

**Before the Oil Conservation Division
Examiner Hearing September 10, 2020**

Case No. 21388

Maximus 5 WXY Fed Com 1H & Maximus 5 WXY Fed Com 2H



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

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

CASE NO. 21388

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Tab C: Affidavit of Matt Baker, Geologist

- Exhibit C-8: Locator Map
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- Exhibit C-10: Geology Study
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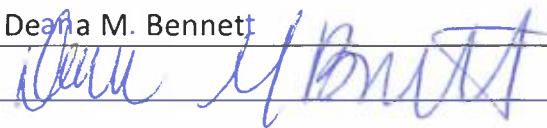
COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 21388	APPLICANT'S RESPONSE
Date: 09/10/2020 (Hearing date)	
Applicant:	Marathon Oil Permian LLC
Designated Operator & OGRID (affiliation if applicable)	Marathon Oil Permian LLC (OGRID 372098)
Applicant's Counsel:	Modrall Sperling
Case Title:	Application of Marathon Oil Permian LLC for Compulsory Pooling, Eddy County, New Mexico
Entries of Appearance/Intervenors:	None
Well Family	Maximus
Formation/Pool	
Formation Name(s) or Vertical Extent:	Wolfcamp
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	N/A
Pool Name and Pool Code:	Purple Sage, Wolfcamp ((98220)
Well Location Setback Rules:	Purple Sage, Wolfcamp
Spacing Unit Size:	640 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	640 acres
Building Blocks:	320 acres
Orientation:	E/W
Description: TRS/County	N/2 of Sections 5 and 6, Township 23 South, Range 28 East, NMPM, Eddy 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	N
Proximity Defining Well: if yes, description	N
Applicant's Ownership in Each Tract	See Exhibit B-3, page 16
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed



Well #1: Maximus 5 WXY Fed Com 1H (API Pending)	SHL: 1438' FNL 527' FWL (Unit E) Section 6, T-23-S R-28-E FTP: 1980' FNL 330' FWL Section 6, T-23-S R-28-E BHL: 1980' FNL 330' FEL (Unit 4) Section 25, T-23-S R-28-E Orientation: East to West Completion Target: Upper Wolfcamp Completion Status: Standard TVD: 9,325', MVD: 19,970'
Well #2: Maximus 5 WXY Fed Com 2H (API Pending)	SHL: 1407' FNL 509' FWL (Unit E) Section 6, T-23-S R-28-E FTP: 660' FNL 330' FWL Section 6, T-23-S R-28-E BHL: 660' FNL 330' FEL (Unit A) Section 25, T-23-S R-28-E Orientation: East to West Completion Target: Upper Wolfcamp Completion Status: Standard TVD: 9,325", MVD: 20,011'
Horizontal Well First and Last Take Points	See above; see also Exhibit 2 (Page 13); 5 (Page 19)
Completion Target (Formation, TVD and MD)	See above; see also Exhibit 2 (Page 14); 5 (Page 19)
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000.00
Production Supervision/Month \$	\$800.00
Justification for Supervision Costs	See Exhibit B, ¶ 22.
Requested Risk Charge	See Exhibit B, ¶ 23.
Notice of Hearing	
Proposed Notice of Hearing	See Exhibit B-7, pages 26-31.
Proof of Mailed Notice of Hearing (20 days before hearing)	See Exhibit B-7, pages 26-35
Proof of Published Notice of Hearing (10 days before hearing)	See Exhibit B-7, page 36.
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	See Exhibit B-3, page 15.
Tract List (including lease numbers and owners)	See Exhibit B-3, pages 15-16.
Pooled Parties (including ownership type)	See Exhibit B-3, pages 17.
Unlocatable Parties to be Pooled	None
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	See Exhibit B-5, pages 19-20.

List of Interest Owners (ie Exhibit A of JOA)	See Exhibit B-3, pages 16-17.
Chronology of Contact with Non-Joined Working Interests	See Exhibit B-4, page 18.
Overhead Rates In Proposal Letter	See Exhibit B, ¶ 22.
Cost Estimate to Drill and Complete	See Exhibit B-6, pages 21-24.
Cost Estimate to Equip Well	See Exhibit B-6, pages 21-24.
Cost Estimate for Production Facilities	See Exhibit B-6, pages 21-24.
Geology	
Summary (including special considerations)	See Exhibit C, pages 37-40.
Spacing Unit Schematic	See Exhibit C-8, page 41; C-9, page 42; C-10-A, page 43.
Gunbarrel/Lateral Trajectory Schematic	See Exhibit C-9, page 42.
Well Orientation (with rationale)	See Exhibit C-11, page 47; Exhibit C, ¶ 14.
Target Formation	See Exhibit C-10-C, page 45.
HSU Cross Section	See Exhibit C-10-C, page 45.
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	See Exhibit B-2, pages 13-14.
Tracts	See Exhibit B-3, page 15.
Summary of Interests, Unit Recapitulation (Tracts)	See Exhibit B-3, pages 16-17.
General Location Map (including basin)	See Exhibit C-8, page 41.
Well Bore Location Map	See Exhibit C-10-A, page 43.
Structure Contour Map - Subsea Depth	See Exhibit C-10-A, page 43.
Cross Section Location Map (including wells)	See Exhibit C-10-B, page 44.
Cross Section (including Landing Zone)	See Exhibit C-10-C, page 45.
Additional Information	
Special Provisions/Stipulations	None
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: 9/8/2020	

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

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

CASE NO. 21388

AFFIDAVIT

STATE OF TEXAS)
) ss.
COUNTY OF HARRIS)

Chase Rice, being duly sworn, deposes and states:

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 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 area of Eddy County in New Mexico.

3. I am familiar with the application filed by Marathon in this case.

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

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

6. The purpose of the application is to force pool working interest owners into the horizontal spacing unit described below, and in the wells to be drilled in the unit.



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

8. In this case, Marathon seeks an order from the Division pooling all uncommitted interests within a Wolfcamp horizontal spacing unit underlying the N/2 of Sections 5 and 6, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico.

9. The spacing unit will be dedicated to the **Maximus 5 WXY Fed Com 1H** and **Maximus 5 WXY Fed Com 2H** wells to be horizontally drilled. The Application is in **Tab 1**.

10. Behind **Tab 2** are proposed C-102s for the wells.

11. The C-102s identify the proposed surface hole locations, first take point, and bottom hole locations. The C-102s also identify the pool and pool code.

12. These wells will be located within the Purple Sage Wolfcamp Gas Pool, which is subject to special pool rules that establish 330-foot setback requirements.

13. Marathon's proposal letters identified these wells as having non-standard setbacks. The C-102s reflect a change to the setbacks and these wells will comply with the Division's setback requirements for this pool.

14. A lease tract map outlining the unit being pooled is included behind **Tab 3**. The parties being pooled and the percent of their interests is also included as part of **Tab 3**.

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

16. I have conducted a diligent search of the public records in the county where the wells are located, and conducted phone directory and computer searches to locate contact information for parties entitled to notification, and mailed well proposals to all parties entitled to well proposals, including an Authorization for Expenditure.

17. In my opinion, Marathon has made a good faith effort to obtain voluntary joinder of the working interest owners in the proposed wells.

18. **Tab 4** has a summary of my contacts with the working interest owners is included with Exhibit 4.

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

20. **Tab 5** is the well proposal letter that I sent to all working-interest owners. The proposal letter identifies the proposed surface hole and bottom hole locations and approximate TVD.

21. **Tab 6** contains the Authorization for Expenditure for the proposed wells. The estimated cost of the wells 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.

22. Marathon requests overhead and administrative rates of \$8000.00/month for drilling a well and \$800.00/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.

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

24. Marathon requests that it be designated operator of the wells.

25. Marathon requests that it be allowed a period of one (1) year between when the wells are drilled and when the first well is completed under the order.

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

27. **Tab 7** contains the affidavit 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 Carlsbad Argus newspaper, showing that notice of this hearing was published on August 22, 2020.

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

29. I attest that the information provided herein is correct and complete to the best of my knowledge and belief.

30. The granting of this application is in the interests of conservation and the prevention of waste.

[Signature page follows]

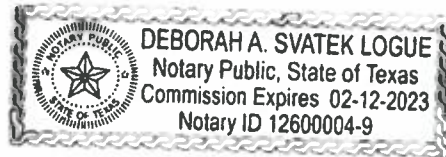
Chase Rice

Chase Rice

SUBSCRIBED AND SWORN to before me this 8 day of September, 2020 by Chase Rice on behalf of Marathon Oil Permian LLC.

Deborah A. Svatek Logue
Notary Public

My commission expires: 02/12/2023



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

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

CASE NO. 21388

APPLICATION

Marathon Oil Permian LLC ("Marathon"), OGRID Number 372098, through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests within a Wolfcamp horizontal spacing unit underlying the N/2 of Sections 5 and 6, Township 23 South, Range 28 East, NMPM, Eddy 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 N/2 of Sections 5 and 6, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico to form a 640-acre, more or less, spacing unit.
3. Marathon plans to drill the **Maximus 5 WXY Fed Com 1H** and the **Maximus 5 WXY Fed Com 2H** wells to a depth sufficient to test the Wolfcamp formation. These wells will be horizontally drilled.



4. These wells will be located within the Purple Sage Wolfcamp Gas Pool, which is subject to special pool rules that establish 330 foot setback requirements.

5. These wells do not comply with the Division's setback requirements for this pool. Marathon will apply for administrative approval of the non-standard well locations separately.

6. Marathon sought, but has been unable to obtain, a voluntary agreement from all mineral interest owners in the Wolfcamp formation underlying the proposed spacing unit to participate in the drilling of the wells or to otherwise commit their interests to the wells.

7. 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.

8. Marathon further requests that it be allowed one (1) year between the time the wells are drilled and completion of the first well under the order issued by the Division.

WHEREFORE, Marathon requests this application be set for hearing before an Examiner of the Oil Conservation Division on September 10, 2020, 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 N/2 of Sections 5 and 6, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico;

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

C. Authorizing Marathon to recover its costs of drilling, equipping and completing these wells;

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

F. Allowing a time period of one (1) year between when the wells are drilled and when the first well is completed under the order.

