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**Michael H. Feldewert**

**Recognized Specialist in the Area of  
Natural Resources - Oil and Gas law -  
New Mexico Board of Legal Specialization**

mfeldewert@hollandhart.com  
46676-0002

September 2, 2003

**VIA HAND DELIVERY**

Michael E. Stogner  
Chief Hearing Officer and Examiner  
Oil Conservation Division  
New Mexico Energy, Minerals and  
Natural Resources Department  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

**RECEIVED**

SEP • 2 2003

Oil Conservation Division

Re: **CASE NO. 13140**

Application of Gruy Petroleum Management Co. for a Hearing to  
Require Mewbourne Oil Company to Appear and Show Cause why its  
Fren "8" Federal Well Nos. 2 and 3 should not be shut in and otherwise  
produced in compliance with Division allowable limitations for the  
Shugart Strawn Pool, Eddy County New Mexico .

Dear Examiner Stogner:

In preparation for the meeting scheduled under your August 29<sup>th</sup> email to  
counsel, enclosed please find the following for your review:

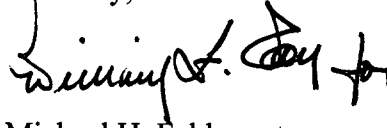
- A. Order No. R-11856 establishing the oil allowable and GOR for the  
Shugart Strawn Pool;
- B. Gruy's 8/5/03 letter to the Division's district office alerting them to  
Mewbourne's violation of the pool rules;
- C. The District Office's 8/15/03 letter to Mewbourne;
- D. Mewbourne's 8/20/03 response letter to the District Office;
- E. Gruy's calculation of the total oil and gas overage since November 2002.

HOLLAND & HART<sup>LLP</sup>  
ATTORNEYS AT LAW

Michael Stogner, Chief Examiner  
September 2, 2003  
Page 2

By copy of this letter, I have likewise provided this material to Mewbourne's attorney,  
Jim Bruce.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael H. Feldewert", with a stylized flourish at the end.

Michael H. Feldewert

MHF/jlp

cc: James Bruce, with enclosures  
Zeno Farris, (Gruy) w/o enclosures  
Melissa Randle (Heyco) w/o enclosures

3125970\_1.DOC

**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. 12940  
ORDER NO. R-11856**

**APPLICATION OF MEWBOURNE OIL COMPANY FOR POOL CREATION  
AND SPECIAL POOL RULES, EDDY COUNTY, NEW MEXICO.**

**ORDER OF THE DIVISION**

**BY THE DIVISION:**

This case came on for hearing at 8:15 a.m. on October 10, 2002, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 28th day of October, 2002, 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) The applicant, Mewbourne Oil Company ("Mewbourne"), seeks the creation of a new pool for production of oil from the Strawn formation comprising the NE/4 of Section 8, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico.
- (3) Mewbourne further seeks to establish special pool rules for the proposed Strawn pool, including provisions for:
  - (a) 160-acre spacing and proration units and designated well location requirements such that wells shall be located no closer than 660 feet to the outer boundary of the spacing unit nor closer than 330 feet to any quarter-quarter section line or subdivision inner boundary;

- (b) a gas-oil ratio ("GOR") limitation of 4,000 cubic feet of gas per barrel of oil; and
- (c) a special depth bracket allowable of 1,120 barrels of oil per day.

(4) Gruy Petroleum Management Company, Harvey E. Yates Company, Oxy USA WTP L.P., and Oxy USA, Inc. appeared at the hearing through legal counsel.

(5) Division records show that the proposed Strawn pool is located approximately 2.5 miles east-southeast of the Cedar Lake-Strawn Pool, which comprises all of Section 2, Township 18 South, Range 30 East, NMPM; approximately 2.5 miles southeast of the North Cedar Lake-Strawn Pool, which comprises the S/2 of Section 25 and the E/2 of Section 26, Township 17 South, Range 30 East, NMPM; and approximately 3 miles southeast of the Cedar Lake Reef-Strawn Pool, which comprise the NW/4 of Section 25, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico.

