

4/22/98

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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 [X] 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 [X] 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] [X] 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

Print or Type Name

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

James Bruce Signature

Attorney for Applicant Title

4/22/98 Date

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

SUITE B
612 OLD SANTA FE TRAIL
SANTA FE, NEW MEXICO 87501

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

April 22, 1998

Hand Delivered

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

11967

Dear Mr. Stogner:

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

Carlsbad "22" Fed. Com. Well No. 1
896 feet FNL & 1764 feet FWL
W $\frac{1}{2}$ S22, Township 21 South, Range 26 East, NMPM
Eddy County, New Mexico

The well will be drilled to a depth sufficient to test the Morrow formation. The pools in this area are the Undesignated Avalon Morrow-Gas Pool, Undesignated Avalon-Atoka Gas Pool, and Undesignated Avalon-Strawn Gas Pool. Mewbourne requests unorthodox location approval for all three formations. The pools are subject to statewide rules, requiring 320 acre well units, with wells located no closer than 1650 feet to the end boundary and 660 feet to the side boundary of the well unit. A Form C-102 for the well is attached as Exhibit A.¹

The proposed location is based on geologic reasons. Although the well will be drilled to a depth sufficient to test the Morrow formation, the reason for the unorthodox location is to adequately test the Strawn formation, the primary zone of interest in this area. Attached as Exhibit B is a net isopach of the Strawn "B" sand, which trends northeast-southwest across the NW $\frac{1}{4}$ of Section

¹The C-102 gives the well name as the Carlsbad State "22" Well No. 1. However, because federal acreage is included in the well unit, the well's name has been changed to the Carlsbad Federal Well No. 1.

22. Also identified on the map are productive Strawn wells along this trend. A well at the proposed location will encounter a pay thickness of approximately 6 feet, which is considered the minimum pay necessary for commercial Strawn production. The nearest orthodox location, shown on Exhibit B, would encounter zero net Strawn sand pay. Thus, the proposed location provides the best chance of successfully encountering potential Strawn pay, and thus reduces the risk involved in drilling the well.

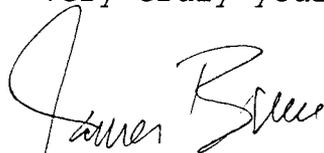
Attached as Exhibit C is a land plat of the area around the subject well. The operators of the offsetting Strawn and Morrow well units are as follows:

<u>Acreage</u>	<u>Operator</u>
S½ §15	Mewbourne Oil Company
S½ §16	Devon Energy Corporation (Nevada)

Devon is a working interest owner in the proposed well, and has consented to the location. See Exhibit D attached hereto. Thus, notice has not been given to any offset interest owner, although a copy of this application is being mailed to Devon.

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

cc: Carla Wood
Devon Energy Corporation (Nevada)

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

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 DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION

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

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code 21595	Property Name CARLSBAD "22" STATE	Well Number 1
OGRID No. 14744	Operator Name MEWBOURNE OIL COMPANY	Elevation 3225

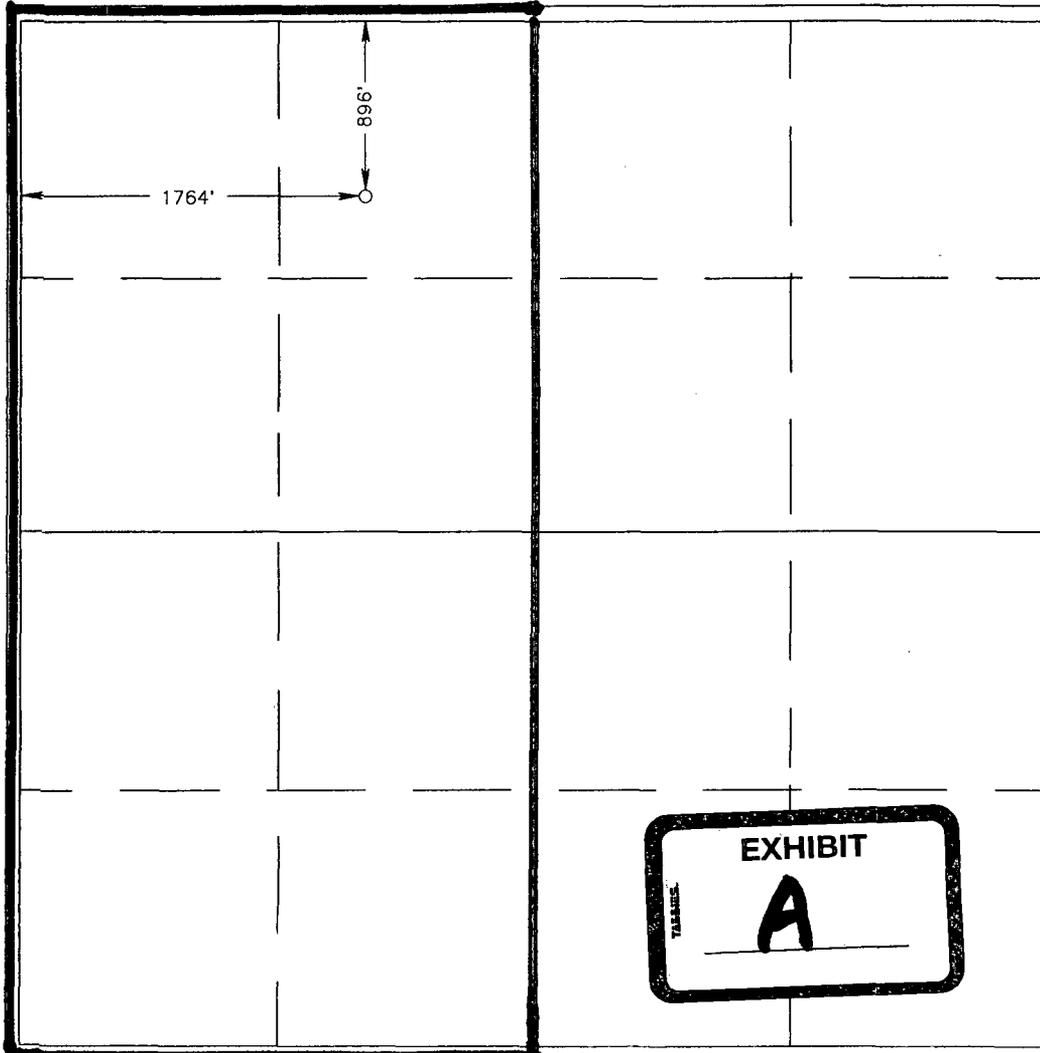
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	22	21 S	26 E		896	NORTH	1764	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 3.20	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 the the information contained herein is true and complete to the best of my knowledge and belief.

