

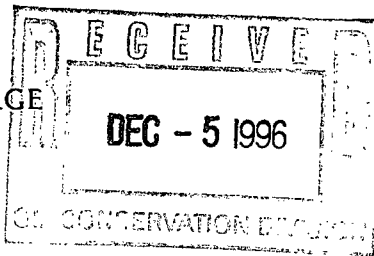
NSL 12/26/96

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

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WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN

MICHAEL H. FELDEWERT
TANYA M. TRUJILLO
PAUL R. OWEN

JACK M. CAMPBELL
OF COUNSEL



JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

December 5, 1996

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

NSL - GAS. NS

Re: *Application of Mewbourne Oil Company for Administrative Approval of an Unorthodox Well Location for its Scanlon Draw "35" State No. 1 Well, 660 feet from the South line and 1980 feet from the West line of Section 35, Township 18 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.*

Dear Mr. LeMay:

Mewbourne Oil Company hereby seeks administrative approval pursuant to the provisions of Division Rule 104 F (2) adopted on January 18, 1996, of an unorthodox well location for its Scanlon Draw "35" State No. 1 Well to be drilled at an unorthodox well location 660 feet from the South line and 1980 feet from the West line Section 35, Township 18 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.

This location in the Morrow formation, North Turkey Track-Morrow Field, is unorthodox for geological reasons. Attached hereto as Exhibits A and B are a Lower Morrow Gross "Orange" Sandstone Isopach Map and a summary of the reasons supporting Mewbourne's requested unorthodox well location.

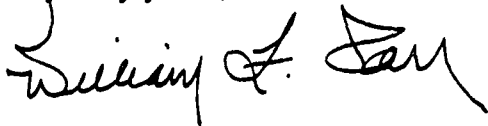
William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
December 5, 1996
Page 2

Attached hereto as Exhibit C is a plat showing the subject spacing unit, the proposed unorthodox well location, the offsetting wells and the diagonal and adjoining spacing units.

Exhibit D hereto is a list of the parties affected by this application. On this date, a copy of this application, including the plat described in Rule 104 F (3), was provided to each of the affected parties as required by Division Rule 104 F (4) by certified mail advising each that if they have an objection to this location it must be filed in writing with the Division's Santa Fe office within twenty days from the date this notice was mailed.

Your attention to this application is appreciated.

Very truly yours,

A handwritten signature in dark ink, appearing to read "William F. Carr", written in a cursive style.

WILLIAM F. CARR
Attorney for Mewbourne Oil Company

Enclosures

cc: Mr. Steve Cobb
Mewbourne Oil Company
500 West Texas, Suite 1050
Midland, Texas 79701

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

MEWBOURNE OIL COMPANY'S - SCANLON DRAW "35" STATE #1
NORTH TURKEY TRACK (MORROW) FIELD
SCANLON DRAW PROSPECT
Section 35(N)-T18S-R28E
Eddy County, New Mexico

UNORTHODOX DRILLSITE RECOMMENDATION:

The Lower Morrow "Orange" Sand is the primary objective for this 11,200' test. Stratigraphically the "Orange" Sand is located approximately 50' below the base of the Lower Morrow shale and is interpreted to be in a "channel sand" deposition facies. It is a significant gas producer in this area.