Respectfully submitted,

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

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

CASE NO. 21388 : Application of Marathon Oil Permian LLC for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the N/2 of Sections 5 and 6, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Maximus 5 WXY Fed Com 1H** and **Maximus 5 WXY Fed Com 2H** wells, to be horizontally drilled. The producing area for these wells will be unorthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the wells, and a 200% charge for risk involved in drilling said wells, and allowing a one year period between when the wells are drilled and when the first well is completed. Said area is located approximately 4 miles Northwest of Loving, 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 98220	³ Pool Name PURPLE SAGE; WOLFCAMP (GAS)
⁴ Property Code	⁵ Property Name MAXIMUS 5 WXY FED COM	⁶ Well Number 1H
⁷ OGRID No. 372098	⁸ Operator Name MARATHON OIL PERMIAN LLC	⁹ Elevation 3047'

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
E	6	23S	28E		1438	NORTH	527	WEST	EDDY

¹¹ Bottom Hole Location If Different From Surface

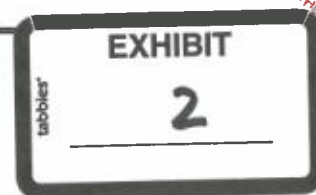
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	5	23S	28E		1980	NORTH	330	EAST	EDDY

¹² Dedicated Acres 636.84	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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>CORNER COORDINATES NAD 83, SPCS NM EAST A - X: 605254.05' / Y: 488127.16' B - X: 807921.17' / Y: 488131.89' C - X: 613253.53' / Y: 488203.58' D - X: 613241.01' / Y: 485581.53' E - X: 607879.75' / Y: 485509.48' F - X: 602630.01' / Y: 485467.87' G - X: 602656.22' / Y: 488122.56'</p> <p>CORNER COORDINATES NAD 27, SPCS NM EAST A - X: 564071.89' / Y: 488067.71' B - X: 566738.97' / Y: 488072.41' C - X: 572071.26' / Y: 488144.03' D - X: 572058.69' / Y: 485522.04' E - X: 566697.50' / Y: 485450.07' F - X: 561447.82' / Y: 485408.32' G - X: 561474.10' / Y: 488063.14'</p> <p>SURFACE HOLE LOCATION 1438' FNL 527' FWL, SECTION 6 NAD 83, SPCS NM EAST X: 603168.92' / Y: 486685.83' LAT: 32.33781203N / LON: 104.13313215W NAD 27, SPCS NM EAST X: 581986.75' / Y: 486628.43' LAT: 32.33789229N / LON: 104.13263378W</p> <p>FIRST TAKE/KICK OFF POINT 1980' FNL 330' FWL, SECTION 6 NAD 83, SPCS NM EAST X: 602968.70' / Y: 486143.12' LAT: 32.33632125N / LON: 104.13378018W NAD 27, SPCS NM EAST X: 561784.52' / Y: 486083.74' LAT: 32.33620151N / LON: 104.13329184W</p> <p>LAST TAKE POINT/BOTTOM HOLE LOCATION 1980' FNL 330' FWL, SECTION 5 NAD 83, SPCS NM EAST X: 612914.06' / Y: 486219.33' LAT: 32.33647569N / LON: 104.10158227W NAD 27, SPCS NM EAST X: 571731.75' / Y: 486159.83' LAT: 32.33635550N / LON: 104.10108510W</p> <p>SHEET 1 OF 1 JOB No. R3892_015_A REV0 WHM 9/4/2020</p>	<p>¹⁷ OPERATOR CERTIFICATION 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>¹⁸ SURVEYOR CERTIFICATION 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>Date of Survey _____ Signature and Seal of Professional Surveyor: _____</p> <p>PRELIMINARY THIS DOCUMENT IS NOT TO BE USED FOR RECORDATION, BIDDING, RECORDATION, SALE OR THE BASIS FOR THE ISSUANCE OF A PERMIT.</p> <p>Certificate Number _____</p>
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Distances/areas relative to NAD 83 Combined Scale Factor: 0.99991344 Convergence Angle: 00°06'24.26278"



District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
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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 98220	³ Pool Name PURPLE SAGE; WOLFCAMP (GAS)
⁴ Property Code	⁵ Property Name MAXIMUS 5 WXY FED COM	⁶ Well Number 2H
⁷ OGRID No. 372098	⁸ Operator Name MARATHON OIL PERMIAN LLC	⁹ Elevation 3045'

¹⁰ Surface Location

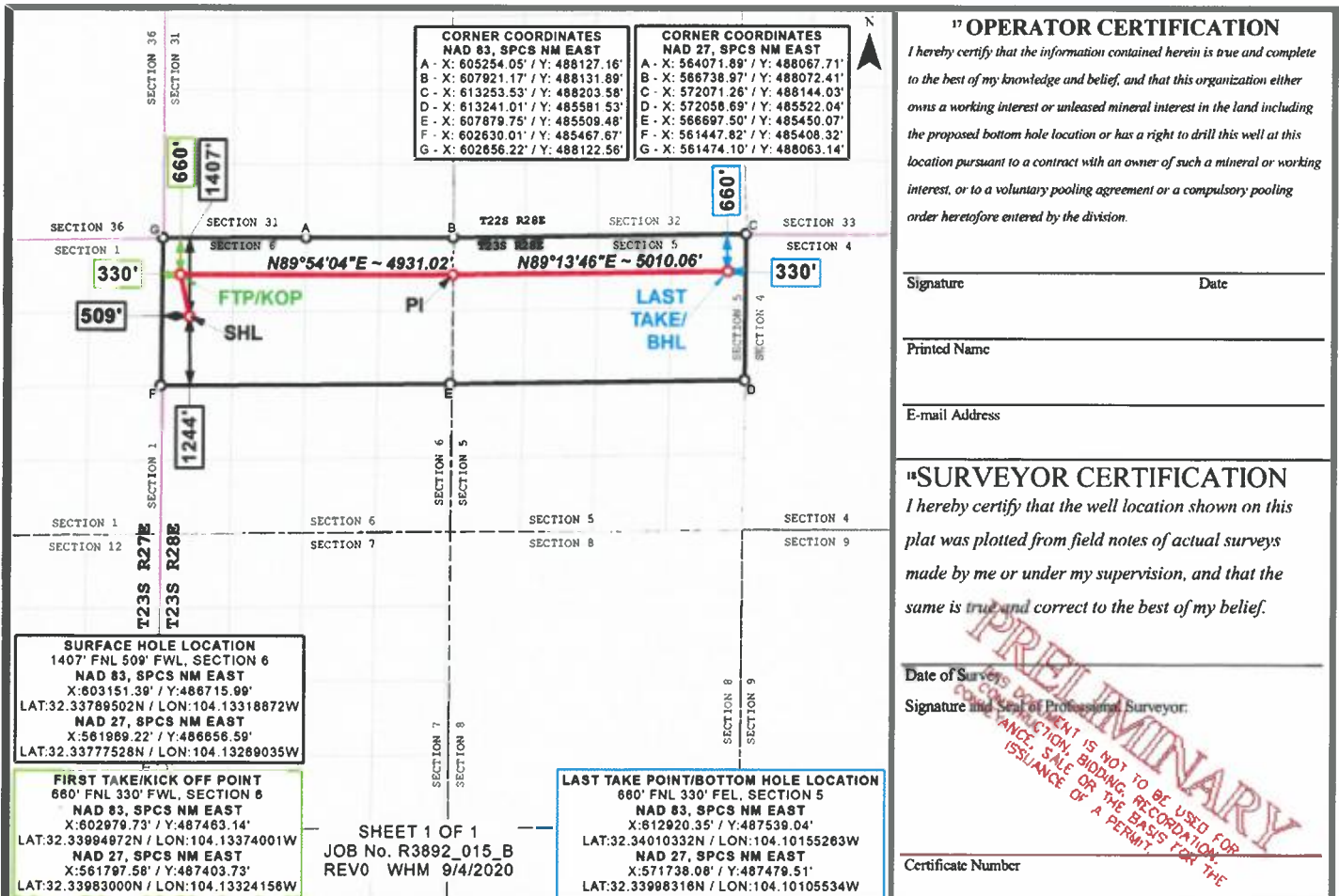
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	6	23S	28E		1407	NORTH	509	WEST	EDDY

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
A	5	23S	28E		660	NORTH	330	EAST	EDDY

¹² Dedicated Acres 636.84	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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.



Distances/areas relative to NAD 83 Combined Scale Factor: 0.99977221 Convergence Angle: 00°07'02.70000"

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- A white card with a black border, labeled "tabbies" at the top. It features the word "EXHIBIT" in large, bold, black letters, and the number "3" in a large, bold, black font below it. A horizontal line is drawn across the card, separating the title from the number.

Exhibit "C" Summary of Interests
Maximus 5 WXY Fed Com 1H & Maximus 5 WXY Fed Com 2H
N/2 of Sections 5 & N/2 Section 6, T23S-R28E – 636.84 acres

Working Interest Owner:

Marathon Oil Permian LLC	74.540185%
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Uncommitted Working Interest:

CL & F Resources, L.P.	17.919205%
Ozark Exploration, Inc.	02.687881%
Mizel Resources, a Trust	00.626984%
Sisbro Oil & Gas, LLC	02.507937%
Accelerate Resources Operating, LLC	01.130582%
Roy G. Barton, Sr. and Opal Barton Revocable Trust	00.392563%
Norma J. Chanley	00.194662%

<u>TOTAL:</u>	100.00000%
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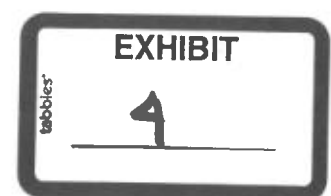


Maximus WI and ORRI Owners

Type	Interest Owner
WI	CL & F Resources, L.P.
WI	Ozark Exploration, Inc.
WI	Mizel Resources, a Trust
WI	Sisbro Oil & Gas, LLC
WI	Accelerate Resources Operating, LLC
WI	Roy G. Barton, Sr. and Opal Barton Revocable Trust
WI & ORRI	Norma J. Chanley, separate property
ORRI	Thomas M. Beall
ORRI	Gahr Ranch and Investments Partnership, Ltd.
ORRI	S.E.S. Investments, Ltd. 401 K Plan
ORRI	George M. Koss
ORRI	Zunis Energy, LLC
ORRI	Susannah D. Adelson, Trustee of the James Adelson & Family 2015 Trusts
ORRI	Logo Energy, LLC
ORRI	Rogo Logo, LLC
ORRI	J. Cleo Thompson and James Cleo Thompson, Jr., L.P.
ORRI	Teresa H. Jolliffe
ORRI	Sam H. Jolliffe, IV, Life Estate Remainderman: Trinidad Joliffée, Sam Joliffée, V, Teresa Jolliffe King
ORRI	Southwest Royalties, Inc.
ORRI	BPL Fish Pond, LLC
ORRI	Robert C. Berger
ORRI	Milton R. Fry
ORRI	William B. Harriman, Jr.
ORRI	Karen C. Lane
ORRI	Elizabeth Trudeau Overly
ORRI	Margaret Jones Kennedy
ORRI	Millis Jeffrey Oakes
ORRI	Stephen William Oakes
ORRI	Benjamin Jacob Oakes
ORRI	Matthew David Oakes
ORRI	Elizabeth Ann Cline
ORRI	Olin Brent Dalton
ORRI	David Trent Dalton
ORRI	Charmar, LLC
ORRI	Winston Resources, LLC
ORRI	McMullen Minerals LLC
ORRI	Pegasus Resources LLC
ORRI	Charles Randall Hicks
ORRI	Kenneth Jay Reynolds
ORRI	Vikki L. Hicks a/k/a Vikki L. Hicks Smith
ORRI	Terri L. Simpson
ORRI	John D. Hamiga

Summary of Attempted Contacts: Maximus

- Marathon sent well proposal letters to the working interest owners on or around April 22, 2020.
- According to Marathon's records, all of the proposal letters were received by the parties to whom they were sent.
- Marathon continued to attempt to contact the parties who had not executed an agreement.
- To date, the following entities have:
 - Indicated they will participate in the JOA or has elected to participate:
 - Roy G. Barton Revocable Trust
 - Ozark Exploration, Inc
 - Accelerate Resources Operating, LLC
- Marathon filed an application to force pool parties who had not entered in to an agreement.
- Marathon sent notices of the force pooling application to the addresses of record at the time of the filing of the application.
- Marathon then also published notice in a newspaper of general circulation in the county where the wells will be located.



