

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

**APPLICATION OF MARATHON OIL
PERMIAN LLC TO AMEND ORDER
NO. R-20996 (AS AMENDED),
EDDY COUNTY, NEW MEXICO**

**CASE NO. _____
ORDER NO. R-20996 (as
amended)
(Re-Open)**

APPLICATION

Marathon Oil Permian LLC (“Marathon”), OGRID Number 372098, through its undersigned attorney, files this application with the Oil Conservation Division (“Division”) for the limited purpose of amending Order No. R-20996 (as amended) (Order No. R-20996 and its amendments are collectively referred to herein as the “Order”) to allow for an additional extension of time for Marathon to commence drilling the initial well under the Order. In support of this application, Marathon states as follows:

1. Order No. R-20996 pooled uncommitted interest owners in a 1280-acre (more or less) spacing unit underlying Sections 7 and 8, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico.
2. Order No. R-20996 designated Marathon as the operator of the wells and the unit.
3. The Division Hearing for Case No. 16381 was held on September 19, 2019.
4. The Division entered Order No. R-20996 in Case No. 16381 on January 9, 2020.
5. Order R-20996-A was entered on May 7, 2020 (in Case No. 21213) and pooled previously unidentified interest owners and provided that Order R-20996 remains in effect.

6. In December 2020, by written letter to the Division, Marathon requested that Order No. R-20996-A be amended to allow Marathon additional time to commence drilling the initial well under the Order.

7. On December 21, 2020, by letter, the Division granted Marathon's written request to extend the period of time to commence drilling under the Order until January 31, 2022.

8. In September 2021, Marathon submitted an application to extend the period of time to commence drilling under the Order until January 31, 2023.

9. By orders issued October 25, 2021 (R-20996-C) and December 15, 2021 (R-20996-D), the Division granted Marathon's request for an extension of time to January 31, 2023 to commence drilling the initial well under the Order.

10. Marathon submits this application to request an additional extension of time to commence drilling the initial well under the Order.

11. Good cause exists for Marathon's request for a third extension of time.

12. The acreage at issue in this case has been the subject of litigation,¹ which only recently was resolved.

13. The litigation involved competing claims to ownership of three oil and gas leases that relate to a portion of the acreage at issue in this case.

14. The litigation began in May 2020 and, while it has been pending, created uncertainty regarding Marathon's ability to develop the acreage at issue in this case.

15. In June 2022, the parties to the litigation resolved their disputes, allowing Marathon to move forward with its plans to develop the acreage at issue in this case.

¹ *Sugar Creek Resources, LLC v. Marathon Oil Permian LLC, et al.*, No. D-503-CV-2020-00407 (5th Judicial District, New Mexico); *Sugar Creek Resources, LLC v. Marathon Oil Permian LLC, et al.*, A-1-CA-39762, consolidated with A-1-CA-39755.

16. Marathon intends to proceed with its Crossbow development and the Crossbow wells are on Marathon's 2023 drilling schedule.

17. Under the Order, Marathon would be required to commence drilling the initial Crossbow well by January 31, 2023.

18. Given the parties to the litigation only very recently settled their disputes, Marathon requires additional time to commence drilling the initial well under the Order.

19. Marathon asks that the deadline to commence drilling the initial well be extended for one year from January 31, 2023 to January 31, 2024.

WHEREFORE, Marathon requests this application be set for hearing before an Examiner of the Oil Conservation Division on August 4, 2022, and after notice and hearing as required by law, the Division:

A. Amend the Order to extend the time for Marathon to commence drilling the initial well under the Order for a year, through January 31, 2024.

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

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CASE NO. _____: (Re-Open) Application of Marathon Oil Permian LLC to Amend Order No. R-20996, Eddy County, New Mexico. Applicant seeks an order from the Division for the limited purposes of amending Order No. R-20996 to allow for a one-year extension of time to commence drilling the initial well under the Order. Order No. R-20996 pooled uncommitted interest owners in a 1280-acre (more or less) spacing unit underlying Sections 7 and 8, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico. Said area is located approximately 8 miles southwest of Carlsbad, New Mexico.