

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION COMMISSION

IN THE MATTER OF THE APPLICATION
OF MEWBOURNE OIL COMPANY FOR
COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO.

CASE NO. 12698

01 OCT 19 11 39:03

01 OCT 19 11 39:03

OPPONENTS' PRE-HEARING STATEMENT

This Prehearing Statement is submitted by Holland & Hart LLP and Campbell & Carr,
attorneys for HARVEY E. YATES COMPANY and JALAPENO CORPORATION.

APPEARANCES OF PARTIES

APPLICANT

Mewbourne Oil Company

ATTORNEY

James Bruce, Esq.
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

OPPONENTS

Harvey E. Yates Company
Jalapeno Corporation

OPPONENTS' ATTORNEY

Michael H. Feldewert, Esq.
Holland & Hart LLP and Campbell & Carr
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421

OPPONENTS' STATEMENT OF ITS CASE

Harvey E. Yates Company and Jalapeno Corporation ("Opponents") oppose Mewbourne's application to the extent that it seeks to pool mineral interests from the base of the Yates formation to the base of the Wolfcamp formation in Section 15, Township 21 South, Range 27 East, NMPM. Opponents do not oppose that portion of Mewbourne's application which seeks to pool from the base of the Wolfcamp formation to the base of the Morrow formation.

Mewbourne's application proposes to drill its Esperanza "15" State Com Well No. 1 at an unorthodox location in Section 15 to produce gas from the Morrow formation (Burton Flat-Morrow Gas Pool). The Division's administrative approval of the unorthodox gas well location is limited to the Burton Flat-Morrow Gas Pool. *See* Attachment 1 (Division file for Administrative Order NSL-4606). Despite Mewbourne's proposal to produce gas from the Morrow formation, and despite the Division's limited approval of Mewbourne's unorthodox well location, Mewbourne seeks by its application to pool and dedicate to its well all formations from the base of the Yates formation to the base of the Morrow formation in the NW/4 SE/4, the SE/4 and the E/2 of Section 15.

Opponents are interest owners in the SE/4 of Section 15 who desire to drill a well at a standard location in the SE/4 to produce oil and/or gas from the following shallower pools:

- The Undesignated La Huerta-Delaware Pool, the Undesignated East Avalone-Bone Spring Pool and the Undesignated East Carlsbad-Bone Spring Pool, all developed under 40-acre oil spacing and proration units;
- The Undesignated East Avalone-Bone Spring Gas Pool, which is developed under

statewide 160-acre gas spacing units; and

- The Undesignated East Carlsbad-Wolfcamp Gas Pool, which is developed under statewide 320-acre gas spacing units.

Mewbourne's application - if granted as requested - will prevent Opponents from developing these formations and thereby impair their correlative rights.

The pooling of interests is in essence a regulatory taking of property rights and therefore must be narrowly construed. Opponents do not object to Mewbourne's request to pool sufficient acreage to allow it to produce the Morrow, Atoka, Strawn, Canyon, Cisco and other potential producing zones in the Pennsylvanian formation, the target of its proposed unorthodox well. *See* Attachment 2 "Generalized Sections, Southeastern New Mexico." However, the regulatory pooling authority granted by Section 70-2-17 should not be used as a means of indefinitely "tying up" multiple zones of potentially producing acreage that lies outside of the target of a proposed well. It should be narrowly tailored to fit the circumstances of a particular case. Mewbourne's application, if granted, will prevent the Opponents from developing oil and gas reserves located in the shallower Permian formation under the SE/4 of Section 15, thereby resulting in waste and impairing Opponents correlative rights.

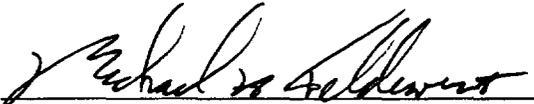
OPPONENTS' PROPOSED EVIDENCE

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Raymon Reyes, Geologist	15 Minutes	Approximately 3
Melissa Randle, Landman	5 Minutes	None

PROCEDURAL MATTERS

None.

HOLLAND & HART and CAMPBELL & CARR

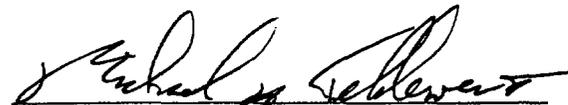
By: 
Michael H. Feldewert

Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421

Attorney for Harvey E. Yates Company and
Jalapeno Corporation

Certificate of Service

The undersigned hereby certifies that a true copy of the foregoing was faxed to James Bruce, Esq., Fax No. (505) 982-2151, on October 10, 2001.


Michael H. Feldewert



NSL-4606
Mewbourne Oil Company
Esperanza 15 State Com No. 1
J-15-21S-27E
Eddy County



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

July 10, 2001

Lori Wrotenbery
Director
Oil Conservation Division

Mewbourne Oil Company
c/o James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87504

Telefax No. (505) 982-2151

Administrative Order NSL-4606

Dear Mr. Bruce:

Reference is made to the following: (i) your application dated June 26, 2001 on behalf of the operator Mewbourne Oil Company ("Mewbourne"); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Mewbourne's request for an unorthodox Morrow gas well location for the proposed Esperanza "15" State Com. Well No. 1 to be drilled 2232 feet from the South line and 1980 feet from the East line (Unit J) of Section 15, Township 21 South, Range 27 East, NMPM, Burton Flat-Morrow Gas Pool, Eddy County, New Mexico.

The E/2 of Section 15 is to be dedicated to this well in order to form a standard 320-acre stand-up gas spacing and proration unit for the Burton Flat-Morrow Gas Pool.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox gas well location will be at a more favorable geologic position within the Morrow formation than a well drilled at a location considered to be standard.

The subject application has been duly filed under the applicable provisions of the rules governing this pool and the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

By the authority granted me under the provisions of Division Order No. R-8170-E-1, issued in Case 9872 and dated October 28, 1991, and Division Rule 104.F (2), the above-described unorthodox gas well location is hereby approved.

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
New Mexico State Land Office - Santa Fe

NSL-GAS-187)

Rec'd 6-26-2001

Susp: 7-16-2001

Released: 7-10-2001

July 10, 2001

Mewbourne Oil Company
c/o **James Bruce**
P. O. Box 1056
Santa Fe, New Mexico 87504

Telefax No. (505) 982-2151

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Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
New Mexico State Land Office - Santa Fe

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

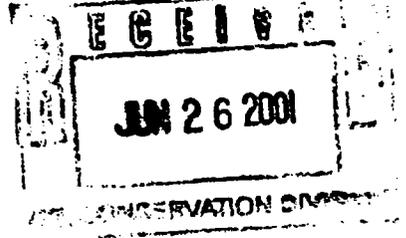
[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Directional Drilling
- NSL NSP DD SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
- DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
- WFX PMX SWD IPI EOR PPR



[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

JAMES BRUCE
P. O. BOX 1056
SANTA FE, NM 87504

Note: Statement must be completed by an individual with supervisory capacity.

James Bruce
Signature

Attorney for Applicant
Title

6/26/01
Date

Print or Type Name

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA
HYDE PARK ESTATES
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

June 26, 2001

Hand Delivered

Michael E. Stogner
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rule 104.F.(2), Mewbourne Oil Company ("Mewbourne") applies for administrative approval of an unorthodox gas well location for the following well:

Well: Esperanza "15" State Com. Well No. 1
Location: 2232 feet FSL & 1980 feet FEL
Unit: E½ of Section 15, Township 21 South, Range 27 East, N.M.P.M., Eddy County, New Mexico

The well will be drilled to test the Morrow formation (Burton Flat-Morrow Gas Pool, which is developed on statewide rules. An APD for the well, with a Form C-102, is attached as Exhibit A.

The application is based on geologic, topographic, and archaeological reasons. Attached as Exhibit B is a geological summary, with appropriate structure and isopach maps attached. There is an inactive Morrow well in the SW¼NE¼ of Section 15, and thus Mewbourne does not wish to locate the well in the NE¼ of the section. The two primary zones, the Middle Morrow Blue and the Lower Morrow Orange, are thickest in the northern part of the SE¼ of Section 15, which is the reason for moving the well to the north of an orthodox location.

Attached as Exhibit C is a topographic map, which shows that several pipelines in the area limit locations in the N¼SE¼ of Section 15. In addition, the proposed location has received an archaeological clearance, as shown on Exhibit D. (The minerals in the E½ of Section 15 are owned by the State, but the surface estate is owned by the United States. Thus, the need for the archaeological clearance.)

Attached as Exhibits E and F are land plats of the well unit. Because the unorthodox location is interior to the well unit, offset operators were not notified of this application. Also, as you can see from Exhibit F, royalty and working interest ownership is common in the drillsite tract and in the offsetting acreage (the W $\frac{1}{2}$ NE $\frac{1}{4}$ and SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 15). There is one overriding royalty owner in State Leases OG-6027 and OG-2426-1 (Exxon Mobil Corporation), and the amount of the override is the same in each tract. Therefore, no one in the NE $\frac{1}{4}$ of Section 15 has been notified of this application.

Please call me if you need any further information on this matter.

Very truly yours,



James Bruce

Attorney for Mewbourne Oil Company

District II
811 South First, Artesia, NM 88210

District III
600 Rio Brazos Rd., Aztec, NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

Instructions on back
Submit to Appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

Operator Name and Address Mewbourne Oil Company P.O. Box 5270 Hobbs, NM 88241 (505)393-5905		OGRID Number 14744
		API Number 30 - 0
Property Code	Property Name Esperanza "15" State Com.	Well No. # 1

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West Line	County
J	15	21S	27E		2232	South	1980	East	Eddy

Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West Line	County
Proposed Pool 1 Burton Flat Morrow					Proposed Pool 2				

Work Type Code N	Well Type Code G	Cable/Rotary R	Lease Type Code S	Ground Level Elevation 3284
Multiple No	Proposed Depth 11800	Formation Morrow	Contractor Unknown	Spud Date

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17-1/2"	13-3/8"	48#	400	400	Circ. to Surface
12-1/4"	8-5/8"	32#	2600	1200	Circ. to Surface
7-7/8"	5-1/2"	17#	11800	1200	Tie back Intermediate

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

BOP Program : 2K Hydril (See Exhibit #2) from surface casing to intermediate TD. Schaffer LWS or equivalent (Double-Ram Hydraulic) 900 series with Hydril 900 series (See Exhibit #2A) from intermediate casing to total depth. Rotating Head, PVT, Flow Monitors, and mud gas Separator from the Wolfcamp to TD.

