

6/8/99 | 6/28/99 | MS | KV | 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:

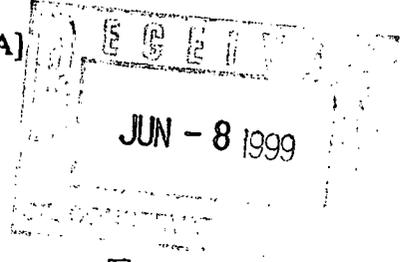
- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location] [DD-Directional Drilling] [SD-Simultaneous Dedication] [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling] [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement] [WFX-Waterflood Expansion]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



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

- [A] [ ] Working, Royalty or Overriding Royalty Interest Owners [X] Does Not Apply [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

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

Signature: James Bruce

Title: Attorney for Applicant

Date: 6/8/99

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)

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) and 104.D(2), Mewbourne Oil Company ("Mewbourne") applies for administrative approval of an unorthodox gas well location and a non-standard spacing unit for the following well:

Empire "18" State Com. Well No. 1  
1650 feet FSL & 990 feet FEL  
S½ §18, Township 17 South, Range 29 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 10,800 feet, to test the Morrow formation (South Empire-Morrow Gas Pool). The subject pool is governed by statewide spacing and well location requirements. The well unit contains 293.96 acres.

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 Green 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

§17 (All)

Phillips Petroleum Company

W½ §20

Mewbourne Oil Company

Phillips Petroleum Company 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

State of New Mexico  
Energy, Minerals and Natural Resources Department

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

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

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

AMENDED REPORT

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name <i>Empire Morrow (South)</i>
Property Code	Property Name <i>EMPIRE "18" STATE Com.</i>	Well Number <i>1</i>
OGRID No. <i>14744</i>	Operator Name <i>MEWBOURNE OIL COMPANY</i>	Elevation <i>3644</i>

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<i>1</i>	<i>18</i>	<i>17S</i>	<i>29E</i>		<i>1650</i>	<i>SOUTH</i>	<i>990</i>	<i>EAST</i>	<i>EDDY</i>

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

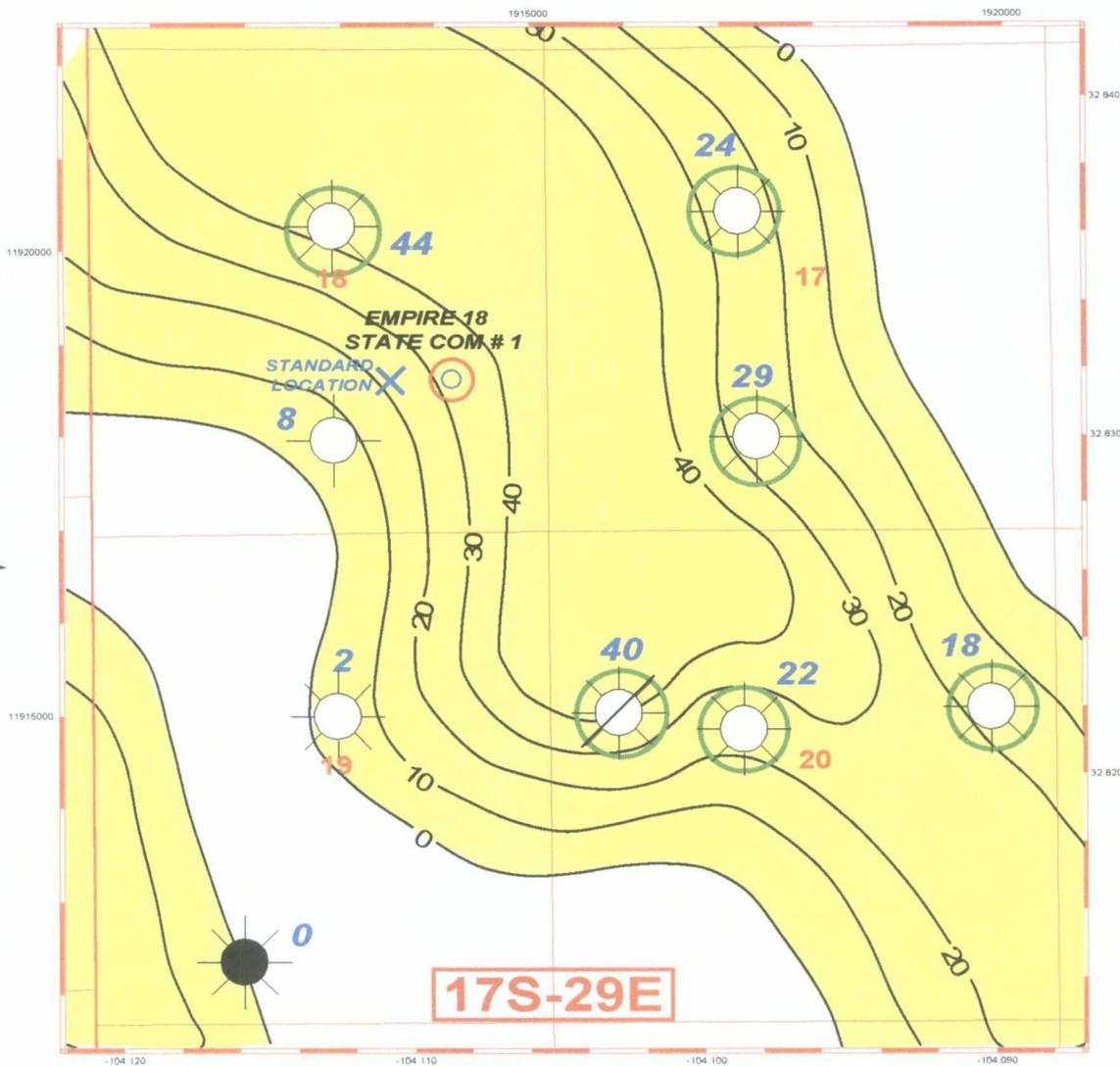
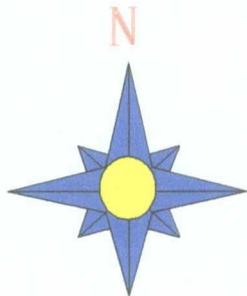
Dedicated Acres <i>293.96</i>	Joint or Infill	Consolidation Code	Order No.
----------------------------------	-----------------	--------------------	-----------

