

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

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

CASE NO. 26189

PRE-HEARING STATEMENT

Marathon Oil Permian LLC (“Applicant”) submits its Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPLICANT

Marathon Oil Permian LLC

ATTORNEYS

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INTERESTED PARTY

None.

ATTORNEYS

STATEMENT OF THE CASE

Applicant applies for an order pooling all uncommitted interests in the Bone Spring formation underlying a 959.17-acre, more or less, non-standard, overlapping horizontal spacing unit comprised of the W/2 of Section 35, Township 22 South, Range 28 East, Lots 3 and 4, S/2 NW/4 and SW/4 (W/2 equivalent) of irregular Section 2, and W/2 of Section 11, Township 23 South, Range 28 East, Eddy County, New Mexico. The Unit will be dedicated to the following

wells (“Wells”): **Trojan Shield Federal Com 501H** and **Trojan Shield Federal Com 551H** wells, which will be horizontally drilled from a proposed surface hole location in the SW/4 SW/4 (Unit M) of Section 26, Township 22 South, to a proposed bottom hole location in the SW/4 SW/4 (Unit M) of Section 11, Township 23 South; and **Trojan Shield Federal Com 502H** and **Trojan Shield Federal Com 552H** wells, which will be horizontally drilled from a proposed surface hole location in the SW/4 SW/4 (Unit M) of Section 26, Township 22 South, to a proposed bottom hole location in the SE/4 SW/4 (Unit N) of Section 11, Township 23 South. The completed intervals of the Wells will be orthodox.

The spacing unit for the Wells partially overlaps with the spacing unit for the Pardue C 8808 JVP #005H (API No. 30-015-38999) which is dedicated to the W/2 SW/4 of Section 11, Township 23 South, Range 28 East and produces from the Culebra Bluff; Bone Spring, South Pool (Code 15011). Applicant also requests approval of a non-standard horizontal spacing unit pursuant to Rule 19.15.16.15(B)(5) NMAC, which will create cost efficiencies, prevent waste, and protect correlative rights.

Also to be considered will be the cost of drilling and completing the Wells, the allocation of the costs, the designation of Applicant as the operator of the Unit and Wells, and a 200% charge for the risk involved in drilling and completing the Wells.

PROPOSED EVIDENCE

Witness	Occupation	Estimated Time	Exhibits
Jeffery S. Stout	Landman	Affidavit	Approx. 7
Preston Dupree	Geologist	Affidavit	Approx. 4

PROCEDURAL MATTERS

Applicant intends to present this case by affidavit if there is no objection to its application.

Respectfully submitted,

HARDY McLEAN LLC

/s/ Dana S. Hardy _____

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Oil Conservation Division
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QUESTIONS

Action 597765

QUESTIONS

Operator: MARATHON OIL PERMIAN LLC 600 W Illinois Ave Midland, TX 79701	OGRID: 372098
	Action Number: 597765
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
<i>Please assist us by provide the following information about your testimony.</i>	
Number of witnesses	<i>Not answered.</i>
Testimony time (in minutes)	<i>Not answered.</i>