

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

**APPLICATION OF MARATHON OIL  
PERMIAN, LLC FOR APPROVAL OF AN  
OVERLAPPING SPACING UNIT AND  
COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. \_\_\_\_\_**

**APPLICATION**

Marathon Oil Permian, LLC (“Marathon” or “Applicant”), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order (a) approving a standard 640-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation underlying the E/2 of Sections 15 and 22, Township 22 South, Range 32 East, NMPM, Lea County, New Mexico, and (b) pooling the uncommitted mineral owners in this acreage. In support of this application, Marathon states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant seeks to initially dedicate the above-referenced horizontal spacing unit to the following proposed wells:
  - **Frizzle Fry Federal Com 403H**, to be drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 15, with first take points in the NW/4 NE/4 (Unit B) of Section 15 and last take points in the SW/4 SE/4 (Unit O) of Section 22;

- **Frizzle Fry Federal Com 404H**, to be drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 15, with first take points in the NE/4 NE/4 (Unit A) of Section 15 and last take points in the SE/4 SE/4 (Unit P) of Section 22;
- **Frizzle Fry Federal Com 503H**, to be drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 15, with first take points in the NW/4 NE/4 (Unit B) of Section 15 and last take points in the SW/4 SE/4 (Unit O) of Section 22;
- **Frizzle Fry Federal Com 504H**, to be drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 15, with first take points in the NE/4 NE/4 (Unit A) of Section 15 and last take points in the SE/4 SE/4 (Unit P) of Section 22;
- **Frizzle Fry Federal Com 505H**, to be drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 15, with first take points in the NE/4 NE/4 (Unit A) of Section 15 and last take points in the SE/4 SE/4 (Unit P) of Section 22;
- **Frizzle Fry Federal Com 602H**, to be drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 15, with first take points in the NW/4 NE/4 (Unit B) of Section 15 and last take points in the SW/4 SE/4 (Unit O) of Section 22; and
- **Frizzle Fry Federal Com 603H** well, to be drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 15, with first take points in the NE/4 NE/4 (Unit A) of Section 15 and last take points in the SE/4 SE/4 (Unit P) of Section 22.

3. The completed interval of the proposed **Frizzle Fry Federal Com 504H** well is expected to remain within 330 feet of the adjoining quarter-quarter sections (or equivalent tracts) to allow inclusion of these proximity tracts within the proposed horizontal spacing unit under 19.15.16.15.B(1)(b) NMAC.

4. This proposed horizontal well spacing unit will overlap the following existing spacing unit in the Bone Spring formation (Red Tank, Bone Spring [51683] pool code):

- An existing 40-acre, more or less, spacing unit comprised of the SW/4 SE/4 (Unit O) of Section 22, Township 22 South, Range 32 East, dedicated to the Prize Federal #11 Well (API No. 30-025-34082), operated by OXY USA Inc. (OGRID 16696);
- An existing 40-acre, more or less spacing unit comprised of the NE/4 SE/4 (Unit I) of Section 22, Township 22 South, Range 32 East, dedicated to the Prize Federal #13 Well (API No. 30-025-32488), operated by OXY USA Inc. (OGRID 16696).

5. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all interest owners in the subject spacing unit.

6. Approval of this overlapping horizontal well spacing unit and the pooling of interests therein will allow Applicant to obtain a just and fair share of the oil and gas underlying the subject lands, avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on March 5, 2026, and, after notice and hearing as required by law, the Division enter an order:

- A. Approving the proposed overlapping horizontal well spacing unit and pooling the uncommitted mineral owners therein;
- B. Designating Applicant as operator of this spacing unit and the horizontal wells to be drilled thereon;

C. Authorizing Applicant to recover its costs of drilling, completing, and equipping the wells;

D. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

E. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART LLP

By: \_\_\_\_\_



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**ATTORNEYS FOR MARATHON OIL PERMIAN, LLC**

CASE \_\_\_\_\_:

**Application of Marathon Oil Permian, LLC for Approval of an Overlapping Spacing Unit and Compulsory Pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order (a) approving a standard 640-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation underlying the E/2 of Sections 15 and 22, Township 22 South, Range 32 East, NMPM, Lea County, New Mexico, and (b) pooling the uncommitted mineral owners in this acreage. Applicant seeks to initially dedicate the above-referenced horizontal spacing unit to the following proposed wells:

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- **Frizzle Fry Federal Com 603H** well, to be drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 15, with first take points in the NE/4 NE/4 (Unit A) of Section 15 and last take points in the SE/4 SE/4 (Unit P) of Section 22.

The completed interval of the proposed **Frizzle Fry Federal Com 504H** well is expected to remain within 330 feet of the adjoining quarter-quarter sections (or equivalent tracts) to allow inclusion of these proximity tracts within the proposed horizontal spacing unit under 19.15.16.15.B(1)(b) NMAC. This proposed horizontal well spacing unit will overlap the following existing spacing units in the Bone Spring formation (Red Tank, Bone Spring [51683] pool code):

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dedicated to the Prize Federal #11 Well (API No. 30-025-34082), operated by OXY USA Inc. (OGRID 16696); and

- An existing 40-acre, more or less spacing unit comprised of the NE/4 SE/4 (Unit I) of Section 22, Township 22 South, Range 32 East, dedicated to the Prize Federal #13 Well (API No. 30-025-32488), operated by OXY USA Inc. (OGRID 16696).

Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, actual operating costs and charges for supervision, designation of Applicant as operator of the well, and a 200% charge for risk involved in drilling the well. Said area is located approximately 27 miles northeast of Loving, New Mexico.