STATE OF NEW MEXICO



ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

March 15, 1990

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

Mr. James Bruce Hinkle, Cox, Eaton,		Re:	CASE NO. 9862 ORDER NO.R-9133
Coffield & Hensley Attorneys at Law 500 Marquette, N.W.			Applicant:
Suite 740 Albuquerque, New Mexico	87102-2121		Mewbourne Oil Company
Dear Sir:			

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

Florene Clavidson

FLORENE DAVIDSON OC Staff Specialist

Copy of order	also	sent	to:													
Hobbs OCD	x															
Artesia OCD_	x															
Aztec OCD																
Other				_	 							 			 _	

HINKLE, COX, EATON, COFFIELD & HENSLEY

ATTORNEYS AT LAW SECTION

500 MARQUETTE N.W., SUITE 740

700 UNITED BANK PLAZA
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ROSWELL, NEW MEXICO 88202
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J. COMEN M. LOP IZ
DOUGLAS L. LUNFORD
JOHN J. KELLY
T. CALDER EZZELL, JR.
WILLIAM B. BLURFORD
RICHARD E. O.SON
RICHARD E. O.SON
RICHARD R. WILFONG
STEVEN D. ARNOLD
JAMES J. WECHSLER
NANCY S. CUSACK
JEFFREY L. FORNACIARI
JEFFREY D. HEWETT
JAMES BRUCE
JERRY E. SHACKELFORD
JEFREY W. HISLIBERG
LABERT L. PITTS
THOMAS M. HNASKO

JOHN C. CHAMBERS* THOMAS D. HAINES, JR. FRANKLIN H. MCCALLUM* GREGORY J. NIBERT DAVID T. MARKETTE*

ALBUQUERQUE, NEW MEXICO AZIOZ-ZIZI

February 26, 1990

272800 CLAYDESTA NATIONAL BANK BUILDING POST OFFICE BOX 3580 MIDLAND, TEXAS 79702 (915) 683-4691

MARK C. DOW
FRED W. SCHWENDIMANN
DAVID MORAN
JAMES R. MCADAMS*
JAMES M. HUDSON
MACDONNELL GORDON
REBECCA NICHOLS JOHNSON
PAUL R. NEWTON
WILLIAM R JOHNSON
KAREN M. RICHARDSON*
ELLEN S. CASEY
MARGARET C. LUDEWIG
SUSAN L. NIESER*
MARTIN MEYERS
GREGORY S. WHEELER
ANDREW J. CLOUTIER
WANN RADOEMAEKERS*
S. BARRY PAISNER

1700 TEXAS AMERICAN BANK BUILDING POST OFFICE BOX 9238 AMARILLO, TEXAS 79105 (806) 372-5569

OF COUNSEL
O. M. CALHOUN
MACK EASLEY
JOE W. WOOD
STEPHEN L. ELLIOTT

218 MONTEZUMA
POST OFFICE BOX 2068
SANTA FE, NEW MEXICO 87504
(505) 982-4554

CLARENCE E. HINKLE (190H985) W. E. BONDURANT, JR. (1913-1973) ROY C. SNODGRASS, JR. (1914-1987)

*NOT LICENSED IN NEW MEXICO

Mr. David CatanachNew Mexico Oil ConservationDivisionP. O. Box 2088Santa Fe, New Mexico 87504

Re: Case No. 9862, the Application of Mewbourne Oil Company

Dear Mr. Catanach:

As requested at the hearing, enclosed is a proposed order on the above matter, submitted on behalf of Mewbourne Oil Company. Thank you for your consideration of this matter.

Very truly yours,

HINKLE, COX, EATON, COFFIELD &

HENSLEY

JB:le Enclosure By: James Bruce

TATE OF THE PROPERTY OF THE STORY

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ALLEN M. TONKIN, JR.
NANCY TONKIN
1524 PARK AVENUE, S. W.
ALBUQUERQUE, NEW MEXICO 87104

January 29, 1990

Certified Mail

Mr. Michael Stogner New Mexico Oil Conservation Division Post Office Box 2088 Santa Fe, New Mexico 87501 De M.S.

