

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

**IN THE MATTER OF THE APPLICATION
OF MARATHON OIL PERMIAN, LLC
TO POOL ADDITIONAL PARTIES UNDER
THE TERMS OF ORDER NO. R-20996,
EDDY COUNTY, NEW MEXICO**

**Case No. 21213
Order No. R-20996-A**

PRE-HEARING STATEMENT

Movant Sugar Creek Resources, LLC (“Sugar Creek”) submits its Pre-Hearing Statement as follows:

STATEMENT OF THE CASE

Marathon Oil Permian, LLC (“Marathon”) obtained pooling relief in Case No. 16381, Order No. R-20996 issued January 9, 2020. It thereafter reopened said proceeding in Case No. 21213 because it claims it identified additional affected parties it failed to pool, and obtained Order No. R-20996-A purportedly pooling such additional parties. However, contrary to NMAC 19.15.4.12(A)(1)(b)(vi) and NMSA 1978 § 70-2-17(C), Marathon undisputedly made no attempt to come to agreement with the additional mineral owners Ronald Robbins, Christine Campos and Stephanie R. Aldemir,¹ who leased their interests to Sugar Creek; made no showing of such attempt before the Division; and Order No. R-20996-A makes no such finding. This necessary prerequisite to the pooling relief requested was therefore not met, and said order is void.

Further, Marathon has acted in recognition of the infirmities of its reopened pooling order. MRC Permian Company (“MRC”), a mineral owner in the unit comprising the East Half of Section 8, filed an Application for De Novo Hearing from this Order. However, on June 18, 2020,

¹ Marathon’s violation of NMAC 19.15.4.12 is not limited to the lessors of the Sugar Creek Leases. Rather, Marathon seeks to add nearly every single mineral owner in the East Half of Section 8-T23S-R27E, Eddy County, New Mexico (“Section 8”), as well as the owners of 50% of the mineral interests in the unit comprising the West Half of Section 8.

Marathon filed a Notice of Removal of MRC from Order No. R-20996-A. MRC has thus far refused to disclose to Sugar Creek the reason for its removal and what arrangement it made with Marathon. Marathon should be required to explain to the Division why it is treating MRC and Sugar Creek differently, despite the parallel nature of their positions.

Lastly, Sugar Creek has sued Marathon in district court because Marathon's prior lease from such mineral owners has terminated for failure to produce in paying quantities; said order, if not vacated, should alternatively be stayed pending resolution of said district court action affecting title to the subject interests.

APPEARANCES

MOVANT

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MOVANT'S ATTORNEY

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MOVANT'S PROPOSED EVIDENCE

WITNESS

None

ESTIMATED TIME

N/A

EXHIBITS

Approx. 2 -5

PROCEDURAL MATTERS

Marathon has filed a Motion to Strike Sugar Creek's Motion to Vacate or Stay.

MOVANT'S POSITION ON RELIEF SOUGHT

Movant opposes the issuance of the compulsory pooling relief sought by Marathon unless and until Marathon complies with New Mexico law and makes a good faith attempt to come to

agreement with Sugar Creek regarding participation in Marathon's proposed Crossbow Fed Com well program.

RESPECTFULLY SUBMITTED,

CAVIN & INGRAM, P.A.

By: 

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ATTORNEYS FOR SUGAR CREEK
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I hereby certify that a true and correct copy
of the foregoing was served via email and/or
U.S. Mail on July 2, 2020 to the following:

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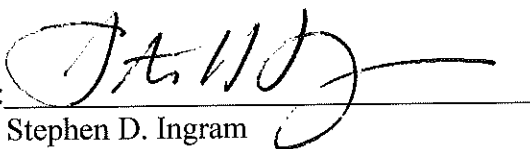
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