

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

**APPLICATION OF MARATHON OIL PERMIAN LLC
FOR APPROVAL OF A NON-STANDARD SPACING
UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

Marathon Oil Permian LLC (“MOP” or “Applicant”) (OGRID No. 372098), through its undersigned attorneys, files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order (a) approving a non-standard 1,905.53-acre, more or less, horizontal well spacing unit in the Wolfcamp formation underlying Lots 1-4, S/2 N/2 and S/2 (All equivalent) of irregular Section 4, Lots 1-8, S/2 N/2 and SW/4 (All equivalent) of irregular Section 5, and Lots 1-7, SE/4 NW/4, S/2 NE/4, E/2 SW/4 and SE/4 (All equivalent) of irregular Section 6, Township 24 South, Range 26 East, NMPM, Eddy County, New Mexico, and (b) pooling the uncommitted interest owners in this acreage. In support of this application, MOP states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.

2. Applicant seeks to initially dedicate the above-referenced horizontal spacing unit to the proposed following wells:

- **Squints Federal Com 701H**, to be drilled from a surface location in the NE/4 SE/4 (Unit I) of irregular Section 4, a first take point in Lot 1 (NE/4 NE/4 equivalent) of irregular Section 4, and a last take point in Lot 4 (NW/4 NW/4 equivalent) of irregular Section 6;

- **Squints Federal Com 702H**, to be drilled from a surface location in the NE/4 SE/4 (Unit I) of irregular Section 4, a first take point in the SE/4 NE/4 (Unit H) of irregular Section 4, and a last take point in Lot 5 (SW/4 NW/4 equivalent) of irregular Section 6;
- **Squints Federal Com 703H**, to be drilled from a surface location in the NE/4 SE/4 (Unit I) of irregular Section 4, a first take point in the NE/4 SE/4 (Unit I) of irregular Section 4, and a last take point in Lot 6 (NW/4 SW/4 equivalent) of irregular Section 6; and
- **Squints Federal Com 704H**, to be drilled from a surface location in the NE/4 SE/4 (Unit I) of irregular Section 4, a first take point in the SE/4 SE/4 (Unit P) of irregular Section 4, and a last take point in Lot 7 (SW/4 SW/4 equivalent) of irregular Section 6.

3. Approval of a non-standard unit will allow Applicant to develop the acreage as a single communitized area. Doing so allows MOP to implement effective well spacing that is necessary to prevent waste and best protect correlative rights. Division Rules contemplate and encourage oil and gas development, where possible, in enlarged areas of common ownership to promote efficient well spacing that promotes effective drainage of the contemplated pool or formation, *see, e.g.*, 19.15.16.7.P NMAC; 19.15.16.15.B(8) NMAC; 19.15.16.15.C(7) NMAC, and authorize administrative approval of such a request. *See* 19.15.16.15(B)(5) NMAC.

4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all interest owners in the subject spacing unit.

5. Approval of this non-standard horizontal well spacing unit and the pooling of interests therein will allow Applicant to obtain a just and fair share of the oil and gas underlying the subject lands, avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 8, 2026, and, after notice and hearing as required by law, the Division enter an order:

- A. Approving the proposed non-standard horizontal well spacing unit and pooling the uncommitted interest owners therein;
- B. Designating Applicant as operator of this spacing unit and the horizontal wells to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, completing, and equipping the wells;
- D. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- E. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

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ATTORNEYS FOR MARATHON OIL PERMIAN LLC

CASE _____: **Application of Marathon Oil Permian LLC for Approval of a Non-Standard Horizontal Well Spacing Unit and Compulsory Pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order (a) approving a non-standard 1,905.53-acre, more or less, horizontal well spacing unit in the Wolfcamp formation underlying Lots 1-4, S/2 N/2 and S/2 (All equivalent) of irregular Section 4, Lots 1-8, S/2 N/2 and SW/4 (All equivalent) of irregular Section 5, and Lots 1-7, SE/4 NW/4, S/2 NE/4, E/2 SW/4 and SE/4 (All equivalent) of irregular Section 6, Township 24 South, Range 26 East, NMPM, Eddy County, New Mexico, and (b) pooling the uncommitted interest owners in this acreage. Applicant seeks to initially dedicate the above-referenced horizontal spacing unit to the following wells:

- **Squints Federal Com 701H**, to be drilled from a surface location in the NE/4 SE/4 (Unit I) of irregular Section 4, a first take point in Lot 1 (NE/4 NE/4 equivalent) of irregular Section 4, and a last take point in Lot 4 (NW/4 NW/4 equivalent) of irregular Section 6;
- **Squints Federal Com 702H**, to be drilled from a surface location in the NE/4 SE/4 (Unit I) of irregular Section 4, a first take point in the SE/4 NE/4 (Unit H) of irregular Section 4, and a last take point in Lot 5 (SW/4 NW/4 equivalent) of irregular Section 6;
- **Squints Federal Com 703H**, to be drilled from a surface location in the NE/4 SE/4 (Unit I) of irregular Section 4, a first take point in the NE/4 SE/4 (Unit I) of irregular Section 4, and a last take point in Lot 6 (NW/4 SW/4 equivalent) of irregular Section 6; and
- **Squints Federal Com 703H**, to be drilled from a surface location in the NE/4 SE/4 (Unit I) of irregular Section 4, a first take point in the NE/4 SE/4 (Unit I) of irregular Section 4, and a last take point in Lot 6 (NW/4 SW/4 equivalent) of irregular Section 6.

Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, actual operating costs and charges for supervision, designation of Applicant as operator of the wells, and a 200% charge for risk involved in drilling the wells. The subject area is located approximately 13 miles southwest of Carlsbad, New Mexico.