMAM180884803</u> <u>PLEL 1805748847</u>
--------------------------	----------------------	--------------------------------	--

ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

→ 3/16/18

NEW MEXICO OIL CONSERVATION DIVISION
- Geological & Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: Marathon Oil Permian LLC OGRID Number: 372098
Well Name: Madera 19 Federal Com 26-35-19 WB 5H API: _____
Pool: Bradley Wolfcamp Pool Pool Code: 72860

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

NSL-7678
NSP-2100

1) TYPE OF APPLICATION: Check those which apply for [A]

A. Location - Spacing Unit - Simultaneous Dedication

☒ NSL

☐ NSP (PROJECT AREA)

☒ NSP (PRORATION UNIT)

☐ SD

B. Check one only for [I] or [II]

[I] Commingling - Storage - Measurement

☐ DHC

☐ CTB

☐ PLC

☐ PC

☐ OLS

☐ OLM

[II] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX

☐ PMX

☐ SWD

☐ IPI

☐ EOR

☐ PPR

FOR OCD ONLY

☐

Notice Complete

☐

Application

Content

Complete

2) NOTIFICATION REQUIRED TO: Check those which apply.

A. ☒ Offset operators or lease holders

B. ☒ Royalty, overriding royalty owners, revenue owners

C. ☐ Application requires published notice

D. ☐ Notification and/or concurrent approval by SLO

E. ☐ Notification and/or concurrent approval by BLM

F. ☐ Surface owner

G. ☒ For all of the above, proof of notification or publication is attached, and/or,

H. ☐ No notice required

3) CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Jennifer Bradfute
Print or Type Name

2-23-2018
Date

505-848-1845
Phone Number

[Signature]
Signature

jl@modcell.com
e-mail Address



MODRALL SPERLING

L A W Y E R S

February 23, 2018

VIA CERTIFIED MAIL

RETURN RECEIPT REQUESTED

TO AFFECTED PARTIES

Re: Application of Marathon Oil Permian LLC for administrative approval of an unorthodox well location for its Madera 19 Federal Com 26-35-19 WXY 6H well, located in the E/2 W/2 of Section 19, and the E/2 SW/4 of Section 18, Township 26 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

Ladies and Gentlemen:

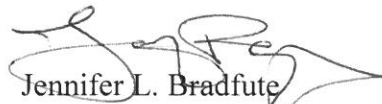
Enclosed in the notice is a copy of the above referenced application filed with the New Mexico Conservation Division on this date. Any objections that you have to this application must be filed in writing with the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico 87505, within twenty (20) days from the date the Division receives the above referenced application may be administratively approved by the Division.

If you have any questions concerning this application, please contact:

Ryan Gyllenband
Land Professional
Marathon Oil Company
713.296.2453 (Office)
mrghyllenband@marathonoil.com

If you have no objection to this application, please sign the waiver as indicated below and return the original. Your assistance and cooperation in this matter are appreciated.

Sincerely,


Jennifer L. Bradfute
*Attorney for Marathon Oil
Permian LLC*

Jennifer L. Bradfute
505.848.1845
Fax: 505.848.1882
jlb@modrall.com

Modrall Sperling
Roehl Harris & Sisk P.A.

Bank of America Centre
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



MODRALL SPERLING

L A W Y E R S

February 23, 2018

Heather Riley
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Jennifer L. Bradfute
505.848.1845
Fax: 505.848.1882
jlb@modrall.com

Re: Application of Marathon Oil Permian LLC for administrative approval of an unorthodox well location for its Madera 19 Federal Com 26-35-19 WXY 6H well, located in the E/2 W/2 of Section 19, and the E/2 SW/4 of Section 18, Township 26 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

Dear Ms. Riley:

Marathon Oil Permian LLC ("Marathon"), OGRID Number 372098, is seeking administrative approval of an unorthodox well location ("NSL") and a non-standard spacing and proration unit for the development of the **Madera 19 Federal Com 26-35-19 WXY 6H well**, located in the E/2 W/2 of Section 19, and the E/2 SW/4 of Section 18, Township 26 South, Range 35 East, N.M.P.M., Lea County, New Mexico. A C-102 for the Well is attached as **Exhibit A**.

