

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

7/17 - 1

**APPLICATION OF MCELVAIN ENERGY, INC
FOR A NON-STANDARD SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

CASE NO 15717

MARATHON OIL COMPANY'S PRE-HEARING STATEMENT

Marathon Oil Company (Marathon) submits this Pre Hearing Statement for the above referenced case pursuant to the rules of the Oil Conservation Division

APPEARANCES

APPLICANT

McElvain Energy, Inc

ATTORNEY

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OPPONENT/INTERVENOR

Marathon Oil Company

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MODRALL SPERLING, ROEHL,
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STATEMENT OF CASE

APPLICANT

Applicant in the above-styled cause seeks an order approving a non-standard oil spacing and proration unit in the Bone Spring formation and pooling of all uncommitted

mineral interests in the Bone Spring formation underlying the W/2 W/2 of Section 28 Township 19 South Range 35 East, NMPM Lea County New Mexico

OPPONENT/INTERVENOR

Marathon opposes this application. It recently acquired approximately 50% of the working interest in the proposed project area for the well and has not had an adequate opportunity to evaluate the well proposal. Since Marathon owns such a substantial interest in the well, McElvain Energy Inc should enter into good faith negotiations with Marathon prior to development. Marathon further reserves its right to submit an alternative development proposal to the Division, which better develop the mineral interest within the proposed unit and will adequately protect its correlative rights and result in greater recovery and less waste.

PROPOSED EVIDENCE

APPLICANT

<u>WITNESS</u>	<u>ESTIMATED TIME</u>	<u>EXHIBITS</u>
Ryan Gyllenband-- Landman	Approx 15	Approx 5
Lance Wilson -- Geologist	Approx 10	Approx 4


PROCEDURAL MATTERS

Marathon respectfully requests a two week continuance, so that it can properly consider the well proposal submitted by the applicant.

Respectfully submitted

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

By


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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 June 1 2017

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