

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

CASE NO. 11755

**APPLICATION OF FASKEN OIL AND RANCH, LTD.
FOR TWO ALTERNATIVE UNORTHODOX WELL
LOCATIONS AND A NON-STANDARD PRORATION UNIT,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 11723

**APPLICATION OF MEWBOURNE OIL COMPANY
CORPORATION FOR AN UNORTHODOX WELL LOCATION
AND A NON-STANDARD PRORATION UNIT
EDDY COUNTY, NEW MEXICO.**

**CONSOLIDATED
PRE-HEARING STATEMENT**

This pre-hearing statement is submitted by FASKEN OIL AND RANCH, LTD., as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

**APPLICANT IN CASE 11755
OPPONENT IN CASE 11723**

ATTORNEY

Fasken Oil and Ranch, Ltd.
303 West Wall Street
Midland, Texas 79701
(915) 687-1777
attn: Sally Kvasnicka

W. Thomas Kellahin
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APPLICANT IN CASE 11723

ATTORNEY

Mewbourne Oil Company

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Santa Fe, NM 87501
(505) 982-2043

Consolidated Pre-Hearing Statement

NMOCD CASES 11755 and 11723

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OTHER INTERESTED PARTIES:

Texaco, Inc.
Penwell Energy, Inc.

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P. O. Box 2088
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STATEMENT OF THE CASE

Fasken is the operator of the southern portion of Irregular Section 1 as a result of a Joint Operating Agreement dated April 1, 1970 which includes Mewbourne Oil Company and Matador Petroleum Corporation as non-operators.

Fasken, as operator, proposes to drill the Avalon "1" Federal Com Well No. 2 to a total depth of 10,650 feet to test for gas production from the Morrow formation and shallower formations which is to be located 1650 feet from the West line and 1650 South line of Irregular Section 1, T21S, R25E, Eddy County, New Mexico.

The well location is within one mile of the current boundary of the Catclaw Draw-Morrow Gas Pool which is subject to the Division's Special Rules and Regulations (Order R-4157-D) which include:

"Rule: 2...shall be located no closer than 1650 feet to the outer boundary of the section nor closer than 330 feet to any governmental quarter-quarter section line."

"Rule 5: A standard gas proration unit...shall be 640-acres."

While the Catclaw Draw-Morrow Gas Pool is still officially "prorated", prorationing has been suspended and the wells in the pool are allowed to produce at capacity.

Fasken proposes to dedicate the southern 297.88 acres of Irregular Section 1 to the well if it is capable of gas production from the top of the Wolfcamp to the base of the Morrow formation.

Irregular Section 1 consists of 853.62 acres is divided into thirds with the central portion of this section being "unleased" federal oil and gas minerals the surface of which is subject to a federal environmental study. As a result, applicant requests approval of a non standard 297.88 acre unit comprising the southern portion of Irregular Section 1 described as Lots 29, 20, 31, 32 and the SW/2 (S/2 equivalent).

This proposed location is the optimum location in the proposed spacing unit at which to drill to test for Morrow gas production.

PROPOSED EVIDENCE

APPLICANT in Case 11755:

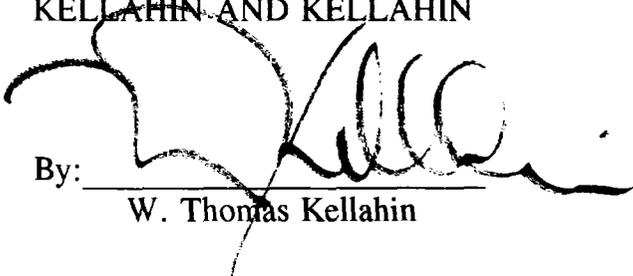
| WITNESSES | EST. TIME | EXHIBITS |
|---------------------------|-----------|--------------|
| Sally Kvasnicka (landman) | 20 Min. | @ 6 exhibits |
| Dexter Harmon (geologist) | 30 Min. | @ 6 exhibits |
| Lou Lent (geophysicist) | 20 Min. | @ 3 exhibits |

PROCEDURAL MATTERS

Consolidation of Cases 11755 and 11723.

Motion to Dismiss Case 11723

KELLAHIN AND KELLAHIN

By: 

W. Thomas Kellahin