This is a horizontal Well that will be drilled as follows:

- Surface Hole Location: 351 feet from the South line and 1428 feet from the West line of Section 19;
- First Perforation Point: 330 feet from the South line and 1379 feet from the West line of Section 19;
- Last Perforation Point and Bottom Hole Location: 2312 feet from the South line and 1372 feet from West line of Section 18.

Marathon has included as **Exhibit B** a letter from an engineer explaining why this application is needed. This Well will produce from the Jabalina Wolfemap Southwest Pool (Pool Code 96776). This is an oil pool with 40-acre spacing and 330' setback requirements. Attached as **Exhibit C** is a map showing the surrounding ownership. The completed interval for the proposed Well will be closer than 330' from the boundary of the project area.

Modrall Sperling
Roehl Harris & Sisk P.A.

Bank of America Centre
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

The unorthodox locations will encroach towards the W/2 W/2 of Section 19 and the W/2 SW/4 of Section 18. Marathon is the operator of this acreage and attached as **Exhibit D** is a letter from a landman which confirms that the ownership in the entire W/2 of Section 19 and the SW/4 of Section 18 is identical.

The well will also encroach on the SW/4 NW/4 of Section 18 and the NW/4 NW/4 of Section 30. A list of the parties affected by the encroachment is attached as **Exhibit E**. Each of the parties entitled to notice has been provided notice of this application by certified mail, return receipt requested, advising them that if they have an objection to the location of this Well, it must be filed with the New Mexico Oil Conservation Division within 20 days of the mailing of this notice.

Please contact me if you have any questions or concerns. Your attention to this matter is appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jennifer L. Bradfute', with a stylized flourish at the end.

Jennifer L. Bradfute
*Attorney for Marathon Oil
Permian LLC*

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 MADERA 19 FEDERAL COM 26-35-19 WXY	⁶ Well Number 6H
⁷ OGRID No. 372098	⁸ Operator Name MARATHON OIL PERMIAN LLC	⁹ Elevation 3266'

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
N	19	T26S	R35E		351'	SOUTH	1428'	WEST	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
L (LOT 3)	18	T26S	R35E		2312'	SOUTH	1372'	WEST	LEA

¹² Dedicated Acres 240.00	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</p> <p>SECTION 12</p> <p>SECTION 13</p> <p>LAST TAKE POINT/BOTTOM HOLE LOCATION</p> <p>2312' FSL 1372' FWL, SECTION 18</p> <p>NAD 83, SPCS NM EAST</p> <p>Y:380396.62 / X:827217.71</p> <p>LAT:32.04243301N / LON:103.41069599W</p> <p>NAD 27, SPCS NM EAST</p> <p>Y:380339.91 / X:786029.76</p> <p>LAT:32.04230682N / LON:103.41023436W</p>				<p>SECTION 7</p> <p>SECTION 18</p>				<p>SECTION 8</p> <p>SECTION 17</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 _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p>			
<p>SECTION 13</p> <p>SECTION 24</p> <p>FIRST TAKE POINT</p> <p>330' FSL 1379' FWL, SECTION 19</p> <p>NAD 83, SPCS NM EAST</p> <p>Y:373134.65 / X:827287.63</p> <p>LAT:32.02247088N / LON:103.41067053W</p> <p>NAD 27, SPCS NM EAST</p> <p>Y:373077.53 / X:786099.35</p> <p>LAT:32.02234459N / LON:103.41021006W</p>				<p>SECTION 18</p> <p>SECTION 19</p> <p>CORNER COORDINATES</p> <p>NAD 83, SPCS NM EAST</p> <p>A - Y: 380726.49 / X: 827194.86</p> <p>B - Y: 380734.22 / X: 828515.41</p> <p>C - Y: 372813.35 / X: 828592.53</p> <p>D - Y: 372804.53 / X: 827270.96</p>				<p>SECTION 17</p> <p>SECTION 20</p> <p>CORNER COORDINATES</p> <p>NAD 27, SPCS NM EAST</p> <p>A - Y: 380669.17 / X: 782006.92</p> <p>B - Y: 380676.92 / X: 787327.44</p> <p>C - Y: 372756.26 / X: 787404.20</p> <p>D - Y: 372747.42 / X: 786092.66</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>JANUARY 19, 2018</p> <p>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyor _____</p> <p>Certificate Number _____</p>			
<p>SECTION 24</p> <p>SECTION 25</p> <p>FIRST TAKE POINT</p> <p>351' FSL 1428' FWL, SECTION 19</p> <p>NAD 83, SPCS NM EAST</p> <p>Y:373155.99 / X:827337.05</p> <p>LAT:32.0225284N / LON:103.41051051W</p> <p>NAD 27, SPCS NM EAST</p> <p>Y:373098.90 / X:786148.75</p> <p>LAT:32.02240207N / LON:103.41005003W</p>				<p>SECTION 19</p> <p>SECTION 30</p>				<p>SECTION 20</p> <p>SECTION 29</p>				<p>LLOYD P. SHORT</p> <p>NEW MEXICO</p> <p>21653</p> <p>PROFESSIONAL SURVEYOR</p>			

