

**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 640-acre, more or less, Wolfcamp horizontal spacing unit comprised of the E/2 of Sections 26 and 35, Township 23 South, Range 27 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 E/2 of Sections 26 and 35, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico to form a 640-acre, more or less, standard spacing unit.
3. Marathon seeks to dedicate the spacing unit to the following wells:
 - a) The **Oso Bueno Federal Com 701H** well to be horizontally drilled with a proposed first take point in the SE/4SE/4 (Unit P) of Section 35 to a bottom hole location in the NE/4NE/4 (Unit A) of Section 26; and

- b) The **Oso Bueno Federal Com 702H** well to be horizontally drilled with a proposed first take point in the SW/4SE/4 (Unit O) of Section 35 to a bottom hole location in the NW/4NE/4 (Unit B) of Section 26.
4. The producing area for the wells is expected to be orthodox.
5. These wells will be located within the Purple Sage Wolfcamp Gas Pool (Code 98220), which is subject to special pool rules that establish 330-foot setback requirements.
6. These wells will comply with the Division's setback requirements for this pool.
7. This proposed horizontal spacing unit will partially overlap with the following existing spacing units:
 - a) A 480-acre horizontal spacing unit comprised of the NE/4 of Section 35 and the N/2 of Section 36 dedicated to Mewbourne Oil Company's Swisher 35/36 State Com #711H well (API 30-015-53980) and Swisher 35/36 State Com #713H well (API 30-015-53978); and
 - b) A 480-acre horizontal spacing unit comprised of the SE/4 of Section 35 and the S/2 of Section 36 dedicated to Mewbourne Oil Company's Swisher 35/36 State Com #716H well (API 30-015-53979) and Swisher 35/36 State Com #718H well (API 30-015-53977).
8. 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.
9. The pooling of all interests in the Wolfcamp formation underlying the proposed unit and approving, to the extent necessary, 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 October 31, 2024 and after notice and hearing as required by law, the Division enter its order:

A. Pooling all uncommitted interests in the Wolfcamp formation underlying a horizontal spacing unit within the E/2 of Sections 26 and 35, Township 23 South, Range 27 East, NMPPM, 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 640-acre, more or less, Wolfcamp horizontal spacing unit underlying the E/2 of Sections 26 and 35, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico. This spacing unit will target the Purple Sage Wolfcamp Gas Pool (Code 98220) and be dedicated to the **Oso Bueno Federal Com 701H** well to be horizontally drilled with a proposed first take point in the SE/4SE/4 (Unit P) of Section 35 to a bottom hole location in the NE/4NE/4 (Unit A) of Section 26; and the **Oso Bueno Federal Com 702H** well to be horizontally drilled with a proposed first take point in the SW/4SE/4 (Unit O) of Section 35 to a bottom hole location in the NW/4NE/4 (Unit B) of Section 26. The producing area for the wells is expected to be orthodox. Marathon also seeks, to the extent necessary, approval of an overlapping spacing unit. This proposed horizontal spacing unit will partially overlap with the following existing spacing units: A 480-acre horizontal spacing unit comprised of the NE/4 of Section 35 and the N/2 of Section 36 dedicated to Mewbourne Oil Company's Swisher 35/36 State Com #711H well (API 30-015-53980) and Swisher 35/36 State Com #713H well (API 30-015-53978); and a 480-acre horizontal spacing unit comprised of the SE/4 of Section 35 and the S/2 of Section 36 dedicated to Mewbourne Oil Company's Swisher 35/36 State Com #716H well (API 30-015-53979) and Swisher 35/36 State Com #718H well (API 30-015-53977). 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 3.1 miles southwest of Loving, New Mexico.