

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Tony Delfin
Acting Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



October 26, 2016

Mewbourne Oil Company
Attn: Mr. Cory Mitchell

**ADMINISTRATIVE NON-STANDARD LOCATION AND NON-STANDARD PRORATION
UNIT ORDER**

**Administrative Order NSL-7470
Administrative Order NSP-2053**

Mewbourne Oil Company
OGRID 14744
Hollywood 28 33 W2IP Federal Com Well No. 1H
API No. 30-015-43893

Proposed Location:

| | Footages | Unit | Sec. | Twsp | Range | County |
|---------------------------------|----------------------|-------------|-------------|-------------|--------------|---------------|
| Surface | 2455' FSL & 450' FEL | I | 28 | 23S | 27E | Eddy |
| Penetration Point | 2310' FSL & 450' FEL | I | 28 | 23S | 27E | Eddy |
| Final perforation (Terminus) | 330' FSL & 450' FEL | P | 33 | 23S | 27E | Eddy |

Proposed Gas Spacing Unit:

| Description | Acres | Formation (Product) | Pool Code |
|--------------------|--------------|--------------------------------|------------------|
| SE/4 of Section 28 | 160 | Forehand Ranch; Wolfcamp (Gas) | 76780 |
| E/2 of Section 33 | 320 | | |

Reference is made to your application received on September 22, 2016.

You have requested to drill this horizontal well at an unorthodox gas well location described above in the referenced pool or formation. This location is governed by Division Rule 19.15.15.10.B NMAC, which provides for 320-acre units, with wells located at least 660 feet from a unit outer boundary. This surface location is outside the project area, and is permitted by Rule 19.15.16.15.B (4) NMAC which allows for surface locations outside project area. This location is unorthodox because portions of the proposed completed interval are closer to outside boundaries of the proposed gas spacing unit than any location that would be a standard location under the applicable pool rules.

Your application has been duly filed under the provisions of Division Rules 19.15.15.13 NMAC and 19.15.4.12.A (2) NMAC.

It is our understanding that you are seeking this location in order to maximize the recovery of oil and gas reserves from the pool underlying the SE/4 of Section 28 and the E/2 of Section 33.

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 19.15.4.12 A (2) NMAC, in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 19.15.15.13 (B) NMAC, the above-described unorthodox location is hereby approved in order to prevent waste and protect correlative rights.

Non-Standard Proration Unit

Pool: Forehand Ranch; Wolfcamp (Gas) (Pool Code 76780)

Pool Rules: Division Rule, 19.15.15.10.B NMAC 320-Acre Units, 660 foot setbacks

Proposed Project Area (480 Acres)

Section 28: SE/4

Section 33: E/2

Proposed Non-Standard Spacing and Proration Unit(s):

Unit SE/4-28-23S-27E 160 Acres 50% of Standard

Reference is made to your application received on September 22, 2016 and to Division records for the subject well.

You have requested approval of a non-standard gas spacing and proration unit described above. **This spacing and proration unit is necessitated to maximize the recovery of oil and gas reserves from the Wolfcamp formation.** It is understood that you are seeking this non-standard proration unit in order to allow the drilling of the subject horizontal well to recover oil and gas reserves from the Wolfcamp formation.

You have made application and provided notice as required in 19.15.15.11B. NMAC and 19.15.4.12.A(3) NMAC.

The above described non-standard gas spacing and proration unit is hereby approved and may be combined into the proposed project area for the subject horizontal well.

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



DAVID R. CATANACH
Director

DRC/lrl

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