

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,
LEA COUNTY, NEW MEXICO.

CASE 11842

PRE-HEARING STATEMENT

This Prehearing Statement is submitted by Campbell, Carr, Berge & Sheridan, P.A.,
as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Mewbourne Oil Company

name, address, phone and
contact person

ATTORNEY

Jim Bruce, Esq.
612 Old Santa Fe Trail
Suite B
Santa Fe, New Mexico 87501
(505) 982-4285

OTHER PARTY

V.F. Petroleum Inc.
c/o Jerry Gahr
110 N. Marienfeld Street, Suite 580
Midland, TX 79701-4465
(915) 683-3344

name, address, phone and
contact person

ATTORNEY

William F. Carr, Esq.
Campbell, Carr, Berge & Sheridan, P.A.
Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421

STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

V-F Petroleum Inc., will present testimony and seek an appropriate penalty on the proposed unorthodox well location.

PROPOSED EVIDENCE

APPLICANT

WITNESSES
(Name and expertise)

EST. TIME

EXHIBITS

OTHER PARTY

WITNESSES
(Name and expertise)

EST. TIME

EXHIBITS

Jerry Gahr, Landman

5 Min.

Approximately 1

George Coss, Geology

10 Min.

Approximately 2

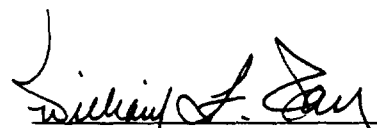
Robin Vasicek, Engineering

15 Min.

Approximately 3

PROCEDURAL MATTERS

(Please identify any procedural matters which need to be resolved prior to hearing)

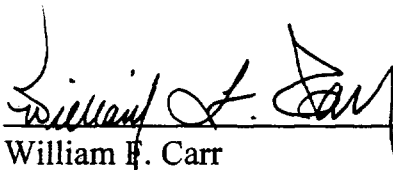


Signature

CERTIFICATE OF SERVICE

I hereby certify that I have caused a true and correct copy of the foregoing Pre-Hearing Statement to be mailed on this 31st day of October, 1997 to the following counsel of record:

Jim Bruce, Esq.
612 Old Santa Fe Trail
Suite B
Santa Fe, New Mexico 87501



William F. Carr

DOCKET: EXAMINER HEARING - THURSDAY - NOVEMBER 6, 1997

8:15 AM - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos 36-97 and 37-97 are tentatively set for November 20, 1997 and December 4, 1997. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 11864: (Continued from October 23, 1997, Examiner Hearing.)

Application of Nadel and Gussman Permian, LLC, for a unit agreement, Lea County, New Mexico. Applicant seeks approval of the West Hobbs State Unit Agreement for an area comprising 3,360 acres, more or less, of State and fee lands consisting of all of Section 5, SE/4 of Section 7, all of Section 8, SW/4 of Section 9, all of Section 16, N/2 and SE/4 of Section 17, and all of Section 18, Township 18 South, Range 37 East. Said unit area is located approximately 4.5 miles west of Hobbs, New Mexico.

CASE 11869: Application of Charles B. Gillespie, Jr. for compulsory pooling and a non-standard oil spacing and proration unit, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Strawn formation underlying Lots 17 and 18 of Section 6, Township 16 South, Range 36 East, to form a non-standard 73.12-acre oil spacing and proration unit for any formations and/or pools developed on 80-acre spacing within said vertical extent, including the Undesignated Northeast Shoe Bar-Strawn Pool. Said unit is to be dedicated to a well to be drilled at an orthodox location 990 feet from the South line and 874 feet from the West line (Unit M) of Section 6. 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 3 miles west of Lovington, New Mexico.

