

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. 13140  
ORDER NO. R-12122

APPLICATION OF GRUY PETROLEUM MANAGEMENT COMPANY FOR A  
HEARING TO REQUIRE MEWBOURNE OIL COMPANY TO APPEAR AND  
SHOW CAUSE WHY TWO OF ITS WELLS IN THE SHUGART-STRAWN POOL  
SHOULD NOT BE SHUT-IN OR HAVE THEIR PRODUCTION CURTAILED.

ORDER OF THE DIVISION

BY THE DIVISION;

This case came on for hearing at 8:15 a.m. on September 4, 2003, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 12<sup>th</sup> day of March, 2004, the Division Director, having considered 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) By Order No. R-1 1856, issued in Case No. 12940 on October 28, 2002, the Division, upon application of Mewbourne Oil Company ("Mewbourne"), created the **Shugart-Strawn** Pool (97239), the vertical limits of which comprise the **Strawn** interval of the **Pennsylvanian** formation. The horizontal limits for this pool, as currently defined, include the following-described lands in Eddy County, New Mexico:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM

Section 5:	S/2
Section 8:	N/2.

(3) Division Order No. R-1 1856 also established the "*Temporary Special Rules and Regulations for the Shugart-Strawn Pool*" which provide for:

(a) standard 160-acre spacing and proration units consisting of a single governmental quarter section;

(b) designated well location requirements such that a well shall be located no closer than 660 feet to the outer boundary of the spacing and proration unit, nor closer than 330 feet to any quarter-quarter section line or subdivision inner boundary;

(c) a special top unit depth bracket allowable of 1,120 barrels of oil per day for a standard 160-acre unit;

(d) a limiting casinghead gas-oil ratio of 4,000 cubic feet of gas per barrel of oil, which results in a casinghead gas allowable of 4.48 MMCF of gas per day for a standard 160-acre unit.

(4) Mewbourne is the operator of the standard 160-acre oil spacing and proration unit in the Shugart-Strawn Pool comprising the NE/4 of Section 8. At the time of the hearing, this unit was simultaneously dedicated to Mewbourne's:

(a) Fren "8" Federal Com. Well No. 2 (API No. ~~30-015-31794~~), located at an unorthodox oil well location (grandfathered in as approved by Division Order No. R-11856) 1170 feet from the North line and 750 feet from the East line (Unit A) of Section 8; and

(b) Fren "8" Federal Com. Well No. 3 (API No. ~~30-015-32313~~), located at an unorthodox oil well location (also grandfathered in as approved by Division Order No. R-11856) 2276 feet from the North line and 1471 feet from the East line (Unit G) of Section 8.

(5) The applicant in this case, Gray Petroleum Company ("Gray"), seeks a hearing requiring Mewbourne to appear before the Division and show cause why Strawn production from the above-described Fren "8" Federal Com. Wells No. 2 and 3 within the NE/4 of Section 8, being a standard 160-acre oil spacing and proration unit in the Shugart-Strawn Pool, should not be: (i) curtailed in accordance with production allowables set forth in the special rules governing the Shugart-Strawn Pool; and (ii) shut-in until any such overproduction attributed to this 160-acre spacing and proration unit is made up.

(6) Prior to the hearing date, legal counsel for both Mewbourne and Gray met with the Division Examiner for a pre-hearing conference.

(7) This case was subsequently dismissed at the hearing.

IT IS THEREFORE ORDERED THAT:

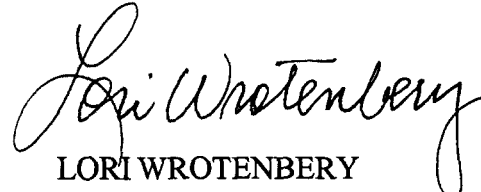
Case No. 13140 is hereby dismissed.

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



SEAL

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
LORI WROTENBERY  
Director