

State of New Mexico
Energy, Minerals and Natural Resources Department

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Ms. Adriana Salgado
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NON-STANDARD LOCATION

Administrative Order NSL-8356

**Mewbourne Oil Company [OGRID 14744]
Salado Draw 10 W1MD Federal Com Well No. 3H
API No. 30-025-PENDING**

Proposed Location

| | Footages | Unit/Lot | Sec. | Twsp | Range | County |
|------------------------------|--------------------|-----------------|-------------|-------------|--------------|---------------|
| Surface | 235 FSL & 2265 FWL | N | 10 | 26S | 33E | Lea |
| First Take Point | 100 FSL & 990 FWL | M | 10 | 26S | 33E | Lea |
| Last Take Point/ Terminus | 100 FNL & 990 FWL | D | 10 | 26S | 33E | Lea |

Proposed Horizontal Units

| Description | Acres | Pool | Pool Code |
|--------------------|--------------|---------------------------|------------------|
| Section 10 | 640 | Red Hills; Wolfcamp (GAS) | 83600 |

Reference is made to your application received on May 9th, 2022.

You have requested to drill this horizontal well at an unorthodox Gas well location described above in the referenced pool or formation. 19.15.16.15(B)(3)(a) NMAC governs this proposed well and provides that the operator shall dedicate to each horizontal well a standard horizontal spacing unit that comprises of one or more contiguous tracts that the horizontal well's completed interval penetrates, each of which consists of a governmental quarter section or equivalent.

This well's completed interval is as close as 100 feet to the southern and northern edge of the horizontal spacing unit. Encroachment will impact the following tracts.

Section 15, encroachment to the N/2
Section 03, encroachment to the S/2

The Division understands you have given notice of this application to all operators or owners who are "affected persons," as defined in 19.15.2.7(A)(8) NMAC, in all adjoining units towards which the proposed location encroaches.

Division understands you are seeking this unorthodox location in order to maximize the recovery of oil and gas reserves underlying all of Section 10.

Your application has been filed under 19.15.16.15(C)(6) NMAC, 19.15.15.13 NMAC and 19.15.4.12 (A)(2) NMAC.

Per 19.15.15.13 (B) NMAC, **Division approves this unorthodox location.**

Reference this NSL order number on the As Drilled C-102 submitted with the Authorization to Transport, to place this well into production.

The above approvals are subject to your following all other applicable Division rules.

Jurisdiction of this case is retained for the entry of further orders as Division deems necessary.



ADRIENNE E. SANDOVAL
Division Director

Date: 6/09/2022

AES/lrl