(6) The Cedar Lake-Strawn, North Cedar Lake-Strawn and Cedar Lake Reef-Strawn Pools are currently classified as oil pools. The rules governing each of these pools are summarized as follows:

<u>Pool</u>	<u>Spacing</u>	<u>Well Setback</u>	<u>GOR Limitation</u>
Cedar Lake-Strawn	160 acres	660'-Outer Boundary 330'-Interior Boundaries	4,000:1
North Cedar Lake-Strawn	40 acres	330'-Outer Boundary	2,000:1
Cedar Lake Reef-Strawn	160 acres	660'-Outer Boundary 330'-Interior Boundaries	4,000:1

(7) In June/July, 2001, Mewbourne drilled its Fren "8" Federal Com Well No. 2 (API No. 30-015-31794) at a standard gas well location 1170 feet from the North line and 750 feet from the East line (Unit A) of Section 8, Township 18 South, Range 31 East, NMPM, to test the North Shugart-Morrow Gas Pool. The well was drilled to a total depth of 11,935 feet and was completed in the Morrow formation through perforations from 11,686 feet to 11,846 feet. In September, 2002 the Morrow interval was abandoned and the well was plugged back and completed in the Strawn formation through the perforated interval from 10,692 feet to 10,884 feet.

(8) In June/July, 2002, Mewbourne drilled its Fren "8" Federal Com Well No. 3 (API No. 30-015-32313) at an unorthodox gas well location 2276 feet from the North line and 1471 feet from the East line (Unit G) of Section 8, to test the Atoka formation. The well was drilled to a total depth of approximately 11,342 feet. In August, 2002 the well was completed in the Strawn formation through the perforated interval from 10,462 feet to 10,942 feet.

(9) The applicant presented geologic and engineering evidence that demonstrate that:

- (a) the Fren "8" Federal Com Wells No. 2 and 3 are producing from a thick carbonate buildup in the Strawn interval that averages approximately 505 feet thick. This carbonate buildup appears to be limited to a small area that is contained within Section 8 and a portion of Section 5;
- (b) this carbonate section is separate and distinct from the carbonate sections present within the Cedar Lake-Strawn, North Cedar Lake-Strawn, and Cedar Lake Reef-Strawn Pools;
- (c) the porosity within the Fren "8" Federal Com Well No. 2 appears to be better than the porosity found within the EOG Resources, Inc. Oak Lake "25" Federal Well No. 1, located in Unit D of Section 25, Township 17 South, Range 30 East, NMPM, being the discovery well for the Cedar Lake Reef-Strawn Pool; and
- (d) bottomhole pressure data provides additional evidence to demonstrate separation between Mewbourne's wells in Section 8 and the other Strawn producing wells located in the Cedar Lake-Strawn, North Cedar Lake-Strawn and Cedar Lake Reef-Strawn Pools.

(10) The geologic evidence presented by Mewbourne demonstrates that the Fren "8" Federal Com Wells No. 2 and 3 have discovered a new common source of supply in the Strawn formation.

(11) A new pool for the production of oil from the Strawn formation should be created and designated the Shugart-Strawn Pool.

(12) The Shugart-Strawn Pool should initially comprise the NE/4 of Section 8, Township 18 South, Range 31 East, NMPM.

(13) Preliminary engineering data demonstrate that the Shugart-Strawn Pool exhibits similar reservoir characteristics to those found within the Cedar Lake-Strawn and Cedar Lake Reef-Strawn Pools.

(14) The preliminary engineering data further demonstrate that:

- (a) the Shugart-Strawn Pool appears to be a volatile oil reservoir;
- (b) the estimated ultimate oil recovery from the Shugart-Strawn Pool, based upon a recovery factor of 30%, will be approximately 739,000 barrels of oil;
- (c) the Fren "8" Federal Com Well No. 2 is currently capable of producing at a rate greater than 1,350 barrels of oil per day. The Fren "8" Federal Com Well No. 3 is currently capable of producing at a rate of approximately 200-300 barrels of oil per day;
- (d) wells in the Shugart-Strawn Pool should be capable of draining an area in excess of 40-acres; and
- (e) during the period from September 12-October 7, 2002, Mewbourne conducted a production test on the Fren "8" Federal Com Well No. 2. The results of the test demonstrate that the well initially produced at a GOR of approximately 2,250:1. During the test period, the well was produced at oil rates ranging from approximately 300-1,350 BOPD. The GOR during the test period remained relatively stable at approximately 3,000:1

(15) Gruy Petroleum Management Company and Harvey E. Yates Company both voiced concern at the hearing over the proposed 4000:1 gas-oil ratio limitation; however, neither party presented any geologic or engineering evidence.

(16) No other offset operator or interest owner appeared at the hearing in opposition to the application.

