

**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:**

**APPLICATION OF MEWBOURNE OIL
COMPANY TO ABOLISH THE SPECIAL
RULES AND REGULATIONS FOR THE
SOUTH CULEBRA BLUFF-BONE SPRING
POOL, EDDY COUNTY, NEW MEXICO.**

**Case No. 14991
Order No. R-6139-B**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. July 11, 2013, at Santa Fe, New Mexico, before Examiner Richard I. Ezeanyim.

NOW, on this 24th day of September, 2013, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

- (1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.
- (2) Mewbourne Oil Company ("Applicant") seeks an order abolishing the Special Rules and Regulations for the South Culebra Bluff-Bone Spring Pool (Pool Code 15011), and have the pool governed by the Division's statewide rules.
- (3) The Pool was created by Division Order No. R-6139, and currently includes the following acreage:

Township 22 South, Range 28 East, NMPM

Section 34: S/2

Section 35: W/2

Township 23 South, Range 28 East, NMPM

Section 2: All

Section 11:	All
Sections 13-16:	All
Section 21:	NE/4
Section 22:	NE/4
Sections 23-27:	All
Section 28:	E/2

Township 23 South, Range 29 East, NMPM

Section 7:	SW/4
Section 18:	NW/4

Division Order No. R-6139, as amended by Division Order No. R-6139-A, also established Special Rules and Regulations for the Pool, providing for 80-acre spacing units, wells to be located within 150 feet of the center of a quarter-quarter section or lot, and establishing a depth bracket allowable of 222 barrels of oil per day (BOPD).

(4) The discovery well for the Pool is the South Culebra Bluff Unit Well No. 3, located 2050 feet from the North line and 1950 feet from the East line of Section 23, Township 23 South, Range 28 East, NMPM (API No. 30-015-22700). It was an oil well with an open hole completion in the Bone Spring formation at 6345-8000 feet subsurface.

(5) No other operator in the Pool entered an appearance or objected to the application.

(6) The Applicant appeared at the hearing through counsel and presented the following testimony:

(a) The Bone Spring formation is continuous across the Pool, with several different productive zones, including the Avalon Sand, Avalon Shale, First Bone Spring Sand, Second Bone Spring Sand, Harkey Sand, and Third Bone Spring Sand.

(b) Recent development in the Pool has been by horizontal drilling. Most of the newer wells have been completed in the Second Bone Spring Sand at vertical depths below 8000 feet subsurface.

(c) Operators in the Pool seek to maximize the productive interval of horizontal wells, resulting in numerous unorthodox locations both for the beginning of a well's productive interval and the terminus of the wellbore. Applicant has not had any offset operator object to unorthodox locations for its horizontal wells in the Pool.

(d) There are nearby Bone Spring pools which are developed on the Division's statewide rules, and there is no geological or engineering reason to have the Pool developed on rules different from other nearby pools.

(e) Existing vertical wells in the Pool should be grandfathered-in for 80-acre spacing and the 222 BOPD oil allowable, so that equities in existing wells are not altered to the detriment of interest owners.

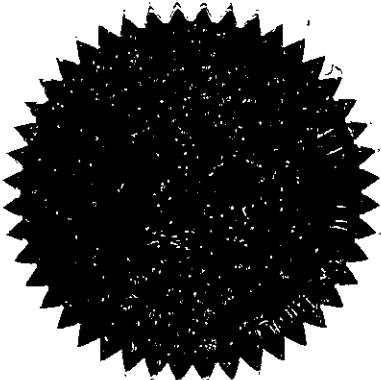
(7) The granting of this application is in the interests of conservation, the prevention of waste, and the protection of correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The application of Mewbourne Oil Company to abolish the Special Rules and Regulations for the South Culebra Bluff-Bone Spring Pool (Pool Code 15011), and have the Pool governed by the Division's statewide rules, is hereby approved, *provided however, that* existing vertical wells in the Pool shall retain their 80-acre well spacing units, and 222 BOPD oil allowable.

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

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



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in cursive script, appearing to read "Jami Bailey".

JAMI BAILEY
Director