Steve Matthews
Signature

Steve Matthews
Printed Name

Drilling Superintendent
Title

04-21-98
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.

APRIL 20, 1998

Date Surveyed _____ DMCC

Signature *Ronald S. Eason*
Professional Surveyor

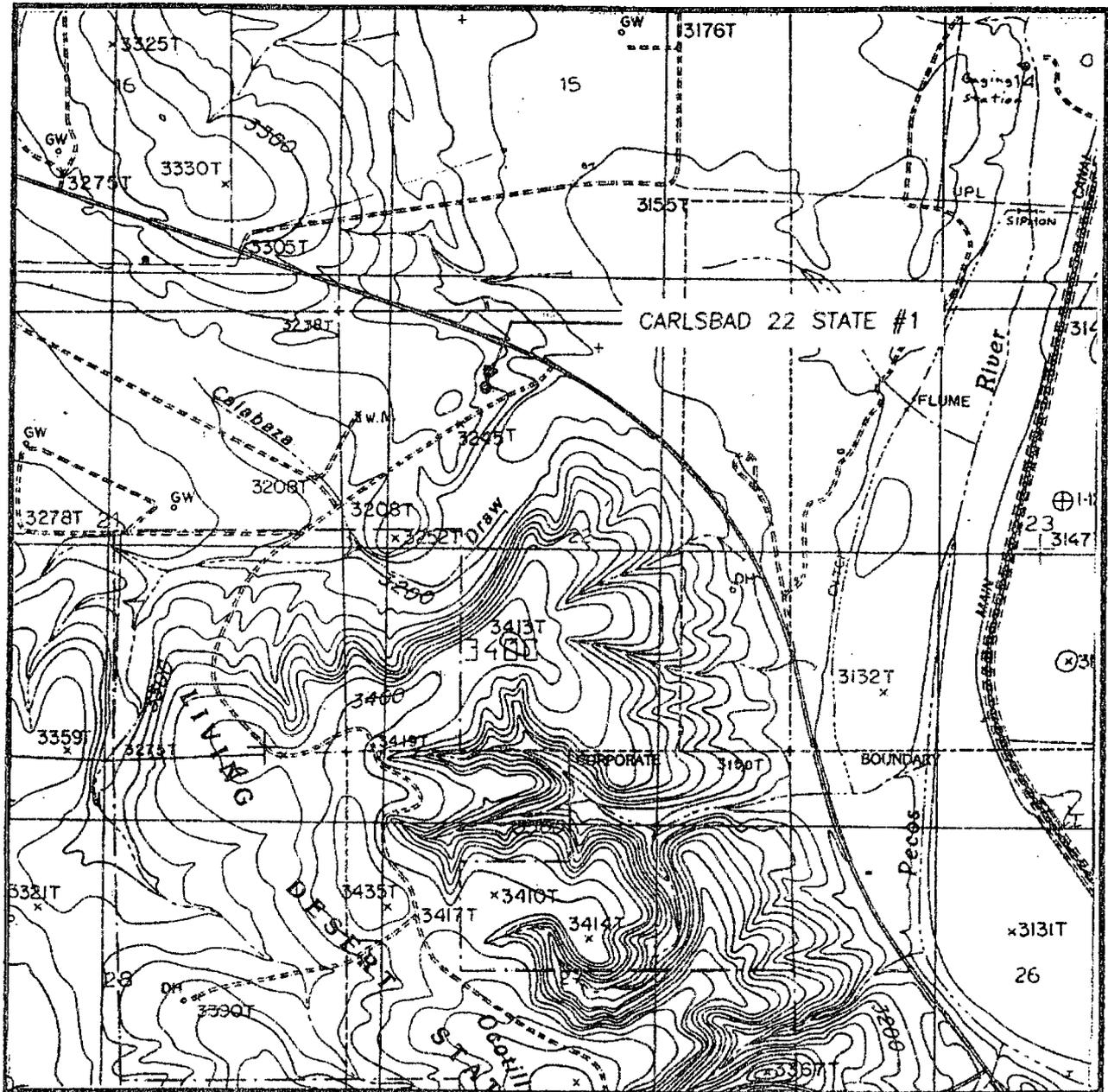
Ronald S. Eason
Professional Surveyor

4-21-98

NEW MEXICO
STATE ENGINEERING BOARD
REGISTRATION NO. 9229
EXPIRES 06-1-06

Certificate No. RONALD S. EASON 3239
GARY EASON 12641
RONALD S. McDONALD 12185

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
CARLSBAD WEST - 20'

SEC. 22 TWP. 21-S RGE. 26-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 896' FNL & 1764' FWL

