



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



October 4, 2011

Mewbourne Oil Company
c/o Holland & Hart LLP
Attn: Ms. Ocean Munds-Dry

Administrative Order NSL-6472
Administrative Application Reference No. pTWG11-23629411

Mewbourne Oil Company
OGRID 14744
Wyatt Draw 24 JB Well No. 1H
API No. 30-015-39057

Proposed Location:

	Footages	Unit	Sec.	Township	Range	County
Surface	1070 FSL & 2290 FEL	O	24	19S	25E	Eddy
Penetration Point	same as surface location					
Terminus	330 FNL & 2290 FEL	B	24	19S	25E	Eddy

Proposed Project Area:

Description	Acres	Pool	Pool Code
W/2 NE/4 & NW/4 SE/4 Section 24	120	undesignated North Seven Rivers; Glorieta-Yeso	97565

Reference is made to your application received on August 23, 2011.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. This location is governed by statewide Rule 15.9.A [19.15.15.9.A NMAC], which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary, and Rule 15.16.14.B(2) [19.15.16.14.B(2) NMAC] concerning directional wells in designated project areas. This location is unorthodox because a portion of the proposed producing interval is outside the project area.

Oil Conservation Division
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Your application has been duly filed under the provisions of Division Rules 15.13 [19.15.15.13 NMAC] and 4.12.A(2) [19.15.4.12.A(2) NMAC].

It is our understanding that you are seeking this location for engineering reasons, in order to maximize the amount of the target zone within the producing area that can be penetrated by the wellbore lateral.

It is also understood that notice to offsetting owners or operators is unnecessary due to common ownership.

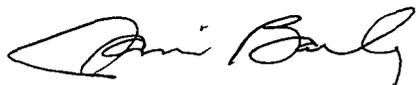
We also understand that the portions of wellbore outside the designate project area will be cased off and not perforated so that all production from the well will occur inside the project area.

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

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9 [19.15.5.9 NMAC].

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 "Jami Bailey". The signature is fluid and cursive, with a large initial "J" and "B".

Jami Bailey
Director

JB/db

cc: New Mexico Oil Conservation Division – Artesia