

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

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

CASE NO. 16144

**APPLICATION OF MARATHON OIL
PERMIAN LLC FOR APPROVAL OF
A NON-STANDARD SPACING AND
PRORATION UNIT, NONSTANDARD
LOCATIONS, AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 16145

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

CASE NO. 16146

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

Marathon Oil Permian LLC

ATTORNEY

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OPPONENT

COG Operating LLC
One Concho Center
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ATTORNEY

Elizabeth A. Ryan
COG Operating LLC &
Concho Resources Inc
1048 Paseo de Peralta
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STATEMENT OF CASE

APPLICANT:

In Case No. 16144, Applicant seeks an order from the Division: (1) creating a non-standard 240-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the W/2 E/2 of Section 18 and the W/2 NE/4 of Section 19, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico; (2) approving non-standard locations; and, (3) pooling all mineral interests in the Bone Spring formation underlying this proposed non-standard spacing and proration unit. This proposed non-standard spacing and proration unit will be the project area for the Blueberry Hill Fee 24-35-19 TB 3H well, to be horizontally drilled. The producing area for the well will have unorthodox locations. 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 14 miles northwest of Jal, New Mexico.

In Case No. 16145, Applicant seeks an order from the Division: (1) creating a non-standard 480-acre, more or less, spacing and proration unit in the Wolfcamp formation, comprised of the E/2 of Section 18 and the NE/4 of Section 19, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico; and, (2) approving non-standard locations; and (3) pooling all mineral interests in the Wolfcamp formation underlying this proposed non-standard spacing and proration unit. This proposed spacing and proration unit will be the project area for the Blueberry Hill Fee 24-35-19

WXY 4H, Blueberry Hill Fee 24-35-19 WA 5H, and Blueberry Hill Fee 24-35-19 WA 6H wells, to be horizontally drilled. The producing area for these wells will have unorthodox locations. 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 well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 14 miles northwest of Jal, New Mexico.

In Case No. 16146, Applicant seeks an order from the Division: (1) creating a nonstandard 240-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the E/2 E/2 of Section 18 and the E/2 NE/4 of Section 19, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico; (2) approving non-standard locations; and, (3) pooling all mineral interests in the Bone Spring formation underlying this proposed non-standard spacing and proration unit. This proposed non-standard spacing and proration unit will be the project area for the Blueberry Hill Fee 24-35-19 TB 10H well, to be horizontally drilled. The producing area for the well will have unorthodox locations. 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 14 miles northwest of Jal, New Mexico.

PROPOSED EVIDENCE

APPLICANT:

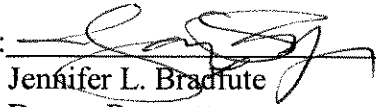
| <u>WITNESS</u> | <u>ESTIMATED TIME</u> | <u>EXHIBITS</u> |
|---------------------------------------|-----------------------|-----------------|
| Ryan Gyllenband – Landman | Approx. 30 | Approx. 8 |
| Ethan Perry – Geologist | Approx. 30 | Approx. 6 |
| Jacob Rotolo/TBD – Reservoir Engineer | Approx. 30 | Approx. 6 |
| TBD – Production/Completion Engineer | Approx. 30 | Approx. 6 |

PROCEDURAL ISSUES

Marathon asks that these matters be consolidated at hearing.

Respectfully submitted,

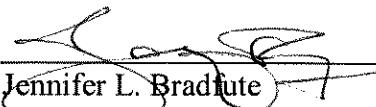
**MODRALL, SPERLING, ROEHL, HARRIS
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served on counsel of record by electronic mail on August 23, 2018:

Elizabeth A. Ryan
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