Mud Program: 0 to 400' Fresh Water, spud mud, lime for PH, and LCM as needed for seepage.
400 to 2600' 10# Brine, Caustic Soda for PH, and LCM as needed for seepage.
2600 to TD 9.3 to 10# Brine, Caustic for PH, Starch for WL Control, and LCM as needed for seepage.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature: <i>Terry Burke</i>	OIL CONSERVATION DIVISION	
	Approved By:	
Printed name: Terry Burke	Title:	
Title: Drilling Foreman	Approval Date:	Expiration Date:



DISTRICT II
 11 South First, Artesia, NM 88210
 DISTRICT III
 600 Rio Bravos Rd., Artec, NM 87410
 DISTRICT IV
 1040 South Pacheco, Santa Fe, NM 87506

OIL CONSERVATION DIVISION
 P.O. Box 2088
 Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name
Property Code	Property Name ESPERANZA "15" STATE COM.		Well Number 1
OGRID No. 14744	Operator Name MEWBOURNE OIL COMPANY		Elevation 3284

Surface Location

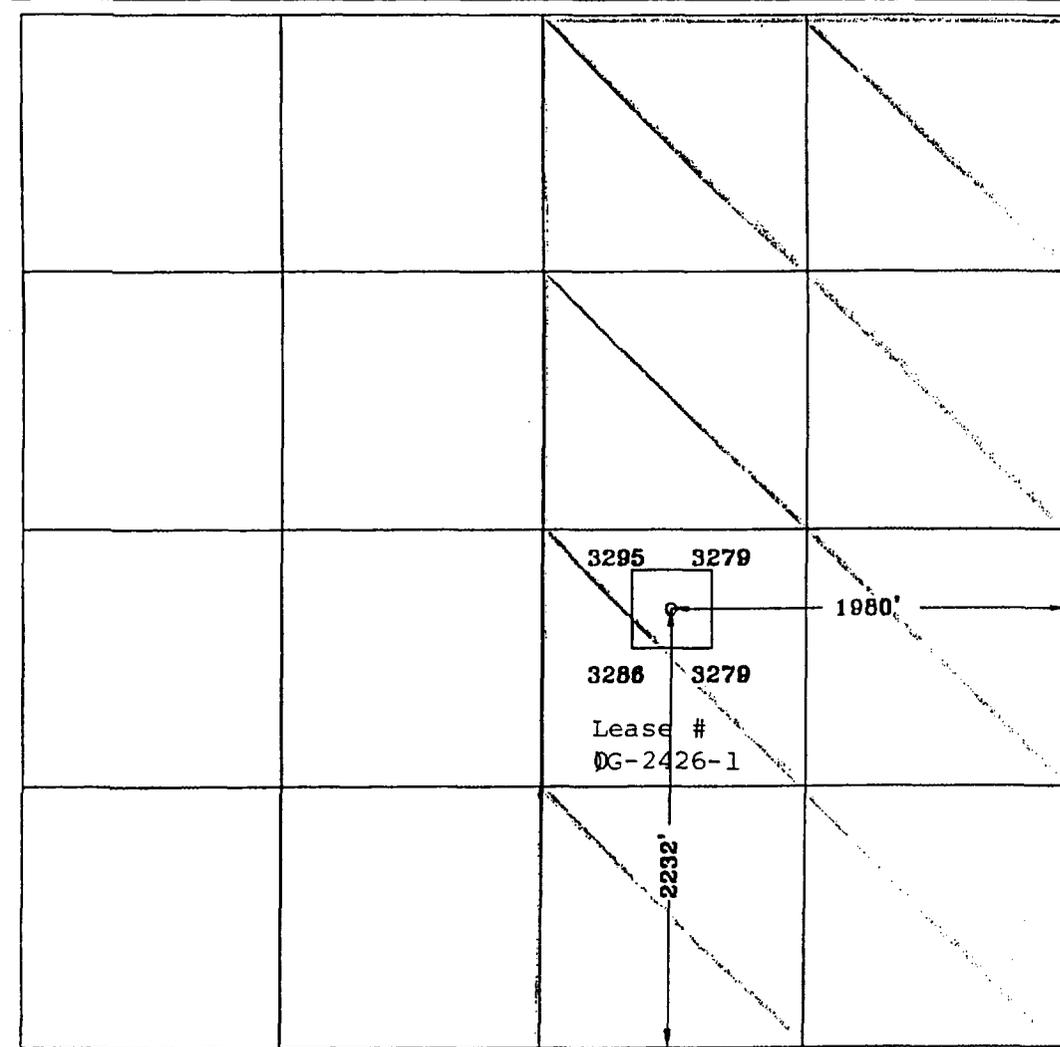
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	15	21S	27E		2232	SOUTH	1980	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
------------------------	-----------------	--------------------	-----------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Terry Burke
 Signature

Terry Burke
 Printed Name

Drilling Foreman
 Title

June 5, 2001
 Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

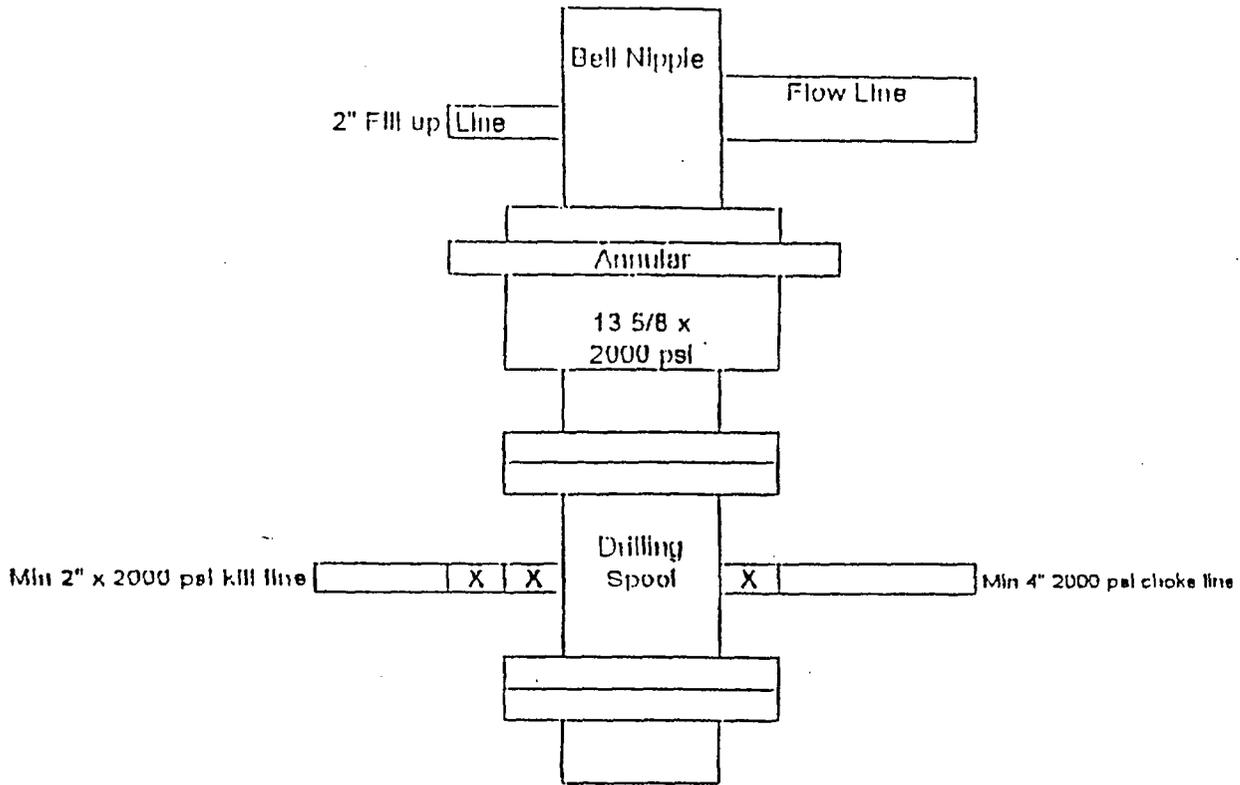
2/21/2001
 Date Surveyed

Herschell Jones
 Signature & Seal
 Professional Surveyor

HELSHELL JONES
 NEW MEXICO
 REGISTERED SURVEYOR
 3640

Certificate No. _____ Jones RLS 3640
 ESPERANZA C/D WL-1
 GENERAL SURVEYING COMPANY

