

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:

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

Case No. 10939

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

Case No. 10940

Order No. R-10098

ORDER OF THE DIVISION

BY THE DIVISION:

These causes came on for hearing at 8:15 a.m. on March 17, 1994, at Santa Fe, New Mexico, before Examiner Jim Morrow.

NOW, on this 14th day of April, 1994, 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) In Case 10939 the applicant, Mewbourne Oil Company, seeks approval for an unorthodox gas well location to be drilled 330 feet from the South line and 2210 feet from the West line (Unit N) of Section 23, Township 16 South, Range 28 East, NMPM, Eddy County, New Mexico, to test the Undesignated Vandagriff Keys-Queen Gas Pool. The SW/4 of said Section 23 is to be dedicated to said well forming a standard 160-acre gas spacing and proration unit for said pool.

(3) In Case 10940 the applicant, Mewbourne Oil Company, seeks approval for an unorthodox gas well location to be drilled 1667 feet from the North line and 2140 feet from the West line (Unit F) of Section 26, Township 16 South, Range 28 East, NMPM, Eddy County, New Mexico, to test the Undesignated Vandagriff Keys-Queen Gas Pool. The NW/4 of said Section 26 is to be dedicated to said well forming a standard 160-acre gas spacing and proration unit for said interval.

(4) Well location requirements for both wells are those set out in Division General Rule 104.C(2)(a) requiring that well locations not be closer than 660 feet to any outer boundary nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary.

(5) The proposed locations were selected for geologic, topographic, and archaeological reasons.

(6) The applicant's witnesses used structure and isopach maps and a cross section to show that the selected locations should be on strike with existing Vandagriff Keys-Queen Gas wells to the Southwest and are expected to be in the thickest part of the reservoir. The well in Section 23 should encounter 35 feet of net sand and the well in Section 26, 40 feet.

(7) Using a topographic map and archaeological studies, the applicant's witnesses showed that orthodox locations in the NW/4 of Section 26 which would be satisfactory geologically, are inaccessible for topographic and archaeological reasons.

(8) Applicant's geologic presentation showed that the well in the SW/4 of Section 23 would need to be located in the SE/4 SW/4 of Section 23 in order to encounter sufficient sand thickness to be commercially productive. Topography precludes any orthodox location in that quarter-quarter section. A dry hole has been drilled in the NW/4 SW/4 of Section 23.

(9) Mewbourne is the offset operator of all acreage surrounding both locations.

(10) No operator or interest owner appeared at the hearing in opposition to the applications.

(11) Approval of the subject applications will afford the applicant the opportunity to produce its just and equitable share of the hydrocarbons from the affected reservoir and will prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Mewbourne Oil Company, is hereby authorized to drill its Vandagriff "23" Federal Well No. 1 at an unorthodox gas well location 330 feet from the South line and 2210 feet from the West line (Unit N) of Section 23, Township 16 South, Range 28 East, Undesignated Vandagriff Keys-Queen Gas Pool, NMPM, Eddy County, New Mexico.

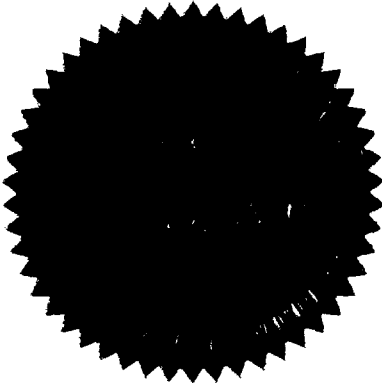
(2) The SW/4 of said Section 23 shall be dedicated to the well to form a standard 160-acre gas spacing and proration unit for said pool.

(3) The applicant is further authorized to drill its Vandagriff "26" Federal Well No. 1 at an unorthodox gas well location 1667 feet from the North line and 2140 feet from the West line (Unit F) of Section 26, Township 16 South, Range 28 East, Undesignated Vandagriff Keys-Queen Gas Pool, NMPM, Eddy County, New Mexico.

(4) The NW/4 of said Section 26 shall be dedicated to the well to form a standard 160-acre gas spacing and proration unit for said pool.

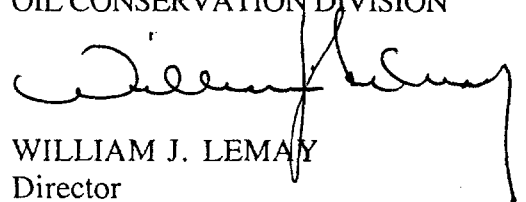
(5) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director