

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

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

*Case No. 12306
Order No. R-11315*

**APPLICATION OF MEWBOURNE OIL COMPANY TO ABOLISH THE
SPECIAL RULES AND REGULATIONS FOR THE SOUTH CARLSBAD-
MORROW GAS POOL, EDDY COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on December 16, 1999, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 31st day of January, 2000, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) By Order No. R-3731 dated April 18, 1969, the Division created the South Carlsbad-Morrow Gas Pool. This pool currently comprises portions of Township 22 South, Ranges 26 and 27 East, Township 23 South, Ranges 26 and 27 East, and Township 24 South, Range 26 East, NMPM, Eddy County, New Mexico.

(3) The South Carlsbad-Morrow Gas Pool is currently a prorated gas pool subject to the General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the South Carlsbad-Morrow Gas Pool, as promulgated by Division Order No. R-8170, as amended. The Special Rules and Regulations for the South Carlsbad-Morrow Gas Pool currently require standard 320-acre gas spacing and proration units with wells to be located no closer than 1980 feet to the end boundary nor closer than 660 feet to the side boundary of the proration unit, nor closer than 330 feet to any quarter-quarter section line or subdivision inner boundary.

(4) The applicant, Mewbourne Oil Company (Mewbourne), seeks an order abolishing the Special Rules and Regulations for the South Carlsbad-Morrow Gas Pool so that the well location and infill well requirements of Division Rule 104 apply to this pool.

(5) The notice published for this case stated: "In the Absence of Objection, This Case Will Be Taken Under Advisement."

(6) Mewbourne Oil Company appeared at the hearing through legal counsel.

(7) The applicant sent notice of its application to all operators in the South Carlsbad-Morrow Gas Pool and to all operators within one mile of the outer boundary of the pool. No operator and/or interest owner appeared at the hearing in opposition to the application.

(8) There is currently no provision within the General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the South Carlsbad-Morrow Gas Pool prohibiting the drilling of an infill well on a standard 320-acre gas spacing and proration unit.

(9) Division records indicate that by Order No. R-10328, issued in Case No. 11211 on March 27, 1995, the Oil Conservation Commission suspended gas prorationing in the South Carlsbad-Morrow Gas Pool because there were no non-marginal gas wells in the pool. This situation apparently has not changed and gas prorationing remains suspended at this time.

(10) Mewbourne's application in this case does not seek to change the status of the South Carlsbad-Morrow Gas Pool as a prorated gas pool, nor is there evidence in the record to support such action.

(11) By Order No. R-11231 issued in Case No. 12119 on August 12, 1999, the Oil Conservation Commission amended the well setback requirements for wells located within pools spaced on 320-acres in Southeast New Mexico, and not currently subject to special pool rules, to provide that:

- a) the initial well on a 320-acre unit shall be located no closer than 660 feet to the outer boundary of the quarter section on which the well is located and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary;
- b) only one infill well on a 320-acre unit shall be allowed provided that the well is located in the quarter section of the 320-acre unit not containing the initial well and is no closer than 660 feet to the outer boundary of the quarter section and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary; and

- c) the Division-designated operator for the infill well is the same operator currently designated by the Division for the initial well.

(12) Approval of the application will provide greater flexibility to operators in the South Carlsbad-Morrow Gas Pool in locating wells so that additional gas reserves may be recovered, thereby preventing waste.

(13) The application of Mewbourne should be approved by abolishing the Special Rules and Regulations for the South Carlsbad-Morrow Gas Pool as contained within Division Order No. R-8170, as amended; provided however, the South Carlsbad-Morrow Gas Pool should remain a prorated gas pool subject to the General Rules for the Prorated Gas Pools of New Mexico.

IT IS THEREFORE ORDERED THAT:

(1) The Special Rules and Regulations for the South Carlsbad-Morrow Gas Pool contained within Division Order No. R-8170, as amended, are hereby abolished.

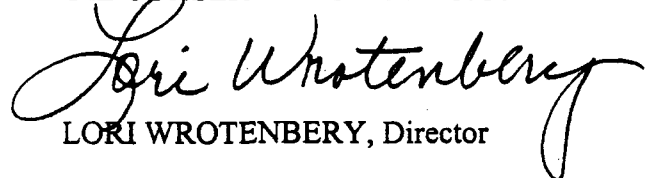
(2) The South Carlsbad-Morrow Gas Pool shall be governed by the spacing, well density and well setback requirements contained within Division Rule 104 as provided in Rule 2 (a) of the General Rules for the Prorated Gas Pools of New Mexico, contained within Division Order No. R-8170, as amended.

(3) The South Carlsbad-Morrow Gas Pool shall remain prorated and subject to the General Rules for the Prorated Gas Pools of New Mexico as contained within Division Order No. R-8170, as amended; provided however, pursuant to Division Order No. R-10328, gas prorationing within the South Carlsbad-Morrow Gas Pool shall remain suspended until further order of the Division.

(4) Jurisdiction is hereby 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


LORI WROTENBERY, Director