



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

May 11, 2018

Florene Davidson
NM Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Re: No. 16024
AMENDED APPLICATION OF BTA OIL PRODUCERS,
LLC FOR A NON-STANDARD SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO

No. 16076
APPLICATION OF MARATHON OIL PERMIAN LLC
FOR COMPULSORY POOLING, EDDY COUNTY, NEW
MEXICO

Dear Ms. Davidson:

Enclosed please find three copies of the following:

1. Marathon's Motion for Continuance

Thank you for your assistance. Please contact me if you have any questions.

Sincerely,


Zina Crum, Legal Assistant to
Jennifer L. Bradfute

JLB/zc
Enclosure

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

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

**AMENDED APPLICATION OF BTA OIL
PRODUCERS, LLC FOR A NON-STANDARD
SPACING AND PRORATION UNIT
AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

CASE NO. 16024

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

CASE NO. 16076

MOTION FOR CONTINUANCE

Marathon Oil Permian LLC ("Marathon") moves the Division to continue Case No. 16076 (filed by Marathon) and Case No. 16024 (filed by BTA Oil Producers, LLC ("BTA")), which is currently scheduled for the May 17, 2018 Examiner Hearing Docket to the May 31, 2018 docket. In support of this motion, Marathon states as follows:

1. These cases were heard during a Special Docket on April 24, 2018.
2. Marathon requested a continuance of the cases to the May 17, 2018 docket so that it could publish notice in a newspaper of general circulation. Such notice has been duly published.
3. On May 10, 2018, Mr. Lynn Charuk filed a pre-hearing statement in both cases. This pre-hearing statement provides that Mr. Charuk is an overriding royalty interest owner in the spacing and proration units being proposed by both Marathon and BTA. Mr. Charuk intends

to provide testimony and introduce exhibits at the May 17, 2018 hearing in support of BTA's application.

4. Based on publically available information, Mr. Charuk is a geologist who provides contract services to operators in New Mexico. Mr. Charuk advertises on certain websites that he is currently partnering with BTA on development projects.

5. Marathon did not receive any information concerning Mr. Charuk's intent to provide testimony in the above-captioned cases until yesterday, May 10, 2018. Marathon intends to present rebuttal testimony, in response to evidence presented by Mr. Charuk.

6. Marathon's geologist for these cases is Tucker Keren. Mr. Keren is out of town for approximately 2 weeks and is unable to attend the hearing on May 17, 2018. Mr. Keren has conducted significant studies for the acreage at issue and has been actively involved with Marathon's drilling activities in the area, and there is not another similarly qualified geologist, who is both familiar with the property at issue and who is available to attend the May 17, 2018 hearing.

7. On May 11, 2018, Marathon asked counsel for BTA and Mr. Charuk if they would be willing to continue the above-captioned cases to the May 31, 2018 docket. Counsel for BTA and Mr. Charuk have not yet provided a response to this request.

8. BTA testified at the April 24, 2018 hearing that it currently has a rig schedule in early June of 2018. However, even assuming that BTA's application is granted (which it should not be) and that there is no appeal to the Commission, it appears that BTA still not be able to make this June rig schedule due to certain errors and/or discrepancies in the approved Applications for Permit to Drill.

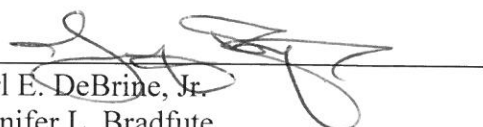
9. There appear to be discrepancies in the approved APDs for BTA's proposed wells, which need to be corrected and approved by the BLM prior to drilling the wells. For example, the proposed depths for the 5H and 6H wells approved by BLM do not match the depths presented in the well proposals and AFEs submitted at hearing. See **Exhibits A and B**, attached hereto. Likewise the size of the spacing units approved by BLM don't match the size of the spacing units requested by BTA in Case No. 16024. See **Exhibits A and B**, attached hereto. BTA will therefore need to obtain approved sundries from BLM before it can drill the wells as presented at hearing. As a result, continuing these cases to the May 31, 2018 docket will not impact BTA's operations, as drilling operations will already be delayed in order to correct these issues.

