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

CASE NO. 12068

**APPLICATION OF MARATHON OIL
COMPANY FOR SURFACE COMMINGLING
EDDY COUNTY, NEW MEXICO.**

OIL CONSERVATION DIV
98 NOV 16 PM 12:51

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Marathon Oil Company, as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

ATTORNEY

Marathon Oil Company
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W. Thomas Kellahin
KELLAHIN AND KELLAHIN
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STATEMENT OF CASE

1. Marathon is the operator of currently producing wells on nine (9) spacing units each on a different lease:

(a) Crockett Lease: W/2 Section 27, T18S, R28E
3 wells all producing from Travis Upper Penn Pool

(b) Buchanan Lease: E/2 Section 33, T18S, R28E
1 well producing from Travis Upper Penn Pool

- (c) Courtman Lease: N/2 Section 4, T19S, R28E
1 well producing from the Travis Upper Penn Pool
- (d) Burns Lease: N/2 Section 34, T18S, R28E
1 well producing from the Travis Upper Penn Pool
1 well producing from the Travis Wolfcamp Pool
- (e) Travis Lease: E/2 Section 15, T18S, R28E
1 well producing from the Travis Upper Penn Pool
- (f) Garvin Lease: S/2 Section 22, T18S, R28E
1 well producing from the North Turkey Track Morrow Gas Pool
- (g) Pagan Lease: W/2 Section 26, T18S, R28E
2 wells producing from the Travis Upper Penn Pool
- (h) Guerrero: S/2 Sec 34, T18S, R28E
1 well producing from the Travis Upper Penn Pool
- (i) Mitchusson Lease: S/2 Section 4, T19S, R28E
1 well producing from the Travis Wolfcamp Pool

2. Marathon also operates a centralized tank battery on the Buchanan Lease for the gathering of production from all nine leases.

3. Division Rule 303 Exceptions:

- (a) On April 14, 1998, the Division issued Administrative Commingling Order CTB-467 which approved the commingling of Travis Upper Penn Pool production from the Crockett and Buchanan leases to be stored in the Buchanan Central Tank Battery.
- (b) On June 18, 1998, the Division amended Order CTB-467 to add Travis Upper Penn Pool production from the Courtman Lease.
- (c) On June 29, 1998, the Division amended Order CTB-467 to add Travis Upper Penn Pool production from the Burns Lease.

(d) On August 3, 1998, the Division amended Order CTB-467 to add Travis Upper Penn Pool production from the Travis, Garvin, Pagan, Guerrero and Mitchusson Leases.

4. Division Rule 309-A exceptions:

(a) On August 19, 1998, Marathon sought an administrative exception to Rule 309-A from the Division to surface commingle production from the Travis Upper Penn Pool wells with production from 2 oil wells in the Travis-Wolfcamp Pool and from the 1 gas well in the North Turkey Track Morrow Gas Pool;

(b) On September 14, 1998, Marathon revised its August 19, 1998 application to include a request that this order automatically include surface and pool commingling future wells or recompletions of existing wells on these nine leases;

(c) On September 15, 1998, the Division advised it would require that this matter be set for hearing.

5. Marathon will present evidence to demonstrate that approval is necessary because:

(a) The Buchanan Centralized Tank Battery has the capability to satellite test and lease meter liquids sent to the battery and gas sold from the individual leases;

(b) Unfortunately not all wells on these leases have been economically productive from the Travis Upper Penn Pool;

(c) additional zones in these wells are being tested with the expectation that any future production will also be commingled on the surface in order to economically produced.

PROPOSED EVIDENCE

APPLICANT:

WITNESSES

EST. TIME

EXHIBITS

Bryan L. Williams (petroleum engineer)

30 Min

@ 13 exhibits

PROCEDURAL MATTERS

None anticipated at this time

KELLAHIN AND KELLAHIN

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over a horizontal line.

By:

W. Thomas Kellahin

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