(17) The engineering evidence currently available demonstrates that approval of Mewbourne's request for 160-acre spacing, a limiting GOR of 4000:1, and a special depth bracket allowable of 1,120 barrels of oil per day for the Shugart-Strawn Pool will not result in the excessive waste of reservoir energy, will not reduce the ultimate recovery of oil from this Strawn reservoir, and will not violate correlative rights.

(18) The special pool rules for the Shugart-Strawn Pool established by this order should remain in effect for a temporary period of eighteen months in order to allow the operators in the pool the opportunity to obtain additional engineering data to support the permanent adoption of these rules.

(19) This case should be reopened at an examiner hearing in March, 2004, at which time the operators in the Shugart-Strawn Pool should appear to show cause why the temporary special pool rules established by this order should not be rescinded.

**IT IS THEREFORE ORDERED THAT:**

(1) Pursuant to the application of Mewbourne Oil Company, a new pool for the production of oil from the Strawn formation is hereby created and designated the Shugart-Strawn Pool, with vertical limits comprising the Strawn formation and horizontal limits comprising the NE/4 of Section 8, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico.

(2) "*Temporary Special Pool Rules for the Shugart-Strawn Pool*" are hereby established as follows:

TEMPORARY SPECIAL POOL RULES  
FOR THE  
SHUGART-STRAWN POOL

RULE 1. Each well completed in or recompleted in the Shugart-Strawn Pool, or in the Strawn formation within one mile thereof and not nearer to or within the limits of another designated Strawn pool, shall be spaced, drilled, operated, and produced in accordance with the special rules hereinafter set forth.

**RULE 2.** Each well completed or recompleted in the Shugart-Strawn Pool shall be located on a unit containing 160 acres, more or less, which consists of a single governmental quarter section.

**RULE 3.** The Director may grant an exception to the requirements of Rule 2 in accordance with the procedure set forth by Division Rule No. 104.D.(2).

**RULE 4.** Each well shall be located no closer than 660 feet to the outer boundary of the spacing unit, nor closer than 330 feet to any quarter-quarter section line or subdivision inner boundary.

**RULE 5.** The Director may grant an exception to the requirements of Rule 4 in accordance with the procedure set forth by Division Rule No. 104.F.

**RULE 6.** The allowable for a standard 160-acre proration unit shall be 1,120 barrels of oil per day. In the event there is more than one well on a 160-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion. The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 160 acres.

**RULE 7.** The limiting gas-oil ratio shall be 4,000 cubic feet of gas per barrel of oil.

**IT IS FURTHER ORDERED THAT:**

(3) The location of all wells presently drilling to, or completed in, the Shugart-Strawn Pool, or in the Strawn formation within one mile thereof, are hereby approved. The operator of any well having an unorthodox location shall notify the Division's Artesia District Office, in writing, of the name and location of the well within 30 days from the date of this order.

(4) Existing wells in the Shugart-Strawn Pool shall have dedicated thereto 160 acres in accordance with the foregoing pool rules; or, existing wells may have non-standard spacing and proration units established by the Division and dedicated thereto. Failure to file new Form C-102 with the Division dedicating 160 acres to a well, or to obtain a non-standard unit approved by the Division within 60 days from the date of this order, shall subject the well to cancellation of allowable until a non-standard unit has been approved.



(5) This case shall be reopened at an examiner hearing in March, 2004, at which time the operators in the Shugart-Strawn Pool shall appear and present evidence to show cause why the temporary special pool rules established by this order should not be rescinded.

(6) 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 Wrotenberg*  
LORI WROTENBERY  
Director



**Gruy Petroleum Management Co.**

600 East Las Colinas Blvd. ♦ Suite 1100 ♦ Irving, TX 75039 ♦ (972) 401-3111 ♦ Fax (972) 443-6450

Mailing Address: P.O. Box 140907 ♦ Irving, TX 75014-0907

*A subsidiary of Magnum Hunter Resources, Inc. • A NYSE Listed Company • "MHR"*

August 5, 2003

New Mexico Oil Conservation Division  
1301 W. Grand Avenue.  
Artesia, NM 88210  
Attn: Mr. Bryan Arrant

Re: Mewbourne Oil Company  
Fern 8 #2 & Fern 8 #3  
NE/4 Section 8 18S-31E  
Eddy County, New Mexico

Dear Bryan:

On October 28, 2002, the New Mexico Oil Conservation Division, after due public notice, and consideration of geologic evidence, created Order No. R-11856, establishing Temporary Special Pool Rules for the Shugart-Strawn Pool, comprising the referenced 160-acre proration unit.