WHEREFORE, Marathon Oil Permian LLC respectfully requests that the Division continue Case Nos. 16024 and 16076 to May 31, 2018.

Respectfully submitted,

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

By: _____

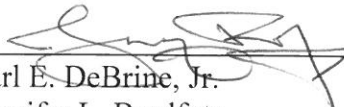

Earl E. DeBrine, Jr.
Jennifer L. Bradfute
Post Office Box 2168
Bank of America Centre
500 Fourth Street NW, Suite 1000
Albuquerque, New Mexico 87103-2168
Telephone: 505.848.1800

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served on counsel of record by electronic mail on May 11, 2018:

Adam Rankin
Michael Feldewert
Holland & Hart
P.O. Box 2208
Santa Fe, New Mexico 87504-2208
agrankin@hollandhart.com
mfeldewert@hollandhart.com

James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504
jamesbruc@aol.com

By: 
Earl E. DeBrine, Jr.
Jennifer L. Bradfute
Post Office Box 2168
Bank of America Centre
500 Fourth Street NW, Suite 1000
Albuquerque, New Mexico 87103-2168
Telephone: 505.848.1800

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0137
Expires October 31, 2014

| | | |
|--|---|--|
| 1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER | | 5. Lease Serial No. NMNM100335 |
| 1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone | | 6. If Indian, Allottee or Tribe Name |
| 2. Name of Operator BTA OIL PRODUCERS LLC | | 7. If Unit or CA Agreement, Name and No. |
| 3a. Address 104 S. Pecos Midland TX 79701 | | 8. Lease Name and Well No. 318086 OGDEN 20509 32-29 FED COM 5H |
| 3b. Phone No. (include area code) (432)682-3753 | | 9. API Well No. 30-015-44339 |
| 4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface SENW / 2472 FNL / 1357 FWL / LAT 32.261966 / LONG -104.113766 At proposed prod. zone NENW / 200 FNL / 1980 FWL / LAT 32.282763 / LONG -104.111717 | | 10. Field and Pool, or Exploratory PURPLE SAGE / WOLFCAMP |
| 14. Distance in miles and direction from nearest town or post office* 2.06 miles | | 11. Sec., T. R. M. or Blk. and Survey or Area SEC 32 / T2S / R28E / NMP |
| 15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 200 feet | 16. No. of acres in lease 120 | 17. Spacing Unit dedicated to this well 280 |
| 18. Distance from proposed location* to nearest well, drilling, completed, 892 feet applied for, on this lease, ft. | 19. Proposed Depth 9470 feet / 16819 feet | 20. BLM/BIA Bond No. on file FED: NMB000849 |
| 21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3107 feet | 22. Approximate date work will start* 08/01/2017 | 23. Estimated duration 45 days |

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the BLM.

| | | |
|--|---|--------------------|
| 25. Signature (Electronic Submission) | Name (Printed/Typed) Kayla McConnell / Ph: (432)682-3753 | Date 02/24/2017 |
| Title Regulatory Analyst | | |
| Approved by (Signature) (Electronic Submission) | Name (Printed/Typed) Cody Layton / Ph: (575)234-5959 | Date 07/14/2017 |
| Title Supervisor Multiple Resources | | |

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2)

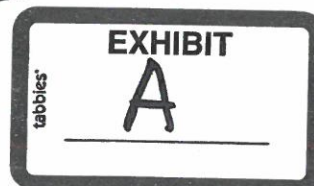
*(Instructions on page 2)

NM OIL CONSERVATION
ARTESIA DISTRICT

JUL 24 2017

RECEIVED

APPROVED WITH CONDITIONS



RUP 7.25.17



CARLTON BEAL, JR.
BARRY BEAL
SPENCER BEAL
KELLY BEAL
BARRY BEAL, JR.
STUART BEAL
ROBERT DAVENPORT, JR.

