

CASE 6817: MEWBOURNE OIL COMPANY TO  
AMEND ORDER NO. R-6100, EDDY COUNTY,  
NEW MEXICO

Case No.

6817

Application

Transcripts

Small Exhibits

ETC.



STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-2434

March 12, 1980

Mr. Thomas Kellahin  
Kellahin & Kellahin  
Attorneys at Law  
Post Office Box 1769  
Santa Fe, New Mexico

Re: CASE NO. 6817  
ORDER NO. R-6100-A

Applicant:

Newbourn Oil Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Yours very truly,

JOE D. RAMEY  
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD	<u>X</u>
Artesia OCD	<u>X</u>
Aztec OCD	

Other

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 6817  
Order No. R-6100-A

APPLICATION OF MEWBOURNE OIL COMPANY  
TO AMEND ORDER NO. R-6100, EDDY  
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 27, 1980, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 11th day of March, 1980, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Mewbourne Oil Company, seeks to amend Order No. R-6100 whereby the unorthodox Morrow location approved by said order would instead be applicable to the Wolfcamp and Bone Springs formations.

(3) That this application results from the completion of applicant's Marathon State Well No. 1, located 1315 feet from the North line and 660 feet from the East line of Section 30, Township 20 South, Range 27 East, NMPM, Eddy County, New Mexico, as a Wolfcamp gas well and a potential Bone Spring oil well rather than a Morrow gas well as projected.

(4) That the E/2 of said Section 30 is to be dedicated to the well for the Wolfcamp formation and the NE/4 for the Bone Spring formation.

(5) That no offset operator objected to the proposed unorthodox location.

-2-

Case No. 6817  
Order No. R-6100-A

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

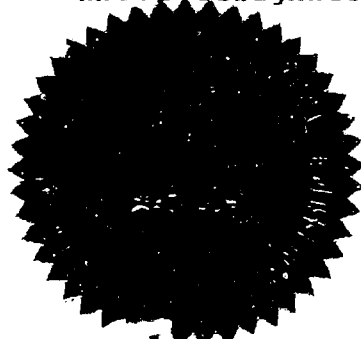
IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location for the Wolfcamp and Morrow formations and an unorthodox oil well location for the Bone Spring formation is hereby approved for the Mewbourne Oil Company Marathon State Well No. 1 drilled at a point 660 feet from the North line and 1315 feet from the East line of Section 30, Township 20 South, Range 27 East, NMPM, Eddy County, New Mexico.

(2) That the E/2 of said Section 30 shall be dedicated to the above-described well for the Wolfcamp formation and the NE/4 shall be dedicated for the Bone Spring formation.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



S E A L

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*Joe D. Lamey*  
JOE D. LAMEY  
Director

fd/

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO  
27 February 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Mewbourne Oil Company ) CASE  
to amend Order No. R-6100, Eddy County, ) 6817  
New Mexico. )

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division: Ernest L. Padilla, Esq.  
Legal Counsel to the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant: W. Thomas Kellahin, Esq.  
KELLAHIN & KELLAHIN  
500 Don Gaspar  
Santa Fe, New Mexico 87501

SALLY W. BOYD, C.S.R.  
Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

I N D E X

M. A. "ART" CUSTER, JR.

Direct Examination by Mr. Kellahin 3

Cross Examination by Mr. Stamets 8

E X H I B I T S

Applicant Exhibit One, Land Plat 4

Applicant Exhibit Two, Log 5

Applicant Exhibit Three, Well Costs 7

Applicant Exhibit Four, List 7

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MR. STAMETS: We'll call next Case 6817.

MR. PADILLA: Application of Mewbourne Oil Company to amend Order No. R-6100, Eddy County, New Mexico.

MR. STAMETS: Call for appearances.

MR. KELLAHIN: I'm Tom Kellahin of Santa Fe, New Mexico, appearing on behalf of the applicant, and I have one witness.

MR. STAMETS: Any other appearances?

(Witness sworn.)

M. A. "ART" CUSTER, JR.

being called as a witness and having been duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q. Mr. Custer, would you please state your name, by whom you're employed, and in what capacity?

A. My name is M. A. Custer, Junior, and I'm employed by Mewbourne Oil Company as their District Geologist. The district covers all of west Texas and southeast New Mexico.

Q. Mr. Custer, have you previously testified



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1 before the Oil Conservation Division and had your qualifica-  
2 tions as a geologist accepted and made a matter of record?

3 A. Yes, sir.

4 MR. KELLAHIN: We tender Mr. Custer as  
5 an expert geologist.

6 MR. STAMETS: He's considered qualified.

7 Q. Would you please refer to what we've  
8 marked as Applicant Exhibit Number One and identify that for  
9 us?

10 A. This is a land plat of a portion of Eddy  
11 County. The symbols are shown in the legend. I'll explain  
12 them very briefly.

13 The Mewbourne Marathon State No. 1 is  
14 the well in the northeast quarter of Section 30, of 20, 27.

15 Q. And that's the well that's the subject  
16 of this hearing?

17 A. That's right.

18 Q. And has it been the subject of a previous  
19 hearing?

20 A. Yes, sir, it was.

21 Q. And was that case -- what was that case  
22 and order number?

23 A. It was R-6100, and it was for an unortho-  
24 dox location for a test of the Morrow formation.

25 Q. And what has happened to necessitate this

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1 hearing?

2 A We drilled our No. 1 Marathon State to  
3 the Morrow and it was dry in the Morrow, and we plugged it  
4 back and made a Wolfcamp gas discovery.

