

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

APPLICATION OF MARATHON OIL PERMIAN LLC
FOR COMPULSORY POOLING AND APPROVAL
OF NON-STANDARD SPACING UNIT
EDDY COUNTY, NEW MEXICO

CASE NO. 25478

AMENDED APPLICATION

In accordance with NMSA 1978, § 70-2-17 and NMAC 19.15.16.15(B)(5), Marathon Oil Permian, LLC (“Marathon” or “Applicant”), through its undersigned attorneys, files this Amended Application with the Oil Conservation Division (“Division”) seeking an order: (1) establishing a 638.40 acre, more or less, non-standard horizontal spacing unit comprised of the W/2 Sections 6 and 7, Township 26 South, Range 29 East, Eddy County, New Mexico (“Unit”); and (2) pooling all uncommitted overriding royalty, working, and record title interests in the Bone Spring formation underlying the Unit. In support of this application, Marathon states the following.

1. Applicant (OGRID No. 372098) is a working interest owner in the Unit and has the right to drill thereon.
2. Applicant seeks to dedicate the Unit to the following proposed wells (“Wells”):
 - a. **Rick Vaughn Fed Com 501H** (API No. 30-015-55481), which will be drilled from a surface hole location in the SE/4SW/4 (Unit N) of Section 7 to a bottom hole location in the NW/4NW/4 (Unit D/Lot 1) of Section 6, and produce from a first take point in SW/4SW/4 (Unit M/Lot 4) Section 7 to a last take point NW/4NW/4 (Unit D/Lot 1) Section 6; and
 - b. **Rick Vaughn Fed Com 503H** (API No. 30-015-55644), which will be drilled from a surface hole location in the SE/4SW/4 (Unit N) of Section 7 to a

bottom hole location in the NE/4NW/4 (Unit C) of Section 6, and produce from a first take point in SE/4SW/4 (Unit N) Section 7 to a last take point in NE/4NW/4 (Unit C) Section 6.

3. The completed intervals of the Wells will be orthodox.

4. There is not a depth severance in the Bone Spring formation within the Unit. Accordingly, Marathon seeks to pool all interests in the Bone Spring formation, from the Red Bluff; Bone Spring, South Pool [Pool Code 51010], subject to statewide rules.

5. Applicant has sought and been unable to obtain voluntary agreement from all overriding royalty interest owners, working interest, and record title interest owners in the Bone Spring formation underlying the proposed Unit for the development of these lands or otherwise commit their interests to the wells.

6. The pooling of all interests in the Bone Spring formation underlying the proposed Unit will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

7. Approval of a non-standard horizontal spacing unit is necessary to prevent waste and protect correlative rights.

8. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in the Unit should be pooled and Applicant should be designated the operator of the proposed horizontal wells and the Unit.

WHEREFORE, Applicant requests that this Amended Application be set for hearing before an Examiner of the Oil Conservation Division on August 7, 2025, and, after notice and hearing as required by law, the Division enter an order:

A. Approving a non-standard horizontal spacing unit pursuant to 19.15.16.15(B)(5) NMAC;

- B. Pooling all uncommitted interests in the Unit;
- C. Approving the initial wells in the Unit;
- D. Designating Applicant as the operator of the Unit and the horizontal wells to be drilled thereon;
- E. Authorizing Applicant to recover its costs of drilling, equipping, and completing the wells;
- F. Approving the actual operating charges and costs of supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- G. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

HINKLE SHANOR LLP

/s/ Ann Cox Tripp

Ann Cox Tripp

Melinda A. Branin

P.O. Box 10

Roswell, NM 88202-0010

Phone: (575) 622-6510

Facsimile: (575) 632-9223

atripp@hinklelawfirm.com

mbranin@hinklelawfirm.com

Counsel for Marathon Oil Permian, LLC

CASE 25478: Application of Marathon Oil Permian, LLC, for Compulsory Pooling and Approval of Non-Standard Spacing Unit, Eddy County, New Mexico. Applicant in the above-style cause seeks an order pooling a 638.40-acre, more or less, non-standard horizontal spacing unit in the Bone Spring Formation comprised of W/2 Sections 6 and 7, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico, initially dedicated to the proposed Rick Vaughn Fed Com 501H and Rick Vaughn Fed Com 503H wells to be horizontally drilled as follows:

- Rick Vaughn Fed Com 501H will be drilled from a surface hole location in the SE/4SW/4 (Unit N) of Section 7 to a bottom hole location in the NW/4NW/4 (Unit D/Lot 1) of Section 6, and produce from a first take point in SW/4SW/4 (Unit M/Lot 4) Section 7 to a last take point NW/4NW/4 (Unit D/Lot 1) Section 6; and
- Rick Vaughn Fed Com 503H will be drilled from a surface hole location in the SE/4SW/4 (Unit N) of Section 7 to a bottom hole location in the NE/4NW/4 (Unit C) of Section 6, and produce from a first take point in SE/4SW/4 (Unit N) Section 7 to a last take point in NE/4NW/4 (Unit C) Section 6.