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

Lot 1 26.69 AC.	<p><i>All of Sec. 18 is included in the S. Empire Morrow Gas Pool</i></p> <div style="border: 2px solid black; padding: 5px; text-align: center;"> <p>EXHIBIT <b>A</b></p> </div>	OPERATOR CERTIFICATION
Lot 2 26.81 AC.		<p><i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><i>Steve Matthews</i> Signature</p> <p><i>Steve Matthews</i> Printed Name</p> <p><i>Dir. Supt.</i> Title</p> <p><i>5-26-99</i> Date</p>
Lot 3 26.92 AC.		SURVEYOR CERTIFICATION
Lot 4 27.04 AC.		<p><i>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.</i></p> <p>Date Surveyed <i>1/19/99</i></p> <p>Signature <i>[Signature]</i> Professional Surveyor</p> <p><b>JONES</b> REGISTERED SURVEYOR 3640</p> <p>Certificate No. <i>11111</i> Jones RLS 3640 EMPIRE DISK 10 GENERAL SURVEYING COMPANY</p>

The NW Empire Prospect is primarily a test for the Middle Morrow Green Sand. This interval produces in many of the good wells in this area. The main reason for the unorthodox location is that net pay thickness increases significantly going to the east along the northwest to southeast trend of the Middle Morrow Green interval. Moving the location west to the nearest standard location would increase the risk dramatically and could cause the drilling of a non-commercial well. A standard location would also be moving towards a Morrow dry hole southwest of the proposed location. The net pay expected in the Middle Morrow Green Sand is between 30 and 40 feet in the prospect well and approximately 20 feet at the standard location. The main risk in moving toward the standard location is that pay is deteriorating in that direction and a well located there has a good chance of being non-productive.





 MIDDLE MORROW GREEN SAND PRODUCERS

Mewbourne Oil Company

NW EMPIRE PROSPECT  
EDDY CO., N. M.

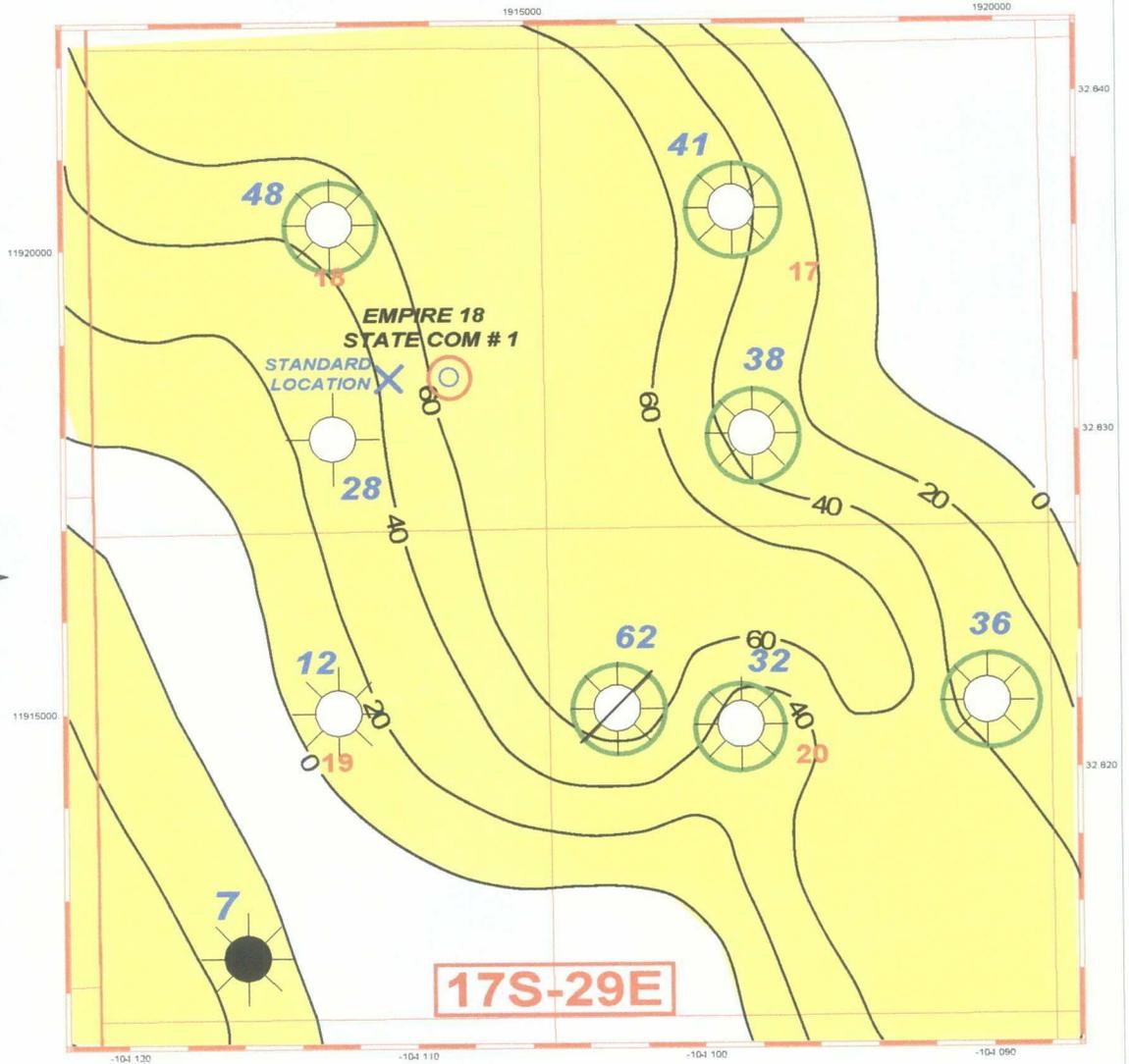
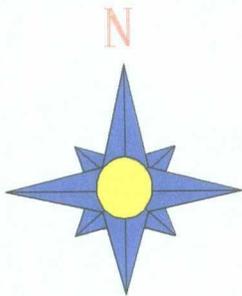
NET ISOPACH - MID MRRW GREEN

