

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

**APPLICATION OF MARATHON OIL PERMIAN
LLC FOR A HORIZONTAL SPACING UNIT AND
COMPULSORY POOLING, LEA COUNTY, NEW
MEXICO**

Case No. _____

APPLICATION

Marathon Oil Permian LLC (“Marathon”), OGRID Number 372098, through its undersigned attorneys, hereby files this Application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA 1978, § 70-2-17, for an order (1) creating a standard 960-acre, more or less, overlapping horizontal well spacing and unit (“HSU”) composed of the E/2 of Sections 15, 10, and 3, Township 23 South, Range 32 East, N.M.P.M., Lea County, New Mexico, and (2) an order pooling all uncommitted mineral interests in the Wolfcamp Formation, designated as an oil pool, underlying said HSU.

In support of its Application, Marathon states the following:

1. Marathon is a working interest owner in the subject lands and has a right to drill wells thereon.
2. Marathon seeks to dedicate the E/2 of Sections 15, 10, and 3, Township 23 South, Range 32 East, NMPM, Lea County, New Mexico to form a 960-acre, more or less, spacing unit.
3. Marathon seeks to dedicate the above-referenced HSU to the following proposed wells:

- A. **Bing Clawsby WC Federal Com 703H Well**, which is an oil well that will be horizontally drilled from a surface location in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 15 to a bottom hole location in the Wolfcamp Formation in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 3; and
- B. **Bing Clawsby WC Federal Com 701H Well and Bing Clawsby WC Federal Com 702H Well**, which are oil wells that will be horizontally drilled from a surface location in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 15 to a bottom hole location in the Wolfcamp Formation in the NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 3.

4. The wells are orthodox in their location, and the take points and laterals comply with Statewide Rules for setbacks.

5. The completed interval for the Bing Clawsby WC Federal Com 702H well is less than 330' from the adjoining tracts and the Division's rules allow for the inclusion of proximity tracts within the proposed standard spacing unit for the wells.

6. Marathon has sought in good faith, but has been unable to obtain, 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.

7. The pooling of all interests in the Wolfcamp formation within the proposed unit will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Marathon requests that all uncommitted interests in this HSU be pooled and that Marathon be designated the operator of the proposed horizontal wells and HSU.

WHEREFORE, Marathon requests this Application be set for hearing on July 6, 2023, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

- A. Approving the creation of a standard 960-acre, more or less, spacing and proration unit comprised of the E/2 of Sections 15, 10, and 3, Township 23 South, Range 32 East, Lea County, New Mexico;
- B. Pooling all uncommitted interests in the Wolfcamp formation underlying a horizontal spacing unit within the E/2 of Sections 15, 10, and 3, Township 23 South, Range 32 East, NMPM, Lea County, New Mexico;
- C. Approving the Bing Clawsby WC Federal Com 701H, Bing Clawsby WC Federal Com 702H Well, and Bing Clawsby WC Federal Com 703H Well as the wells for the HSU.
- D. Designating Marathon as operator of the HSU and the horizontal wells to be drilled thereon;
- E. Authorizing Marathon to recover its costs of drilling, equipping, and completing the wells;
- F. Approving actual operating charges and costs of supervision, to the maximum extent allowable, while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- G. Setting a 200% charge for the risk assumed by Marathon in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

BEATTY & WOZNIAK, P.C.

By: 

James P. Parrot
1675 Broadway, Suite 600
Denver, CO 80202
(303) 407-4457
jparrot@bwenergylaw.com

Application of Marathon Oil Permian LLC for a Horizontal Spacing Unit and Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) creating a standard 960-acre, more or less, spacing and proration unit comprised of the E $\frac{1}{2}$ of Sections 15, 10, and 3, Township 23 South, Range 32 East, N.M.P.M, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Wolfcamp formation, designated as an oil pool, underlying said unit. The proposed wells to be dedicated to the horizontal spacing unit are the Bing Clawsby WC Federal Com 703H Well, which is an oil well that will be horizontally drilled from a surface location in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 15 to a bottom hole location in the Wolfcamp Formation in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 3, and the Bing Clawsby WC Federal Com 701H Well and Bing Clawsby WC Federal Com 702H Well, which are oil wells that will be horizontally drilled from a surface location in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 15 to a bottom hole location in the Wolfcamp Formation in the NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 3. The wells are orthodox in location and the take points and laterals comply with Statewide Rules for setbacks; also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 25 miles from Jal, New Mexico.