EXHIBIT

tabbles

A

4 02/06/18 ANC
REV. DATE BY

Marathon Oil Permian LLC
5555 San Felipe Street
Houston, TX 77056



February 21, 2018

Mr. Leonard Lowe
New Mexico Oil Conservation Division
1220 South Francis Drive
Santa Fe, NM 87505

Re: Non-Standard Location Application
Madera 19 Federal Com 26-35-19 WXY 6H
Lea County, New Mexico

Dear Mr. Lowe:

Marathon Oil Permian LLC respectfully requests administrative approval of the non-standard location application for the Madera 19 Federal Com 26-35-19 WXY 6H well, a 1.5 mile well to be drilled in the W/2 of Section 19 and the SW/4 of Section 18, Township 26S – Range 35E, Lea County, New Mexico.

Marathon Oil Permian LLC proposes to drill the Madera 19 Federal Com 26-35-19 WXY 6H well as part of a three well development in the Upper Wolfcamp in the W/2 of Section 19, and the SW/4 of Section 18, 26S-35E. The proposed well will be centered between two planned horizontal Upper Wolfcamp wells, the Madera 19 Federal Com 26-35-19 WA 2H to the west (to be drilled at generally the same time from the same pad) and the Madera 19 Federal Com 26-35-19 WA 9H to the east (to be drilled at a later date). The subject well and the Madera 19 Federal Com 26-35-19 WA 2H will also be drilled from the same pad as 2 other wells, the Madera 19 Federal Com 26-35-19 TB 1H and the Madera 19 Federal Com 26-35-19 WB 5H in order to prevent surface disturbance.

Marathon Oil Permian LLC expects to maximize the recoverable reserves by developing the west half of Section 19 and the SW/4 of Section 18 as described above. The best location for the Madera 19 Federal Com 26-35-19 WXY 6H is 20' east of the east half west half quarter quarter line which allows Marathon Oil Permian LLC to maximize our recoverable reserves. Please see attached C102 for location and horizontal path of the referenced well.

This spacing test will determine optimal spacing, help determine maximum reserve recovery, and allow for additional potential Wolfcamp development in this and other Marathon Oil Permian LLC leasehold.

Thank you for your consideration. Should you have any questions please contact me at (713) 629-6600.