BTA OIL PRODUCERS, LLC

104 SOUTH PECOS STREET
MIDLAND, TEXAS 79701-5021
432-682-3753
FAX 432-683-0311

GULF COAST DISTRICT
TCTAL PLAZA
1201 LOUISIANA STREET, STE. 570
HOUSTON, TEXAS 77002
713-658-0077 FAX 713-655-0346

ROCKY MOUNTAIN DISTRICT
600 17TH STREET, STE. 2230 SOUTH
DENVER, COLORADO 80202
303-534-4404 FAX 303-534-4661

October 25, 2017

Certified Return Receipt

70150640000150986851

In re: BTA – Ogden 20509 32-29 Fed Com #5H
W/2 Section 29 & NW/4 of Section 32-T23S-R28E
Eddy County, New Mexico
BTA 20509 JV-P Ogden, Tr. II

Marathon Oil Company
5555 San Felipe Street
Houston, TX 77056

Attention: Matt S. Tate

Mr. Tate:

BTA Oil Producers, LLC ("BTA") proposes to drill the BTA-Ogden 20509 32-29 Fed Com #5H well ("the Ogden #5H"). Records indicate that Marathon Oil Permian LLC ("Marathon") owns a 29.6875% working interest in the above described lands. Enclosed for your review and approval are two (2) original AFE(s) to drill and complete the Ogden #5H, a proposed 17,142' MD, and 9,450' TVD horizontal Wolfcamp Sand well with the SHL of 2472' FNL 1,357' FWL of Sec 32, T23S, R28E in Eddy County, New Mexico. The 480 acre spacing unit for the Ogden #5H covers the W/2 of Section 29 and the NW/4 of Section 32, Township 23 South, Range 28 East in Eddy County, New Mexico. Please note that the Ogden #5H is a horizontal well and there will not be a casing point election. The election to participate in drilling the Ogden #5H is also an election to participate in the completion of the Ogden #5H.

Should you elect to participate in the drilling of the Ogden #5H, please so indicate in the space provided and return one (1) executed copy of this letter to the undersigned along with one (1) executed copy of the AFE. The anticipated spud date of the Ogden #5H is March 2017.

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

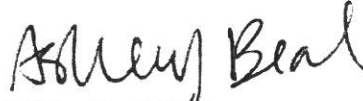
Exhibit No. 3

Submitted by: BTA OIL PRODUCERS

Special Hearing Date: April 24, 2018

Should you have any questions, or wish to discuss, please call me at (432) 682-3753.

Respectfully,



Ashley Beal, RPL
Landman

_____ Marathon hereby elects to participate in the drilling and completion of the
proposed Ogden #5H Ogden 20509 32-29 Fed Com #5H well

_____ Marathon hereby elects NOT to participate in the drilling and completion of the
proposed Ogden #5H Ogden 20509 32-29 Fed Com #5H well

Working Interest Owner:

Marathon Oil Permian LLC

By: _____

Title: _____

Date: _____

AB

Enclosures

C:\Users\mlagan\Documents\Land\Letters\AB\Well Proposal - Ogden 20509 32-29 Fed Com #5H (Marathon) (2).docx

BTA OIL PRODUCERS
WELL COST ESTIMATE & AUTHORITY FOR EXPENDITURE

Well Name: Ogden 20509 32-29 Fed Com #5H
4-1/2" production liner
1.5 mile
Location: SHL: 2472' FNL 1357 FWL Sec 32 23S 28E
BHL: 200' FNL 1980 FWL Sec 29 23S 28E
Eddy County, NM
Date Prepared: 2/1/18

