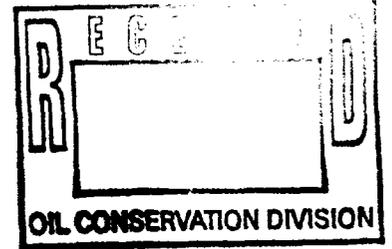


**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

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



CASE NO. 11,112

**APPLICATION OF SANTA FE ENERGY
OPERATING PARTNERS, L.P. FOR POOL
CONTRACTION AND EXPANSION, EDDY
COUNTY, NEW MEXICO.**

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Applicant as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

Santa Fe Energy Operating
Partners, L.P.
Suite 1330
550 West Texas
Midland, Texas 78701
(915) 686-6630
Attention: Gary Green

ATTORNEY

James Bruce
Hinkle, Cox, Eaton, Coffield
& Hensley
Post Office Box 2068
Santa Fe, New Mexico 87504-2068
(505) 982-4554

OTHER PARTY

Marathon Oil Company

ATTORNEY

W. Thomas Kelahin

STATEMENT OF CASE

APPLICANT

Santa Fe seeks to contract the Indian Basin-Upper Pennsylvanian Gas Pool ("the Gas Pool") by deleting therefrom Section 14 (T21S, R23E), and adding said acreage to the South Dagger Draw-Upper Pennsylvanian Associated Pool ("the Associated Pool"). The above acreage was once productive in the Gas Pool. However, a recent recompletion on said acreage is in the interval productive in the Associated Pool. The transfer of acreage to the Associated Pool will simplify approvals for additional wells planned in the area by Santa Fe Energy.

OTHER PARTY

Marathon supports Santa Fe's application.

PROPOSED EVIDENCE

APPLICANT

WITNESSES	EST. TIME	EXHIBITS
Gary Green (Landman)	15 minutes	(a) Land Plat (b) Notice letters
Gene Davis (Geologist)	25 minutes	(a) Isopach (b) Cross-section (c) Well completion information

OTHER PARTY

WITNESSES	EST. TIME	EXHIBITS
------------------	------------------	-----------------

Marathon may present an engineering witness.

PROCEDURAL MATTERS

Respectfully submitted,

HINKLE, COX, EATON, COFFIELD
& HENSLEY

A handwritten signature in cursive script that reads "James Bruce". The signature is written in black ink and is positioned above a horizontal line.

James Bruce
Post Office Box 2068
Santa Fe, New Mexico 87504-2068
(505) 982-4554

Attorneys for Santa Fe Energy Operating
Partners, L.P.