

**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. 13172
ORDER NO. R-12109**

**APPLICATION OF MEWBOURNE OIL COMPANY FOR AN UNORTHODOX OIL
WELL LOCATION, LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on December 4, 2003, at Santa Fe, New Mexico before Examiner Michael E. Stogner.

NOW, on this 2nd day of March, 2004, 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) Mewbourne Oil Company (herein referred to as "Mewbourne" or "Applicant") seeks an exception to Division Rule 104.B (1) for its proposed SF "17" Federal Com. Well No. 2 (API No. 30-025-36417), to be drilled at an unorthodox oil well location 1910 feet from the South line and 1370 feet from the East line (Unit J) in Section 17, Township 18 South, Range 32 East, NMPM, Lea County, New Mexico, within a standard 40-acre oil spacing and proration unit comprising the NW/4 SE/4 of Section 17 for both the Undesignated North Young-Wolfcamp (65590) and Undesignated Young-Strawn (65560) Pools.

(3) This well is to be drilled primarily as an infill Morrow gas well within an existing standard 320-acre deep stand-up gas spacing unit comprising the E/2 of Section 17 for the Undesignated North Lusk-Morrow Gas Pool (80800) or Undesignated Young-Morrow Gas Pool (87820). This unit is currently dedicated to Mewbourne's SF "17" Federal Com. Well No. 1 (API No. 30-025-36345), recently drilled at a standard gas well location

1975 feet from the North line and 1422 feet from the East line (Unit G) of Section 17 (this well was the subject of Division Administrative Order NSL-4947, dated September 22, 2003).

(4) The two shallower potentially oil-bearing Wolfcamp and Strawn intervals are secondary zones of interest.

(5) The Applicant presented evidence indicating the gas productive middle Morrow sand interval is a narrow anticlinal ridge that traverses the middle portion of the E/2 of Section 17 from north to south.

(6) The testimony indicates that a well drilled at the proposed location will be at a more favorable geologic position within the Morrow formation underlying the SE/4 of Section 17, thereby increasing the likelihood of encountering commercial quantities of gas from this zone. Furthermore, topographic conditions further restrict placement of a drilling pad in the NW/4 SE/4 of Section 17.

(7) The SE/4 of Section 17 is comprised of two separate federal leases, the E/2 SE/4 is covered by U. S. Government lease No. NM-9019, and the W/2 SE/4 is covered under U. S. Government lease No. NM-9016. Royalty and working interests are common in both leases; however, overriding royalty interests differ between the two. This well being only 50 feet from the lease line, or 85% closer than allowed under Division spacing rules, will affect drainage in the Strawn and Wolfcamp oil reservoirs offsetting the proposed 40-acre oil spacing and proration unit to the east in the NE/4 SE/4 (Unit I) of Section 17.

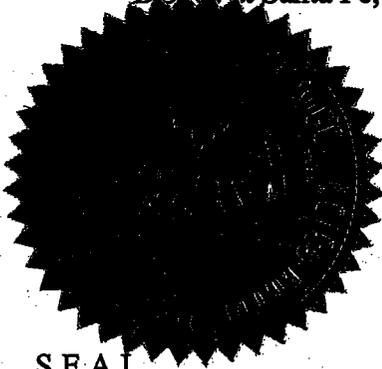
(8) Applicant notified all affected overriding royalty interest owners in the NE/4 SE/4 of Section 17; however, no parties of interest entered an appearance at the hearing in opposition to this case.

(9) Approval of this location as an unorthodox oil well location in both the Strawn and Wolfcamp formations affords the applicant the opportunity to produce its just and equitable share of oil from both zones, will prevent economic loss caused by the drilling of unnecessary wells, and will prevent waste.

IT IS THEREFORE ORDERED THAT:

- (1) The application of Mewbourne Oil Company to drill its SF "17" Federal Com. Well No. 2 (API No. 30-025-36417) at an unorthodox oil well location in both the Wolfcamp and Strawn formations 1910 feet from the South line and 1370 feet from the East line (Unit J) in Section 17, Township 18 South, Range 32 East, NMPM, Lea County, New Mexico, is hereby approved.
- (2) The NW/4 SE/4 (Unit J) of Section 17 shall be dedicated to this well forming a standard 40-acre oil spacing and proration unit in both the Undesignated North Young-Wolfcamp (65590) and Undesignated Young-Strawn (65560) Pools.
- (3) Jurisdiction of this case 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.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrottenbery
LORI WROTENBERY
Director