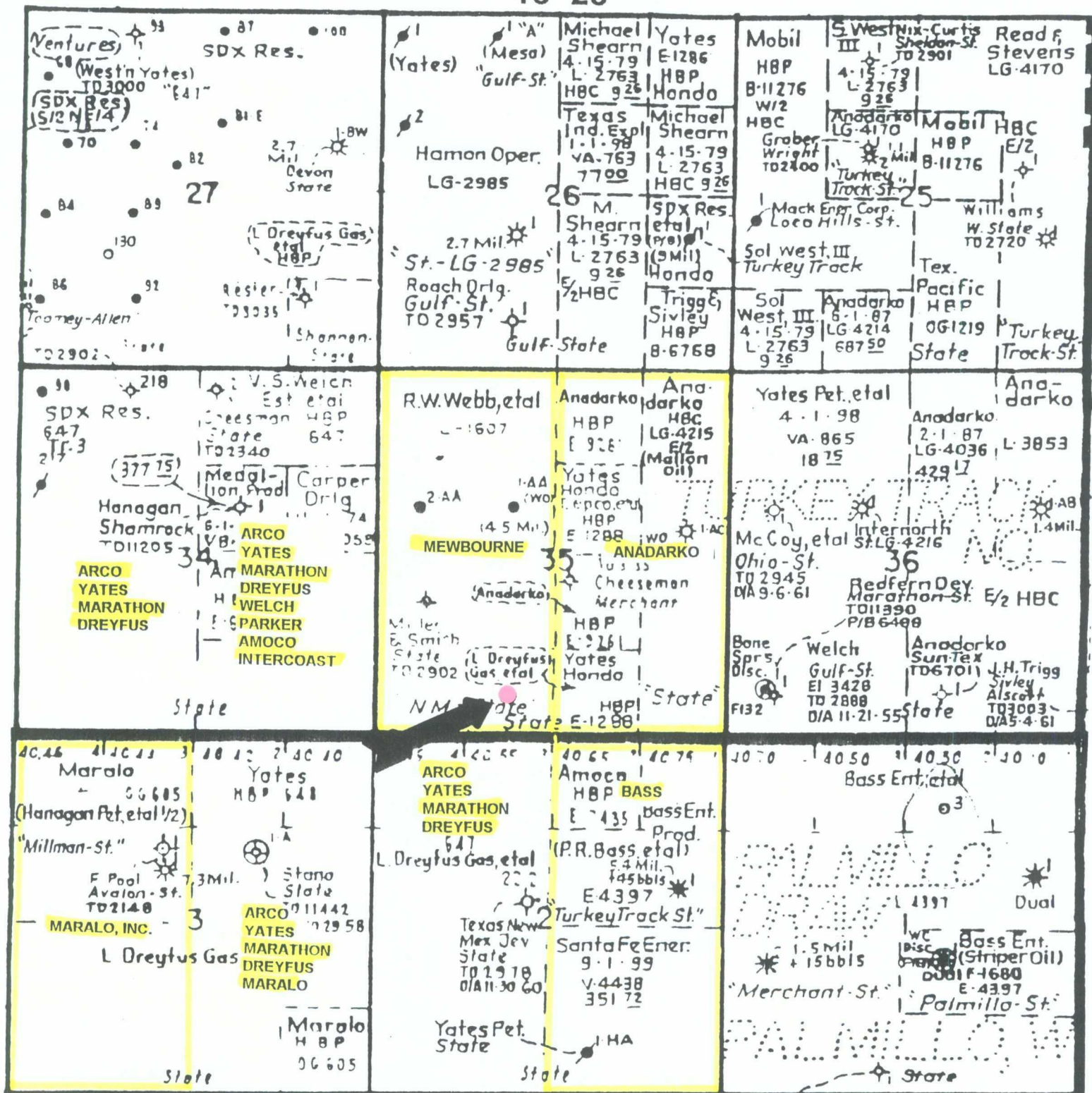
This will be a west-half (stand-up) proration unit and it is critical that the drillsite be located 660' FSL and 1980' FWL, Unit (N), Section 35, T18S-R28E. The east-half (Morrow) proration unit is dedicated to Anadarko Production Company's State "AC" Com. #1 located in unit (H), Section 35, T18S-R28E. Accordingly, an unorthodox location will be required to test this prospect.

The Lower Morrow Gross "Orange" Sand Isopach Map clearly illustrates the need for this unorthodox location. Morrow tests are the only wells shown on this map and the "Orange" Sand producers are indicated as such. The test well is an attempt to extend "Orange" Sand production to the northwest from the Bass Enterprise Production - Turkey Track "2" Well #1 located in Section 2(H), T19S-R28E.