ELEVATION 3225

OPERATOR MEWBOURNE OIL COMPANY

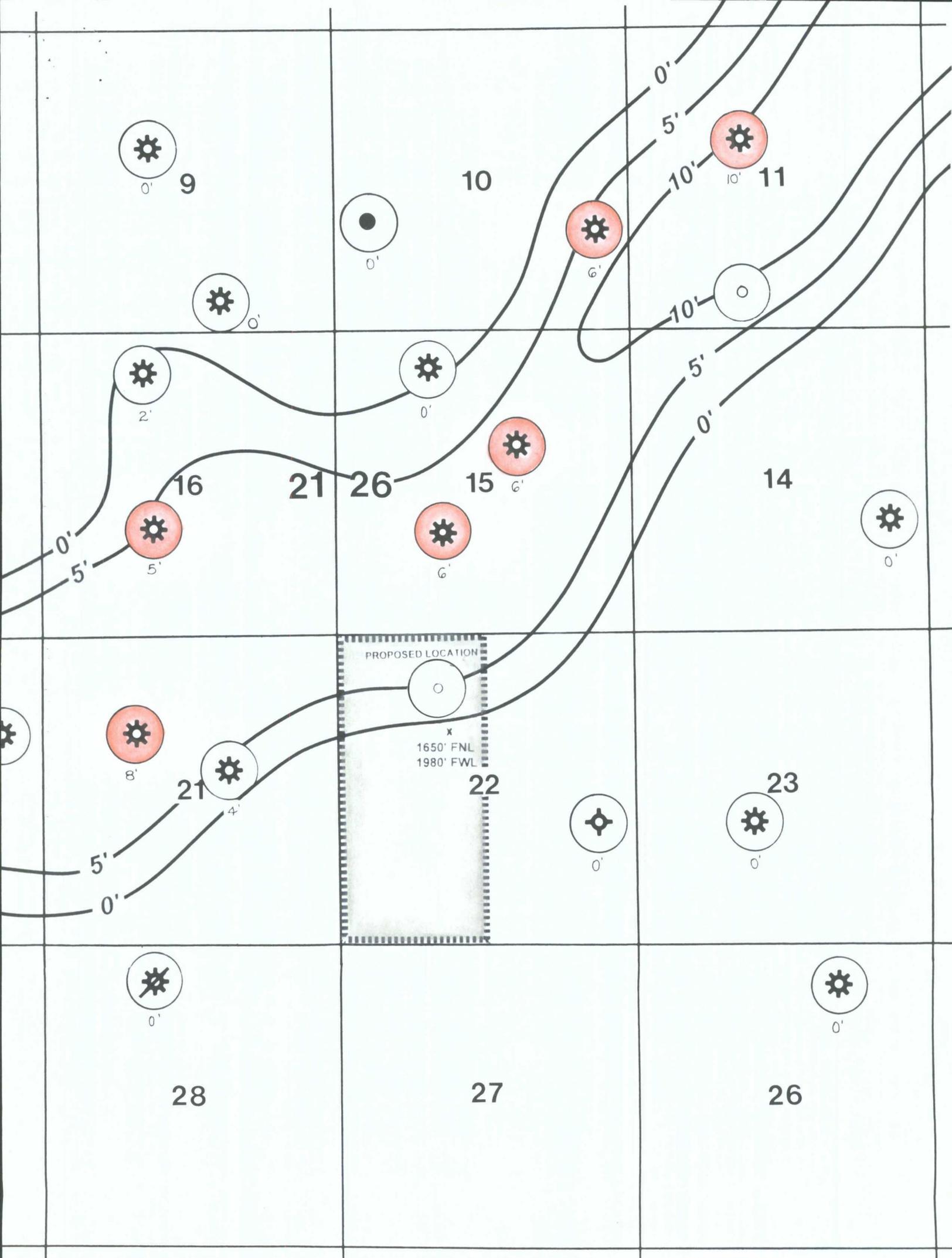
LEASE CARLSBAD 22 STATE

U.S.G.S. TOPOGRAPHIC MAP

CARLSBAD WEST, N.M.

**JOHN WEST ENGINEERING
HOBBS, NEW MEXICO**

(505) 393-3117



"EXHIBIT B"

 **PAY THIS ZONE**

	MELBOURNE OIL COMPANY <small>AMER. & TEX. DISTRICT</small>
	CARLSBAD "22" EDDY COUNTY, NEW MEXICO NET STRAWN "B" SAND (NET PAY $\phi \geq 8\%$) C.I. = 5'
By: Keith Williams 4-98	

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

April 16, 1998

Certified Mail-Return Receipt Requested P 268 434 338

Devon Energy Corporation
20 North Broadway, Suite 1500
Oklahoma City, OK 73102-8260
Fax# (405) 552-8113

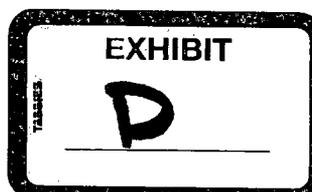
Attn: Ms. Carla D. Wood

Re: Carlsbad "15" Prospect
Carlsbad "22" State #1 Well
NENW of Section 22-21S-26E
Eddy County, New Mexico

Dear Ms. Wood:

Mewbourne Oil Company (MOC) maintains its opinion that N/2 and S/2 spacing units are the appropriate configuration for the development of the captioned land, however, in an effort to reach an agreement with Devon Energy Corporation (Devon), MOC hereby submits the following proposal for Devon's approval:

- (1) MOC and Devon agree to equalize ownership in Section 22-21S-26E wherein each would own 160 acres in the N/2 and S/2 respectively. MOC would assign Devon 40 acres in the N/2 and Devon would assign MOC 160 acres in the S/2. MOC would pay Devon at cost for 120 of the assigned acres in the S/2.
- (2) MOC and Devon will enter into two mutually acceptable Joint Operating Agreements covering the E/2 and W/2 of Section 22-21S-26E.
- (3) MOC would operate and drill a well in the NENW of Section 22-21S-26E and dedicate the W/2 as the spacing unit. The well will not be located closer than 660' FNL and 660' FEL of the W/2 unit. Devon would participate with its 50% working interest in said well. Devon would operate the E/2 of said Section 22.
- (4) This offer is contingent upon MOC obtaining NMOCD administrative approval for its unorthodox well location in the NENW. MOC will file for NMOCD approval within 10 days of Devon's acceptance of this agreement, and will make a diligent effort to spud its well within 60 days of NMOCD approval, subject to rig availability.