5 Q What are you seeking by this application?

6 A We're seeking an unorthodox location for  
7 the Wolfcamp, as well as some potential zones in the Bone  
8 Springs formation.

9 Q Let's go to Exhibit Number Two, if you  
10 will, Mr. Custer, and have you identify that exhibit.

11 A First off on this Exhibit Number One,  
12 Mr. Examiner, I'd like to point out that there are no  
13 Wolfcamp producing wells offsetting our -- our well.

14 Q What acreage would be dedicated to the  
15 Wolfcamp and to the potential Bone Springs production?

16 A The east half of Section 30.

17 Q Now would you identify Exhibit Number  
18 Two for us?

19 A It's a copy of the compensated density  
20 neutron log that we ran on the No. 1 Marathon State.

21 I have marked on this log the -- as you  
22 thumb through it -- the tops and the drill stem tests that  
23 we took in drilling the well to a TD of 10,625.

24 After reviewing all of our information  
25 at that depth, logs and mud logger and everything else, we

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1 decided to plug it back to the -- a TD of -- a plug back  
2 depth of 9000 feet, where we set 4-1/2 inch casing, and this  
3 is also marked on the log.

4 We then perforated a zone in the Lower  
5 Cisco and treated it and recovered 7700 feet of sulphur water  
6 with no shows.

7 We then set a bridge plug at 8450 and  
8 perforated the Wolfcamp, as marked on the log, at 7986 to  
9 8006.

10 We acidized it with 4200 gallons of 15  
11 percent acid and cleaned it up and potentialized it on  
12 12-4-79, and it's now waiting on a pipeline connection and  
13 the approval of this order.

14 Q. Would you show us where your potential  
15 Bone Springs production is on the log?

16 A. Right. In addition to the three  
17 Wolfcamp zones that I have marked in orange on the log, from  
18 about 7900 to about 8100 feet, there are two other zones in  
19 the Bone Springs covering a gross interval of 4075 to 4382  
20 feet, that we will probably test at a later date.

21 MR. STAMETS: Assuming that the gas  
22 spacing for the Bone Springs is 160 acres, would the loca-  
23 tion not be a standard location for 160?

24 MR. KELLAHIN: I believe it would.

25 MR. STAMETS: It would appear that that

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1 would be a standard location.

2 MR. KELLAHIN: Put it in the center of

3 one of those quarter sections.

4 MR. STAMETS: All right.

5 MR. KELLAHIN: But it's my understanding

6 that the spacing for the Wolfcamp and Bone Springs is 320.

7 MR. STAMETS: Wolfcamp only; Bone Springs

8 is --

9 MR. KELLAHIN: Only the Wolfcamp?

10 MR. STAMETS: -- 160.

11 MR. KELLAHIN: So we'd need the order

12 only to cover the Wolfcamp production, I guess.

13 MR. STAMETS: I believe so. And that

14 looks like a standard location. It would be at least 330

15 from any quarter quarter line.

16 A. Right, it's 660 and 1315.

17 MR. STAMETS: All right.

18 Q. Mr. Custer, would you turn to what we've

19 marked as Exhibit Number Three and identify that for us?

20 A. This is the well costs on our No. 1

21 Marathon State, broken down into drilling, completion, and

22 totals. Down in the lower righthand you see that we spent

23 \$571,355, as of January 31st.

24 Q. Would you identify what we've marked as

25 Exhibit Number Four?

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1 A Exhibit Number Four, all it is is a --  
2 is a list of the four producing wells that are shown on the  
3 plat, Exhibit Number One, that have produced from the Wolf-  
4 camp either oil or gas.

5 Q In your opinion, Mr. Custer, will approval  
6 of this application be in the best interests of conservation,  
7 the prevention of waste, and the protection of correlative  
8 rights?

9 A Yes, sir.

10 Q Were Exhibits One through Four prepared  
11 by you or compiled under your direction and supervision?

12 A Yes, sir.

13 MR. KELLAHIN: I move the introduction of  
14 Exhibits One through Four.

15 MR. STAMETS: These exhibits will be ad-  
16 mitted.

17  
18 CROSS EXAMINATION

19 BY MR. STAMETS:

20 Q Mr. Custer, referring to Exhibit Number  
21 Two, the well log, --

22 A Yes, sir.

23 Q -- it appears as though you may have a  
24 Wolfcamp oil zone immediately above the gas zone that has  
25 been potentialled.

SALLY W. BOYD, C.S.R.  
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1 A. That's right.

2 Q. What are your plans for that zone?

3 A. Well, if and when this other zone depletes,

4 our initial zone, we will then go to the lower two zones

5 below it and test those.

6 If you'll note that the upper one of the

7 two below the perforations were included in a drill stem

8 test that flowed about 4.6-million, and we elected at the

9 time to just perforate the upper zone, so we will go back

10 and perforate those two zones, and after depleting those

11 two zones, then we will attempt a completion in this upper

12 zone, which possibly could be oil.

13 MR. STAMETS: Any other questions of

14 this witness? He may be excused.

15 Anything further in this case?

16 MR. KELLAHIN: No, sir.

17 MR. STAMETS: The case will be taken

18 under advisement.

19

20 (Hearing concluded.)

21

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REPORTER'S CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing prepared by me to the best of my ability.

Sally W. Boyd C.S.R.