Total Depth: 9,450' TVD
17,142' MD
Formation: Wolfcamp Sand

| | | Prepared By: | | | TOTAL COST |
|-------------------------------|--|---------------------|---------------------|---------------------|---------------------|
| | | NE | NE | TW | |
| | | DRY | CASED HOLE | COMPLETION | |
| CODE | DESCRIPTION | | | | |
| INTANGIBLE COSTS | | | | | |
| 2203 | LOGS | 5,000 | | 7,200 | 12,200 |
| 2204 | CORES | | | | 0 |
| 2205 | DST | | | | 0 |
| | LOCATION & ACCESS | | | | 0 |
| 2211 | SURVEY & STAKE | 5,000 | | | 5,000 |
| 2212 | DAMAGES | 10,000 | | | 10,000 |
| 2213 | ROAD & LOCATION | 58,000 | | 100,000 | 158,000 |
| 2214 | OTHER LOCATION | 110,000 | | | 110,000 |
| | DRILLING RIG | | | | 0 |
| 2223 | MOBILIZATION | 60,000 | | | 60,000 |
| 2225 | DAYWORK | 409,500 | 78,000 | | 487,500 |
| 2226 | FOOTAGE | | | | 0 |
| 227 | TURNKEY | | | | 0 |
| | DRILLING SUPPLIES | | | | 0 |
| 2232 | BITS | 60,000 | | | 60,000 |
| 2233 | BHA | 25,000 | | | 25,000 |
| 2234 | FUEL | 89,775 | 18,000 | 50,000 | 157,775 |
| 2236 | OTHER SUPPLIES | | | | 0 |
| | MUD RELATED | | | | 0 |
| 2241 | MUD PURCHASE | 90,000 | 5,000 | | 95,000 |
| 2242 | MUD RENTAL | | | | 0 |
| 2244 | FRESH WATER | 25,000 | 5,000 | 520,000 | 550,000 |
| 2245 | BRINE | 20,000 | | | 20,000 |
| 2246 | SOLIDS CONTROL (Centrifuge) | 26,565 | 9,000 | | 35,565 |
| 2247 | MUD MONITOR | 18,000 | 1,000 | | 19,000 |
| 2248 | MUD RELATED OTHER | 8,000 | | | 8,000 |
| | DRILLING SERVICES | | | | 0 |
| 2252 | ROP RELATED | 15,000 | 4,000 | | 19,000 |
| 2253 | CASING RELATED | 15,000 | 45,000 | | 60,000 |
| 2254 | WELDING | 8,000 | 2,000 | | 10,000 |
| 2255 | TRUCKING | 25,000 | 10,000 | 30,000 | 65,000 |
| 2256 | RENTAL EQUIP. | 45,000 | 10,000 | 230,000 | 285,000 |
| 2257 | OTHER SERVICES (Direction/GR Services) | 199,500 | | | 199,500 |
| | CEMENT | | | | 0 |
| 2261 | CASING CEMENTING | 120,000 | 80,000 | | 200,000 |
| 2262 | OTHER CEMENTING | | | 150,000 | 150,000 |
| | CONTRACT SERVICES | | | | 0 |
| 2266 | ENGINEERING | 8,000 | | | 8,000 |
| 2267 | GEOLOGICAL | 20,000 | | | 20,000 |
| 2268 | ROUSTABOUT | 8,000 | | 5,000 | 13,000 |
| 2269 | WELL SITE SUPERVISION | 43,470 | 14,400 | 50,000 | 107,870 |
| 2270 | OTHER CONTRACT SERV. | 5,000 | | | 5,000 |
| | COMPLETION SERVICES | | | | 0 |
| 2272 | PULLING UNIT | | | 20,000 | 20,000 |
| 2273 | DRILLING RIG | | | | 0 |
| 2276 | PERFORATE | | | 240,000 | 240,000 |
| 2277 | STIMULATION | | | 3,400,000 | 3,400,000 |
| 2278 | OTHER COMPL. SERV. | | | 180,000 | 180,000 |
| | OVERHEAD | | | | 0 |
| 2280 | DRLC & ADMIN. | 10,000 | | 4,800 | 14,800 |
| TOTAL INTANGIBLE COSTS | | \$ 1,541,810 | \$ 281,400 | \$ 4,986,800 | \$ 6,810,010 |
| TANGIBLE COSTS | | | | | |
| TUBULARS | | | | | |
| 2311 | SURFACE CASING (13 3/8" @ 450') | 16,000 | | | 16,000 |
| 2312 | INTERMEDIATE CSG (9 5/8" @ 2,600') | 76,000 | | | 76,000 |
| 2313 | DRLG LINER & HANGER | | | | 0 |
| 2314 | PRODUCTION CSG 7" @ 10100 | 236,000 | | | 236,000 |
| 2315 | PROD LINER & HNGR 4-1/2" @ TD (8000') | | 90,000 | | 90,000 |
| 2316 | OTHER TUBULARS | | | | 0 |
| | WELL EQUIPMENT | | | | 0 |
| 2321 | WELL HEAD | 22,000 | 10,000 | 45,000 | 77,000 |
| 2322 | FLOWLINE | | | 10,000 | 10,000 |
| 2325 | TUBING | | | 50,000 | 50,000 |
| 2326 | RODS | | | | 0 |
| 2327 | PUMPS | | | | 0 |
| 2328 | PUMPING UNIT | | | | 0 |
| 2329 | SUBSURFACE EQUIP | | | 25,000 | 25,000 |
| 2331 | OTHER WELL EQUIP | | 90,000 | 3,000 | 93,000 |
| | LEASE EQUIPMENT | | | | 0 |
| 2361 | TANKS | | | | 0 |
| 2362 | SEPARATORS | | | | 0 |
| 2363 | HEATER TREATER | | | | 0 |
| 2364 | PUMPS | | | | 0 |
| 2365 | ELECTRICAL SYSTEM | | | 5,000 | 5,000 |
| 2366 | METERS | | | | 0 |
| 2367 | CONNECTORS | | | | 0 |
| 2368 | LACT EQUIP | | | | 0 |
| 2369 | OTHER LEASE EQUIP | | | 362,500 | 362,500 |
| SUBTOTAL - TANGIBLES | | 350,000 | 190,000 | 500,500 | 1,040,500 |
| SYSTEMS | | | | | |
| 2353 | GAS LINE TANGIBLES | | | 0 | 0 |
| 2353 | GAS LINE INTANGIBLES | | | 0 | 0 |
| 2381 | COMPRESSOR | | | - | 0 |
| 2382 | GAS PLANT TANGIBLES | | | - | 0 |
| 2382 | GAS PLANT INTANGIBLES | | | - | 0 |
| 2384 | DEHYDRATOR | | | - | 0 |
| SUBTOTAL - SYSTEMS | | 0 | 0 | 0 | 0 |
| TOTAL TANGIBLE COSTS | | 350,000 | 190,000 | 500,500 | \$ 1,040,500 |
| GENERAL CONTINGENCIES | | 113,509 | 28,284 | 329,238 | |
| TOTAL BY PHASE | | \$ 2,005,319 | \$ 499,684 | \$ 5,816,538 | \$ 7,850,510 |
| CUMULATIVE WELL COSTS | | \$ 2,005,319 | \$ 2,505,003 | \$ 6,321,541 | |