Devon Energy Corporation
April 16, 1998
Page -2-

- (5) MOC and Devon agree to dismiss their respective applications before the New Mexico Oil Conservation Division.
- (6) Devon agrees to withdraw its current well proposal.
- (7) Devon agrees to meet with MOC within sixty days after completion of MOC's well in the W/2 to identify a potential drillsite in the E/2. Devon agrees not to propose its well in the E/2 before 90 days from completion of MOC's well in the W/2.
- (8) This offer is subject to customary due diligence and is intended to void and supersede any previous proposals made by MOC to Devon concerning Section 22-21S-26E, Eddy County, New Mexico.

Should the above meet with your approval, please so signify in the space provided and return an executed copy of this letter to the undersigned at your earliest convenience.

This offer will expire at 5:00 pm C.D.T. on April 22, 1998.

Should you have any questions, please do not hesitate to call.

Sincerely,

MEWBOURNE OIL COMPANY

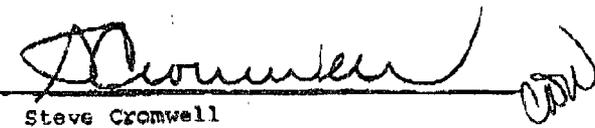


Steve Cobb
District Landman

SC/gb

AGREED to and ACCEPTED this 16th day of April, 1998.

DEVON ENERGY CORPORATION (NEVADA)

By: 

Steve Cromwell
Land Manager

TOTAL P.003

TOTAL P.002

Examiner Hearing - April 30, 1998
Docket No. 11-98
Page 2 of 2

CASE 11971: Application of Yates Petroleum Corporation for an unorthodox well location, non-standard proration unit, and simultaneous dedication, Eddy County, New Mexico. Applicant seeks an exception to Division Rule 104.C(2) to permit it to drill its proposed Little Box Canyon AOX Federal Well No. 2 at an unorthodox location 1980 feet from the North line and 1190 feet from the West line as a second well in the W/2 of Section 7, Township 21 South, Range 22 East, and simultaneously dedicate the W/2 of said Section 7 to the Little Box Canyon AOX Federal Wells Nos. 1 and 2 in the Little Box Canyon-Morrow Gas Pool. Said wells are located approximately 30 miles west-northwest of Carlsbad, New Mexico.

CASE 11972: Application of Nearburg Exploration Company, L.L.C. for an unorthodox well location, Lea County, New Mexico. Applicant seeks authorization to drill a well to the Morrow formation, Undesignated East Gem-Morrow Gas Pool, at an unorthodox well location 1650 feet from the South line and 1150 feet from the East line of Section 34, Township 19 South, Range 33 East. The S/2 of said Section 34 is to be dedicated to said well forming a standard 320-acre spacing and proration unit. Said unit is located approximately 5 miles northeast of Halfway, New Mexico.

CASE 11973: Application of Shahara Oil, L.L.C. for a waterflood project and qualification for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" for said project, Eddy County, New Mexico. Applicant seeks approval to institute a waterflood project in the Loco Hills-Queen-Grayburg-San Andres Pool on its Beeson "F" Federal lease (U. S. Government lease No. LC-060529), comprising portions of Sections 29 and 31, Township 17 South, Range 30 East, by the injection of water through 12 certain existing wells. Applicant further seeks to qualify this project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Law 1992, Chapter 38, Sections 1 through 5). The proposed project area is located approximately two miles southwest of Loco Hills, New Mexico.

CASE 11955: (Continued from April 2, 1998, Examiner Hearing.)

Application of Devon Energy Corporation (Nevada) for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the W/2 of Section 22, Township 21 South, Range 26 East, to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within said vertical extent, which presently may include but is not necessarily limited to the Avalon-Morrow Gas Pool, and forming a standard 160-acre gas spacing and proration unit underlying the NW/4 of said Section 22 for any and all formations/pools developed on 160-acre gas spacing. Said units are to be dedicated to its Carlsbad 22 "E" State Well No. 1 to be drilled and completed at a standard gas well location in Unit E of said Section 22. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well. Said unit is located approximately 5 miles northwest of Carlsbad, New Mexico.

CASE 11967: (Continued from April 16, 1998, Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 22, Township 21 South, Range 26 East, and in the following manner: the N/2 thereby forming a standard 320-acre gas spacing and proration unit for any and all pools developed on 320-acre spacing within said vertical extent which presently includes but is not necessarily limited to the Undesignated Avalon-Wolfcamp Gas Pool, Undesignated Avalon-Upper Pennsylvanian Gas Pool, Undesignated Avalon-Strawn Gas Pool, Undesignated Northeast Happy Valley-Strawn Gas Pool, Undesignated Avalon-Atoka Gas Pool, Undesignated Crozier Bluff-Atoka Gas Pool, Undesignated Avalon-Morrow Gas Pool, and Undesignated Burton Flat-Morrow Gas Pool; the NW/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent which presently includes but is not necessarily limited to the Undesignated East Catclaw Draw-Delaware Pool; and the E/2 NW/4 to form a standard 80-acre oil spacing and proration unit for any pools developed on 80-acre spacing within said vertical extent (which currently there is none and should therefore be dismissed unless there is good cause shown to include an 80-acre proration unit). Said units are to be dedicated to a single well to be drilled at a standard location for all three sized units in the NE/4 NW/4 (Unit C) of said Section 22. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Unit "C" of said Section 22 is located approximately 4 miles northwest of Carlsbad, New Mexico.

