

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

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

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CASE NOS. 15906 and 15907

MOTION TO CONTINUE

EOG Resources, Inc. and EOG Y Resources, Inc. (collectively "EOG") move the Division to continue these matters, currently scheduled for the December 21, 2017, Examiner Hearing Docket, to the January 11, 2018, docket. In support of this motion, EOG states:

1. EOG Resources, Inc. and EOG Y Resources, Inc. hold working interests in the Bone Spring and Wolfcamp formations underlying the E/2 of Section 26, Township 24 South, Ranger 34 East, the acreage that is the subject of Case Nos. 15906 and 15907.
2. While the Marathon has had discussions with EOG's Midland Office about trading acreage in this area, there has been little or no discussion about Marathon's proposed development plans for the Bone Spring and Wolfcamp formations, nor have there been any discussions about a Joint Operating Agreement or other form of voluntary agreement to accommodate Marathon's proposed development plans.
3. EOG's Midland Office was not informed of Marathon's desire to pool this acreage until receiving the applications for pooling the week of December 11th. A review of the applications indicate that they are directed at the interests held by EOG Y Resources and do not account for the interests separately held by EOG Resources in the E/2 of Section 26.
4. Additional time is needed for EOG to understand the proposed development plans

(which involved multiple wells), to discuss the EOG interests that are involved, and to discuss potential agreements to avoid the necessity of pooling the interests held by EOG Y Resources, Inc. and EOG Resources, Inc.

5. Further, Marathon seeks to create a non-standard 320-acre spacing and proration unit in an oil pool (the "Antelope Ridge Wolfcamp Pool (Pool Code 2220)") for the purpose of simultaneously drilling three proposed wells. *See* Marathon's Application for Pooling in Case No. 15906 *and* Marathon's Amended Prehearing Statement in Case No. 15906. While Marathon may be able to create this non-standard 320-acre spacing and proration unit voluntarily with the working interest owners, the Division is not authorized to force pool beyond the "area that can be efficiently and economically drained and developed by one well..." *See* NMSA 1978, § 70-2-17(B), (C). Marathon's proposed drilling program demonstrates a 320-acre non-standard spacing and proration unit in the "Antelope Ridge Wolfcamp Pool" cannot be "efficiently and economically drained and developed by one well." *Id.* Accordingly, if the parties are unable to reach a voluntary agreement during the continuance period, EOG will be forced to file a motion to dismiss the application.

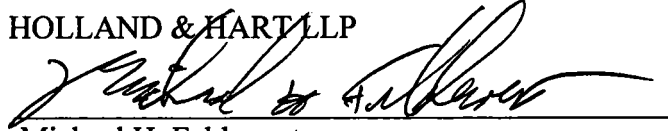
6. A two week continuance of these matters should allow the parties time to discuss and evaluate the development plans, the EOG interests that are involved, and potential voluntary agreements to accommodate Marathon's development plans.

7. Counsel for the applicant has been contacted and has not indicated Marathon's position on this motion.

WHEREFORE, EOG respectfully requests that the Division continue the hearing in these matters until the January 11, 201, Examiner Hearing Docket.

Respectfully submitted,

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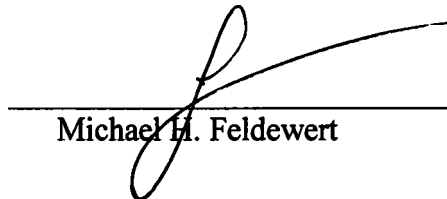
**ATTORNEYS FOR EOG Y RESOURCES, INC. AND
EOG RESOURCES, INC.**

CERTIFICATE OF SERVICE

I hereby certify that on December 14, 2017, I served a copy of the foregoing document to the following counsel of record via Electronic Mail to:

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