

ABOVE THIS LINE FOR DIVISION USE ONLY

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

JUL 29 1999

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.

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

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

James Bruce

Signature

Attorney for Applicant

Title

7/29/99

Date

Print or Type Name

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA
SANTA FE, NEW MEXICO 87501

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

July 29, 1999

Hand Delivered

Michael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
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:

Federal "R" Well No. 2
1980 feet FSL & 660 feet FEL
S½ §17, Township 17 South, Range 27 East, NMPM
Eddy County, New Mexico

A Form C-102 for the well is attached as Exhibit A. The well will be drilled to a depth of approximately 9,250 feet, to test the Morrow formation (Undesignated Logan Draw-Morrow Gas Pool). Well spacing is 320 acres, with wells to be no closer than 1650 feet to the end line nor closer than 660 feet to the side line of the well unit.

The location is based on geologic reasons. Attached as Exhibit B is a net isopach map of the Lower Morrow "Brown" sand, the primary zone of interest. The Morrow formation in this area trends north-south, and moving to the proposed location will result in encountering approximately 40 feet of net pay. In addition, the Gulf Fed. Well No. 1, in the NW¼SE¼ of Section 17, was not productive in the Morrow, and Mewbourne desires to move away from this well. Thus, the proposed location increases the chances for commercial Morrow production, and substantially reduces the risk involved in drilling the well. Also attached, as Exhibit C, is a

production plat of the area.¹

Exhibit C also identifies the offset operators, who are as follows:

<u>Well Unit</u>	<u>Operator</u>
W½ §16	OXY USA Inc.
N½ §20	Murchison Oil & Gas Inc.
W½ §21	OXY USA Inc.

Notice has been mailed to the offsets, as shown by Exhibit D.

This application is submitted in duplicate. Please call me if you need anything further in this matter. Thank you.

Very truly yours,



James Bruce

Attorney for Mewbourne
Oil Company

¹The Federal "R" Well No. 1, located 660 feet FSL and 1190 feet FWL of Section 17 (with a S½ unit) was drilled in 1991 to test the Morrow formation, in which it was dry. The well was plugged back to the Atoka formation, from which it produces.

DISTRICT I
P.O. Box 1680, Hobbs, NM 88241-1680

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer 80, Artesia, NM 88211-0719

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

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

AMENDED REPORT

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name <i>Logan Draw Morrow</i>
Property Code	Property Name FEDERAL "R"	Well Number 2
OGRID No. <i>14744</i>	Operator Name MEWBOURNE OIL COMPANY	Elevation 3389

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	17	17 S	27 E		1980	SOUTH	660	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	Joint or Infill	Consolidation Code	Order No.
320			

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

	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Jerry Elgin</i> Signature</p> <p>Jerry Elgin Printed Name</p> <p>District Manager Title</p> <p>26 July 1999 Date</p>
	<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>JULY 9, 1999 Date Surveyed</p> <p>JLP</p> <p>Signature: <i>Ronald S. Edson</i> Professional Surveyor</p> <p>NEW MEXICO Professional Surveyors 7-12-99</p> <p>P.O. Num. 99-120579</p> <p>Certificate No. RONALD S. EDSON, 3239 GARY C. EDSON, 12841 MCDONALD, 12185</p>



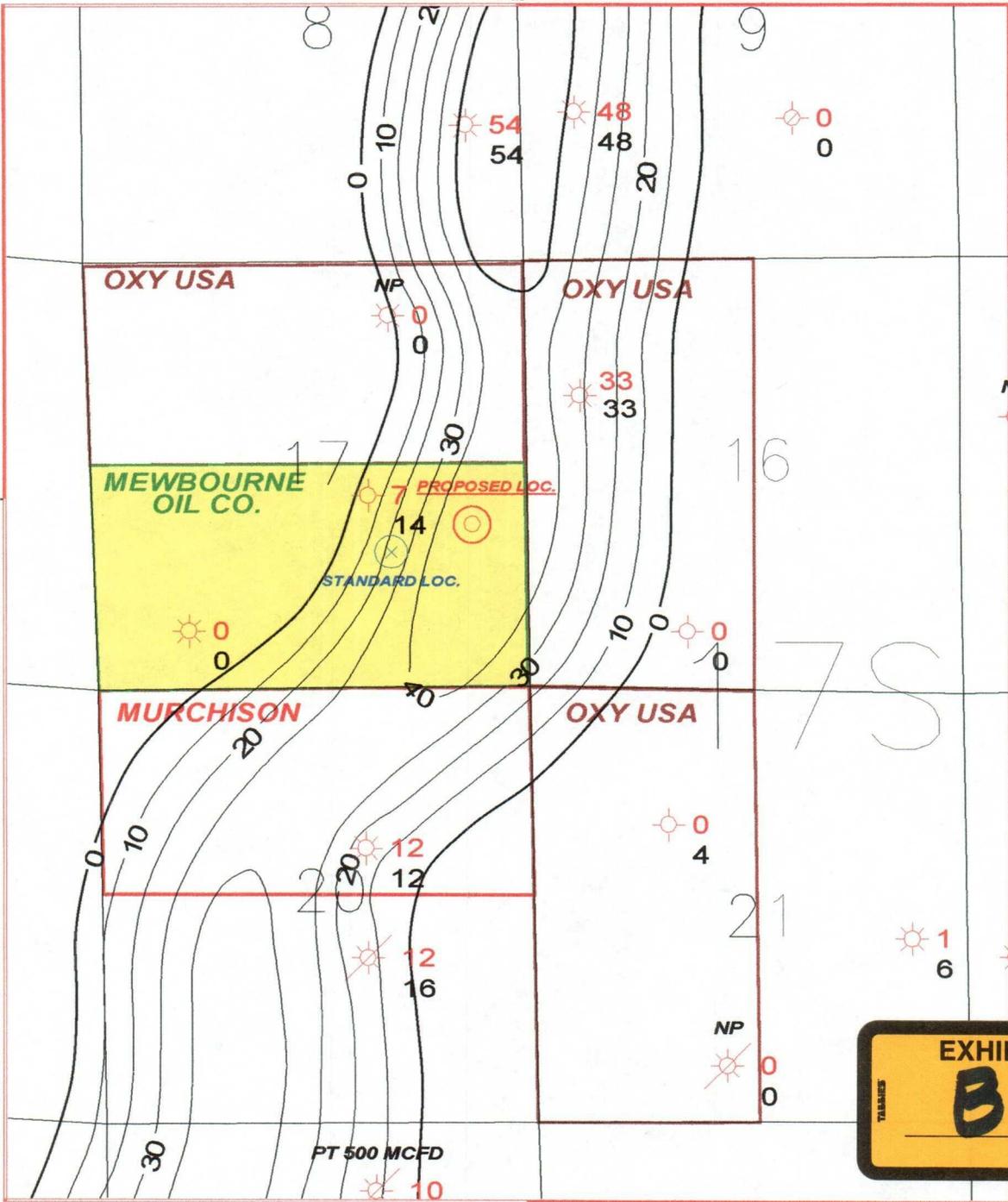


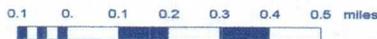
EXHIBIT
B



LEGEND

-  Prod Gas Well
-  P&A'd Gas Well
-  Dry Hole
-  TA'd Gas Well

Scale 1:24000.



-  Mewbourne Acreage
-  Murchison Acreage
-  Oxy Acreage

Mewbourne Oil Company		
LOGAN DRAW SECTION 17-17S-27E EDDY COUNTY, NEW MEXICO NET ISOPACH MAP L. MORROW BROWN SAND		
Frank Massa	C1 - 10'	07/26/1999
ISOMAP GFF	Scale 1:24000	Well > 9000'