Our interpretation suggests maximum "Orange" Sand development (approximately 40') at this unorthodox drillsite. Anadarko Production Company's New Mexico "AA" State #1 located in 35(F) was drilled in 1978 and has only 8' of gross "Orange" Sand. It was originally completed as a "Orange" Sand producer for 4.5 MMCFGPD and produced until it was plugged back in 1981 after producing (0.487 BCF and 2,522 barrels). This well is now operated by Xeric Oil & Gas Company and produces only from the Queen-Grayburg-San Andres section.

Our interpretation indicates that maximum "Orange" Sand thickness should be developed at this unorthodox location. The nearest orthodox location (1650' FSL and 1980' FWL) would encounter significantly less "Orange" Sand (approximately 28') and would compromise the economics of the test.

It is critical that the drillsite be located 660' FSL and 1980' FWL.



SECTION 35-18S-28E
EDDY COUNTY, NEW MEXICO

EXHIBIT D

AFFECTED PARTIES

Application of Mewbourne Oil Company for
administrative approval of an unorthodox well location
Scanlon Draw "35" State Well No. 1
660 feet from the South line and 1980 feet from the West line
Section 35, Township 18 South, Range 28 East, NMPM
Eddy County, New Mexico

Maralo, Inc.
Post Office Box 832
Midland, Texas 79702
Attn: Mr. R.A. Lowery

Amoco Production Company
Post Office Box 3092
Houston, TX 77253
Attn: Mr. Jerry West

Bass Enterprises Production Company
Post Office Box 2760
Midland, TX 79702
Attn: Mr. John Smitherman

InterCoast Oil and Gas Company
7130 South Lewis Avenue, Suite 700
Tulsa, OK 74136
Attn: Mr. Rick Deffenbaugh

ARCO Permian
Post Office Box 1610
Midland, TX 79702-2600
Attn: Mr. Lee Scarborough

V.S. Welch Estate
1035 Carolyn Way
Beverly Hills, CA 70210

Yates Petroleum Corporation
105 South 4th Street
Artesia, NM 88210
Attn: Mr. Robert Bullock

Frank M. Parker
c/o Thomas G. Calhoun 11, Trustee
4429 North Central Expressway
Dallas, TX 75205

Marathon Oil Company
Post Office Box 552
Midland, TX 79702
Attn: Mr. Randal Wilson

Anadarko Petroleum Corporation
Post Office Box 2497
Midland, TX 79702
Attn: Mr. Kirk Ary

Louis Dreyfus Natural Gas
1400 Quail Springs Parkway, #600
Oklahoma City, OK 73134
Attn: Mr. Russell Waters

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Midland, Texas 79702
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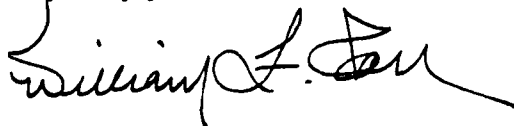
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Very truly yours,



WILLIAM F. CARR

enc.

cc: Mr. Steve Cobb

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Bass Enterprises Production Company
Post Office Box 2760
Midland, TX 79702
Attn: Mr. John Smitherman

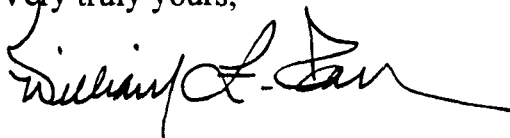
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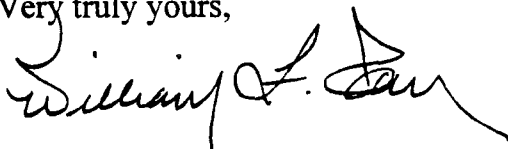
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Yates Petroleum Corporation
105 South 4th Street
Artesia, NM 88210
Attn: Mr. Robert Bullock

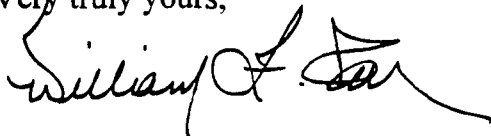
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InterCoast Oil and Gas Company
7130 South Lewis Avenue, Suite 700
Tulsa, OK 74136
Attn: Mr. Rick Deffenbaugh

