

**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 EXTENT
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 960-acre, more or less, Bone Spring horizontal spacing unit comprised of the S/2 of Sections 8 and 7, Township 23 South, Range 28 East, and the S/2 of Section 12, Township 23 South, Range 27 East, and NMPM, Eddy County, New Mexico. Marathon also seeks, to the extent necessary, approval 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 dedicate the spacing unit to the following wells:
 - a) The **Silver Snake Federal Com 301H** and **Silver Snake Federal Com 501H** wells to be horizontally drilled with first take points in the SE/4 SE/4 (Unit P) of Section 8 and last take points in the SW/4 SW/4 (Unit M) of Section 12; and
 - b) The **Silver Snake Federal Com 302H** and **Silver Snake Federal Com 502H** wells to be horizontally drilled and first take points in the NE/4 SE/4 (Unit I) of Section 8 and last take points in the NW/4 SW/4 (Unit L) of Section 12.

3. The producing area for the wells is expected to be orthodox.
4. The completed intervals for the **Silver Snake Federal Com 302H** and **Silver Snake Federal Com 501H** are 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. This proposed horizontal spacing unit will overlap with a 160-acre horizontal spacing unit comprised of the N/2 S/2 of Section 8, Township 23 South, Range 28 East, dedicated to OXY USA WTP Limited Partnership's Villa A Fee Com #002H well (API 30-015-42284).
6. 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.
7. The pooling of all interests in the Bone Spring formation underlying the proposed unit and, to the extent necessary, approval of 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 in the Bone Spring formation underlying a horizontal spacing unit within the S/2 of Sections 8 and 7, Township 23 South, Range 28 East, and the S/2 of Section 12, Township 23 South, Range 27 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
& SISK, P.A.

By: 
Earl E. DeBrine, Jr
Deana M. Bennett
Yarithza Peña
Post Office Box 2168
500 Fourth Street NW, Suite 1000
Albuquerque, New Mexico 87103-2168
Telephone: 505.848.1800
edebrine@modrall.com
deana.bennett@modrall.com
yarithza.pena@modrall.com
Attorneys for Marathon Oil Permian LLC

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 960-acre, more or less, Bone Spring horizontal spacing unit underlying the S/2 of Sections 8 and 7, Township 23 South, Range 28 East, and the S/2 of Section 12, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Silver Snake Federal Com 301H** and **Silver Snake Federal Com 501H** wells to be horizontally with first take points in the SE/4 SE/4 (Unit P) of Section 8 and last take points in the SW/4 SW/4 (Unit M) of Section 12; and the **Silver Snake Federal Com 302H** and **Silver Snake Federal Com 502H** wells to be horizontally drilled with first take points in the NE/4 SE/4 (Unit I) of Section 8 and last take points in the NW/4 SW/4 (Unit L) of Section 12. The producing area for the wells is expected to be orthodox. The completed intervals for the Silver Snake Federal Com 302H and Silver Snake Federal Com 501H wells are 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, to the extent necessary, approval of an overlapping spacing unit. This proposed horizontal spacing unit will overlap with a 160-acre horizontal spacing unit comprised of the N/2 S/2 of Section 8, Township 23 South, Range 28 East, dedicated to OXY USA WTP Limited Partnership's Villa A Fee Com #002H well (API 30-015-42284). 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 9 miles southwest of Carlsbad, New Mexico.