



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jon Goldstein
Cabinet Secretary

Jim Noel
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



June 22, 2010

Ms. Ocean Munds-Dry
Holland & Hart LLP
P.O. Box 2208
Santa Fe, NM 87504

Administrative Order NSL-6218

**Re: Mewbourne Oil Company
Burton 4 Federal Well No. 3H
API No. 30-015-37816
810 feet FNL & 200 feet FEL
Unit A, Section 4-20S-29E
Eddy County, New Mexico**

Dear Ms. Munds-Dry:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW10-15329157**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Mewbourne Oil Company [OGRID 14744] (Mewbourne) on June 1, 2010, and

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

Mewbourne has requested to drill the above-referenced well as a horizontal well in the Bone Spring formation, at a location that will be unorthodox under Division Rule 16.14.B(2). The proposed surface location, point of penetration and terminus of the well are as follows:

Surface Location: 810 feet from the North line and 200 feet from the East line
(Unit A) of Section 4, Township 20S, Range 29E, NMPM
Eddy County, New Mexico

Point of Penetration: same as surface location

Terminus 660 feet from the North line and 330 feet from the West line
(Unit D) of said section



Lots 1 through 4 (N/2 N/2 equivalent) of Section 4 will be dedicated to the proposed well to form a 169.64-acre project area comprising four standard 40-acre, more or less, spacing units in the undesignated Parkway-Bone Spring Pool (49622) or the undesignated Winchester-Bone Spring Pool (65010). These pools are governed by statewide Rule 15.9, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is unorthodox because a portion of the producing interval will be less than 330 feet from the eastern boundary of the project area, and therefore outside the producing area.

Your application on behalf of Mewbourne has been duly filed under the provisions of Division Rules 15.13 and 4.12.A(2).

It is our understanding that Mewbourne is seeking this location in order to comply with United States Bureau of Land Management surface use requirements.

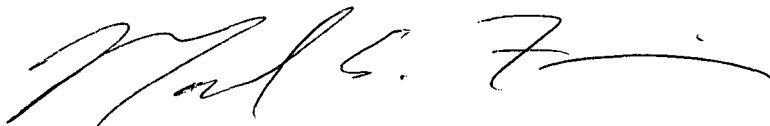
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

This approval is subject to Mewbourne being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', with a stylized flourish at the end.

Mark E. Fesmire, P.E.
Acting Director

MEF/db

cc: New Mexico Oil Conservation Division - Artesia
United States Bureau of Land Management