



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



July 7, 2010

Mr. James Bruce
P.O. Box 1056
Santa Fe, NM 87504

Administrative Order NSL-6229

**Re: Mewbourne Oil Company
Gunsmoke 9 CD Federal Well No. 1H
API No. 30-015
990 feet FNL & 2310 feet FEL
Unit B, Section 9-20S-25E
Eddy County, New Mexico**

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW10-18738879**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Mewbourne Oil Company [OGRID 14744], on July 2, 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 Yeso 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:	990 feet from the North line and 2310 feet from the East line (Unit B) of Section 9, Township 20S, Range 25E, NMPM, Eddy County, New Mexico
Point of Penetration:	990 feet from the North line and 2510 feet from the East line (Unit B) of said section
Terminus	990 feet from the North line and 330 feet from the West line (Unit D) of said section



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The N/2 NW/4 of Section 9 will be dedicated to the proposed well to form a project area comprising two standard, 40-acre wildcat Yeso spacing units. Spacing is governed by statewide Rule 15.9.A, 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 for engineering reasons, in order to maximize the portion of the target interval within the project area that will be penetrated by the horizontal portion of the wellbore. It is further understood notice of this application to offsetting operators or owners is not required due to common ownership.

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