

NSL

PROTEST

Garcia, John A, EMNRD

From: Garcia, John A, EMNRD
Sent: Tuesday, March 24, 2020 11:20 AM
To: 'Deana M. Bennett'
Cc: 'Dana Hardy'; Simmons, Kurt, EMNRD; Cox, Scott, EMNRD; Lowe, Leonard, EMNRD
Subject: Kaiser-Francis Oil Company Protest of Marathons Honey Mustard Wells
Attachments: 2020-03-19 Ltr A Sandoval Obj Marathon Honey Mustard.pdf

Deana,

| Applicant | OGRID | WELL NAME | POOL |
|---------------------------|--------|----------------------------------|-----------------------|
| Marathon Oil Permian, LLC | 372098 | Honey Mustard 22 WA Fed Corn 2H | Purple Sage; Wolfcamp |
| Marathon Oil Permian, LLC | 372098 | Honey Mustard 22 WXY Fed Corn 6H | Purple Sage; Wolfcamp |
| Marathon Oil Permian, LLC | 372098 | Honey Mustard 22 WXY Fed Corn 8H | Purple Sage; Wolfcamp |

The OCD was notified that **Kaiser-Francis Oil Company** has protested your applications for approval of a Non Standard Location of the above subject wells. This party have been identified as an affected person for their specific locations.

Therefore, you are being notified that if **Marathon Oil Permian, LLC** wishes for these applications to be considered, it must either go to hearing or may be reviewed administratively if the protest is withdrawn as a result of a negotiated resolution with this party.

The NSL application will be retained by OCD, but suspended from further administrative review.

Please contact the OCD once a decision regarding this application is determined within the next 30 days

03/19/20, Noticed date

04/18/20, 30 day ends

Protestant contact information:

Dana Hardy: dhardy@hinklelawfirm.com

Thank you,

John Garcia

Petroleum Specialist

Oil Conservation Division

1220 South St. Francis Drive

Santa Fe, New Mexico 87505

505-476-3441





HINKLE SHANOR LLP

ATTORNEYS AT LAW

PO BOX 2068

SANTA FE, NEW MEXICO 87504

505-982-4554 (FAX) 505-982-8623

WRITER:

Dana S. Hardy, Partner
dhardy@hinklelawfirm.com

March 19, 2020

Via Electronic Mail

OCD.Hearings@state.nm.us

Adrienne Sandoval
Director, Oil Conservation Division
New Mexico Department of Energy, Minerals, and Natural Resources
1220 South St. Francis Drive
Santa Fe, NM 87505

- Re: Application of Marathon Oil Permian LLC for administrative approval of unorthodox well location Honey Mustard 22 WA Fed Com 2H well located in the W/2 of Section 22, Township 24 South, Range 28 East, Eddy County*
- Re: Application of Marathon Oil Permian LLC for administrative approval of unorthodox well location Honey Mustard 22 WXY Fed Com 6H well located in the W/2 of Section 22, Township 24 South, Range 28 East, Eddy County*
- Re: Application of Marathon Oil Permian LLC for administrative approval of unorthodox well location Honey Mustard 22 WXY Fed Com 8H well located in the W/2 of Section 22, Township 24 South, Range 28 East, Eddy County*

Dear Director Sandoval:

I am writing on behalf of Kaiser-Francis Oil Company, an affected party under the Division's rules, to object to the above-referenced administrative applications for approval of unorthodox well locations. Each well is located in the Purple Sage Wolfcamp Gas Pool (Code 98220). As the applications recognize, the Division has issued special pool rules that require wells located in the Purple Sage Wolfcamp Gas Pool to comply with 330' setback requirements. The first and last take points for the proposed wells do not comply with these requirements and are located only 100' from the South and North lines.

The applications do not meet the requirements of NMAC 19.15.15.13, as they fail to establish that an exception to the Division's special pool rules is necessary to prevent waste or protect correlative rights. Further, granting the applications would result in inconsistent policies and unfairness to other operators in the area who have complied with the Division's setback

requirements. Consequently, the applications are contrary to the interests of conservation, the prevention of waste, and the protection of correlative rights, and should be denied.

Thank you for your attention to this matter.

Very truly yours,



Dana S. Hardy

cc: (via electronic mail)
Eric Ames (Eric.Ames@state.nm.us)
Gabriel Wade (Gabriel.Wade@state.nm.us)
Deana M. Bennett (dmb@modrall.com)