

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

**APPLICATION OF MARATHON OIL PERMIAN
LLC FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

Marathon Oil Permian LLC (“Marathon”), OGRID Number 372098, through its undersigned attorneys, hereby submits this application to the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted mineral interests within a standard 960-acre, more or less, Bone Spring horizontal spacing unit comprising the E/2 of Sections 22, 27, and 34, 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 E/2 of Sections 22, 27, and 34, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico to form a standard 960-acre, more or less, Bone Spring spacing unit.
3. Marathon plans to drill the **Pierogi BS Federal Com 301H, Pierogi BS Federal Com 302H, Pierogi BS Federal Com 501H, Pierogi BS Federal Com 502H, Pierogi BS Federal Com 551H, and Pierogi BS Federal Com 552H** wells to a depth sufficient to test the Bone Spring formation. The wells will be horizontally drilled, and the producing area for the wells is expected to be orthodox.
4. The completed intervals for Pierogi BS Federal Com 301H and the Pierogi BS Federal Com 502H are each expected to be less than 330 feet from the adjoining tracts thereby

allowing for the inclusion of the proximity tracts within the proposed spacing unit under Rule 19.15.16.15(B)(1)(b) NMAC.

5. Marathon sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Bone Spring 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 Bone Spring 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 September 7, 2023 and after notice and hearing as required by law, the Division enter its order:

A. Pooling all uncommitted interests in the Bone Spring formation underlying a horizontal spacing unit within the E/2 of Sections 22, 27, and 34, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico;

B. Designating Marathon as operator of this unit and the wells to be drilled thereon;

C. Authorizing Marathon to recover its costs of drilling, equipping and completing the wells;

D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;

E. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

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

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CASE NO. _____: Application of Marathon Oil Permian LLC for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a standard 960-acre, more or less, Bone Spring horizontal spacing unit underlying the E/2 of Sections 22, 27, and 34, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the Pierogi BS Federal Com 301H, Pierogi BS Federal Com 302H, Pierogi BS Federal Com 501H, Pierogi BS Federal Com 502H, Pierogi BS Federal Com 551H, and Pierogi BS Federal Com 552H wells, to be horizontally drilled. The wells will be drilled at orthodox locations. The completed intervals for the Pierogi BS Federal Com 301H and the Pierogi BS Federal Com 502H are each expected to be less than 330 feet from the adjoining tracts thereby allowing for the inclusion of the proximity tracts within the proposed spacing unit. 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 4.93 miles from Loving, New Mexico.