

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

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

CASE NO. 20058

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

CASE NO. 20059

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

CASE NO. 20060

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

Jennifer L. Bradfute
Deana M. Bennett
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STATEMENT OF CASE

APPLICANT:

In Case No. 20058, Marathon seeks an order from the Division: (1) to the extent necessary, approving the creation of a Bone Spring spacing unit; and (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the W/2 W/2 of Section 1, Township 26 South, Range 34 East, and W/2 W/2 Section 36, Township 25 South, Range 34 East, N.M.P.M., Lea County, New Mexico. This proposed spacing unit will be dedicated to the **Mammoth Fed Com 26 34 1 TB 1H** 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. 20059, Marathon seeks an order from the Division: (1) to the extent necessary, approving the creation of a Bone Spring spacing unit; and (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the E/2 W/2 of Section 1, Township 26 South, Range 34 East, and E/2 W/2 Section 36, Township 25 South, Range 34 East, N.M.P.M., Lea County, New Mexico. This proposed spacing unit will be dedicated to the **Mammoth Fed Com 26 34 1 TB 10H** 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. 20060, Marathon seeks an order from the Division: (1) to the extent necessary, approving the creation of a Wolfcamp spacing unit; and (2) pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the underlying the W/2 of Section 1, Township 26 South, Range 34 East and the W/2 of Section 36, Township 25 South, Range 34 East, N.M.P.M., Lea County, New Mexico. This proposed spacing unit will be dedicated to the **Mammoth Fed Com 26 34 1 WX7Y7H** well. Marathon additionally plans to drill the **Mammoth Fed Com 26 34 1 WA 2H** and **Mammoth Fed Com 26 34 1 WA 11H** 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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