Mewbourne Oil Company
BOP Schematic for
12 1/4 Hole



Mewbourne Oil Company

Exhibit #2
Schematic of BOP for Intermediate Hole

Mewbourne Oil Company
 BOP Schematic for
 8 3/4" or 7 7/8" Hole

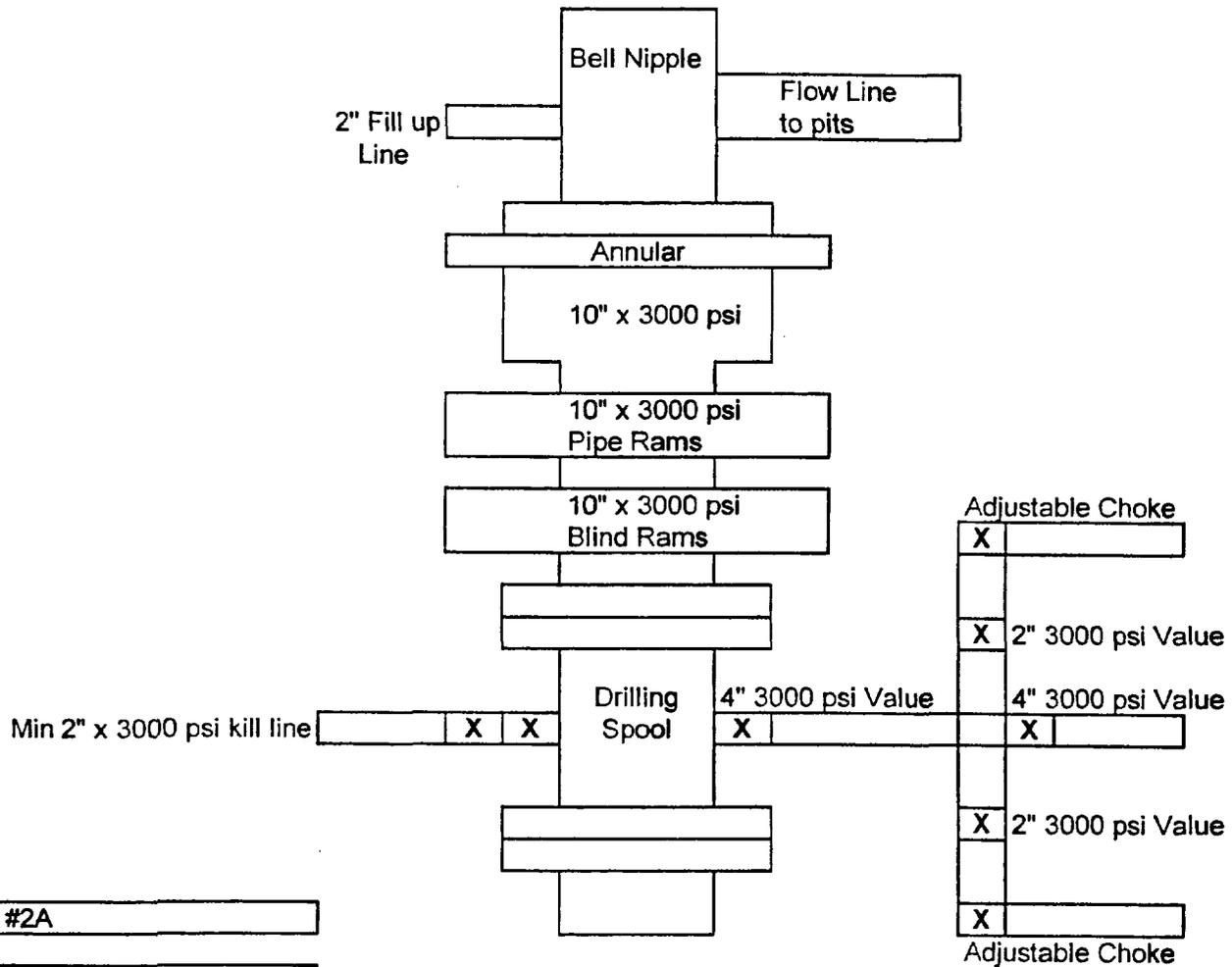


Exhibit #2A

Esperanza "15" State Com.# 1
 2232' FSL & 1980' FEL
 Sec.15 T-21S R-27E
 Eddy, County New Mexico

GEOLOGICAL RECOMMENDATION

**Mewbourne Oil Company
#1 Esperanza "15" State Com.
Sec. 15 - T21S - R27E
Eddy Co., New Mexico**

The Proposed Location is located 2232' FSL & 1980' FEL of the section. This location, as compared to the Standard Location, will allow for greater sand thickness in the primary Morrow producing zones, as well as an optimum structural position.

The two primary Morrow producing zones in the vicinity of the Proposed Location are the Middle Morrow Blue and Lower Morrow Orange sands. Both of these zones produce alone, as well as commingled with other Morrow sands in a number of offsetting wells. Production from offsetting wells range from 5.0 - .5 BCFEG, with the higher production volumes relating to greater sand thickness as well as higher structural positioning.

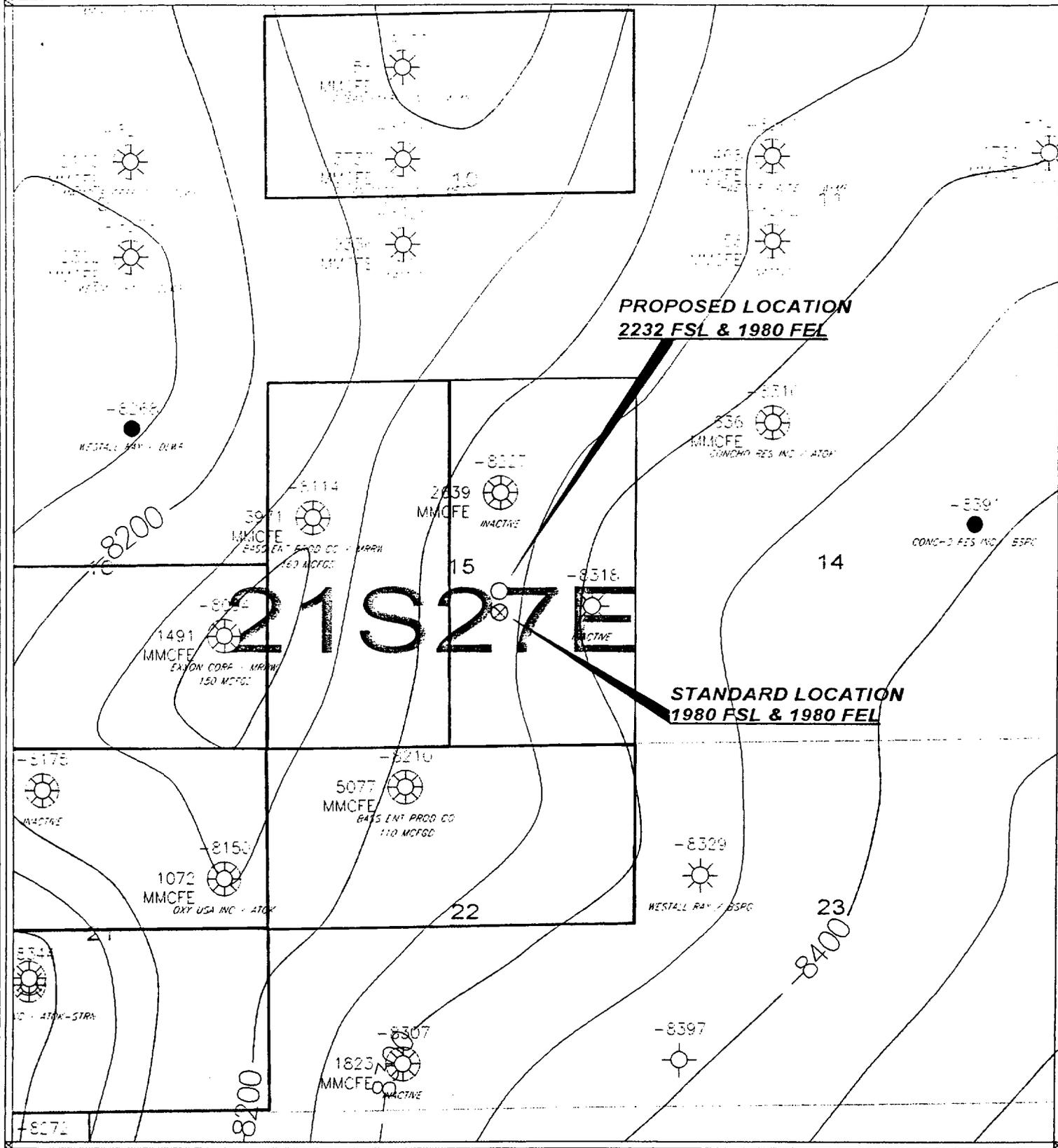
In the Lower Morrow Orange zone, the Proposed Location will encounter a greater gross and net sand thickness than the Standard Location. Additionally the Proposed Location will have a structural position high or flat to the Standard Location, which is significantly important in this area due to nearby down dip water production from the Lower Morrow Orange zone.

In the Middle Morrow Blue zone, the Proposed Location will encounter the same gross and net sand thicknesses as the Standard Location. This location will have a structural position high or flat to the Standard Location.

It is also my observation that the Proposed Location is geologically preferable to any other possible locations to the south and east within Section 15, as these will encounter the Morrow at a lower structural position.