CASE 11831: (Continued from October 9, 1997, Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations from 500 feet beneath the surface to the base of the Morrow formation underlying the following described acreage in Section 4, Township 18 South, Range 28 East, and in the following manner: Lots 3, 4, S/2 NW/4, and SW/4 (the W/2) equivalent to form a standard 320.36-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including the Empire-Pennsylvanian Gas Pool and the Undesignated North Illinois Camp-Morrow Gas Pool; the SW/4 to form a standard 160-acre gas spacing and proration unit for any formations and/or pools spaced on 160-acre spacing within said vertical extent; and the N/2 SW/4 to form a standard 80-acre oil spacing and proration unit for any formations and/or pools spaced on 80 acres within said vertical extent, including the Undesignated Travis-Upper Pennsylvanian Pool. Said units are to be dedicated to its Scoggin Draw "4" State Com Well No. 1, located 2310 feet from the South line and 660 feet from the West line (Unit L) of said Section 4. 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well. Said unit is located approximately 13 miles southeast of Artesia, New Mexico.

CASE 11842: *(De Novo)*
(Continued from October 23, 1997, Examiner Hearing.)

Application of Mewbourne Oil Company for an unorthodox gas well location, Lea County, New Mexico. Applicant seeks approval for its proposed ETA State Well No. 3 at an unorthodox gas well location 1980 feet from the North line and 660 feet from the East line (Unit H) of Section 8, Township 16 South, Range 35 East, to be drilled to the base of the Morrow formation, said location being unorthodox for any and all gas producing formations and/or pools from the top of the Wolfcamp formation to the base of the Morrow formation, including but not limited to the Townsend-Morrow Gas Pool, and, if productive, to be dedicated to a 320-acre gas spacing unit consisting of the N/2 of said Section 8. Said well is located approximately 7 miles southwest of Lovington, New Mexico.

CASE 11870: Application of Paladin Energy Corp. for a unit agreement, Lea County, New Mexico. Applicant seeks approval of the Paladin Exploratory Unit Agreement for an area comprising 80 acres, more or less, of State and Fee lands in Sections 35 and 36 of Township 13 South, Range 37 East, which is located approximately 9 miles east of McDonald, New Mexico.

CASE 11871: Application of Paladin Energy Corp. for an unorthodox well location, Lea County, New Mexico. Applicant seeks approval to drill its State C Well No. 3 at an unorthodox well location 1550 feet from the North line and 10 feet from the West line (Unit E) of Section 36, Township 13 South, Range 37 East, in the Devonian formation, King-Devonian Pool. Said well is located approximately 9 miles east of McDonald, New Mexico.

CASE 11865: (Continued from October 23, 1997, Examiner Hearing.)

Application of Thompson Engineering & Production Corp. for an unorthodox gas well location and downhole commingling, San Juan County, New Mexico. Applicant seeks authorization to drill its Blancett Well No. 2R at an unorthodox pattern coal gas location in the Basin-Fruitland Coal Gas Pool 790 feet from the South line and 830 feet from the East line (Unit P) of Section 13, Township 20 North, Range 12 West. Applicant also seeks authority to downhole commingle production from the Pictured Cliffs formation, Aztec-Pictured Cliffs Gas Pool, and the Fruitland formation, Basin-Fruitland Coal Gas Pool within the wellbore of said well. The E/2 of said Section 13 is to be dedicated to said well forming a standard 320-acre spacing and proration unit. Said unit is located approximately 20 miles north-northeast of Crownpoint, New Mexico.

CASE 11872: Application of Me-Tex Oil & Gas, Inc. for pool contraction, pool creation and special pool rules, Lea County, New Mexico. Applicant seeks the contraction of the Skaggs-Drinkard Pool to delete the E/2 of Section 3, Township 20 South, Range 37 East, and the creation of a new pool for the production of hydrocarbons from the Drinkard formation to include the E/2 NE/4 of said Section 3. Applicant also seeks the promulgation of special rules and regulations for this new pool including provisions for a limiting gas-oil ratio of 20,000 cubic feet of gas for each barrel of oil produced. Said area is located approximately 2 miles southeast of Monument, New Mexico.

