

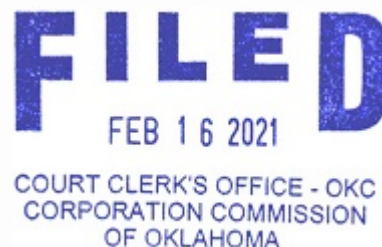
Thomas Hellman
Vice President

Marathon Oil Company
7301 NW Expressway, Suite 225
Oklahoma City, Oklahoma 73132



February 15, 2021

Chairman Todd Hiett
Commissioner Dana Murphy
Vice Chair Bob Anthony



Cause CD No. 202002102 - Statewide Proration Formula for Unallocated Gas Wells for the Period of April, 2021, through March, 2022.

Honorable Commissioners:

Thank you for the opportunity to provide comments on the statewide proration formula for unallocated gas wells for the next annual proration period beginning in April of this year. Marathon appreciates the efforts of the Commission to review all technical arguments to administer fair and enforceable regulatory procedures that both protect natural resources and correlative rights while encouraging sustainable economic growth in the oil and gas industry.

The Commission's ongoing commitment to these principles has been demonstrated recently by participation in industry group work sessions to review potential changes in the AOF well testing requirements and the minimum gas well allowable. We appreciate the willingness of the Oil & Gas Division staff to work with industry on these issues to ensure Oklahoma remains competitive in supplying natural gas production to our Nation.

Regarding the proration factor that is currently before the Commission, Marathon Oil supports the staff recommendation that the formula be set at the greater of 75% of the calculated wellhead absolute open flow or 3000 MCF/Day for the period of one year. Marathon operates in five major unconventional resource basins. Each of our assets must compete for capital based upon the economics of each project. Variable proration factors in Oklahoma are a unique consideration in our portfolio and this increases the uncertainty of the commerciality of drilling and completing multi-well horizontal units that cost tens of millions of dollars to develop.

Drilling and production data from both the EIA and API suggest that Oklahoma's oil and gas industry has been more severely impacted than other states during the recent downturn brought on by the pandemic. Any regulatory measures taken to continue or further limit production may affect new wells and serve as a disincentive for future investment.

Thank you again for the opportunity to comment on this important matter before the Commission.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Hellman". The signature is fluid and cursive, with the first name "Tom" being more prominent than the last name "Hellman".

Tom Hellman
Vice President, Oklahoma
Marathon Oil