Jeffrey Broussard
Landman



Marathon Oil Permian LLC
5555 San Felipe Street
Houston, Texas 77056
Telephone: 713-296-3159
jbroussard1@marathonoil.com

April 22, 2020

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

Accelerate Resources Operating, LLC
5949 Sherry Lane, Suite 1060
Dallas, TX 75225

Re: Well Proposals
Sections 5 & 6, Township 23 South, Range 28 East
Eddy County, New Mexico

Dear Sir or Madam:

Marathon Oil Permian LLC ("Marathon") hereby proposes the drilling of the below-referenced Horizontal Wells located in Sections 5 & 6 T23S-T28E, Eddy County, New Mexico. Accordingly, enclosed are the AFEs for the following wells:

- Maximus 5 WXY Fed Com 1H to be drilled to a depth sufficient to adequately test the Wolfcamp Formation, with an approximate true vertical depth ("TVD") of 9,325' subsurface and a total measured depth of 19,970' from a legal surface location in Unit E of Section 6-T23S-R28E. The proposed First Take Point ("FTP") shall be located approximately 100' FWL x 1980' FNL of Section 6-T23S-R28E and a proposed Last Take Point ("LTP") 100' FEL x 1980' FNL of Section 5-T23S-R28E with a proration unit being the N/2 of Sections 5 and 6 T23S-R28E.
- Maximus 5 WXY Fed Com 2H to be drilled to a depth sufficient to adequately test the Wolfcamp Formation, with an approximate true vertical depth ("TVD") of 9,325' subsurface and a total measured depth of 20,011' from a legal surface location in Unit E of Section 6-T23S-R28E. The proposed First Take Point ("FTP") shall be located approximately 100' FWL x 660' FNL of Section 6-T23S-R28E and a proposed Last Take Point ("LTP") 100' FEL x 600' FNL of Section 5-T23S-R28E with a proration unit being the N/2 of Sections 5 and 6 T23S-R28E.

These proposed locations and target depths are subject to change depending on any surface or subsurface concerns encountered. The enclosed 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.

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 an executed copy of the enclosed AFEs for each well within thirty (30) days of receipt of this proposal.

Marathon proposes that a 1989 AAPL Model Form Operating Agreement (JOA), with a contract area encompassing the N/2 of Sections 5 and 6 from the top of the Wolfcamp Formation to the base of the Wolfcamp Formation be utilized. A copy of which will be subsequently provided for execution.

If you do not wish to participate in these wells, please contact the undersigned to discuss a potential acquisition of your interest via an assignment. If an agreement cannot be reached within 30 days of the date of this letter, Marathon will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into the proration unit for the proposed wells.



Should you have any questions regarding this or other matters, please do not hesitate to contact me at the above listed phone number or email.

Sincerely,



Jeffrey Broussard
Marathon Oil Permian LLC

_____ Accelerate Resources Operating, LLC elects to participate in the drilling, completing, and equipping of the Maximus 5 WXY Fed Com 1H.

_____ Accelerate Resources Operating, LLC elects NOT to participate in the drilling, completing, and equipping of the Maximus 5 WXY Fed Com 1H.

_____ Accelerate Resources Operating, LLC elects to participate in the drilling, completing, and equipping of the Maximus 5 WXY Fed Com 2H.

_____ Accelerate Resources Operating, LLC elects NOT to participate in the drilling, completing, and equipping of the Maximus 5 WXY Fed Com 2H.

Accelerate Resources Operating, LLC

By: _____

Print Name: _____

Title: _____

Date: _____

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

DATE 2/25/2020
 DRILLING & LOCATION PREPARED BY MATTHEW RUGAARD
 COMPLETION PREPARED BY JOSH SHANNON
 FACILITIES PREPARED BY SCOTT KING
 ARTIFICIAL UFT PREPARED BY SCOTT KING

Asset Team	PERMIAN			
Field	Purple Sage; Wolff	FORMATION: WOLFCAMP XY	WILDCAT	EXPLORATION
Lease/Facility	Mardmus S WXY Fed Com 1H		DEVELOPMENT	RECOMPLETION
Location	EDDY COUNTY		X EXPLOITATION	WORKOVER
Prospect	MALAGA			

Est Total Depth	19,970	Est Drilling Days		Est Completion Days	11
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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

7012050	Conductor Pipe	28,000
7012050	Surface Casing	19,000
7012050	Intermediate Casing 1	58,000
7012050	Intermediate Casing 2	245,000
7012050	Production Casing	120,000
7012050	Drig Liner Hanger, Tieback Eq & Csg Accessories	55,000
7012550	Drilling Wellhead Equipment	34,000
7012040	Casing & Tubing Access	24,000
7012270	Miscellaneous MRO Materials	5,000
TOTAL DRILLING - TANGIBLE		588,000

DRILLING COST - INTANGIBLE

7019200	Drilling Rig Mob/Demob	43,333
7019220	Drilling Rig - day work/footage	619,200
7019040	Directional Drilling Services	201,000
7019020	Cement and Cementing Service Surface	15,000
7019020	Cement and Cementing Service Intermediate 1	25,000
7019020	Cement and Cementing Service Intermediate 2	35,000
7019020	Cement and Cementing Service Production	60,000
7019140	Mud Fluids & Services	66,600
7012310	Solids Control equipment	40,680
7012020	Bits	72,000
7019010	Casing Crew and Services	30,000
7016350	Fuel (Rig)	70,635
7019140	Fuel (Mud)	30,000
7001460	Water (non potable)	25,000
7012350	Water (potable)	5,000
7019000	Well Logging Services	-
7019150	Mud Logging-geosteering	18,600
7019250	Stabilizers, Hole Openers, Underreamers (DH rentals)	15,000
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)	60,000
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	21,467
7019350	Well Services - Well/Wellhead Services	10,000
7018150	Rental Tools and Equipment (surface rentals)	91,733
7018150	Rig Equipment and Misc.	11,467
7001110	Telecommunications Services	5,000
7001120	Consulting Services	107,787
7001400	Safety and Environmental	36,693
7018120	Rental Buildings (trailers)	18,347
7019310	Coring (sidewalls & analysis)	-
7011010	7% Contingency & Taxes	200,443
TOTAL DRILLING - INTANGIBLE		\$2,117,985

TOTAL DRILLING COST

\$2,705,985

COMPLETION - TANGIBLE

7012580	Tubing	-
7012040	Tubing Accessories (nipple, wireline entry)	-
7012550	Wellhead Equip	15,000
7012560	Packers - Completion Equipment	-
TOTAL COMPLETION - TANGIBLE		\$15,000



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

DATE 2/25/2020

Asset Team PERMIAN
Field Purple Sage; Wolfc FORMATION: WOLF CAMP XY
Lease/Facility Maximus S WXY Fed Com 1H

COMPLETION - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access (dress location after rig move, set anchors)	10,000
7019220	Drilling Rig During Completion	-
7019140	Mud Fluids & Services	-
7019030	Coiled Tubing Services (3 runs)	350,000
7019240	Snubbing Services	-
7019270	Pulling/Swab Units	-
7016350	Fuel (from drlg)	-
7018010	Casing Crew and Services	-
7019020	Cement and Cementing Services	-
7019080	Well Testing Services (flow hand & equip)	420,000
7019320	Fracturing Services	2,559,074
7019330	Perforating	300,000
7019360	Wireline Services	15,000
7001460	Water Hauling & Disposal (frac fluids)	347,000
7016180	Freight - Truck (haul pipe; drlg & compl)	20,000
7018150	BOP Rental & Testing	-
7018150	Rental Tools and Equipment (incl drlg; lightplant,hydra-walk)	-
7018150	CT Downhole Rental Equipment (ie. Bit, BHA)	-
7000030	Contract Labor - general	60,000
7001110	Telecommunications Services	100,000
7001400	Safety and Environmental	-
7001120	Consulting Services	100,000
7018150	Zipper Manifold	220,000
7019300	Frack Stack Rentals	85,000
7016190	Freight (Transportation Services)	-
7018150	Equipment Rental (w/o operator, frac tanks, lightplants)	100,000
7018120	Rental Buildings (trailers)	35,000
7000030	Contract Labor - Pumping (pump-down pumps)	60,000
7011010	8% Contingency & Taxes	335,926
TOTAL COMPLETION - INTANGIBLE		\$5,117,000
TOTAL COMPLETION COST		\$5,132,000

SURFACE EQUIPMENT - TANGIBLE

7012350	Misc. Piping, Fittings & Valves	16,247
7006640	Company Labor & Burden	-
7000030	Contract Labor - General	57,416
7001110	Telecommunication equip (Telemetry)	-
7012410	Line Pipe & Accessories	-
7012270	Miscellaneous Materials (containment system)	31,387
7008060	SCADA	-
7016180	Freight - truck	-
7001190	Contract Engineering	5,998
7012290	Metering and Instrumentation	4,659
7012290	I&E Materials	105,908
7012200	Gas Treating	-
7012200	Dehydration	-
7012010	Compressor	-
7012350	Power	-
7011610	Vapor Recovery Unit	-
7012440	Separator & other pressure vessels	306,305
7012500	Tanks	235,346
7012100	Heater Treater	-
7012640	Flare & Accessories	16,634
7000010	Electrical Labor	9,608
7000010	Mechanical Labor	-
7012480	Rod Pumping unit & Pad	-
7012180	Pumping Unit Engine	-
7012350	Electrical Power (electrical cooperative construction costs)	-
TOTAL SURFACE EQUIPMENT - TANGIBLE		\$791,507
TOTAL SURFACE EQUIPMENT COST		\$ 791,507

ARTIFICIAL LIFT

7006640	Company Labor	45,000
7012180	Gas Lift Equipment	15,000
7012480	Rod Pumping, Sucker Rods & Rod Pump	6,250
7012140	Elect Sub Pumps (ESP)	17,500
7019350	Well Services-Well/Wellhead Services	6,000
7012270	Materials & Supplies-Tangible	6,000
7012350	Surface Wellhead Equipment	5,000
7012390	Pig Launchers/Receivers & Rel Equip	6,250
7011010	8% Contingency & Taxes	3,000
TOTAL ARTIFICIAL LIFT		110,000
TOTAL ARTIFICIAL LIFT COST		\$ 110,000

SUMMARY OF ESTIMATED DRILLING WELL COSTS

	TOTAL COST
TOTAL LOCATION COST	\$ 112,000
TOTAL DRILLING COST	\$ 2,705,985
TOTAL COMPLETIONS COST	\$ 5,132,000
TOTAL SURFACE EQUIPMENT COST	\$ 791,507
TOTAL ARTIFICIAL LIFT COST	\$ 110,000
GRAND TOTAL COST	\$8,851,492

