

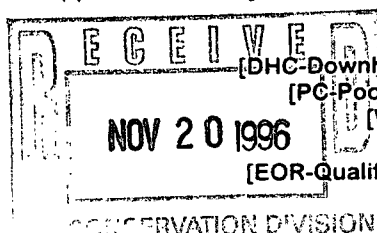
ABOVE THIS LINE FOR DIVISION USE ONLY

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

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.

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

JAMES BRUCE  
218 MONTEZUMA  
SANTA FE, NM 87501

Print or Type Name

*James Bruce*  
Signature

*Attorney*  
Title

11/20/96  
Date

**HINKLE, COX, EATON, COFFIELD & HENSLEY,  
L.L.P.**

**ATTORNEYS AT LAW**

218 MONTEZUMA POST OFFICE BOX 2068  
**SANTA FE, NEW MEXICO 87504-2068**  
(505) 982-4554 FAX (505) 982-8623

LEWIS C. COX, JR. (1924-1993)  
CLARENCE E. HINKLE (1904-1985)

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MARGARET R. MCNETT

GARY W. LARSON  
LISA K. SMITH\*  
NORMAN D. EWART  
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MOLLY MCINTOSH  
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PAUL G. NASON  
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KAROLYN KING NELSON  
ELLEN T. LOUDERBOUGH  
JAMES H. WOOD\*  
NANCY L. STRATTON  
TIMOTHY R. BROWN  
JAMES C. MARTIN

\*NOT LICENSED IN NEW MEXICO

November 20, 1996

Hand Delivered

Michael E. Stogner  
New Mexico 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 hereby applies for administrative approval of an unorthodox gas well location for the following existing well:

Burton Flat "7" Fed. Well No. 1  
1980 feet FSL & 660 feet FEL  
S½ §7, Township 20 South, Range 28 East, NMPM  
Eddy County, New Mexico

The well was drilled in May 1991 and completed as a Morrow producer, with the E½ of Section 7 dedicated to the well. As a result, when the well was drilled, it was at an orthodox location. The well completion report and the Form C-102 for the well are attached as Exhibits A and B. The well still produces from the Morrow formation (Burton Flat-Morrow Gas Pool). Mewbourne intends to reorient the well's unit so that it comprises the S½ of Section 7.<sup>1</sup> A Form C-102, showing the new proposed well unit, is attached as Exhibit C. It is Mewbourne's intent to drill a new Morrow well in the NW¼NE¼ of Section 7, and dedicate the N½ of Section 7 thereto, in order to more effectively recover Morrow reserves under Section 7. A net porosity isopach of the middle Morrow zone is attached hereto as Exhibit D.

<sup>1</sup>All of Section 7 is within United States Oil and Gas Lease NM 83583, and ownership of royalty, overriding royalty, and working interests is common throughout the section.

Attached as Exhibit E is a land plat of the area around the subject well. The offsetting acreage, and the operators/lessees thereof, are as follows:

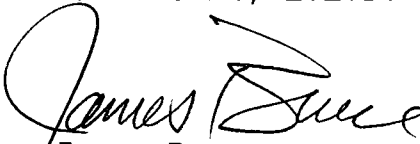
<u>Acreage</u>	<u>Operator/Lessee</u>
N $\frac{1}{2}$ §8	Mewbourne Oil Company
S $\frac{1}{2}$ §8	OXY USA Inc.
All §17	OXY USA Inc.

Notification of this application was sent on the date of this letter to OXY USA Inc., by certified mail. A copy of the notice letter is attached hereto as Exhibit F. **However**, attached as Exhibit G is a letter from OXY waiving objection to the unorthodox location. As a result, Mewbourne requests that the Division waive the normal 20 day waiting period.

This application is submitted in triplicate. Please call me if you need anything further in this matter. Thank you.

Very truly yours,

HINKLE, COX, EATON, COFFIELD  
& HENSLEY, L.L.P.