Mike Burke
Petroleum Geologist
Mewbourne Oil Company





**PROPOSED LOCATION
2232 FSL & 1980 FEL**

**STANDARD LOCATION
1980 FSL & 1980 FEL**

KEY

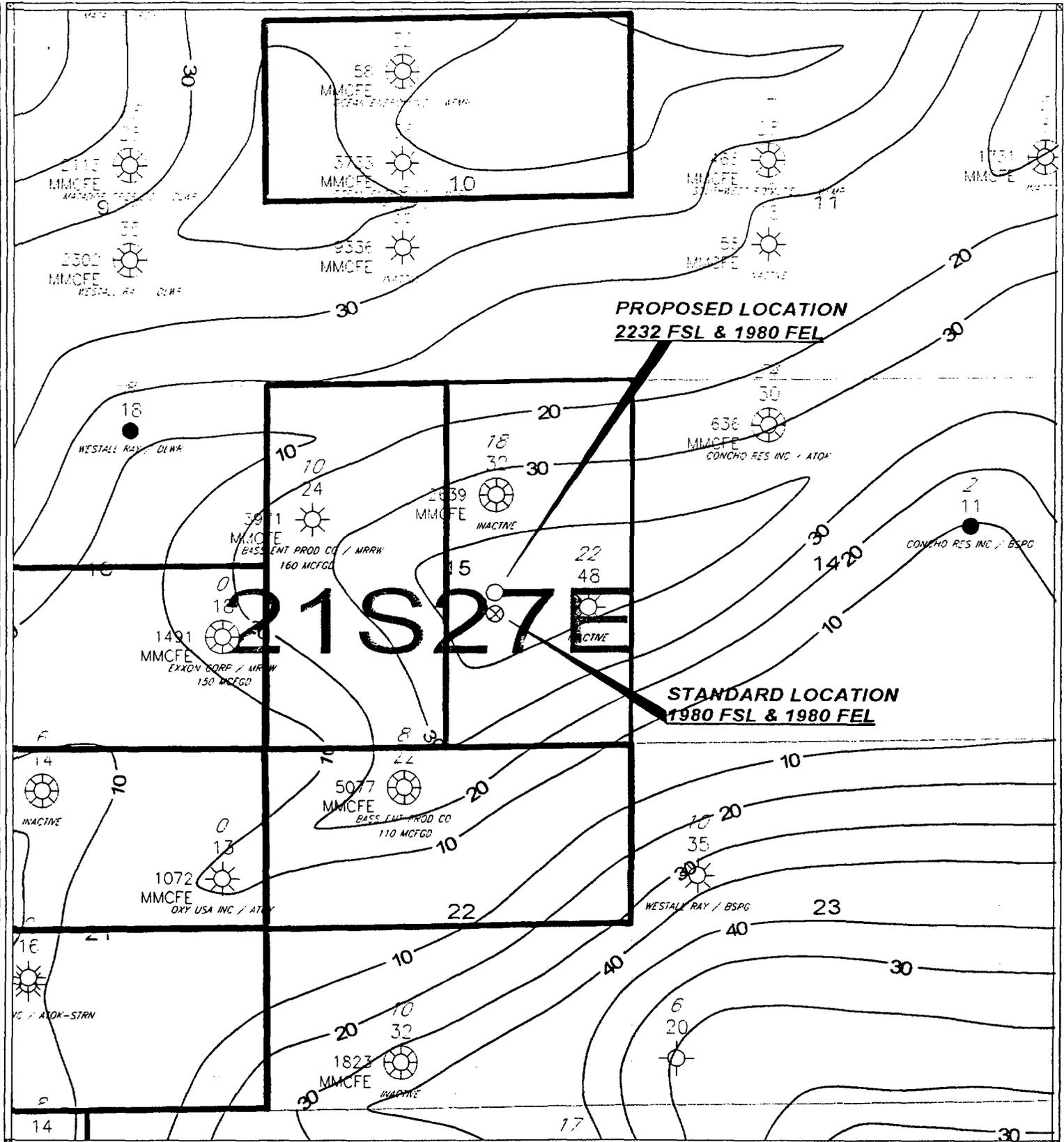
- SUBSEA
- CUMULATIVE PRODUCTION
- OPERATOR / ZONE
- CURRENT RATE
- MORROW PRODUCER
- ACTIVE MORROW UNIT
- PROPOSED MORROW UNIT



MEWBOURNE OIL COMPANY

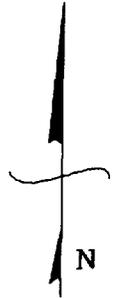
LOWER MORROW STRUCTURE - W/CUM PROD
BURTON FLAT (MORROW) FIELD
EDDY CO., NEW MEXICO

MB	C.I. = 50'	JUNE '01
S15PROD.GPF	1" = 2000'	WELLS > 11,000'



KEY

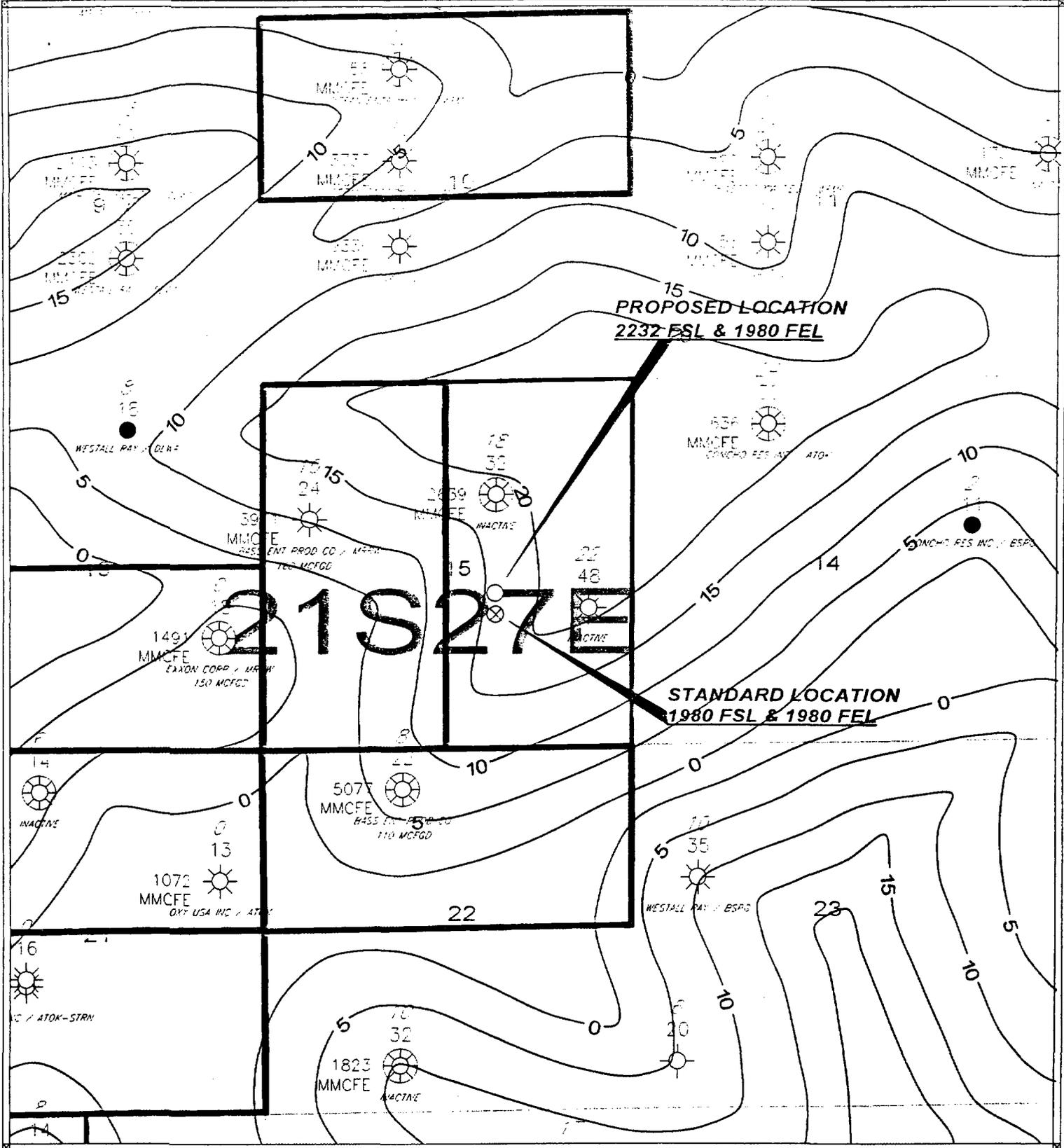
- NET SAND
- GROSS SAND
- CUMULATIVE PRODUCTION
- OPR RATOR / ZONE
- CURRENT RATE
- MIDDLE MORROW BLUE PRODUCER
- ACTIVE MORROW LIMIT
- PROPOSED MORROW LIMIT



MEWBOURNE OIL COMPANY

GROSS ISOPACH / MID-MORROW BLUE
BURTON FLAT (MORROW) FIELD
EDDY CO., NEW MEXICO

MB	C.I. = 10'	JUNE '01
S15MW3GR.GPF	1" = 2000'	WELLS > 11,000'