Participant's Approval

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

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

DATE 2/25/2020
 DRILLING & LOCATION PREPARED BY MATTHEW RUGAARD
 COMPLETION PREPARED BY JOSH SHANNON
 FACILITIES PREPARED BY SCOTT KING
 ARTIFICIAL LIFT PREPARED BY SCOTT KING

Asset Team	PERMIAN			
Field	Purple Sage; Wolfcamp	FORMATION: WOLF CAMP XY	WILDCAT	EXPLORATION
Lease/Facility	Maximus S WXY Fed Com 2H		DEVELOPMENT	RECOMPLETION
Location	EDDY COUNTY		X EXPLOITATION	WORKOVER
Prospect	MALAGA			
Est Total Depth	20,011	Est Drilling Days		Est Completion Days 11

LOCATION COST - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access	67,000
7001250	Land Broker Fees and Services	45,000
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7012050	Surface Casing	19,000
7012050	Intermediate Casing 1	58,000
7012050	Intermediate Casing 2	245,000
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TOTAL DRILLING - TANGIBLE		588,000

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7019020	Cement and Cementing Service Intermediate 2	35,000
7019020	Cement and Cementing Service Production	60,000
7019140	Mud Fluids & Services	66,600
7012310	Solids Control equipment	40,680
7012020	Bits	72,000
7019010	Casing Crew and Services	30,000
7016350	Fuel (Big)	70,635
7019140	Fuel (Mud)	30,000
7001460	Water (non potable)	25,000
7012350	Water (potable)	5,000
7019000	Well Logging Services	-
7019150	Mud Logging-geosteering	18,600
7019250	Stabilizers, Hole Openers, Underreamers (DH rentals)	15,000
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)	60,000
7001160	Contract Services - Disposal/Non-Hazardous Waste	80,000
7001440	Vacuum Trucks	10,000
7000030	Contract Labor - general	30,000
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TOTAL DRILLING COST		\$2,705,985

COMPLETION - TANGIBLE

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7012040	Tubing Accessories (nipple, wireline entry)	-
7012550	Wellhead Equip	15,000
7012560	Packers - Completion Equipment	-
TOTAL COMPLETION - TANGIBLE		\$15,000

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

DATE 2/25/2020

Asset Team PERMIAN
Field Purple Sage; Wolfcamp FORMATION: WOLF CAMP XY
Lease/Facility Maximus S WXY Fed Com 2H

COMPLETION - INTANGIBLE

GL CODE	DESCRIPTION	ESTIMATED COST
7001270	Location and Access (dress location after rig move, set anchors)	10,000
7019220	Drilling Rig During Completion	-
7018140	Mud Fluids & Services	-
7018030	Coiled Tubing Services (3 runs)	350,000
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)	420,000
7019320	Fracturing Services	2,559,074
7019330	Perforating	300,000
7019360	Wireline Services	15,000
7001460	Water Hauling & Disposal (frac fluids)	347,000
7016180	Freight - Truck (haul pipe, drlg & compl)	20,000
7018150	BOP Rental & Testing	-
7018150	Rental Tools and Equipment (Incl drlg, lightplant,hydra-walk)	-
7018150	CT Downhole Rental Equipment (ie. Bt, BHA)	-
7000030	Contract Labor - general	60,000
7001110	Telecommunications Services	100,000
7001400	Safety and Environmental	-
7001120	Consulting Services	100,000
7018150	Zipper Manifold	220,000
7019300	Frack Stack Rentals	85,000
7016190	Freight (Transportation Services)	-
7018150	Equipment Rental (w/o operator, frac tanks, lightplants)	100,000
7018120	Rental Buildings (trailers)	35,000
7000030	Contract Labor - Pumping (pump-down pumps)	60,000
7011010	8% Contingency & Taxes	335,926
TOTAL COMPLETION - INTANGIBLE		\$5,117,000

TOTAL COMPLETION COST

\$5,132,000

SURFACE EQUIPMENT - TANGIBLE

7012350	Misc. Piping, Fittings & Valves	16,247
7006640	Company Labor & Burden	-
7000030	Contract Labor - General	57,416
7001110	Telecommunication equip (Telemetry)	-
7012410	Line Pipe & Accessories	-
7012270	Miscellaneous Materials (containment system)	31,387
7008060	SCADA	-
7016180	Freight - truck	-
7001190	Contract Engineering	5,998
7012290	Metering and Instrumentation	4,659
7012290	I&E Materials	105,908
7012200	Gas Treating	-
7012200	Dehydration	-
7012010	Compressor	-
7012350	8% Contingency & Taxes	-
7012610	Vapor Recovery Unit	-
7012440	Separator & other pressure vessels	306,305
7012500	Tanks	235,346
7012100	Heater Treater	-
7012640	Flare & Accessories	16,634
7000010	Electrical Labor	9,608
7000010	Mechanical Labor	-
7012480	Rod Pumping unit & Pad	-
7012180	Pumping Unit Engine	-
7012350	Electrical Power (electrical cooperative construction costs)	-
TOTAL SURFACE EQUIPMENT - TANGIBLE		\$791,507

TOTAL SURFACE EQUIPMENT COST

\$ 791,507

ARTIFICIAL LIFT

7006640	Company Labor	45,000
7012180	Gas Lift Equipment	15,000
7012480	Rod Pumping, Sucker Rods & Rod Pump	6,350
7012140	Elect Sub Pumps (ESP)	17,500
7019350	Well Services-Well/Wellhead Services	6,000
7012270	Materials & Supplies-Tangible	6,000
7012350	Surface Wellhead Equipment	5,000
7012390	Pig Launchers/Receivers & Rel Equip	6,250
7011010	8% Contingency & Taxes	3,000
TOTAL ARTIFICIAL LIFT		110,000

TOTAL ARTIFICIAL LIFT COST

\$ 110,000

SUMMARY OF ESTIMATED DRILLING WELL COSTS

TOTAL COST

TOTAL LOCATION COST	\$ 112,000
TOTAL DRILLING COST	\$ 2,705,985
TOTAL COMPLETIONS COST	\$ 5,132,000
TOTAL SURFACE EQUIPMENT COST	\$ 791,507
TOTAL ARTIFICIAL LIFT COST	\$ 110,000
GRAND TOTAL COST	\$8,851,492

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 COMPUSLORY
POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 21388
(Maximus)

AFFIDAVIT

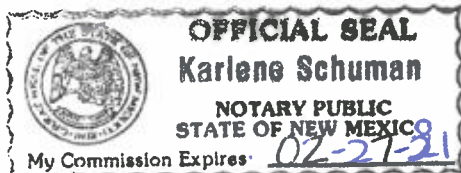
STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

Deana M. Bennett, attorney in fact and authorized representative of Marathon Oil Permian LLC, the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Application was sent under a notice letter, example included, and that proof of receipt and an affidavit of publication are attached hereto.



Deana M. Bennett

SUBSCRIBED AND SWORN to before me this 8th day of September, 2020 by Deana M. Bennett.



My commission expires: 02-27-21



Notary Public





August 20, 2020

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

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

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

CASE NO. 21388

TO: AFFECTED PARTIES

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

In Case No. 21388, Marathon seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the N/2 of Sections 5 and 6, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Maximus 5 WXY Fed Com 1H** and **Maximus 5 WXY Fed Com 2H** wells, to be horizontally drilled. The producing area for these wells will be unorthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the wells, and a 200% charge for risk involved in drilling said wells, and allowing a one year period between when the wells are drilled and when the first well is completed.

During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on September 10, 2020 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 this application, we are notifying you of your right to appear at the hearing and participate in the case, including the right to present evidence either in support of or in opposition to the application. Failure to appear at the hearing may preclude you from any involvement in the case at a later date.

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

You are further notified that if you desire to appear in this case, 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,

A handwritten signature in blue ink, appearing to read "Deana M. Bennett".

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, EDDY COUNTY, NEW MEXICO.**

CASE NO. 21388

APPLICATION

Marathon Oil Permian LLC ("Marathon"), OGRID Number 372098, through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests within a Wolfcamp horizontal spacing unit underlying the N/2 of Sections 5 and 6, Township 23 South, Range 28 East, NMPM, Eddy 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 N/2 of Sections 5 and 6, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico to form a 640-acre, more or less, spacing unit.
3. Marathon plans to drill the **Maximus 5 WXY Fed Com 1H** and the **Maximus 5 WXY Fed Com 2H** wells to a depth sufficient to test the Wolfcamp formation. These wells will be horizontally drilled.

4. These wells will be located within the Purple Sage Wolfcamp Gas Pool, which is subject to special pool rules that establish 330 foot setback requirements.

5. These wells do not comply with the Division's setback requirements for this pool. Marathon will apply for administrative approval of the non-standard well locations separately.

6. Marathon sought, but has been unable to obtain, a voluntary agreement from all mineral interest owners in the Wolfcamp formation underlying the proposed spacing unit to participate in the drilling of the wells or to otherwise commit their interests to the wells.

7. 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.

8. Marathon further requests that it be allowed one (1) year between the time the wells are drilled and completion of the first well under the order issued by the Division.

WHEREFORE, Marathon requests this application be set for hearing before an Examiner of the Oil Conservation Division on September 10, 2020, 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 N/2 of Sections 5 and 6, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico;

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

C. Authorizing Marathon to recover its costs of drilling, equipping and completing these wells;

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

F. Allowing a time period of one (1) year between when the wells are drilled and when the first well is completed under the order.

Respectfully submitted,

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

By: Deana M. Bennett

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

CASE NO. 21388 : Application of Marathon Oil Permian LLC for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the N/2 of Sections 5 and 6, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Maximus 5 WXY Fed Com 1H** and **Maximus 5 WXY Fed Com 2H** wells, to be horizontally drilled. The producing area for these wells will be unorthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the wells, and a 200% charge for risk involved in drilling said wells, and allowing a one year period between when the wells are drilled and when the first well is completed. Said area is located approximately 4 miles Northwest of Loving, New Mexico.

