

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

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

CASE NO. 16076

AMENDED 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 pooling all mineral interests in the Wolfcamp formation underlying the standard 320-acre, more or less, spacing and proration unit comprised of the W/2 of Section 29, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico. Alternatively, Marathon asks that if the Division finds that 1.5 mile laterals are preferable within this area, that the Division enter an order: (1) creating a 480 acre non-standard spacing and proration unit comprised of the W/2 of Section 29 and the NW/4 of Section 32, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico; and (2) pooling all uncommitted interest in the Wolfcamp formation underlying this acreage. 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 29 to the below-listed proposed wells, to form a standard 320-acre, more or less spacing and proration unit (the "project area"); or alternatively to form a non-standard 480-acre, more or less spacing and proration unit (the "alternative project area").

3. Marathon plans to drill the **Zeus Fee 23 28 29 WXY 12H, Zeus Fee 23 28 29 WXY 17H, Zeus Fee 23 28 29 WD 16H, Zeus Fee 23 28 29 WXY WD 11H, Zeus Fee 23 28 29 WA 14H, Zeus Fee 23 28 29 WD 18H, and Zeus Fee 23 28 29 WD 20H** wells to a depth sufficient to test the Wolfcamp formation. These wells will be horizontally drilled using the same drilling rig.

4. If the Division determines that 1.5 mile laterals are preferable, and approves the creation of a 480-acre non-standard spacing and proration unit, that unit will include federal acreage and the wells will be named as follows: the **Zeus Federal 23 28 29 WXY 12H, Zeus Federal 23 28 29 WXY 17H, Zeus Federal 23 28 29 WD 16H, Zeus Federal 23 28 29 WXY WD 11H, Zeus Federal 23 28 29 WA 14H, Zeus Federal 23 28 29 WD 18H, and Zeus Federal 23 28 29 WD 20H.**

5. Marathon has filed a separate application to compulsory pool the Bone Spring formation.

6. The wells will be drilled from the same surface pad, and the wells will be located at orthodox locations.

7. These wells will be located within the Purple Sage Wolfcamp (Gas) pool (Pool Code 98220), which is subject to special pool rules that establish 330' setback requirements. The producing interval that Marathon seeks to drill will comply with the 330 foot setback requirements established under the Division's special pool rules.

8. 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 wells or to otherwise commit their interests to the wells.

9. Pooling of all interests in the Wolfcamp formation underlying the proposed project area or alternative project area will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

WHEREFORE, Marathon Oil Permian LLC requests this application be set for hearing before an Examiner of the Oil Conservation Division on June 28-29, 2018, and after notice and hearing as required by law, the Division enter its order:

A. Creating a standard spacing and proration unit ("project area") in the Wolfcamp formation comprised of W/2 of Section 29, Township 23 South, Range 28 East, NMPM, Eddy County; or, alternatively, creating a non-standard spacing and proration unit in the Wolfcamp formation comprised of W/2 of Section 29 and NW/4 of Section 32, Township 23 South, Range 28 East, NMPM, Eddy County.

B. Pooling all mineral interests in the Wolfcamp formation underlying the approved spacing and proration unit/project area;

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 these wells;

E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and

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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