

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

**APPLICATION OF MARATHON OIL PERMIAN LLC  
FOR (1) TO THE EXTENT NECESSARY,  
APPROVAL OF A NON-STANDARD SPACING UNIT,  
AND (2) COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.**

CASE NO. \_\_\_\_\_

**APPLICATION**

Marathon Oil Permian LLC (“Marathon”), OGRID Number 372098, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order (1) to the extent necessary approving a non-standard spacing unit, and (2) pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the SW/4 of Section 15 and the W/2 of Section 22, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico. In support of this application, Marathon states as follows:

1. Marathon is an interest owner in the subject lands and has a right to drill a well thereon.
2. Marathon seeks to dedicate the SW/4 of Section 15 and the W/2 of Section 22, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico to form a 480-acre, more or less, spacing unit.
3. Marathon plans to drill the proposed **Honey Mustard 22 WXY Fed Com 8H and Honey Mustard 22 WXY Fed Com 6H** wells to a depth sufficient to test the Wolfcamp formation. These wells will be horizontally drilled.

4. These wells will be drilled in the Purple Sage; Wolfcamp (Gas) Pool, Pool Code 98220, and will comply with the setback requirements for that pool.

5. Marathon sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Wolfcamp formation underlying the proposed spacing unit to participate in the drilling of the wells or to otherwise commit their interests to the wells.

6. The pooling of all interests in the Wolfcamp formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

WHEREFORE, Marathon requests this application be set for hearing before an Examiner of the Oil Conservation Division on January 6, 2022, and after notice and hearing as required by law, the Division enter its order:

- A. Approving, to the extent necessary, a non-standard spacing unit;
- B. Pooling all mineral interests in the Wolfcamp formation underlying a horizontal spacing unit within the SW/4 of Section 15 and the W/2 of Section 22, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico.;
- C. Designating Marathon as operator of this unit and the wells to be drilled thereon;
- D. Authorizing Marathon to recover its costs of drilling, equipping and completing the wells;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

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

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**CASE NO. \_\_\_\_\_: Application of Marathon Oil Permian LLC for (1) to the extent necessary, approval of a non-standard spacing unit, and (2) compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order from the Division (1) to the extent necessary approving a non-standard spacing unit, and (2) pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the SW/4 of Section 15 and the W/2 of Section 22, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Honey Mustard 22 WXY Fed Com 8H and Honey Mustard 22 WXY Fed Com 6H** wells, to be horizontally 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. Said area is located approximately 2 miles South of Malaga, New Mexico.