RE: Mewbourne Oil Company
Unorthodox Location
W/2 Section 9, T18S,R26E,
Atoka Penn. Gas Pool,
Eddy County, New Mexico,
CASE NO. 9862.

Dear Mr. Stogner:

We are the owners of the NE/4 of Section 17, Township 18 South, Range 26 East, Eddy County, New Mexico. We object to the granting of an unorthodox location for the drilling of a gas well as requested by Mewbourne Oil Company in Case No. 9862. We feel that this unorthodox location will cause drainage of our hydrocarbons located under our acreage.

Sincerely,

Allen M. Torkin. Jr.

Nancy Tonkin

AMT/MBJ/ej

CC: D. Paul Haden, Landman Mewbourne Oil Company 500 W. Texas, Suite 1020 Midland, Texas 79701 MARTIN YATES, III 1912 - 1985. FRANK W. YATES 1936 - 1986

ATES, III GON DIVISION
YATES HEREN SERVED
'90 JAN 25 AM 9 01



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1471

S. P. YATES CHAIRMAN OF THE BOARD

JOHN A. YATES
PRESIDENT

PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON

SECRETARY
DENNIS G. KINSEY
TREASURER

January 23, 1990

New Mexico Oil Conservation Division P. O. Box 2088 Santa Fe, New Mexico 87501

Attention: Mr. Michael Stogner

Re: Mewbourne Oil Company

Unorthodox Drilling Location
Township 18 South, Range 26 East

Car No. 9862

Section 9: W1/2

Eddy County, New Mexico

Dear Mr. Stogner:

Please be advised Yates Petroleum Corporation has no objection to the proposed captioned drillsite.

Enclosed please find a Waiver Letter from Mewbourne to your attention, executed by Yates Petroleum Corporation.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

Cy Cowan

Associate Landman

CC/bp

Enclosure

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701 915/682-3715

January 9, 1990

Mr. Michael Stogner New Mexico Oil Conservation Division P.O. Box 2088 Santa Fe, New Mexico 87501

RE: Application for Unorthodox

Location Drilling Permit

Gin #1 Well

W/2 of Section 9, T18S, R26E,

Eddy County, New Mexico

Gentlemen:

Yates Petroleum Corporation, as an offset operator or offset unleased mineral owner, has been advised of Mewbourne Oil Company's intent to drill the above referenced well at a location 990' FSL and 660' FWL of Section 9, T18S, R26E, Eddy County, New Mexico with the captioned land being dedicated to the West Atoka-Morrow Gas Pool.

This letter is to advise that Yates Petroleum Corporation has no objection to the granting of a permit to drill at this location nor does Yates Petroleum Corporation object to placing the captioned land in the West Atoka-Morrow Gas Pool and hereby waives objection and notice of hearing on this application.

Sincerely,

MEWBOURNE VIL COMPANY

D. Paul Haden

Landman

YATES PETROLEUM CORPORATION

BY: 🗔

Title * Attorney

Attorney-in-Fact

Date:

January 19, 1990

CIL 191 - LAW ACA DIVISION REVEIVED

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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January 9, 1990

Mr. Michael Stogner New Mexico Oil Conservation Division P.O. Box 2088 Santa Fe, New Mexico 87501

Com No. 9862 201.3.

RE:

Application for Unorthodox Location Drilling Permit

Gin #1 Well

W/2 of Section 9, T18S, R26E,

Eddy County, New Mexico

Gentlemen:

Horace F. McKay, Jr. and Elmyra K. McKay Trust as an offset operator or offset unleased mineral owner, has been advised of Mewbourne Oil Company's intent to drill the above referenced well at a location 990' FSL and 660' FWL of Section 9, T18S, R26E, Eddy County, New Mexico with the captioned land being dedicated to the West Atoka-Morrow Gas Pool.