KEY

NET SAND
GROSS SAND

CUMULATIVE PRODUCTION
OPERATOR / ZONE
CUMMINT RATE

MIDDLE MORROW BLUE PRODUCER

ACTIVE MORROW UNIT

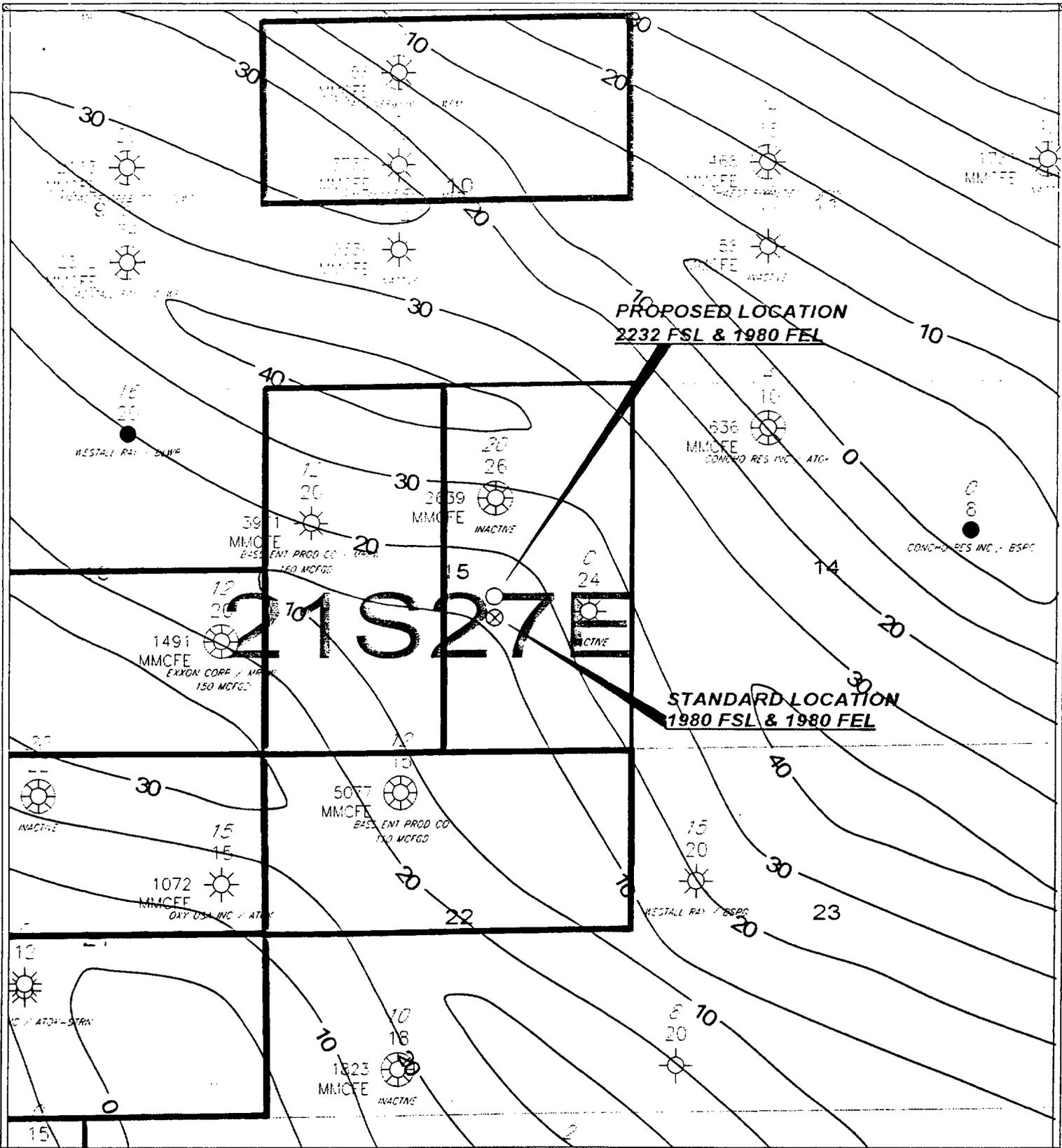
PROPOSED MORROW UNIT



MEWBOURNE OIL COMPANY

NET ISOPACH / MID-MORROW BLUE
BURTON FLAT (MORROW) FIELD
EDDY CO., NEW MEXICO

MB	C.I. = 5'	JUNE '01
S15MM3NT.GPJ	1" = 2000'	WELLS > 11,000'



PROPOSED LOCATION
2232 FSL & 1980 FEL

STANDARD LOCATION
1980 FSL & 1980 FEL

21S27E

KEY

NET SAND
 GROSS SAND

CUMULATIVE PRODUCTION LOWER MORROW ORANGE PRODUCER
 OPERATOR / ZONE
 CURRENT RATE

ACTIVE MORROW UNIT

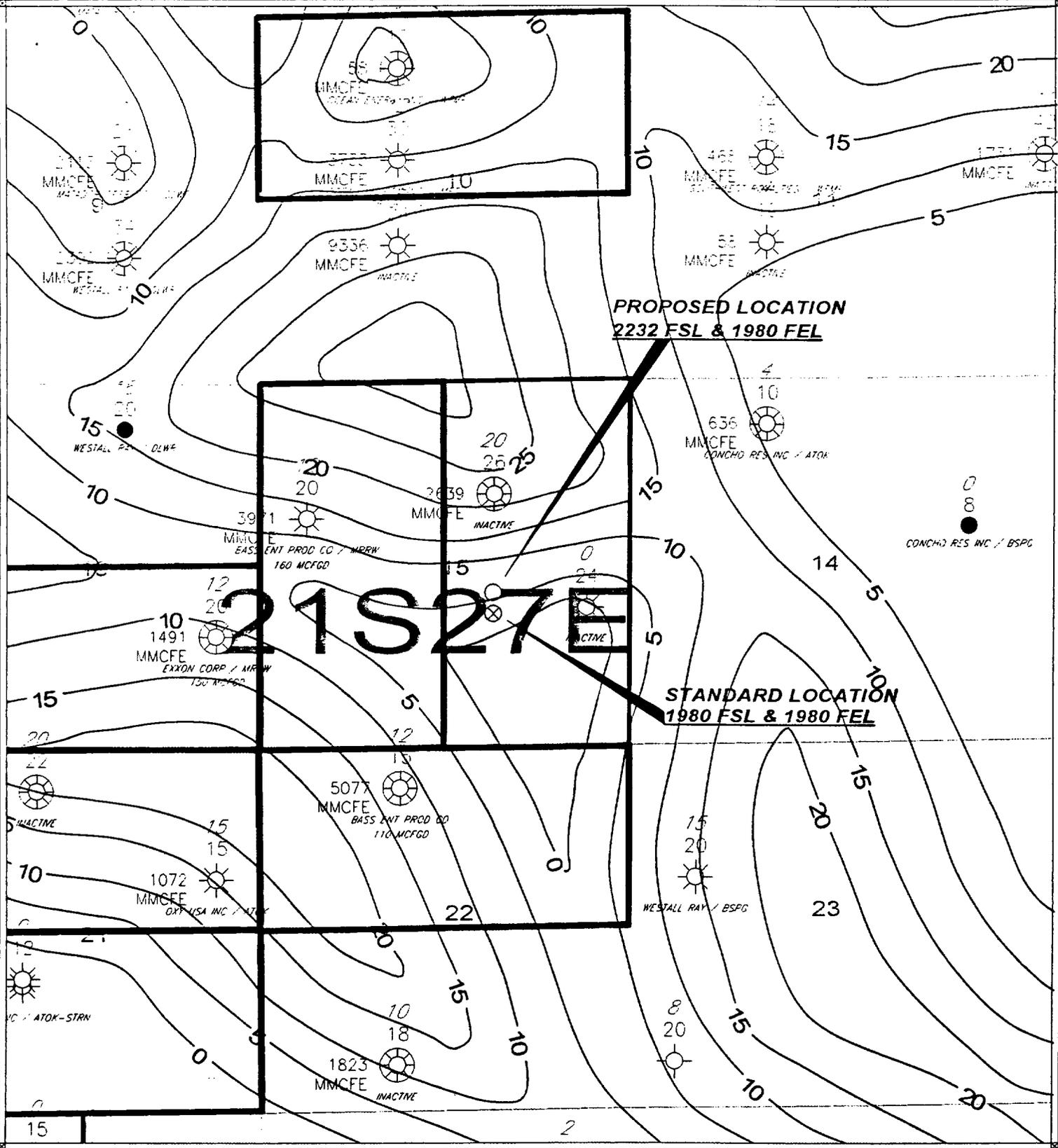
PROPOSED MORROW UNIT



MEWBOURNE OIL COMPANY

GROSS ISOPACH / LOW-MORROW ORANGE
 BURTON FLAT (MORROW) FIELD
 EDDY CO., NEW MEXICO

MB	C.I. = 10'	JUNE '01
515M2GR.GPF	1" = 2000'	WELLS > 11,000'



KEY

NET SAND
GROSS SAND

CUMULATIVE PRODUCTION
OPERATOR / ZONE
CURRENT RATE

LOWER MORROW ORANGE PRODUCER

ACTIVE MORROW UNIT

PROPOSED MORROW UNIT

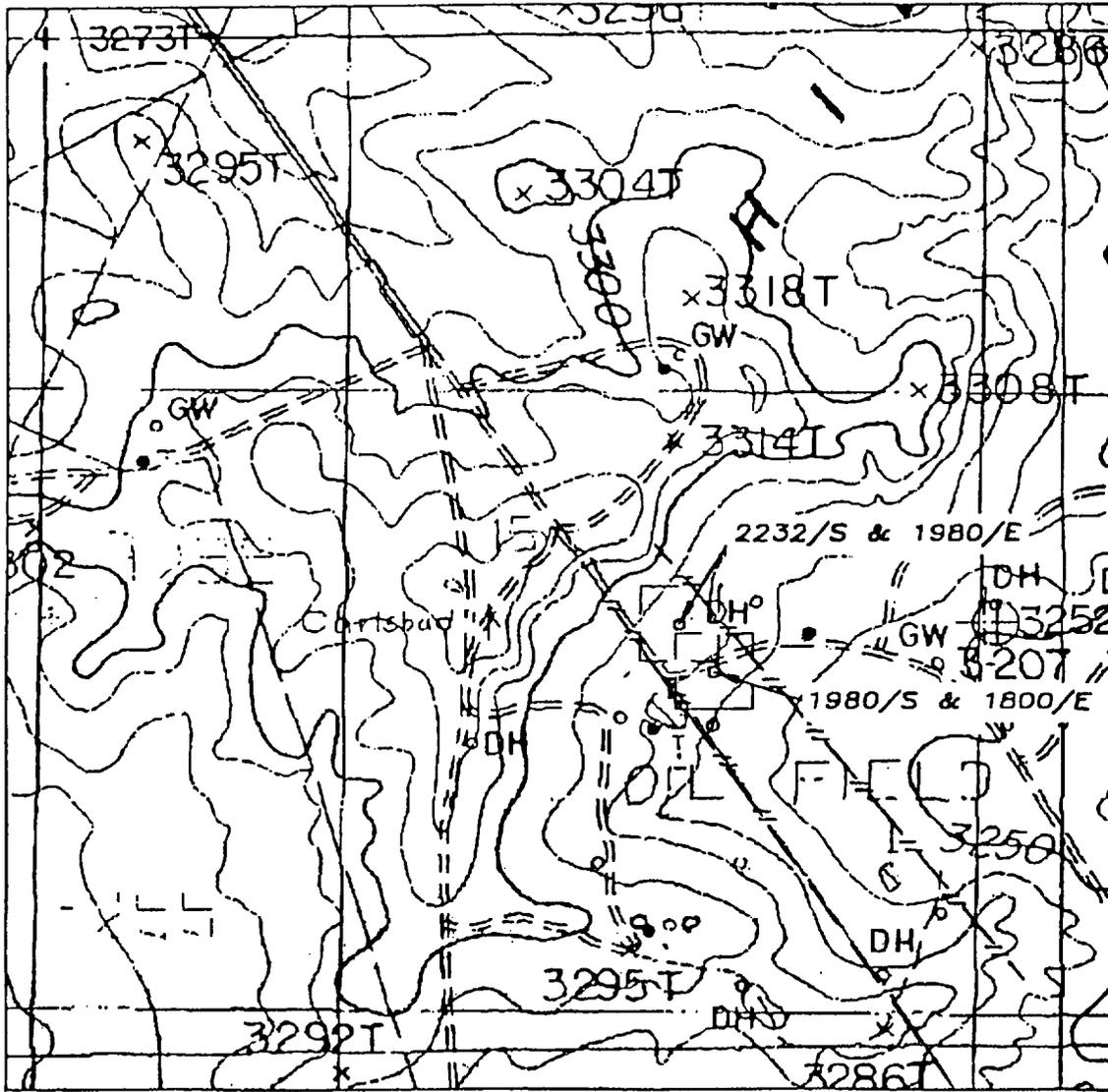


MEWBOURNE OIL COMPANY

NET ISOPACH / LOW-MORROW ORANGE
BURTON FLAT (MORROW) FIELD
EDDY CO., NEW MEXICO

MB	C.I. = 5'	JUNE '01
S15LM2NT.GPJ	1" = 2000'	WELLS > 11,000'

SECTION 15, TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM, EDDY COUNTY, NEW MEXICO.



