

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

**APPLICATION OF EOG RESOURCES,
INC. FOR A NON-STANDARD SPACING
AND PRORATION UNIT AND
COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 16221

**APPLICATION OF MEWBOURNE OIL
COMPANY FOR A NON-STANDARD OIL
SPACING AND PRORATION UNIT
AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 16183

**APPLICATION OF MEWBOURNE OIL
COMPANY FOR A NON-STANDARD
OIL SPACING AND PRORATION UNIT
AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 16184

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

APPLICANTS

**Case No. 16221
EOG Resources, Inc.**

ATTORNEY

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Case Nos. 16183 & 16184
Mewbourne Oil Company

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OPPONENTS/INTERESTED PARTIES

Marathon Oil Permian LLC

Matador Resources Company

Jalapeno Corporation

ATTORNEY

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STATEMENT OF CASE

In Case No. 16221, EOG Resources, Inc. seeks an order (1) creating a non-standard, 320-acre spacing and proration unit comprised of the N/2 S/2 of Section 23 and the N/2 S/2 of Section 24, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico; and (2) pooling all mineral interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed Spork 24 Fed Com No. 301H Well and Spork 24 Fed Com No. 501H Well, which will be horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 24 to a bottom hole location in the NW/4 SW/4 (Unit L) of Section 23.

In Case No. 16184, Mewbourne Oil Company seeks an order approving a 320-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the N/2 S/2 of Section 24 and the N/2 S/2 of Section 23,

Township 18 South, Range 30 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard unit. The unit will be dedicated to the Virgo 24/23 B2IL Fed. Com. Well No. 1H, a horizontal well with a surface location in the NE/4 SE/4 of Section 24, and a terminus in the NW/4 SW/4 of Section 23.

In Case No. 16183, Mewbourne seeks an order approving a 320-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the S/2 N/2 of Section 24 and the S/2 N/2 of Section 23, Township 18 South, Range 30 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard unit. The unit will be dedicated to the Virgo 24/23 B2HE Fed. Com. Well No. 1H, a horizontal well with a surface location in the SE/4 NE/4 of Section 24, and a terminus in the SW/4 NW/4 of Section 23.

Marathon owns working interests within the Bone Spring formation within the proposed project areas and was not provided with well proposals or notice of EOG's application. Since EOG seeks to pool the entire Bone Spring formation, Marathon objects to this proposal until notice and an opportunity to evaluation the well proposal is provided, pursuant to Division Order R-13165.

Marathon furthermore has not been provided with a joint operating agreement from Mewbourne which properly reflects Marathon's interests within the Bone Spring area. Marathon believes that Mewborne has not provided pooled parties with a voluntary agreement which could consolidate ownership within the entire area that Mewbourne seeks to pool in Case Nos. 16183 and 16184. Instead, Mewbourne has submitted parties with a more limited proposed JOA, which applies to only certain depths in the Bone Spring formation, while simultaneously seeking to pool interests within the entire formation.

Marathon is filing this application to protect its correlative rights and to present arguments which promote the prevention of waste.

PROPOSED EVIDENCE

APPLICANT:

<u>WITNESS</u>	<u>ESTIMATED TIME</u>	<u>EXHIBITS</u>
TBD – Landman	Approx. 30	Approx. 4
TBD – Geologist	Approx. 10	Approx. 3

PROCEDURAL ISSUES

Marathon requests that Case Nos. 16221, 16183, and 16184 be continued to the July 12 docket.

Respectfully submitted,

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

By: 

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CERTIFICATE OF SERVICE

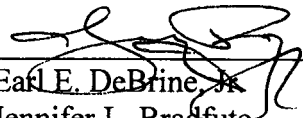
I hereby certify that a true and correct copy of the foregoing was served on
counsel of record by electronic mail on June 7, 2018:

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