

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

**CASE NO. 12006**

**APPLICATION OF MARATHON OIL COMPANY  
FOR EXPANSION OF THE INDIAN BASIN-UPPER  
PENNSYLVANIAN ASSOCIATED POOL AND THE  
CONTRACTION OF THE INDIAN BASIN UPPER  
PENNSYLVANIAN GAS POOL,  
EDDY COUNTY, NEW MEXICO.**

**PRE-HEARING STATEMENT**

This pre-hearing statement is submitted by Marathon Oil Company et al, 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**

Marathon Oil Company, Yates Petroleum Corporation, Oryx Energy Company, Devon Energy Corporation (Nevada), and Santa Fe Energy Resources, Inc. apply to the Division for an order expanding the Indian Basin-Upper Pennsylvanian Associated Pool to include the E/2 of Section 36, T21S, R23E, Sections 20, 21, 28, 29, 30, 31, 32, T21S, R24E, E/2 Section 1, E/2 Section 12, E/2 Section 13, T22S, R23E, and Section 18, T22S, R24E, NMPM and correspondingly contracting the Indian Basin-Upper

NMOCD CASE 12006  
Marathon Oil Company, et al.  
Page 2

Pennsylvanian Gas Pool to delete any conflicting acreage from that pool. Applicants also seek the approval four non-standard 320-acre gas proration and spacing units ("GPU") for the Indian Basin-Upper Pennsylvanian Gas Pool being the W/2 of Section 36, T21S, R23E to be dedicated to the Lowe State Gas Com Well No. 1; the W/2 of Section 1, T22S, R23E on which there is currently no well; and the W/2 of Section 12, T22S, R23E to be dedicated to the Smith Federal Gas Com Well No. 2; and the W/2 of Section 13, T22S, R23E to be dedicated to the HOC Federal Gas Com Well No. 2. Applicants further seek the approval of a unorthodox gas well location for the Lowe State Gas Com Well No. 1 located 1712 feet FWL and 1995 feet FNL of Section 36, T21S, R23E.

In order to protect correlative rights, prevent waste and provide for a more orderly development of the Cisco/Canyon formations, it is necessary to do the following:

- (a) contract the Indian Basin-Upper Pennsylvanian Gas Pool to delete the E/2 of Section 36, T21S, R23E, Sections 20, 21, 28, 29, 30, 31, 32, T21S, R24E, E/2 Section 1, E/2 Section 12 and the E/2 Section 13, T22S, R23E from said pool;
- (b) expand the Indian Basin-Upper Pennsylvanian Associated Pool to include the E/2 of Section 36, T21S, R23E, Sections 20, 21, 28, 29, 30, 31, 32, T21S, R24E, E/2 Section 1, E/2 Section 12, E/2 Section 13, T22S, R23E, and Section 18, T22S, R24E,
- (c) approve four non-standard 320-acre gas proration and spacing units ("GPU") for the Indian Basin-Upper Pennsylvanian Gas Pool being the W/2 of Section 36, T21S, R23E to be dedicated to the Lowe State Gas Com Well No. 1; the W/2 of Section 1, T22S, R23E on which there is currently no well; and the W/2 of Section 12, T22S, R23E to be dedicated to the Smith Federal Gas Com Well No. 2; and the W/2 of Section 13, T22S, R23E to be dedicated to the HOC Federal Gas Com Well No. 2.
- (d) the apportionment of gas allowables for the four non-standard GPUs; and
- (e) the approval of unorthodox gas well location for the following well in the Indian Basin Pool which become unorthodox as a result of the change in pool boundary: Lowe State Gas Com Well No. 1 located 1712 feet FWL and 1995 feet FNL of Section 36, T21S, R23E.

NMOCD CASE 12006  
Marathon Oil Company, et al.  
Page 3

### PROPOSED EVIDENCE

#### APPLICANT:

#### WITNESSES

#### EST. TIME EXHIBITS

Steve Daniels (landman)	15 Min.	@ 10 exhibits
Denise Cox (geologist)	30 Min.	@ 8 exhibits
John Kloosterman (petroleum engineer)	20 Min.	@ 12 exhibits

### PROCEDURAL MATTERS

None anticipated at this time

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By: 

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