

Mid-Continent Region
Production United States



**Marathon
Oil Company**

P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

January 29, 1997

Phillips Petroleum Company
4001 Penbrook
Odessa, TX 79762

**RE: NMOCC Allowables Hearing
Proposed Blinebry Allowables**

Gentlemen:

Marathon has reviewed the current monthly allowables of the New Mexico Oil Conservation Division which will provide the starting point for the gas allowables hearings scheduled for February 13, 1997 for the upcoming allocation period (April, 1997 - September, 1997). Marathon intends to propose at the hearings that a sufficient positive adjustment be made to the monthly pool allowable for the Blinebry Pool in order to increase the monthly acreage allocation factor (F1 factor) for Blinebry non-marginal wells from the 46,800 MCF per month set in the last six months proration period to 70,200 MCF per month.

To the best of Marathon's knowledge, such an F1 factor, if adopted, would allow all non-marginal wells in the field (with an acreage factor of 1.00) to produce to their full capabilities except two of Marathon's Gas Production Units. Marathon has the markets to sell the additional gas which would be produced under its proposal, and believes that the other operators in the field would be able to find purchasers for their additional production as well. The transportation systems which serve the field are more than adequate to deal with the additional production which would result from the adoption of Marathon's proposal. No operator, whether it operates marginal or non-marginal wells, would have its ability to market its gas inhibited by Marathon's proposal.

Marathon asks that you support its request to increase the allowables for the Blinebry pool. If at all possible, Marathon asks that you provide its Midland office a letter prior to February 13, 1997 whereby you indicate your support for Marathon's proposal. If you have any questions with regard to Marathon's proposal, please feel free to call Marathon Reservoir Engineer, Robert Ellis, at (915) 687-8293.

Sincerely

R. A. Biernbaum
R. A. Biernbaum *FOR RAB*
Engineering Manager

Before The
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
Case No. 11721 Exhibit No. 7a
Submitted by: Marathon Oil Company
Hearing Date: 2/13/97

RLE.blinebry.frm/vsk

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