

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

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Sarah Cottrell Propst
Cabinet Secretary

Todd E. Leahy, JD, PhD
Deputy Secretary

Adrienne Sandoval, Director
Oil Conservation Division



December 8, 2020

Marathon Oil Permian, LLC
c/o Deana M. Bennett, Attorney
deana.bennett@modrall.com
P.O. Box 2168
Albuquerque, New Mexico 87103

RE: Request for Time Extension to Commence Completions

Case No. 20562, R-20713 approved date June 13, 2019

Deadline to commence completions One (1) year from drilling commencement

Applicant/Operator: Marathon Oil Permian, LLC

Proposed Wells:

Hades 2 SB State Com Well No. 5H, API No. 30-015-46134 (Formerly Hades 2 TBC State Com Well No. 1H)

Hades 2 SB State Com Well No. 3H, API No. 30-015-46135

Dear Sir or Madam:

The following pertains to your request received by the Division on December 3rd, 2020 and to the requirements in the captioned hearing order.

You have requested an extension of the deadline to commence completions given by the Division in the captioned order.

As stated, you are requesting an extension to commence completions due to “changes in Marathon’s drilling schedule due to COVID-19 and current market conditions” There was no opposition in the captioned case. You are requesting an additional year to commence completions. The date is now extended to, **December 7, 2021**.

The requested additional year in which to commence completions is hereby granted.

All other provisions of this order remain in full force and effect.

Sincerely,

ADRIENNE SANDOVAL
Director
AS/jag



MODRALL SPERLING

L A W Y E R S

December 3, 2020

Via E-mail

Oil Conservation Division
Energy, Minerals and Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505
Ocd.engineer.nm.us

Deana M. Bennett
Deana.bennett@modrall.com
505-848-1834 (direct)
505-848-1800 (office)

Re: Completion Extension Request for:

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

**CASE NO. 20562
ORDER NO. R-20713**

Dear OCD:

Marathon Oil Permian, LLC (“Marathon”) respectfully requests a one (1) year extension to complete the wells under Order No. R-20713 (the “Order”). This extension is being requested because there have been changes in Marathon’s drilling schedule due to COVID-19 and current market conditions. The wells and lands impacted by this extension are the following:

WELLS: Hades 2 SB State Com Well No. 5H (formerly the 1H well); API No. 30-015-46134¹
Hades 2 SB State Com Well No. 3H, API No. 30-015-46135

LANDS: 320-acre (more or less) spacing unit underlying the E/2 of Section 2, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico.

The Order was issued on June 13, 2019, and requires Marathon to commence completion operations within one year after commencement of drilling operations. Order, p. 3, ¶ 6. Marathon timely commenced drilling operations but requires additional time to commence completion operations. Marathon spud the Hades 2 SB State Com Well No. 5H on December 18, 2019, and spud the Hades 2 SB State Com Well No. 3H on December 7, 2019. *See Rice Self-Affirmed Statement*, attached as Exhibit A to this request. Marathon asks that the deadline to complete each of these wells be extended to December 18, 2021, which is one year from the date

¹ After the Order was entered, Marathon requested that the name of the Hades 2 TBC State Com Well No. 1H (API No. 30-015-46134) be changed to Hades 2 SB State Com Well No. 5H, which the OCD approved.

Modrall Spierling
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

Marathon spud the Hades 2 SB State Com Well No. 5H well, so that the deadline for completion for both wells is the same date. Alternatively, Marathon requests that the deadline to complete Hades 2 SB State Com Well No. 5H be extended to December 18, 2021, and the deadline to complete the Hades 2 SB State Com Well No. 3H be extended to December 7, 2021.

The Order states Marathon may request a written extension of time from the Division Director “pursuant to a written request stating its reasons for such extension and attaching satisfactory evidence.” *See* Order, p. 3, ¶ 6. The Order also states that Marathon “shall provide a copy of any request for extension of time to drill or complete any well filed with the Director pursuant to this order to each pooled working interest owner who has elected to participate in the drilling of any well that is the subject of the request.” *See* Order, p. 3, ¶ 4. Marathon attaches an affidavit of a Land Professional confirming that there are no parties entitled to notice under this requirement, and that Marathon’s extension request is made in good faith and warranted. *See* Rice Self-Affirmed Statement, attached as Exhibit A to this request.

Sincerely,

A handwritten signature in blue ink that reads "Deana M. Bennett".

Deana M. Bennett

Attorney for Marathon Oil Permian LLC

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

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

**CASE NO. 20562
ORDER NO. R-20713**

SELF AFFIRMED STATEMENT OF CHASE RICE

1. I am over the age of 18, I am a landman for Marathon Oil Permian LLC and have personal knowledge of the matters stated herein. I have been qualified by the Oil Conservation Division (“Division”) as an expert petroleum landman.

2. I submit the following information in support receiving extensions for the above referenced compulsory pooling orders.

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

4. I am familiar with the order the Division issued in the above captioned case.

5. I am familiar with the status of the lands that are subject to the compulsory pooling order and with the status of Marathon’s operations on the spacing unit approved by the order.

6. I have reviewed the compulsory pooling order in the above captioned case.

7. I have reviewed Marathon’s records regarding each of the Hades wells that are this subject of this extension request. Marathon requested that the name of the Hades 2 TBC State Com Well No. 1H (API No. 30-015-46134) be changed to Hades 2 SB State Com Well No. 5H, which the OCD approved.

8. The spud date for the Hades 2 SB State Com Well No. 5H was December 18, 2019, and the spud date for the Hades 2 SB State Com Well No. 3H was December 7, 2019.

9. Marathon timely spud the wells under the Order but is requesting additional time to complete the wells.

10. Due to the recent COVID-19 pandemic and downturn in the oil and gas market, Marathon is not able to complete the wells within the timeline outlined in the order.

11. Order R-20713 requires Marathon to provide notice to pooled working interest owners that have elected into the wells that are the subject of these extension request. I have reviewed Marathon's records, and Marathon now owns 100% of the working interests in the leases related to the Hades wells subject to Order R-20713. Thus, there are no parties to whom Marathon must provide notice.

12. It is my opinion that the granting of this extension is reasonable and in the interests of conservation and the prevention of waste.

13. I affirm that the testimony in paragraphs 1-12 above is true and correct to the best of my knowledge and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.


Chase Rice

12-3-2020
Date