  
James Bruce

Attorneys for Mewbourne Oil  
Company

OPERATOR'S COPY  
UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

SUBMIT IN DUPLICATE\*

(See other instructions on reverse side)

Form approved,  
Budget Bureau No. 1004-0137  
Expires August 31, 1985

WELL COMPLETION OR RECOMPLETION REPORT AND LOG\*

1. TYPE OF WELL: OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> DRY <input type="checkbox"/> Other <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. NM-83583	
2. TYPE OF COMPLETION: NEW WELL <input checked="" type="checkbox"/> WORK OVER <input type="checkbox"/> DEEP-EN <input type="checkbox"/> PERM BACK <input type="checkbox"/> DIFF. PERM. <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
3. NAME OF OPERATOR Mewbourne Oil Company		7. UNIT ASSIGNMENT NAME	
4. ADDRESS OF OPERATOR P. O. Box 7698, Tyler, Texas 75711		8. PAID OR LEASE NAME BURTON FLAT "7" FEDERAL	
9. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)* At surface 1980' FSL & 660' FEL At top prod. interval reported below At total depth Same		9. WELL NO. 1	
10. DATE SPUN 4/10/91		10. FIELD AND POOL, OR WILDCAT BURTON FLAT MORROW-GAS	
11. DATE T.D. REACHED 5/09/91		11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA 7-20S-28E	
12. DATE COMPL. (Ready to prod.) 6/12/91		12. COUNTY OR PARISH Eddy	
13. ELEVATIONS (OF, MKD, RT, OR, ETC.)* KB 3319', DF 3318', GL 3304'		13. STATE N.M.	
14. PERMIT NO. 30-015-26701		14. DATE ISSUED	
15. TOTAL DEPTH, MD & TVD 11,190'		15. PLUG, BACK T.D., MD & TVD 11,130'	
16. IF MULTIPLE COMPL., HOW MANY*		16. INTERVAL DRILLED BY X	
17. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)* 11,030-050' - Lower Morrow		17. WAS DIRECTIONAL SURVEY MADE Yes	
18. TYPE ELECTRIC AND OTHER LOGS RUN SDL-DSN, DLL-MSFL		18. WAS WELL CORRED No	
19. CASING RECORD (Report all strings set in well)			
CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	AMOUNT FILLED
13-3/8"	54#	445'	None
8-5/8"	32#, 24#	2,961'	None
5-1/2"	17#, 20#	11,171'	None
20. CEMENTING RECORD			
CASING SIZE	DEPTH SET (MD)	AMOUNT FILLED	
13-3/8"	445'	375 Sxs - Circ	None
8-5/8"	2,961'	1350 Sxs - Circ	None
5-1/2"	11,171'	2289 Sxs - Circ	None
21. LINER RECORD			
SIZE	TOP (MD)	BOTTOM (MD)	BACKER CEMENT*
22. TUBING RECORD			
SIZE	DEPTH SET (MD)	PACKER SET (MD)	
2-7/8"	10,982'	10,982'	
23. PERFORATION RECORD (Interval, size and number)			
11,030' - 11,050' - 20', 2 SPF 41 Holes			
24. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.			
DEPTH INTERVAL (MD)		AMOUNT AND KIND OF MATERIAL USED	
11,030-050'		4000 gals 7 1/2% acid, Frac'd with 24,500 gals Westfoam + 20,375# 20/40 Mesh ACFRAC	
25. PRODUCTION			
DATE FIRST PRODUCTION 6/15/91		PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump) Flowing	
WELL STATUS (Producing or shut-in) Producing			
DATE OF TEST 6/28/91	HOURS TESTED 24 hrs.	CHOKE SIZE 14/64"	PROP'D. FOR TEST PERIOD 6
FLOW, TUBING PAGES 1625#	CASING PRESSURE Packer	CALCULATED 24-HOUR RATE 6	UAS—MCP. 940
26. DISPOSITION OF GAS (Hold, used for fuel, vented, etc.) Sold			
27. LIST OF ATTACHMENTS Logs			
28. I hereby certify that the foregoing and attached information is true and correct.			
SIGNED Raymond Thompson		TEST WITNESSED BY W. H. Cravey	
SECRETARY		ACCEPTED FOR RECORD JUL 29 1991 DATE 7/19/91	

37. SUMMARY OF POROUS ZONES: (Show all important zones of porosity and contents thereof; corred intervals; and all drill-stem, tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries):

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.
Delaware	3,352'	3,434'	Sandstone
1st Bone Springs Sand	6,120'	6,240'	Sandstone
Morrow Sand	10,865'	10,876'	Sandstone
Morrow Sand	11,026'	11,056'	Sandstone

38.

GEOLOGIC MARKERS

NAME	TOP	
	MEAS. DEPTH	TRUE VERT. DEPT.
Yates	600'	
Queen	1,051'	
San Andres	1,739'	
Delaware	2,994'	
Bone Springs	4,448'	
1st Bone Springs Sand	6,120'	
2nd Bone Springs Carbonate	6,298'	
2nd Bone Springs Sand	6,791'	
3rd Bone Springs Sand	8,280'	
Wolfcamp lime	8,778'	
Cisco/Canyon	9,496'	
Strawn	9,928'	
Atoka	10,213'	
Morrow	10,416'	

# OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

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

DISTRICT II  
P.O. Drawer 110, Artesia, NM 88210

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

## WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator <b>MEWBOURNE OIL COMPANY</b>			Lease <b>BURTON FLATS "7" FEDERAL</b>		Well No. <b>1</b>
Unit Letter <b>I</b>	Section <b>7</b>	Township <b>20 SOUTH</b>	Range <b>28 EAST</b>	County <b>NM/M</b> <b>EDDY</b>	
Actual Footage Location of Well:					
1980 feet from the <b>SOUTH</b>		Line and	660 feet from the <b>EAST</b>		Line
Ground level Elev. <b>3304</b>	Producing Formation <b>Morrow</b>	Pool <b>Burton Flat Morrow (Gas) Pool</b>	Dedicated Acreage: <b>320 Acres</b>		

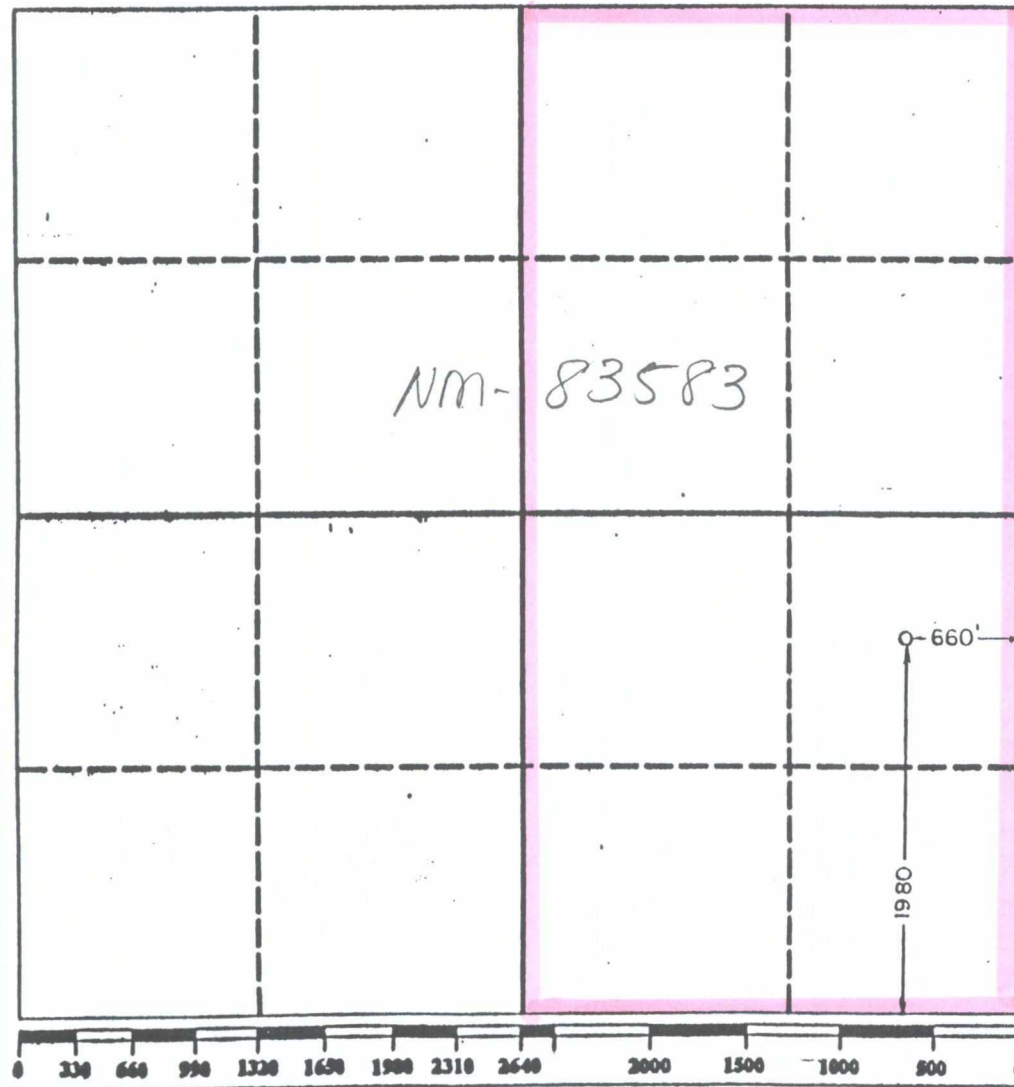
1. Outline the acreage dedicated to the subject well by colored pencil or hectare marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, lease-pooling, etc.?
 

