

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

**APPLICATION OF MARATHON OIL PERMIAN
LLC FOR COMPULSORY POOLING AND,
TO THE EXTENT NECESSARY, APPROVAL OF AN
OVERLAPPING SPACING UNIT,
EDDY COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

1. Marathon Oil Permian LLC (“Marathon”), OGRID Number 372098, through its undersigned attorneys, hereby submits this application to the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted mineral interests within a standard 800-acre, more or less, Bone Spring horizontal spacing unit comprising the SE/4 of Section 25, the E/2 of Section 36, Township 24 South, Range 28 East, and the E/2 of Section 1, Township 25 South, Range 28 East, NMPM, Eddy County, New Mexico to form a standard 800-acre, more or less, Bone Spring spacing unit. Marathon also seeks, to the extent necessary, approval of an overlapping spacing unit. In support of this application, Marathon states as follows:

2. Marathon is an interest owner in the subject lands and has a right to drill a well thereon.

3. Marathon seeks to dedicate the SE/4 of Section 25, the E/2 of Section 36, Township 24 South, Range 28 East, and the E/2 of Section 1, Township 25 South, Range 28 East, NMPM, Eddy County, New Mexico to form a standard 800-acre, more or less, Bone Spring spacing unit.

4. Marathon plans to drill the **Cobra Cobretti BS Federal Com 301H, Cobra Cobretti BS Federal Com 302H, Cobra Cobretti BS Federal Com 551H, Cobra Cobretti BS Federal Com 552H, Cobra Cobretti BS Federal Com 553H, and Cobra Cobretti BS Federal**

Com 554H wells to a depth sufficient to test the Bone Spring formation. The wells will be horizontally drilled, and the producing area for the wells is expected to be orthodox.

5. The completed intervals for **Cobra Cobretti BS Federal Com 302H** and the **Cobra Cobretti BS Federal Com 552H** are each expected to be less than 330 feet from the adjoining tracts thereby allowing for the inclusion of the proximity tracts within the proposed spacing unit under Rule 19.15.16.15(B)(1)(b) NMAC.

6. Marathon's proposed spacing unit in this case will partially overlap the following existing Bone Spring spacing units:

- A 240-acre horizontal well spacing unit comprised of the E/2SE/4 of Section 25 and the E/2E/2 of Section 36, Township 24 South, Range 28 East, dedicated to Marathon's Southern Comfort 36 SB State #007H well (API 30-015-46201)
- A 240-acre horizontal well spacing unit comprised of the W/2SE/4 of Section 25 and the W/2E/2 of Section 36, Township 24 South, Range 28 East, dedicated to Marathon's Southern Comfort 36 SB State #004H well (API 30-015-46200)
- A 320-acre horizontal well spacing unit comprised of the E/2 of Section 1, Township 25 South, Range 28 East, dedicated to Marathon's Whistle Pig 1 SB Federal Com #005H well (API 30-015-45174).

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

8. The pooling of all interests in the Bone Spring formation underlying the proposed unit and approving, to the extent necessary, the overlapping spacing unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

WHEREFORE, Marathon requests this application be set for hearing before an Examiner of the Oil Conservation Division on January 4, 2024 and after notice and hearing as required by law, the Division enter its order:

- A. Pooling all uncommitted interests in the Bone Spring formation underlying a horizontal spacing unit within the SE/4 of Section 25, the E/2 of Section 36, Township 24 South, Range 28 East, and the E/2 of Section 1, Township 25 South, Range 28 East, NMPM, Eddy County, New Mexico;
- B. Approving, to the extent necessary, the proposed overlapping spacing unit;
- C. Designating Marathon as operator of this unit and the wells to be drilled thereon;
- D. Authorizing Marathon to recover its costs of drilling, equipping and completing the wells;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;
- F. 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.

Respectfully submitted,

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

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CASE NO. _____: Application of Marathon Oil Permian LLC for compulsory pooling and, to the extent necessary, approval of an overlapping spacing unit, Eddy County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a standard 800-acre, more or less, Bone Spring horizontal spacing unit underlying the SE/4 of Section 25, the E/2 of Section 36, Township 24 South, Range 28 East, and the E/2 of Section 1, Township 25 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the Cobra Cobretti BS Federal Com 301H, Cobra Cobretti BS Federal Com 302H, Cobra Cobretti BS Federal Com 551H, Cobra Cobretti BS Federal Com 552H, Cobra Cobretti BS Federal Com 553H, and Cobra Cobretti BS Federal Com 554H wells, to be horizontally drilled. The wells will be drilled at orthodox locations. The completed intervals for Cobra Cobretti BS Federal Com 302H and the Cobra Cobretti BS Federal Com 552H are each expected to be less than 330 feet from the adjoining tracts thereby allowing for the inclusion of the proximity tracts within the proposed spacing unit. Applicant seeks, to the extent necessary, approval of an overlapping spacing unit. The proposed spacing unit will partially overlap the following existing Bone Spring spacing units:

- A 240-acre horizontal well spacing unit comprised of the E/2SE/4 of Section 25 and the E/2E/2 of Section 36, Township 24 South, Range 28 East, dedicated to Marathon's Southern Comfort 36 SB State #007H well (API 30-015-46201)
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- A 320-acre horizontal well spacing unit comprised of the E/2 of Section 1, Township 25 South, Range 28 East, dedicated to Marathon's Whistle Pig 1 SB Federal Com #005H well (API 30-015-45174).

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. Said area is located approximately 5 miles southeast of Malaga, New Mexico.