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W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

March 23, 1999

HAND DELIVERED

Ms. Lori Wrotenbery, Director
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

12162

99 MAR 23 PM 3:22

OIL CONSERVATION DIV.

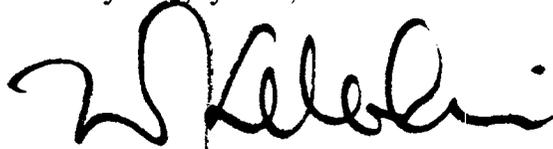
Re: Application of Marathon Oil Company
to amend Order R-11112 for pool and
lease commingling (Buchanan Facility)
Eddy County, New Mexico.

Dear Ms. Wrotenbery:

On behalf of Marathon Oil Company, please find our application in the referenced case which we request be set on the next available Division Examiner's docket on scheduled for April 15, 1999.

Also enclosed is our suggested advertisement for the Division docket.

Very truly yours,



W. Thomas Kellahin

cfx: Marathon Oil Company
Attn: W. Kent Bickham, Esq.

PROPOSED ADVERTISEMENT

12/62

CASE _____ Application of Marathon Oil Company to amend Order R-11112 to adopt an administrative procedure for adding and subtracting existing and future wells to the previously approved Buchanan tank battery within the Buchanan Centralized Facility, Eddy County, New Mexico. Applicant seeks the amendment of Division Order R-11112 to permit surface commingling, off-lease measurement and storage of North Illinois Camp-Morrow Gas, Illinois Camp-Morrow Gas, North Turkey Track-Morrow Gas, Travis-Wolfcamp Gas, and Travis Upper Pennsylvanian Gas Pool production from its Walker "33" State Lease in the W/2 of Section 33, T18S, R28E with previously approved leases which shall be stored and measured at its centralized facility located in Unit I, Section 33, T18S, R28E. Applicant also seeks the adoption of an administrative procedure to add and subtract existing and future wells to this facility without the requirement of notice and hearing. This facility is located in the approximately 18 miles northeast of Carlsbad, New Mexico. **IN THE ABSENCE OF OBJECTION THIS CASE WILL BE TAKEN UNDER ADVISEMENT**

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**APPLICATION OF MARATHON OIL COMPANY
FOR POOL AND LEASE COMMINGLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO.

12162

A P P L I C A T I O N

Comes now Marathon Oil Company ("Marathon") by its attorneys, Kellahin & Kellahin, and applies to the New Mexico Oil Conservation Division to amend Division Order R-11112 to add additional wells to the previously approved Buchanan tank battery within the Buchanan Centralized Facility, Eddy County, New Mexico. Applicant seeks the amendment of Division Order R-11112 to permit surface commingling, off-lease measurement and storage of North Illinois Camp-Morrow Gas, Illinois Camp-Morrow Gas, North Turkey Track-Morrow Gas, Travis-Wolfcamp Gas, and Travis Upper Pennsylvanian Gas Pool production from its Walker "33" State Lease in the W/2 of Section 33, T18S, R28E with previously approved leases which shall be stored and measured at its centralized facility located in Unit I, Section 33, T18S, R28E. Applicant also seeks the adoption of an administrative procedure to add and subtract existing and future wells to this facility without the requirement of notice and hearing.

And in support states:

1. Marathon operates its Buchanan Gathering System which is a centralized facility comprising 2,880 acres, more or less utilizing a centralized tank battery located in Unit I of Section 33, T18S, R28E, which was approved by Division Order R-11112 entered December 15, 1998.

2. Marathon has drilled its Walker State Well No. 1 on its Walker "33" State Lease in the W/2 of Section 33, T18S, R28E and desires to amend Order R-11112 so that production from this lease can be commingled with previous approved production from other leases which shall be stored and measured at its centralized facility located in Unit I, Section 33, T18S, R28E. **See Exhibit "A"**.

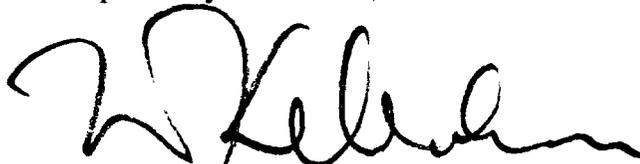
3. The ownership in the W/2 of Section 33 is not identical with the ownership of the other commingled production.

4. Applicant also seeks the adoption of an administrative procedure to add and subtract existing and future wells to this facility without the requirement of notice and hearing.

5. In accordance with Division Rule 1207, Marathon has sent a copy of this application and notice for hearing to be held on April 15, 1999 to all the proper parties entitled to said notice.