The Temporary Pool rules further established a special depth bracket allowable of 1,120 barrels of oil per day, with a limiting gas oil ratio of 4,000 cubic feet of gas per barrel of oil. Said allowable to be shared in any proportion with all wells within the 160-acre unit.

Gruy Petroleum Management Co. is an operator in the Shugart-Strawn pool by virtue of its Magnum Federal 5 No. 2 & 3 wells in the SE/4 of section 5-18S-31E, which is with-in one mile of the newly established pool. As a prudent operator and to protect our correlative rights, we are hereby alerting the Oil Conservation Division of a violation by Mewbourne Oil Company of the pools special depth bracket allowable, and 4,000:1 limiting gas oil ratio.

Attached is a spreadsheet tabulating current C-115 data for Mewbourne Oil Companies Fern 8 No. 2 & 3 wells, which share the allowable in the NE/4 of section 8. The tabulation shows that since January of 2003, Mewbourne is in violation of Division Rules 502.B. & C. regarding Monthly Tolerance, and Rule 506.B.(1), regarding Gas-Oil Ratio Limitation.

Gruy Petroleum Management respectfully requests that the Oil Conservation Division take immediate action against Mewbourne Oil Company, to enforce the daily allowable and limiting gas oil ratio established for the Shugart-Strawn pool.

It also has come to our attention through BLM public records that Mewbourne has submitted a Notice of Staking for a third well in their already over-produced proration unit, at a location of 660' FNL & 1650' FEL of section 8. This location directly offsets our Shugart- Strawn production in the SE/4 of section 5. Gruy is concerned that the proposed well will further compound the allowable and limiting gas oil ratio problems in this proration unit.

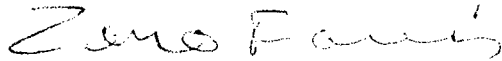
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**AUG 15 2003**

**Holland & Hart LLP**

If have any questions, or require additional information concerning this matter, please feel free to contact the undersigned at 972-443-6489.

Sincerely,

A handwritten signature in cursive script that reads "Zeno Farris".

Zeno Farris  
Manager, Operations Administration

cc:

State of New Mexico  
Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505  
Attn: Lori Wrotenbery

Holland & Hart LLP  
110 North Guadalupe, Suite 1  
Santa Fe, NM 87501  
Attn: Michael H. Feldewert

Mewbourne Oil Company  
Shugart Strawn Allowable Summary  
NE/4 Section 8-18S-31E  
Eddy County New Mexico

03 Month	Fern 8 # 2		Fern 8 # 3		Allow/Oil	Allow/Gas	Over/Under		Daily Cur Oil	Unit GOR	ADJ Allow
	BO	MCF	BO	MCF			Oil	Gas			
Jan	31436	90756	7210	32009	34720	138880	3,926	(16,115)	1247	3177	1120
Feb	25772	88003	5957	31285	31360	125440	369	(6,152)	1133	3760	1120
Mar	33801	137453	5963	33065	34720	138880	5,044	31,638	1283	4288	1045
April	30606	146349	4881	31010	33600	134400	1,887	42,959	1183	4998	896
May	24137	122884	3928	25017	34720	138880	(6,655)	9,021	905	5270	850
June							0	0	0		
July							0	0			
August							0	0			
Sept							0	0			
Oct							0	0			
Nov							0	0			
Dec							0	0			
							Cum Oil over/under	4,571	61,351	Cum Gas over/under	

Note: In May the field was shut-in for 3 days due to plant maintenance by Duke Energy Field Services



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

Joanna Prukop  
Cabinet Secretary

**Lori Wrotenbery**

Director

Oil Conservation Division

15 August 2003

Mewbourne Oil Company  
P.O. Box 5270  
Hobbs, N.M. 88241  
Attn: To Whom It May Concern

RE: Overproduction

Dear Sirs/Madams,

In regards to the attached letter, please provide this office a response to Gruy Petroleum Management Company's concern regarding overproduction on the Fren 8 Federal Com #2 and Fren 8 Federal Com. #3 wells. The New Mexico Oil Conservation Division's Rule 502 B. and 502.C. may help guide you in response to this matter.

Respectfully yours,

Bryan G. Arrant  
PES-OCD-District II

Cc: Tim Gurn-District Supervisor, Artesia  
David Brooks-Legal Council, Santa Fe

Attachments

**MEWBOURNE OIL COMPANY**

P.O. BOX 7698  
TYLER, TEXAS 75711  
903 - 561-2900  
FAX 903 - 561-1870

August 20, 2003

BY FAX

Mr. Bryan Arrant  
New Mexico Oil Conservation Division, District II  
1301 W. Grand Ave.  
Artesia, NM 88210

RE: Overproduction  
Fren 8 Federal #2 and Fren 8 Federal #3 wells  
Sec 08 T18S R31E  
Eddy Co., NM

Dear Mr. Arrant:

Mewbourne Oil Company (MOC) has received your letter concerning the overproduction in the proration unit located in the NE/4 of Section 8 T18S-R31E Eddy Co., NM with respect to the Shugart Strawn Pool. This proration unit has two wells producing from the Strawn which share the 160 acre allowable that the OCD established in the Temporary Special Pool rules. Those two wells are the Fren 8 Federal #2 (very high productivity) and the Fren 8 Federal #3 (moderate productivity).

The proration unit is under temporary pool rules that provide for 1120 bpd oil allowable and 4000 scf/stb limiting gas-oil ratio (GOR). Therefore, the equivalent gas allowable is 4480 Mscfpd. These rules went into effect October 28, 2002 and since then the Fren 8 #2 has had to be significantly curtailed to meet the unit's allowable.

Attached is a summary table showing the production and allowables from November, 2002 through July, 2003 (estimated). Also shown are the cumulative allowable positions over time.

It should be noted that in no month has MOC exceeded the "5 day" permissive monthly tolerance for allowable oil production. Therefore, MOC is in compliance with respect to Rule 502.C. The cause for the overproduction of this proration unit was an oversight in MOC's monitoring of the gas allowable on a cumulative basis.

All wells in this pool (3 MOC wells, 2 Gruy wells and 1 Heyco well) are now producing at GORs above 4000. This is the natural GOR trend for Strawn reservoirs with this volatile oil reservoir fluid. The Fren 8 #2 is the only well and the NE/4 of Section 8 is the only proration unit that can produce the top allowable of 1120 bopd and is therefore the only proration unit that is GOR-limited as to its allowable.

August 20, 2003

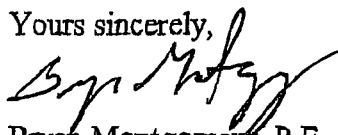
The attached table shows that the Fren 8 #2 proration unit was under its cumulative gas allowable until June, 2003. Prior to that time, the increasing producing GOR for the Fren 8 #2 was making up the cumulative gas allowable underage that had occurred from November, 2002 through May, 2003. At the end of June, 2003 the Fren 8 #2 proration unit was 1% and 2% over-produced respectively as to its oil and gas allowables.

As has been stated above, MOC has consistently produced the Fren 8 #2 at significantly curtailed rates with respect to the well's ability to produce against pipeline conditions. As of July 31, 2003, MOC is overproduced only approximately 1% as to the cumulative oil allowable (305,760 cumulative bbls allowable; 309,386 cumulative bbls produced; 3,626 cumulative bbls over-produced). Cumulative overproduction as to the gas allowable is approximately 8% (1,223,040 cumulative Mscf allowable; 1,317,025 cumulative Mscf produced; 93,985 cumulative Mscf over-produced).

Prior to receiving your letter, MOC began further curtailment procedures beginning on August 6, 2003. Today we are reducing the production from this proration unit to one-half the gas allowable (2,240 Mscf/d) in order to return the unit to a balanced production position. We project that this production rate will result in an oil rate of approximately 400 – 500 bopd. It is our further projection that these rates will result in this proration unit coming into balance as to the oil allowable by August 21, 2003 (tomorrow) and as to the gas allowable by October 10, 2003.

If you require any additional information or wish to discuss this matter, please contact me at (903) 561-2900.

Yours sincerely,



Bryan Montgomery, P.E.

