

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

**CASE NO. 12721**

**APPLICATION OF MARATHON OIL  
COMPANY TO AMEND ORDER R-11186  
FOR SURFACE COMMINGLING  
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: Kent Bickham, Esq.

**ATTORNEY**

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

**STATEMENT OF CASE**

1. Marathon is the operator of the Indian Hills Unit Centralized Facility which is operated pursuant to Division Order R-11186.

2. This order currently permits surface commingling, off-lease measurement and storage of Indian Basin Upper Pennsylvanian Gas Pool and Indian Basin Upper Pennsylvanian Associated Pool production from its Indian Basin "32" State Lease in Section 32 and its Indian Hills Unit covering parts of Sections 20, 21, 28, 29 and 33, all in T21S, R24E which are stored and measured at its centralized facility located in Unit P, Section 19, T21S, R24E.

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3. Marathon has drilled and completed its Indian Hills Unit Well No. 32 (API #30-015-31591) located in Unit M of Section 16, T21S, R24E, NMPM and has obtained temporary authority from the Division to surface commingle production from this well with other production within the Indian Hills Unit Centralized Facility.

4. Marathon seeks to add this well and any other well drilled in Section 16, 17 and 19 to the Indian Hills Centralized Facility. This facility has the capability to satellite test and lease meter liquids and gas sent to the battery from the individual leases and spacing units and to properly allocate that production back to the individual spacing units and leases.

5. As a result of various ownership transactions affecting the E/2 of Section 32, ownership in the commingled production is no longer identical in terms of parties or interest. In addition, the ownership in Section 29, T21S, R24E is also different from the Indian Hills Unit.

6. In accordance with Division Rule 1207, Marathon has sent a copy of this application and notice for hearing to be held on September 6, 2001 to all the proper parties entitled to said notice.

**PROPOSED EVIDENCE**

APPLICANT:

**WITNESSES**

**EST. TIME**

**EXHIBITS**

Ginny Larke  
(engineering technician)

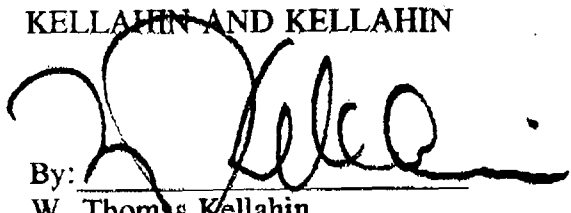
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@ 4 exhibits

**PROCEDURAL MATTERS**

None anticipated at this time

KELLAHIN AND KELLAHIN

By:   
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