

**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 EXENT
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, horizontal spacing unit in an interval of the Bone Spring formation underlying the E/2 of Section 35, Township 22 South, Range 28 East, and the E/2 of Section 2, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico. Marathon also seeks approval, to the extent necessary, 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 pool all uncommitted mineral interests from the top of the Bone Spring (6348’ MD/TVD) to the base of First Bone Spring (7664’ MD/TVD) as shown in on the log of the Santa Fe Federal DE 1 (30015379170000) well located in Section 35, Township 22 South, Range 28 East.
3. Marathon seeks to dedicate the spacing unit to the following wells:
 - a) The **Persephone BS Fed Com 301H** well to be horizontally drilled with a first take point in the NW/4 NE/4 (Unit B) of Section 35 and a last take point in the SW/4 SE/4 (Unit O) of Section 2; and

b) The **Persephone BS Fed Com 302H** well to be horizontally drilled with a first take point in the NE/4 NE/4 (Unit A) of Section 35 and a last take point in the SE/4 SE/4 (Unit P) of Section 2.

4. The completed interval for the **Persephone BS Fed Com 301H** is expected to be less than 330 feet from the adjoining tracts thereby allowing for the inclusion of the proximity tracts within the proposed spacing unit under Rule 19.15.16.15(B)(1)(b) NMAC.

5. Marathon's proposed spacing unit in this case will partially overlap a 318.97-acre horizontal well spacing unit comprised of the E/2 of Section 2, Township 23 South, Range 28 East, dedicated to BTA Oil Producers, LLC's Hades 22102 2 State Com #005 well (API 30-015-46134) and the Hades 22102 2 State Com #003H well (API 30-015-46135), which are Second Bone Spring wells. Because Marathon is not seeking to drill in the Second Bone Spring formations, approval of an overlapping spacing unit may not be required. To the extent necessary, Marathon requests approval of an overlapping spacing unit.

6. Marathon sought, but has been unable to obtain, a voluntary agreement from all interest owners in the First 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.

7. The pooling of all interests in the First Bone Spring formation underlying the proposed unit and approving 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 March 7, 2024 and after notice and hearing as required by law, the Division enter its order:

- A. Pooling all uncommitted interests from the top of the Bone Spring to the base of First Bone Spring formation underlying a horizontal spacing unit within E/2 of Section 35, Township 22 South, Range 28 East, and the E/2 of Section 2, Township 23 South, Range 28 East, NMPM, 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
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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, horizontal spacing unit in an interval of the Bone Spring formation underlying the E/2 of Section 35, Township 22 South, Range 28 East, and the E/2 of Section 2, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico. Applicant seeks to pool all uncommitted mineral interests from the top of the Bone Spring (6348' MD/TVD) to the base of First Bone Spring (7664' MD/TVD) as shown in on the log of the Santa Fe Federal DE 1 (30015379170000) well located in Section 35, Township 22 South, Range 28 East. This spacing unit will be dedicated to the **Persephone BS Fed Com 301H** well to be horizontally drilled with a first take point in the NW/4 NE/4 (Unit B) of Section 35 and a last take point in the SW/4 SE/4 (Unit O) of Section 2, and the **Persephone BS Fed Com 302H** well to be horizontally drilled with a first take point in the NE/4 NE/4 (Unit A) of Section 35 and a last take point in the SE/4 SE/4 (Unit P) of Section 2. The producing area for the wells is expected to be orthodox. The completed interval for the Persephone BS Fed Com 301H is expected to be less than 330 feet from the adjoining tracts thereby allowing for the inclusion of the proximity tracts within the proposed spacing unit. Applicant also seeks approval of an overlapping spacing unit, to the extent necessary. The proposed spacing unit will partially overlap a 318.97-acre horizontal well spacing unit comprised of the E/2 of Section 2, Township 23 South, Range 28 East, dedicated to BTA Oil Producers, LLC's Hades 22102 2 State Com #005 well (API 30-015-46134) and the Hades 22102 2 State Com #003H well (API 30-015-46135). 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 10 miles southeast of Carlsbad, New Mexico.