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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. 15907
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
Roehl Harris & Sisk
P.A.

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STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION
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**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. 15907

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 160-acre spacing a proration unit in the Bone Spring formation, comprised of the E/2 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 Bone Spring formation underlying this proposed non-standard spacing and proration unit. This will be for the development of the **Knife Fight Fee 24 34 26 TB 7H**, which is a horizontal well that will develop the Red Hills Bone Spring, North Pool (Pool Code 96434). 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.

The non-standard locations that Marathon seeks for the **Knife Fight Fee 24 34 26 WXY 7H** well are for the first and last perforations. The first perforation for this well will be located 150' from the North line and 994' from the East line, and the last perforation for this well will be located 150' from the South line and 988' from the East line. Other than the locations for the first and last perforations for the well, the completed interval for this well will comply with the setbacks required by the Division's rules.

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. 15906 at the hearing.

Respectfully submitted,

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

By: _____

Earl E. DeBrille, Jr.

Jennifer L. Bradfute

Post Office Box 2168

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500 Fourth Street NW, Suite 1000

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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

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