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April 17, 2018

Florene Davidson  
NM Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87505

*Case 16148*

**Re: APPLICATION OF MARATHON  
OIL PERMIAN LLC FOR NON-STANDARD SPACING,  
AND PRORATION UNIT, NON-STANDARD  
LOCATIONS, AND COMPULSORY POOLING, LEA  
COUNTY, NEW MEXICO**

Dear Ms. Davidson:

Enclosed please find three copies of the following:

1. Marathon's Application – Ender Wiggins 2H

Thank you for your assistance. Please contact me if you have any questions.

Sincerely,

Zina Crum, Legal Assistant to  
Jennifer L. Bradfute

JLB/zc  
Enclosure

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

**APPLICATION OF MARATHON  
OIL PERMIAN LLC FOR A  
NON-STANDARD SPACING AND  
PRORATION UNIT, NON-STANDARD  
LOCATIONS, AND COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.**

CASE NO. 16148

**APPLICATION**

Marathon Oil Permian LLC ("Marathon"), OGRID Number 372098, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order: (1) creating a non-standard 480-acre, more or less, spacing and proration unit in the Wolfcamp formation, comprised of the W/2 Section 11 and the NW/4 of Section 14, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico; (2) approving non-standard locations; and (3) pooling all mineral interests in the Wolfcamp formation underlying the proposed non-standard spacing and proration 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 Section 11 and the NW/4 of Section 14, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico to the below proposed well to form a non-standard 480-acre, more or less, oil spacing and proration unit (the "project area").

3. Marathon plans to horizontally drill the **Ender Wiggins Federal 25-34-14 WD 2H** well to a depth sufficient to test the Wolfcamp formation.

4. The well will be drilled from a surface location, located in Unit E of Section 14.

5. The well is within the Fairview Mills, Wolfcamp Gas Pool (Pool Code 76560), which is subject to 660' setback requirements. The producing interval that Marathon seeks to drill will not comply with the 660' setback requirements established under the Division's rules.

6. The first take point for the well will be located 330' from the south line of the project area boundary and 330' from the west line of the project area boundary. The last take point for the well will be located 330' from the north line of the project area boundary and 330' from the west line of the project area boundary.

7. Marathon sought, but has been unable to obtain a voluntary agreement from all interest owners in the Wolfcamp formation underlying the proposed project area to participate in the drilling of the well or to otherwise commit their interest to the well.

8. Approval of the non-standard unit and non-standard locations and compulsory pooling 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 17, 2018, and after notice and hearing as required by law, the Division enter its order:

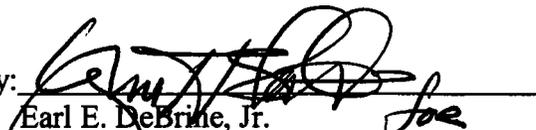
A. Creating non-standard 480-acre, more or less, spacing and proration unit in the Wolfcamp formation, comprised of the W/2 Section 11 and the NW/4 of Section 14, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico; and

B. Approving non-standard locations;

- C. Pooling all mineral interests in the Wolfcamp formation underlying this non-standard spacing and proration unit;
- D. Designating Marathon as operator of this unit and the wells to be drilled thereon;
- E. Authorizing Marathon to recover its costs of drilling, equipping and completing these wells;
- F. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- G. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

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

By: 

Earl E. DeBrine, Jr.

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*Attorneys for Applicant*

CASE NO. 16148: **Application of Marathon Oil Permian LLC for a non-standard spacing and proration unit, approving non-standard locations, and compulsory pooling, Lea County, New Mexico.** Applicant seeks an order from the Division: (1) creating a non-standard 480-acre, more or less, spacing and proration unit in the Wolfcamp formation, comprised of the W/2 Section 11 and the NW/4 of Section 14, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico; (2) approving non-standard locations; and (3) pooling all mineral interests in the Wolfcamp formation underlying the proposed non-standard spacing and proration unit. This proposed non-standard spacing and proration unit will be the project area for the **Ender Wiggins Federal 25-34-14 WD 2H** well, to be horizontally drilled. The producing area for the well will have unorthodox locations. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 15 miles WNW of Jal, New Mexico.