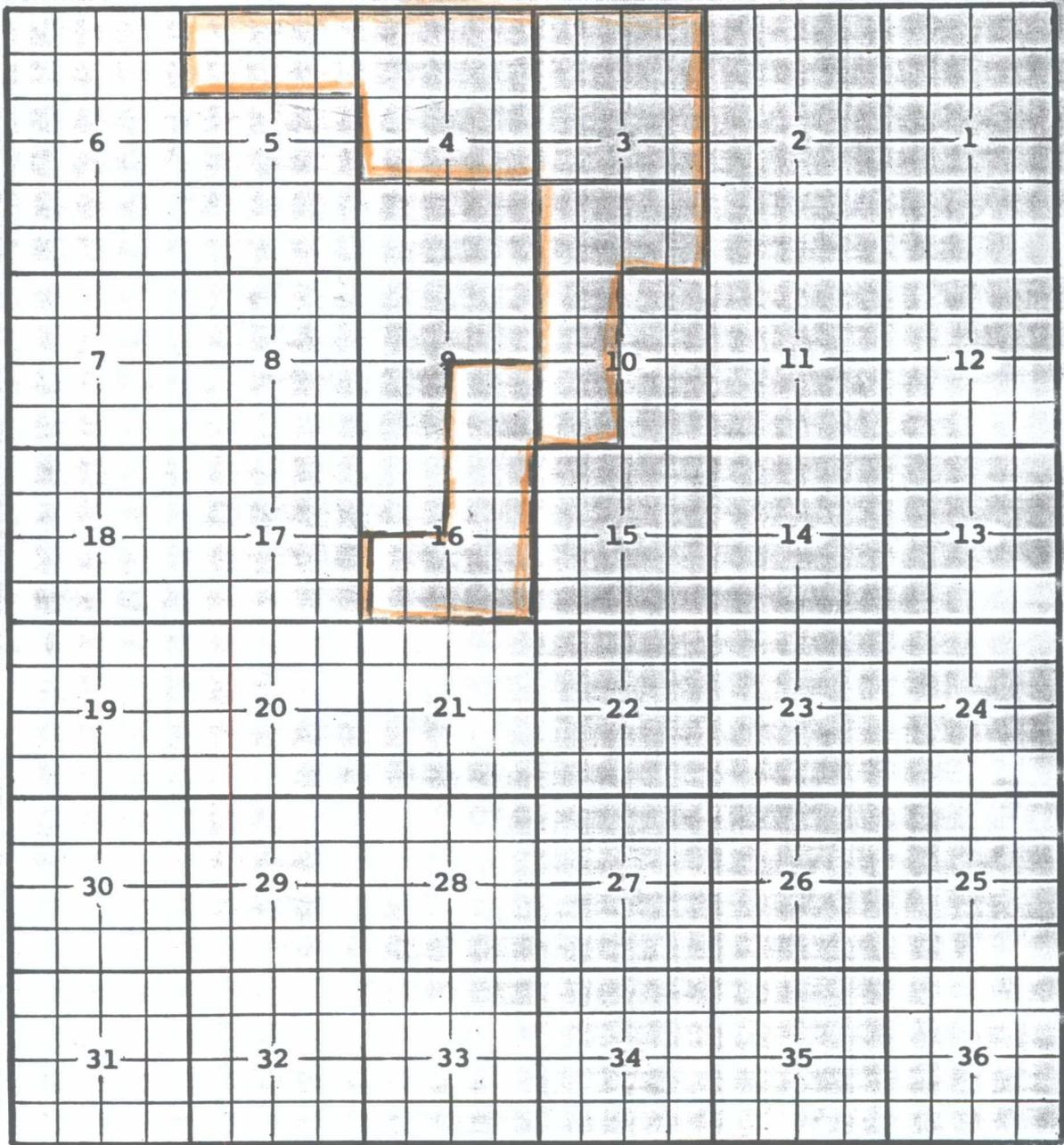
COUNTY Eddy

POOL Avalon - Strawn Gas

TOWNSHIP 21 South

RANGE 26 East

NMPM



Description: Lots 1 thru 16 Sec 3 (R-4861, 11-1-74)

Ext: Lots 1 thru 16 Sec 4, Lots 1 thru 8 Sec 5 (R-5063, 7-1-75)