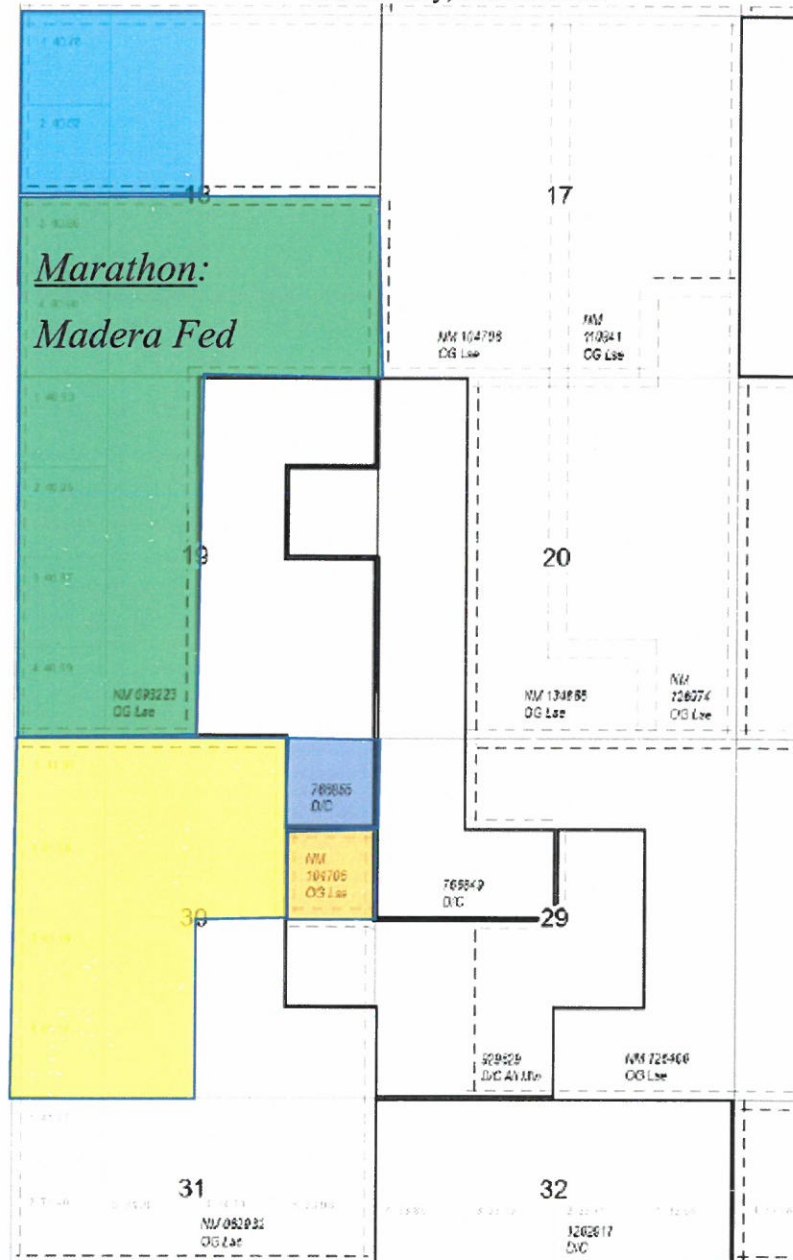
Sincerely,

A handwritten signature in cursive script, appearing to read 'Lane Neal'.

Lane Neal
Subsurface Development Manager
Reservoir Engineer
Permian Asset



Madera Offset Project
Section 18 and Section 30 – Township 26 South – Range 35 East
Lea County, New Mexico



- Federal Lease - NM-104706 (Est: 4-18-2000)
- Federal Lease - NM-062932 (Est: 6-4-1985)
- Federal Lease - NM-104706 (Est: 4-18-2000)
- Fee Lands
- Marathon - Madera Fed Update (Complete)

Note: "Established" dates are based off of LR-2000 reports.



Ryan Gyllenband
Land Professional



Marathon Oil Permian LLC
5555 San Felipe Street
Houston, TX 77056
Telephone: 713.296.2453 Mobile: 281.684.7389
Fax: 713.513.4006
mrgyllenband@marathonoil.com

February 21, 2018

Mr. Leonard Lowe
New Mexico Oil Conservation Division
1220 South Francis Drive
Santa Fe, NM 87505

Re: Non-Standard Location Application
Madera 19 Federal Com 26-35-19 WXY 6H
Lea County, New Mexico

Dear Mr. Lowe:

Marathon Oil Permian LLC respectfully requests administrative approval of the non-standard location application for the Madera 19 Federal Com 26-35-19 WXY 6H well, a 1.5 mile well to be drilled in the W/2 of Section 19 and the SW/4 of Section 18, Township 26S – Range 35E, Lea County, New Mexico.

