

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

**APPLICATION OF MARATHON
OIL PERMIAN LLC FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

Marathon Oil Permian LLC (“Marathon”), OGRID Number 372098, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the E/2 of Section 11 and the NE/4 of Section 14, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico. In support of this application, Marathon states as follows:

1. Marathon is an interest owner in the subject lands and has a right to drill a well thereon.
2. Marathon seeks to dedicate the E/2 of Section 11 and the NE/4 of Section 14, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico to form a 480-acre, more or less, spacing unit.
3. Marathon plans to drill the **Ender Wiggins 14 WA FC 14H, Ender Wiggins 14 WA FC 19H, Ender Wiggins 14 WA FC 20H** wells to a depth sufficient to test the Wolfcamp formation. These wells will be horizontally drilled and will be drilled at orthodox locations under the Division’s rules.
4. The completed interval for the **Ender Wiggins 14 WA FC 19H** well is less than 330 feet from the adjoining tracts and the Division’s rules allow for the inclusion of proximity tracts within the proposed spacing unit for the wells.

5. All references to depths below are to the stratigraphic equivalent of depths shown on the log of the Fairview 14 Fee #1 well (API 30-025-27083) located in Section 14, 25S-34E.

6. There are two depth severances within the Wolfcamp formation. One depth severance occurs at approximately 12,530 feet and the other occurs at approximately 12,780 feet.

7. The depth severances create a difference in working interest ownership.

8. Marathon proposes the following allocation formula to address the difference in working in interest ownership, assuming a 500-foot producing interval for the Wolfcamp oil pool, between 12,460 feet (the top of the Wolfcamp Formation) and 12,960 feet. Marathon proposes to allocate 14% of production to the working interest owners who own interests between 12,460 and 12,530 feet, 50% of the production to the working interest owners who own interests between 12,530 and 12,780 feet, and 36% of production to working interest owners who own interests between 12,780 and 12,960 feet. This same allocation formula would apply to allocation of costs.

9. Marathon sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Wolfcamp formation underlying the proposed spacing unit to participate in the drilling of the wells or to otherwise commit their interests to the wells.

10. The pooling of all interests in the Wolfcamp formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

11. Marathon further requests that it be allowed one (1) year between the time the wells are drilled and completion of the first well under the order issued by the Division.

WHEREFORE, Marathon requests this application be set for hearing before an Examiner of the Oil Conservation Division on November 14, 2019, and after notice and hearing as required by law, the Division enter its order:

- A. Pooling all mineral interests in the Wolfcamp formation underlying a horizontal spacing unit within the E/2 of Section 11 and the NE/4 of Section 14, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico;
- B. Designating Marathon as operator of this unit and the wells to be drilled thereon;
- C. Authorizing Marathon to recover its costs of drilling, equipping and completing these wells;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;
- E. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.
- F. Allowing a time period of one (1) year between when the wells are drilled and when the first well is completed under the order.

Respectfully submitted,

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

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CASE NO. _____: Application of Marathon Oil Permian LLC for compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the E/2 of Section 11 and the NE/4 of Section 14, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Ender Wiggins 14 WA FC 14H, Ender Wiggins 14 WA FC 19H, Ender Wiggins 14 WA FC 20H** 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 first well is completed. Said area is located approximately 14 miles west of Jal, New Mexico.