

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

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

CASE NO. 16306

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 320-acre, more or less, spacing and proration unit covering the W/2 of Section 15, Township 24 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 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 15, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico to the proposed wells to form a 320-acre, more or less, spacing and proration unit.

3. Marathon plans to drill the **Flowmaster Fee 24-34-15 WXY 2H**, **Flowmaster Fee 24-34-15 WA 6H**, and **Flowmaster Fee 24-34-15 WA 14H** wells within the proposed spacing unit to a depth sufficient to test the Wolfcamp formation. These wells will be horizontally drilled using the same drilling rig.

4. These wells will be located within the Antelope Ridge, Wolfcamp Pool (Pool Code 2220), which is oil pool that is subject to 330 foot setback requirements.

5. Marathon is requesting the approval of non-standard locations for the wells.

6. The **Flowmaster Fee 24-34-15 WXY 2H** will have a first take point located at 200 feet from the South line and 1,318 feet from the West line of Section 15, and a last take point located at 200 feet from the North line and 1,323 feet from the West line of Section 15.

7. The **Flowmaster Fee 24-34-15 WA 6H** will have a first take point located at 200 feet from the North line and 330 feet from the West line of Section 15, and a last take point located at 200 feet from the South line and 330 feet from the West line of Section 15.

8. The **Flowmaster Fee 24-34-15 WA 14H** will have a first take point located at 200 feet from the South line and 2,315 feet from the West line of Section 15, and a last take point located at 200 feet from the North line and 2,317 feet from the West line of Section 15.

9. Marathon sought, but has been unable to obtain a voluntary agreement from all interest owners in the Wolfcamp formation underlying the proposed spacing unit to participate in the drilling of the wells or to otherwise commit their interests to the wells.

10. The creation of a non-standard spacing and proration unit, pooling of all interests, and the approval of non-standard locations within the Wolfcamp formation underlying the proposed spacing unit 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 July 12, 2018, and after notice and hearing as required by law, the Division enter its order:

- A. Creating a spacing and proration unit in the Wolfcamp formation comprised of the W/2 of Section 15, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico;
- B. Approving non-standard locations (as needed);
- C. Pooling all mineral interests in the Wolfcamp formation underlying this 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 wells 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.

Jennifer Bradfute

Deana M. Bennett

Post Office Box 2168
500 Fourth Street NW, Suite 1000
Albuquerque, New Mexico 87103-2168
Telephone: 505.848.1800
Attorneys for Applicant

CASE NO. _____: Application of Marathon Oil Permian LLC for approval of a non-standard spacing and proration unit, non-standard locations, and compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division: (1) creating a standard 320-acre, more or less, spacing and proration unit in covering the W/2 of Section 15, Township 24 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 this proposed standard spacing and proration unit. This proposed standard spacing and proration unit will be the unit for the **Flowmaster Fee 24-34-15 WXY 2H, Flowmaster Fee 24-34-15 WA 6H, and Flowmaster Fee 24-34-15 WA 14H** wells, to be horizontally drilled. The producing areas for these wells will contain unorthodox locations. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 17 miles northwest of Jal, New Mexico.