



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

January 23, 2007

Steven J. Smith
Mewbourne Oil Company
500 W. Texas, Suite 1020
Midland, TX 79701



RE: Forty-Niner Ridge Unit Well No. 102 (API No 30-015-35033)
1980 feet from the North Line, 2310 feet from the East line, Unit G
Section 16, Township 23 South, Range 30 East, NMPM, Eddy County
320 Acres, N/2 of Section 16 Dedication

Administrative Order NSL-5435-A

Dear Mr. Smith:

Reference is made to the following:

(a) your application (administrative application reference No. pTDS0702252793 for non-standard location [NSL]) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on January 22, 2006, on behalf of Mewbourne Oil Company, OGRD 14744 ("Mewbourne"); and

(b) the Division's records pertinent to Mewbourne's request.

Mewbourne proposes to re-complete the above referenced well at the above referenced unorthodox gas well location within Section 16 and requests to produce from the Atoka within a 320-acre spacing unit consisting of the N/2 of Section 16. The proposed well would be the first well in this spacing unit and would be a Wildcat since it is further than 1 mile from any existing Atoka gas pool or previous Atoka production.

Division Rule 104.C(2) requires deep gas wells located in southeast New Mexico to be located no closer than 660 feet from any quarter section line within any standard 320 acre spacing unit. This well location is un-orthodox because it is located 330 feet from the western boundary of the NE/4 of Section 16.

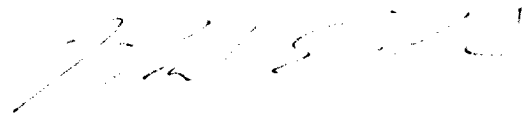
Your application states this well location was first approved by the Division with NSL-5435 on August 15, 2006 as a Morrow formation gas well completion, after being moved west from a standard location at the request of Mosaic Potash Carlsbad, Inc. Since that approval, the Morrow has not proved to be producible and Mewbourne now wishes to attempt a completion in

the Atoka. All of Section 16 is included in State Lease E-5229-9. Also royalty, and working interest ownership in the Atoka formation is common throughout all of Section 16 and all working interest owners have elected to participate in this re-completion attempt.

Division Rule 104.F allows the Division director to grant location exceptions in order to prevent waste and protect correlative rights. Your application on behalf of Mewbourne has been duly filed and notice has been provided as required under the provisions of Division Rules 104.F and 1210.A. In order to prevent waste and protect correlative rights, the above-described non-standard Wildcat Atoka gas well location is hereby approved.

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

Sincerely,



Mark E. Fesmire, P.E.
Director

MEF/wvjj

cc: New Mexico Oil Conservation Division – Artesia
State Land Office – Oil, Gas, and Minerals Division