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MODRALL SPERLING

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December 14, 2017

Florene Davidson
NM Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

**Re: Case No. 15906
APPLICATION OF MARATHON OIL PERMIAN LCC FOR A
NON-STANDARD SPACING AND PRORATION UNIT, NON-
STANDARD LOCATIONS, AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

Dear Ms. Davidson:

Enclosed please find three copies of the following:

1. Marathon's Amended Pre-Hearing Statement.

Thank you for your assistance. Please contact me if you have any questions.

Sincerely,

Zina Crum, Legal Assistant to
Jennifer L. Bradfute

JLB/zc
Enclosure

Modrall Spierling
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**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. 15906

MARATHON'S AMENDED 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
5555 San Felipe St.
Houston, TX 77056

ATTORNEY

Earl E. DeBrine, Jr., Esq.
Jennifer L. Bradfute, Esq.
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OPPONENT:

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MRC Permian LKE Company
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STATEMENT OF CASE

APPLICANT:

Applicant in the above-styled cause seeks an order from the Division (1) creating a non-standard 320-acre spacing and proration unit in the Wolfcamp formation, comprised of the E/2 of Section 26, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico; (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 will be for the development of the **Knife Fight Fee 24 34 26 WXY 3H**, **Knife Fight Fee 24 34 26 WA 6H**, and **Knife Fight Fee 24 34 26 WXY 19H** wells, which are horizontal wells that will develop the Antelope Ridge Wolfcamp Pool (Pool Code 2220). These wells will be drilled simultaneously and will be pad drilled. 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.

The non-standard locations that Marathon seeks for the **Knife Fight Fee 24 34 26 WXY 3H** well are for the first and last perforations. The first perforation will be located 150' from the North Line and 2,317' from the East line of Section 26. The last perforation for this well will be located 150' from the South line and 2,302' from the East line. The non-standard locations that Marathon seeks for the **Knife Fight Fee 24 34 26 WA 6H** well are also for the first and last perforations. The first perforation for this well will be located 150' from the North Line and 1,324' from the East line of Section 26. The last perforation for this well will be located 150' from the South line and 1,318' from the East line. Marathon also seeks the approval of non-standard locations for the first and last perforations for the **Knife Fight Fee 24 34 26 WXY 19H**. The first perforation for this well will be located 150' from the North Line and 330' from the East line of Section 26. The last perforation for this well will be located 150' from the South line and 330' from the East line.

PROPOSED EVIDENCE

APPLICANT:

| <u>WITNESS</u> | <u>ESTIMATED TIME</u> | <u>EXHIBITS</u> |
|--------------------------------|-----------------------|-----------------|
| Ryan Gyllenband – Landman | Approx. 20 | Approx. 6 |
| Ethan Perry – Geologist | Approx. 15 | Approx. 4 |
| Lane Neal – Reservoir Engineer | Approx. 20 | Approx. 5 |

PROCEDURAL ISSUES

Marathon asks that this case be consolidated with Case No. 15907 at the hearing.

Respectfully submitted,

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

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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 December 14, 2017.

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Jordan L. Kessler
Adam G. Rankin
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**MODRALL, SPERLING, ROEHL, HARRIS
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