



MODRALL SPERLING  
L A W Y E R S

JUN 28 2018 PM 04:09

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June 26, 2018

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

**Re: No. 16238 – AMENDED APPLICATION OF MARATHON  
OIL PERMIAN LLC FOR APPROVAL OF A NON-  
STANDARD SPACING AND PRORATION UNIT AND  
COMPULSORY POOLING, EDDY COUNTY, NEW  
MEXICO.**

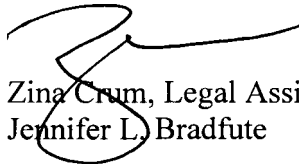
Dear Ms. Davidson:

Enclosed please find three copies of the following:

1. Marathon's Application – Maximus 6H

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

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

**AMENDED APPLICATION OF  
MARATHON OIL PERMIAN LLC FOR  
APPROVAL OF A NON-STANDARD  
PRORATION UNIT AND  
COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.**

CASE NO. 16238

**AMENDED APPLICATION**

Marathon Oil Permian LLC ("Marathon"), OGRID Number 372098, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order: (1) creating a non-standard 640-acre, more or less, spacing and proration unit covering the S/2 of Section 6, Township 23 South, Range 28 East, and the S/2 of Section 1, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico; and (2) pooling all mineral interests in the Wolfcamp formation underlying this spacing and proration unit. In support of this application, Marathon states as follows:

1. Marathon is an interest owner in the subject lands and has a right to drill a well thereon.
2. Marathon seeks to dedicate the S/2 of Section 6, Township 23 South, Range 28 East, and S/2 of Section 1, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico to a 640-acre, more or less spacing and proration unit.

3. Marathon plans to drill the Maximus Fee 23 28 6 WA 2H, Maximus Fee 23 28 6 WD 3H, Maximus Fee 23 28 6 WXY 6H, Maximus Federal 23 28 6 WA 9H, and Maximus Federal 23 28 6 WD 10H wells within the proposed spacing and proration unit to a depth sufficient to test the Wolfcamp formation. These wells will be horizontally drilled using the same drilling rig.

4. These wells will be located within the Purple Sage Wolfcamp Gas Pool, which is subject to special pool rules that establish 330 foot setback requirements. The producing intervals that Marathon seeks to drill will comply with the 330 foot setback requirements.

5. Marathon sought, but has been unable to obtain a voluntary agreement from all interest owners in the Wolfcamp formation underlying the proposed project area to participate in the drilling of the wells or to otherwise commit their interests to the wells.

6. The pooling of all interests in the Wolfcamp formation underlying the proposed project area will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

WHEREFORE, Marathon requests this application be set for hearing before an Examiner of the Oil Conservation Division on July 26, 2018, and after notice and hearing as required by law, the Division enter its order:

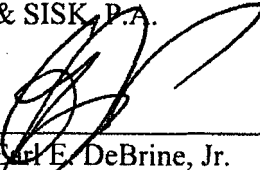
A. Creating a spacing and proration unit in the Wolfcamp formation comprised of the S/2 of Section 6, Township 23 South, Range 28 East, and S/2 of Section 1, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico;

B. Pooling all mineral interests in the Wolfcamp formation underlying this spacing and proration unit;

- C. Designating Marathon as operator of this unit and the wells to be drilled thereon;
- D. Authorizing Marathon to recover its costs of drilling, equipping and completing these wells;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

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

By:   
\_\_\_\_\_  
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*Attorneys for Applicant*

**CASE NO. 16238: Amended Application of Marathon Oil Permian LLC for approval of a non-standard proration unit and compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order from the Division: (1) creating a non-standard 640-acre, more or less, spacing and proration unit covering the S/2 of Section 6, Township 23 South, Range 28 East, and the S/2 of Section 1, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico; and (2) pooling all mineral interests in the Wolfcamp formation underlying this spacing and proration unit. This proposed spacing and proration unit will be the project area for the Maximus Fee 23 28 6 WA 2H, Maximus Fee 23 28 6 WD 3H, Maximus Fee 23 28 6 WXY 6H, Maximus Federal 23 28 6 WA 9H, and Maximus Federal 23 28 6 WD 10H wells, to be horizontally drilled. The producing area for these wells will be orthodox. 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. Said area is located approximately 6 miles south-southwest of Carlsbad, New Mexico.

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