



# NEW MEXICO ENERGY, MINERALS & NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

August 4, 1999

Mr. Larry D. Bray  
Acting Assistant Field Manager  
Bureau of Land Management  
Roswell District Office  
2909 West Second Street  
Roswell, New Mexico 88201-2019

Re: Division Case No. 12222  
Mewbourne Oil Company

Dear Mr. Bray:

As you are aware, Mewbourne Oil Company (Mewbourne), in OCD Case No. 12222, is seeking to force pool the E/2 of Section 18, Township 23 South, Range 27 East, NMPM, to form a standard 320-acre gas spacing and proration unit for the Pennsylvanian formation. It is our understanding that this proposed unit is comprised of two separate Federal Leases, NM-0275360, which encompasses the S/2 of Section 18, and NM-0540701-A, which encompasses the N/2 of Section 18. Matador Petroleum Corporation (Matador) has entered an objection to Mewbourne's application and proposes to form its own standard 320-acre gas spacing and proration unit comprising the S/2 of Section 18, which would comprise a single Federal lease. Both companies seek to drill a well within the SE/4 of Section 18.

It is my understanding that Mewbourne has approached the BLM concerning the possibility of getting a communitization agreement (CA) approved for its proposed E/2 proration unit, and that after review of Mewbourne's geologic data, the BLM would "look favorably" on approving a CA for the E/2 of Section 18. It is further my understanding that Matador has requested the opportunity to present its geologic interpretation to BLM hoping to demonstrate that its geologic interpretation supports the formation of a S/2 proration unit as opposed to Mewbourne's proposed E/2 proration unit. My understanding is that BLM has agreed to review Matador's geologic data.

Inasmuch as the BLM has primary jurisdiction over approval or denial of communitization agreements, the Division believes it is prudent to allow the BLM the opportunity to review both companies' geologic data and subsequently provide comments to the Division prior to Case No. 12222 being heard.

This letter will confirm our conversation of August 3, 1999 whereby we agreed to the above-described procedure.

For your information, Case No. 12222 has been continued by the Division until August 19, 1999.

If you should have any questions, please contact me at (505) 827-8184.

Sincerely,

A handwritten signature in black ink, appearing to read "David Catanach". The signature is fluid and cursive, with a large initial "D" and a long, sweeping underline.

David Catanach  
Hearing Examiner

Xc: Mr. James Bruce  
Mr. Thomas Kellahin  
Case File-12222