

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

2011 JUN 15 F 4 15

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

**APPLICATION OF MEWBOURNE OIL COMPANY
FOR AN UNORTHODOX GAS WELL LOCATION,
LEA COUNTY, NEW MEXICO**

Case No 15,730

**\ APPLICATION OF MEWBOURNE OIL COMPANY
FOR AN UNORTHODOX GAS WELL LOCATION,
LEA COUNTY, NEW MEXICO**

Case No 15,731

PRE-HEARING STATEMENT

This pre hearing statement is submitted by applicant as required by the Oil Conservation Division

APPEARANCES

APPLICANT

Mewbourne Oil Company
Suite 1020
500 West Texas
Midland, Texas 79701

Attention Cy Shook
(432) 682-3715

APPLICANT S ATTORNEY

James Bruce
P O Box 1056
Santa Fe New Mexico 87504
(505) 982-2043

OPPONENT

OPPONENT'S ATTORNEY

STATEMENT OF THE CASE

APPLICANT

Case No 15,730 Mewbourne Oil Company applies for an order approving an unorthodox gas well location in the Wolfcamp formation for the proposed Salado Draw 10 W1PA Fed Com Well No 2H, located in Section 10, Township 26 South Range 33 East, N M P M , Lea County, New Mexico The well has a surface location in the NE/4NE/4 of adjoining Section 15 with a

first take point 330 feet from the south and east lines of Section 10 and a last take point 330 feet from the north and east lines of Section 10 The well is in the Red Hills-Wolfcamp Gas Pool which is developed on 640 acre spacing with wells to be located no closer than 660 feet to the outer boundary of a section All of Section 10 will be dedicated to the well

Case No 15,731 Mewbourne Oil Company applies for an order approving an unorthodox gas well location in the Wolfcamp formation for the proposed Salado Draw 10 WOPA Fed Com Well No 3H, located in Section 10, Township 26 South, Range 33 East N M P M Lea County New Mexico The well has a surface location in the NE/4NE/4 of adjoining Section 15 with a first take point 330 feet from the south line and 990 feet from the east line of Section 10, and a last take point 330 feet from the north line and 990 feet from the east line of Section 10 The well is in the Red Hills Wolfcamp Gas Pool which is developed on 640 acre spacing with wells to be located no closer than 660 feet to the outer boundary of a section All of Section 10 will be dedicated to the well

OPPONENT

PROPOSED EVIDENCE

APPLICANT

<u>WITNESSES</u>	<u>EST TIME</u>	<u>EXHIBITS</u>
Mitch Robb or Cy Shook (landman)	15 min	Approx 6
Charlie Crosby (geologist)	15 min	Approx 8

OPPONENT

<u>WITNESSES</u>	<u>EST TIME</u>	<u>EXHIBITS</u>
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PROCEDURAL MATTERS

- 1 Applicant requests that these matters be consolidated for hearing
- 2 EOG Resources Inc ("EOG") objected to these applications when they were filed administratively although they have not filed entries of appearance or pre-hearing statements in these cases In the event that EOG requests that the cases be continued applicant will object due to the following matters
 - (a) When applicant sought a permit for the first Wolfcamp well drilled in Section 10 (the Salado Draw 10 W1DM Fee Com Well No 2H) the closest Wolfcamp test was a

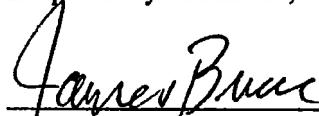
well in Section 3 to the north That well was in the Red Hills Wolfcamp Gas Pool, with a 640 acre proration unit

(b) The Division's rules state that if a well is within one mile of an existing pool it will be placed in that pool Therefore, the Salado Draw 10 W1DM Fee Com Well No 2H in the W/2W/2 of Section 10, was placed in that pool As a result, applicant's well was assigned a 640 acre well unit (all Section 10), and applicant subsequently submitted a 640 acre Wolfcamp Communitization Agreement to the BLM The agreement has been approved and applicant is paying royalty based on the Com Agreement

(c) Both the Salado Draw 10 W1PA Fed Com No 2H and the Salado Draw 10 W0PA Fed Com Well No 3H are being drilled within this same 640 acre well unit and Com Agreement

(d) Other operators in the immediate area are routinely drilling Wolfcamp wells with 330 foot setbacks including EOG Denial of these applications will impair the correlative rights of the interest owners in Section 10

Respectfully submitted,



James Bruce

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Attorney for Mewbourne Oil Company