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SEP 10 2003

Oil Conservation Division

September 16, 2003

Hand Delivered

Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed are an original and one copy of an application to Reopen Case No. 12940, etc., together with a proposed advertisement, filed on behalf of Mewbourne Oil Company. Please set this matter for the October 9, 2003 Examiner hearing. Thank you.

The advertisement is also on the enclosed disk.

Very truly yours,



James Bruce

Attorney for Mewbourne Oil Company

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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Oil Conservation Division

APPLICATION OF MEWBOURNE OIL COMPANY
TO REOPEN CASE NO. 12940 TO AMEND
AND MAKE PERMANENT THE SPECIAL RULES
AND REGULATIONS FOR THE SHUGART-STRAWN
POOL, AND FOR A DISCOVERY ALLOWABLE,
EDDY COUNTY, NEW MEXICO.

Case No. 12940 (Reopened)

APPLICATION

Mewbourne Oil Company applies for an order amending and making permanent the special rules and regulations for the Shugart-Strawn Pool (the "Pool"), and for a discovery allowable, in support thereof, states:

1. Applicant is an operator in the Pool.
2. The Pool was created by Order No. R-11856, and now covers the following lands:

Township 18 South, Range 31 East, N.M.P.M.
Section 5: SE $\frac{1}{4}$
Section 8: N $\frac{1}{2}$

3. Order No. R-11856 established temporary special rules and regulations for the Pool, providing for:

- (a) 160 acre spacing;
- (b) orthodox well locations no closer than 660 feet to a quarter section line nor closer than 330 feet to a quarter-quarter section line or subdivision inner boundary;
- (c) a special depth bracket allowable of 1120 BOPD; and
- (d) a limiting gas:oil ratio of 4000 cubic feet of gas per barrel of oil.

4. Order No. R-11856 provides for this case to reopened at a hearing in March 2004.

5. Sufficient data has been obtained from wells in the Pool to make the special rules and regulations for the Pool permanent, and to amend the rules in the following respects:

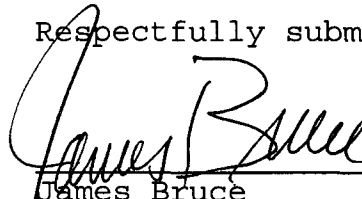
- (i) increasing the depth bracket allowable to 1350 BOPD; and
- (ii) increasing the limiting gas:oil ratio to 10000 cubic feet of gas per barrel of oil.

6. Applicant also requests that it be granted a discovery allowable for the Pool in accordance with Division Rule 509.

7. The granting of this application is in the interests of conservation, the prevention of waste, and the protection of correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the relief requested above be granted.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Mewbourne Oil Company

PROPOSED ADVERTISEMENT

Case 12940 (Reopened): Application of Mewbourne Oil Company to Reopen Case No. 12940 to amend and make permanent the special rules and regulations for the Shugart-Strawn pool, and for a discovery allowable, Eddy County, New Mexico. The special rules and regulations for the North Shugart-Strawn Pool currently provide for 160 acre spacing, a depth bracket allowable of 1120 barrels of oil per day, and a gas:oil ratio of 4,000 cubic feet of gas per barrel of oil. Applicant seeks to amend the rules to increase the depth bracket allowable to 1350 barrels of oil per day and to increase the gas:oil ratio to 10,000 cubic feet of gas per barrel of oil, and to make the rules permanent. The pool currently covers the SE¼ of Section 5 and the N½ of Section 8, Township 18 South, Range 31 East, NMPM. The pool is centered approximately 6½ miles southeast of Loco Hills, New Mexico.

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