1000' 0 1000' 2000'

Scale 1" = 1000'

THE PREPARATION OF THIS PLAT AND THE PERFORMANCE OF THE SURVEY UPON WHICH IT IS BASED WERE DONE UNDER MY DIRECTION AND THE PLAT ACCURATELY DEPICTS THE RESULTS OF SAID SURVEY AND MEET THE REQUIREMENTS OF THE STANDARDS FOR LAND SURVEYS IN NEW MEXICO AS ADOPTED BY THE NEW MEXICO STATE BOARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS AND LAND SURVEYORS.

3640
 HATSCHEL L. JONES P.E. & L.S. No. 3640

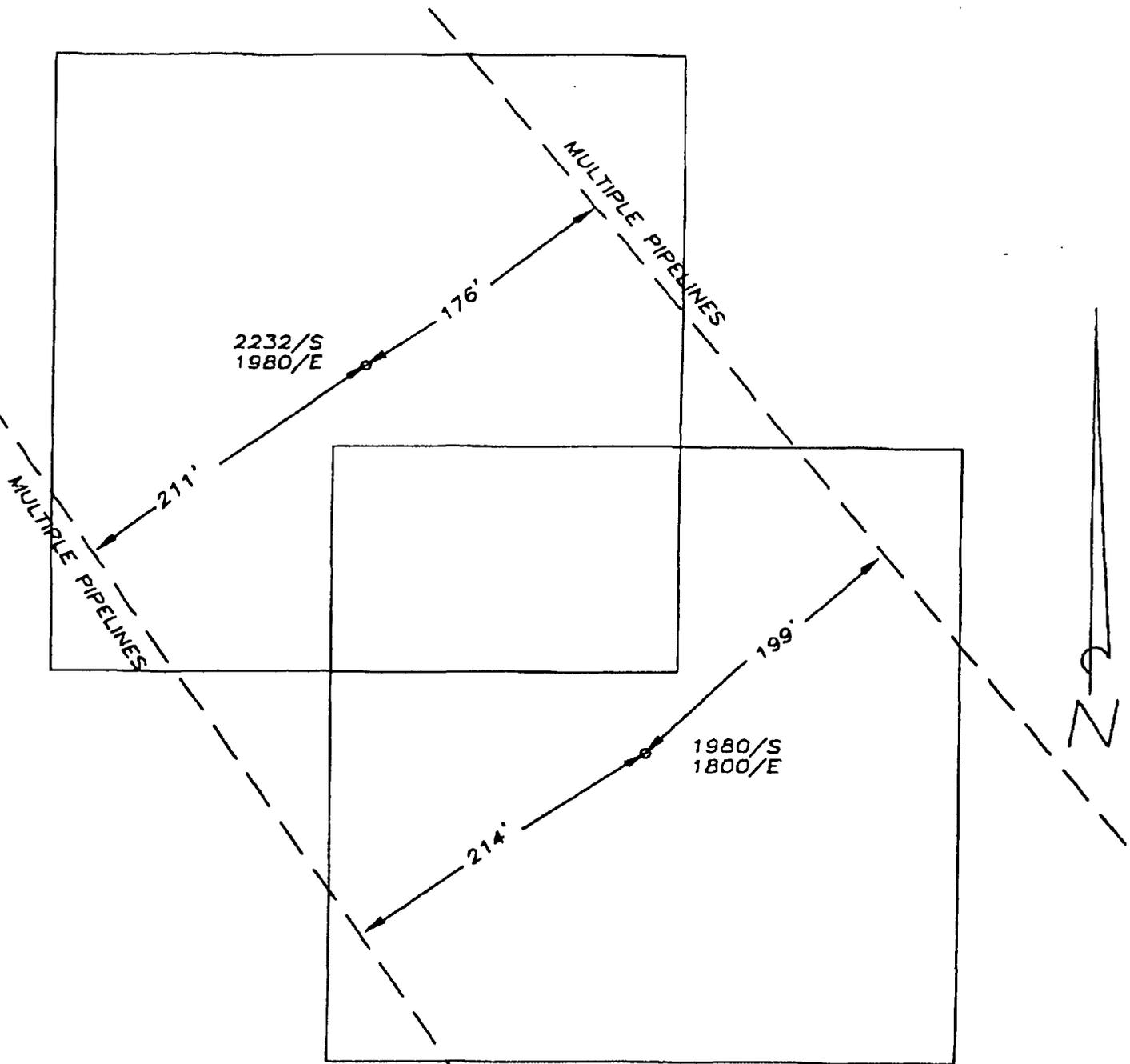
GENERAL SURVEYING COMPANY P.O. BOX 1928
 LOVINGTON, NEW MEXICO 88260

MEWBOURNE OIL COM.

THE MEWBOURNE OIL COMPANY ESPERANZA
 "15" STATE COM. #1 LOCATED IN SECTION 15,
 TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM,
 EDDY COUNTY, NEW MEXICO.

Survey Date: 2/21/2001	Sheet 1 of 1 Sheets
Drawn By: Ed Blawing	W.O. Number
Date: 2/21/01	Scale 1" = 1000' ESPERANZA

SECTION 15, TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM, EDDY COUNTY, NEW MEXICO.



NOTE: PIPELINES SHOWN ARE NEAREST PIPELINE OF SEVERAL

100' 0 100' 200'
Scale 1" = 100'

THE PREPARATION OF THIS PLAT AND THE PERFORMANCE OF THE SURVEY UPON WHICH IT IS BASED WERE DONE UNDER MY DIRECTION AND THE PLAT ACCURATELY DEPICTS THE RESULTS OF SAID SURVEY AND MEET THE REQUIREMENTS OF THE STANDARDS FOR LAND SURVEYS IN NEW MEXICO AS ADOPTED BY THE NEW MEXICO STATE BOARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS AND LAND SURVEYORS.

[Signature]
HERSCHEL E. JONES P.L.S. No. 3840

GENERAL SURVEYING COMPANY P.O. BOX 1928
MORNINGTON, NEW MEXICO 88260

MEWBOURNE OIL COM.

THE MEWBOURNE OIL COMPANY ESPERANZA
"15" STATE COM. #1 LOCATED IN SECTION 15,
TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM,
EDDY COUNTY, NEW MEXICO.

Survey Date: 2/21/2001	Sheet 1 of 1 Sheets
Drawn By: Ed Blivins	W.O. Number
Date: 2/21/01	Scale 1" = 100' ESPERANZA

PECOS

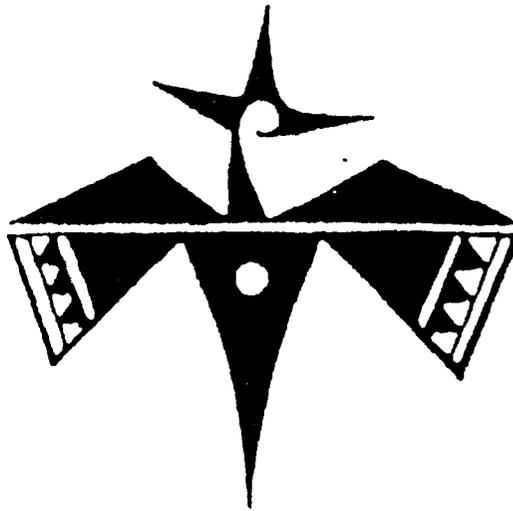
ARCHEOLOGICAL

CONSULTANTS

P.O. BOX 1771

CARLSBAD, NM 88221

*Esp. 15
Area*



**Archeological Clearance Report
for Mewbourne Oil Company, Inc.'s
Proposed Esperanza "15" State Com No. 1
Situated on State of N.M. Lands (BLM minerals) in Eddy County, N.M.
PAC Report No. 01008
NMCRIS No. 73810**



**TITLE PAGE/ABSTRACT/
NEGATIVE SITE REPORT
ROSWELL DISTRICT**

BLM/ RDO 1/95

- 1. BLM Report No.**
- 2. (ACCEPTED) (REJECTED)**
- 3. NMCRIS No. 73813**

- 4. Title of Report (Project Title): Mewbourne Oil Company's Proposed Esperanza "15" State Com No. 1**
- 5. Project Date(s): 02MAR01-08MAR01**

- 6. Report Date: 8 March, 2001**

- 7. Consultant Name & Address: Pecos Archeological Consultants, P.O. Box 1771, Carlsbad, N.M.
Direct Charge: ROBERT J. MARTIN
Name: PAC, CARLSBAD, NM
Address: P.O. Box 1771, Carlsbad, NM 88220
Authors Name: ROBERT J. MARTIN
field personnel names: Robert J. Martin
Phone (505-887-7029)**
- 8. Permit No. : BLM Survey Permit No. 6-2920-01**

- 9. Consultant Report No. : 01008**

- 10. Sponsor Name and Address:
Indiv. Responsible: Mr. F.C. Lathan
Name: Mewbourne Oil Company
Address: P.O. Box 5270
Hobbs, NM 88241
Phone 393-5905**

- 11. For BLM Use only.**

- 12. ACREAGE:
Total No. of acres surveyed: 11.01**

SURFACE OWNERSHIP

State 11.01, Private, _____ Federal, ___ ACRES NOTE: 11.01 acres Federal Minerals

13. Location: (Maps Attached if negative survey):

First Staking: SW1/4 SE1/4, Section 15, T21S, R27E, NMPM, Eddy County, N.M.

