

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

CASE NO. 11964

**APPLICATION OF MARATHON OIL
COMPANY TO AMEND THE POOL RULES FOR
THE TRAVIS-UPPER PENNSYLVANIAN 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
P. O. Box 552
Midland, Texas 79702
(915) 687-8144
attn: Thomas C. Lowry, Esq.

ATTORNEY

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

STATEMENT OF CASE

1. On November 16, 1977, the Division entered Order R-5643 (Case 6072) which created the Travis-Upper Pennsylvanian Pool and adopted 80-acre oil spacing and proration units for said pool.

2. In 1997, Marathon drilled the following two wells originally intended as Morrow formation gas wells ~~but which~~ were subsequently recompleted in the Cisco/Canyon formation in February 1998.

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- (a) Crockett "27" Well No 1, located 1980 feet from the West line and 1650 feet from the South line (Unit K) Section 27, T18S, R28E, NMPM, Eddy County, New Mexico;
- (b) Buchanan "33" Well No 1, located 660 feet from the East line and 2000 feet from the South line (Unit I) Section 33, T18S, R28E, NMPM, Eddy County, New Mexico.
3. The Division's District Supervisor (Artesia) has determined that these two wells should be subject to the rules and regulations for the Travis-Upper Pennsylvanian Pool.
4. The Travis Upper-Pennsylvanian Pool currently includes five (5) active producing oil wells located in portions Sections 14 and 23 of T18S, R28E, NMPM.
5. Production tests have confirmed that the Crockett "27" Well No 1 and the Buchanan "33" Well No. 1 are oil wells whose most efficient producing gas-oil ratio is approximately 7,000 cubic feet of gas per barrel of oil produced.
6. In addition, step rate tests conducted on these wells indicate that attempts to restrict these wells to a statewide 2,000 cubic feet of gas to 1 barrel of oil limiting GOR adversely impacts each well's ability to maximize oil production and therefore is wasteful.
7. Accordingly, Marathon seeks the promulgation of special limiting gas oil ratio of 7,000 cubic feet of gas for each barrel of oil produced from the Travis-Upper Pennsylvanian Pool, Eddy County, New Mexico.
8. Marathon seeks to amend Rule 4 of the special pool rules which currently provide for well locations within 150 feet of the center of a governmental quarter-quarter line so that additional flexibility is provided by requiring wells to be located not closer than 330 feet to the outer boundary of any governmental quarter-quarter section.
9. In accordance with Division Rule 1207, Marathon has sent a copy of this application and notice for hearing to be held on April 16, 1998 to all the proper parties entitled to said notice.

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PROPOSED EVIDENCE

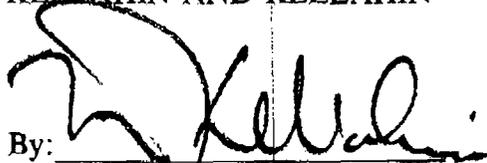
APPLICANT:

WITNESSES	EST. TIME	EXHIBITS
<i>John Chapman</i> Tim Robertson (landman)	by affidavit	1 exhibit (notices)
Denise Ford (geologist)	20 Min.	@ 3 exhibits
Dave Barker (petroleum engineer)	40 Min	@ 16 exhibits

PROCEDURAL MATTERS

None anticipated at this time

KELLAHIN AND KELLAHIN



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