SALLY W. BOYD, C.S.R.  
Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

I declare under oath that the foregoing is  
a true and correct copy of the original as  
the same was read to me on 2-27-68  
heard by me on 2-27-68  
R. L. Starns, Examiner  
Oil Conservation Division

OFFICE OF THE ATTORNEY GENERAL  
ENERGY AND MINERALS DEPARTMENT  
CIVIL DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO  
27 January 1980

EXHIBIT HEARING

IN THE MATTER OF:

Application of Newhouse Oil Company ) CASE  
20 Second Street, N.E., 100, B&B County, ) 0017  
New Mexico. )

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division: Ernest L. Padilla, Esq.  
Legal Counsel to the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant: W. Thomas Kellahin, Esq.  
KELLAHIN & KELLAHIN  
500 Don Gaspar  
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M. A. "ART" CUSHER, JR.

Direct Examination by Mr. Holliman 3

Cross Examination by Mr. Daniels 9

# EXHIBITS

Applicant Exhibit One, Land Plat 4

Applicant Exhibit Two, Log 5

Applicant Exhibit Three, Well Costs 7

Applicant Exhibit Four, List 7

Mr. Robert Application of Newbourn  
 1000 1st St. N. W. 1000, County, New

W.D. KELLER: I'm from Hellahin of Santa  
bearing on behalf of the applicant, and

(Witness sworn.)

being called as a witness and having been duly sworn upon his oath, testified as follows, to-wit:

BY MR. KELLAHITN:

A                    My name is M. A. Custer, Junior, and I'm  
employed by Mewbourne Oil Company as their District Geologist.  
The district covers all of west Texas and southeast New  
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Q Mr. Custer, have you previously testified

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1 before the Oil Conservation Division and had your qualifica-  
2 tions as a geologist accepted and made a matter of record?

3 A. Yes, sir.

4 MR. WILLIAMS: He tender Mr. Custer as  
5 an expert geologist.

6 MR. STAMPS: He's considered qualified.

7 Q. Would you please refer to what we've  
8 marked as Applicant Exhibit Number One and identify that for  
9 us?

10 A. This is a land plat of a portion of Eddy  
11 County. The symbols are shown in the legend. I'll explain  
12 them very briefly.

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14 the well in the northeast quarter of Section 30, of 20, 27.

15 Q. And that's the well that's the subject  
16 of this hearing?

17 A. That's right.

18 Q. And has it been the subject of a previous  
19 hearing?

20 A. Yes, sir, it was.

21 Q. And was that case -- what was that case  
22 and order number?

23 A. It was B-6100, and it was for an unortho-  
24 dox location for a test of the Morrow formation.

25 Q. And what has happened to necessitate this

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5 Q What are you seeking by this application?

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13 Wolfcamp producing wells offsetting our -- our well.

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20 neutron log that we ran on the No. 1 Marathon State.

21 I have marked on this log the -- as you  
22 thumb through it -- the tops and the drill stem tests that  
23 we took in drilling the well to a TD of 10,625.

24 After reviewing all of our information  
25 at that depth, logs and mud logger and everything else, we

1 decided to plug it back to 8450 feet of casing back  
2 depth of 9000 feet, when we set 4 1/2 inch casing, and this  
3 is also marked on the log.

4 We then perforated a zone in the Lower  
5 Cisco and treated it and recovered 2700 feet of sulphur water  
6 with no shows.

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8 perforated the Wolfcamp, as marked on the log, at 7986 to  
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19 the Bone Springs covering a gross interval of 4075 to 4382  
20 feet, that we will probably test at a later date.

21 MR. STAMETS: Assuming that the gas  
22 spacing for the Bone Springs is 160 acres, would the loca-  
23 tion not be a standard location for 160?

24 MR. KELLAMIN: I believe it would.

25 MR. STAMETS: It would appear that that

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1 would be a standard location.  
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3 one of those quarter sections.  
4 MR. STAMETS: All right.  
5 MR. KELLAHIN: But it's my understanding  
6 that the spacing for the Wolfcamp and Bone Springs is 320.  
7 MR. STAMETS: Wolfcamp only; Bone Springs  
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9 MR. KELLAHIN: Only the Wolfcamp?  
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12 only to cover the Wolfcamp production, I guess.  
13 MR. STAMETS: I believe so. And that  
14 looks like a standard location. It would be at least 330  
15 from any quarter quarter line.  
16 A. Right, it's 660 and 1315.  
17 MR. STAMETS: All right.  
18 Q Mr. Custer, would you turn to what we've  
19 marked as Exhibit Number Three and identify that for us?  
20 A. This is the well costs on our No. 1  
21 Marathon State, broken down into drilling, completion, and  
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23 \$571,355, as of January 31st.  
24 Q Would you identify what we've marked as  
25 Exhibit Number Four?

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1                   A                   Exhibit Number Two, all it is is a --  
2 is a list of the four producing wells that are shown on the  
3 plat, Exhibit Number One, that have produced from the Wolf-  
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5                   Q                   In your opinion, Mr. Custer, will approval  
6 of this application be in the best interests of conservation,  
7 the prevention of waste, and the protection of correlative  
8 rights?

9                   A                   Yes, sir.

10                  Q                   Were Exhibits One through Four prepared  
11 by you or compiled under your direction and supervision?

12                  A                   Yes, sir.

13                                   MR. KELLAHAN: I move the introduction of  
14 Exhibits One through Four.

15                                   MR. STAMETS: These exhibits will be ad-  
16 mitted.

18                                   CROSS EXAMINATION

19                   BY MR. STAMETS:

20                  Q                   Mr. Custer, referring to Exhibit Number  
21 Two, the well log, --

22                  A                   Yes, sir.

23                  Q                   -- it appears as though you may have a  
24 Wolfcamp oil zone immediately above the gas zone that has  
25 been potentialled.

