

**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:

RECEIVED
JUL 7 1995
Oil Conservation Division

CASE NO. 11333

APPLICATION OF MARATHON OIL COMPANY
FOR THE EXPANSION OF THE CEMETERY-MORROW
GAS POOL AND THE CONTRACTION OF THE INDIAN
BASIN-MORROW GAS POOL, EDDY COUNTY, NEW MEXICO.

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
Box 552
Midland, Texas 79702
Attn: Thomas C. Lowry, Esq.

ATTORNEY

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

STATEMENT OF CASE

APPLICANT

Marathon Oil Company is the operator of the North Indian Basin Unit which includes all of Sections 2 and 11, Township 21 South, Range 23 East, Eddy County, New Mexico, and other lands not subject to this Application. Marathon is also the operator of leases covering all of Section 36, Township 20-1/2 South, Range 23 East, and all of Section 1 and the W/2 of Section 12, Township 21 South, Range 23 East, all in Eddy County, New Mexico. Marathon also owns undeveloped leasehold in the E/2 of Section 12, Township 21 South, Range 23 East, Eddy County, New Mexico.

The Cisco/Canyon formation is the principal productive formation within the area described in paragraph (1) above and is included within the current boundaries of the South Dagger Draw-Upper Pennsylvanian Associated Pool which provides, among other things, for 320-acre proration and spacing units with well locations to be not closer than 660 feet to the outer boundary of said units.

The Morrow formation within Sections 2 and 14 of the area described in paragraph (1) is currently in the Indian Basin-Morrow Gas Pool with the balance of the area being within one-mile of the outer boundaries of **both** the Cemetery-Morrow Gas Pool and the Indian Basin-Morrow Gas Pool.

The Morrow wells in both the Indian Basin-Morrow Gas Pool and the Cemetery-Morrow Gas Pool will drain no more than 320 acres.

The Cemetery-Morrow Gas Pool is subject to 320-acre gas spacing and proration units with wells to be located not closer than 1980 feet from the end boundaries and 660 feet from the side boundaries of said units, while the Indian Basin-Morrow Gas Pool is subject to 640-acre gas spacing and proration units with wells to be not closer than 1650 feet to any outer boundary of said units.

The Morrow formation within this area is approximately 1600 feet below the Cisco/Canyon formation and is a secondary objective which only can be economically explored in conjunction with the drilling of a well for production from the Cisco/Canyon formation.

In order to afford an opportunity to drill a well to test both the Cisco/Canyon formation of the South Dagger Draw-Upper Pennsylvanian Associated Pool and the Morrow formation, it is necessary to have the Morrow formation spaced on the same 320-acre spacing pattern as established for the South Dagger Draw-Upper Pennsylvanian Associated Pool.

In order to prevent the drilling of unnecessary wells and to protect correlative rights and provide for the orderly development of the Morrow reservoir as a secondary objective in conjunction with the drilling of Cisco/Canyon wells it is necessary to contract the Indian Basin-Morrow Gas Pool and to extend the Cemetery Morrow Gas Pool as requested.

The granting of this Application will allow the same ownership in the two formations because the spacing units will be the same.

PROPOSED EVIDENCE

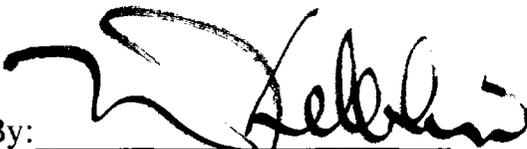
APPLICANT

WITNESSES	EST. TIME	EXHIBITS
Bill DeMis (geologist)	30-Min.	est. 4
Ron Folse (petroleum engineer)	30-Min.	est. 8

PROCEDURAL MATTERS

None at this time

KELLAHIN AND KELLAHIN

By: 

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