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 4
Submitted by: **BTA OIL PRODUCERS**
Special Hearing Date: April 24, 2018

NM OIL CONSERVATION
ARTESIA DISTRICT

Form 3160-3
(March 2012)

JUL 24 2017

FORM APPROVED
OMB No. 1004-0137
Expires October 31, 2014

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

APPLICATION FOR PERMIT TO DRILL OR REENTER

| | | |
|---|---|--|
| 1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER | | 5. Lease Serial No. NMNM100335 |
| 1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone | | 6. If Indian, Allottee or Tribe Name |
| 2. Name of Operator BTA OIL PRODUCERS LLC | | 7. If Unit or CA Agreement, Name and No. |
| 3a. Address 104 S. Pecos Midland TX 79701 | | 8. Lease Name and Well No. 318086 OGDEN 20509 32-29 FED COM 6H |
| 3b. Phone No. (include area code) (432)682-3753 | | 9. API Well No. 30-015-44340 |
| 4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface SENW / 2472 FNL / 1327 FWL / LAT 32.261966 / LONG -104.113863 At proposed prod. zone NENW / 200 FNL / 1950 FWL / LAT 32.261966 / LONG -104.113863 | | 10. Field and Pool, or Exploratory PURPLE SAGE / WOLFCAMP |
| 14. Distance in miles and direction from nearest town or post office* 2.06 miles | | 11. Sec., T. R. M. or Blk and Survey or Area SEC 32 / T23S / R28E / NMP |
| 15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 200 feet | 16. No. of acres in lease 120 | 12. County or Parish EDDY |
| 17. Spacing Unit dedicated to this well 280 | 18. Distance from proposed location* to nearest well, drilling, completed. 821 feet applied for, on this lease, ft. | 13. State NM |
| 19. Proposed Depth 10235 feet / 17744 feet | 20. BLM/BIA Bond No. on file FED: NMB000849 | |
| 21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3107 feet | 22. Approximate date work will start* 08/01/2017 | 23. Estimated duration 45 days |