Keith Logan

C. I. = 10'

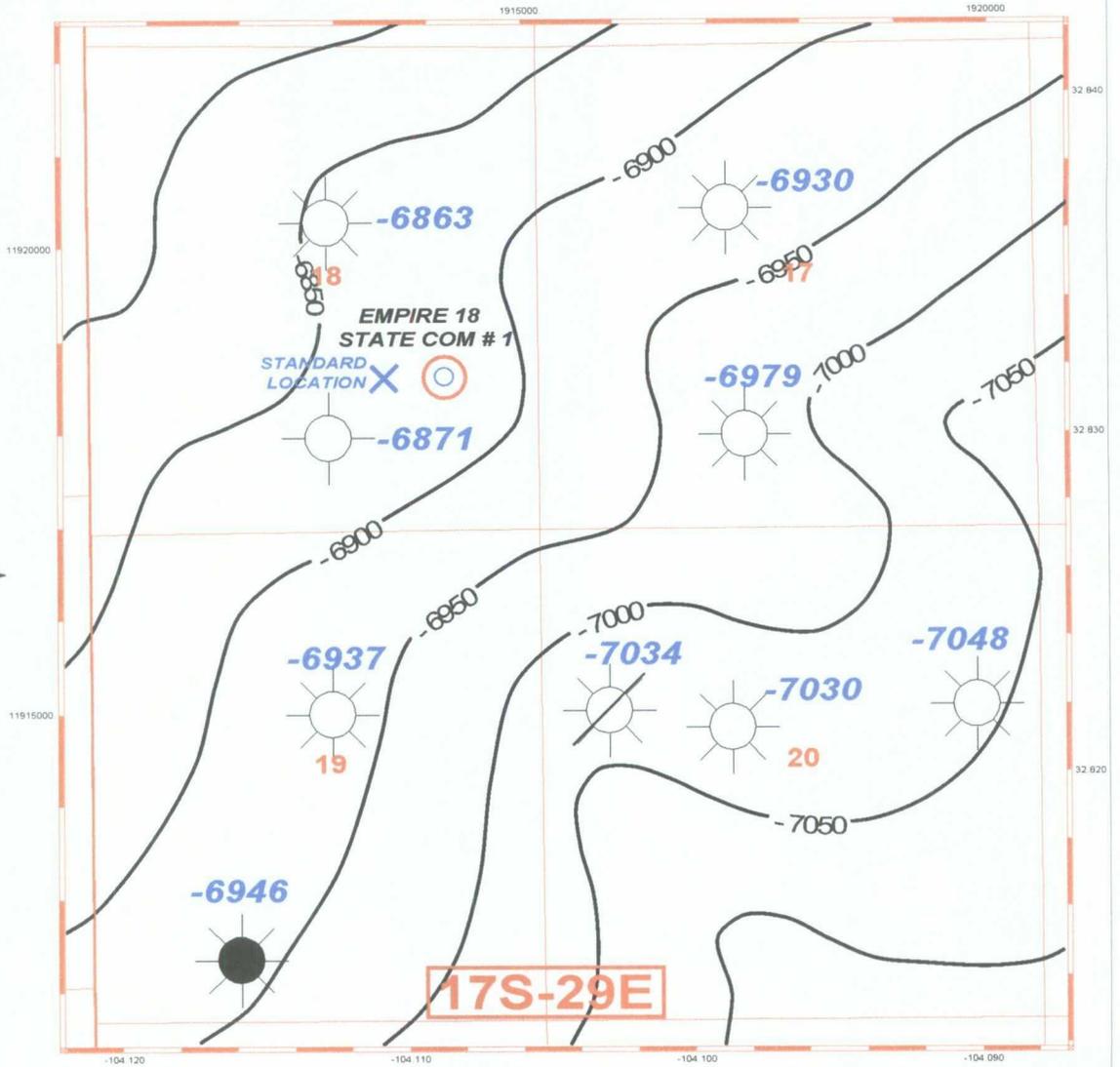
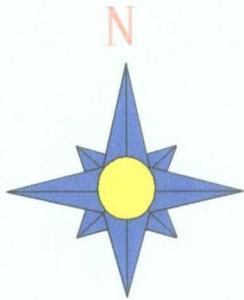
5/27/99

Scale 1:24000.