CASE 11873: Application of Cobra Oil & Gas Corporation for an unorthodox well location, Lea County, New Mexico. Applicant seeks approval to drill its Cobra Oil & Gas Corporation Gainer Unit Well No. 1 at an unorthodox well location 1294 feet from the North line and 39 feet from the West line (Unit D) of Section 22, Township 10 South, Range 36 East, in the Devonian formation, South Crossroads-Devonian Pool. Said well is located approximately 11 miles north-northeast of Tatum, New Mexico.

CASE 11874: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks approval to drill its State K Well No. 4 at an unorthodox gas well location 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 28, Township 19 South, Range 25 East, in the Morrow formation, Cemetery Morrow-Gas Pool. The S/2 of said Section 28 is to be dedicated to the well. Said well is located approximately 4 miles northwest of Seven Rivers, New Mexico.

CASE 11875: Application of Stevens & Tull, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the SW/4 NE/4 of Section 24, Township 20 South, Range 38 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools spaced on 40-acre spacing, including but not limited to the Undesignated House-San Andres Pool, Blinbry Oil and Gas Pool, East Warren Tubb Oil and Gas Pool and Undesignated D-K-Abo Pool. Said unit is to be dedicated to its Terry Well No. 1 to be drilled and completed at a standard well location in Unit G of said Section 24. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 13 miles southeast of Hobbs, New Mexico.

CASE 11876: Application of Nearburg Exploration Company, L.L.C. for compulsory pooling and an unorthodox subsurface location for a directional wellbore, Eddy County, New Mexico. Applicant seeks an order pooling certain owners of mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 11, Township 17 South, Range 25 East and for approval of an unorthodox surface location 660 feet from the North line and 1200 feet from the East line (Unit A) and an unorthodox subsurface location for its proposed Eagle Creek #1 Well No. 1 which is to be a directional wellbore with a bottomhole location approximately 660 feet from the North line and 1980 feet from the East line (Unit B) and with a producing interval not closer than 660 feet to the North line within a project area consisting of the E/2 of Section 11, Township 17 South, Range 25 East, forming a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre gas spacing within said vertical extent, including but not limited to the Eagle Creek-Atoka/Morrow Gas Pool and for the NE/4 of said Section 11 forming a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre gas spacing within said vertical extent, and the NW/4 NE/4 of said Section 11 forming a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre oil spacing within said vertical extent. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Nearburg Producing Company as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 1/4 mile east of the Artesia airport, New Mexico.

CASE 11810: (Continued from October 9, 1997, Examiner Hearing.)

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Pennsylvanian formation underlying the S/2 of Section 13, Township 22 South, Range 24 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within said vertical extent, which presently may include but is not necessarily limited to the McKittrick Hills-Upper Pennsylvanian Gas Pool; forming a standard 160-acre gas spacing and proration unit underlying the SE/4 of said Section 13 for any and all formations/pools developed on 160-acre gas spacing; and forming a 40-acre spacing unit underlying the SW/4 SE/4 of said Section 13 for any and all formations and/or pools spaced on 40-acre spacing. Said units are to be dedicated to its M-H 13 Federal Com Well No. 2 to be drilled and completed at a standard well location in Unit O of said Section 13. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Nearburg Producing Company as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 12 miles west of Carlsbad, New Mexico.

CASE 11877: **Application of Fasken Land and Minerals, Ltd. for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying all of Section 12, Township 23 South, Range 24 East, forming a standard 640-acre gas spacing and proration unit for any and all formations and/or pools developed on 640-acre gas spacing within said vertical extent, which presently may include but is not necessarily limited to the Rock Tank-Upper Morrow Gas Pool and the Rock Tank-Lower Morrow Gas Pool. Said unit is to be dedicated to its Carnero "12" Federal Com Well No. 1 to be drilled and completed at an unorthodox gas well location 500 feet from the North line and 2265 feet from the West line (Unit E) of said Section 12. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Fasken Oil and Ranch, Ltd. as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 15 miles southwest of Carlsbad, New Mexico.