☐ Yes
 ☐ No
 

If answer is "yes" type of consolidation \_\_\_\_\_

If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) \_\_\_\_\_

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



### OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature *W.H. Cravey*

Printed Name  
**W.H. Cravey**

Position  
**District Supt.**

Company  
**Mewbourne Oil Co.**

Date  
**February 6, 1991**

### 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 knowledge and belief.

Date Surveyed  
**1/29/91**

Signature & Seal of Professional Surveyor

*[Signature]*  
Certificate No. **3640**

EXHIBIT

**B**



# OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

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

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

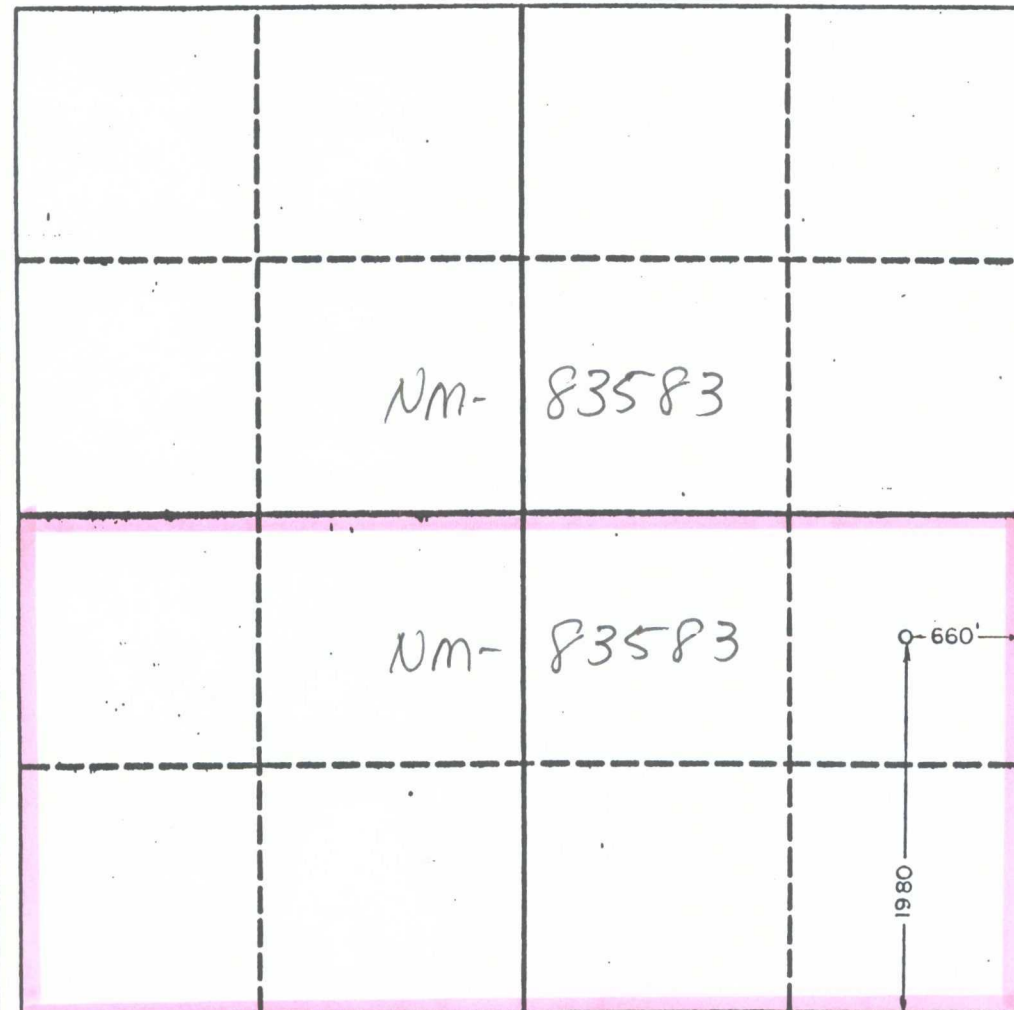
DISTRICT III  
1000 Rio Brazos Rd., Artesia, NM 87410

## WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator <b>MEWBOURNE OIL COMPANY</b>			Lease <b>BURTON FLATS "7" FEDERAL</b>		Well No. <b>1</b>
Unit Letter <b>I</b>	Section <b>7</b>	Township <b>20 SOUTH</b>	Range <b>28 EAST</b>	County <b>NM-EDDY</b>	
Actual Footage Location of Well: 1980 feet from the <b>SOUTH</b> line and 660 feet from the <b>EAST</b> line					
Ground level Elev. <b>3304</b>		Producing Formation <b>Morrow</b>		Pool <b>Burton Flat Morrow (Gas) Pool</b>	Dedicated Acreage: <b>320 Acres</b>

- Outline the acreage dedicated to the subject well by colored pencil or hectare marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, forced-pooling, etc.?  
☐ Yes ☐ No If answer is "yes" type of consolidation \_\_\_\_\_  
If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)  
No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



### OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature

Printed Name

W.H. Cravey

Position

District Supt.

Company

Mewbourne Oil Co.

Date

February 6, 1991

### 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 knowledge and belief.

Date Surveyed

1/29/91

Signature & Seal of Professional Surveyor

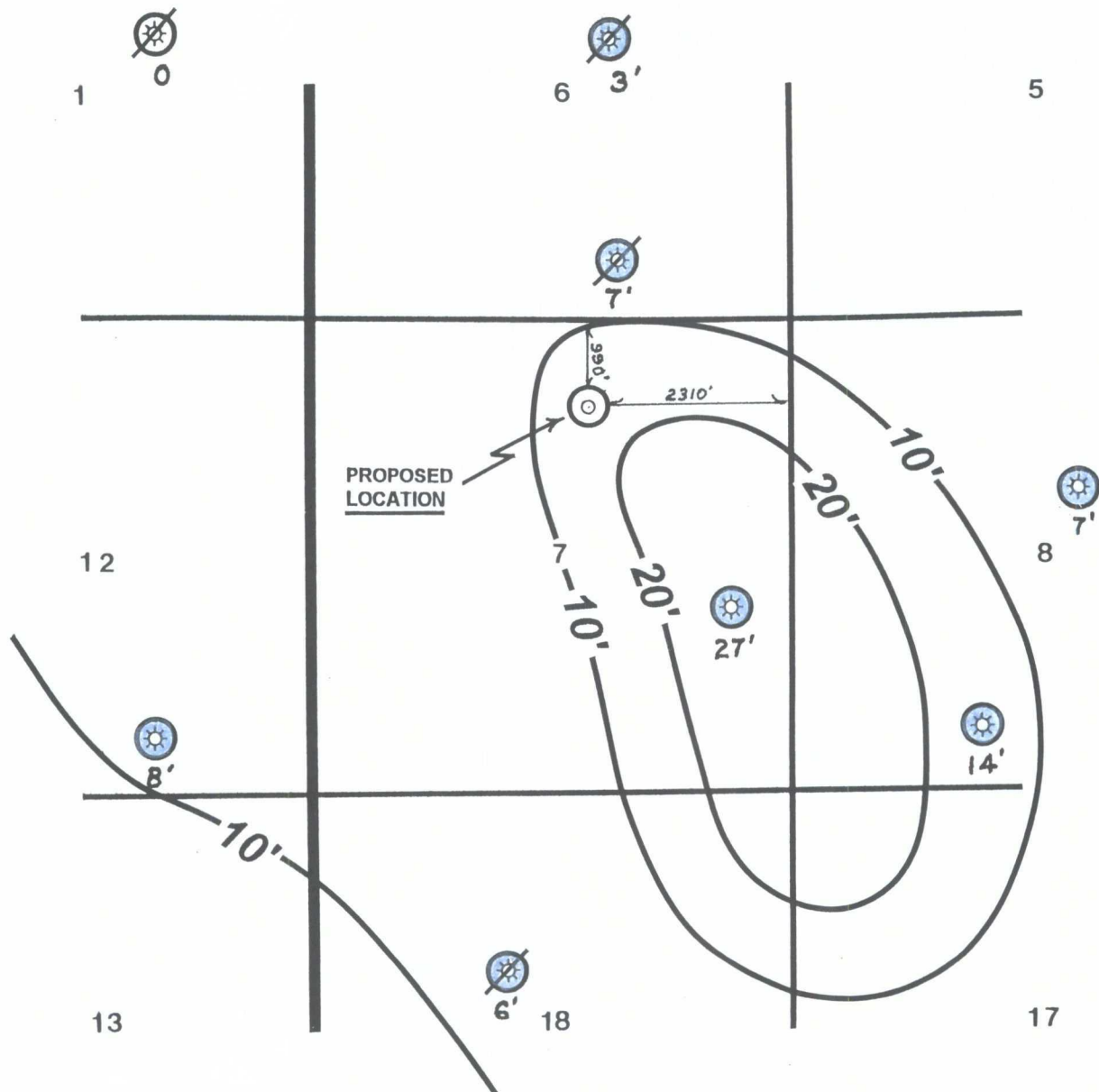
Certificate No.