Second Staking: NW1/4 SE1/4, Section 15, T21S, R27E, NMPM, Eddy County, N.M.

Third Staking: NW1/4 SE1//4, Section 15, T21S, R27E, NMPM, Eddy County, N.M.

a. State: NM b. County, Eddy

c. District: Roswell, Carlsbad Field Office D. nearest city or Town: Carlsbad, NM

e.

Area, Linear: N/A

Actual Area Surveyed: N/A

Area, Block: 4 ea. 400' X 400'

Actual Area Surveyed: 4 ea. 400' X 400'

- f. Footages: 1st Staking: 660' FSL, 1800' FEL
2nd Staking: 1980' FSL, 1800' FEL
3rd Staking: 2232' FSL, 1980' FEL
- g. Quad. name and Code: USGS Carlsbad East Quadrangle, 7.5 Minute Series, 1985, 32104-D2

14. a. Literature Search: Location: BLM

Date: 2 March, 2001

Comments: NONE within 1/4 mile of project area

b. Description of Undertaking: Three stakings of 1 drill location. The first encountered a site, and two alternatives were chosen. See enclosed plats.

c. Environmental Setting (NRCS soil designation; vegetative community; etc.: See report text

d. Field Methods: Transect Intervals: 15 M

Crew Size: 1 (archeologist)

Time in Field: 3 hrs.

Collections: None

15. Cultural Resource Findings: One new archeological site, LA 132048, and 1 isolated manifestation were recorded as a result of the survey; see formal report text

a. Identification and Description: See text of formal report

16. Management Summary: See "RECOMMENDATIONS" portion of formal text of the report

I certify that the information provided above is correct and accurate and meets all appreciable BLM standards.

Responsible Archaeologist: signature



date: 8 March, 2001

INTRODUCTION

On February 22, 2001, Pecos Archeological Consultants was requested by Mr. F.C. Lathan, representing Mewbourne Oil Company, to perform the archeological survey for a drill location and two alternate drill locations situated on State of New Mexico lands (BLM minerals) Eddy County, New Mexico. This project is administered by the U.S. Bureau of Land Management, Carlsbad, N.M. Field Office, and requirements are that an intensive archeological inventory be performed to identify what cultural resources might be affected by construction activities prior to granting clearance for the development. Therefore, Pecos Archeological Consultants undertook this survey on 2 and 3 March, 2001. Fieldwork for this project was performed by Robert J. Martin. The following is a report of the field activities and findings resulting from the survey.

SURVEY METHODOLOGY

Pecos Archeological Consultants conducted this survey by physically examining the entire 400ft X 400ft impact zones which will result from the planned construction. Pedestrian inspection along parallel and zig-zag transects were accomplished across the three staked drill locations. These transects were spaced 15 meters apart; however, established transects were departed from to examine nearby areas of high site probability. All prominent deflations, subsidance structures, and denuded areas were given special attention. This project was conducted on one overcast and one sunny day. Surface visibility in the region, which, due to floral cover, ranged between 35-75% of the ground under dry soil conditions, made this the most practical methodology for effectively sampling the impact zones which will result from this project as planned.

The project area is situated three miles Northeast of Carlsbad, N.M., and North of Carlsbad's Loop-Bypass. The terrain is typically undulating to rolling and characterized with alluvial hills and drainages attendant to these. Lower areas at the base of these hills are subject to rapid runoff and flooding. The immediate project areas are situated on a hilltop and bottom. Soils are composed of those of the Reagan-Upton soil association, or loamy, deep soils that are derived from old alluvia. Screes, exposures, and inclusions of Ogallalan gravels can be seen on the lower, slopewashed area of the project area, but most of the material, because of size and texture, is not suitable for lithic tool manufacture.

Plants growing there include an overstory of hackberry, juniper, acacia, and Crown of thorns. Understory includes cacti and winter-dessicated grasses. The upper project area is characterized by dunes, which appear to be of recent origin (microrelief, 0.25-0.50). Elevation in the project area is approximately 3260-3290 ft above sea level.

LOCATIONAL DATA

1. Mewbourne Oil Company's proposed drill location, designated as the Esperanza "15" State Com No. 1, will measure 400 ft X 400 ft, or an area of 3.67 acres. The bore hole will be situated 660 ft from the South Line and 1800 ft from the East Line, or in the:
SW1/4 SE1/4, Section 15, T21S, R27E, NMPM, Eddy Co., N.M.

2. As an archeological site, LA 132048, was located on the previously-mentioned staking, two alternates were staked:

The second staking, also designated as the Esperanza "15" State Com No. 1, will measure 400 ft X 400 ft, or an area of 3.67 acres. The second staking will be situated 1980 ft from the South Line and 1800 ft from the East Line, or in the:
NW1/4 SE1/4, Section 15, T21S, R27E, NMPM, Eddy Co., N.M.
~~SW1/4 SE1/4, Section 2, T17S, R31E, NMPM, Eddy Co., N.M.~~

3. The third staking, also designated as the Esperanza "15" State Com No. 1, will measure 400 ft X 400 ft, or an area of 3.67 acres. The location will be situated 2232 ft from the South Line and 1980 ft from the East Line, or in the:
NW1/4 SE1/4, Section 15, T21S, R27E, NMPM, Eddy County, N.M.

Map Reference: USGS Carlsbad East Quadrangle, 7.5 Minute Series, 1985

ARCHEOLOGICAL RESOURCES

On 2 March, 2001, Pecos Archeological Consultants performed a literature search to determine if any archeological sites had already been recorded in the vicinity of the project area. Current ARMS files and the National Register of Historic Places were consulted in this endeavor. It was determined that no previously-recorded sites are located near the project area:

Observed Archeological Manifestations:

One new archeological site, LA 132048, was recorded on the first Esperanza staking. One isolated manifestation was recorded on the second staking:

LA Site No. LA 132048

Location: NE1/4 SW1/4 SE1/4, SE1/4 SW1/4 SE1/4, section 15, T21S, R27E, NMPM, Eddy Co., N.M.
UTM Coordinates: Zone 13, N 3,594,150 ; E 577,600
Dimensions: 100 X 150 m
Temporality: Querecho and/or Maljamar Phases of the Jornada Mogollon, A.D. 650 - A.D. 1400
Elevation: 3290 ft above sea level
BLM Category: 2
Map Reference: USGS Carlsbad E Quadrangle, 7.5 Minute Series, 1985.

Observations:

LA 132048 is located in the Alacran Hills, three mile Northeast of Carlsbad, N.M. The site area is set on an alluvial hill top, two miles East of Lone Tree Draw. The site is impacted to the East by a N/NW to S/SE pipeline and to the West (possibly) by established drill locations and an access road. Site aspect and orientation are problematic. Soils on the site are composed of deep, sandy loams in a dunal setting. These dunes may be of recent origin. Small Ogallalan pebbles and caliche are included in the soils, almost none of which is suitable for lithic tool manufacture; workable materials are available, however, on nearby slopes and in arroyos at the hill's pediment.

Flora on the site consists of Hackberry, juniper, acacia, crown of thorns, and desiccated grasses.

The cultural assemblage of LA 132048 consists of burned caliche, a surface lithic scatter, including a tool, features, and pottery. The lithic assemblage is represented by a very light scatter (20-30 pieces) of exclusively Ogallalan materials, except for one piece of Edwards' Plateau chert angular debris, which is known to be associated with Paleo cultural manifestations in the Trans-Pecos region; this material originates in Texas. As no other evidence of a Paleo occupation was seen on the site, there is a good possibility that the site's occupants brought the material in and re-utilized it. The remainder of the lithic assemblage consists of flakes of all reduction categories and two cores. A core chopper was also recorded on the site.

Features, were also recorded; these include a 0.5m X 0.5m located 25m SE of the center of the drill location (see site map), and an eroded hearth was also seen within 20m of the SE corner of the staked drill location. The burned rock is lightly scattered throughout the site and includes no more than 50 pieces.

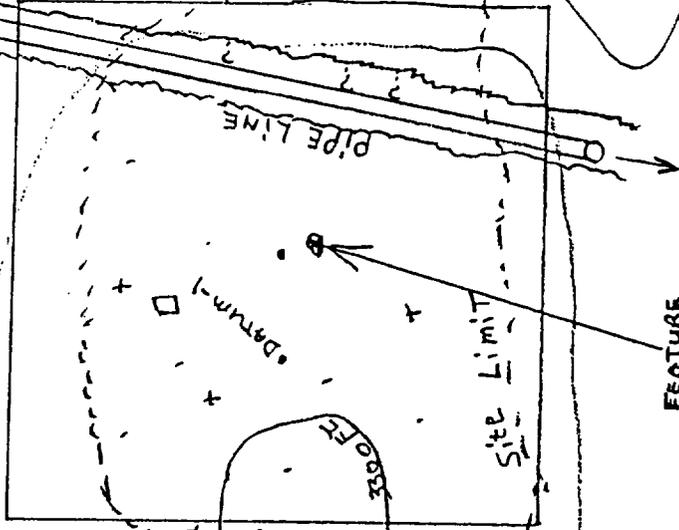
LA 132048 is a hunter-gatherer site on which locally available lithics were reduced for tool making and food was prepared for consumption. As the presence of subsurface archeological remains can not be ruled out without more extensive field work, neither can possible - but improbable - nomination to the National Register of Historic Places. According to the prehistoric site typology developed for the Roswell BLM District, this site would be termed a Type 2-A Temporary Camp Locale. Consulting archeologist recommended and client accepted that drill location should be moved.