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, must be attached to this form:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. 2. A Drilling Plan. 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office). | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). 5. Operator certification. 6. Such other site specific information and/or plans as may be required by the BLM. |
|---|--|

| | | |
|--|---|--------------------|
| 25. Signature (Electronic Submission) | Name (Printed Typed) Kayla McConnell / Ph: (432)682-3753 | Date 02/27/2017 |
| Title Regulatory Analyst | | |
| Approved by (Signature) (Electronic Submission) | Name (Printed Typed) Cody Layton / Ph: (575)234-5959 | Date 07/14/2017 |
| Title Supervisor Multiple Resources | | |

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2)

*(Instructions on page 2)



RUP 7-25-17



BTA OIL PRODUCERS, LLC

104 SOUTH PECOS STREET
MIDLAND, TEXAS 79701-5021
432-682-3753
FAX 432-683-0311

CARLTON BEAL, JR.
BARRY BEAL
SPENCER BEAL
KELLY BEAL
BARRY BEAL, JR.
STUART BEAL
ROBERT DAVENPORT, JR.

GULF COAST DISTRICT
TOTAL PLAZA
1201 LOUISIANA STREET, STE. 570
HOUSTON, TEXAS 77002
713-658-0077 FAX 713-655-0346

ROCKY MOUNTAIN DISTRICT
600 17TH STREET, STE. 2230 SOUTH
DENVER, COLORADO 80202
303-534-4404 FAX 303-534-4661

October 25, 2017

Certified Return Receipt
70150640000150986844

In re: BTA – Ogden 20509 32-29 Fed Com #6H
W/2 Section 29 & NW/4 of Section 32-T23S-R28E
Eddy County, New Mexico
BTA 20509 JV-P Ogden, Tr. II

Marathon Oil Company
5555 San Felipe Street
Houston, TX 77056

Attention: Matt S. Tate

Mr. Tate:

BTA Oil Producers, LLC ("BTA") proposes to drill the BTA-Ogden 20509 32-29 Fed Com #6H well ("the Ogden #6H"). Records indicate that Marathon Oil Permian LLC ("Marathon") owns a 29.6875% working interest in the above described lands. Enclosed for your review and approval are two (2) original AFE(s) to drill and complete the Ogden #6H, a proposed 17,142' MD, and 9,450' TVD horizontal Wolfcamp Sand well with the SHL of 2472' FNL 1,327' FWL of Sec 32, T23S, R28E in Eddy County, New Mexico. The 480 acre spacing unit for the Ogden #5H covers the W/2 of Section 29 and the NW/4 of Section 32, Township 23 South, Range 28 East in Eddy County, New Mexico. Please note that the Ogden #6H is a horizontal well and there will not be a casing point election. The election to participate in drilling the Ogden #6H is also an election to participate in the completion of the Ogden #6H.

Should you elect to participate in the drilling of the Ogden #6H, please so indicate in the space provided and return one (1) executed copy of this letter to the undersigned along with one (1) executed copy of the AFE. A proposed Joint Operating Agreement covering W/2 of Section 29 and the NW/4 of Section 32, Township 23 South, Range 28 East from the top of the Bone Spring formation to the base of the Wolfcamp formation will follow shortly. The anticipated spud date of the Ogden #6H is February 2017.

Should you have any questions, or wish to discuss, please call me at (432) 682-3753.