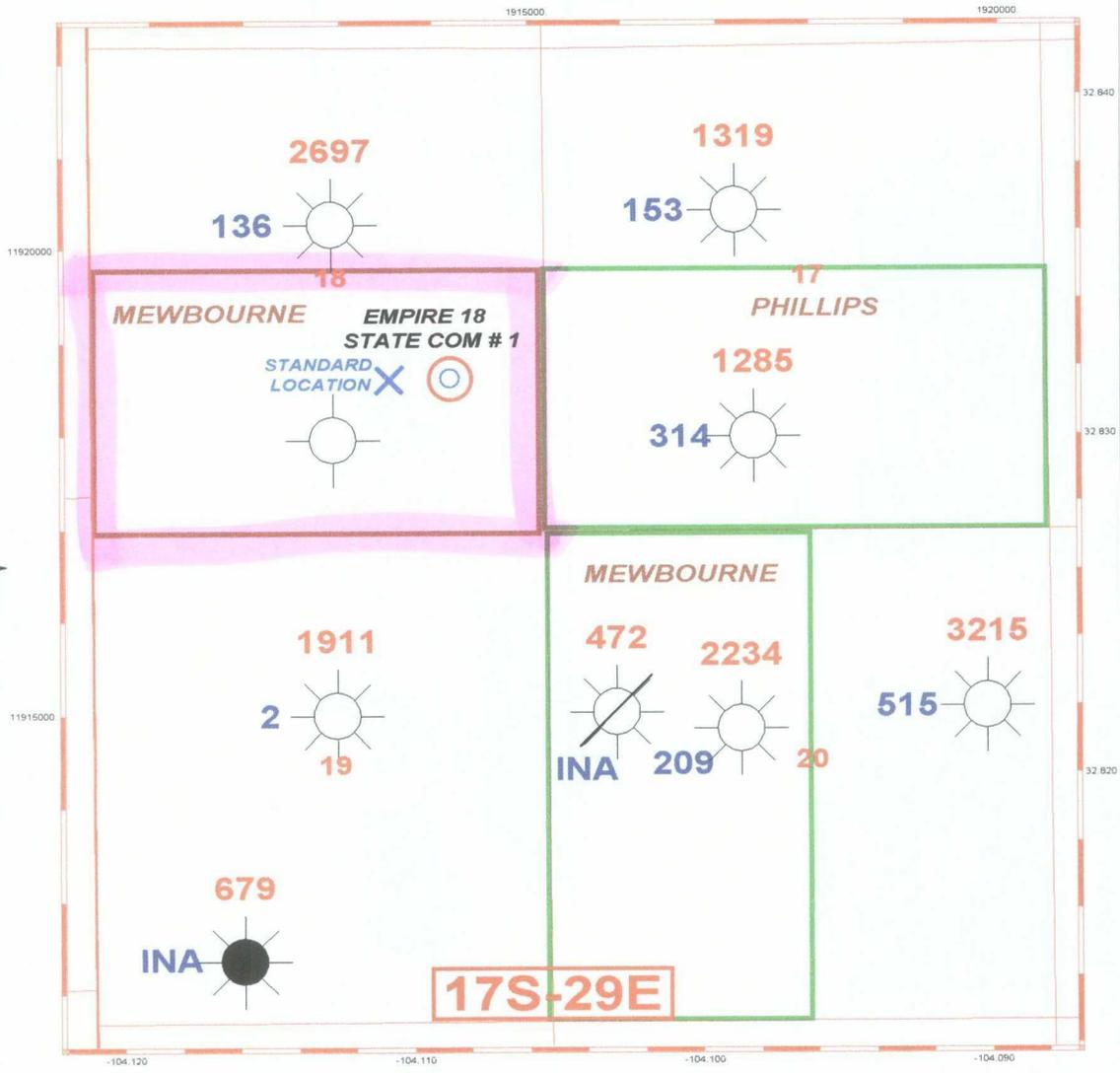
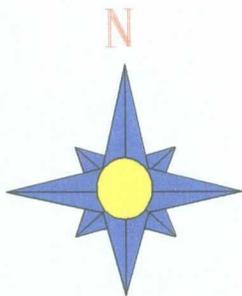


 **MIDDLE MORROW GREEN SAND PRODUCERS**

Mewbourne Oil Company		
NW EMPIRE PROSPECT EDDY CO., N. M.		
GROSS ISOPACH - MID MRRW GREEN		
Keith Logan	C. I. = 20'	5/27/99
Scale 1:24000.		



Mewbourne Oil Company		
NW EMPIRE PROSPECT EDDY CO., N. M. STRUCTURE MAP - T/LOWER MORROW		
Keith Logan	C. I. = 50'	5/27/99
Scale 1:24000.		



**OPERATOR**

- OFFSET PRORATION UNITS**
- PROSPECT PRORATION UNIT**
- X** **CLOSEST STANDARD LOCATION (1650' FEL & 1650' FSL)**
- PROPOSED LOCATION (990' FEL & 1650' FSL)**

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

Mewbourne Oil Company		
NW EMPIRE PROSPECT EDDY CO., N. M. CUM PROD/GAS RATE (MORROW)		
Keith Logan		5/27/99
Scale 1:24000.		



# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

May 18, 1999

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

Phillips Petroleum Company  
4001 Penbrook Avenue  
Odessa, Texas 79762  
Attn: Mr. Randy Lewicki

Re: Empire "18" State Com. No. 1 Well  
1650' FSL & 990' FEL of Section 18,  
T17S, R29E  
Eddy County, New Mexico

Gentlemen:

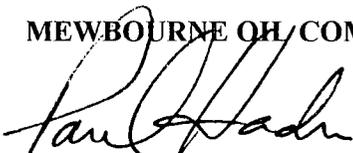
Mewbourne Oil Company, as Operator, has intentions to drill the captioned well at the referenced location to a depth sufficient to adequately evaluate the Morrow formation, estimated total depth being 10,800 feet beneath the surface. The S/2 of the captioned Section 18 will be dedicated to the well, forming a non-standard 293.96 acre gas spacing and proration unit. The non-standard unit is due to a variation in the public surveys. Well spacing for the Empire Morrow, (South) Gas Pool is 320 acres, with wells to be located no closer than 1650 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 Phillips Petroleum Company as an offset Operator for the granting of a drilling permit for the referenced well, unorthodox location and non-standard unit as described above.

Please indicate Phillips' waiver of objection for the granting of a drilling permit for the captioned well, unorthodox location and non-standard unit by signing and returning the duplicate original of this letter to the undersigned.

Sincerely yours,

MEWBOURNE OIL COMPANY

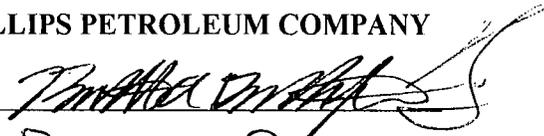
  
D. Paul Haden  
Senior Landman



DPH/gb

The undersigned has no objection to the granting of a drilling permit for the captioned well for the referenced location and non-standard unit as described above.