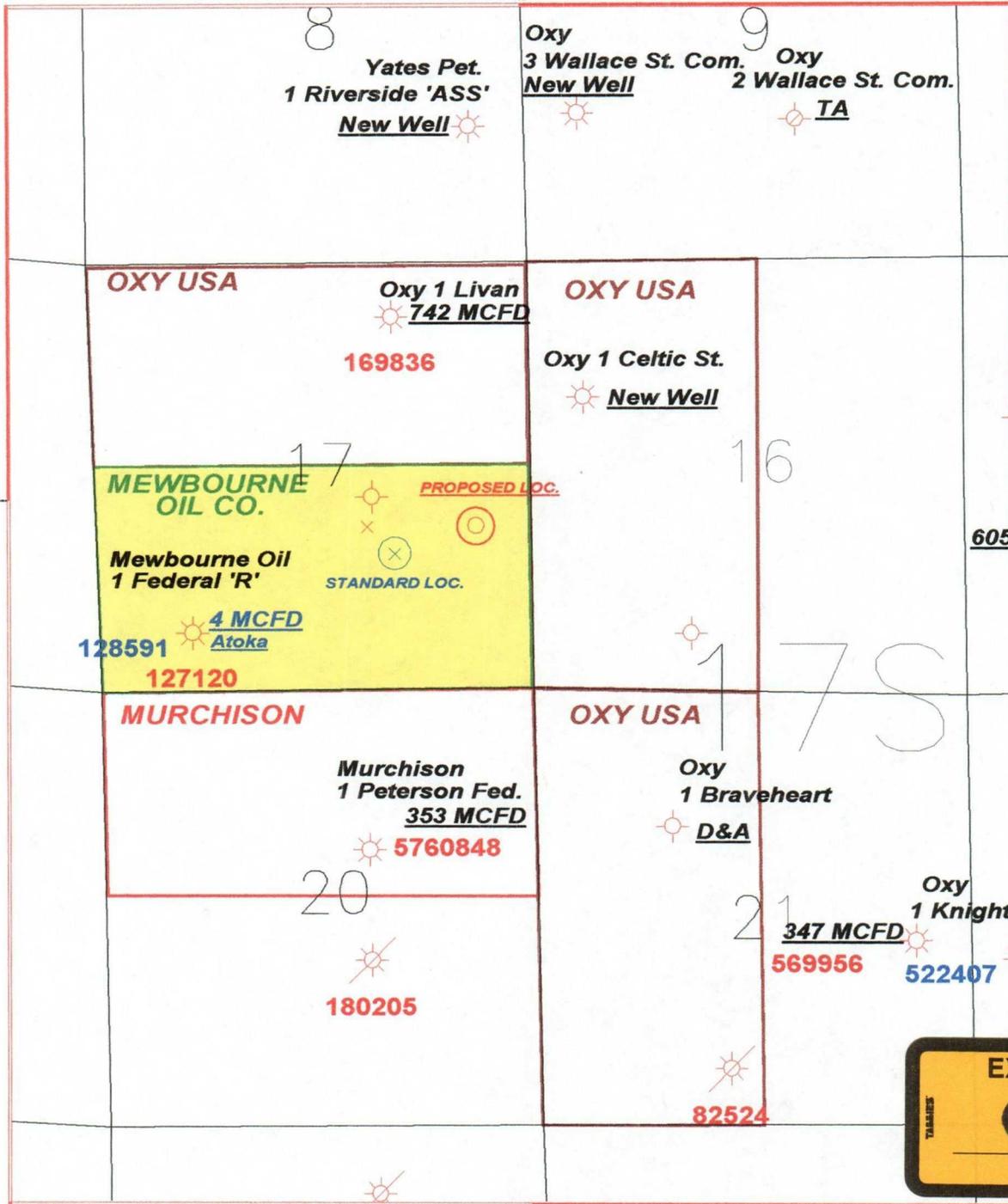


EXHIBIT
C



LEGEND

Operator - Well Name

CURRENT RATE
ATOKA CUM (MCF)

MORROW CUM (MCF)

Closest Standard Loc.
1980' FSL & 1980' FEL Scale 1:24000.



Mewbourne Acreage

Murchison Acreage

Oxy Acreage

Mewbourne Oil Company		
LOGAN DRAW SECTION 17-17S-27E EDDY COUNTY, NEW MEXICO ACTIVITY MAP		
Frank Massa		07/26/1996
PRODMAP GPF	Scale 1:24000	Well - 9000'

JAMES BRUCE
ATTORNEY AT LAW

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SANTA FE, NEW MEXICO 87504

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SANTA FE, NEW MEXICO 87501

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

July 29, 1999

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

OXY USA Inc.
P.O. Box 50250
Midland, Texas 79710-0250

Attention: Kent Woolley

Murchison Oil & Gas Inc.
Suite 5300
1445 Ross Avenue
Dallas, Texas 75202-2807

Attention: Charlene M. Crump

Ladies and Gentlemen:

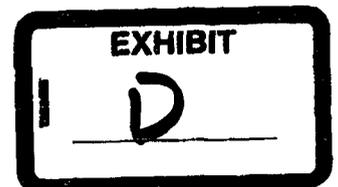
Enclosed is a copy of an application for administrative approval of an unorthodox gas well location, filed with the New Mexico Oil Conservation Division by Mewbourne Oil Company, regarding a well in the S $\frac{1}{4}$ of Section 17, Township 17 South, Range 27 East, NMPM, Eddy County, New Mexico. If you object to the location, you must notify the Division in writing no later than Wednesday, August 18, 1999 (2040 South Pacheco Street, Santa Fe, New Mexico 87505; attention: Michael E. Stogner). Failure to object will preclude you from contesting this matter at a later date.