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
08/20/2020

Firm Mailing Book ID: 194007

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0074 2913 60	CL & F Resources, L.P. 4 Greenspoint Plaza 16945 Northchase Drive, Suite 1500 Houston TX 77060	\$1.20	\$3.55	\$1.70	\$0.00	81363-0218. Notice
2	9314 8699 0430 0074 2913 77	Ozark Exploration, Inc. 3838 Oak Lawn Ave., Suite 1525 Dallas TX 75219	\$1.20	\$3.55	\$1.70	\$0.00	81363-0218. Notice
3	9314 8699 0430 0074 2913 84	Mizel Resources, a Trust 4350 South Monaco Street Denver CO 80237	\$1.20	\$3.55	\$1.70	\$0.00	81363-0218. Notice
4	9314 8699 0430 0074 2913 91	Sisbro Oil & Gas, LLC 4350 South Monaco Street Denver CO 80237	\$1.20	\$3.55	\$1.70	\$0.00	81363-0218. Notice
5	9314 8699 0430 0074 2914 07	Accelerate Resources Operating, LLC 5949 Sherry Lane, Suite 1060 Dallas TX 75225	\$1.20	\$3.55	\$1.70	\$0.00	81363-0218. Notice
6	9314 8699 0430 0074 2914 14	Roy G. Barton, Sr. and Opal Barton Revocable Trust 1919 North Turner Street Hobbs NM 88240	\$1.20	\$3.55	\$1.70	\$0.00	81363-0218. Notice
7	9314 8699 0430 0074 2914 21	Norma J. Chanley, separate property P.O. Box 729 Hobbs NM 88240	\$1.20	\$3.55	\$1.70	\$0.00	81363-0218. Notice
8	9314 8699 0430 0074 2914 38	Thomas M. Beall P.O. Box 3098 Midland TX 79702	\$1.20	\$3.55	\$1.70	\$0.00	81363-0218. Notice
9	9314 8699 0430 0074 2914 45	Gahr Ranch and Investments Partnership, Ltd. P.O. Box 1889 Midland TX 79702	\$1.20	\$3.55	\$1.70	\$0.00	81363-0218. Notice
10	9314 8699 0430 0074 2914 52	S.E.S. Investments, Ltd. 401 K Plan 508 West Wall, Suite 1250 Midland TX 79701	\$1.20	\$3.55	\$1.70	\$0.00	81363-0218. Notice
11	9314 8699 0430 0074 2914 69	George M. Koss 1610 Ventura Avenue Midland TX 79705	\$1.20	\$3.55	\$1.70	\$0.00	81363-0218. Notice
12	9314 8699 0430 0074 2914 76	Zunis Energy, LLC 15 East 5th Street, Suite 3300 Tulsa OK 74103	\$1.20	\$3.55	\$1.70	\$0.00	81363-0218. Notice
13	9314 8699 0430 0074 2914 83	Susannah D. Adelson, Trustee of the James Adelson & Family 2015 Trusts 15 East 5th Street, Suite 3300 Tulsa OK 74103	\$1.20	\$3.55	\$1.70	\$0.00	81363-0218. Notice
14	9314 8699 0430 0074 2914 90	Logo Energy, LLC 1301 McKinney Street, Suite 3150 Houston TX 77010	\$1.20	\$3.55	\$1.70	\$0.00	81363-0218. Notice

37

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
08/20/2020

Firm Mailing Book ID: 194007

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
15	9314 8699 0430 0074 2915 06	Rogo Logo, LLC 1301 McKinney Street, Suite 3150 Houston TX 77010	\$1.20	\$3.55	\$1.70	\$0.00	81363-0218. Notice
16	9314 8699 0430 0074 2915 13	J. Cleo Thompson and James Cleo Thompson, Jr., L.P. 325 North Saint Paul Street, Suite 4300 Dallas TX 75201	\$1.20	\$3.55	\$1.70	\$0.00	81363-0218. Notice
17	9314 8699 0430 0074 2915 20	Teresa H. Jolliffe 1109 Gulf Avenue Midland TX 79705	\$1.20	\$3.55	\$1.70	\$0.00	81363-0218. Notice
18	9314 8699 0430 0074 2915 37	Sam H. Jolliffe, Life Estate Remainderman Trinidad, Sam, Teresa Joliffec 1607 17th Street West, Apt #307 Billings MT 59102	\$1.20	\$3.55	\$1.70	\$0.00	81363-0218. Notice
19	9314 8699 0430 0074 2915 44	Southwest Royalties, Inc. 200 N. Loraine, Suite 330 Midland TX 79701	\$1.20	\$3.55	\$1.70	\$0.00	81363-0218. Notice
20	9314 8699 0430 0074 2915 51	BPL Fish Pond, LLC P.O. Box 92032 Southlake TX 76092	\$1.20	\$3.55	\$1.70	\$0.00	81363-0218. Notice
21	9314 8699 0430 0074 2915 68	Robert C. Berger 10148 FM 1954 Wichita Falls TX 76310	\$1.20	\$3.55	\$1.70	\$0.00	81363-0218. Notice
22	9314 8699 0430 0074 2915 75	Milton R. Fry 11014 Hidden Bend Drive Houston TX 77064	\$1.20	\$3.55	\$1.70	\$0.00	81363-0218. Notice
23	9314 8699 0430 0074 2915 82	William B. Harriman, Jr. 20634 Sunset Bend Lane Spring TX 77379	\$1.20	\$3.55	\$1.70	\$0.00	81363-0218. Notice
24	9314 8699 0430 0074 2915 99	Karen C. Lane 3836 West Clay Street Houston TX 77019	\$1.20	\$3.55	\$1.70	\$0.00	81363-0218. Notice
25	9314 8699 0430 0074 2916 05	Elizabeth Trudeau Overly 11410 Shadow Way Houston TX 77024	\$1.20	\$3.55	\$1.70	\$0.00	81363-0218. Notice
26	9314 8699 0430 0074 2916 12	Margaret Jones Kennedy P.O. Drawer 432 Midland TX 79702	\$1.20	\$3.55	\$1.70	\$0.00	81363-0218. Notice
27	9314 8699 0430 0074 2916 29	Millis Jeffrey Oakes 21302 Castlemont Lane Spring TX 77388	\$1.20	\$3.55	\$1.70	\$0.00	81363-0218. Notice
28	9314 8699 0430 0074 2916 36	Stephen William Oakes 4700 Spanish Moss McKinney TX 75070	\$1.20	\$3.55	\$1.70	\$0.00	81363-0218. Notice
29	9314 8699 0430 0074 2916 43	Benjamin Jacob Oakes 3214 Hickory Grove Lane Pearland TX 77584	\$1.20	\$3.55	\$1.70	\$0.00	81363-0218. 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
08/20/2020

Firm Mailing Book ID: 194007

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest. Del. Fee	Reference Contents
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31	9314 8699 0430 0074 2916 67	Elizabeth Ann Cline 15400 Whistling Straits Drive Austin TX 78717	\$1.20	\$3.55	\$1.70	\$0.00	81363-0218. Notice
32	9314 8699 0430 0074 2916 74	Olin Brent Dalton 335 Granite Row Meadowlakes TX 78654	\$1.20	\$3.55	\$1.70	\$0.00	81363-0218. Notice
33	9314 8699 0430 0074 2916 81	David Trent Dalton 1385 Homestead Kempner TX 76539	\$1.20	\$3.55	\$1.70	\$0.00	81363-0218. Notice
34	9314 8699 0430 0074 2916 98	Charmar, LLC 4815 Vista Del Oso Court NE Albuquerque NM 87109	\$1.20	\$3.55	\$1.70	\$0.00	81363-0218. Notice
35	9314 8699 0430 0074 2917 04	Winston Resources, LLC 1520 West Canal Court, Suite 250 Littleton CO 80120	\$1.20	\$3.55	\$1.70	\$0.00	81363-0218. Notice
36	9314 8699 0430 0074 2917 11	McMullen Minerals LLC P.O. Box 470857 Fort Worth TX 76147	\$1.20	\$3.55	\$1.70	\$0.00	81363-0218. Notice
37	9314 8699 0430 0074 2917 28	Pegasus Resources LLC P.O. Box 470698 Fort Worth TX 76147	\$1.20	\$3.55	\$1.70	\$0.00	81363-0218. Notice
38	9314 8699 0430 0074 2917 35	Charles Randall Hicks 2650 Sand Lake Road Longwood FL 32779	\$1.20	\$3.55	\$1.70	\$0.00	81363-0218. Notice
39	9314 8699 0430 0074 2917 42	Kenneth Jay Reynolds 300 North Marienfeld, Suite 320 Midland TX 79701	\$1.20	\$3.55	\$1.70	\$0.00	81363-0218. Notice
40	9314 8699 0430 0074 2917 59	Vikki L. Hicks a/k/a Vikki L. Hicks Smith 9104 Haines Avenue NE Albuquerque NM 87112	\$1.20	\$3.55	\$1.70	\$0.00	81363-0218. Notice
41	9314 8699 0430 0074 2917 66	Terri L. Simpson 14437 Rios Canyon Road El Cajon CA 92021	\$1.20	\$3.55	\$1.70	\$0.00	81363-0218. Notice
42	9314 8699 0430 0074 2917 73	John D. Hamiga P.O. Box 14144 San Francisco CA 94114	\$1.20	\$3.55	\$1.70	\$0.00	81363-0218. Notice
Totals:			\$50.40	\$149.10	\$71.40	\$0.00	
			Grand Total:			\$270.90	

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Listed by Sender

Total Number of Pieces
Received at Post Office

Postmaster:
Name of receiving employee

Dated:

42

42

JRC

Transaction Report Details - CertifiedPro.net

Firm Mail Book ID= 194007

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				Orkut Exploration, Inc.							
				CL & F Resources, L.P.	4 Greenspoint Plaza						

Carlsbad Current Argus.

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Affidavit of Publication

Ad # 0004341765

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POBOX 2168

ALBUQUERQUE, NM 87103

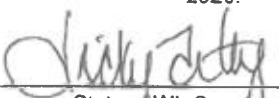
I, a legal clerk of the **Carlsbad Current Argus**, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

08/22/2020



Legal Clerk

Subscribed and sworn before me this August 22,
2020:



State of WI, County of Brown
NOTARY PUBLIC
9-19-21

My commission expires

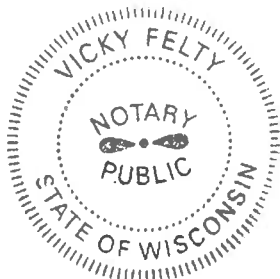
CASE NO. 21388: Notice to all affected parties, as well as the heirs and devisees of: CL & F Resources, L.P.; Ozark Exploration, Inc.; Mizel Resources, a Trust; Sisbro Oil & Gas, LLC; Accelerate Resources Operating, LLC; Roy G. Barton, Sr. and Opal Barton Revocable Trust; Norma J. Chanley; Thomas M. Beall; Gahr Ranch and Investments Partnership, Ltd.; S.E.S. Investments, Ltd. 401 K Plan; George M. Koss; Zunis Energy, LLC; Susannah D. Adelson, Trustee of the James Adelson and Family 2015 Trusts; Logo Energy, LLC; Rogo Logo, LLC; J. Cleo Thompson and James Cleo Thompson, Jr., L.P.; Teresa H. Joliffe; Sam H. Joliffe, IV, Life Estate Remainderman; Trinidad Joliffe, Sam Joliffe, V, Teresa Joliffe King; Southwest Royalties, Inc.; BPL Fish Pond, LLC; Robert C. Berger; Milton R. Fry; William B. Harriman, Jr.; Karen C. Lane; Elizabeth Trudeau Overly; Margaret Jones Kennedy; Millis Jeffrey Oakes; Stephen William Oakes; Benjamin Jacob Oakes; Matthew David Oakes; Elizabeth Ann Cline; Olin Brent Dalton; David Trent Dalton; Charmar, LLC; Winston Resources, LLC; McMullen Minerals LLC; Pegasus Resources LLC; Charles Randall Hicks; Kenneth Jay Reynolds; Vikki L. Hicks a/k/a Vikki L. Hicks Smith; Terri L. Simpson; John D. Hamiga of Marathon Oil Permian LLC's application for compulsory pooling, Eddy 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 September 10, 2020, to consider this application. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the N/2 of Sections 5 and 6, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the Maximus 5 WXY Fed Com 1H and Maximus 5 WXY Fed Com 2H wells, to be horizontally drilled. The producing area for these wells will be unorthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the wells, and a 200% charge for risk involved in drilling said wells, and allowing a one year period between when the wells are drilled and when the first well is completed. Said area is located approximately 4 miles Northwest of Loving, New Mexico.
Current Argus #4341765 August 22, 2020

Ad # 0004341765

PO #:

of Affidavits 1

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7. **Exhibit 10-A** is structure map of the top of the Wolfcamp. The proposed project area is identified by a black-dashed box, and the proposed wells are identified by red lines. The contour interval used this exhibit is 25 feet. This exhibit shows that the structure dips to the east.