3640

EXHIBIT

C

T-20-S, R-28-E



● BLUE SAND PRODUCER

EXHIBIT

D

MOC

MEWBOURNE OIL COMPANY  
MIDLAND, TEXAS DISTRICT

**NORTH BURTON FLAT**

EDDY CO., NEW MEXICO

**MIDDLE MORROW BLUE SAND**

**NET SAND ISOPACH MAP**

C.I. = 10'

BY: RALPH MOORE

DATE: 11-12-96



EXHIBIT  
E



HINKLE, COX, EATON, COFFIELD & HENSLEY,  
L.L.P.

ATTORNEYS AT LAW

218 MONTEZUMA POST OFFICE BOX 2068  
SANTA FE, NEW MEXICO 87504-2068  
(505) 982-4554 FAX (505) 982-8623

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JAMES H. WOOD\*  
NANCY L. STRATTON  
TIMOTHY R. BROWN  
JAMES C. MARTIN

\*NOT LICENSED IN NEW MEXICO

November 20, 1996

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

OXY USA Inc.  
P.O. Box 50250  
Midland, Texas 79710

Attn: Kent Woolley

Dear Sirs:

Enclosed is a copy of an administrative application for an unorthodox gas well location, filed at the New Mexico Oil Conservation Division by Mewbourne Oil Company, regarding the Burton Flat "7" Fed. Well No. 1 in the S½ of Section 7, Township 20 South, Range 28 East, in Eddy County. Mewbourne's records indicate that you are an offset operator/lessee to the well unit. The application was filed with the Division on November 20, 1996, and unless you object to the application by December 10, 1996 you will be precluded from contesting this matter at a later date.

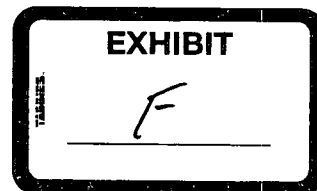
Very truly yours,

HINKLE, COX, EATON, COFFIELD  
& HENSLEY, L.L.P.

