

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

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

CASE NO. 16214

AMENDED APPLICATION

Marathon Oil Permian LLC ("Marathon"), OGRID Number 372098, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order: (1) creating a non-standard 480-acre, more or less, spacing unit in the Bone Spring formation limited in depth from 7,300' to 9,560', comprised of the E/2 of Section 36 and the SE/4 of Section 25, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed spacing unit. In support of this application, Marathon states as follows:

1. Marathon is an interest owner in the subject lands and has a right to drill a well thereon.
2. Marathon seeks to dedicate the E/2 of Section 36 and the SE/4 of Section 25, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico to the proposed well to form a non-standard 480-acre, more or less, oil spacing unit. This spacing and proration unit shall be limited in depth from 7,300' to 9,560'.

3. Marathon plans to drill the **Southern Comfort State 24-28-25 TB 6H** well to a depth sufficient to test the Bone Spring formation. These well will be horizontally drilled.

4. The perforations for the well will be located at orthodox locations.

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

6. Approval of the unit and the pooling of all interests in the Bone Spring formation underlying the proposed project area 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 September 6, 2018, and after notice and hearing as required by law, the Division enter its order:

A. Creating a non-standard oil spacing unit in the Bone Spring formation comprised of E/2 of Section 36 and the SE/4 of Section 25, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico, limited in depth from 7,300' to 9,560';

B. Pooling all mineral interests in the Bone Spring formation underlying this spacing unit;

C. Designating Marathon as operator of this unit and the well to be drilled thereon;

D. Authorizing Marathon to recover its costs of drilling, equipping and completing wells;

E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and

F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

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

By: 

Karl E. DeBrine, Jr.

Jennifer Bradfute

Zoe E. Lees

Post Office Box 2168

Bank of America Centre

500 Fourth Street NW, Suite 1000

Albuquerque, New Mexico 87103-2168

Telephone: 505.848.1800

Attorneys for Applicant

CASE NO. 16214: Amended Application of Marathon Oil Permian LLC for the creation of a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division: (1) creating a non-standard 480-acre, more or less, spacing and proration unit in the Bone Spring formation limited in depth from 7,300' to 9,560', comprised of the E/2 of Section 36 and the SE/4 of Section 25, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed spacing unit. This proposed spacing unit will be the project area for the **Southern Comfort State 24-28-25 TB 6H** well, to be horizontally drilled. The producing area for this well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 11.5 miles south of Malaga, New Mexico.