

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:

CASE NO. 9954

APPLICATION OF

MARATHON OIL COMPANY
for an addendum to Order R-9050-A
to include a provision for dual
completion and an unorthodox Morrow
gas well location, Eddy County N.M.

PRE-HEARING STATEMENT

This prehearing statement is submitted by W. Thomas Kellahin
as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Marathon Oil Company
P. O. Box 3128
Houston, Texas 77253
att: Larry Garcia, Esq
(713) 629-6600
name, address, phone and
contact person

OPPOSITION OR OTHER PARTY

ORYX ENERGY COMPANY
P. O. Box 2880
Dallas, Texas 75221
Attn: Mr. Charles Gray
name, address, phone and
contact person

ATTORNEY

W. Thomas Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285

ATTORNEY

William F. Carr, Esq
P. O. Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421

STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

Subject well is in the Indian Basin Upper Penn and Morrow gas Pools each of which is spaced on 640 acres with standard well locations 1650 x 1650.

Applicant, over the objection of Orxy, obtained a Commission order approving the unorthodox location 330 FSL and 1650FWL of Section 9, T21S, R23E with a 14% production penalty for production from the Upper Penn Pool. During drilling, Applicant elected to deepen the well to the Morrow formation and now seeks Division authority to produce the Morrow and dual it with the Upper Penn.

Oryx is the diagonal offset operator in Section 17 and is not adversely affected by the unorthodox well location and therefore no penalty is warranted. The well encroaches towards Section 16 to the South. All owners in Section 9 and 16 are protected by being in the same unit.

OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

PROPOSED EVIDENCE

APPLICANT

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Craig Kent (P. E.)	30+ min	P/Z plot Wellbore Diagram data
Eric Carlson (Geologist)	40+ Min.	Log Sections Structure Gross Pay Morrow Map Net Pay Morrow Map Net Eff. Porosity Map
Curtis SMITH (Landman)	10 Min.	Base Map /ownership

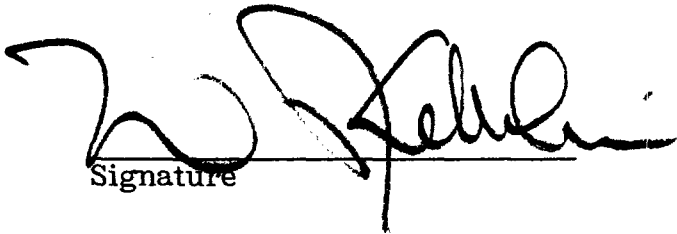
OPPOSITION

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
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PROCEDURAL MATTERS

(Please identify any procedural matters which
need to be resolved prior to the hearing)

Contested case: estimate 2-3 hours for entire case.



Signature