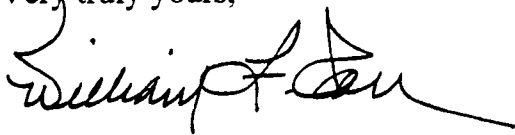
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Amoco Production Company
Post Office Box 3092
Houston, TX 77253
Attn: Mr. Jerry West

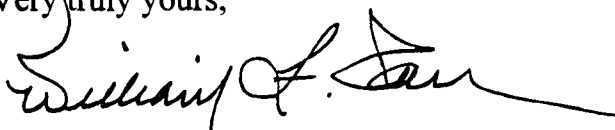
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Louis Dreyfus Natural Gas
1400 Quail Springs Parkway, #600
Oklahoma City, OK 73134
Attn: Mr. Russell Waters

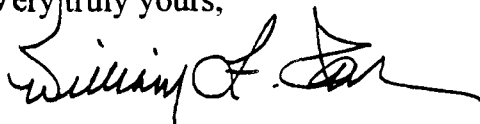
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Marathon Oil Company
Post Office Box 552
Midland, TX 79702
Attn: Mr. Randal Wilson

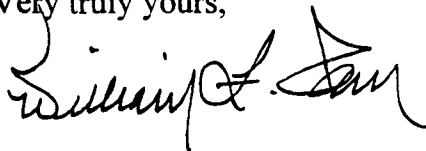
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1035 Carolyn Way
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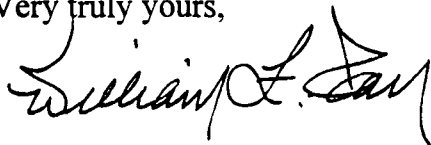
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Frank M. Parker
c/o Thomas G. Calhoun 11, Trustee
4429 North Central Expressway
Dallas, TX 75205

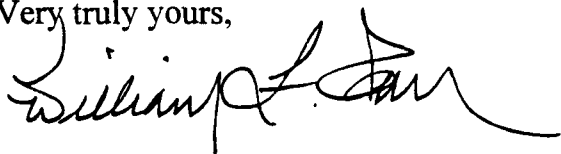
Re: *Application of Mewbourne Oil Company for administrative approval of an unorthodox well location for its Scanlon Draw "35" State Well No. 1, 660 feet from the South line and 1980 feet from the West line of Section 35, Township 18 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.*

Dear Mr. Parker:

Enclosed is a copy of the above-referenced application which was filed with the Oil Conservation Division on this date by Mewbourne Oil Company for administrative approval of an unorthodox well location for its proposed Scanlon Draw "35" State Well No. 1 to be drilled 660 feet from the South line and 1980 feet from the West line of Section 35, Township 18 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.

As the owner of an interest which will be affected by the proposed well, you may object to this application. Objections must be filed in writing at the Division's Santa Fe office within twenty days from the date this notice was sent. If no objection is received within twenty days after the Division Director receives this application, the unorthodox location may be approved.

Very truly yours,



WILLIAM F. CARR

enc.

cc: Mr. Steve Cobb

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN

MICHAEL H. FELDEWERT
TANYA M. TRUJILLO
PAUL R. OWEN

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

December 5, 1996

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Anadarko Petroleum Corporation
Post Office Box 2497
Midland, TX 79702
Attn: Mr. Kirk Ary

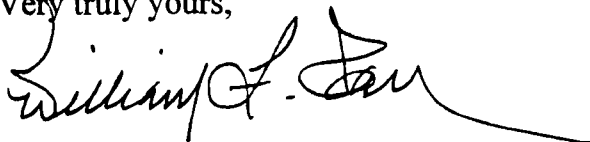
Re: *Application of Mewbourne Oil Company for administrative approval of an unorthodox well location for its Scanlon Draw "35" State Well No. 1, 660 feet from the South line and 1980 feet from the West line of Section 35, Township 18 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.*

Gentlemen:

Enclosed is a copy of the above-referenced application which was filed with the Oil Conservation Division on this date by Mewbourne Oil Company for administrative approval of an unorthodox well location for its proposed Scanlon Draw "35" State Well No. 1 to be drilled 660 feet from the South line and 1980 feet from the West line of Section 35, Township 18 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.

