

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

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

CASE NO. _____

APPLICATION

Marathon Oil Permian, LLC (“Marathon” or “Applicant”) (OGRID No. 372098), through its undersigned attorneys, files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order (a) approving a non-standard 479.57-acre, more or less, horizontal well spacing unit in the Bone Spring formation underlying Lots 1-4 and S/2 N/2 (N/2 equivalent) of irregular Section 2 and Lots 1-2 and S/2 NE/4 (NE/4 equivalent) of irregular Section 3, Township 24 South, Range 26 East, NMPM, Eddy County, New Mexico, and (b) pooling the uncommitted interest owners in this acreage. In support of this application, Marathon states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant seeks to initially dedicate the above-referenced horizontal spacing unit to the proposed **Campana State Com 501H** well, to be drilled from a surface location in the SE/4 NE/4 (Unit H) of irregular Section 2, a first take point in Lot 1 (NE/4 NE/4 equivalent) of irregular Section 2, to a last take point in Lot 2 (NW/4 NE/4 equivalent) of irregular Section 3; and **Campana State Com 502H** well, to be drilled from a surface location in the SE/4 NE/4 (Unit H) of irregular Section 2, a first take point in the SE/4 NE/4 (Unit H) of irregular Section 2, to a last take point in the SW/4 NE/4 (Unit G) of irregular Section 3.

3. Approval of a non-standard unit will allow Applicant to efficiently locate surface facilities for the recovery of oil and gas underlying the subject lands, reduce surface disturbance, lower operating costs and allow for efficient well spacing.

4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all interest owners in the subject spacing unit.

5. Approval of this non-standard horizontal well spacing unit and the pooling of interests therein will allow Applicant to obtain a just and fair share of the oil and gas underlying the subject lands, avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

6. The Division issued a prehearing order on December 19, 2025, which set Powderhorn Operating, LLC (“Powderhorn”) Case Nos. 25610, 25753 and 25754, along with Avant Operating II, LLC (“Avant”) Case Nos. 25873 and 25874 for a contested hearing on March 10, 2026. This application conflicts with Powderhorn’s Case Nos. 25753 and 25754. Therefore, Marathon requests that the Division consolidate this application under the existing prehearing order and issue an amended prehearing order, setting these matters for a contested hearing on March 10, 2026.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on March 10, 2026, and, after notice and hearing as required by law, the Division enter an order:

- A. Approving the proposed non-standard horizontal well spacing unit and pooling the uncommitted interest owners therein;
- B. Designating Applicant as operator of this spacing unit and the horizontal wells to be drilled thereon;

- C. Authorizing Applicant to recover its costs of drilling, completing, and equipping the wells;
- D. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- E. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

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ATTORNEYS FOR MARATHON OIL PERMIAN, LLC

CASE _____: **Application of Marathon Oil Permian, LLC for Approval of a Non-Standard Horizontal Well Spacing Unit and Compulsory Pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order (a) approving a non-standard 479.57-acre, more or less, horizontal well spacing unit in the Bone Spring formation underlying Lots 1-4 and S/2 N/2 (N/2 equivalent) of irregular Section 2 and Lots 1-2 and S/2 NE/4 (NE/4 equivalent) of irregular Section 3, Township 24 South, Range 26 East, NMPM, Eddy County, New Mexico, and (b) pooling the uncommitted interest owners in this acreage. Applicant seeks to initially dedicate the above-referenced horizontal spacing unit to the **Campana State Com 501H** well, to be drilled from a surface location in the SE/4 NE/4 (Unit H) of irregular Section 2, a first take point in Lot 1 (NE/4 NE/4 equivalent) of irregular Section 2, to a last take point in Lot 2 (NW/4 NE/4 equivalent) of irregular Section 3; and **Campana State Com 502H** well, to be drilled from a surface location in the SE/4 NE/4 (Unit H) of irregular Section 2, a first take point in the SE/4 NE/4 (Unit H) of irregular Section 2, to a last take point in the SW/4 NE/4 (Unit G) of irregular Section 3. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, actual operating costs and charges for supervision, designation of Applicant as operator of the wells, and a 200% charge for risk involved in drilling the wells. The subject area is located approximately 11 miles south of Carlsbad, New Mexico.