This letter is to advise that Horace F. McKay, Jr. and Elmyra K. Trust has no objection to the granting of a permit to drill at this location nor does Horace F. McKay, Jr. and Elmyra K. Trust object to placing the captioned land in the West Atoka-Morrow Gas Pool and hereby waives objection and notice of hearing on this application.

Sincerely,

MEWBØURNE OYL COMPANY

D. Paul Haden

. Landman

Date:

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701 915 / 682-3715 CHE BOTH THAT HOW DIVISION ARCHIVEL

'90 JAN 22 AM 9 30

January 9, 1990

Mr. Michael Stogner New Mexico Oil Conservation Division P.O. Box 2088 Santa Fe, New Mexico 87501 Care No. 9862

RE:

Application for Unorthodox Location Drilling Permit

Gin #1 Well

W/2 of Section 9, T18S, R26E,

Eddy County, New Mexico

Gentlemen:

Harvey E. Yates Company, as an offset operator or offset unleased mineral owner, has been advised of Mewbourne Oil Company's intent to drill the above referenced well at a location 990' FSL and 660' FWL of Section 9, T18S, R26E, Eddy County, New Mexico with the captioned land being dedicated to the West Atoka-Morrow Gas Pool.

This letter is to advise that Harvey E. Yates Company has no objection to the granting of a permit to drill at this location nor does Harvey E. Yates Company object to placing the captioned land in the West Atoka-Morrow Gas Pool and hereby waives objection and notice of hearing on this application.

Sincerely,

MEWBOURNE OIL COMPANY

Paul Haden

Landman

mi+lo.

Date: ///5/90

A PARTY OF THE BIVISION

HINKLE, COX, EATON, COFFIELD & HENSLEY

LEWIS C. COX LEWIS C. COX
PAUL W, EATON
CONRAD E. COFFIELD
HAROLD L, HENSLEY, JR.
STUART D. SHANDR
C. D. MARTIN
PAUL J. KELLY, JR.
OWEN M. LOPEZ
COLIG AS L. LINSEGOD. DOUGLAS L. LUNSFORD JOHN J. KELLY T. CALDER EZZELL, JR.

ATTORNEYS AT LAW DAVID T. MARKETTE DAVID T. MARKETTE DAVID T. MARKET DOWN MARK C. DOWN MARK M. RICHARDSON JAN 18 SOM MOROUETTE N.W., SUITE 740 MAREN M. RICHARDSON JAN 18 GREGORY J. NIBERT ALBUQUERQUE, NEW MEXICO 87102-2121

FRED W. SCHWENDIMANN DAVID MORAN JAMES R. MCADAMS* JAMES M. HUDSON JOHN J. RELLY
T. CALDER SZZELL, JR.
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RICHARD C. OLSON
RICHARD R. WILFONG*
STEVEN D. AFNOLD
JAMES J. WECHSLER
NANCY S. CUSACK
JEFFREY L. FORNACIARI
JEFFREY D. HEWETT
JAMES BRUCE:
JEFFREY S. BRUCE:
JEFRY F. SHACKLE/GFOR
JEFRY F. SHACKLE/GFOR
JEFRY F. SHACKLE/GFOR
JEFRY F. SHACKLE/GFOR
JOHN G. CH-AMBERS*
JOHN C. CH-AMBERS*
GREGORY S. WHEELER
VARIABER S. BLANDRY
JOHN S. M. HNASKO
JOHN S. M. HNASKO
JOHN S. M. HNASKO
JOHN S. M. HNASKO
JOHN S. M. STEPHANIE LANDRY
FRANKLIN H. MCCALLUM*
JERRY D. WORSHAM, II
JERRY D. WORSHAM, II MACDONNELL GORDON

