

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:

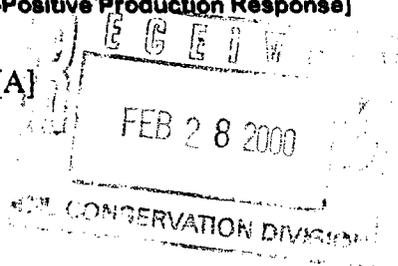
- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [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

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 2/25/00 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)

February 25, 2000

Michael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rules 104.D(2) and 104.C(2), Mewbourne Oil Company ("Mewbourne") applies for administrative approval of a non-standard gas spacing and proration unit, and simultaneous dedication, for the following infill gas well:

Empire "7" Fed. Well No. 1
660 feet FSL & 1650 feet FWL
Lots 3, 4, E $\frac{1}{2}$ SW $\frac{1}{4}$, and SE $\frac{1}{4}$ (S $\frac{1}{2}$ equivalent) of Section 7,
Township 17 South, Range 29 East, NMPM (292.96 acres)
Eddy County, New Mexico

The well will be drilled to test the Morrow formation, at an approximate depth of 10,800 feet. The well is within the South Empire-Morrow Gas Pool, which is spaced on 320 acres.

Attached as Exhibit A is a land plat of Section 7. The non-standard unit is necessitated by a variation in the government survey. The S $\frac{1}{2}$ of Section 7 is comprised of a single federal lease.

The unit is currently dedicated to Aspen Oil, Inc.'s Green B Fed. Well No. 11, located in the SE $\frac{1}{4}$ of Section 7, which produces from the Morrow formation. Mewbourne's proposed well will be an infill well under Rule 104.C(2). Pursuant to the rule, Mewbourne will be designated operator of both wells. Mewbourne is obtaining a Form C-104, changing the operator of the Green B Fed. Well No. 11 from Aspen Oil, Inc. to Mewbourne.

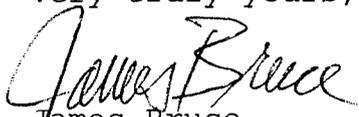
Attached as Exhibit B is a land plat of the area. The Morrow working interest owners or operators of the offsetting acreage are as follows:

1. N $\frac{1}{2}$ NE $\frac{1}{4}$ and SW $\frac{1}{4}$ NE $\frac{1}{4}$ §12-17S-28E: Conoco Inc. (State Lease B-7596).
2. SE $\frac{1}{4}$ NE $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$, and SE $\frac{1}{4}$ SE $\frac{1}{4}$ §12-17S-28E: Mack Energy Corporation (State Lease V-3138-2).
3. N $\frac{1}{2}$ SW $\frac{1}{4}$ and SW $\frac{1}{4}$ SE $\frac{1}{4}$ §12-17S-28E: Mack Energy Corporation (State Lease V-5009).
4. S $\frac{1}{2}$ SW $\frac{1}{4}$ §12-17S-28E: Murchison Oil & Gas Inc. (State Lease V-5526-1).
5. N $\frac{1}{2}$ NE $\frac{1}{4}$ and NE $\frac{1}{4}$ NW $\frac{1}{4}$ §7, and N $\frac{1}{2}$ NW $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, and E $\frac{1}{2}$ SE $\frac{1}{4}$ §8, 17S-29E: ExxonMobil Corporation (State Lease E-741).
6. Lots 1, 2, SE $\frac{1}{4}$ NW $\frac{1}{4}$, and SW $\frac{1}{4}$ NE $\frac{1}{4}$ §7-17S-29E: Phillips Petroleum Company (Federal Lease NM 14847).
7. SE $\frac{1}{4}$ NE $\frac{1}{4}$ §7-17S-29E: Phillips Petroleum Company (Federal Lease LC 028480(b)).
8. N $\frac{1}{2}$ NE $\frac{1}{4}$ §8-17S-29E: Conoco Inc. (State Lease E-7639).
9. S $\frac{1}{2}$ NE $\frac{1}{4}$ §8-17S-29E: Conoco Inc. (State Lease E-4200).
10. SW $\frac{1}{4}$ NW $\frac{1}{4}$ §8-17S-29E: Graham Royalty, Ltd. (Federal Lease LC 068960).
11. N $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$, and W $\frac{1}{2}$ SE $\frac{1}{4}$ §8-17S-29E: Atlantic Richfield Company (State Lease E-6353).
12. SW $\frac{1}{4}$ SW $\frac{1}{4}$ §8-17S-29E: Harvey E. Yates Company (State Lease B-4918-103).
13. N $\frac{1}{2}$ 17-17S-29E: Mack Energy Corporation (operator).
14. N $\frac{1}{2}$ §18-17S-29E: Phillips Petroleum Company (operator).
15. E $\frac{1}{2}$ §13-17S-28E: Harvey E. Yates Company (operator).

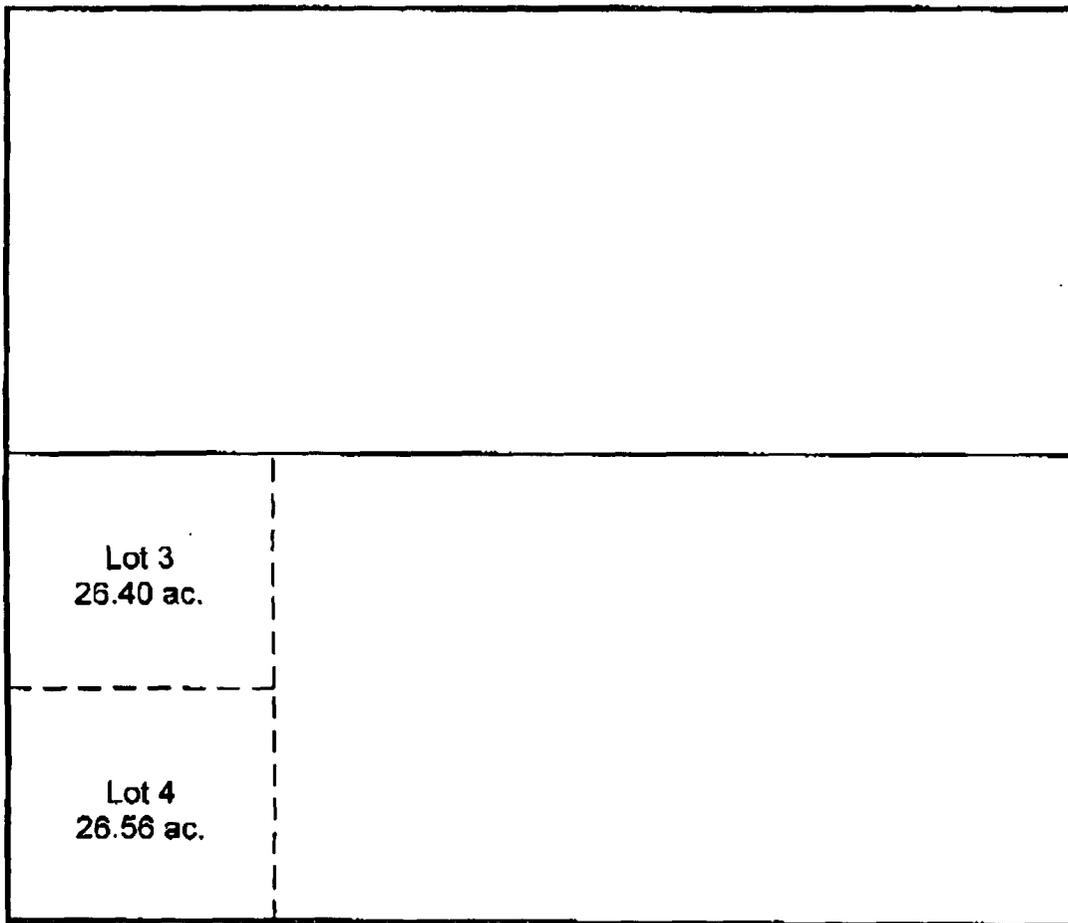
The offset interest owners or operators were notified of this application by certified mail, as evidenced by Exhibit C.

Please call me if you need anything further regarding this matter.

Very truly yours,

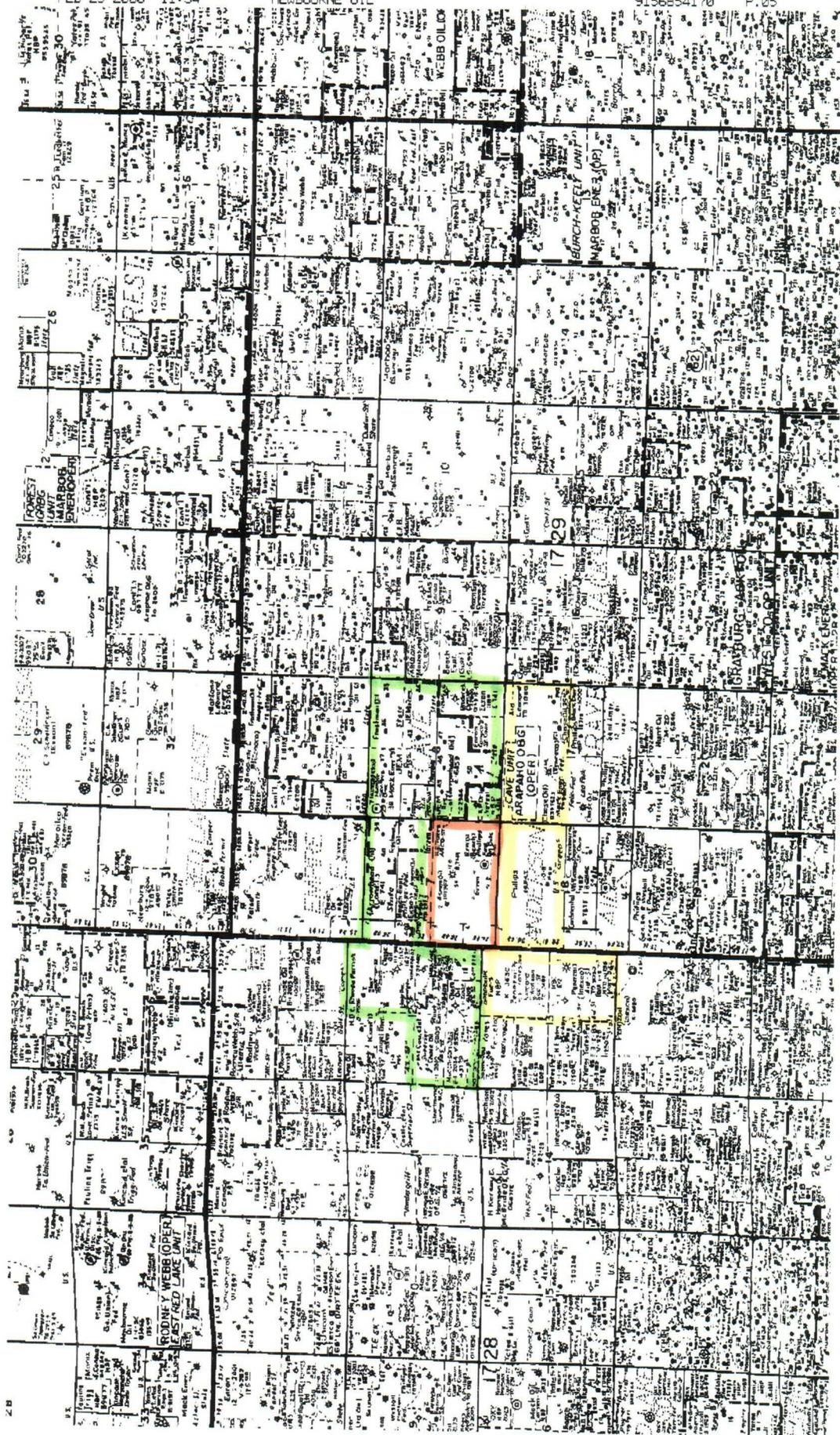

James Bruce
Attorney for Mewbourne Oil Company

EMPIRE "7" FEDERAL NO. 1 WELL
S/2 of Section 7, T17S, R29E
Eddy County, New Mexico
Acreage dedicated: 292.96 acres



Pool: South Empire Morrow (Gas)
Proposed depth: 10,800'
Lease Serial No.: NM-14847
MOC rights: 100% below base of San Andres formation





JAMES BRUCE

ATTORNEY AT LAW

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SANTA FE, NEW MEXICO 87504

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SANTA FE, NEW MEXICO 87501

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(505) 982-2151 (FAX)

February 25, 2000

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

To: Persons on Exhibit A

Gentlemen:

Enclosed is a copy of an administrative application for a non-standard gas spacing and proration unit, filed with the New Mexico Oil Conservation Division by Mewbourne Oil Company, regarding a well in the S $\frac{1}{2}$ of Section 7, Township 17 South, Range 29 East, N.M.P.M., Eddy County, New Mexico. If you object to the non-standard unit, you must notify the Division in writing no later than Thursday, March 16, 2000 (2040 South Pacheco Street, Santa Fe, New Mexico 87505). Failure to object to this application will preclude you from contesting it at a later date.

Very truly yours,



James Bruce

Attorney for Mewbourne Oil Company

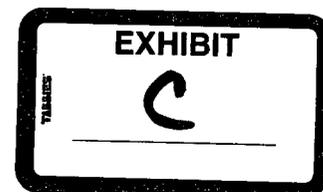


EXHIBIT A

Phillips Petroleum Company
4001 Penbrook Street
Odessa, Texas 79762

Attention: Randy Lewicki

Mack Energy Corporation
P.O. Box 1359
Artesia, New Mexico 88211

Attention: Ron Lanning

Harvey E. Yates Company
P.O. Box 1933
Roswell, New Mexico 88202

Attention: Melissa Randle

ExxonMobil Corporation
396 West Greens Road
Houston, Texas 77067

Attention: Paul L. Keffer

Conoco Inc.
Suite 100 West
10 Desta Drive
Midland, Texas 79705

Attention: Carl Sherrill

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

Attention: M. Daugherty

Graham Royalty, Ltd.
P.O. Box 3134
Covington, Louisiana 70434

Atlantic Richfield Company
P.O. Box 1610
Midland, Texas 79702