

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

**APPLICATION OF MARATHON OIL PERMIAN
LLC FOR COMPULSORY POOLING AND, TO THE EXTENT
NECESSARY, APPROVAL OF AN OVERLAPPING SPACING UNIT,
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 comprised of the W/2 of Section 35, Township 22 South, Range 28 East, and the W/2 of Sections 2 and 11, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico. Marathon also seeks, to the extent necessary, approval of an overlapping spacing unit. 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 spacing unit to the following wells:
 - a) The **Trojan Shield Federal Com 301H** and **Trojan Shield Federal Com 501H** wells to be horizontally drilled with first take points in the NW/4 NW/4 (Unit D) of Section 35 with last take points in the SW/4 SW/4 (Unit M) of Section 11; and
 - b) The **Trojan Shield Federal Com 302H** and **Trojan Shield Federal Com 502H** wells to be horizontally drilled with first take points in the NE/4 NW/4

(Unit C) of Section 35 with last take points in the SE/4 SW/4 (Unit N) of Section 11.

3. The completed interval for the **Trojan Shield Federal Com 301H** is 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.

4. Marathon's proposed spacing unit in this case will partially overlap the following Bone Spring spacing unit:

- A 40-acre horizontal well spacing unit comprised of the SW/4 SW/4 of Section 11, Township 23 South, Range 28 East, dedicated to BTA Oil Producers, LLC's Pardue C 8808 JV-P #005 well (API 30-015-38999).

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 and approving the overlapping spacing 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 March 7, 2024 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 W/2 of Section 35, Township 22 South, Range 28 East, and the W/2 of Sections 2 and 11, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico;

- B. Approving, to the extent necessary, the proposed overlapping spacing unit;
- 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;
- F. 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 and, to the Extent Necessary, Approval of an Overlapping Spacing unit, 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 W/2 of Section 35, Township 22 South, Range 28 East, and the W/2 of Sections 2 and 11, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Trojan Shield Federal Com 301H** and **Trojan Shield Federal Com 501H** wells to be horizontally drilled with first take points in the NW/4 NW/4 (Unit D) of Section 35 and with last take points in the SW/4 SW/4 (Unit M) of Section 11; and the **Trojan Shield Federal Com 302H** and **Trojan Shield Federal Com 502H** wells to be horizontally drilled with first take points in the NE/4 NW/4 (Unit C) of Section 35 and will last take points in the SE/4 SW/4 (Unit N) of Section 11. The producing area for the wells is expected to be orthodox. The completed interval for the Trojan Shield Federal Com 301H is 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. Applicant also seeks, to the extent necessary, approval of an overlapping spacing unit. The proposed spacing unit will partially overlap the following Bone Spring spacing unit:

- A 40-acre horizontal well spacing unit comprised of the SW/4 SW/4 of Section 11, Township 23 South, Range 28 East, dedicated to BTA Oil Producers, LLC's Pardue C 8808 JV-P #005 well (API 30-015-38999).

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 5.2 miles northeast of Loving, New Mexico.