As the owner of an interest which will be affected by the proposed well, you may object to this application. Objections must be filed in writing at the Division's Santa Fe office within twenty days from the date this notice was sent. If no objection is received within twenty days after the Division Director receives this application, the unorthodox location may be approved.

Very truly yours,



WILLIAM F. CARR

enc.

cc: Mr. Steve Cobb

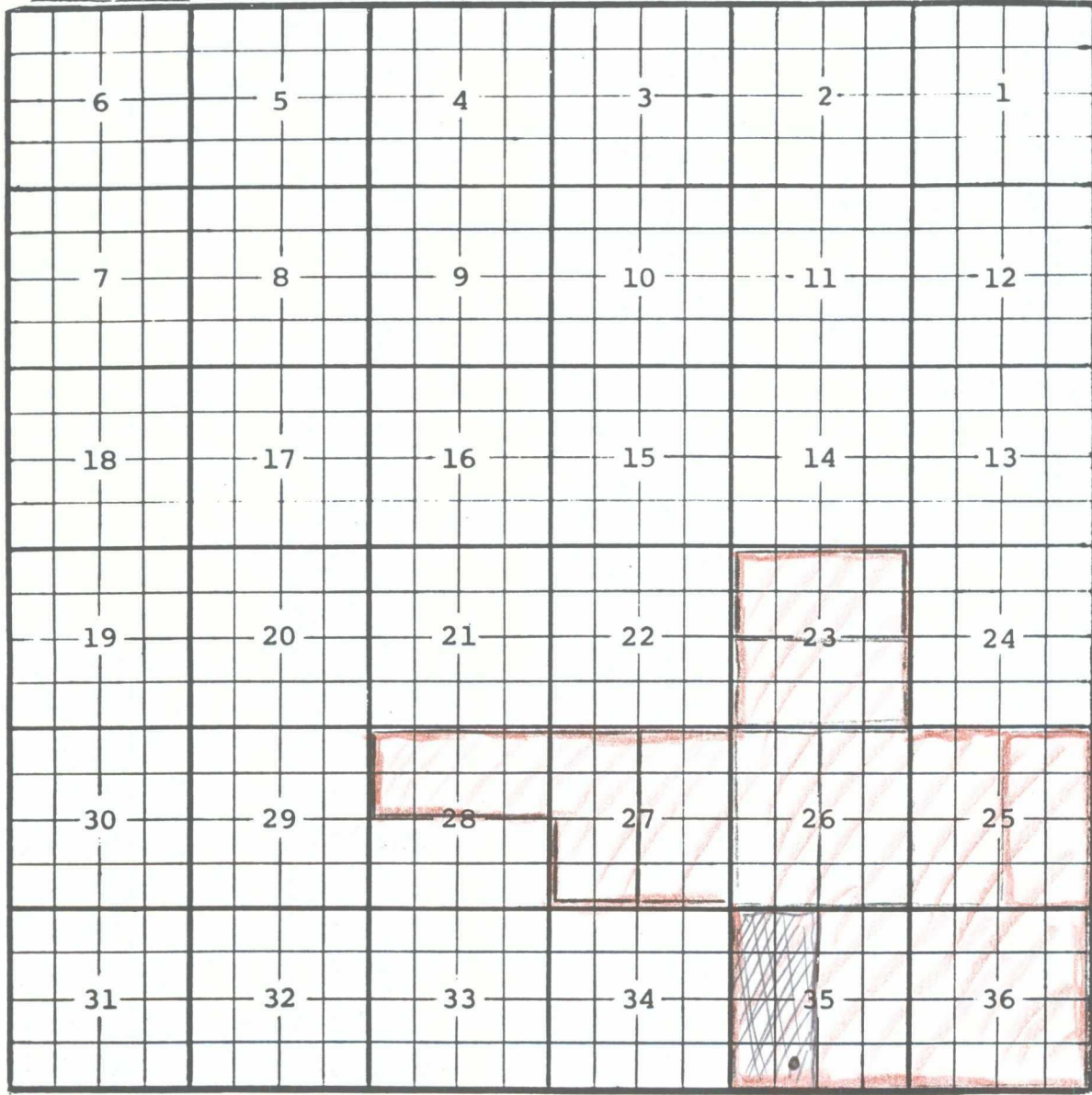
County Eddy

Pool North Turkey Track - Morrow Gas

TOWNSHIP 18 South

Range 28 East

NMPM



Ext: $\frac{E}{2}$ Sec 25 (R-5667, 4-1-78) Ext: $\frac{W}{2}$ Sec 25 (R-5838, 11-1-78)

