

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

CASE NO. 12419

**APPLICATION OF MARATHON OIL
COMPANY FOR AMENDMENT OF SURFACE
COMMINGLING ORDER R-11112-A
EDDY COUNTY, NEW MEXICO.**

m. S.

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Marathon Oil Company, as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

Marathon Oil Company
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attn: Kent Bickham, Esq.

ATTORNEY

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STATEMENT OF CASE

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 (Case 12068) entered December 15, 1998.

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2. Division Rule 303 Exceptions:

- (a) On April 14, 1998, the Division issued Administrative Commingling Order CTB-467 which approved the commingling of Travis Upper Penn Pool production from the Crockett and Buchanan leases to be stored in the Buchanan Central Tank Battery.
- (b) On June 18, 1998, the Division amended Order CTB-467 to add Travis Upper Penn Pool production from the Courtman Lease.
- (c) On June 29, 1998, the Division amended Order CTB-467 to add Travis Upper Penn Pool production from the Burns Lease.
- (d) On August 3, 1998, the Division amended Order CTB-467 to add Travis Upper Penn Pool production from the Travis, Garvin, Pagan, Guerrero and Mitchusson Leases.

3. Division Rule 309-A exceptions:

- (a) On August 19, 1998, Marathon sought an administrative exception to Rule 309-A from the Division to surface commingle production from the Travis Upper Penn Pool wells with production from 2 oil wells in the Travis-Wolfcamp Pool and from the 1 gas well in the North Turkey Track Morrow Gas Pool;
- (b) On September 14, 1998, Marathon revised its August 19, 1998 application to include a request that this order automatically include surface and pool commingling future wells or recompletions of existing wells on these nine leases.

4. By Order R-11112-A, dated May 11, 1999, the Division in Case 12162, after notice and hearing, amended Order R-11112 so that production from the Walker State Well No. 1 on its Walker "33" State Lease in the W/2 of Section 33, T18S, R28E could 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. The ownership in the W/2 of Section 33 is not identical with the ownership of the other commingled production.

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5. Order R-11112-A also provided an administrative procedure to add and subtract existing and future wells to this facility without the requirement of notice and hearing.

6. Now, Marathon seeks an amendment to Order R-11112-A to include gas production from its Scanlon Draw "34" State Well No 1 and its Jose Guerrero "34" State Well No. 1 both in the S/2 of Section 34, T18S, R28E. These wells produce approximately 45 MCF and 6 MCF per day.

7. Marathon will present evidence to demonstrate that approval is necessary because:

(a) The Buchanan Centralized Tank Battery has the capability to satellite test and lease meter liquids sent to the battery and gas sold from the individual leases;

(b) Due to production decline, it has become uneconomic to compress the gas into the high pressure line

8. Marathon has obtained verbal approval from the Division to commingle this gas with the gas at the Buchanan Central Battery.

PROPOSED EVIDENCE

APPLICANT:

WITNESSES

EST. TIME

EXHIBITS

Andrew J. Schwandt (petroleum engineer)

30 Min

@ 4 exhibits

PROCEDURAL MATTERS

None anticipated at this time

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By: 

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