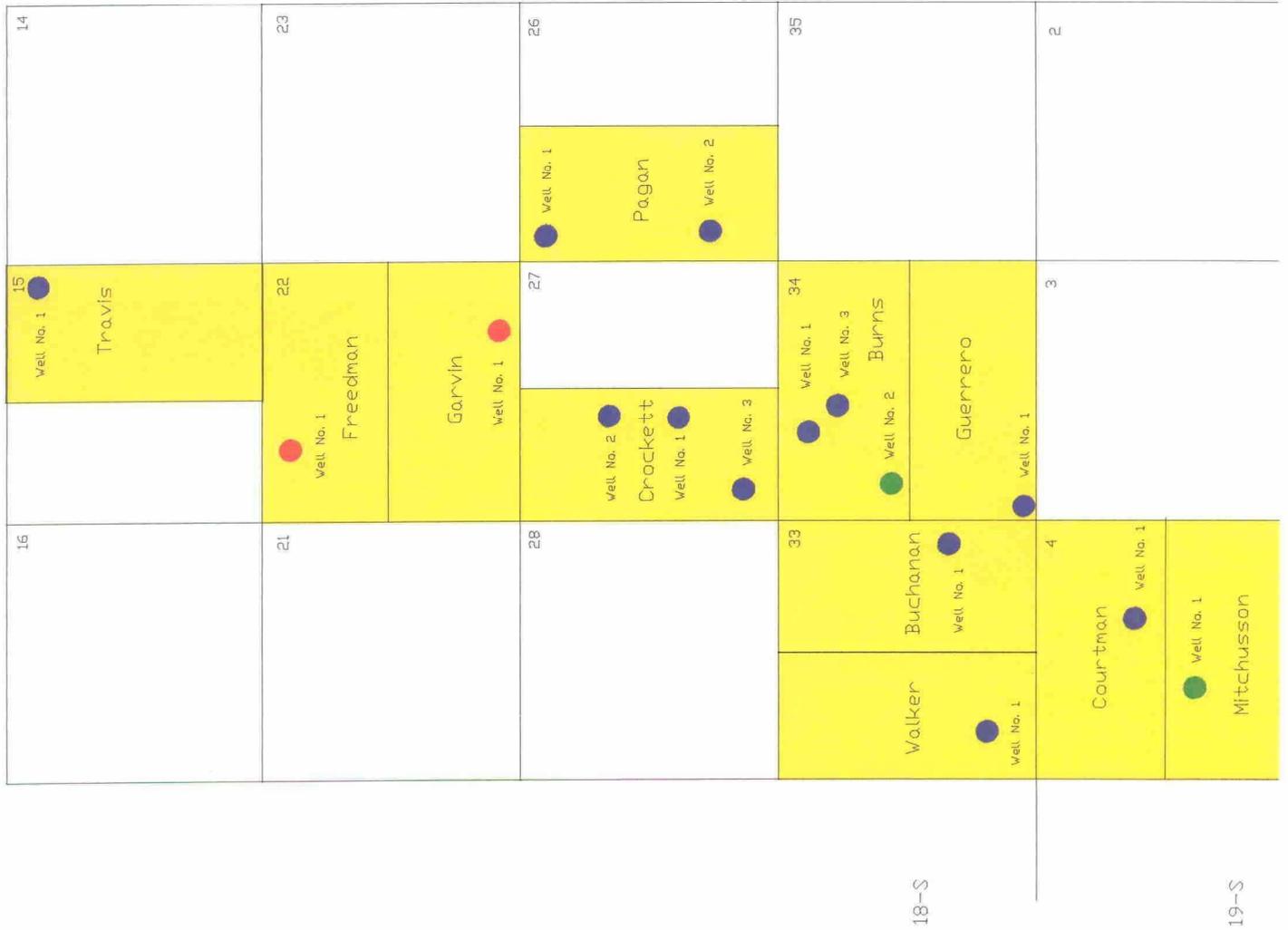
Accordingly, Marathon requests that this application be set for hearing before a Division Examiner and that after notice and hearing, the Division grant this application as requested.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over a horizontal line.

W. Thomas Kellahin
Kellahin & Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504

Marathon Oil Company



W.B. Travis 15 State Lease
E 1/2, Sec. 15, T-18S, R-28E

James Garvin 22 State Lease
S 1/2, Sec. 22, T-18S, R-28E

David Crockett 27 State Lease
W 1/2, Sec. 27, T-18S, R-28E

George Pagan 26 State Lease
W 1/2, Sec. 26, T-18S, R-28E

James Buchanan 33 State Lease
E 1/2, Sec. 33, T-18S, R28E

Samuel Burns 34 State Lease
N 1/2, Sec. 34, T-18S, R-28E

J. Guerrero 34 State Lease
S 1/2, Sec. 34, T-18S, R-28E

Henry Courtman 4 State Lease
N 1/2, Sec. 4, T-19S, R-28E

Edward Mitchusson 4 State Lease
S 1/2, Sec. 4, T-19 S, R-28 E

J. Freedman 22 State Lease
N 1/2, Sec. 22, T-18S, R-28E

A. Walker 33 State Lease
W 1/2, Sec. 33, T-18S, R-28E

- Turkey Track North Morrow
- Travis; Wolfcamp and Upper Penn
- Travis; Upper Penn