The Madera 19 Federal Com 26-35-19 WXY 6H is planned to be drilled 20' east of the east half west half quarter quarter line, please see attached C102 for location and horizontal path of the referenced well.

Please let this letter serve as confirmation that the overriding royalty and working interest are identical across the entire W/2 of Section 19 and the SW/4 of Section 18, T26S-35E.

Thank you for your consideration. Should you have any questions please contact me at the numbers listed above.

Sincerely,


Ryan Gyllenband
Senior Land Professional
Lea County, New Mexico

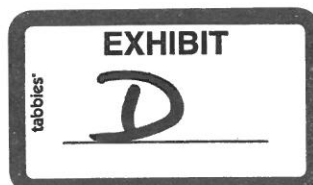


EXHIBIT E

Parties Entitled to Notice of Proposed Unorthodox Locations

SW/4 NW/4 of Section 18

EOG A Resources
5509 Champions Drive
Midland, TX 79706

P.O. Box 900
Artesia, NM 88211

EOG M Resources
5509 Champions Drive
Midland, TX 79706

P.O. Box 840
Artesia, NM 88211

EOG Y Resources
5509 Champions Drive
Midland, TX 79706

104 S. Fourth Street
Artesia, NM 88210

EOG Resources Assets LLC
1111 Bagby, Sky Lobby 2
Houston, TX 77002

Oxy Y-1 Company
5 Greenway Plaza
Houston, TX 77046

Sharbro Energy, LLC
PO Box 840
Artesia, NM 88211

NW/4 NW/4 of Section 30

EOG Resources Inc.
5509 Champions Drive
Midland, TX 79706

EOG Resources Inc.
P.O. Box 2267
Midland, TX 79702

OXY USA Inc.
5 Greenway Plaza
Houston, TX 77046

OXY USA Inc.
P.O. Box 4294
Houston, TX 77210

Madrea 6H
Notice of Application
Mailed February 23, 2018

EXHIBIT D Parties Entitled to Notice of Proposed Unorthodox Locations SW/4 NW/4 of Section 18	
EOG A Resources 5509 Champions Drive Midland, TX 79706	7017-2680-0000-5953-0247
EOG A Resources P.O. Box 900 Artesia, NM 88211	7017-2680-0000-5953-0247
EOG M Resources 5509 Champions Drive Midland, TX 79706	7017-2680-0000-5953-0254
EOG M Resources P.O. Box 840 Artesia, NM 88211	7017-2680-0000-5953-0254
EOG Y Resources 5509 Champions Drive Midland, TX 79706	7017-2680-0000-5953-0261
EOG Y Resources 104 S. Fourth Street Artesia, NM 88210	7017-2680-0000-5953-0261
EOG Resources Assets LLC 1111 Bagby, Sky Lobby 2 Houston, TX 77002	7017-2680-0000-5953-0278
Oxy Y-1 Company 5 Greenway Plaza Houston, TX 77046	7017-2680-0000-5953-0285
Sharbro Energy, LLC PO Box 840 Artesia, NM 88211	7017-2680-0000-5953-0292
NW/4 NW/4 of Section 30	
EOG Resources Inc. 5509 Champions Drive Midland, TX 79706	7017-2680-0000-5953-0308
EOG Resources Inc. P.O. Box 2267 Midland, TX 79702	7017-2680-0000-5953-0308
OXY USA Inc. 5 Greenway Plaza Houston, TX 77046	7017-2680-0000-5953-0315
OXY USA Inc. P.O. Box 4294 Houston, TX 77210	7017-2680-0000-5953-0315