PHILLIPS PETROLEUM COMPANY

By:   
Name: Brent A. Butterfield

Date signed: 5-19-99  
Title: Land Director

**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:

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S½ §18, Township 17 South, Range 29 East, NMPM  
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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

\$17 (All)

Phillips Petroleum Company

W½ \$20

Mewbourne Oil Company

Phillips Petroleum Company 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 II  
P.O. Drawer DD, Artesia, NM 88210

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

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 <i>Empire Morrow (South)</i>
Property Code	Property Name <i>EMPIRE "18" STATE Com.</i>	Well Number <i>1</i>
OGRID No. <i>14744</i>	Operator Name <i>MEWBOURNE OIL COMPANY</i>	Elevation <i>3644</i>

Surface Location

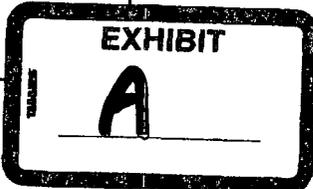
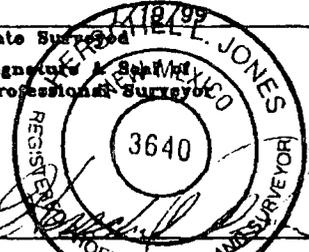
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<i>1</i>	<i>18</i>	<i>17S</i>	<i>29E</i>		<i>1650</i>	<i>SOUTH</i>	<i>990</i>	<i>EAST</i>	<i>EDDY</i>

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

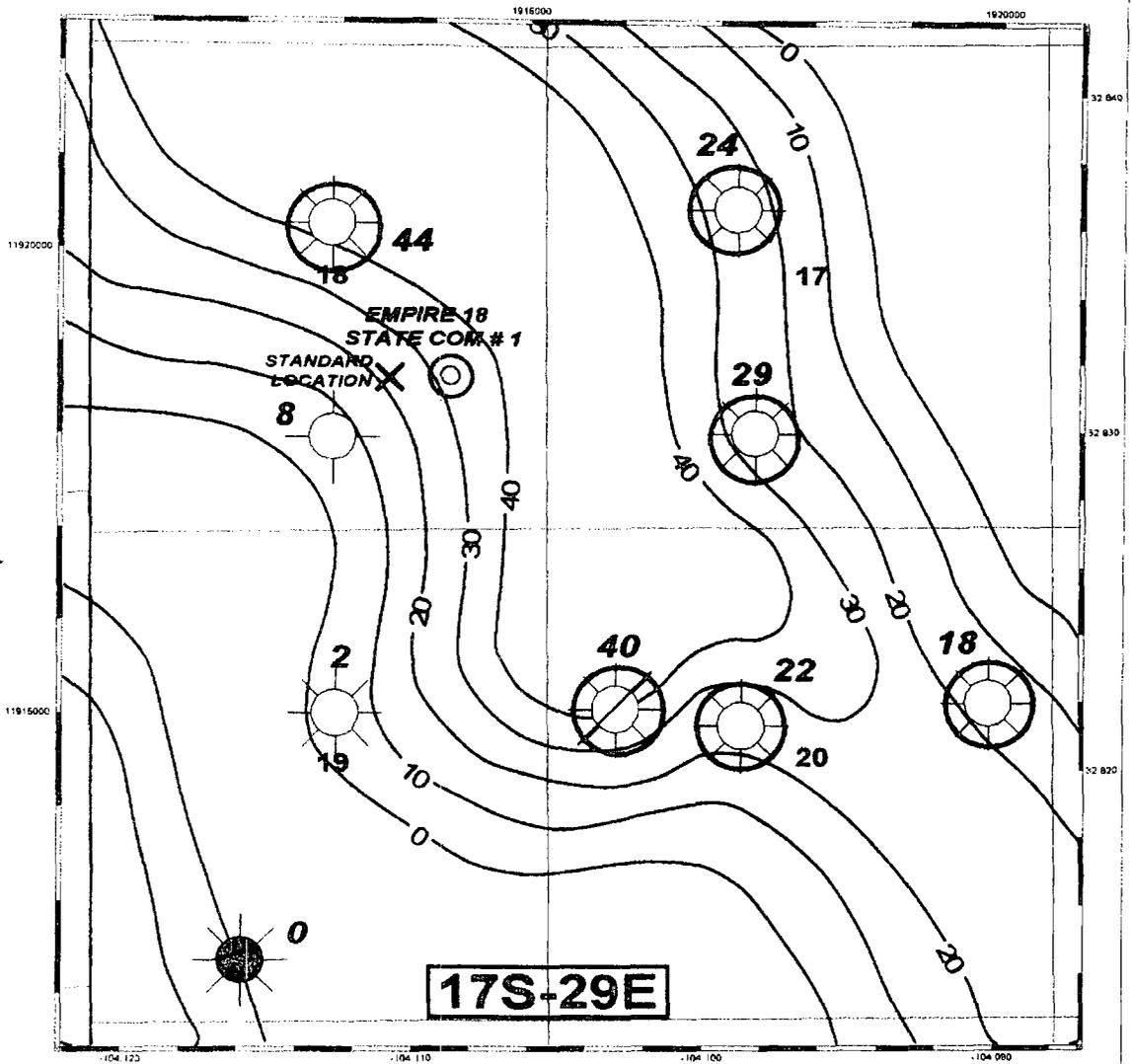
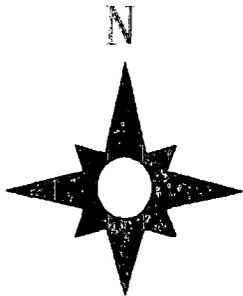
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
<i>293.96</i>			

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

Lot 1 26.69 AC.		<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Steve Matthews</i> Signature</p> <p><i>Steve Matthews</i> Printed Name</p> <p><i>Dir. Supt.</i> Title</p> <p><i>5-26-99</i> Date</p>	
Lot 2 26.81 AC.		<p><b>SURVEYOR CERTIFICATION</b></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>	
Lot 3 26.92 AC.		<p>Date Surveyed <i>5/18/99</i></p> <p>Signature <i>[Signature]</i> Professional Surveyor</p>	
Lot 4 27.04 AC.		<p><i>990'</i></p> <p><i>1650'</i></p> <p></p> <p>Certificate No. <i>3640</i> L. Jones RLS 3640 EMPIRE DISK 10 GENERAL SURVEYING COMPANY</p>	

