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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. 15908
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 Grum, 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. 15908

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
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OPPONENT/INTERESTED PARTY:

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
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COG Operating, LLC
1048 Paseo de Peralta
Santa Fe, New Mexico 87501
(505) 780-8000

Ocean Munds-Dry
William F. Carr
1048 Paseo de Peralta
Santa Fe, New Mexico 87501
(505) 780-8000

STATEMENT OF CASE

APPLICANT:

Applicant in the above-styled cause seeks an order from the Division (1) creating a non-standard 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the W/2 W/2 of Section 15, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico; and, (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 **Flowmaster 24 34 15 TBU 004H** and **Flowmaster 24 34 15 TBU 005H**, which 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.

Marathon filed an amended application in this case to modify the non-standard locations that it is seeking. The non-standard locations that Marathon seeks for the **Flowmaster 24 34 15 TBU 004H** well are for the first and last perforations, which will be located 200' from the North line and 662' from the West line, and 200' from the South line and 661' from the West line. The non-standard locations that Marathon seeks for the **Flowmaster 24 34 15 TBU 005H** well will also be for the first and last perforations for that well and will be 200' from the North line and 662' from the West line, and 200' from the South line and 661' from the West 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. 15909 at the hearing.

Respectfully submitted,

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

By: 
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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.

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