Very truly yours,



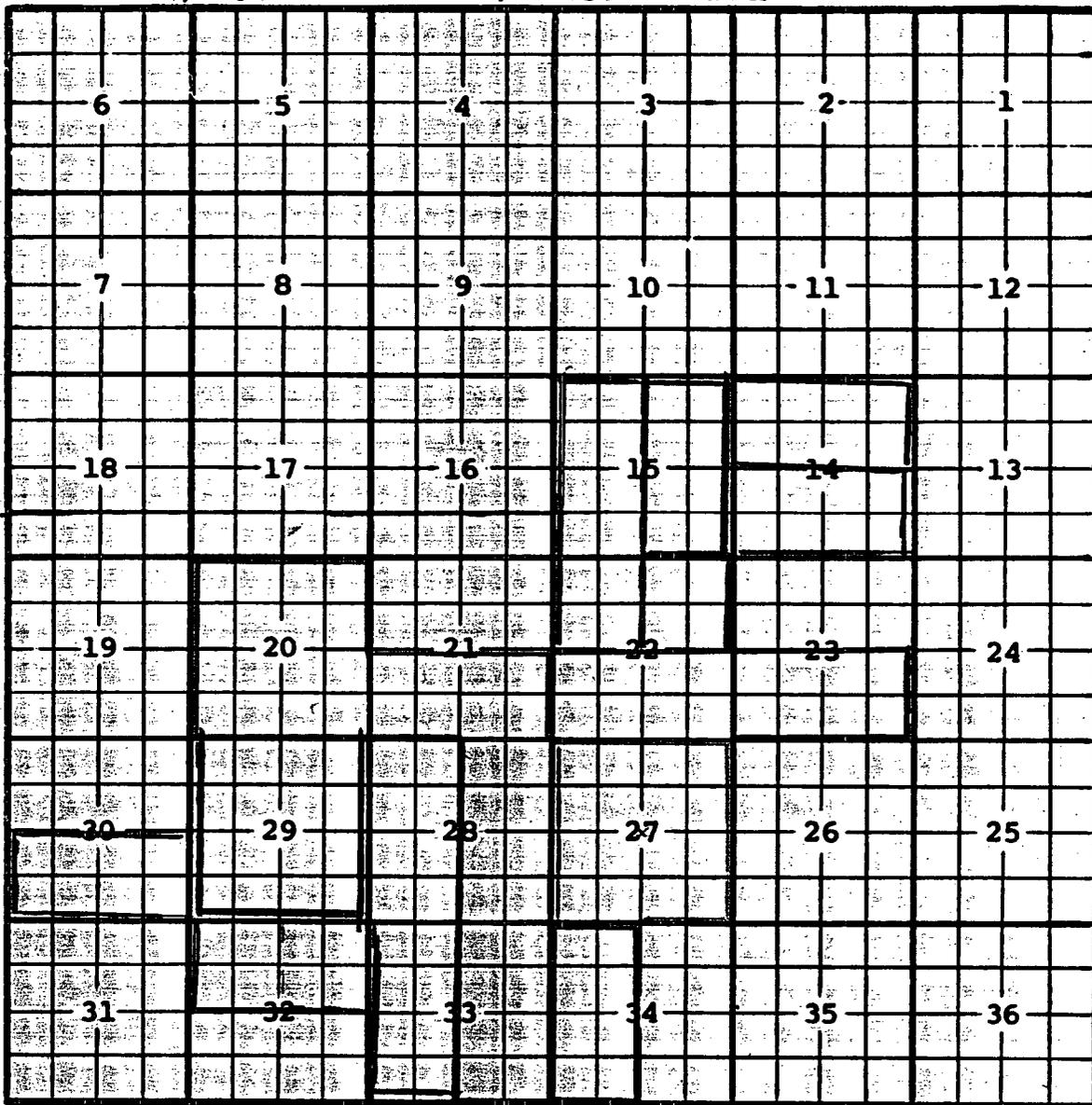
James Bruce

Attorney for Mewbourne Oil Company



COUNTY Eddy POOL Logan Draw - Morrow Gas

TOWNSHIP 17 South RANGE 27 East NMPM



Description: $\frac{1}{2}$ Sec. 34 (R-3758, 6-1-69)
Ext: All Sec 27 (R-4734, 3-1-74) Ext: All Sec. 20, $\frac{1}{2}$ Sec. 21,
 $\frac{1}{2}$ Sec. 28, $\frac{1}{2}$ Sec. 33 (R-6328, 5-1-80) Ext: All Sec. 29 (R-10619, 7-2-96)
Ext: $\frac{1}{2}$ Sec. 28, $\frac{1}{2}$ Sec. 33 (R-10787, 4-9-97)
Ext: $\frac{1}{2}$ Sec. 32 (R-10823, 6-16-97) Ext: $\frac{3}{2}$ Sec. 22, $\frac{1}{2}$ Sec. 23 (R-10844, 7-16-97)
Ext: $\frac{1}{2}$ Sec. 15, $\frac{1}{4}$ Sec. 22 (R-11013, 7-30-98) Ext: $\frac{1}{2}$ Sec. 15 (R-11120, 1-21-99)
Ext: $\frac{1}{2}$ Sec. 14, $\frac{1}{4}$ Sec. 22 (R-11160, 4-7-99) Ext: $\frac{1}{2}$ Sec. 14 (R-11172, 5-5-99)
Ext: $\frac{1}{2}$ Sec. 30 (R-11203, 6-14-99)