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December 14, 2017

Florene Davidson  
NM Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87505

**Re: Case No. 15906  
APPLICATION OF MARATHON OIL PERMIAN LCC FOR A  
NON-STANDARD SPACING AND PRORATION UNIT, NON-  
STANDARD LOCATIONS, AND COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO**

Dear Ms. Davidson:

Enclosed please find three copies of the following:

1. Marathon's Pre-Hearing Statement.

Thank you for your assistance. Please contact me if you have any questions.

Sincerely,

Zina Crum, Legal Assistant to  
Jennifer L. Bradfute

JLB/zc  
Enclosure

Modrall Sperling  
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P.A.

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STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION  
DEC 4 P 3: 54

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

CASE NO. 15906

**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  
5555 San Felipe St.  
Houston, TX 77056

**ATTORNEY**

Earl E. DeBrine, Jr., Esq.  
Jennifer L. Bradfute, Esq.  
MODRALL, SPERLING, ROEHL,  
HARRIS & SISK, P.A.  
P. O. Box 2168  
Albuquerque, New Mexico 87103-2168  
(505) 848-1800

**OPPONENT:**

MRC Permian Company, and  
MRC Permian LKE Company  
5400 Lyndon B. Johnson FWY  
Dallas, Texas 75240

Jordan L. Kessler  
Adam G. Rankin  
Post Office Box 2208  
Santa Fe, New Mexico 87504-2208  
(505) 988-4421

## STATEMENT OF CASE

### APPLICANT:

Applicant in the above-styled cause 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 non-standard locations; and (3) pooling all mineral interests in the Wolfcamp formation underlying this proposed non-standard spacing and proration unit. This will be for the development of the **Knife Fight Fee 24 34 26 WXY 3H**, **Knife Fight Fee 24 34 26 WA 6H**, and **Knife Fight Fee 24 34 26 WXY 19H** wells, which are horizontal wells that will develop the Antelope Ridge Wolfcamp Pool (Pool Code 2220). These wells will be drilled simultaneously and will be pad drilled. 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.

The non-standard locations that Marathon seeks for the **Knife Fight Fee 24 34 26 WXY 3H** well are for the first and last perforations. The first perforation will be located 150' from the North Line and 2,317' from the East line of Section 26. The last perforation for this well will be located 150' from the South line and 2,302' from the East line. The non-standard locations that Marathon seeks for the **Knife Fight Fee 24 34 26 WA 6H** well are also for the first and last perforations. The first perforation for this well will be located 150' from the North Line and 1,324' from the East line of Section 26. The last perforation for this well will be located 150' from the South line and 1,318' from the East line. Marathon also seeks the approval of non-standard locations for the first and last perforations for the **Knife Fight Fee 24 34 26 WXY 19H**. The first perforation for this well will be located 150' from the North Line and 330' from the East line of Section 26. The last perforation for this well will be located 150' from the South line and 330' from the East line.

## PROPOSED EVIDENCE

### APPLICANT:

<u>WITNESS</u>	<u>ESTIMATED TIME</u>	<u>EXHIBITS</u>
Ryan Gyllenband – Landman	Approx. 20	Approx. 6
Ethan Perry – Geologist	Approx. 15	Approx. 4

**PROCEDURAL ISSUES**

Marathon asks that this case be consolidated with Case No. 15907 at the hearing.

Respectfully submitted,

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

By: 

Earl E. DeBrinc Jr.

Jennifer L. Bradfute

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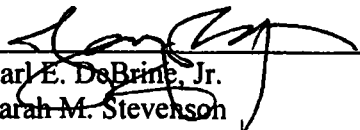
Telephone: 505.848.1800

**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 December 14, 2017.

Jordan L. Kessler  
Adam G. Rankin  
Post Office Box 2208  
Santa Fe, New Mexico 87504-2208  
(505) 988-4421

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

By:   
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