

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

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

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CASE NO. 15906

EOG's PRE-HEARING STATEMENT

EOG Resources, Inc. and EOG Y Resources, Inc. (collectively "EOG") submits this pre-hearing statement as required by the Oil Conservation Division Rule 19.15.4.13.B.

APPEARANCES

APPLICANT

Marathon Oil Permian LLC

ATTORNEY

Earl E. DeBrine
Jennifer Bradfute
Zoe E. Lees
Modrall Sperling
P.O. Box 2168
Albuquerque, New Mexico 87103-2168
Telephone: 505.848.1800
Email: earl.debrine@modrall.com
Email: jlb@modrall.com

OPPONENT

EOG Resources, Inc.
EOG Y Resources, Inc.
5509 Champions Dr.
Midland, TX 79706

ATTORNEY

Michael H. Feldewert
Adam G. Rankin
Jordan L. Kessler
Holland & Hart, LLP
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile
Email: mfeldewert@hollandhart.com
Email: agrankin@hollandhart.com
Email: jlkessler@hollandhart.com

STATEMENT OF THE CASE

Marathon Oil Permian LLC ("Marathon"), seeks an order from the Division (1) creating a non-standard 320-acre spacing and proration unit in the Wolfcamp formation, comprised of the E/2 of Section 26, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico; (2) approving nonstandard locations for three proposed wells; and (3) pooling all mineral interests in the Wolfcamp formation underlying this proposed non-standard spacing and proration unit. Marathon proposes to dedicate the above-referenced spacing and proration unit as the project area for three proposed wells: the Knife Fight Fee 24 34 26 WXY 3H, the Knife Fight Fee 24 34 26 WA 6H, and the Knife Fight Fee 24 34 26 WXY 19H. Marathon proposes to "pad drill" these wells with the first and last take points for these wells at non-standard locations.

Marathon's Application proposes to create a non-standard 320-acre spacing and proration unit in the "Antelope Ridge Wolfcamp Pool (Pool Code 2220)." This pool is governed by the Division's statewide rules which provide for standard 40-acre spacing units and 330-foot setback requirements.

EOG objects to this application on the grounds that there is no basis for create a 320-acre spacing unit in the Antelope Ridge Wolfcamp Pool, the well proposal submitted by Marathon does not account for the interests held by EOG Resources in the subject area, and EOG Y Resources only received the pooling application at its Midland office as of the date of the filing of this prehearing statement. Prior to this point, Marathon and EOG's Midland office had been in discussions about a potential trade of acreage, but those discussions did not suggest the filing of an application to create a 320-acre non-standard spacing unit in this oil pool, development of the Wolfcamp formation or the pooling of the interests in the subject area. Additional time is needed for the parties to understand the Wolfcamp development plan, the interests involved, and

potential agreements to avoid the necessity of pooling the interests held by EOG Y Resources, Inc. and EOG Resources, Inc.

EOG's PROPOSED EVIDENCE

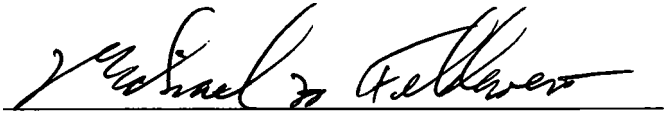
| WITNESS Name and Expertise | ESTIMATED TIME | EXHIBITS |
|---------------------------------------|-----------------------|-----------------|
| Charles Moran, Landman | Approx. 15 minutes | Approx. 5 |

PROCEDURAL MATTERS

EOG intends to file a motion to continue this matter in the event the parties are unable to reach agreement on a continuance.

Respectfully submitted,

HOLLAND & HART LLP



Michael H. Feldewert
Adam G. Rankin
Jordan L. Kessler
Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421
(505) 983-6043 Facsimile
Email: mfeldewert@hollandhart.com
Email: agrankin@hollandhart.com
Email: jlkessler@hollandhart.com

**ATTORNEYS FOR EOG Y RESOURCES, INC. AND
EOG RESOURCES, INC.**

CERTIFICATE OF SERVICE

I hereby certify that on December 14, 2017, I served a copy of the foregoing document to the following counsel of record via Electronic Mail to:

Earl E. DeBrine
Jennifer Bradfute
Zoe E. Lees
Modrall Sperling
P.O. Box 2168
500 Fourth Street NW, Suite 1000
Albuquerque, New Mexico 87103-2168
Telephone: 505.848.1800
Email: earl.debrine@modrall.com
Email: jlb@modrall.com

Attorney for Marathon Oil Permian LLC



Michael H. Feldewert