

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

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

CASE NO. 16421

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

CASE NO. 16422

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

CASE NO. 16423

MARATHON'S PRE-HEARING STATEMENT

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

ATTORNEY

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STATEMENT OF CASE

APPLICANT:

In Case No. 16421, Marathon seeks an order, which: (1) to the extent necessary, approves the creation of a non-standard Bone Spring spacing and proration unit for the development of a horizontal well; and (2) pools all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the W/2 W/2 of Section 26, Township 22 South, Range 33 East, NMPM, Lea County, New Mexico. This proposed spacing unit will be dedicated to the Elizabeth Reed Federal 22-33-26 SB 4H well, to be horizontally drilled. 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 well, and allowing a one year period between when the well is drilled and when the well is completed.

In Case No. 16422, Marathon seeks an order, which: (1) to the extent necessary, approves the creation of a non-standard Wolfcamp spacing and proration unit for the development of a horizontal well; and (2) pools all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the E/2 W/2 of Section 26, Township 22 South, Range 33 East, NMPM, Lea County, New Mexico. This proposed spacing unit will be dedicated to the Elizabeth Reed Federal 22-33-26 WA 6H well, to be horizontally drilled. The producing area for this 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 well, and allowing a one year period between when the well is drilled and when the well is completed.

In case No. 16423, Marathon seeks an order, which: (1) to the extent necessary, approves the creation of a non-standard Bone Spring spacing and proration unit for the development of a horizontal well; and (2) pools all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the E/2 W/2 of Section 26, Township 22 South, Range 33 East, NMPM, Lea County, New Mexico. This proposed spacing unit will be dedicated to the Elizabeth Reed Federal 22-33-26 TB 7H and Elizabeth Reed Federal 22-33-26 SB 8H wells, to be horizontally drilled. 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, and allowing a one year period between when the wells are drilled and when the wells are completed.

PROPOSED EVIDENCE

APPLICANT:

WITNESS	ESTIMATED TIME	EXHIBITS
Landman: TBD	Approx. 30 minutes	Approx. 8
Geologist: TBD	Approx. 30 minutes	Approx. 6

PROCEDURAL ISSUES

Marathon asks that these matters be consolidated at hearing. Additionally, if there are no objections to these matters, Marathon intends to present them by affidavit.

Respectfully submitted,

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

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