Ext: All Sec 35, All Sec 36 (R-5988, 5-1-79) Ext: $\frac{E}{2}$ Sec 26 (R-6211, 12-31-79)

Ext: $\frac{W}{2}$ Sec 26 (R-6420, 8-1-80) Ext: $\frac{E}{2}$ sec 27 (R-7009, 6-19-82)

Ext: $\frac{W}{2}$ Sec 27 and $\frac{N}{2}$ Sec 28 (R-7131, 11-30-82)

Ext: Sec 23 $\frac{S}{2}$ (R-7193, 1-26-83) Ext: $\frac{N}{2}$ Sec 23 (R-7668, 9-21-84)

OIL CONSERVATION DIVISION
RECEIVED

LAW OFFICES

LOSEE, CARSON, HAAS & CARROLL, P. A.

311 WEST QUAY AVENUE

P. O. BOX 1720

ARTESIA, NEW MEXICO 88211-1720

MARY LYNN BOGLE
ERNEST J. CARROLL
JOEL M. CARSON
DEAN B. CROSS
JAMES E. HAAS

OF COUNSEL
A. J. LOSEE

TELEPHONE
(505) 746-3505

FACSIMILE
(505) 746-6316

December 20, 1996

VIA FACSIMILE TRANSMISSION

505/827-8177

Mr. William J. LeMay, Director
New Mexico Oil Conservation Division
2040 S. Pacheco
P. O. Box 6429
Santa Fe, New Mexico 87505-5472

Re: Protest to Application of Mewbourne Oil Company for
Administrative Approval of Unorthodox Well Location for
the Scanlon Draw "35" State No. 1 Well, 660' FSL 1980' FWL
of Section 35, T-18-S, R-28-E, N.M.P.M., Eddy County, New
Mexico

Dear Sir:

This is to notify you that we are filing a protest on behalf of Bass Enterprises Production Co. ("Bass") and Santa Fe Energy Company ("Santa Fe") to the application for administrative approval of the captioned well. Bass is the operator of and a leasehold owner in a Morrow well located in the E/2 of Section 2, Township 19 South, Range 28 East. Santa Fe is a leasehold owner in the proration unit for the same well.

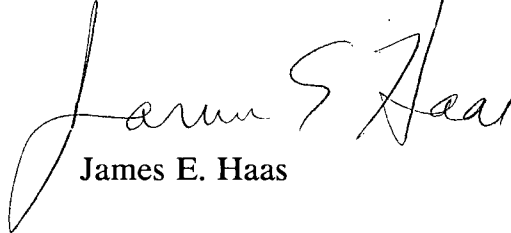
The grounds for this protest are that the location requested would adversely impact the correlative rights of Bass and Santa Fe and would give the applicant an unfair advantage as to geologic location, permitting Mewbourne to produce gas from under the lands contained within the proration unit for protestants' well in violation of their correlative rights. The protestants further aver that the geology of the Morrow formation in this area is such that the applicant could drill a well at a legal location in the W/2 of Section 35 and obtain its fair share of production therefrom. The granting of this application would be in violation of the rules and regulations of the Division.

For the reasons set out above, Bass and Santa Fe do protest the administrative approval of the well location applied for and respectfully request that the Division set this matter for a hearing before an examiner on the first available hearing date.

Mr. William J. LeMay, Director
Page -2-

Respectfully yours,

LOSEE, CARSON, HAAS & CARROLL, P.A.



James E. Haas

JEH:kth

cc: Mr. William F. Carr, Esq
Campbell, Carr, Berge & Sheridan, P. A.
P. O. Box 2208
Santa Fe, NM 87504-2208

Mr. Wayne Bailey, Bass Enterprises Production Co.



