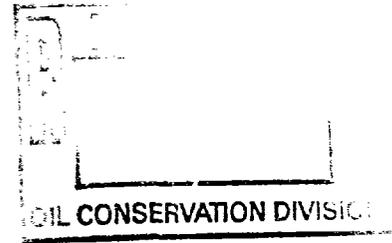


**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

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



CASE NO. 11152

JOINT APPLICATION OF TEXACO EXPLORATION
AND PRODUCTION INC. AND MARATHON OIL COMPANY
FOR A PRESSURE MAINTENANCE PROJECT, UNORTHODOX
INJECTION WELLS LOCATIONS AND EOR CERTIFICATION,
LEA COUNTY, NEW MEXICO.

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by BASS ENTERPRISES
PRODUCTION COMPANY as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

CO-APPLICANTS

MARATHON OIL COMPANY
P. O. Box 552
Midland, Texas 79702
Attn: Dow Campbell, Esq.
(915) 687-8148

Texaco Exploration and
Production, Inc.

INTERESTED PARTY
Shell Western E & P Inc.

ATTORNEY

W. Thomas Kellahin
KELLAHIN AND KELLAHIN
P.O. Box 2265
Santa Fe, NM 87504
(505) 982-4285

William F. Carr, Esq.

ATTORNEY
Jim Bruce, Esq.

STATEMENT OF CASE

Marathon Oil Company ("Marathon") in conjunction with Texaco Exploration and Production Inc. ("Texaco") requests approval to institute a pressure maintenance project on a cooperative leasehold basis within a project area containing 1,069.18 acres, more or less, in portions of Sections 31 and 36, T17S, R34E and portions of Sections 1 and 6, T18S, R35E by the injection of produced water into the Drinkard formation of the Vacuum Drinkard Oil Pool by means of 8 initial injection wells at various unorthodox well locations.

Texaco has conducted an Area of Review investigation as required by Division form C-108 and has concluded that: each "offsetting" wellbore within that area is "adequately" protected across the injection interval and there are no "problem" wells. Surface casing will be set and cemented circulated to the surface such that all fresh water sand will be protected.

The pressure maintenance project will be conducted within the boundaries of a project area will consists of non-unitized lands. Producing wells will continue to be operated by the operators of each respective lease on a co-operative basis. Engineering evidence will discuss the project concept and expected results of the project.

Marathon will present the results of a reservoir computer simulation which will show that the project is expected to recover an additional 2.48 million barrels of oil. Accordingly, Marathon seeks qualification of this project as an enhanced recovery project as defined by Division Order R-9708 and the New Mexico Enhanced Oil Recovery Act.

Marathon requests a project allowable such that each producer and/or injection well within the project area receives a 187 BOPD allowable which can then be produced by or among any combination of those producers.

PROPOSED EVIDENCE

APPLICANT

WITNESSES	EST. TIME	EXHIBITS
Craig Kent* (petroleum engineer)	45 min.	10-12

*Mr. Kent will testify concerning the EOR aspects of this case.

PROCEDURAL MATTERS

None anticipated at this time

KELLAHIN AND KELLAHIN

By: 

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