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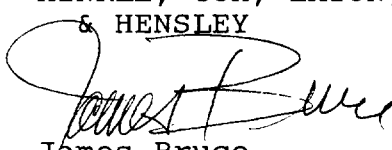
Re: Case No. 10,758

Dear Mr. Stogner:

I have taken the liberty of drafting a proposed order in the above case, due to my client's desire to begin drilling operations as soon as possible. Enclosed is a copy of the proposed order, together with a floppy disk containing the order. Thank you for your consideration of this matter.

Very truly yours,

HINKLE, COX, EATON, COFFIELD
& HENSLEY


James Bruce

Enclosures

VIA HAND DELIVERY

JGB5\93B99.c

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. 10758
ORDER NO. R-_____

**APPLICATION OF MEWBOURNE OIL
COMPANY FOR AN UNORTHODOX OIL
WELL LOCATION, EDDY COUNTY,
NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on July 1, 1993, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this _____ day of July, 1993 the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Mewbourne Oil Company, seeks approval of an unorthodox oil well location 2,130 feet from the North line and 1,980 feet from the East line (Unit G) of

Section 2, Township 18 South, Range 30 East, N.M.P.M., to test the Undesignated Cedar Lake-Strawn Pool, Eddy County, New Mexico.

(3) The aforementioned pool is subject to rules that provide for 160-acre spacing units and for well locations to be no closer than 660 feet to the outer boundary nor closer than 330 feet to a quarter-quarter section line.

(4) The applicant's primary zone of interest for this well is the Strawn interval.

(5) The NE $\frac{1}{4}$ of said Section 2 is to be dedicated to the well, forming a standard 160-acre spacing and proration unit.

(6) The applicant proposes to deepen its existing Cedar Breaks "2" State No. 1 Well, currently completed in the Bone Spring formation, to test the Strawn interval.

(7) The Cedar Breaks "2" State No. 1 Well was drilled at its location due to a pipeline which prevented drilling at a location 1,980 feet from the North and East lines of said Section 2.

(8) Deepening the existing well instead of drilling a new well will save the working interest owners approximately \$240,000, thus preventing economic waste and making the well more economical.

(9) From a geological standpoint, the location of the Cedar Breaks "2" State No. 1 Well is equivalent to other standard locations in the Strawn. However, due to the lower cost of deepening the existing well, no other location is as favorable from an economic standpoint.

(10) There are two existing Strawn wells in the W½ of Section 2, and the applicant is currently completing its Cedar Breaks "2" State No. 3 Well, located in the SE¼ of Section 2, in the Strawn formation. Thus, Section 2 will be fully developed in the Strawn interval.

(11) No offset operator or interested party objected to the proposed unorthodox oil well location.

(12) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of oil in the affected pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The application of Mewbourne Oil Company for an unorthodox oil well location for the Undesignated Cedar Lake-Strawn Pool is hereby approved for a well to be located 2,130 feet from the North line and 1,980 feet from the East line (Unit G) of Section 2, Township 18 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

(2) The NE¼ of Section 2 shall be dedicated to the above-described well forming a standard 160-acre oil spacing and proration unit.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Case No. 10758

Order No. R-_____

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY
Director

S E A L



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



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

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July 28, 1993

HINKLE, COX, EATON,
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Attorneys at Law
P. O. Box 2068
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RE: CASE NO. 10758
ORDER NO. R-9928

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

A handwritten signature in cursive script that reads "Sally Leichtle".

Sally E. Leichtle
Administrative Secretary

cc: BLM - Carlsbad