(505) 768-1500 FAX (505) 768-1529

January 16, 1990

700 UNITED BANK PLAZA POST OFFICE BOX 10 ROSWELL, NEW MEXICO 88202 (505) 622-6510 FAX (505) 623-9332

2800 CLAYDESTA NATIONAL BANK BUILDING POST OFFICE BOX 3580 MIDLAND, TEXAS 79702 (915) 683-4691 FAX (915) 683-6518

1700 TEXAS AMERICAN BANK BUILDING POST OFFICE BOX 9238 AMARILLO, TEXAS 79105 (806) 372-5569 FAX (806) 372-9761

> 218 MONTEZUMA POST OFFICE BOX 2068 SANTA FE, NEW MEXICO 87504 (505) 982-4554

> > 4862

JOE W. WOOD

CLARENCE E. HINKLE (1901-1985) W. E. BONDURANT, JR. (1913-1973) RCY C. SNODGRASS, JR. (1914-1987)

*NOT LICENSED IN NEW MEXICO

Ms. Florene Davidson New Mexico Oil Conservation Division P. O. Box 2088 Santa Fe, New Mexico 87504

Dear Florene:

In accordance with our telephone conversation of today, enclosed are an original and two copies of an Application on behalf of Mewbourne Oil Company for an unorthodox gas well location and to expand and contract pool boundaries. As we discussed, this matter is set for the February 7, 1990 hearing. Thank you.

Very truly yours,

HINKLE, COX, EATON, COFFIELD &

HEMSLEY

JB:le Enclosures By:

James Bruce

MEWBOURNE OIL COMPANY SERVICE DIVISION

500 W. TEXAS, SUITE 1020 00 W. TEXAS, 30...
MIDLAND, TEXAS 79701 '89 DEC 13 MM 9 08

December 11, 1989

Certified Mail

Mr. Michael Stogner New Mexico Oil Conservation Division P.O. Box 2088 Santa Fe, New Mexico 87501

> RE: Unorthodox Gas Well Location, Gin #1 Well W/2 of Section 9, T18S, R26E, Eddy County, New Mexico

Dear Mr. Stogner:

In reference to your letter of December 7, 1989 addressed to James Bruce for Mewbourne's behalf regarding the captioned land, Mewbourne recognizes the Spencer Com. No. 1 well referred to in said letter is producing out of and is currently dedicated to the captioned land in the Atoka Pennsylvanian Gas Pool.

As requested in Mewbourne's application for an unorthodox gas well location under the above land, Mewbourne is seeking approval for its proposed well to be permitted for the West Atoka-Morrow Gas Pool. This is the same gas pool Yates Petroleum Corp. is producing out of in their No. 1 Torrington "ZK" Com and No. 1 Chumbley "XS" Com wells located in Section 8 immediately adjacent to Mewbourne's leasehold as set out in the geological exhibits previously submitted.

The geological exhibits submitted in conjunction with Mewbourne's application for an unorthodox location supports the idea that the Lower Morrow "A" Sand present in the Yates Petroleum Corp. Chumbley "XS" Com No. 1 well channels across Mewbourne's acreage in the SW/4 of the captioned Section 9 in a northwest southeast direction.

Since Mewbourne's Spencer Com No. 1 well (a low volume gas well) is currently dedicated to the Atoka-Pennsylvanian Gas Pool, Mewbourne feels it would not be unreasonable to place Mewbourne's proposed Gin No. 1 well in the same field as Yates' wells in Section 8 for allowable purposes. By doing this, Mewbourne would not have to plug and abandon the Spencer Com No. 1 well prematurely.

Attached for your information in response to your question about leasehold ownership under the captioned land is a copy of an assignment from Parker and Parsley to Mewbourne. Also enclosed for your information is a copy of Form C-104 which names Mewbourne Oil Company as the new operator of the Spencer Com No. 1 well.

Should you have any further questions regarding the captioned land or Mewbourne's application, please call.