The NW Empire Prospect is primarily a test for the Middle Morrow Green Sand. This interval produces in many of the good wells in this area. The main reason for the unorthodox location is that net pay thickness increases significantly going to the east along the northwest to southeast trend of the Middle Morrow Green interval. Moving the location west to the nearest standard location would increase the risk dramatically and could cause the drilling of a non-commercial well. A standard location would also be moving towards a Morrow dry hole southwest of the proposed location. The net pay expected in the Middle Morrow Green Sand is between 30 and 40 feet in the prospect well and approximately 20 feet at the standard location. The main risk in moving toward the standard location is that pay is deteriorating in that direction and a well located there has a good chance of being non-productive.



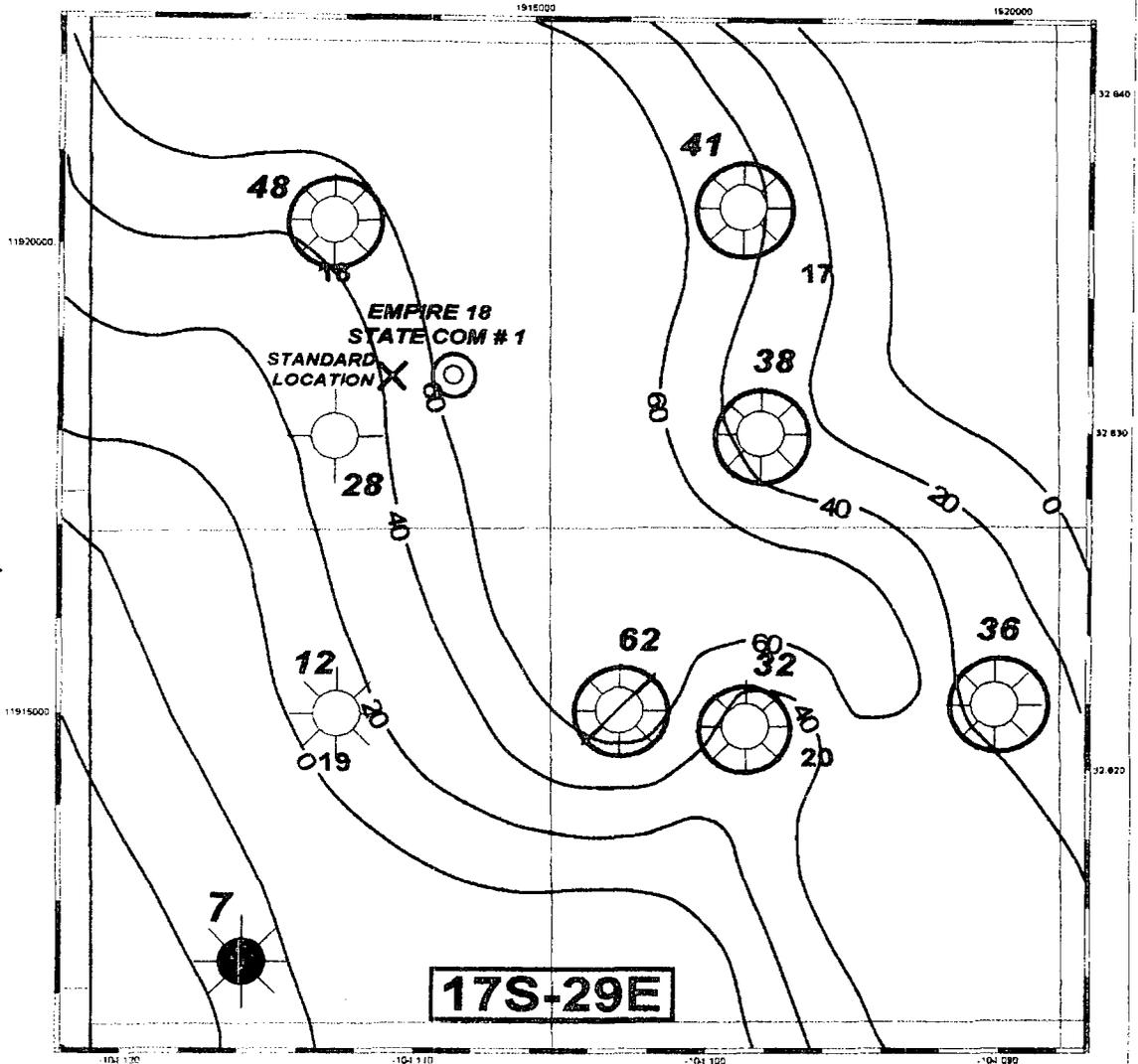
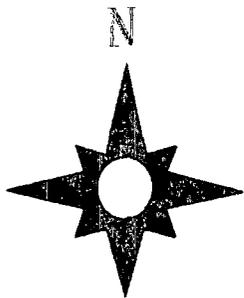