Manager, Evaluation & Reservoir Engineering

Enclosure

cc: Tim Gurn - Artesia NMOCD  
Grady Petroleum Management Company  
Hobbs  
Midland

Attachment to letter dated August 20, 2003

Production for NE/4 Sec 8 18S-31E (Shugart Strawn Pool)

<u>Fren 8-2</u>			<u>Fren 8-3</u>			<u>Total 8-2 &amp; 8-3</u>		
<u>Oil (Bbls)</u>	<u>Gas (MCF)</u>		<u>Oil (Bbls)</u>	<u>Gas (MCF)</u>		<u>Oil (Bbls)</u>	<u>Gas (MCF)</u>	<u>GOR</u>
			8/31/2002	1251	2538	1251	2538	2.0287
9/30/2002	21543	58733	9/30/2002	6222	19528	27765	78261	2.8186
10/31/2002	11196	30076	10/31/2002	8401	29701	19597	59777	3.0503
11/30/2002	26435	65805	11/30/2002	7742	26727	34177	92532	2.7074
12/31/2002	25049	65963	12/31/2002	7399	27419	32448	93382	2.8778
1/31/2003	31436	90756	1/31/2003	7210	32009	38646	122765	3.1766
2/28/2003	25772	88003	2/28/2003	5957	31285	31729	119288	3.7595
3/31/2003	33801	137453	3/31/2003	5963	33065	39764	170518	4.2882
4/30/2003	30608	146349	4/30/2003	4881	31010	35487	177359	4.9978
5/31/2003	24137	122884	5/31/2003	3928	25017	28065	147901	5.2699
6/30/2003	29774	157059	6/30/2003	4293	30221	34067	187280	5.4974
7/31/2003 est	31948	175000	7/31/2003 est	3055	31000	35003	206000	5.8852

<u>Cumulative starting 11/2002</u>			<u>Allowable</u>			<u>Cum Allowable Starting 11/2002</u>		
<u>Total 8-2 &amp; 8-3</u>			<u>(1120 bopd &amp; 4480 Mcfpd)</u>			<u>(1120 bopd &amp; 4480 Mcfpd)</u>		
<u>Oil (Bbls)</u>	<u>Gas (MCF)</u>		<u>Oil (Bbls)</u>	<u>Gas (MCF)</u>		<u>Oil (Bbls)</u>	<u>Gas (MCF)</u>	
9/30/2002			Testing Period					
10/31/2002			Testing Period					
11/30/2002	34177	92532	33600	134400		33600	134400	
12/31/2002	66625	185914	34720	138880		68320	273280	
1/31/2003	105271	308679	34720	138880		103040	412160	
2/28/2003	137000	427967	31360	125440		134400	537600	
3/31/2003	176764	598485	34720	138880		169120	676480	
4/30/2003	212251	775844	33600	134400		202720	810880	
5/31/2003	240316	923745	34720	138880		237440	949760	
6/30/2003	274383	1111025	33600	134400		271040	1084160	
7/31/2003 est	309386	1317025	34720	138880		305760	1223040	



Mewbourne Oil Company  
Shugart Strawn Allowable Summary  
NE/4 Section 8-18S-31E  
Eddy County New Mexico

Month	Fern 8 # 2		Fern 8 # 3		Allow/Oil	Allow/Gas	Over/Under Oil	Over/Under Gas	Daily Cur Oil	Unit GOR	ADJ Allow
	BO	MCF	BO	MCF							
11-02	26435	65805	7742	26727	33600	134400	577	(41,868)	1102	2707	1120
12-02	25049	65963	7399	27419	34720	138880	(2,272)	(45,498)	1047	2878	1120
01-03	31436	90756	7210	32009	34720	138880	3,926	(16,115)	1247	3177	1120
02-03	25772	88003	5957	31285	31360	125440	369	(6,152)	1133	3760	1120
03-03	33801	137453	5963	33065	34720	138880	5,044	31,638	1283	4288	1045
04-03	30606	146349	4881	31010	33600	134400	1,887	42,959	1183	4998	896
05-03	24137	122884	3928	25017	34720	138880	(6,655)	9,021	905	5270	850
06-03	29774	157059	4293	30221	33600	134400	467	52,880	1136	5497	815
07-03	31948	175000	3055	31000	34720	138880	283	67,120	1167	5885	761
08-03							0	0			
09-03							0	0			
10-03							0	0			
11-03							0	0			
12-03							0	0			
							Cum Oil over/under	3,626	93,985	Cum Gas over/under	

Note: In May the field was shut-in for 3 days due to plant maintenance by Duke Energy Field Services

Cum Oil since overage	5,321	203,618	Cum Gas since overage
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