

State of New Mexico  
Energy, Minerals and Natural Resources Department

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**Susana Martinez**  
Governor

**Ken McQueen**  
Cabinet Secretary

**Matthias Sayer**  
Deputy Cabinet Secretary

**Heather Riley, Division Director**  
Oil Conservation Division



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Jennifer L. Bradfute  
Attorney for Marathon Oil Permian LLC  
Modrall Sperling  
jlb@modrall.com

NON-STANDARD LOCATION AND NON-STANDARD SPACING UNIT

Administrative Order NSL-7678  
Administrative Order NSP-2100

Marathon Oil Permian LLC (OGRID 372098)  
**Madera 19 Federal Com 26 35 19 WB Well No. 5H**  
**(API No. 30-025-Pending)**

**Proposed Location**

	<u>Footages</u>	<u>Unit/Lot</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	351 FSL & 1398 FWL	N	19	26S	35E	Lea
Penetration Point	330 FSL & 1359 FWL	N	19	26S	35E	Lea
Final perforation (Terminus)	2312 FSL & 1352 FWL	L/Lot 3	18	26S	35E	Lea

**Proposed Project Area**

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
Lot 3, Lot 4, and E2SW4 (SW4 equivalent) of Section 18	485.6	Bradley; Wolfcamp (Gas)	72860
Lot 1, Lot 2, Lot 3, and E2W2 (W2 equivalent) of Section 19			

Reference your application received February 23, 2018.

You have requested to drill this horizontal well at an unorthodox gas well location described above in the referenced pool or formation. Subsection B of 19.15.15.10 NMAC governs this pool, which provides for 320-acre gas spacing units, with wells located at least 660 feet from a unit outer boundary.

This well's completed interval will be closer than 660 feet from the northern and southern edge of the project area. Encroachments will impact the following tracts.

Section 18, encroachment to the N2

Section 30, encroachment to the N2 and W2

The Division understands you have given notice of this application to all operators or owners who are "affected persons," per Paragraph (2) of Subsection A of 19.15.4.12 NMAC, in all adjoining units towards which the proposed location encroaches.

The Division understands you seek this location as part of a one-well development in the Lower Wolfcamp formation in the SW4 of Section 18 and the W2 of Section 19. The proposed well will be centered between two planned horizontal upper Wolfcamp wells and directly below another horizontal upper Wolfcamp well. You expect to maximize reserves in the Wolfcamp formation in the SW4 of Section 18 and the W2 of Section 19 with the three wells. Further, the optimum location of the proposed well is along the E2W2 and W2W2 quarter-quarter section line. Lastly, this will help you determine optimal well spacing and allow additional Wolfcamp development in the proposed project area, and in other leasehold interests.

Your application has been filed per 19.15.15.13 NMAC and Paragraph (2) of Subsection A of 19.15.4.12 NMAC.

Per Subsection B of 19.15.15.13 NMAC, the Division approves this unorthodox location.

### **Non-Standard Spacing Unit**

Consisting of the following lands.

Township 26 South, Range 35 East, NMPM, Eddy County, New Mexico

Section 18: SW4

### **Pertinent Rules**

Subsection B of 19.15.15.10 NMAC Gas Well Acreage, 320-acre Spacing

Paragraph (3) of Subsection E of 19.15.16.15 NMAC Notice Requirements, Project Areas

19.15.16.7 NMAC Definitions, Standard and Non-Standard Project Area

Subsection E of 19.15.16.15 NMAC Horizontal Wells, Formation of Project Areas

Paragraph (3) of Subsection A of 19.15.4.12 NMAC Notice provision for Non-standard spacing unit

This pool is spaced on standard 320-acre gas spacing units, comprised of two quarter sections within a governmental section. You propose to form a standard project area consisting of portions of three quarter-sections for purposes of drilling the above mentioned or other horizontal well(s).

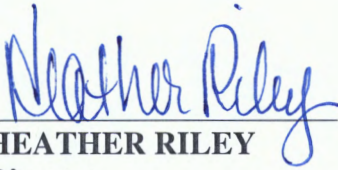
The Division understands you have given notice of this application to all owners in the mineral interest estate ("affected parties") per Paragraph (3) of Subsection A of 19.15.4.12 NMAC for spacing units that are being excluded, in this case, the NW4 of Section 18.

Additional or alternately named wells may be drilled and produce from this non-standard spacing and proration unit or from this project area.

Any horizontal well wholly completed within this 485.6-acre (more or less) project area and not completed in all the spacing units comprising this project area shall be dedicated to only those spacing units in which that well is completed. If the Division redefines this 485.6-acre (more or less) project area as one spacing unit, this restriction shall not apply.

The Division approves this non-standard spacing unit and standard project area.

These approvals are subject to your following all other applicable Division rules. Jurisdiction is retained for the entry of such further orders as the Division may deem necessary.



**HEATHER RILEY**  
**Director**

HR/mam/rbb

cc: Oil Conservation Division – Hobbs District Office  
Bureau of Land Management – Carlsbad Field Office