

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

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

CASE NO. _____

APPLICATION

Pursuant to NMSA 1978, Section 70-2-17, Marathon Oil Permian LLC (OGRID No. 372098) (“Marathon” or “Applicant”) applies for an order pooling all uncommitted interests in the Bone Spring formation underlying a 959.17-acre, more or less, non-standard, overlapping horizontal spacing unit comprised of the W/2 of Section 35, Township 22 South, Range 28 East, Lots 3 and 4, S/2 NW/4 and SW/4 (W/2 equivalent) of irregular Section 2, and W/2 of Section 11, Township 23 South, Range 28 East, Eddy County, New Mexico (“Unit”). In support of this application, Marathon states the following.

1. Applicant is a working interest owner in the Unit and has the right to drill wells thereon.
2. Applicant seeks to dedicate the Unit to the following wells (“Wells”):
 - a. **Trojan Shield Federal Com 501H** and **Trojan Shield Federal Com 551H** wells, which will be horizontally drilled from a proposed surface hole location in the SW/4 SW/4 (Unit M) of Section 26, Township 22 South, to a proposed bottom hole location in the SW/4 SW/4 (Unit M) of Section 11, Township 23 South; and
 - b. **Trojan Shield Federal Com 502H** and **Trojan Shield Federal Com 552H** wells, which will be horizontally drilled from a proposed surface hole location in the SW/4 SW/4 (Unit M) of Section 26, Township 22 South, to a proposed bottom hole location in the SE/4 SW/4 (Unit N) of Section 11, Township 23 South.

3. The completed intervals of the Wells will be orthodox.

4. Applicant requests approval of a non-standard horizontal spacing unit pursuant to Rule 19.15.16.15(B)(5) NMAC, which will create cost efficiencies, prevent waste, and protect correlative rights.

5. The spacing unit for the Wells partially overlaps with the spacing unit for the Pardue C 8808 JVP #005H (API No. 30-015-38999) which is dedicated to the W/2 SW/4 of Section 11, Township 23 South, Range 28 East and produces from the Culebra Bluff; Bone Spring, South Pool (Code 15011).

6. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Wells but has been unable to obtain voluntary agreements from all interest owners.

7. The pooling of uncommitted interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

8. In order to allow Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in the Unit should be pooled and Applicant should be designated the operator of the Wells and Unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on June 4, 2026, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the Unit;
- B. Approving the Wells in the Unit;
- C. Approving the non-standard spacing unit;
- D. Approving the overlapping spacing unit;

- E. Designating Applicant as operator of the Unit and the Wells to be drilled thereon;
- F. Authorizing Applicant to recover its costs of drilling, equipping and completing the Wells;
- G. 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
- H. Imposing a 200% penalty for the risk assumed by Applicant in drilling and completing the Wells against any working interest owner who does not voluntarily participate in the drilling of the Wells.

Respectfully submitted,

HARDY MCLEAN LLC

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