Respectfully,



Ashley Beal, RPL
Landman

_____ Marathon hereby elects to participate in the drilling and completion of the proposed Ogden #6H Ogden 20509 32-29 Fed Com #6H well

_____ Marathon hereby elects NOT to participate in the drilling and completion of the proposed Ogden #6H Ogden 20509 32-29 Fed Com #6H well

Working Interest Owner:

Marathon Oil Permian LLC

By: _____

Title: _____

Date: _____

AB

Enclosures

C:\Users\mlagan\Documents\Land\Letters\AB\Well Proposal - Ogden 20509 32-29 Fed Com #6H (Marathon).docx

BTA OIL PRODUCERS
WELL COST ESTIMATE & AUTHORITY FOR EXPENDITURE

Well Name: Ogden 20509 32-29 Fed Com #6H
 4-1/2" production liner
 1.5 mile
 Location: SHL: 2472' FNL 1327 FWL Sec 32 23S 28E
 BHL: 200' FNL 660 FWL Sec 29 23S 28E
 Eddy County, NM
 Date Prepared: 2/1/2018

Total Depth: 9,450' TVD
 17,142' MD
 Formation: Wolfcamp Sand

| | | Prepared By: | | | |
|-------------------------------|--|---------------------|---------------------|---------------------|---------------------|
| | | NE | NE | TW | |
| | | DRY | CASED HOLE | COMPLETION | TOTAL COSTS |
| CODE | DESCRIPTION | \$ | \$ | \$ | \$ |
| INTANGIBLE COSTS | | | | | |
| 2203 | LOGS | 5,000 | | 7,200 | 12,200 |
| 2204 | CORES | | | | 0 |
| 2205 | DST | | | | 0 |
| LOCATION & ACCESS | | | | | |
| 2211 | SURVEY & STAKE | 5,000 | | | 5,000 |
| 2212 | DAMAGES | 10,000 | | | 10,000 |
| 2213 | ROAD & LOCATION | 58,000 | | 100,000 | 158,000 |
| 2214 | OTHER LOCATION | 110,000 | | | 110,000 |
| DRILLING RIG | | | | | |
| 2223 | MOBILIZATION | 60,000 | | | 60,000 |
| 2225 | DAYWORK | 409,500 | 78,000 | | 487,500 |
| 2226 | FOOTAGE | | | | 0 |
| 2227 | TURNKEY | | | | 0 |
| DRILLING SUPPLIES | | | | | |
| 2232 | BITS | 60,000 | | | 60,000 |
| 2233 | BHA | 25,000 | | 50,000 | 75,000 |
| 2234 | FUEL | 89,775 | 18,000 | | 107,775 |
| 2236 | OTHER SUPPLIES | | | | 0 |
| MUD RELATED | | | | | |
| 2241 | MUD PURCHASE | 90,000 | 5,000 | | 95,000 |
| 2242 | MUD RENTAL | | | | 0 |
| 2244 | FRESH WATER | 25,000 | 5,000 | 520,000 | 550,000 |
| 2245 | BRINE | 20,000 | | | 20,000 |
| 2246 | SOLIDS CONTROL (Centrifuge) | 26,565 | 9,000 | | 35,565 |
| 2247 | MUD MONITOR | 18,000 | 1,000 | | 19,000 |
| 2249 | MUD RELATED OTHER | 8,000 | | | 8,000 |
| DRILLING SERVICES | | | | | |
| 2252 | BOP RELATED | 15,000 | 4,000 | | 19,000 |
| 2253 | CASING RELATED | 15,000 | 45,000 | | 60,000 |
| 2254 | WELDING | 8,000 | 2,000 | | 10,000 |
| 2255 | TRUCKING | 25,000 | | 30,000 | 55,000 |
| 2256 | RENTAL EQUIP | 45,000 | 10,000 | 230,000 | 285,000 |
| 2257 | OTHER SERVICES (Direction/GR Services) | 199,500 | | | 199,500 |