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Q Now, if the upper zone depletes, on initial zone, we will then go to the lower two zones below it and test those.

A If you'll note that the upper one of the two below the perforations were included in a drill stem test that flowed about 4.6-million, and we elected at the time to just perforate the upper zone, so we will go back and perforate those two zones, and after depleting those two zones, then we will attempt a completion in this upper zone, which possibly could be oil.

MR. STAMETS: Any other questions of this witness? He may be excused.

Anything further in this case?

MR. KELLAMIN: No, sir.

MR. STAMETS: The case will be taken under advisement.

(Hearing concluded.)



REPORTING OFFICER'S CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing prepared by me to the best of my ability.

SALLY W. BOYD, C.S.R.  
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Santa Fe, New Mexico 87501  
Phone (505) 455-7409

I declare under oath that the foregoing is  
a true and correct copy of the transcript  
as read and verified by me, and that I am  
a duly qualified and sworn Examiner.

\_\_\_\_\_, Examiner  
Oil Conservation Division

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 6625  
Order No. R-6100

APPLICATION OF MEWBOURNE OIL COMPANY  
FOR AN UNORTHODOX GAS WELL LOCATION,  
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 8, 1979, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 10th day of September, 1979, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Mewbourne Oil Company, seeks approval of an unorthodox gas well location 660 feet from the North line and 1315 feet from the East line of Section 30, Township 20 South, Range 27 East, NMPM, to test the Morrow formation, Eddy County, New Mexico.
- (3) That the E/2 of said Section 30 is to be dedicated to the well.
- (4) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.
- (5) That no offset operator objected to the proposed unorthodox location.

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

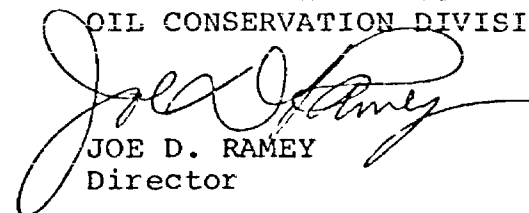
(1) That an unorthodox gas well location for the Morrow formation is hereby approved for Mewbourne Oil Company for a well to be drilled at a point 660 feet from the North line and 1315 feet from the East line of Section 30, Township 20 South, Range 27 East, NMPM, Eddy County, New Mexico.

(2) That the E/2 of said Section 30 shall be dedicated to the above-described well.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-above designated.

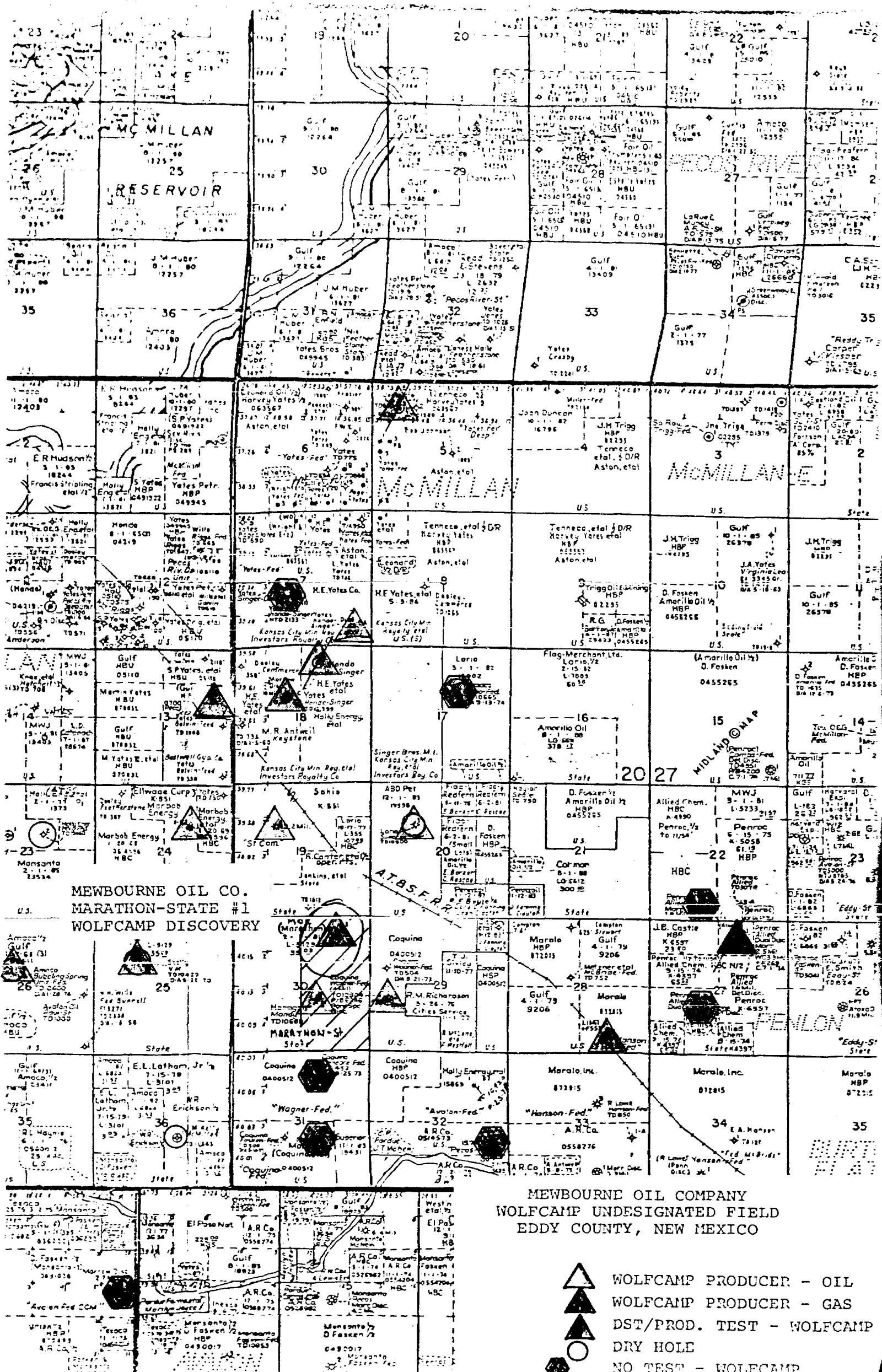
STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



