



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

September 22, 2003

Lori Wrotenberg
Director
Oil Conservation Division

Mewbourne Oil Company
c/o James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87504

Administrative Order NSL-4947

Dear Mr. Bruce:

Reference is made to the following: (i) your application on behalf of the operator, Mewbourne Oil Company ("Mewbourne"), submitted to the New Mexico Oil Conservation Division ("Division") on August 25, 2003 (*administrative application reference No. pMES0-323931295*); (ii) the Division's initial response by e-mail on August 28, 2003 from Mr. Michael E. Stogner, Engineer/Hearing Officer in Santa Fe requesting additional information to support your application; (iii) your letter dated September 4, 2003 with the requested supplemental information attached; and (iv) the Division's records in Santa Fe: all concerning the operator's request to drill its SF "17" Federal Com. Well No. 1 (API No. 30-025-36345) 1975 feet from the North line and 1422 feet from the East line (Unit G) in Section 17, Township 18 South, Range 32 East, NMPM, Lea County, New Mexico, in order to test the:

- (i) deeper Morrow formation for gas within the E/2 of Section 17, being a standard 320-acre stand-up gas spacing unit for either the Undesignated North Lusk-Morrow Gas Pool (80800) or Undesignated Young-Morrow Gas Pool (87820); and
- (ii) shallower Wolfcamp and Strawn formations for oil within the SW/4 NE/4 of Section 17, being a standard 40-acre oil spacing and proration unit for both the Undesignated North Young-Wolfcamp (65590) and Undesignated Young-Strawn (65560) Pools.

This application for a non-standard location has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed location will be at a more favorable geologic position within the deeper Morrow formation underlying the E/2 of section 17, thereby increasing the likelihood of encountering commercial quantities of gas from this zone. Pursuant to Division Rule 104.C (2), as revised, this location is standard within the 320-acre gas spacing unit; however, pursuant to Division Rule 104.B (1), as revised, the resulting oil well location is considered to be unorthodox for the 40-acre Wolfcamp and Strawn oil tests. Furthermore, topographic conditions further restrict placement of a drilling pad in the SW/4 NE/4 of Section 17.

By the authority granted me under the provisions of Division Rule 104.F (2), as revised, the above-described unorthodox Wolfcamp/Strawn oil well location within the proposed standard 40-acre oil spacing and proration unit for the SF "17" Federal Com. Well No. 1 is hereby approved.

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

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery".

Lori Wrotenbery
Director

LW/mes

cc: New Mexico Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad