

6/8/99 | 6/28/99 | MS | NV | NSL

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

JUN - 8 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.

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

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

Print or Type Name

James Bruce
Signature

Attorney for Applicant
Title

6/8/99
Date

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)

June 8, 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:

Esperanza "28" Fee Com. Well No. 1
1750 feet FSL & 660 feet FEL
W½ §28, Township 21 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 11,900 feet, to test the Morrow formation (Burton Flat-Morrow Gas Pool). Under Order No. R-4706, well spacing is 320 acres, with wells to be no closer than 1980 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 geologic discussion prepared by Mewbourne, with net isopach, gross isopach, and structure maps of the Middle Morrow Blue sand attached. The Morrow formation in this area is a northwest-southeast trending sand bar, and moving toward an orthodox location will result in encountering thinner net and gross pay. The proposed location increases the chances for commercial Morrow production, and reduces the risk involved in drilling the well.

Attached as Exhibit C is a land plat of the area, identifying Morrow wells and containing production information from those wells. The operators of the offsetting well units are as follows:

Well Unit

Operator

E½ §29

OXY USA Inc.

E½ §32

OXY USA Inc.

N½ §33

OXY USA Inc.

OXY USA Inc. has waived objection to the location, as shown by Exhibit D. Thus, notice has not been mailed to any offset.

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

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

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

State of New Mexico
Energy, Minerals and Natural Resources Dept.

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

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



AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-30718	Pool Code 73280	Pool Name Burton Flat Morrow
Property Code	Property Name ESPERANZA "28" FEE COM.	Well Number 1
OCRD No. 14744	Operator Name MEWBOURNE OIL COMPANY	Elevation 3169

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	28	21S	27E		1750	SOUTH	660	WEST	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.					

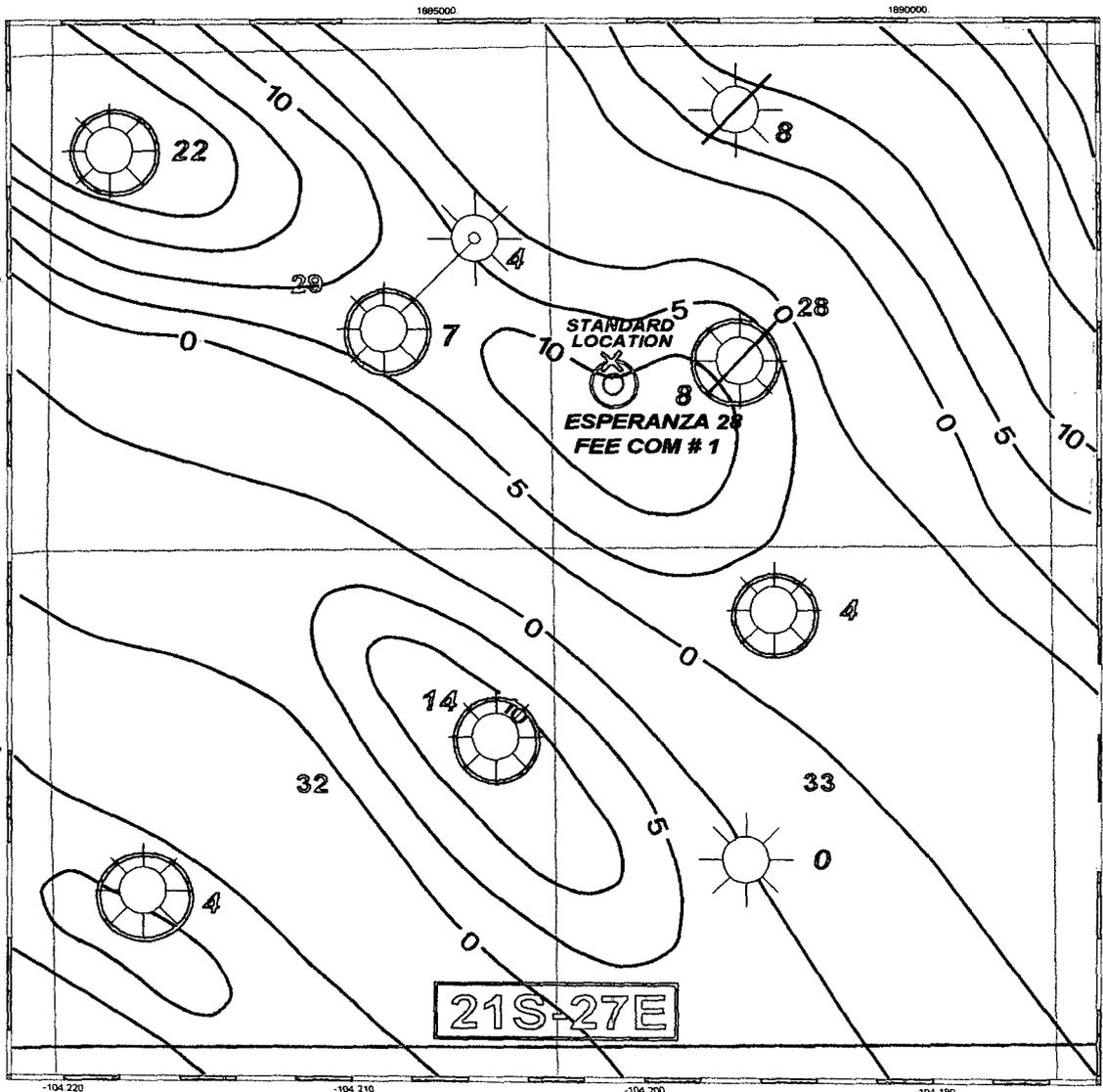
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p><i>Citic Service Oil Company</i> Elizondo Fed. A #1 30-015-20928 660' FUEL-1990 FUEL Spur: 10-6-73</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the information contained herein to be true and complete to the best of my knowledge and belief.</p> <p><i>Steve Matthews</i> Signature</p> <p>Steve Matthews Printed Name</p> <p>Dr/g. Supt. Title</p> <p>5-16-99 Date</p>
	<p><i>Produced in May 1995</i> 5/2 dedication</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>03/16/1999 Date Surveyed</p> <p><i>HERBERT JONES</i> Signature Professional Surveyor</p> <p>3640 New Mexico State Board of Professional Surveyors</p> <p>Certification No. H-000001 License RLS 3640 ESPERANZA OIL FIELD 11 GENERAL SURVEYING COMPANY</p>
	<p>EXHIBIT A</p>	<p><i>Snow Oil & Gas Company "A" #1</i> 30-015-2063 1980 FUEL (K) Spur: 12-20-72 Burton Flat Morrow Gas Pool Comp. (Cumulative Pool. 2353AL 3898011 AMLP)</p>

Proposed Esperanza #1 (30-015-30298) to be drilled 660' FUEL to the Morrow interval @ an NSL ~~within~~ within the E/2 of 28, allowed by NSL-3972

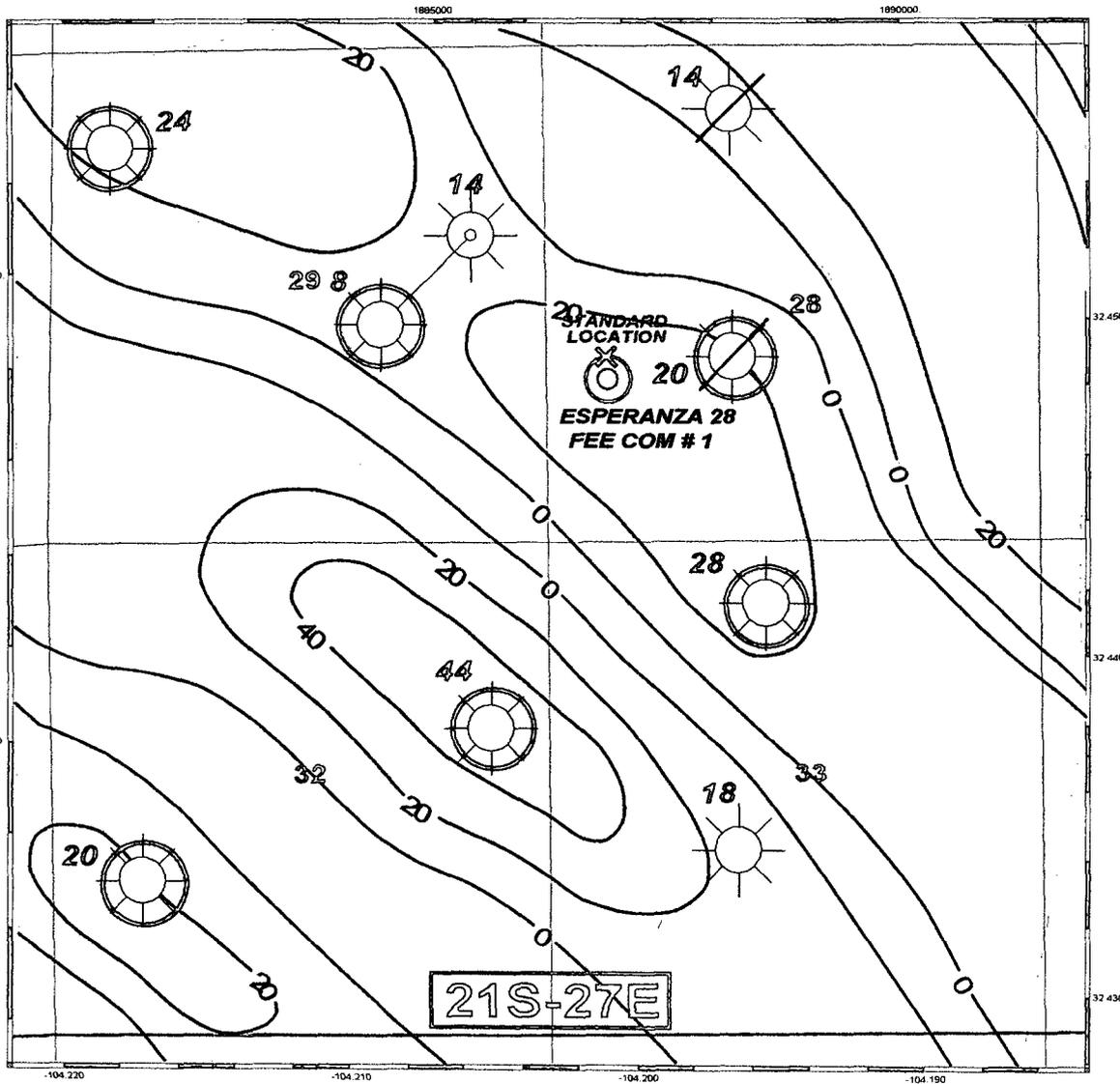
The Esperanza Prospect is primarily a test for the Middle Morrow Blue Sand. This interval produces in many of the good wells in the area surrounding the proposed location. The primary reason for the unorthodox location is that the net pay thickness increases to the south of the standard location and is moving toward the center of the Middle Morrow Blue Sand channel which extends from the northwest to the southeast. The prospect well should encounter over 10 feet of net pay in the Blue Sand as opposed to approximately 8 feet at the standard location. Also, pay quality appears to be improving significantly moving south along trend with the good wells in Section 29 and in the north half of Section 33. All of these wells have made over 2 BCF and each has significant reserves remaining whereas the wells in Section 28 are no longer producing from the Morrow. This location is necessary to protect the correlative rights in Section 28.





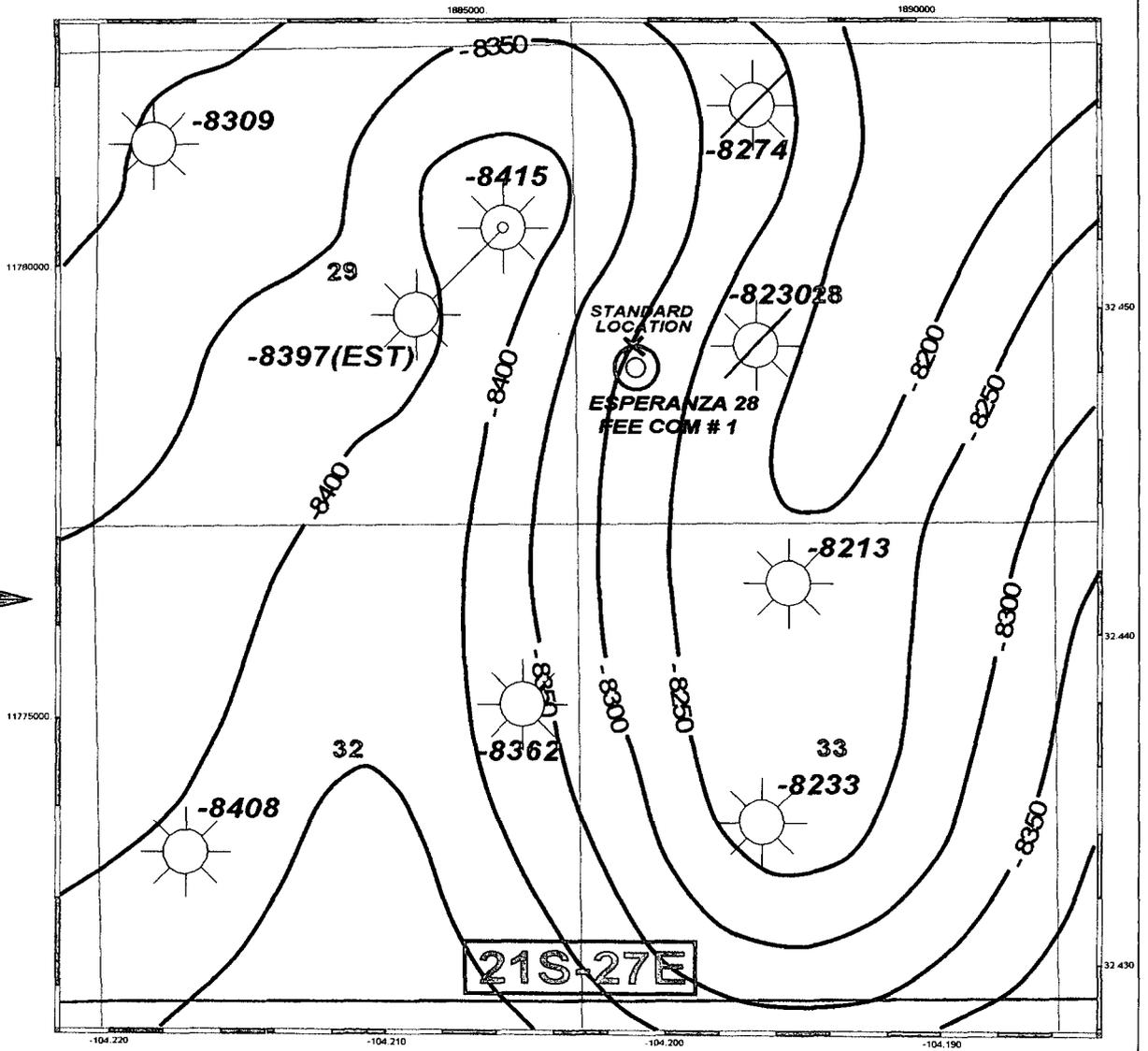
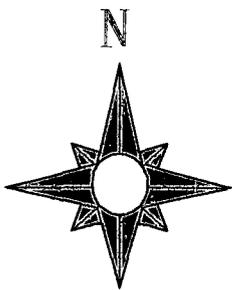
○ MIDDLE MORROW BLUE SAND PRODUCERS

