



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

August 15, 2006

Mewbourne Oil Company
Attn: Mr. Steven J. Smith
Senior Landman
500 West Texas Ave., Suite 1020
Midland, TX 79701

Administrative Order NSL-5435

Dear Mr. Smith:

Reference is made to the following:

(a) your application (**administrative application reference No. pTDS 0620638908**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on July 25, 2006, and

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

Mewbourne Oil Company has requested to drill its proposed Forty-Niner Ridge Unit Well No. 102 at an unorthodox location, 1,980 feet from the North line and 2,310 feet from the East line (Unit G) of Section 16, Township 23 South, Range 30 East, N.M.P.M., in Eddy County, New Mexico. We understand that you contemplate that this well will be included in the 3,800-acre Morrow Participating Area of the Forty-Niner Ridge Unit. However, for spacing purposes, the N/2 of Section 16 will be dedicated to this well in order to form a standard 320-acre gas spacing unit in the Forty-Niner Ridge-Morrow Gas Pool (**76800**). This pool is governed by statewide rules which provide that a well shall be located at least 660 feet from any unit or quarter-section boundary. The proposed location is only 330 feet from the South boundary of the North half of Section 16.

Mewbourne's application has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

It is our understanding that Mewbourne is seeking this location because it was necessary to move the location from the originally proposed location in order to obtain a potash waiver from Mosaic Potash Carlsbad, Inc., and because their geological interpretation indicated that a well farther to the North would be less likely to be economic.

It is also understood that the list of persons whom you have notified of this application, as identified in Exhibit C to your application, includes all working interest owners in the S/2 of Section 16, the unit toward which this location encroaches.

By the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox Morrow gas well location for Mewbourne's Forty-Niner Ridge Unit Well No. 102 is hereby approved.

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

Sincerely,



Mark E. Fesmire
Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Artesia