CASE 11878: **Application of Fasken Oil and Ranch, Ltd. for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico.** Applicant seeks approval to drill its proposed Indian Hills Well No. 15 at an unorthodox gas well location 1300 feet from the South line and 330 feet from the West line (Unit M) of Irregular Section 17, Township 21 South, Range 25 East, NMPM, to the base of the Morrow formation, said location being unorthodox for any and all gas producing formations from the top of the Wolfcamp to the base of the Morrow, including but not limited to the Indian Basin-Morrow gas Pool, and, if productive, to be simultaneously dedicated to a non-standard 663.86-acre gas spacing and proration unit consisting of all of said Irregular Section 17 which is currently dedicated to the Indian Hills Unit Gas Com "A" Well No. 6 located at a previously approved unorthodox well location 1440 feet from the South and East lines (Unit J) of said Irregular Section 17. Said unit is located approximately 9 miles northwest from Carlsbad, New Mexico.

CASE 11850: (Continued from September 18, 1997, Examiner Hearing.)

Application of Diamond Head Properties, L. P., et al, for clarification of Division Order No. R-10731-B, Eddy County, New Mexico. Applicants, Diamond Head Properties, L. P. and its joint interest owners, Grover Family, L.P., Dugan Production Corp., Pennant Petroleum Inc. and Glenn S. Brant, (collectively the "Diamond Head Group") seek clarification of Order No. R-10731-B, issued February 2, 1997, and request that the Division order KCS Medallion Resources, Inc. ("KCS") to distribute to Diamond Head Properties and its joint owners their proportionate share of any nonconsenting working interest owner's share of production plus the 200% risk factor penalty. Said pooled unit is located approximately 10 miles north of Carlsbad, New Mexico.

CASE 11879: **Application of Burlington Resources Oil & Gas Company for approval of a pilot project including an exception from Rule 2(b) of the special rules and regulations for the Blanco-Mesaverde Gas Pool for purposes of establishing a pilot infill drilling program within its San Juan 27-5 Unit whereby up to four wells may be drilled on a standard gas proration unit to determine proper well density and well location requirements for Mesaverde wells, Rio Arriba County, New Mexico.** Applicant seeks approval for a pilot program including an exception for the San Juan 27-5 Unit from Rule 2(b) of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool and authorization to drill wells at unorthodox locations anywhere in the proration unit provided such wells are located no closer than 10 feet from any section, quarter-section or quarter-quarter section line and to increase the well density from the current maximum of two (2) wells (160-acre infill) provided in Order No. R-1670-T to a maximum of four (4) wells (80-acre infill) per gas proration and spacing unit for wells dedicated to the Blanco Mesaverde Gas Pool within the San Juan 27-5 unit. Said unit is located approximately 10 miles south of Gobernador, New Mexico.

CASE 11880: Application of Burlington Resources Oil & Gas Company for approval of a pilot project including an exception from Rule 2(b) of the special rules and regulations for the Blanco-Mesaverde Gas Pool to institute a pilot infill drilling program within a four-section area including six unorthodox gas well locations for purposes of establishing a program to determine proper well density and well location requirements for Mesaverde wells, San Juan County, New Mexico. Applicant seeks approval for a pilot project to be conducted within a four (4) section area (Section 1, Township 30 North, Range 11 West; Section 36, Township 31 North, Range 11 West; Section 31, Township 31 North, Range 10 West; and Section 6, Township 30 North, Range 10 West) including an exception from Rule 2(b) of Special Rules and Regulations for the Blanco-Mesaverde Gas Pool and authorization to drill six (6) unorthodox gas well locations within said area and to increase the well density from the current maximum of two (2) wells (160-acre infill) provided in Order No. R-1670-T to a maximum of four (4) wells (80-acre infill) per gas proration and spacing unit for wells dedicated to the Blanco Mesaverde Gas Pool within said project area. Said project is located approximately 4 miles northeast of Aztec, New Mexico.