

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY L.P. FOR A HORIZONTAL SPACING
AND PRORATION UNIT AND COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.**

CASE NO. 20792

MARATHON OIL PERMIAN LLC'S PRE-HEARING STATEMENT

Marathon Oil Permian LLC ("Marathon") submits this Pre-Hearing Statement for the above-referenced case pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

Devon Energy Production Company, L.P.

ATTORNEY

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OPPONENT

Marathon Oil Permian LLC

ATTORNEY

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STATEMENT OF CASE

In Case No. 20792, Devon seeks an order from the Division: (1) creating a standard horizontal spacing and proration unit comprised of Lots 1 – 4 and the E/2 W/2 of Section 6 and

Lots 1 – 4 and the E/2 W/2 of Section 7, Township 26 South, Range 35 East, NMPM, Lea County, New Mexico, encompassing 644.08 acres, more or less, and (2) pooling all mineral interests in the Wolfcamp formation (WC-025 G-09 S263504N; WOLFCAMP [98117]) underlying the unit. Said horizontal spacing unit is to be dedicated to the proposed **Billiken 7-6 Fed Com 6H Well**, to be horizontally drilled from a surface location in the SW/4 SW/4 (Lot 4) of Section 7, approximately 294’ FSL and 1,248’ FWL, to a bottom hole location in the NW/4 NW/4 (Lot 1) of Section 6, approximately 20’ FNL and 1000’ FWL. This well defines the HSU. Also proposed to be drilled are: (1) **Billiken 7-6 Fed Com 5H Well** to be horizontally drilled from a surface location in the SW/4 SW/4 (Lot 4) of Section 7, 294’ FSL and 1,218’ FWL, to a bottom hole location in the NW/4 NW/4 (Lot 1) of Section 6, approximately 20’ FNL and 360’ FWL; (2) **Billiken 7-6 Fed Com 7H Well** to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 7, approximately 294’ FSL and 2,191’ FWL, to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 6, approximately 20’ FNL and 1,640’ FWL; and (3) **Billiken 7-6 Fed Com 8H Well** to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 7, approximately 294’ FSL and 2,221’ FWL, to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 6, approximately 20’ FNL and 2280’ FWL. The completed intervals and first take and last take points for all wells proposed in the unit meet the Division’s statewide setback requirements for horizontal oil wells; to the extent necessary, Devon will utilize proximity tracts. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells; and a 200% charge for the risk involved in drilling and completing the wells.

Marathon owns working interests within the proposed project area. Marathon has entered its appearance in this case to protect its correlative rights and to present arguments which promote the prevention of waste.

PROPOSED EVIDENCE

APPLICANT:

WITNESS	ESTIMATED TIME	EXHIBITS
Landman: TBD	Approx. 30 minutes	Approx. 8
Geologist: TBD	Approx. 30 minutes	Approx. 6

PROCEDURAL ISSUES

Marathon is currently in discussions with Devon. Depending on the outcome of those discussions, Marathon may move to continue this case.

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS
& SISK, P.A.

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served on counsel of record by electronic mail on September 26, 2019:

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