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

December 27, 1996

Losee, Carson, Haas & Carroll, P.A.
P. O. Box 1720
Artesia, New Mexico 88211-1720

Attention: James E. Haas

RE: *Administrative application of Mewbourne Oil Company ("Mewbourne") for an unorthodox gas well location within a standard 320-acre gas spacing and proration unit comprising the W/2 of Section 35, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico in the North Turkey Track-Morrow Gas Pool for its proposed Scanlon Draw "35" State Well No. 1 to be drilled 660 feet from the South line and 1980 feet from the West line (Unit N) of said Section 35.*

Dear Mr. Hansen:

The subject application was filed with the Division on December 5, 1996, your letter of objection dated December 20, 1996 (see copy attached) was received by the Division on December 27, 1996, or 22 calendar days after the official filing date of the Mewbourne application. Pursuant to Division General Rule 104.F(4):

"The applicant shall submit a statement attesting that applicant, on or before the same date the application was submitted to the Division, has sent notification to the affected parties by submitting a copy of the application, including a copy of the plat described in Rule 104.F(3) above by certified or registered mail-return receipt in accordance with Rule 1207(A)(5) advising them that if they have an objection it must be filed in writing within twenty days from the date notice was sent. The Division Director may approve the unorthodox location upon receipt of waivers from all said parties or if no said party has entered an objection to the unorthodox location within 20 days after the Director has received the application."

Losee, Carson, Haas & Carroll, P.A.

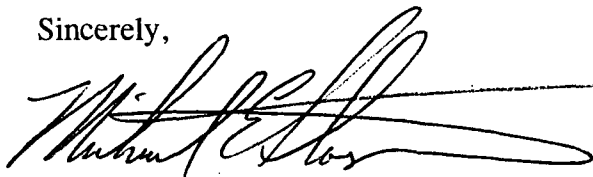
December 27, 1996

Page 2

Your objection on behalf of Bass Enterprises Production Company and Santa Fe Energy Company was received too late for the Division to take any action in either delaying or denying Mewbourne's request. An order approving this application is being processed at this time and will be forthcoming.

Should Williams Production Company wish to pursue this matter further, an application to rescind this order through the Examiner's hearing process can be filed by William Production Company as the applicant.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", with a long horizontal line extending to the right.

Michael E. Stogner
Chief Hearing Officer/Engineer

WJL/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
New Mexico State Land Office - Santa Fe
William F. Carr - Santa Fe
William J. LeMay - OCD Director, Santa Fe
Rand Carroll, General Counsel - OCD, Santa Fe

OIL CONSERVATION DIVISION
RECEIVED

LAW OFFICES

MARY LYNN BOGLE
ERNEST J. CARROLL
JOEL M. CARSON
DEAN B. CROSS
JAMES E. HAAS

OF COUNSEL
A. J. LOSEE

LOSEE, CARSON, HAAS & CARROLL, P. A.

311 WEST QUAY AVENUE

P. O. BOX 1720

ARTESIA, NEW MEXICO 88211-1720

TELEPHONE
(505) 746-3505

FACSIMILE
(505) 746-6316

December 20, 1996

VIA FACSIMILE TRANSMISSION

505/827-8177

Mr. William J. LeMay, Director
New Mexico Oil Conservation Division
2040 S. Pacheco
P. O. Box 6429
Santa Fe, New Mexico 87505-5472

Re: Protest to Application of Mewbourne Oil Company for
Administrative Approval of Unorthodox Well Location for
the Scanlon Draw "35" State No. 1 Well, 660' FSL 1980' FWL
of Section 35, T-18-S, R-28-E, N.M.P.M., Eddy County, New
Mexico

Dear Sir:

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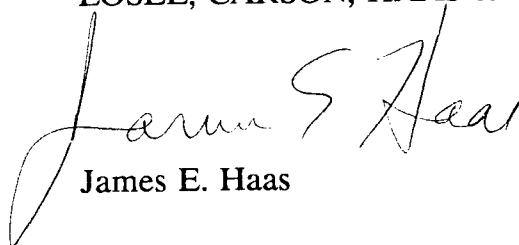
The grounds for this protest are that the location requested would adversely impact the correlative rights of Bass and Santa Fe and would give the applicant an unfair advantage as to geologic location, permitting Mewbourne to produce gas from under the lands contained within the proration unit for protestants' well in violation of their correlative rights. The protestants further aver that the geology of the Morrow formation in this area is such that the applicant could drill a well at a legal location in the W/2 of Section 35 and obtain its fair share of production therefrom. The granting of this application would be in violation of the rules and regulations of the Division.