○ MIDDLE MORROW GREEN SAND PRODUCERS

Mewbourne Oil Company

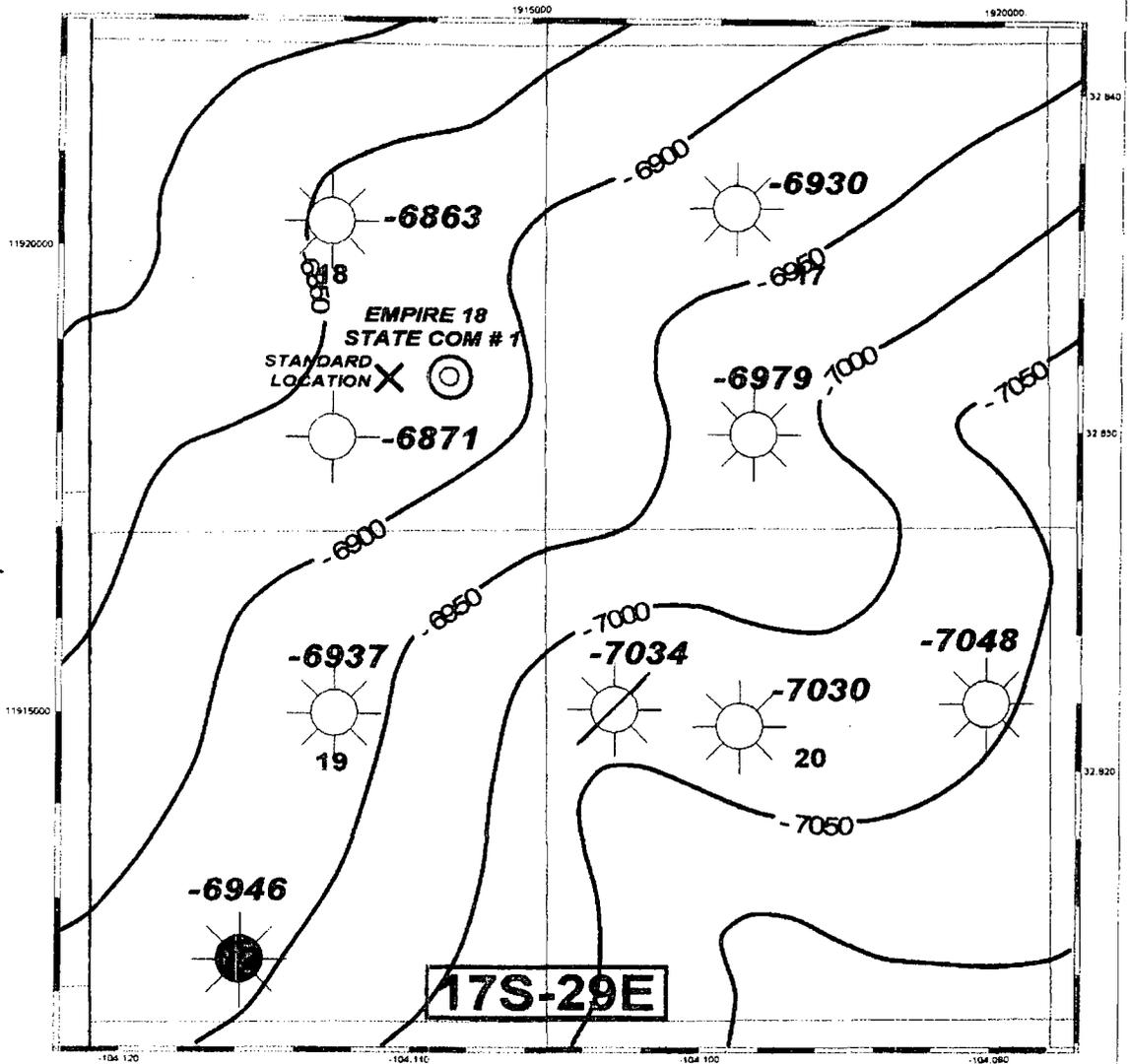
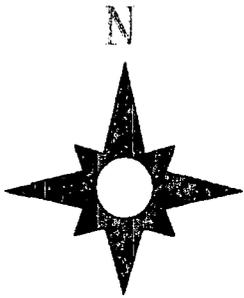
NW EMPIRE PROSPECT  
EDDY CO., N. M.  
NET ISOPACH - MID MRRW GREEN

Keith Logan	C. I. = 10'	5/27/99
Scale 1:24000.		



○ MIDDLE MORROW GREEN SAND PRODUCERS

Mewbourne Oil Company		
NW EMPIRE PROSPECT EDDY CO., N. M. GROSS ISOPACH - MID MRRW GREEN		
Keith Logan	C. I. = 20'	5/27/99
Scale 1:24000.		



