

**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,
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 pooling all uncommitted mineral interests within a standard 640-acre, more or less, Bone Spring horizontal spacing unit comprising the W/2 of Sections 27 and 34, Township 21 South, Range 33 East, NMPM, Lea 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 W/2 of Sections 27 and 34, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico to form a standard 640-acre, more or less, Bone Spring spacing unit.
3. Marathon plans to drill the following wells:
 - a. **War Hammer BS Federal Com 201H, War Hammer BS Federal Com 202H, War Hammer BS Federal Com 301H, War Hammer BS Federal Com 601H** wells to be drilled with proposed first take points in the SW/4SW/4

(Unit M) of Section 34 and proposed last take points in the NW/4NW/4 (Unit D) of Section 27; and

- b. **War Hammer BS Federal Com 203H** well to be drilled with a proposed first take point in the SE/4SW/4 (Unit N) of Section 34 and a proposed last take point in the NE/4NW/4 (Unit C) of Section 27.

4. The wells will be horizontally drilled, and the producing area for the wells is expected to be orthodox.

5. The completed intervals for the **War Hammer BS Federal Com 202H** and the **War Hammer BS Federal Com 601H** 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 under Rule 19.15.16.15(B)(1)(b) NMAC.

6. Marathon's proposed spacing unit in this case will partially overlap the following Bone Spring spacing units:

- a. A 480-acre Bone Spring horizontal well spacing unit comprised of the W/2 and the W/2E/2 of Section 27, dedicated to COG Operating, LLC's Pygmy 27 State 2H well (API 30-025-42062) and COG Operating, LLC's Pygmy 27 State 1H well (API 30-025-40352) and COG Operating, LLC's Pygmy 27 State 3H well (API 30-025-42068); and
- b. A 160-acre Bone Spring horizontal well spacing unit comprised of the W/2W/2 of Section 34, dedicated to Marathon's Battle 34 Federal 4H well (API 30-025-42636).

7. 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.

8. The pooling of all interests in the Bone Spring formation underlying the proposed unit and approving, to the extent necessary, 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 May 2, 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 W/2 of Sections 27 and 34, Township 21 South, Range 33 East, NMPM, Lea 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.

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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, Lea County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a 640-acre, more or less, Bone Spring horizontal spacing unit underlying the W/2 of Sections 27 and 34, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **War Hammer BS Federal Com 201H, War Hammer BS Federal Com 202H, War Hammer BS Federal Com 301H, War Hammer BS Federal Com 601H** wells to be drilled with proposed first take points in the SW/4SW/4 (Unit M) of Section 34 and proposed last take points in the NW/4NW/4 (Unit D) of Section 27; and the **War Hammer BS Federal Com 203H** well to be drilled with a proposed first take point in the SE/4SW/4 (Unit N) of Section 34 and a proposed last take point in the NE/4NW/4 (Unit C) of Section 27. The wells will be drilled at orthodox locations. The completed intervals for the **War Hammer BS Federal Com 202H** and the **War Hammer BS Federal Com 601H** 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. Marathon also seeks, to the extent necessary, approval of an overlapping spacing unit. The proposed spacing unit in this case will partially overlap: a 480-acre Bone Spring horizontal well spacing unit comprised of the W/2 and the W/2E/2 of Section 27, dedicated to COG Operating, LLC's Pygmy 27 State 2H well (API 30-025-42062) and COG Operating, LLC's Pygmy 27 State 1H well (API 30-025-40352) and COG Operating, LLC's Pygmy 27 State 3H well (API 30-025-42068); and a 160-acre Bone Spring horizontal well spacing unit comprised of the W/2W/2 of Section 34, dedicated to Marathon's Battle 34 Federal 4H well (API 30-025-42636). 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 18.4 miles from Oil Center, New Mexico.