For the reasons set out above, Bass and Santa Fe do protest the administrative approval of the well location applied for and respectfully request that the Division set this matter for a hearing before an examiner on the first available hearing date.

Mr. William J. LeMay, Director
Page -2-

Respectfully yours,

LOSEE, CARSON, HAAS & CARROLL, P.A.

A handwritten signature in cursive script, appearing to read "James E. Haas". The signature is written in dark ink and is positioned above the printed name.

James E. Haas

JEH:kth

cc: Mr. William F. Carr, Esq
Campbell, Carr, Berge & Sheridan, P. A.
P. O. Box 2208
Santa Fe, NM 87504-2208

Mr. Wayne Bailey, Bass Enterprises Production Co.

LAW OFFICES

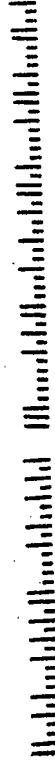
LOSEE, CARSON, HAAS & CARROLL, P. A.
311 WEST QUAY AVENUE

P. O. BOX 1720
ARTESIA, NEW MEXICO 88211-1720



Mr. William J. LeMay, Director
New Mexico Oil Conservation Division
2040 S. Pacheco
P. O. Box 6429
Santa Fe, New Mexico 87505-5472

87502/6423



#	DATE	START	RECEIVER	TX TIME	PAGES	TYPE	NOTE	M#
01	DEC-19	12:31 PM	913032381838	2' 24"	1	SEND	OK	
02		12:47 PM	73692	1' 13"	2	SEND	OK	
03	DEC-20	03:14 PM	99843027	2' 42"	3	SEND	(M) OK	097
04		04:17 PM	919156880529	1' 46"	3	SEND	OK	
05		05:22 PM	915058997021	54"	1	SEND	OK	
06	DEC-23	09:23 AM	15052473377	**' **"	0	SEND	CANCEL	
07		10:22 AM	92473377	2' 05"	3	SEND	OK	
08		05:22 PM	919156854170	4' 15"	6	SEND	(M) OK	098
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11	DEC-27	09:43 AM	14159566414	**' **"	0	SEND	BUSY	
12		09:45 AM	9-14159566416	1' 36"	2	SEND	(M) OK	100
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14		10:27 AM	98997021	1' 15"	1	SEND	OK	
15		11:04 AM	74739	2' 21"	4	SEND	OK	
16		04:42 PM	98997021	46"	1	SEND	OK	
17	DEC-30	10:22 AM	98997021	56"	1	SEND	OK	
18		10:57 AM	913037307930	44"	1	SEND	OK	
TOTAL				32' 04"	45			
GRAND TOTAL TIME: 35H 14M 56S PAGES: 12169								

RECEIVE REPORT

DEC-30-96 MON 01:51 PM

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03		11:18 AM	405 552 4550	1' 20"	2	RECEIVE	OK
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05	DEC-21	12:04 AM	Via Fax	1' 38"	2	RECEIVE	(M) NO PAPER→ OK (2p)
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08	DEC-24	04:21 PM	G3	1' 57"	2	RECEIVE	OK
09	DEC-26	11:45 AM	806 795 0779	5' 06"	9	RECEIVE	OK
10		03:17 PM	1	1' 37"	3	RECEIVE	OK
11		09:19 PM		59"	1	RECEIVE	OK
12	DEC-30	12:09 PM	214 352 2374	2' 13"	4	RECEIVE	OK
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GRAND TOTAL TIME: 140H 1M 31S PAGES: 12735							