Mewbourne Oil Company

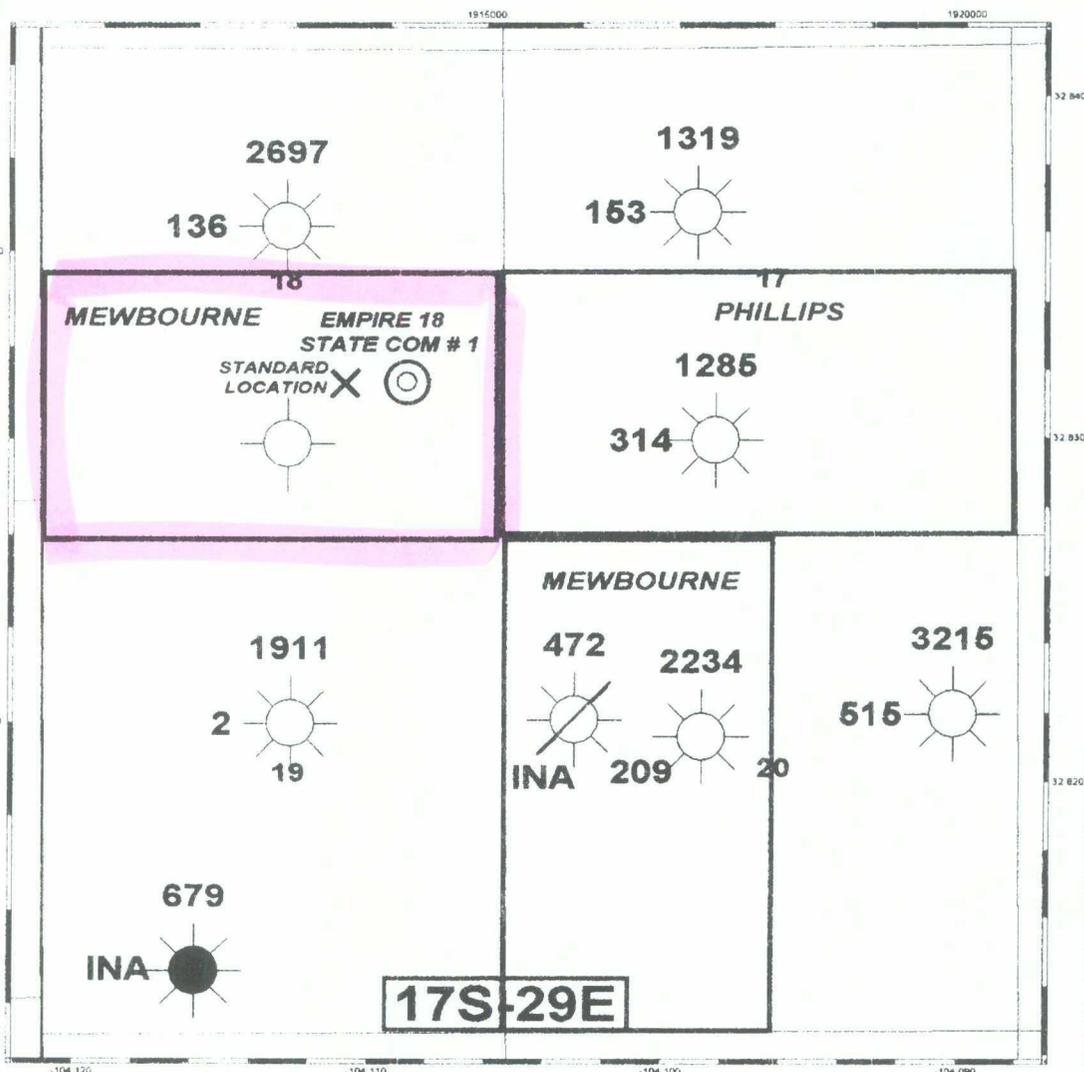
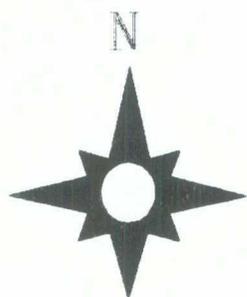
NW EMPIRE PROSPECT  
EDDY CO., N. M.  
STRUCTURE MAP - T/LOWER MORROW

Keith Logan

C. I. = 50'

5/27/89

Scale 1:24000



**OPERATOR**

- OFFSET PRORATION UNITS
- PROSPECT PRORATION UNIT
- CLOSEST STANDARD LOCATION (1650' FEL & 1650' FSL)
- PROPOSED LOCATION (990' FEL & 1650' FSL)

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

Mewbourne Oil Company		
NW EMPIRE PROSPECT EDDY CO., N. M. CUM PROD/GAS RATE (MORROW)		
Keith Logan	Scale 1:24000.	5/27/99



# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

May 18, 1999

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

Phillips Petroleum Company  
4001 Penbrook Avenue  
Odessa, Texas 79762  
Attn: Mr. Randy Lewicki

Re: Empire "18" State Com. No. 1 Well  
1650' FSL & 990' FEL of Section 18,  
T17S, R29E  
Eddy County, New Mexico

Gentlemen:

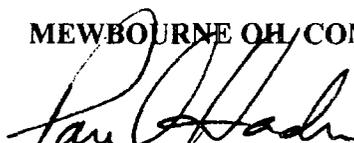
Mewbourne Oil Company, as Operator, has intentions to drill the captioned well at the referenced location to a depth sufficient to adequately evaluate the Morrow formation, estimated total depth being 10,800 feet beneath the surface. The S/2 of the captioned Section 18 will be dedicated to the well, forming a non-standard 293.96 acre gas spacing and proration unit. The non-standard unit is due to a variation in the public surveys. Well spacing for the Empire Morrow, (South) Gas Pool is 320 acres, with wells to be located no closer than 1650 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 Phillips Petroleum Company as an offset Operator for the granting of a drilling permit for the referenced well, unorthodox location and non-standard unit as described above.

Please indicate Phillips' waiver of objection for the granting of a drilling permit for the captioned well, unorthodox location and non-standard unit by signing and returning the duplicate original of this letter to the undersigned.

Sincerely yours,

MEWBOURNE OIL COMPANY



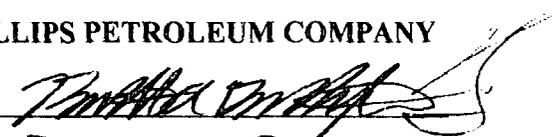
D. Paul Haden  
Senior Landman



DPH/gb

The undersigned has no objection to the granting of a drilling permit for the captioned well for the referenced location and non-standard unit as described above.

PHILLIPS PETROLEUM COMPANY

By: 

Name: Brett A. Butterfield

Date signed: 5-19-99

Title: Land Director

CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

06/28/99 13:20:23  
OGOMES -TP7F  
PAGE NO: 2

Sec : 18 Twp : 17S Rng : 29E Section Type : NORMAL

3 26.92  Federal owned	K 40.00 CS B07677 0000 07/48 CONOCO INC	J 40.00 CS B06846 0001 01/47 CLAYTON WILLIAMS	I 40.00 CS B06846 0001 01/47 CLAYTON WILLIAMS
4 27.04  Federal owned	N 40.00  Federal owned  C	O 40.00  Federal owned  A	P 40.00 CS V05082 0000 05/02 SOUTHWEST ROYALTI  C

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

53.96  
8  
-----  
133.96  
16  
-----  
293.96

CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

06/28/99 13:20:19  
OGOMES -TP7F  
PAGE NO: 1

Sec : 18 Twp : 17S Rng : 29E Section Type : NORMAL

1 26.69  Federal owned	C 40.00  Federal owned	B 40.00  Federal owned	A 40.00  Federal owned
2 26.81  Federal owned	F 40.00  Federal owned	G 40.00  Federal owned  A	H 40.00  Federal owned

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