

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. 10758
ORDER NO. R-9928

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

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on July 1, 1993, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 28th day of July, 1993 the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) The applicant, Mewbourne Oil Company, seeks approval of an unorthodox oil well location for its existing Cedar Breaks "2" State Well No. 1 located 2130 feet from the North line and 1980 feet from the East line (Unit G) of Section 2, Township 18 South, Range 30 East, NMPM, to test the Undesignated Cedar Lake-Strawn Pool, Eddy County, New Mexico.
- (3) The proposed well location is within one mile of the Cedar Lake-Strawn Pool and is therefore subject to the special rules and regulations, as promulgated by Division Order No. R-9554-A, dated November 19, 1992, that provide for 160-acre spacing units and for well locations to be no closer than 660 feet to the outer boundary of the proration unit nor closer than 330 feet to any governmental quarter-quarter section line or subdivision inner boundary.

(4) Lots 1 and 2 and the W/2 NE/4 (NE/4 equivalent) of said Section 2 is to be dedicated to the well, forming a standard 160.70-acre oil spacing and proration unit for said pool.

(5) The Cedar Breaks "2" State Well No. 1 (formerly known as the Loco Hill State Well No. 5) was drilled and completed in September/October 1992 in the Walters Lake-Bone Spring Pool. Said location is considered standard for this interval.

(6) At this time the applicant proposes to deepen this well to the Strawn formation.

(7) Deepening the existing well instead of drilling a new well will save the working interest owners approximately \$240,000, thus making the well more economical.

(8) The applicant presented geological evidence which indicates that the location of the Cedar Breaks "2" State Well No. 1 is equivalent to other standard Strawn oil well locations within the NE/4 equivalent of said Section 2.

(9) There are two existing Strawn wells in the W/2 equivalent of said Section 2, and the applicant is currently completing its Cedar Breaks "2" State Well No. 3, located in the SE/4 of said Section 2, in the Strawn formation. Thus, Section 2 will be fully developed in the Cedar Lake-Strawn Pool.

(10) No offset operator or interested party objected to the proposed unorthodox oil well location.

(11) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of oil in the affected pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

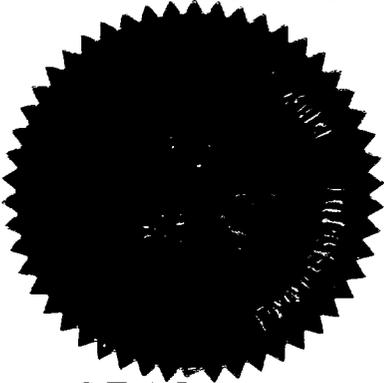
IT IS THEREFORE ORDERED THAT:

(1) The application of Mewbourne Oil Company to deepen its Cedar Breaks "2" State Well No. 2 from the Walter Lake-Bone Spring pool to the Undesignated Cedar Lake-Strawn Pool at the resulting unorthodox oil well location for said Strawn interval, 2130 feet from the North line and 1980 feet from the East line (Unit G) of Section 2, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico is hereby approved.

(2) Lots 1 and 2 and the W/2 NE/4 (NE/4 equivalent) of Section 2 shall be dedicated to the above-described well forming a standard 160.70-acre oil spacing and proration unit for said Strawn interval.

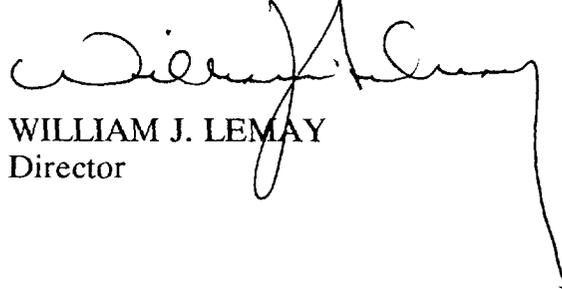
(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director