8. **Exhibit 10-B** identifies three wells in the vicinity of the proposed upper Wolfcamp wells, shown by a line of cross-section running from A to A'.

9. **Exhibit 10-C** is a stratigraphic cross section hung on the top of the Wolfcamp. The well logs on the cross-section give a representative sample of the upper Wolfcamp formation in the area. The target zone is identified by the words "Producing Zone" and the shaded area across the cross section, along with a red arrow. The primary producing zone is the Wolfcamp XY.

10. In my opinion, the gross interval thickness is relatively consistent from west to east.

11. **Exhibit 10-D** is a Gross Interval Isochore of the Wolfcamp to Wolfcamp B. This Upper Wolfcamp zone is relatively consistent from west to east.

12. I conclude from the maps 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 section in the proposed unit will contribute more or less equally to production.

13. **Exhibit 11** provides an overview of the stress orientation in the area based on the 2018 Snee-Zoback paper.

14. The preferred well orientation in this area is either north/south or east/west. This is because the S_{Hmax} is at approximately 45 degrees in mid-Eddy County. Marathon is proposing east/west orientation to maximize the lateral length given Marathon's acreage.

15. Exhibits 8-11 were prepared by my or under my supervision or compiled from company business records.

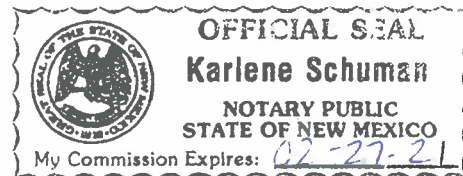
16. In my opinion, the granting of Marathon's application is in the interests of conservation and the prevention of waste.

Matt P Baker
Matt Baker

SUBSCRIBED AND SWORN to before me this 8th day of September 2020 by Matt Baker, on behalf of Marathon Oil Permian LLC.

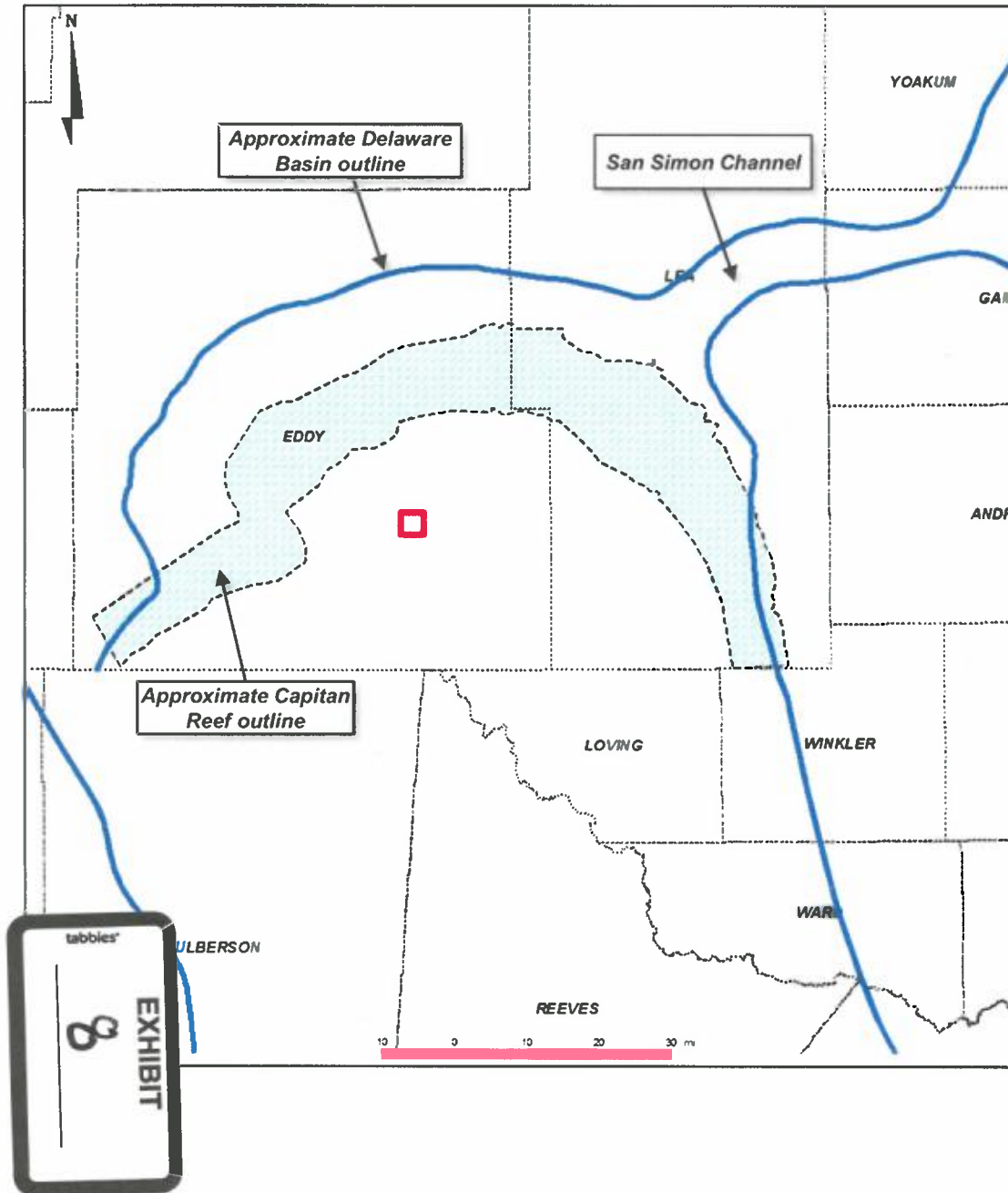
Karlene Schuman
Notary Public

My commission expires: 02-27-21



Maximus 5 Federal Com Unit

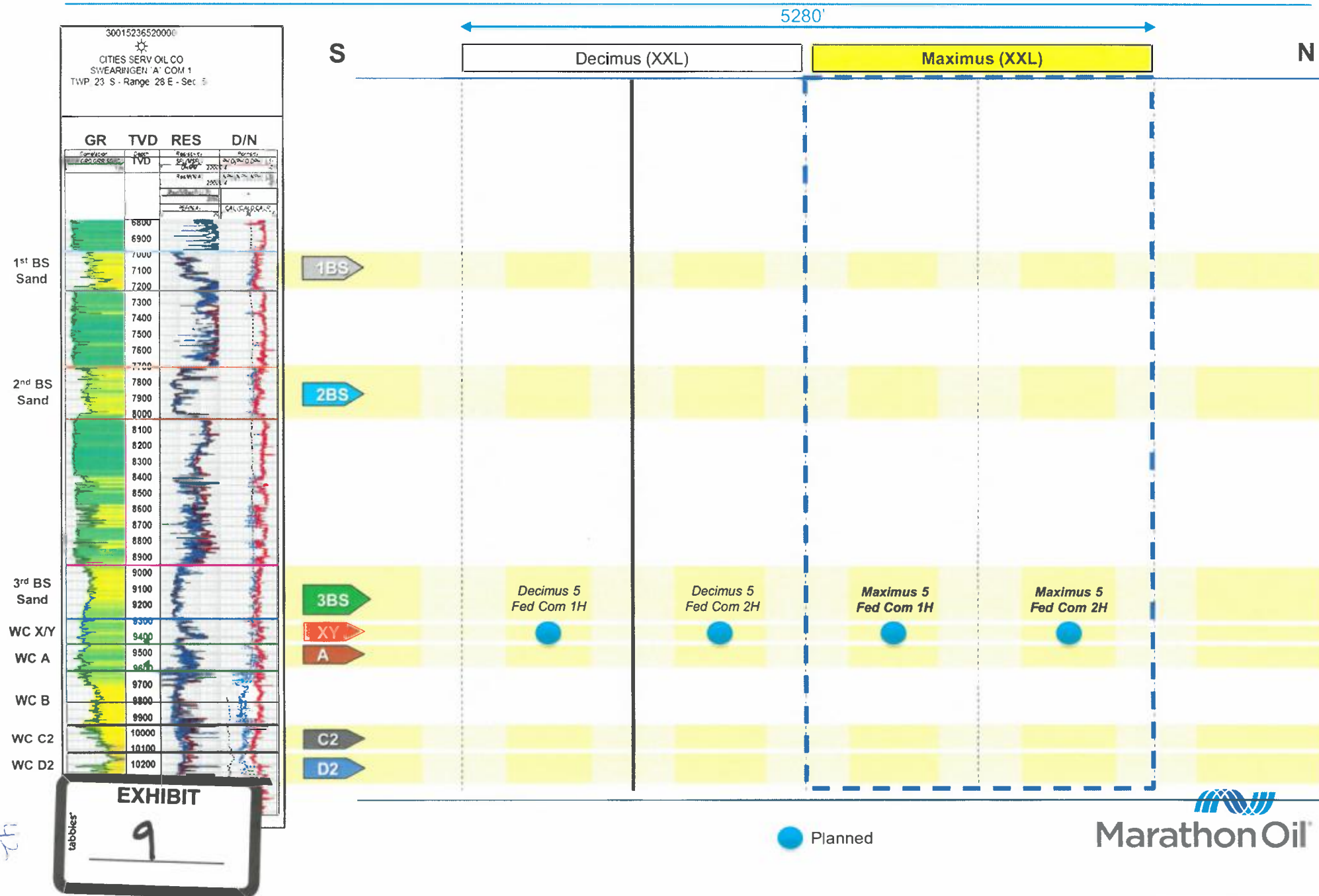
Locator Map



- Approximate location of proposed Maximus 5 Federal Com well locations shown with red box
- Located outside of the Capitan Reef
- Mid-eastern Eddy County

