

**STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 13242 (Reopened)
ORDER NO. R-12133-A**

**IN THE MATTER OF CASE NO. 13242 BEING REOPENED PURSUANT TO
THE PROVISIONS OF DIVISION ORDER NO. R-12133, WHICH ORDER
ESTABLISHED TEMPORARY SPECIAL POOL RULES FOR THE QUERECHO
PLAINS-STRAWN POOL IN LEA COUNTY, NEW MEXICO, INCLUDING
PROVISIONS FOR 80-ACRE SPACING AND PRORATION UNITS AND
DESIGNATED WELL LOCATION REQUIREMENTS.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on November 3, 2005, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 22nd day of November, 2005, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

- (1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.
- (2) Division Cases No, 13242 and 13243 were consolidated at the hearing for the purpose of testimony.
- (3) By Order No. R-12133 issued in Case No. 13242 on April 23, 2004, the Division, upon application of Mewbourne Oil Company, established temporary special pool rules for the Querecho Plains-Strawn Pool, Lea County, New Mexico, including provisions for 80-acre spacing and proration units and designated well location requirements such that wells shall be located no closer than 330 feet to the outer boundary of the spacing unit, nor closer than 330 feet to any quarter-quarter section line or subdivision inner boundary.

(4) Pursuant to the provisions of Order No. R-12133, this case was reopened to allow the operators in the subject pool to appear and show cause why the "*Temporary Special Pool Rules for the Querecho Plains-Strawn Pool*" should not be rescinded and the pool developed on statewide 40-acre spacing.

(5) The Querecho Plains-Strawn Pool currently comprises the SW/4 of Section 15, and the W/2 and SE/4 of Section 22, both in Township 18 South, Range 32 East, NMPM, Lea County, New Mexico.

(6) Mewbourne Oil Company ("Mewbourne") appeared at the hearing and presented evidence to support the permanent adoption of the special pool rules for the Querecho Plains-Strawn Pool.

(7) Mewbourne presented evidence that demonstrates that:

- (a) there are only two wells currently producing within the Querecho Plains-Strawn Pool. These are the Mewbourne SF "22" Federal Com Well No. 1 (API No. 30-025-36347) located in Unit P of Section 22, and the Chesapeake Operating Inc.'s Querecho Plains Unit Well No. 2 (API No. 30-025-36541) located in Unit E of Section 22. Two additional wells, the Querecho Plains Unit Well No. 1 (API No. 30-025-00867) located in Unit K of Section 22, and the Federal "WR" Well No. 1 (API No. 30-025-20990) located in Unit L of Section 15 previously produced from this pool, but have since been abandoned in the Strawn interval;
- (b) the SF "22" Federal Com Well No. 1 has cumulatively produced 149,931 barrels of oil and 258 MMCF of gas from the Strawn formation and is expected to ultimately recover 310,641 barrels of oil and 1.007 BCF of gas from the subject reservoir;

- (c) the Querecho Plains Unit Well No. 1 cumulatively produced 546,451 barrels of oil and 1.12 BCF of gas from the Querecho Plains-Strawn Pool prior to this zone being abandoned in the well in 1994; and
- (d) drainage data based upon volumetric and decline curve analysis shows that the Querecho Plains Unit Well No. 1 drained an area in excess of 80 acres, and that the SF "22" Federal Com Well No. J will also ultimately drain an area in excess of 80 acres.

(8) Testimony by Mewbourne indicates that it is unlikely that additional drilling will occur within the Querecho Plains-Strawn Pool.

(9) The engineering evidence presented by Mewbourne demonstrates that the current well spacing within the Querecho Plains-Strawn Pool is appropriate, and that permanent adoption of the special pool rules will prevent waste and protect correlative rights,

(10) No other operator and/or interest owner appeared at the hearing.

(11) The "*Temporary Special Pool Rules for the Querecho Plains-Strawn Pool*" should remain in full force and effect until further order of the Division,

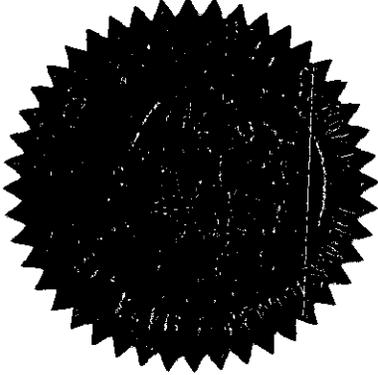
IT IS THEREFORE ORDERED THAT:

(1) The "*Temporary Special Pool Rules for the Querecho Plains-Strawn Pool*", as established by Division Order No. R-12133 dated April 23, 2004, are hereby continued in full force and effect until further order of the Division.

(2) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

MARK E. FESMIRE, P.E.
Director