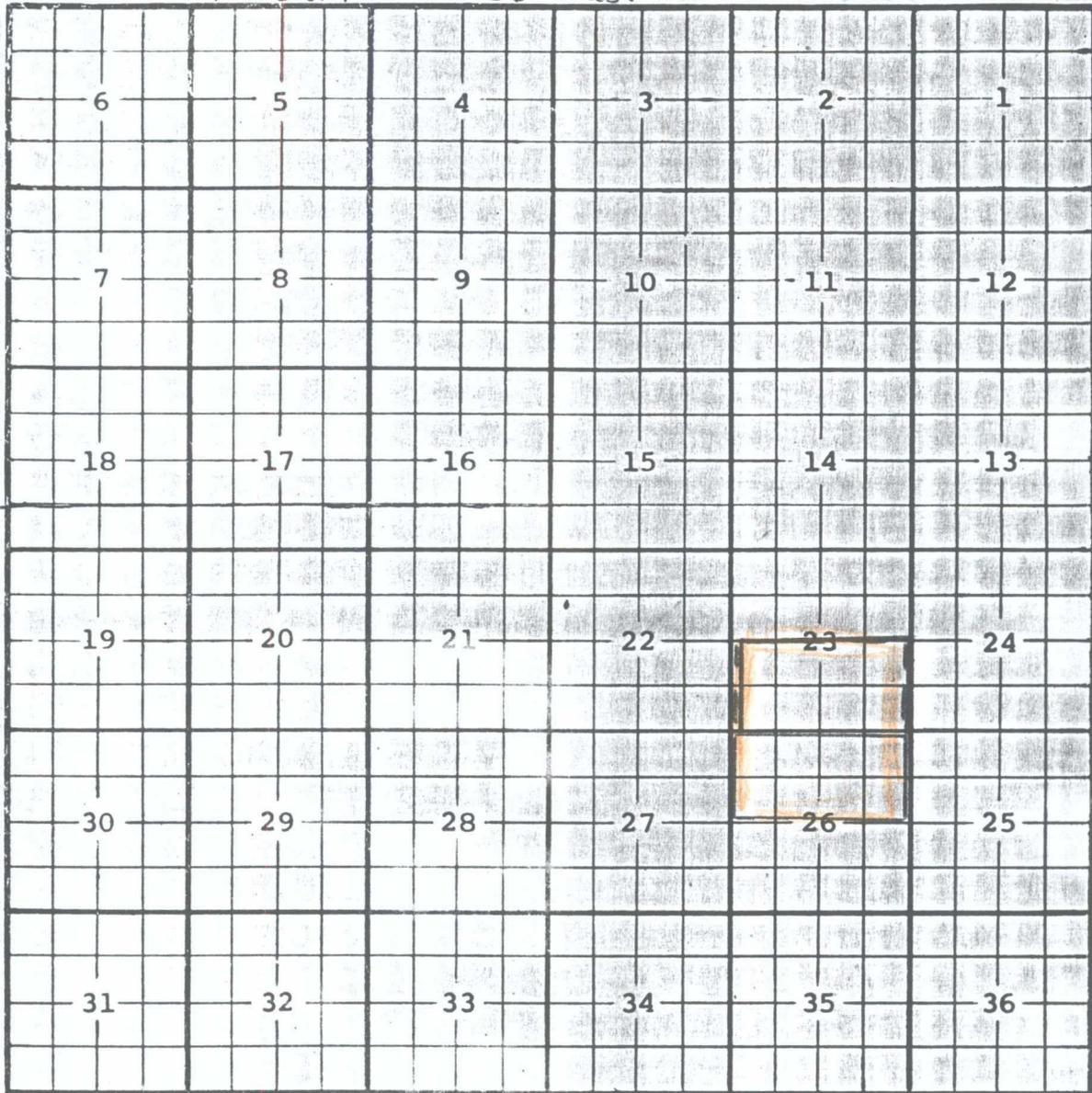
Ext: $\frac{5}{2}$ Sec 3, $\frac{w}{2}$ Sec 10 (R-5781, 9-1-78)

Ext: $\frac{SE}{4}$ Sec. 9, $\frac{5}{2}$ and $\frac{NE}{4}$ Sec. 16 (R-10962, 2-23-98)

COUNTY Eddy

POOL Northeast Happy Valley-Strawn Gas

TOWNSHIP 21 South RANGE 26 East NMPM



Description: $\frac{1}{2}$ Sec. 26 (A-7322, 8-1-83)

Handwritten lines for notes or additional information.