1.7 CM
33 M

- + Lithics
- DC
- Skerd

LA 132048



IMPACTED

IMPACTED
HUNDREDS OF METERS

NOT TO SCALE
BURNED ROCK FEATURE -
RELATED TO SITE ?



RECOMMENDATIONS

Due to the significant nature of cultural resources in the project area, Pecos Archeological Consultants is recommending clearance for this project, ONLY if the archeological site, LA 132048, is avoided. This can be accomplished by moving the well pad. In fact, two alternative stakings have been located, as a result of consultation with the archeological contractor, to at least 950 ft North.

Approval for these recommendations is subject to Bureau of Land Management determinations.

**North Esperanza "15" Prospect
E/2 Section 15, T21S, R27E
Eddy County, New Mexico**

	OG-6027	<p>K-3977-7 Heyco, et al 75% MOC 25%</p> <p>75% NRI Below Yates Exp. 1-18-02</p>
	<p>MOC 50.0% Heyco, et al 37.5% Tenison 12.5%</p> <p>Below base of Yates through base of Morrow.</p>	
	<p>* OG-2426-1</p> <p>MOC 50.0% Heyco, et al 37.5% Tenison 12.5%</p> <p>Below base of Yates through base of Morrow.</p>	<p>OG-5809-1 MOC 50.0% Heyco, et al 37.5% Tenison 12.5%</p> <p>Below Yates</p>
		<p>V-5074 Marbob 100% WI 83.3% NRI All depths Exp. 5-1-02</p>



CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

07/10/01 07:49:40
OGOMES -TPO7
PAGE NO: 2

Sec : 15 Twp : 21S Rng : 27E Section Type : NORMAL

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<p>M 40.00 CS L02351 0001 PERRY R BASS TRUS C 01/21/79</p>	<p>N 40.00 CS L02351 0001 PERRY R BASS TRUS C 01/21/79</p>	<p>O 40.00 CS OG2426 0001 EXXON MOBIL CORPO 04/15/68 A A A</p>	<p>P 40.00 CS V05074 0000 MARBOB ENERGY COF 05/01/02</p>

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

CML
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

07/10/01 07:49:36
OGOMES -TPO7
PAGE NO: 1

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<p>E 40.00 CS OG5809 0003 BROUGHTON PETROLE C 08/18/69 A</p>	<p>F 40.00 CS OG5809 0003 BROUGHTON PETROLE C 08/18/69</p>	<p>G 40.00 CS OG6027 0000 EXXON MOBIL CORPO 10/20/69 A</p>	<p>H 40.00 CS OG6027 0000 EXXON MOBIL CORPC 10/20/69</p>

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

GENERALIZED SECTIONS SOUTHEASTERN NEW MEXICO

PLATFORM - SHELF				DELAWARE BASIN			
SYSTEM	SERIES	GROUP	FORMATION	FORMATION	GROUP	SERIES	SYSTEM
QUATERNARY	(Wedge on Shelf)		*Balsam, Caliche & Alluvium*				QUATERNARY
TERTIARY			OGALLALA	OGALLALA			TERTIARY
CRETACEOUS	(Wedge on Shelf)						
TRIASSIC			DOCKUM	DOCKUM	CHINLE Santo Rosa Dewey Lake Rustler	CHINLE Santo Rosa Dewey Lake Rustler	DOCKUM
PERMIAN	OCHOAN	SALADO	"Salt"	"Salt & Anhydrite"	SALADO	OCHOAN	PERMIAN
	GUADALUPIAN	ARTESIA GROUP CHALK BLUFF WHITEHORSE	TANSILL	Lamar Ls.	DELAWARE MOUNTAIN	GUADALUPIAN	
			YATES	BELL CANYON			
			SEVEN RIVERS	CHERRY CANYON			
			QUEEN	BUSHY CANYON			
			GRAYBURG				
	N.D.		SAN ANDRES	Cutoff Shale			
	LEONARDIAN	YESO	UPPER	GLORIETA	BONE SPRINGS	LEONARDIAN	
			MIDDLE	PADDOCK			
			LOWER	BLINEBRY			
ABO			TUBB				
		ABO	DRINKARD				
WOLF-CAMP	"HUECO"	WOLFCAMP	WOLFCAMP	"HUECO"	WOLF-CAMP		
PENNSYLVANIAN	VIRGIL	CISCO	CISCO	CISCO	VIRGIL		
	MISSOURI	CANYON	UNDEFINED	CANYON	MISSOURI		
	DES MOINES	STRAWN	UNDEFINED	STRAWN	DES MOINES		
	ATOKA	ATOKA	UNDEFINED	ATOKA	ATOKA		
	MORROW	MORROW	UNDEFINED	MORROW	MORROW		
MISSISSIPPIAN	CHESTER		Barnett Sh.	Barnett Sh.	CHESTER		
	MERAMEC	N.D.	MISS. LS.	MISS. LS.	MERAMEC		
	OSAGE		Woodford Sh.	Woodford Sh.	OSAGE		
DEVONIAN	N.D.	N.D.	DEVONIAN	DEVONIAN	N.D.	DEVONIAN	
SILURIAN	NIAGARAN		FUSSELMAN	FUSSELMAN	NIAGARAN	SILURIAN	
ORDOVISIAN	UPPER	N.D.	MONTOYA	MONTOYA	N.D.	UPPER	
	MIDDLE	SIMPSON	MCKEE	MCKEE	SIMPSON	MIDDLE	
			WADDELL	WADDELL			
			CONNELL	CONNELL			
LOWER		ELLENBURGER	ELLENBURGER		LOWER		
GRANITE WASH				GRANITE WASH			
PRE-CAMBRIAN							

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA
HYDE PARK ESTATES
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

OIL CONSERVATION DIV.

01 OCT -5 PM 2:53

October 5, 2001

Hand Delivered

Lori Wrottenbery
Oil Conservation Commission
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Case No. 12698 de novo; application of Mewbourne Oil
Company ("Mewbourne") for compulsory pooling, Eddy
County, New Mexico

To be heard de novo at the request of Harvey E. Yates
Company and Jalapeno Corporation

Dear Ms. Wrottenbery:

Enclosed are (1) five copies of Mewbourne's pre-hearing statement,
and (2) five sets of Mewbourne's exhibits.

Very truly yours,



James Bruce

Attorney for Mewbourne Oil Company

cc: Michael H. Feldewert
Stephen C. Ross

OIL CONSERVATION DIV.

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION COMMISSION

OCT -5 PM 2:53

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION COMMISSION
FOR THE PURPOSE OF CONSIDERING:

APPLICATION OF MEWBOURNE OIL COMPANY
FOR COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO.

Case No. 12,698 (de novo)

PRE-HEARING STATEMENT

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

APPEARANCES

APPLICANT

Mewbourne Oil Company
Suite 1020
500 West Texas
Midland, Texas 79701
Attention: D. Paul haden
(505) 682-3715

APPLICANT'S ATTORNEY

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

OPPONENT

Harvey E. Yates Company and
Jalapeno Corporation

OPPONENT'S ATTORNEY

Michael H. Feldewert

STATEMENT OF THE CASE

APPLICANT

Mewbourne Oil Company seeks an order pooling all mineral interests from the base of the Yates formation to the base of the Morrow formation underlying the following described acreage in Section 15, Township 21 South, Range 27 East, NMPM:

- (a) the E½ of Section 15 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing;
- (b) the SE¼ of Section 15 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing; and
- (c) the NW¼SE¼ of Section 15 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing.

The units are to be dedicated to Mewbourne's Esperanza "15" St. Com. Well No. 1, to be drilled at an unorthodox gas well location 2232 feet from the south line and 1980 feet from the east line of Section 15.

Upon information and belief, Harvey E. Yates Company and Jalapeno Corporation (collectively, "HEYCO") do not contest the well location and Mewbourne as operator.

There appear to three issues raised by HEYCO:

(1) Depths being pooled: Mewbourne has requested that all depths from the base of the Yates formation to the base of the Morrow formation. HEYCO apparently contends that only the primary zone, or depths below the base of the Wolfcamp formation, should be pooled. Mewbourne's request is based on well economics. In addition, Division and Commission policy has been to pool all zones rather than selected zones. Mewbourne submits that granting HEYCO's request will result in unnecessary delay and expense when force pooled wells are completed in an uphole zone at a later date.

(2) Good faith negotiations: Mewbourne has conducted ongoing negotiations with the interest owners, even after entry of the Division's order, and has negotiated in good faith.

(3) Risk Penalty: At the Examiner hearing, HEYCO questioned the 200% risk penalty. Mewbourne will present evidence that the maximum risk penalty should apply in this case.

In addition, the election period under the Division's order has expired, and no additional election period should be granted to the non-consenting interest owners.

OPPONENT

PROPOSED EVIDENCE

APPLICANT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
D. Paul Haden (landman)	20 min.	seven
Mike Burke (geologist)	20 min.	eight
Bryan Montgomery (engineer)	20 min.	one

OPPONENT

WITNESSES

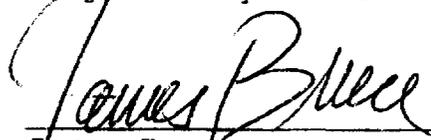
EST. TIME

EXHIBITS

PROCEDURAL MATTERS

-None-

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Mewbourne Oil Company

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Pre-Hearing Statement was served upon the following counsel this 5th day of October, 2001 in the manner noted below:

By U.S. Mail

Michael H. Feldewert
Holland & Hart LLP and Campbell & Carr
Post Office Box 2208
Santa Fe, New Mexico 87504

By Hand Delivery

Stephen C. Ross
Oil Conservation Commission
120 South St. Francis Drive
Santa Fe, New Mexico 87505



James Bruce