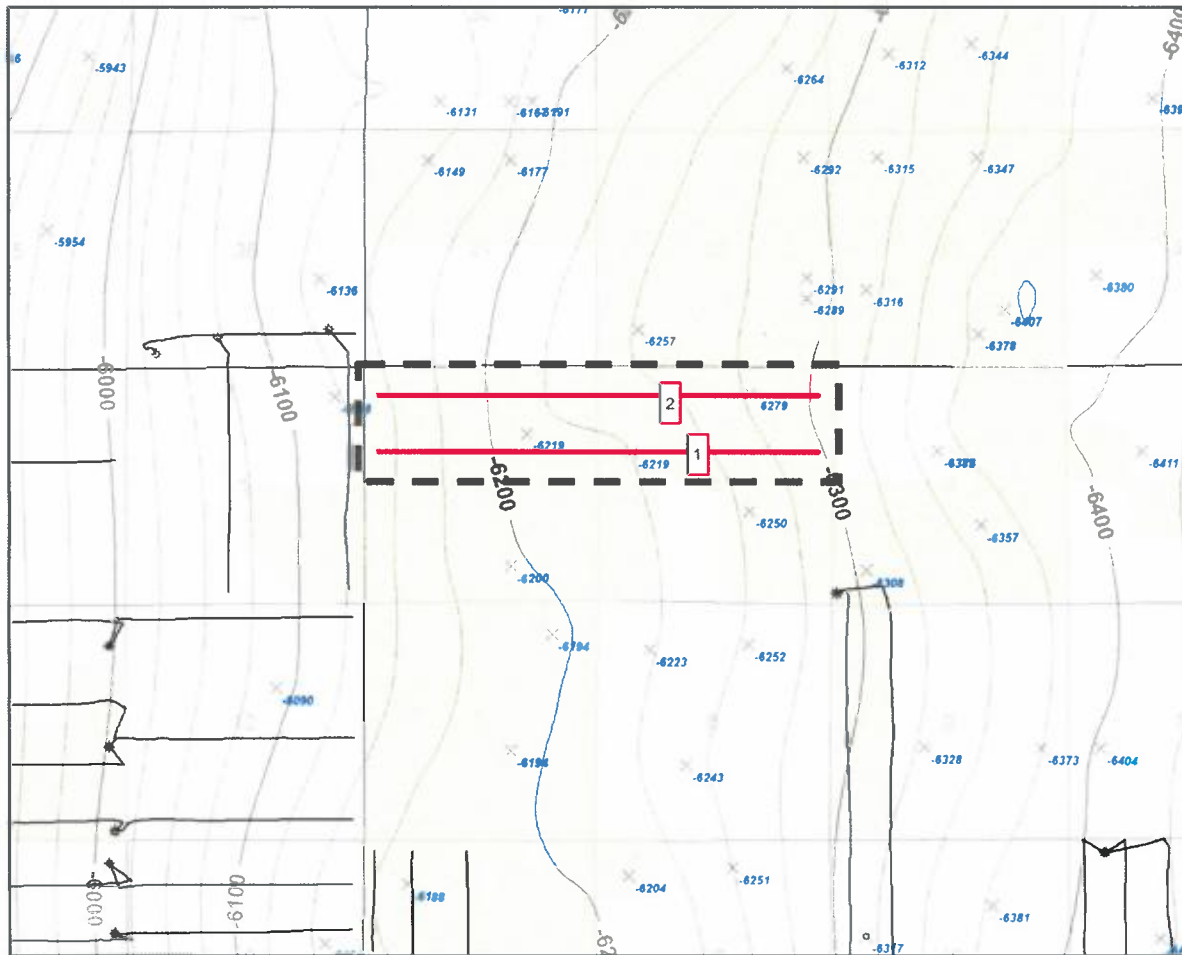
Maximus 5 Federal Com Unit

Wellbore Schematic



Maximus 5 Federal Com Unit

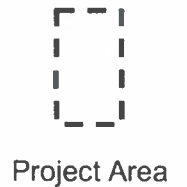
Structure Map – Top of Wolfcamp (TVDSS)



- 1 Maximus 5 WXY Federal Com 1H
- 2 Maximus 5 WXY Federal Com 2H

Map Legend*

- Proposed Wells
- Existing Upper Wolfcamp wells

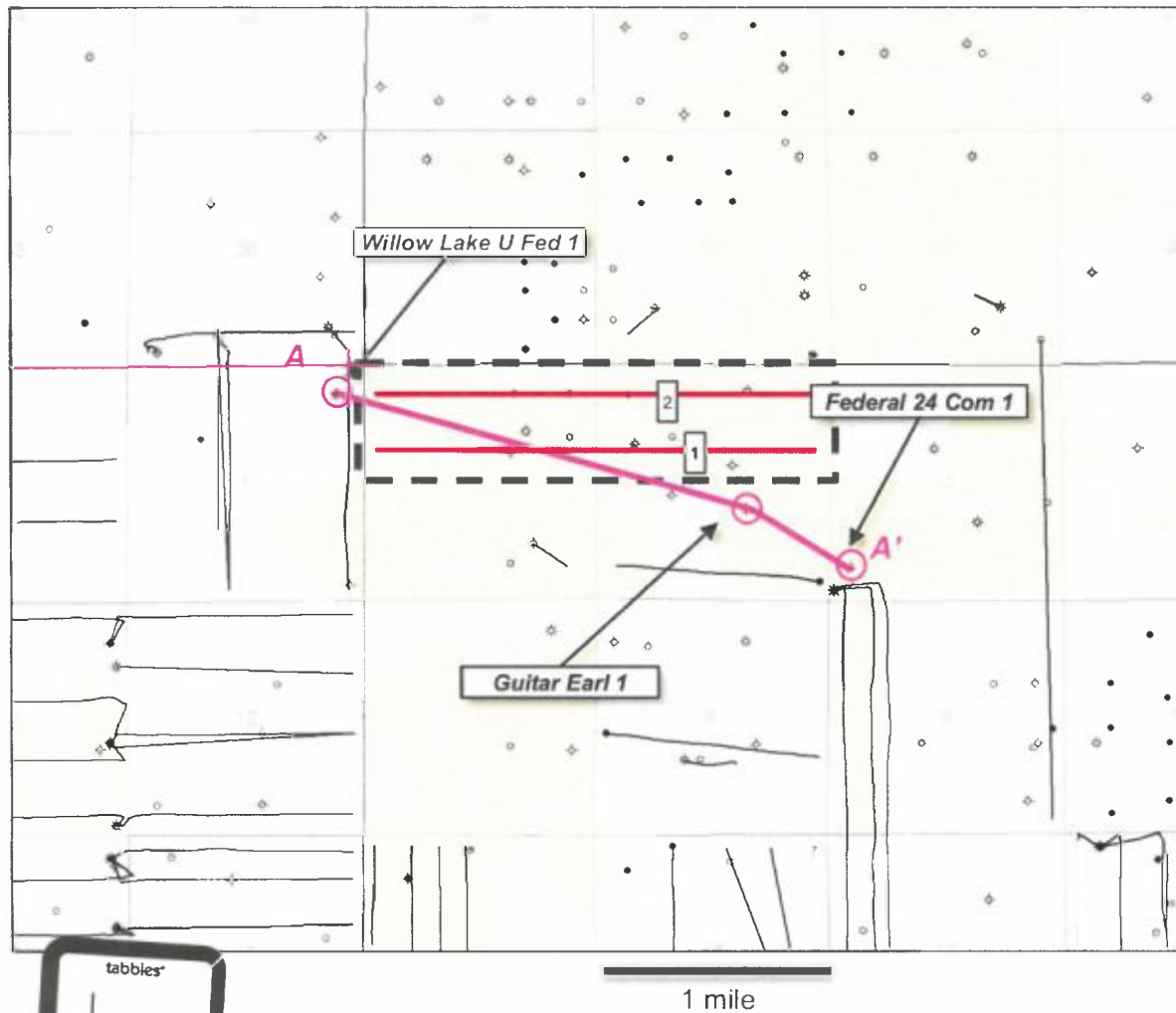


The top of the Wolfcamp dips towards the east.



Maximus 5 Federal Com Unit

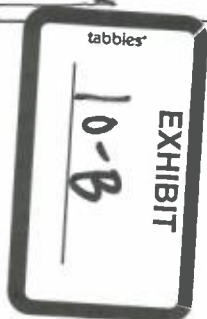
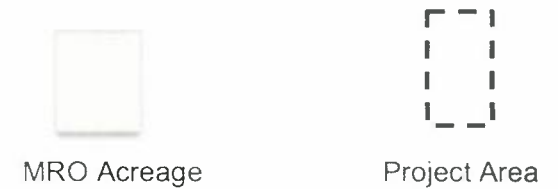
Reference Map for Cross Section



- 1 Maximus 5 WXY Federal Com 1H
- 2 Maximus 5 WXY Federal Com 2H

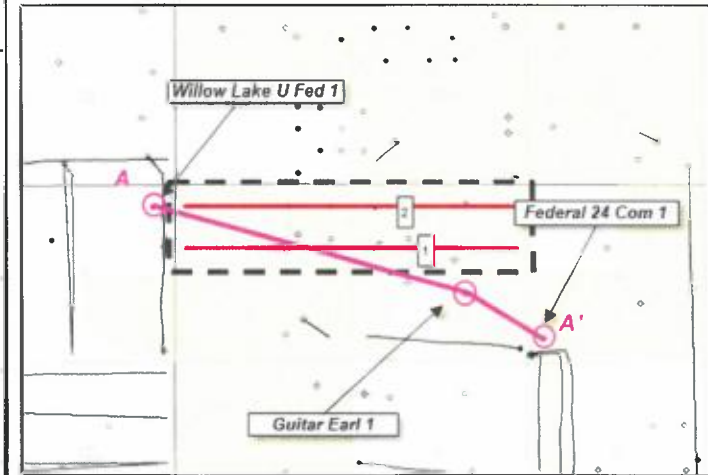
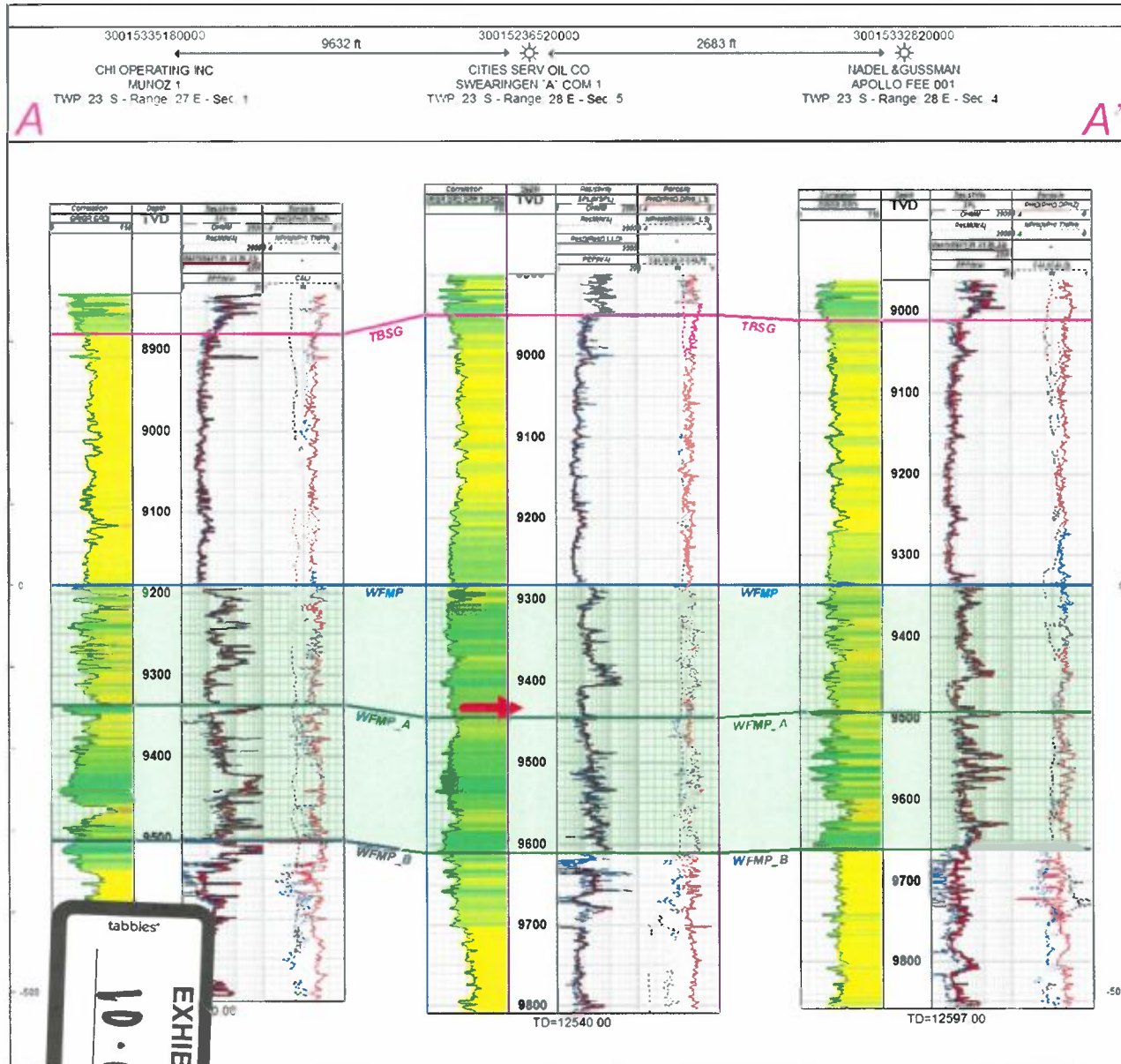
Map Legend*