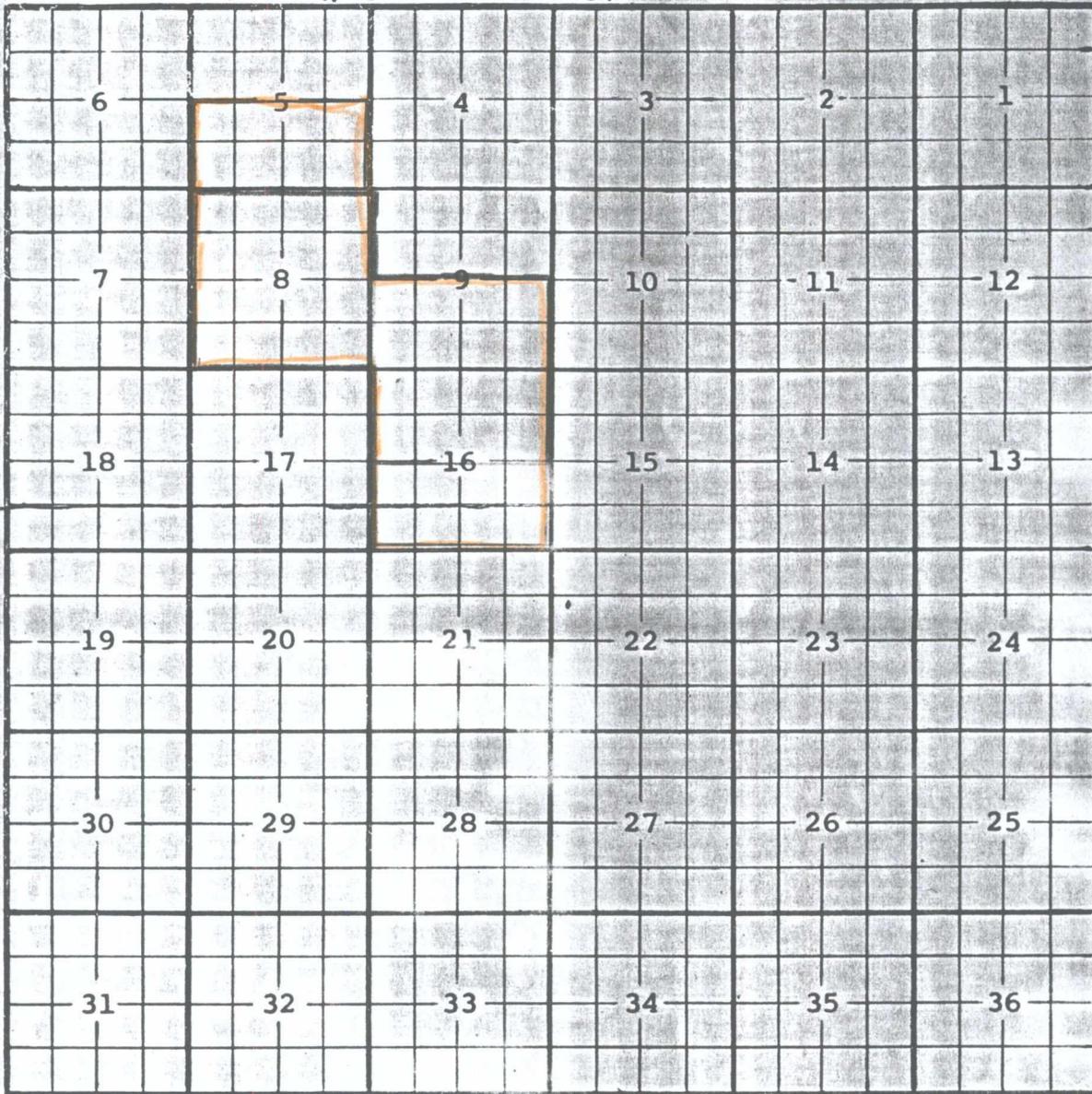
COUNTY Eddy

POOL Avalon - Atoka Gas

TOWNSHIP 21 South

RANGE 26 East

NMPM



Description: $\frac{5}{2}$ Sec 16 (R-4969, 4-1-75)

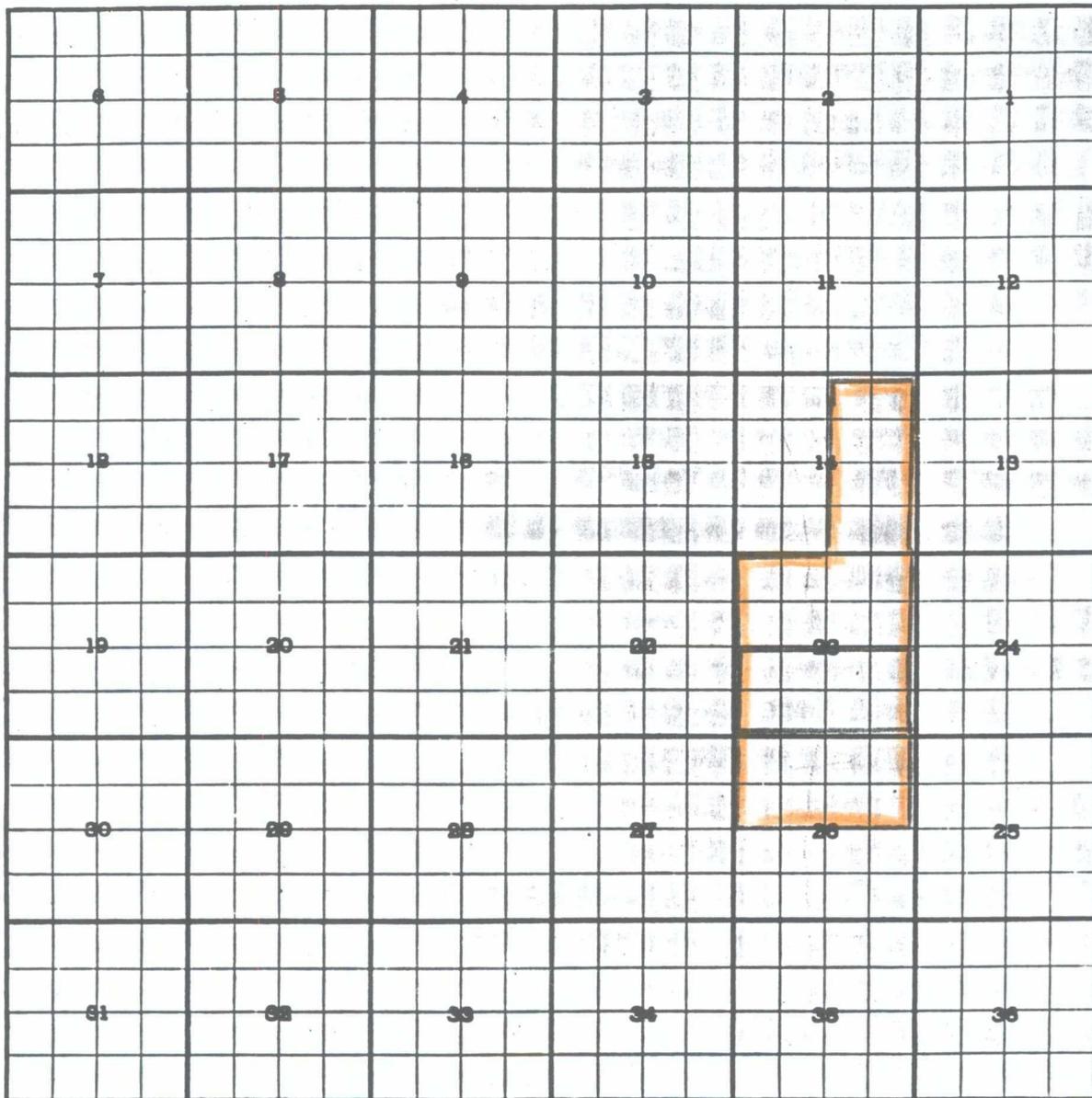
Ext: All Sec 8, $\frac{5}{2}$ Sec 9, $\frac{N}{2}$ Sec 16 (R-5988, 5-1-79)