*James Bruce*

James Bruce

Attorneys for Mewbourne Oil  
Company



POST OFFICE BOX 10  
ROSWELL, NEW MEXICO 88202  
(505) 622-6510  
FAX (505) 623-9332

POST OFFICE BOX 3580  
MIDLAND, TEXAS 79702  
(915) 683-4691  
FAX (915) 683-6518

POST OFFICE BOX 9238  
AMARILLO, TEXAS 79105  
(806) 372-5569  
FAX (806) 372-9761

POST OFFICE BOX 2043  
ALBUQUERQUE, NEW MEXICO 87103  
(505) 768-1500  
FAX (505) 768-1529

401 W. 15TH STREET, SUITE 800  
AUSTIN, TEXAS 78701  
(512) 476-7137  
FAX (512) 476-5431

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

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

NOV 18 1996

November 5, 1996

Certified Mail-Return Receipt Requested P 268 434 057

Oxy USA Inc.  
P.O. Box 50250  
Midland, Texas 79710

Attn: Mr. Kent Woolley

Re: MOC's Burton Flat "7" Federal #1 Well  
1980' FSL and 660' FEL of  
Section 7, T20S, R28E  
Eddy County, New Mexico

Gentlemen:

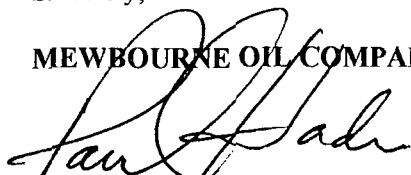
For reference, the captioned Mewbourne well is currently producing from the Morrow formation at a standard location wherein such well is currently dedicated to the E/2 of the subject Section 7. Mewbourne desires to change such spacing unit from the current E/2 unit to a S/2 spacing unit in order for Mewbourne to drill a Morrow well in the NE/4 of said Section 7. Accordingly, the location for the above described Burton Flat "7" Federal #1 well would become unorthodox and would require notice to affected offset owners in order to get such unorthodox location approved by the NMOCD.

Regarding the above, Mewbourne is applying for unorthodox location approval from the NMOCD for the captioned well for the above described reasons.

If Oxy USA Inc. has no objection to the NMOCD granting approval for an unorthodox location for the captioned well described above for a S/2 spacing unit, please acknowledge such approval by signing and returning the copy of this letter to the undersigned.

Sincerely,

MEWBOURNE OIL COMPANY

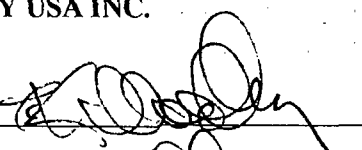


D. Paul Haden  
Landman

DPH/gb

AGREED and ACCEPTED this 14th day of November, 1996.

OXY USA INC.

By: 

Title: 

EXHIBIT

G

CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

01/02/97 14:27:42  
OGOMES -EMFR  
PAGE NO: 2

Sec : 07 Twp : 20S Rng : 28E Section Type : NORMAL

3 42.61  Federal owned	K 40.00  Federal owned	J 40.00  Federal owned	I 40.00  Federal owned  A
4 42.55  Federal owned	N 40.00  Federal owned	O 40.00  Federal owned	P 40.00  Federal owned

PF01 HELP  
PF07 BKWD

PF02  
PF08 FWD

PF03 EXIT  
PF09 PRINT

PF04 GoTo  
PF10 SDIV

PF05  
PF11

PF06  
PF12

85.16

165.16

16

325.16

CMD :  
OG6IWCM

ONGARD  
INQUIRE WELL COMPLETIONS

01/02/97 14:27:57  
OGOMES -EMFR

API Well No : 30 15 26701 Eff Date : 07-01-1991 WC Status : A  
Pool Idn : 73280 BURTON FLAT;MORROW (PRO GAS)  
OGRID Idn : 14744 MEWBOURNE OIL CO  
Prop Idn : 7870 BURTON FLAT 7 FEDERAL

Well No : 001  
GL Elevation: 99999

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
	---	---	-----	-----	-----	-----	-----
B.H. Locn : I	7	20S	28E	FTG 1980	F S FTG	660 F E	A

Lot Identifier:  
Dedicated Acre: 320.00  
Lease Type : F  
Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC



CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

01/02/97 14:27:34  
OGOMES -EMFR  
PAGE NO: 1

Sec : 07 Twp : 20S Rng : 28E Section Type : NORMAL

1 42.73  Federal owned	C 40.00  Federal owned	B 40.00  Federal owned	A 40.00  Federal owned
2 42.67  Federal owned	F 40.00  Federal owned	G 40.00  Federal owned	H 40.00  Federal owned

PF01 HELP  
PF07 BKWD

PF02  
PF08 FWD

PF03 EXIT  
PF09 PRINT

PF04 GoTo  
PF10 SDIV

PF05  
PF11

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PF12

**BURTON FLAT-MORROW GAS POOL**  
(Gas Prorating Suspended - Order No. R-8170-E-1)  
Eddy County, New Mexico

Order No. 8170-E-1, Suspending Gas Prorating for the Burton Flat-Morrow Pool, Eddy County, New Mexico, October 28, 1991.

