

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

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

**CASE NO. 16146 (Re-opened)
ORDER NO. R-20371**

APPLICATION

Marathon Oil Permian LLC (“Marathon”), OGRID Number 372098, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division to re-open Case No. 16146 and to amend Order R-20371. Marathon is filing contemporaneously herewith applications to re-open Case Nos. 16144 and 16145, and to amend those cases’ respective orders as well. Marathon requests that the Division enter a single order in all three cases, which order would cover a single spacing unit in the Wolfbone formation, comprised of the E/2 of Section 18 and the NE/4 of Section 19, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico; and (2) pooling all mineral interests in the Wolfbone formation underlying this proposed spacing unit. In support of this application, Marathon states as follows:

1. These cases went to hearing on November 15, 2018. Cases No. 16144, 16145, and 16146 were consolidated at the hearing for testimony; however, a separate order was issued for each case.

2. At hearing, it was determined that the Bone Spring applications also targeted the Wolfbone formation. Consequently, all three orders created spacing units within the Wolfbone Pool.

3. Division Order R-20371 (Case No. 16146), entered on January 31, 2019, created a horizontal spacing unit comprising 240 acres (more or less) within the Wildcat Wolfbone Oil Pool (Pool Code 98098) and all other pools hereinafter defined within the Wolfbone formation in the E/2 NE/4 of Section 19 and the E/2 E/2 of Section 18, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico.

4. Division Order 20369 (Case No. 16144) entered on January 31, 2019, created a horizontal spacing unit comprising 240 acres (more or less) within the Wildcat Wolfbone Oil Pool (Pool Code 98098) and all other pools hereinafter defined within the Wolfbone formation in the W/2 NE/4 of Section 19 and the W/2 E/2 of Section 18, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico.

5. Division Order R-20370 (Case No. 16145), entered on January 31, 2019, created a horizontal spacing unit comprising 480 acres (more or less) within the Wildcat Wolfbone Oil Pool (Pool code 98098) and all other pools hereafter defined within the Wolfbone formation in the E/2 of Section 19 and E/2 of Section 18, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico. This order contained a typographical error. The spacing unit should have been the NE/4 of Section 19 rather than the E/2 of Section 19. Marathon requests that typographical error also be corrected in the single, consolidated order.

6. After the orders were issued, Marathon requested that all three cases be consolidated into a single order, but because the above mentioned orders had already been issued, Marathon was required to re-open these three cases and submit an application requesting that all three orders be combined into a single order.

7. In addition, after the orders were issued, Marathon learned of two unleased mineral interest owners not previously identified.

WHEREFORE, Marathon requests this application be set for hearing before an Examiner of the Oil Conservation Division on August 22, 2019, and after notice and hearing as required by law, the Division enter its order:

- A. Combining Orders R-20369, R-20370, and R-20371 into a single order pooling all mineral interests in a spacing unit underlying the Wildcat Wolfbone Oil Pool (Pool code 98098) and all other pools hereafter defined within the Wolfbone formation in the E/2 of Section 18 and the NE/4 of Section 19, Township 24 South, Range 35 East, NMPM, Lea 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 these wells;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- 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.
- F. Marathon requests an expedited order.

Respectfully submitted,

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

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CASE NO. 16146 (Re-open): Application of Marathon Oil Permian LLC to Re-Open Case No. 16146, Lea County, New Mexico. Applicant seeks to consolidate Division Order Nos. R-20369, R-20370, and R-20371 (Case Nos. 16144, 16145, 16146) into a single order and also to include additional mineral owners in the Wildcat Wolfbone Oil Pool (Pool code 98098) and all other pools hereafter defined within the Wolfbone formation in the E/2 of Section 18 and the NE/4 of Section 19, Township 24 South, Range 35 East, NMPPM, Lea County, New Mexico. Said area is located approximately 14 miles northwest of Jal, New Mexico.