



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



JAN 18 1994

BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

January 11, 1994

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

Attention: D. Paul Haden

**RE: Federal "V" Well No. 2; 660' FNL - 2210' FEL (Unit B) of
Section 8, Township 20 South, Range 28 East, NMPM, Oil
Millman Ranch-Bone Spring Associated Pool, Eddy County, New
Mexico.**

Dear Mr. Haden:

A copy of your letter for Michael Stogner addressed to Mae Morgan of the Artesia District Office of the Division dated January 4, 1994 was received by this office on Friday, January 7, 1994. Subsequent to its review it has been determined that a proper application pursuant to Rule 2 of the General Rules and Regulations for the Associated Oil and Gas Pools of Northwest and Southeast New Mexico/Temporary Special Rules and Regulations for the Oil Millman Ranch-Bone Spring Associated Pool, as promulgated by Division Order No. R-5353, as amended by Order No. R-5353-M, will be required

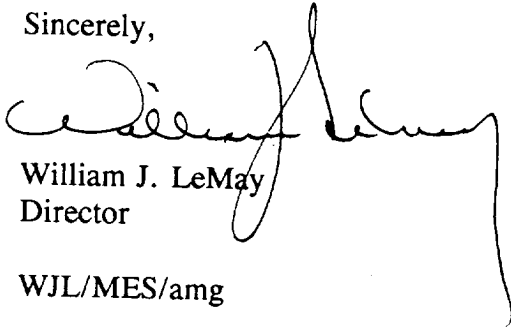
The subject well, when drilled in mid-1991, appears to have originally been a Bone Spring oil well dedicated to a standard 40-acre oil spacing and proration unit comprising the NW/4 NE/4 (Unit B) of Section 8. At that time the location was standard for an oil well in this pool. On August 31, 1993, when said Order R-5353-M was issued, a thirty-day time period began in which operators of wells considered to be unorthodox for the "new" pool rules were to notify the Artesia District Office. This thirty-day period lapsed on September 30, 1993. Further, this well is a reclassified gas well with 160-acre dedication making the location more unorthodox than an oil well.

Until such time as this well location is approved by Division order, the Authorization to Transport Oil and Natural Gas (Division Form C-104) for this well is hereby suspended.

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Should you have any question concerning this matter, please contact Michael Stogner in Santa Fe at (505) 827-5811.

Sincerely,



William J. LeMay
Director

WJL/MES/amg

cc: Oil Conservation Division - Artesia
US Bureau of Land Management - Carlsbad
James Bruce - Santa Fe
Michael E. Stogner - Oil Conservation Division, Santa Fe
Jim Morrow, Chief Engineer - Oil Conservation Division, Santa Fe