Mewbourne Oil Company		
ESPERANZA PROSPECT EDDY CO., N. M. NET ISOPACH - MID MRRW BLUE		
Keith Logan	C. I. = 5'	6/1/99
Scale 1:24000.		

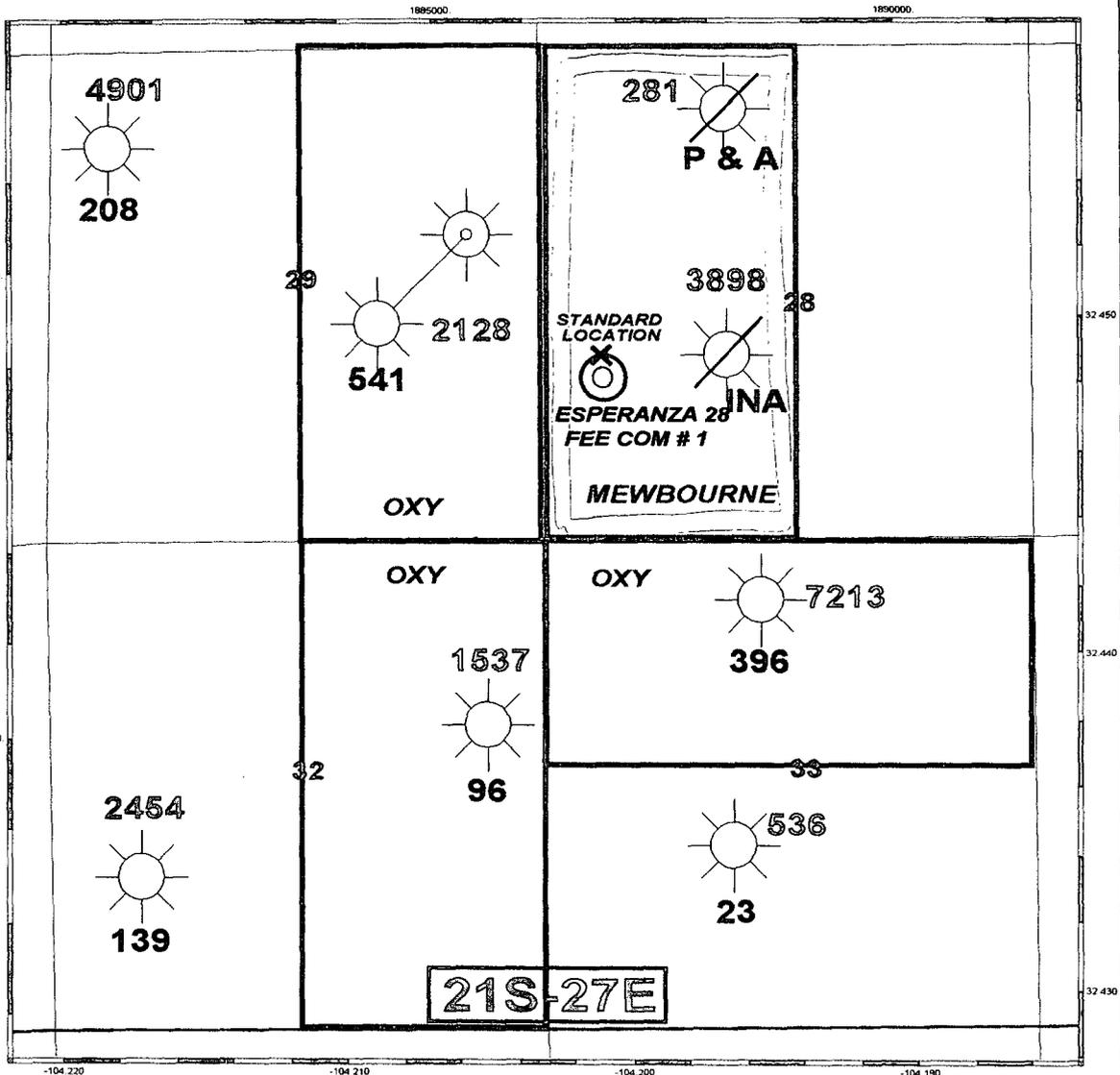


○ MIDDLE MORROW BLUE SAND PRODUCERS

Mewbourne Oil Company		
ESPERANZA PROSPECT EDDY CO., N. M. GROSS ISOPACH - MID MRRW BLUE		
Keith Logan	C. I. = 20'	6/1/99
Scale 1:24000.		



Mewbourne Oil Company		
ESPERANZA PROSPECT EDDY CO., N. M. STRUCTURE MAP - T/LOWER MORROW		
Keith Logan	C. I. = 50'	6/1/99
Scale 1:24000.		



OPERATOR

- OFFSET PRORATION UNITS**
- PROSPECT PRORATION UNIT**
- CLOSEST STANDARD LOCATION (1980' FSL & 660' FWL)**
- PROPOSED LOCATION (1750' FSL & 660' FWL)**

**MORROW CUM PROD (MMCF)
GAS RATE (MCFPD)**

Mewbourne Oil Company		
ESPERANZA PROSPECT EDDY CO., N. M. CUM PROD/GAS RATE (MORROW)		
Keith Logan		6/1/89
Scale 1:24000.		



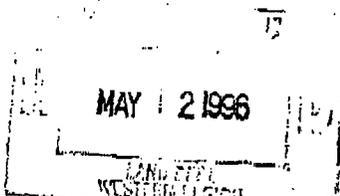
MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

May 11, 1999

(915) 682-3715
FAX (915) 685-4170

OXY USA Inc.
P.O. Box 50250
Midland, Texas 79710-0250
Attn: Mr. Kent Woolley



Re: Esperanza "28" Fee Com. No. 1 Well
1750' FSL & 660' FWL of Section 28,
T21S, R27E
Eddy County, New Mexico

Post-It® Fax Note	7671	Date	5/12	# of pages	1
To	Rich Foppiano	From	Kent Woolley		
Co./Dept.		Co.			
Phone #		Phone #			
Fax #		Fax #			

Gentlemen:

Mewbourne Oil Company, as Operator, has intentions to drill the captioned well at the referenced location to a depth sufficient to adequately evaluate the Morrow formation, estimated total depth being 11,900 feet beneath the surface with the W/2 of the captioned Section 28 being dedicated to the well. Well spacing for the Burton Flat - Morrow Gas Pool is 320 acres, with wells to be located no closer than 1980 feet from the end line and 660 feet from the side line of the spacing unit.

Regarding the above, Mewbourne Oil Company hereby requests a waiver of objection from Oxy USA Inc. as an offset Operator for the granting of a drilling permit for the referenced well and unorthodox location as described above.

If Oxy USA Inc. as an offset Operator has no objection to the granting of a drilling permit for the captioned well and location, please indicate Oxy's waiver of objection by signing and returning the duplicate original of this letter to the undersigned.

Sincerely yours,

MEWBOURNE OIL COMPANY

W. Paul Haden
Senior Landman

DPH/gb

The undersigned has no objection to the granting of a drilling permit for the captioned well at the referenced location.

OXY USA Inc.

By: Richard E. Foppiano

Date signed: 5/13/99

Name: Richard E. Foppiano

Title: _____

Senior Advisor - Regulatory Affairs