| CEMENT | | | | | |
| 2261 | CASING CEMENTING | 120,000 | 80,000 | | 200,000 |
| 2262 | OTHER CEMENTING | | | 150,000 | 150,000 |
| CONTRACT SERVICES | | | | | |
| 2266 | ENGINEERING | 8,000 | | | 8,000 |
| 2267 | GEOLOGICAL | 20,000 | | | 20,000 |
| 2268 | ROUSTABOUT | 8,000 | | 5,000 | 13,000 |
| 2269 | WELL SITE SUPERVISION | 43,470 | 14,430 | 50,000 | 107,900 |
| 2270 | OTHER CONTRACT SERV | 5,000 | | | 5,000 |
| COMPLETION SERVICES | | | | | |
| 2272 | PULLING UNIT | | | 20,000 | 20,000 |
| 2273 | DRILLING RIG | | | | 0 |
| 2276 | PERFORATE | | | 240,000 | 240,000 |
| 2277 | STIMULATION | | | 3,400,000 | 3,400,000 |
| 2278 | OTHER COMPL. SERV. | | | 180,000 | 180,000 |
| 2280 | OVERHEAD | | | | 0 |
| 2280 | DRLG & ADMIN | 10,000 | | 4,800 | 14,800 |
| TOTAL INTANGIBLE COSTS | | \$ 1,541,810 | \$ 281,400 | \$ 4,986,800 | \$ 6,810,010 |
| TANGIBLE COSTS | | | | | |
| 2311 | SURFACE CASING (13 3/8" @ 450') | 16,000 | | | 16,000 |
| 2312 | INTERMEDIATE CSG (9 5/8" @ 2,600') | 76,000 | | | 76,000 |
| 2313 | DRLG LINER & HANGER | | | | 0 |
| 2314 | PRODUCTION CSG 7" @ 10100 | 236,000 | | | 236,000 |
| 2315 | PROD LINER & HNGR 4-1/2" @ TD (8000') | | 90,000 | | 90,000 |
| 2316 | OTHER TUBULARS | | | | 0 |
| WELL EQUIPMENT | | | | | |
| 2321 | WELL HEAD | 22,000 | 10,000 | 45,000 | 77,000 |
| 2322 | FLOWLINE | | | 10,000 | 10,000 |
| 2325 | TUBING | | | 50,000 | 50,000 |
| 2326 | RODS | | | | 0 |
| 2327 | PUMPS | | | | 0 |
| 2328 | PUMPING UNIT | | | | 0 |
| 2329 | SUBSURFACE EQUIP | | | 25,000 | 25,000 |
| 2331 | OTHER WELL EQUIP | | 90,000 | 3,000 | 93,000 |
| LEASE EQUIPMENT | | | | | |
| 2361 | TANKS | | | | 0 |
| 2362 | SEPARATORS | | | | 0 |
| 2363 | HEATER TREATER | | | | 0 |
| 2364 | PUMPS | | | | 0 |
| 2365 | ELECTRICAL SYSTEM | | | 5,000 | 5,000 |
| 2366 | METERS | | | | 0 |
| 2367 | CONNECTORS | | | | 0 |
| 2368 | LACT EQUIP | | | 392,500 | 392,500 |
| 2369 | OTHER LEASE EQUIP | | | | 0 |
| SUBTOTAL - TANGIBLES | | 350,000 | 190,000 | 500,500 | 1,040,500 |
| SYSTEMS | | | | | |
| 2353 | GAS LINE TANGIBLES | | | | 0 |
| 2353 | GAS LINE INTANGIBLES | | | | 0 |
| 2381 | COMPRESSOR | | | | 0 |
| 2382 | GAS PLANT TANGIBLES | | | | 0 |
| 2382 | GAS PLANT INTANGIBLES | | | | 0 |
| 2384 | DEHYDRATOR | | | | 0 |
| SUBTOTAL - SYSTEMS | | 0 | 0 | 0 | 0 |
| TOTAL TANGIBLE COSTS | | 350,000 | 190,000 | 500,500 | \$ 1,040,500 |
| GENERAL CONTINGENCIES | | 113,509 | 28,284 | 329,238 | |
| RENTALS BY PHASE | | \$ 2,005,319 | \$ 499,684 | \$ 5,816,538 | \$ 7,850,510 |
| CUMULATIVE WELL COSTS | | \$ 2,005,319 | \$ 2,505,003 | \$ 8,321,541 | |