JOE D. RAMEY  
Director

S E A L.

fd/



ACC.  
MARATHON STATE - 1

WELL COSTS

Thru 1/31/80

		Drilling	Completion	Total
Intangible				
300	Permits, Surveys & Damages	\$ 2,156		\$ 2,156
301	Location & Roads	10,233	\$ 163	10,396
302	Footage or Turnkey Drilling	181,681		181,681
303	Day Work	34,175		34,175
304	Fuel, Water & Other	12,299	201	12,500
305	Completion/Workover Rig		6,614	6,614
306	Mud & Chemicals	62,475		62,475
307	Cementing	358	18,264	18,622
308	Logging	22,901	7,583	30,484
309	Casing Services & Tools		1,173	1,173
310	Mud Logging	71		71
311	Testing	5,485	8,210	13,695
312	Treating	17,441		17,441
320	Transportation	937	2,330	3,267
321	Welding & Construction Labor	723	691	1,414
330	Equipment Rental	11,140	1,288	12,428
335	Well/Lease Insurance	3,780		3,780
350	Intangible Supplies	137	2,798	2,935
950	Company Supervision	8,200	4,950	13,150
951	Overhead Fixed Rate	4,400	1,000	5,400
	Total	378,592	55,265	433,857
Tangibles				
800	Casing	7,697		7,697
815	Casing	18,578		18,578
834	Casing		37,043	37,043
846	Tubing		27,962	27,962
860	Drilling Head	4,443		4,443
865	Tubing Head		5,044	5,044
870	Upper Section		4,829	4,829
880	Packer, Pump & Other Subsurface		3,626	3,626
890	Tanks		8,000	8,000
895	Separator & Treater		14,365	14,365
905	Valves & Connections		1,363	1,363
910	Production Equipment Installation		4,548	4,548
	Total	30,718	106,780	137,498
	Total Well Costs	\$ 409,310	\$ 162,045	\$ 571,355

BEFORE EXAMINER SIGNATURES
OIL CONSERVATION DIVISION
Moulbourne District No. 3
CASE NO. 6817
Submittal Date
Hearing Date 22 Feb 80

Wolfcamp Production Near MOC #1 Marathon State 30-20-27  
Eddy County, New Mexico

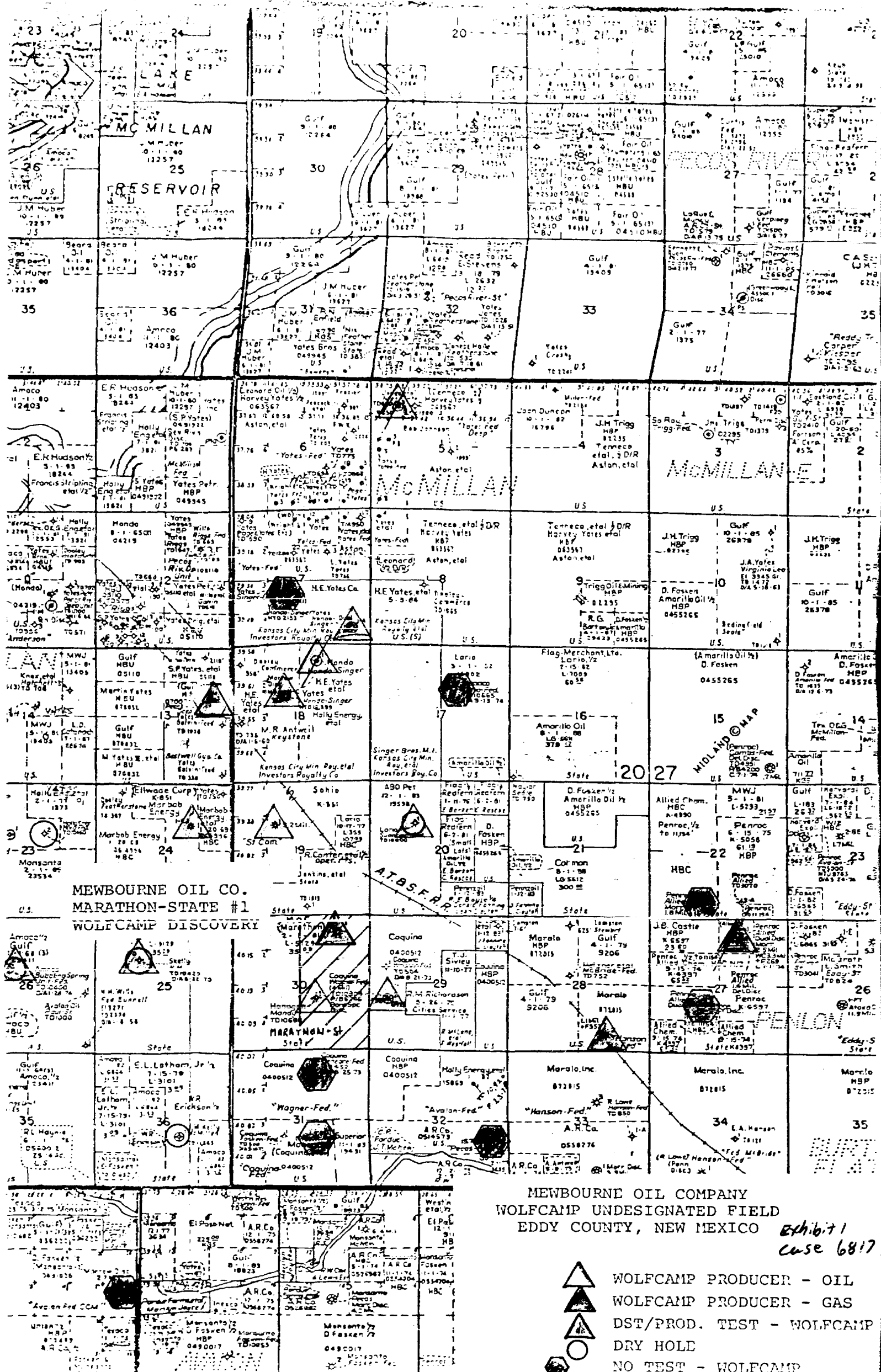
\* Eddy Undesignated Group 5(8M to 9M) Oil  
Maralo Inc. - Hanson Fed. 2(0) -28-20-27  
Prod. 18,066 BO to 1-79  
Classification Changed to Avalon Wolfcamp + 1-79  
Prod. in 10-79 62 BO + 14,705 MCF