- Proposed Wells
- Existing wells



Maximus 5 Federal Com Unit

Stratigraphic Cross Section (Top Wolfcamp Datum)

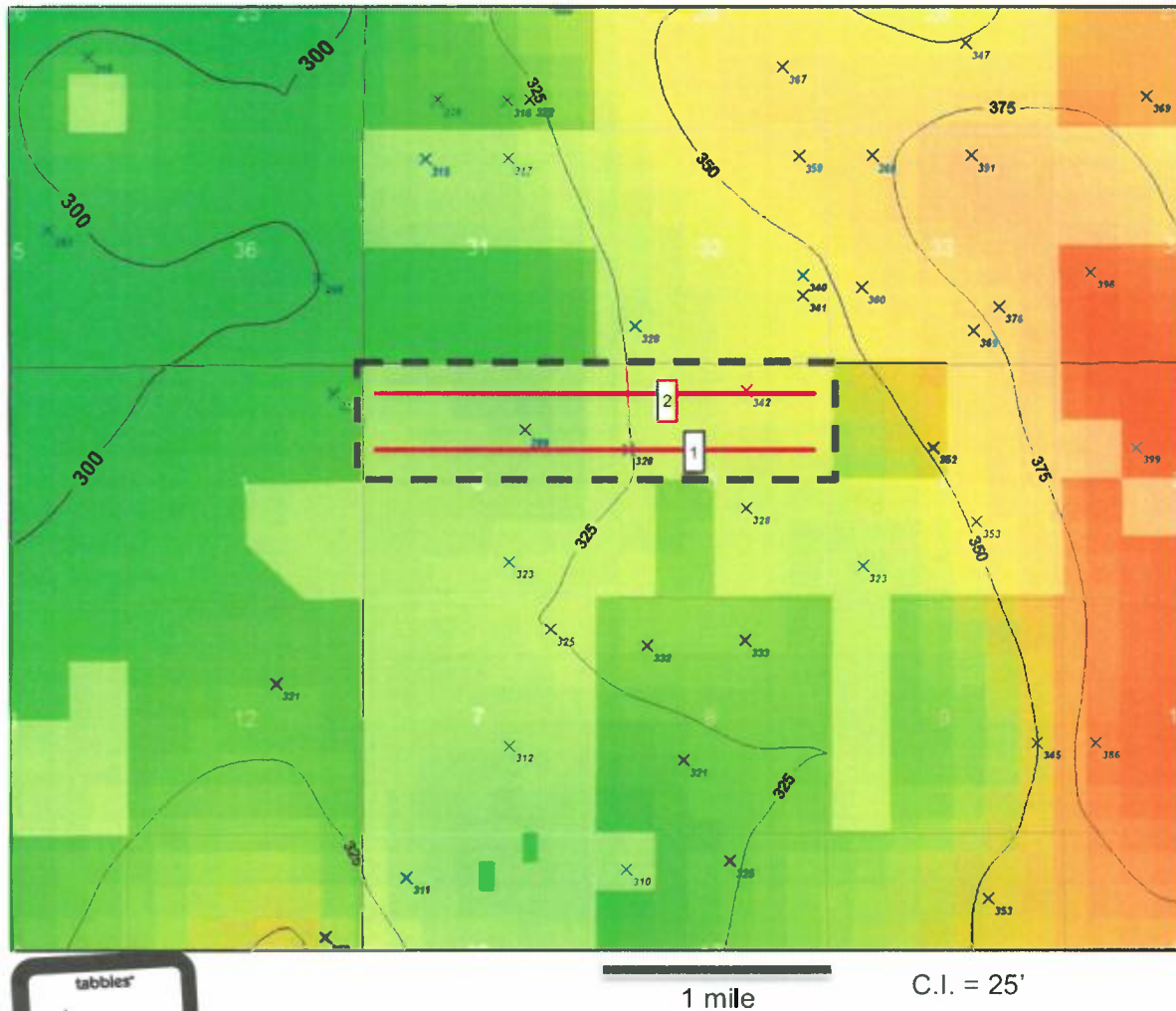


**Producing Zone –
Upper Wolfcamp (Wolfcamp
XY & A)**

*Upper Wolfcamp is near constant
thickness across unit*

Maximus 5 Federal Com Unit

Gross Interval Isochore – Top Wolfcamp to Top Wolfcamp B



- 1 Maximus 5 WXY Federal Com 1H
- 2 Maximus 5 WXY Federal Com 2H

Map Legend*

— Proposed Wells



MRO Acreage



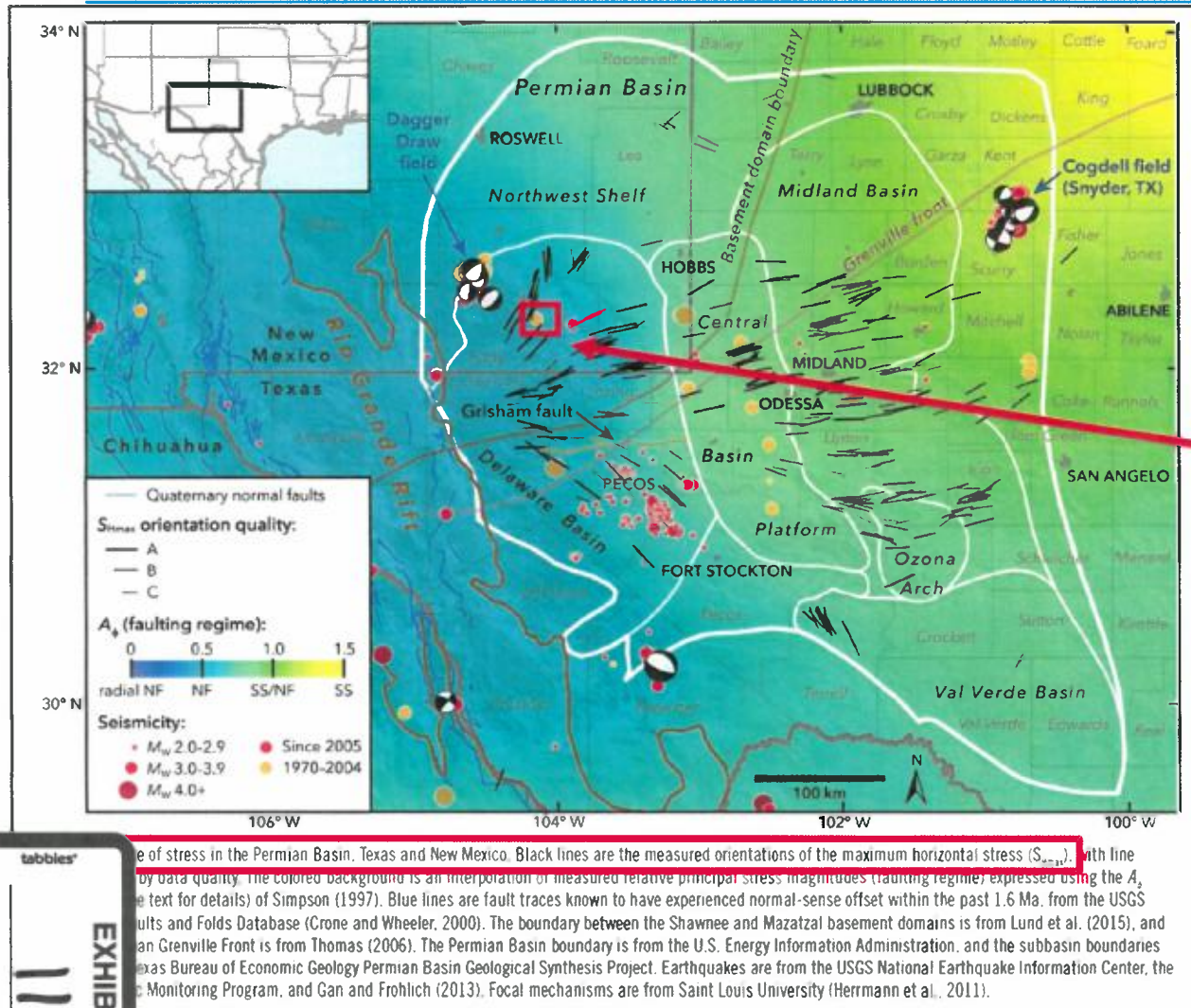
Project Area

Upper Wolfcamp is near constant thickness across unit



Maximus 5 Federal Com Unit

Preferred Well Orientation - SHmax



Preferred well orientation is either N/S or E/W

As outlined in Snee & Zoback (2018), SH_{max} is at approximately 45° in this part of Eddy County. As a result, hydraulic fractures will prefer to propagate outwards at 45° regardless if wells are oriented N/S or E/W.

Source:

Snee, J.L. & M.D. Zoback, 2018, State of stress in the Permian Basin, Texas and New Mexico: Implications for induced seismicity: *The Leading Edge*, 810-819, <https://doi.org/10.1190/tle37020810.1>.