

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

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

CASE NO. 16300

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

CASE NO. 16077

AMENDED APPLICATION OF BTA OIL PRODUCERS, LLC FOR A NON-STANDARD SPACING AND PRORATION UNIT AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 16024

APPLICATION OF BTA OIL PRODUCERS, LLC FOR A NON-STANDARD SPACING AND PRORATION UNIT AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 16161

APPLICATION OF BTA OIL PRODUCERS, LLC FOR A NON-STANDARD SPACING AND PRORATION UNIT AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 16162

MARATHON'S PRE-HEARING STATEMENT FOR THE JULY 13, 2018 HEARING

Marathon Oil Permian LLC ("Marathon") submits this Pre-Hearing Statement for the above-referenced case pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

Marathon Oil Permian LLC
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OPPONENT

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STATEMENT OF CASE

MARATHON:

Marathon seeks an order in Case No. 16076 from the Division: 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. This proposed standard spacing and proration unit will be the project area for 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 be horizontally drilled. Alternatively, if the Division finds that development using 1.5 mile laterals is preferable, Marathon seeks an order from the Division: (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) pool all uncommitted interest in the Wolfcamp formation underlying this acreage. This alternative proposed non-standard spacing and proration unit will contain federal acreage and, as a result, the wells will be named 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. The producing area for these wells will be orthodox. 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.

In Case No. 16077, Marathon seeks an order from the Division: (1) creating a non-standard 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the E/2 W/2 of Section 29, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed nonstandard spacing and proration unit. This proposed non-standard spacing and proration unit will be the project area for the Zeus Fee 23 28 29 TB 15H and Zeus Fee 23 28 29 SB 19H wells, to be horizontally drilled. Alternatively, if the Division finds that development using 1.5 mile laterals is preferable, Marathon seeks an order from the Division: (1) creating a 240 acre non-standard spacing and proration unit comprised of the E/2 W/2 of Section 29 and the E/2 NW/4 of Section 32, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico; and (2) pooling all uncommitted interest in the Bone Spring formation underlying this acreage. This alternative proposed non-standard spacing and proration unit will contain federal acreage and, as a result, the wells will be named the Zeus Federal 23 28 29 TB 15H and Zeus Federal 23 28 29 SB 19H. The producing area for the wells will be orthodox. 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 involving in drilling said wells.

In Case No. 16300, Marathon seeks an order from the Division: (1) creating a non-standard 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the W/2 W/2 of Section 29, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed non-standard spacing and proration unit. This proposed non-standard spacing and proration unit will be the project area for the Zeus Fee 23 28 29 SB 13H well, to be horizontally drilled. Alternatively, if the Division finds that development using 1.5 mile laterals is preferable, Marathon seeks an order from the Division: (1) creating a 240 acre non-standard spacing and proration unit

comprised of the W/2 W/2 of Section 29 and the W/2 NW/4 of Section 32, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico; and (2) pooling all uncommitted interest in the Bone Spring formation underlying this acreage. This alternative proposed non-standard spacing and proration unit will contain federal acreage and, as a result, the wells will be named the Zeus Federal 23 28 29 SB 13H. The producing area for the well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said wells.

In contrast to Marathon's application, BTA has filed applications which present competing development plans in Case Nos. 16024, 16161 and 16162. Marathon objects to BTA's proposed development of the area because it does not adequately protect Marathon's correlative rights, and will result in waste and unrecovered reserves.

PROPOSED EVIDENCE

APPLICANT:

<u>WITNESS</u>	<u>ESTIMATED TIME</u>	<u>EXHIBITS</u>
Chase Rice – Landman	Approx. 20	Approx. 12
Tucker Keren – Geologist	Approx. 15	Approx. 10
Mikhail Alekseenko – Engineer	Approx. 15	Approx. 10

PROCEDURAL ISSUES

Marathon asks that these matters be consolidated at hearing.

Respectfully submitted,

**MODRALL, SPERLING, ROEHL, HARRIS
& SISK, P.A.**

By: 

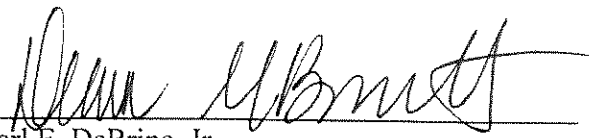
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served on
counsel of record by electronic mail on July 3, 2018:

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