Sincerely,

MEWBOURNE, OLL COMPANY

Paul Haden

Landman

DPH/sm

cc: James Bruce

MEWBOURNE OIL COMPANY SOO W. TEXAS, SUITE 1029 DEC 18 AM 8 59

915/682-3715

November 29, 1989

Certified Mail

Mr. Michael Stogner New Mexico Oil Conservation Division P.O. Box 2088 Santa Fe, New Mexico 87501

> RE: Application for Unorthodox Location Drilling Permit Gin #1 Well W/2 of Section 9, T18S, R26E,

Eddy County, New Mexico

Gentlemen:

Horace F. McKay, Jr. and Elmyra K. McKay Trust, as an offset operator or offset unleased mineral owner, has been advised of Mewbourne Oil Company's intent to drill the above referenced well at location 990' FSL and 660' FWL of Section 9, T18S, R26E, Eddy County, New Mexico.

This letter is to advise that Horace F. Mckay, Jr. and Elmyra K. McKay Trust has no objection to the granting of a permit to drill at this location and hereby waives objection and notice of hearing on this application.

Sincerely,

MEWEOURNE OIL COMPANY

Pau Y Haden

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701 915/682-3715

November 29, 1989

Certified Mail

Mr. Michael Stogner New Mexico Oil Conservation Division P.O. Box 2088 Santa Fe, New Mexico 87501

> RE: Application for Unorthodox Location Drilling Permit Gin #1 Well W/2 of Section 9, T18S, R26E, Eddy County, New Mexico

Gentlemen:

Yates Petroleum Corporation, as an offset operator or offset unleased mineral owner, has been advised of Mewbourne Oil Company's intent to drill the above referenced well at a location 990' FSL and 660' FWL of Section 9, T18S, R26E, Eddy County, New Mexico.

This letter is to advise that Yates Petroleum Corporation has no objection to the granting of a permit to drill at this location and hereby waives objection and notice of hearing on this application.

Sincerely,

MEWBOURNE/OIL COMPANY

D. Paul Haden

BY:	
Title:	
Date:	

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701 915/682-3715

November 29, 1989

Certified Mail

Yates Petroleum Corporation 105 So. 4th Street Artesia, New Mexico 88210

> Re: Application for Unorthodox Location Drilling Permit West Atoka Morrow Pool Gin #1 Well

> > W/2 of Section 9, T18S, R26E,

Eddy County, New Mexico

Gentlemen:

Mewbourne proposes to drill a well at a point located 990 feet from the south line and 660 feet from the west line of the above described Section 9 to an approximate depth of 9,100 feet and to test all formations from the surface through the base of the Morrow formation.

Mewbourne seeks an exception to the well location requirements of Division Rule 104 and has applied, pursuant to Division Rule 104 (F), for administrative approval of an unorthodox gas well location as described above to test the Morrow formation. The $\rm W/2$ of the above described Section 9 is to be dedicated to the test well.

Mewbourne wishes to drill this well at the proposed location as we feel it is necessary if we are to recover oil and gas reserves underlying our lease. We are also convinced that the distance from the proposed well location to other producing wells is sufficient to insure no harmful effect on other producers.

If you have no objection to the above location, please date and sign the attached Waivers of Objection and return two (2) copies to me in the enclosed self-addressed envelope. Should you have any questions regarding the above or want to discuss this matter further, please call. Your prompt and favorable response will be sincerely appreciated.

Sincerely,

MEWBOURNE OFL COMPANY

D. Paul Haden

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701 915/682-3715

November 29, 1989

Certified Mail

Mr. Michael Stogner
New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

RE: Application for Unorthodox Location Drilling Permit Gin #1 Well

W/2 of Section 9, T18S, R26E, Eddy County, New Mexico

Gentlemen:

Arco Oil & Gas Company, as an offset operator or offset unleased mineral owner, has been advised of Mewbourne Oil Company's intent to drill the above referenced well at a location 990' FSL and 660' FWL of Section 9, T18S, R26E, Eddy County, New Mexico.

This letter is to advise that Arco Oil & Gas Company has no objection to the granting of a permit to drill at this location and hereby waives objection and notice of hearing on this application.

