

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

**APPLICATION OF MEWBOURNE
OIL COMPANY FOR APPROVAL
OF A NON-STANDARD SPACING AND
PRORATION UNIT AND
COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

CASE NO. 16313

MARATHON'S PRE-HEARING STATEMENT

Marathon Oil Permian LLC ("Marathon") submits this Pre-Hearing Statement for the above-referenced case pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

Mewbourne Oil Company

Marathon Oil Permian LLC

ATTORNEY

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STATEMENT OF CASE

APPLICANT:

Mewbourne Oil Company seeks an order approving a 480-acre non-standard spacing and proration unit in the Wolfcamp formation comprised of the SE/4 of Section 21 and the E/2 of Section 28, Township 24 South, Range 28 East, NMPM, and pooling all mineral interests in the Wolfcamp formation underlying the non-standard spacing and proration unit. The unit will be dedicated to the Kansas 21/28 W0IP Fed. Com. Well No. 2H, a horizontal well with a surface location in the NE/4 SE/4 of Section 21, and a bottomhole location in the SE/4 SE/4 of Section 28. The producing interval will be orthodox. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well.

In Case No. 16303, Marathon has requested an order (1) creating a 640-acre, more or less, spacing and proration unit in covering the E/2 of Sections 16 and 21, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico; and, (2) pooling all mineral interests in the Wolfcamp formation underlying this proposed spacing and proration unit. This proposed spacing and proration unit will be dedicated to the Dobro Federal 24-28- 16 WXY 2H, Dobro Federal 24-28-16 WA 4H, Dobro Federal 24-28-16 WXY 9H, Dobro Federal 24-28-16 WD 3H, Dobro Federal 24-28-16 WD 5H, Dobro Federal 24-28-16 WD 7H, and Dobro Federal 24-28-16 WD 10H wells, to be horizontally drilled. The producing area for these wells will be orthodox. 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.

Both applications seek development of the Wolfcamp within the SE/4 of Section 21. Marathon believes that Mewbourne's proposal will impact its correlative rights and result in the creation of waste and unrecovered reserves. As a result, Marathon asks that these applications be heard together by the Division and that the Division set a special docket for this hearing.

PROPOSED EVIDENCE

APPLICANT:

<u>WITNESS</u>	<u>ESTIMATED TIME</u>	<u>EXHIBITS</u>
Chase Rice – Landman	Approx. 30	Approx. 8
Tucker Keren – Geologist	Approx. 30	Approx. 6
TBD - Engineer	Approx. 30	Approx. 6

PROCEDURAL ISSUES

Marathon asks that Case No. 16313 be continued to the same docket as Case 16303.

Respectfully submitted,

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

By: _____


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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served on counsel of record by electronic mail on July 19, 2018:

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