Est: $\frac{5}{2}$ Sec 5 (R-6328, 5-1-80)

County EDDY

Pool CROZIER BLUFF-ATOKA GAS

TOWNSHIP 21 South, RANGE 26 East, NEW MEXICO PRINCIPAL MERIDIAN



DESC: $5/2$ sec 23 (R-9077, 11-1-89) Ext: $E/2$ Sec. 14, $N/2$ Sec. 23, $N/2$ Sec. 26
(R-9625, 1-15-92)

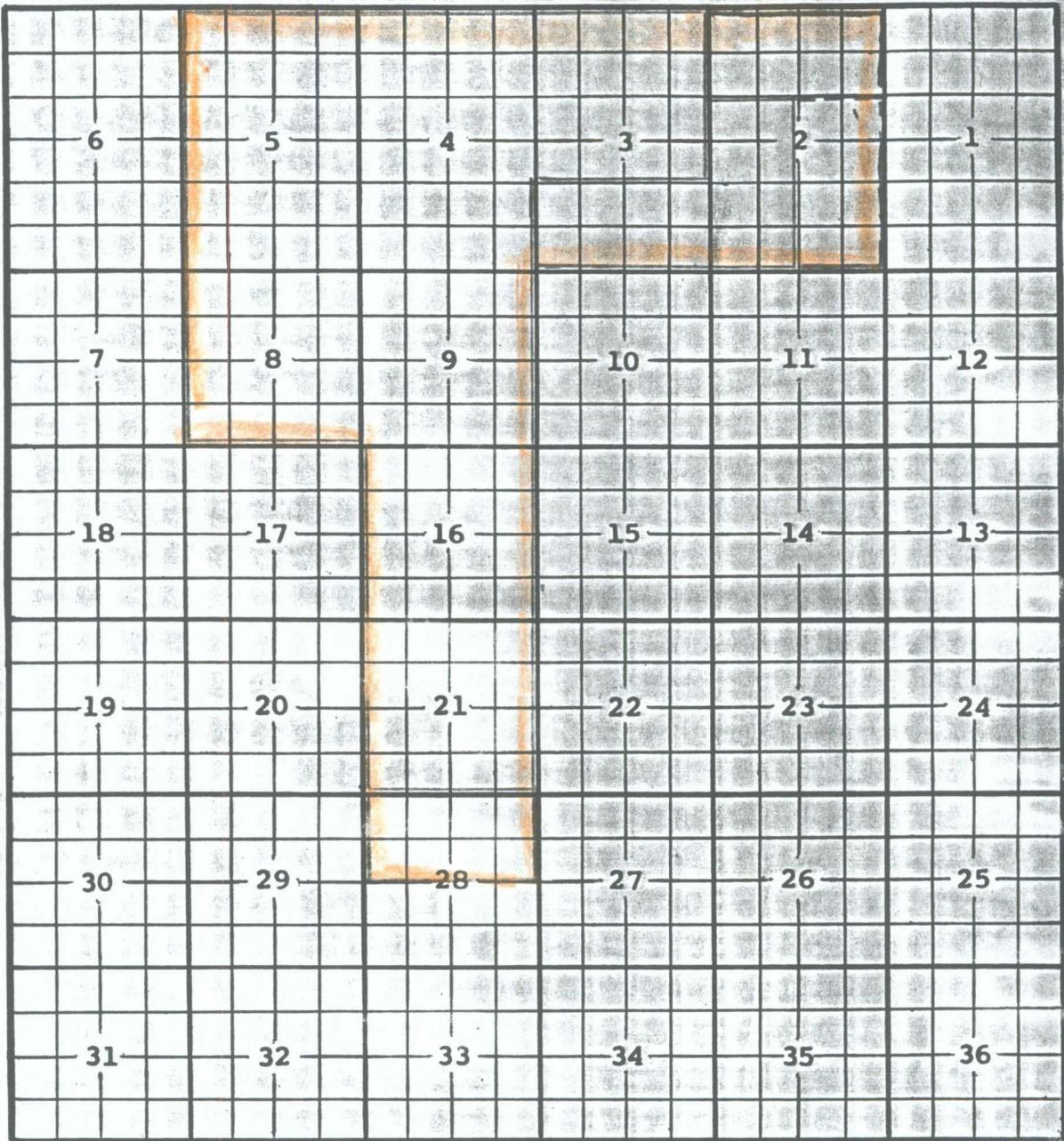
COUNTY *Eddy*

POOL *Avalon - Morrow Gas*

TOWNSHIP *21 South*

RANGE *26 East*

NMPM



Description: Lots 1 thru 16 Sec 3, All Secs 4, 5, 8, 9, 16 & 21
(R-4861, 11-1-74) Ext: Lots 11, 12, 13, 14 & SW/4 Sec 2 (R-5102, 10-1-75)
Ext. N/2 Sec 28 (R-6033, 7-1-79) Ext: Lots 9, 10, 15, 16 & SE/4 Sec 2
(R-6876, 1-22-82) Ext: lots 1 thru 8 sec 2 (R-6912, 3-5-82)

