

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

**APPLICATION OF MEWBOURNE OIL
COMPANY FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

**CASE NO. 16313
ORDER NO. R-20312**

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

**CASE NO 16234
ORDER NO. R-20295**

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

**CASE NO 16235
ORDER NO. R-20296**

**APPLICATION OF MEWBOURNE OIL
COMPANY FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

**CASE NO. 16386
ORDER NO. R-20313**

**APPLICATION OF MEWBOURNE OIL
COMPANY FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

**CASE NO. 16387
ORDER NO. R-20314**

**APPLICATION OF MEWBOURNE OIL
COMPANY FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

**CASE NO. 16388
ORDER NO. R-20315**

**REPLY IN SUPPORT OF MOTION TO STAY ORDER NOS. R-20312, R-20295,
R-20296, R-20313, R-20314, and R-20515**

Marathon Oil Permian, LLC ("Marathon") hereby submits this reply in support of its motion to stay the above identified orders. On January 24, 2019, Mewbourne Oil Company filed

its response to Marathon's Motion. Marathon submits this reply to clarify certain statements in the Mewbourne Response.

1. First, and most importantly, Mewbourne's response states that Mewbourne intends to spud a well within 30 days. If this occurs, Marathon's rights to a de novo hearing will be impaired. As a result, a stay is clearly needed to maintain the status quo. In addition, there are no lease expiration issues as to the acreage in question that necessitate Mewbourne's drilling schedule.

2. Second, Mewbourne misrepresents the past actions of both parties. Marathon has been working on development plans which involve the subject acreage since it acquired its acreage in 2017. Marathon filed compulsory pooling applications for these development plans in a timely manner and, pursuant to Marathon's plans, it has sufficient working interests in the area to justify the drilling of numerous wells. Marathon intends to develop this acreage at density in order to avoid waste and protect correlative rights.

3. Mewbourne states that it began working on this prospect in 2017. To the extent that information is relevant in a motion to stay, it is outweighed by the fact that Marathon also worked on its prospect for this same area in 2017. In addition, and significantly, Mewbourne did not even own an ownership interest in the proposed area when it started its force pooling efforts. It is Marathon's understanding that Mewbourne did not receive an interest in the proposed area until May, 2018, when Mewbourne entered into an assignment and conveyance with Occidental Permian Limited Partnership. Given that Mewbourne did not have an interest in the proposed area until mid-2018, any efforts it undertook in 2017 were undertaken at Mewbourne's risk and should not be a basis for prejudicing Marathon or negatively impacting Marathon's rights.

4. Mewbourne attempts to minimize Marathon's ownership interest by stating that Marathon owns between 2-12.5 % working interest. This statement mischaracterizes Marathon's ownership. Under Marathon's development plans, it will own a higher amount of working interests than what is represented by Mewbourne in the Response.

5. Mewbourne incorrectly states that Marathon never objected to Mewbourne's plan of development or discussed Marathon's concerns or objections. To the contrary, Marathon representatives met in person with Mewbourne and called and e-mailed Mewbourne on a number of occasions to discuss Marathon's disagreement with Mewbourne's development plans. Marathon also submitted alternative well proposals known as the Dobro Wells that contemplated developing this area at a well density and spacing pattern (both at the horizontal and vertical horizons) that would mitigate the initial well and subsequent well communication and drainage issues that will occur under Mewbourne's plans. Marathon's development plan and pace would lead to the higher recovery of hydrocarbons and prevent the needless waste that would be created by Mewbourne's development plan.

WHEREFORE, Marathon requests that the Division Director stay Division Order Nos. R-20312, R-20295, R-20296, R-20313, R-20314, and R-20515.

Respectfully submitted,

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

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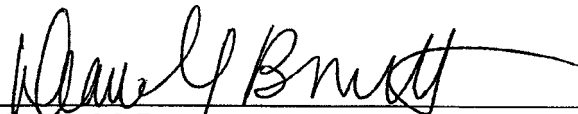
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served on counsel of record by electronic mail on January 25, 2019.

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