\* Eddy Undesignated Wolfcamp (Gas)  
Penroc Allied Com. 1(B), 27-20-27  
Prod. 83,294 MCF + 7574 Bbls.  
Zone Abd. Prior to 1-77

\* McMillan Wolfcamp Oil  
S. P. Yates - N. E. Yates Yates Fed. No. Deep 1(D) 5-20-27  
Prod. 5187 BO to 1-79  
No. Prod. Since 1-79

\* Undesignated Eddy P 474 Oil  
Hondo O & G Co. - Hondo Singer 1(B) - 18-20-27  
Prod. 2056 BO P & A 1965

BEFORE EXAMINER STAMETS	
OIL CONSERVATION DIVISION	
<i>menboogene</i>	EXHIBIT NO. <u>4</u>
	<u>6817</u>
Hearing Date <u>27 Feb 80</u>	



MEC  
MARATHON STATE -/

WELL COSTS

Thru 1/31/80

	Intangible	Drilling	Completion	Total
300	Permits, Surveys & Damages	\$ 2,156		\$ 2,156
301	Location & Roads	10,233	\$ 163	10,396
302	Footage or Turnkey Drilling	181,681		181,681
303	Day Work	34,175		34,175
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950	Company Supervision	8,200	4,950	13,150
951	Overhead Fixed Rate	4,400	1,000	5,400
	Total	378,592	55,265	433,857
	Tangibles			
800	Casing	7,697		7,697
815	Casing	18,578		18,578
834	Casing		37,043	37,043
846	Tubing		27,962	27,962
860	Drilling Head	4,443		4,443
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880	Packer, Pump & Other Subsurface		3,626	3,626
890	Tanks		8,000	8,000
895	Separator & Treater		14,365	14,365
905	Valves & Connections		1,363	1,363
910	Production Equipment Installation		4,548	4,548
	Total	30,718	106,780	137,498
	Total Well Costs	\$ 409,310	\$ 162,045	\$ 571,355

Exhibit 3  
Case 6817



Wolfcamp Production Near MOC #1 Marathon State 30-20-27  
Eddy County, New Mexico

\* Eddy Undesignated Group 5(8M to 9M) Oil  
Maralo Inc. - Hanson Fed. 2(0) -28-20-27  
Prod. 18,066 BO to 1-79  
Classification Changed to Avalon Wolfcamp + 1-79  
Prod. in 10-79 62 BO + 14,705 MCF

\* Eddy Undesignated Wolfcamp (Gas)  
Penroc Allied Com. 1(B), 27-20-27  
Prod. 83,294 MCF + 7574 Bbls.  
Zone Abd. Prior to 1-77

\* McMillan Wolfcamp Oil  
S. P. Yates - N. E. Yates Yates Fed. No. Deep 1(D) 5-20-27  
Prod. 5187 BO to 1-79  
No. Prod. Since 1-79

\* Undesignated Eddy P 474 Oil  
Hondo O & G Co. - Hondo Singer 1(B) - 18-20-27  
Prod. 2056 BO P & A 1965

Exhibit 4  
Case 6817

Dockets Nos. 6-80 and 7-80 are tentatively set for March 12 and 26, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 27, 1980

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Butler, Alternate Examiner:

CASE 6787: (Continued from February 13, 1980, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the approval of 12 non-standard proration units ranging in size from 261.51 acres to 334.24 acres for 320-acre spaced pools, and 19 non-standard proration units ranging in size from 162.65 acres to 207.57 acres for 160-acre spaced pools, all of the aforesaid units being in and resulting from the irregular size and shape of Sections 1 thru 7 and 18, 19, 30, and 31, along the North and West sides of Township 28 North, Range 3 West, Rio Arriba County.