Sincerely,

MEWBOURNE OIL COMPANY

Land Company

D. Paul Haden

BA:	 	 		
Title:_	 	 	······································	
Date:				

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701 915 / 682-3715

November 29, 1989

Certified Mail

Mr. Michael Stogner New Mexico Oil Conservation Division P.O. Box 2088 Santa Fe, New Mexico 87501

> RE: Application for Unorthodox Location Drilling Permit

Gin #1 Well

W/2 of Section 9, T18S, R26E,

Eddy County, New Mexico

Gentlemen:

Nancy P. Tonkin, as an offset operator or offset unleased mineral owner, has been advised of Mewbourne Oil Company's intent to drill the above referenced well at a location 990' FSL and 660' FWL of Section 9, T18S, R26E, Eddy County, New Mexico.

This letter is to advise that Nancy P. Tonkin has no objection to the granting of a permit to drill at this location and hereby waives objection and notice of hearing on this application.

Sincerely,

MEWBOURNE / O/IL COMPANY

D. Paul Haden

ы:	 	
Title:	 	
Date:_		

Mewbourne Oil Company

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701 915/682-3715

November 29, 1989

Certified Mail

Mr. Michael Stogner New Mexico Oil Conservation Division P.O. Box 2088 Santa Fe, New Mexico 87501

RE: Application for Unorthodox Location Drilling Permit

Gin #1 Well

W/2 of Section 9, T18S, R26E,

Eddy County, New Mexico

Gentlemen:

1337 .

Horace F. McKay, Jr. and Elmyra K. McKay Trust, as an offset operator or offset unleased mineral owner, has been advised of Mewbourne Oil Company's intent to drill the above referenced well at a location 990' FSL and 660' FWL of Section 9, T18S, R26E, Eddy County, New Mexico.

This letter is to advise that Horace F. Mckay, Jr. and Elmyra K. McKay Trust has no objection to the granting of a permit to drill at this location and hereby waives objection and notice of hearing on this application.

Sincerely,

MEWBOURNE OIL COMPANY

D. Paul Haden

ви:	 -				 	
Title:_					 	
Date:						

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701 915/682-3715

November 29, 1989

Certified Mail

Mr. Michael Stogner New Mexico Oil Conservation Division P.O. Box 2088 Santa Fe, New Mexico 87501

> RE: Application for Unorthodox Location Drilling Permit Gin #1 Well W/2 of Section 9, T18S, R26E, Eddy County, New Mexico

Gentlemen:

Allen M. Tonkin, Jr., as an offset operator or offset unleased mineral owner, has been advised of Mewbourne Oil Company's intent to drill the above referenced well at a location 990' FSL and 660' FWL of Section 9, T18S, R26E, Eddy County, New Mexico.

This letter is to advise that Allen M. Tonkin, Jr. has no objection to the granting of a permit to drill at this location and hereby waives objection and notice of hearing on this application.

Sincerely,

MEWBOURNE OIL COMPANY

D. Paul Haden

BY:	 	 	
Title:	 	 	
Date:_			

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701 915/682-3715

November 29, 1989

Certified Mail

Mr. Michael Stogner New Mexico Oil Conservation Division P.O. Box 2088 Santa Fe, New Mexico 87501

RE: Application for Unorthodox

Location Drilling Permit

Gin #1 Well

W/2 of Section 9, T18S, R26E,

Eddy County, New Mexico

Gentlemen:

John Ernest Hall, as an offset operator or offset unleased mineral owner, has been advised of Mewbourne Oil Company's intent to drill the above referenced well at a location 990' FSL and 660' FWL of Section 9, T18S, R26E, Eddy County, New Mexico.

This letter is to advise that John Ernest Hall has no objection to the granting of a permit to drill at this location and hereby waives objection and notice of hearing on this application.

Sincerely,

MEWBOURNE /OIL COMPANY

D. Paul Haden

BX:				
Title:				
Date:				