

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:

APPLICATION OF MEWBOURNE OIL
COMPANY FOR AN UNORTHODOX GAS
WELL LOCATION AND A NON-STANDARD
GAS PRORATION UNIT, EDDY COUNTY,
NEW MEXICO.

CASE NO. 11,723

APPLICATION OF FASKEN OIL AND
RANCH, LTD. FOR A NON-STANDARD
GAS PRORATION AND SPACING UNIT
AND TWO ALTERNATE UNORTHODOX GAS
WELL LOCATIONS, EDDY COUNTY,
NEW MEXICO.

CASE NO. 11,755

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Mewbourne Oil Company as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Mewbourne Oil Company
Suite 1020
500 West Texas
Midland, Texas 79701
Attn: Steve Cobb
(915) 682-3715

APPLICANT'S ATTORNEY

James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

OPPONENT

Fasken Oil and Ranch, Ltd.

Texaco Exploration and
Production Inc.

OPPONENT'S ATTORNEY

W. Thomas Kellahin

William F. Carr

STATEMENT OF THE CASE

APPLICANT

Applicant seeks an order approving a non-standard Morrow well

unit comprised of the S½ of irregular Section 1 - 21 South - 25 East, for a well to be located 660 feet FSL and 2310 feet FEL. The well is in the Catclaw Draw Morrow-Gas Pool, which has special pool rules requiring 640 acre spacing, with wells to be located no closer than 1650 feet to the boundaries of the well unit. The middle one-third of Section 1 is unleased federal minerals, and thus cannot be dedicated to the well.

Regarding the unorthodox location, Mewbourne requests that no penalty be assessed against its well because it is at a standard location for a 320 acre well unit, and Mewbourne will not gain any advantage over offset interest owners due to its location.

The S½ of Section 1 is subject to an Operating Agreement executed in 1970. Pursuant to the Operating Agreement, Mewbourne proposed a well at the above-described location in January 1997. All working interest owners have either joined in the well or elected to be non-consenting parties. Fasken proposed a well subsequent to Mewbourne's well, and thus its well can only be drilled after Mewbourne's well is drilled. At this time, approval of Fasken's application is premature.

OPPONENT

PROPOSED EVIDENCE

APPLICANT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Steve Cobb (landman)	15 min.	1. Land plat 2. Interest listing 3. Correspondence 4. Operating Agreement 5. Notice affidavit
Keith Williams (geologist)	15 min.	1. Structure/isopach map 2. Production map 3. Cross-section
Brian Montgomery (engineer)	15 min.	1. Approx. 5

OPPONENT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
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PROCEDURAL MATTERS

1. Mewbourne requests that Cases 11723 and 11755 be consolidated for hearing.

2. Mewbourne requests that Fasken's motion to dismiss Case 11723 be denied.

A handwritten signature in dark ink, appearing to read "James Bruce", is written over a horizontal line.

James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Mewbourne Oil
Company

cc: Counsel of record (via fax)