In the matter of Case 9872 being reopened pursuant to the provisions of Division Order No. R-9463, which, among other things, provided for the re-opening of said Case 9872 in order that all operators in the Burton Flat-Morrow Gas Pool, Eddy County, New Mexico, may appear and present evidence relative to the permanent termination of gas prorating for said Burton Flat-Morrow Gas Pool.

CASE NO. 9872  
Order No. R-8170-E-1

**ORDER OF THE DIVISION**

BY THE DIVISION: This cause came on for hearing at 8:15 a.m. on September 19, 1991, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 28th day of October, 1991 the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

**FINDS THAT:**

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) By Division Order No. R-8170-E, dated April 2, 1990, issued in Case No. 9872 and made effective April 1, 1990, the following provisions affecting the Burton Flat-Morrow Gas Pool, encompassing portions of Townships 20 and 21 South, Ranges 26, 27 and 28 East, NMPM, Eddy County, New Mexico were instituted:

(a) the prorating of gas production, pursuant to the provisions of Division Order No. R-8170, as amended, was suspended for a temporary testing period commencing April 1, 1990 and ending June, 1991;

(b) the General Rules and Regulations applicable for Morrow gas wells in Southeast New Mexico were applied to said pool during the testing period;

(c) production records were kept on said pool and reported on the Proration Schedule for Southeast New Mexico during the testing period for statistical purposes only;

(d) the Division retained jurisdiction in this matter should it had been determined at any time during the test period that the pool should again be prorated, each well would have been reassigned its classification and over or under production status as of April 1, 1990; and,

(e) if gas prorating had been reinstated, each non-marginal well would be assigned a minimum allowable of 750 MCF per day.

(3) The temporary testing period and the provisions of said Order No. R-8170-E were extended to September, 1991 by Division Order No. R-9463, dated March 22, 1991, in order to evaluate the effects of the new six-

month allocation periods established by Division Order No. R-8170-H on said pool and to avoid having the pool return to proration in the middle of an allocation period should conditions warrant.

(4) OXY USA, Inc., the applicant in the original hearing, appeared at this hearing and presented evidence showing that since February 1990 the Burton Flat-Morrow Gas Pool:

- a) has shown an increase in gas production;
- b) several new wells have been drilled;
- c) compression installation and work-over activity has increased;
- d) there continues to be a market for all the gas from the pool;
- e) there continues to be support from the vast majority of the interested parties within the pool for depuration;
- f) no objections were received; and,
- g) no extenuating circumstances have occurred within the pool to support reinstatement of prorating within the pool.

(5) Testimony also indicates that correlative rights would not be adversely affected since market demand exceeds the pool deliverability.

(6) Prorating of gas production from the Burton Flat-Morrow Gas Pool should therefore terminate and the Special Rules and Regulations for said pool, as promulgated by Division Order No. R-8170, as amended, should be suspended; concomitantly said pool should be governed by all applicable provisions provided by the Division's Statewide Rules and Regulations.

(7) Allowables established for the Burton Flat-Morrow Gas Pool in the "Proration Schedule for the Six-Month Period October 1991 through March 1992" or any subsequent period should be null and of no effect.

**IT IS THEREFORE ORDERED THAT:**

(1) The Special Rules and Regulations for the Burton Flat-Morrow Gas Pool, as promulgated by Division Order No. R-8170, as amended, are hereby terminated.

**IT IS FURTHER ORDERED THAT:**

(2) The provisions of Division Order No. R-8170-E, dated April 2, 1990, issued in Case No. 9872 and made effective April 1, 1990, which suspended gas prorating within said pool for a temporary period is hereby continued in full force and effect until further notice of the Division.

(3) Allowables established for the Burton Flat-Morrow Gas Pool in the "Proration Schedule for the Six-Month Period October 1991 through March 1992" or any subsequent period shall be null and of no effect.

(4) Said pool shall be governed by the General Rules and Regulations applicable for gas wells in Southeast New Mexico currently completed in the Morrow formation.

(5) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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