

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



June 27, 2017

Mewbourne Oil Company
Attn Mr Ray Winklejohn

ADMINISTRATIVE NON-STANDARD LOCATION

Administrative Order NSL-7545

Mewbourne Oil Company
OGRID 14744
Roscoe 6 B3AD Federal Com. Well No. 1H
API No. 30-015-43168

Non-Standard Location

Proposed Location:

	<u>Footages</u>	<u>Unit/lot</u>	<u>Sec.</u>	<u>Tsp</u>	<u>Rge</u>	<u>County</u>
Surface	1270` FNL & 265` FEL	8	6	21S	27E	Eddy
Penetration Point	975` FNL & 460` FEL	1	6	21S	27E	Eddy
Final perforation (Terminus)	330` FNL & 330` FWL	4	6	21S	27E	Eddy

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
Lot 1, Lot 2, Lot 3, and Lot 4, of Irregular Section 6 (N/2 N/2 equivalent of Irregular Section 6)	119.2	Avalon, Lower Bone Spring	(3714)

Reference is made to your application received on May 22, 2017.

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 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 19.15.16.14.B(2) NMAC concerning directional wells in designated project areas. 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 project area 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 the Applicant is seeking this location because drilling at an orthodox location, would cause the Applicant to lose 475 feet (10%) of the productive reservoir, thereby creating waste. Lot 1 is only 990 feet long. Next, the Bureau of Land Management placed surface restrictions, and only the approved surface location is in Lot 8. Next, the offset well is over 1100 feet away, and no interference should occur, per Mewbourne Engineer. Lastly, Lot 1 through 8 are subject to a pending Federal Communitization agreement, therefore, the only affected parties who are less than 100 feet from the boundary of the project area is the operator.

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.

The above approvals are subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 19 15 5 9 NMAC.

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



DAVID R. CATANACH
Director

DRC/mam

cc: Oil Conservation Division – Artesia
Bureau of Land Management – Carlsbad