

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

**APPLICATION OF MARATHON OIL PERMIAN
LLC FOR A NON-STANDARD UNIT,
AND COMPULSORY POOLING,
LEA 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 (1) approving a non-standard unit, and (2) pooling all uncommitted mineral interests within a 960-acre, more or less, Bone Spring horizontal spacing unit comprising the E/2 of Sections 6, 7, Township 20 South, Range 33 East and the E/2 of Section 31, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico.

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 6, 7, Township 20 South, Range 33 East and the E/2 of Section 31, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico to form a non-standard 960-acre, more or less, Bone Spring spacing unit.
3. Marathon plans to drill the **Andretti Fed Com 304H, Andretti Fed Com 504H, Andretti Fed Com 505H, and Andretti Fed Com 506H**, wells to a depth sufficient to test the Bone Spring formation. The wells will be horizontally drilled, and the producing area for the wells is expected to be orthodox.
4. Marathon seeks approval of the non-standard spacing unit for several reasons.

5. First, Marathon seeks to minimize surface disturbance by consolidating facilities and commingling production from the wells in the proposed non-standard spacing unit.

6. Approval of this application will allow Marathon to efficiently locate surface facilities, reduce surface disturbance, consolidate roads, tanks, and pipelines, and promote effective well spacing, which is consistent with Division rules. *See, e.g.*, Rule 19.15.16.7(P) NMAC; Rule 19.15.16.15(B)(8) NMAC; Rule 19.15.16.15(C)(7)(NMAC).

7. Second, to allow the wells to be dedicated to the acreage subject to the desired Communitization Agreement, Marathon requires approval of this non-standard spacing unit in the Bone Spring formation.

8. 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.

9. The pooling of all interests in the Bone Spring formation underlying the proposed 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 December 7, 2023 and after notice and hearing as required by law, the Division enter its order:

- A. Approving the non-standard Bone Spring spacing unit;
- B. Pooling all uncommitted interests in the Bone Spring formation underlying a horizontal spacing unit within the E/2 of Sections 6, 7, Township 20 South, Range 33 East and the E/2 of Section 31, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico;
- 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.

By: 

Deana M. Bennett
Yarithza Peña
Post Office Box 2168
500 Fourth Street NW, Suite 1000
Albuquerque, New Mexico 87103-2168
Telephone: 505.848.1800
deana.bennett@modrall.com
yarithza.pena@modrall.com
Attorneys for Applicant

CASE NO. _____: Application of Marathon Oil Permian LLC for approval of a non-standard spacing unit and compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division approving a non-standard spacing unit and pooling all uncommitted mineral interests within a 960-acre, more or less, Bone Spring horizontal spacing unit underlying the E/2 of Sections 6, 7, Township 20 South, Range 33 East, and the E/2 of Section 31, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Andretti Fed Com 304H, Andretti Fed Com 504H, Andretti Fed Com 505H, and Andretti Fed Com 506H wells**, to be horizontally drilled. The wells will be drilled at orthodox locations. 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 31 miles from Hobbs, New Mexico.