

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary

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

Jami Bailey
Division Director
Oil Conservation Division



April 24, 2012

Mewbourne Oil Company
c/o Mr. James Bruce, Attorney

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-6605
Administrative Application Reference No. pTWG12-09357469

Mewbourne Oil Company
OGRID 14744
Marathon Road 14 Federal Com. Well No. 2H
API No. 30-025

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Township</u>	<u>Range</u>	<u>County</u>
Surface	330 FSL & 510 FEL	P	14	20S	34E	Lea
Penetration Point	335 FSL & 1082 FEL	P	14	20S	34E	Lea
Terminus	370 FSL & 330 FWL	M	14	20S	34E	Lea

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
S/2 S/2 of Section 14	160	undesignated Lee Bone Spring	37570

Reference is made to your application received on April 2, 2012.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. Spacing in this pool is governed by Rules 2 and 3 of the Special Rules and Regulations for the Lea-Bone Springs Pool, as adopted by Order R-1827 issued on December 8, 1960, which provide for 80-acre units with wells to be located within 150 feet of the center of a quarter/quarter section.

This location is unorthodox because portions of the proposed wellbore will be outside the producing area as defined by Rule 19.15.16.7.G NMAC, applying the setback provisions of the applicable special pool rules.

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].

April 24, 2012

Page 2

It is our understanding that you are seeking this location for engineering reasons, in order to maximize the productive length of the wellbore lateral within the project area.

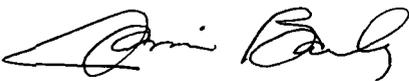
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

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

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9 [19.15.15.9 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 the first name "Jami" and last name "Bailey" clearly distinguishable.

Jami Bailey
Director

JB/db

cc: New Mexico Oil Conservation Division – Hobbs
United States Bureau of Land Management