

**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 1,280-acre, more or less, Wolfcamp horizontal spacing unit comprised of all of Section 36, Township 22 South, Range 27 East, and all of Section 31, Township 22 South, Range 28 East, 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 **Olmec Federal Com 701H** and **Olmec Federal Com 801H** wells to be horizontally drilled with proposed first take points in the SW/4 SW/4 (Unit M) of Section 36 and proposed last take points in the SE/4 SE/4 (Unit P) of Section 31;
 - b) The **Olmec Federal Com 702H**, **Olmec Federal Com 802H**, and **Olmec Federal Com 805H** wells to be horizontally drilled with proposed first take

points in the NW/4 SW/4 (Unit L) of Section 36 and proposed last take points in the NE/4 SE/4 (Unit I) of Section 31;

c) The **Olmec Federal Com 703H** and **Olmec Federal Com 803H** wells to be horizontally drilled with proposed first take points in the SW/4 NW/4 (Unit E) of Section 36 and proposed last take points in the SE/4 NE/4 (Unit H) of Section 31; and

d) The **Olmec Federal Com 704H**, **Olmec Federal Com 804H**, and **Olmec Federal Com 806H** wells to be horizontally drilled with proposed first take points in the NW/4 NW/4 (Unit D) of Section 36 and proposed last take points in the NE/4 NE/4 (Unit A) of Section 31.

3. The producing area for the wells is expected to be orthodox.

4. The completed intervals for the **Olmec Federal Com 702H** and **Olmec Federal Com 803H** 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. These wells will be located within the Purple Sage Wolfcamp Gas Pool (Code 98220), which is subject to special pool rules that establish 330-foot setback requirements.

6. These wells will comply with the Division's setback requirements for this pool.

7. Marathon's proposed spacing unit in this case will partially overlap a 160-acre horizontal well Wolfcamp spacing unit comprised of the S/2 S/2 of Section 36, Township 22 South, Range 27 East, dedicated to Matador Production Company's Scott Walker State 36 22S 27E RB #204H well (API: 30-015-43162).

8. Marathon sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Wolfcamp 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 Wolfcamp 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 April 4, 2024 and after notice and hearing as required by law, the Division enter its order:

A. Pooling all uncommitted interests in the Wolfcamp formation underlying a horizontal spacing unit within all of Section 36, Township 22 South, Range 27 East, and all of Section 31, Township 22 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,

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& SISK, P.A.

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CASE NO. _____: Application of Marathon Oil Permian LLC for Compulsory Pooling and 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 1,280-acre, more or less, Wolfcamp horizontal spacing unit underlying all of Section 36, Township 22 South, Range 27 East, and all of Section 31, Township 22 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will target the Purple Sage Wolfcamp Gas Pool (Code 98220) and be dedicated to the **Olmec Federal Com 701H** and **Olmec Federal Com 801H** wells to be horizontally drilled with proposed first take points in the SW/4 SW/4 (Unit M) of Section 36 and proposed last take points in the SE/4 SE/4 (Unit P) of Section 31; the **Olmec Federal Com 702H**, **Olmec Federal Com 802H**, and **Olmec Federal Com 805H** wells to be horizontally drilled with proposed first take points in the NW/4 SW/4 (Unit L) of Section 36 and proposed last take points in the NE/4 SE/4 (Unit I) of Section 31; the **Olmec Federal Com 703H**, **Olmec Federal Com 803H** wells to be horizontally drilled with proposed first take points in the SW/4 NW/4 (Unit E) of Section 36 and proposed last take points in the SE/4 NE/4 (Unit H) of Section 31; and the **Olmec Federal Com 704H**, **Olmec Federal Com 804H** and **Olmec Federal Com 806H** wells to be horizontally drilled with proposed first take points in the NW/4 NW/4 (Unit D) of Section 36 and proposed last take points in the NE/4 NE/4 (Unit A) of Section 31. The producing area for the wells is expected to be orthodox. The completed intervals for the Olmec Federal Com 702H and Olmec Federal Com 803H 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. The proposed spacing unit will partially overlap a 160-acre horizontal well Wolfcamp spacing unit comprised of the S/2 S/2 of Section 36, Township 22 South, Range 27 East, dedicated to Matador Production Company's Scott Walker State 36 22S 27E RB #204H well (API: 30-015-43162). 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 5.45 miles northwest of Loving, New Mexico.