CASE 6811: Application of Laguna Petroleum Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying the SE/4 NE/4 of Section 13, Township 8 South, Range 32 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6812: Application of Maralo Inc. to amend Order No. R-5816, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend Order No. R-5816 to permit the seven waterflood injection wells authorized to be drilled at unorthodox locations by said order to be produced until May 1, 1980, or until depleted, prior to being placed on water injection.

CASE 6813: Application of Petroleum Development Corporation to amend Order No. R-6196, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to amend Order No. R-6196 which authorized re-entry of a well at an unorthodox location in the Lusk-Morrow Gas Pool to be dedicated to the N/2 of Section 13, Township 19 South, Range 31 East. Applicant now seeks approval for a new revised location 750 feet from the North line and 660 feet from the West line of said Section 13.

CASE 6814: Application of Harvey E. Yates Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Betenbough Unit Area, comprising 1921 acres, more or less, of State and fee lands in Township 13 South, Range 36 East.

CASE 6797: (Continued from January 30, 1980, Examiner Hearing)

Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Penn formations underlying the N/2 of Section 28, Township 18 South, Range 29 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6815: Application of Florida Exploration Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Ross Draw Unit Well No. 8, a Wolfcamp gas well 1650 feet from the North and East lines of Section 27, Township 26 South, Range 30 East, the N/2 of said Section 27 being dedicated to the well.

CASE 6816: Application of Hanson Oil Corporation for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water in the Penrose Grayburg formation in the perforated interval from 3404 feet to 3633 feet in its Creek Well No. 1 located in Unit G of Section 35, Township 18 South, Range 30 East, Shugart Pool.

CASE 6817: Application of Mewbourne Oil Company to amend Order No. R-6100, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to amend Order No. R-6100 whereby the unorthodox Morrow location approved by said order would instead be applicable to the Wolfcamp and Bone Springs formations.

CASE 6818: Application of Tenneco Oil Company for an NGFA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination for its State HL 11 Well No. 1 located in Unit N of Section 11, Township 19 South, Range 29 East.

KELLAHIN and KELLAHIN

Attorneys at Law

500 Don Gaspar Avenue

Post Office Box 1749

Santa Fe, New Mexico 87501

Jason Kellahin  
W. Thomas Kellahin  
Karen Aubrey

Telephone 982-4285  
Area Code 505

January 31, 1980

Mr. Joe Ramey  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Case 6817

re: Mewbourne Oil Company

Dear Joe:

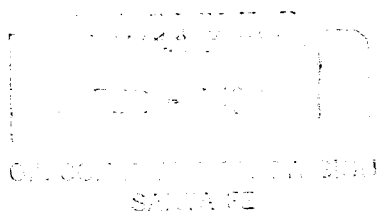
Please set the enclosed application to amend Order  
No. R-6100 for hearing on February 27, 1980.

Very truly yours,

  
W. Thomas Kellahin

WTK:mm

cc: Mr. Art Custer



STATE OF NEW MEXICO  
DEPARTMENT OF MINERALS AND ENERGY  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE  
APPLICATION OF MEWBOURNE OIL  
COMPANY FOR AMENDMENT TO  
ORDER NO. R-6100, EDDY COUNTY,  
NEW MEXICO

68/7

APPLICATION

COMES NOW MEWBOURNE OIL COMPANY, by its attorneys and applies to the New Mexico Oil Conservation Division for an Amendment to Order No. R-6100, so that the subject well drilled pursuant to Order No. R-6100 can be produced from the Wolfcamp and Bone Springs Formation, and would show the Division:

1. Applicant is the operator of the E/2 of Section 30 T20S, R27E, N.M.P.M., Eddy County, New Mexico.
2. That pursuant to New Mexico Oil Conservation Division Order No. R-6100, Applicant drilled a well to test the Morrow formation at an unorthodox well location 1315 feet from the East line and 660 feet from the North line of said Section 20.
3. That said well was non-commercial in the Morrow formation but has potential commercial production in the Wolfcamp, and Bone Springs formations.

WHEREFORE, Applicant prays that this application be set for hearing before the Division's duly appointed examiner and that after notice and hearing as required by law, the Division enter its order approving this application.

Respectfully submitted,



W. Thomas Kellahin  
KELLAHIN & KELLAHIN  
P. O. Box 1769  
Santa Fe, New Mexico 87501  
(505) 982-4285

STATE OF NEW MEXICO  
DEPARTMENT OF MINERALS AND ENERGY  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE  
APPLICATION OF MEWBOURNE OIL  
COMPANY FOR AMENDMENT TO  
ORDER NO. R-6100, EDDY COUNTY,  
NEW MEXICO

Case 6817

APPLICATION

COMES NOW MEWBOURNE OIL COMPANY, by its attorneys  
and applies to the New Mexico Oil Conservation Division  
for an Amendment to Order No. R-6100, so that the subject  
well drilled pursuant to Order No. R-6100 can be produced  
from the Wolfcamp and Bone Springs Formation, and would  
show the Division:

1. Applicant is the operator of the E/2 of Section  
30 T20S, R27E, N.M.P.M., Eddy County, New Mexico.

2. That pursuant to New Mexico Oil Conservation  
Division Order No. R-6100, Applicant drilled a well to  
test the Morrow formation at an unorthodox well location  
1315 feet from the East line and 660 feet from the North  
line of said Section 20.

3. That said well was non-commercial in the Morrow  
formation but has potential commercial production in the  
Wolfcamp, and Bone Springs formations.

WHEREFORE, Applicant prays that this application be set for hearing before the Division's duly appointed examiner and that after notice and hearing as required by law, the Division enter its order approving this application.

Respectfully submitted,



W. Thomas Kellahin  
KELLAHIN & KELLAHIN  
P. O. Box 1769  
Santa Fe, New Mexico 87501  
(505) 982-4285

STATE OF NEW MEXICO  
DEPARTMENT OF MINERALS AND ENERGY  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE  
APPLICATION OF MEWBOURNE OIL  
COMPANY FOR AMENDMENT TO  
ORDER NO. R-6100, EDDY COUNTY,  
NEW MEXICO

6712  
6712

APPLICATION

COMES NOW MEWBOURNE OIL COMPANY, by its attorneys  
and applies to the New Mexico Oil Conservation Division  
for an Amendment to Order No. R-6100, so that the subject  
well drilled pursuant to Order No. R-6100 can be produced  
from the Wolfcamp and Bone Springs Formation, and would  
show the Division:

1. Applicant is the operator of the E/2 of Section  
30 T20S, R27E, N.M.P.M., Eddy County, New Mexico.

2. That pursuant to New Mexico Oil Conservation  
Division Order No. R-6100, Applicant drilled a well to  
test the Morrow formation at an unorthodox well location  
1315 feet from the East line and 660 feet from the North  
line of said Section 20.

3. That said well was non-commercial in the Morrow  
formation but has potential commercial production in the  
Wolfcamp, and Bone Springs formations.



WHEREFORE, Applicant prays that this application be set for hearing before the Division's duly appointed examiner and that after notice and hearing as required by law, the Division enter its order approving this application.

Respectfully submitted,



W. Thomas Kellahin  
KELLAHIN & KELLAHIN  
P. O. Box 1769  
Santa Fe, New Mexico 87501  
(505) 982-4285

STATE OF NEW MEXICO  
DEPARTMENT OF MINERALS AND ENERGY  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE  
APPLICATION OF MEWBOURNE OIL  
COMPANY FOR AMENDMENT TO  
ORDER NO. R-6100, EDDY COUNTY,  
NEW MEXICO

*Case 6817*

APPLICATION

COMES NOW MEWBOURNE OIL COMPANY, by its attorneys and applies to the New Mexico Oil Conservation Division for an Amendment to Order No. R-6100, so that the subject well drilled pursuant to Order No. R-6100 can be produced from the Wolfcamp and Bone Springs Formation, and would show the Division:

1. Applicant is the operator of the E/2 of Section 30 T20S, R27E, N.M.P.M., Eddy County, New Mexico.

2. That pursuant to New Mexico Oil Conservation Division Order No. R-6100, Applicant drilled a well to test the Morrow formation at an unorthodox well location 1315 feet from the East line and 660 feet from the North line of said Section 20.

3. That said well was non-commercial in the Morrow formation but has potential commercial production in the Wolfcamp, and Bone Springs formations.

WHEREFORE, Applicant prays that this application be set for hearing before the Division's duly appointed examiner and that after notice and hearing as required by law, the Division enter its order approving this application.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "W. Thomas Kellahin".

W. Thomas Kellahin  
KELLAHIN & KELLAHIN  
P. O. Box 1769  
Santa Fe, New Mexico 87501  
(505) 982-4285

DRAFT

dr/

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 6817

ORDER NO. R- RG100-17

APPLICATION OF MEWBOURNE OIL COMPANY  
TO AMEND ORDER NO. R-6100,

~~FOR AN UNORTHODOX GAS WELL LOCATION~~

EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 27, 1980, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this \_\_\_\_\_ day of \_\_\_\_\_, 1980, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Mewbourne Oil Company, to amend Order No. R-6100 whereby the unorthodox Morrow seeks/approval of an unorthodox gas well location location approved by said order would instead be applicable to the feet from the \_\_\_\_\_ and \_\_\_\_\_ feet from the Wolfcamp and Bone Springs formations.

(3) That this application results from the completion of applicant's Marathon State Well No 1, located 1315 feet from the North line and 660 feet from the East line of Section 30, Township 20 South, Range 27 East, NMPM, <sup>Eddy</sup> County, New Mexico, as a Wolfcamp gas well and a potential Bone Spring oil well rather than a Morrow gas well as projected.

(4) That the E/2 of said Section 30 is to  
shall be dedicated to the well ~~for~~ the  
Woltcamp formation and ~~to~~ the NE/4  
for ~~to~~ the Bone Spring formation.

(5) That no offset operator objected to the proposed unorthodox  
location.

-2-

Case No.

Order No. R-.....

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

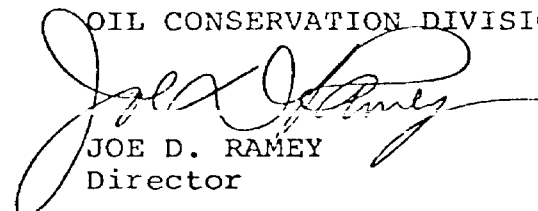
(1) That an unorthodox gas well location for the <sup>Wolfcamp and</sup> Morrow formations is hereby approved for Mewbourne Oil Company ~~to be drilled~~ <sup>well to be drilled</sup> at a point 660 feet from the North line and 1315 feet from the East line of Section 30, Township 20 South, Range 27 East, NMPM, Eddy County, New Mexico.

(2) That the E/2 of said Section 30 shall be dedicated to the above-described well <sup>for the Wolfcamp formation and the NE/4 shall</sup> be dedicated <sup>to the Bone Spring formation.</sup>

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
JOE D. RAMEY  
Director

S E A L

*and an unorthodox oil well location for  
The Bone Spring formation*

fd/