



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor

Jim Noel

Cabinet Secretary

Karen W. Garcia

Deputy Cabinet Secretary

Mark Fesmire

Division Director

Oil Conservation Division



October 5, 2010

Mr. James Bruce
P.O. Box 1056
Santa Fe, NM 87504

Administrative Order NSL-6282

**Re: Mewbourne Oil Company
Gunsmoke 9 NM Well No. 1H
API No. 30-015-38111
350 feet FSL & 2310 feet FEL
Unit O, Section 9-20S-25E
Eddy County, New Mexico**

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW10-25832300**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Mewbourne Oil Company [OGRID 14744] (Mewbourne), on September 13, 2010, and

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

Mewbourne has requested to drill the above-referenced well as a horizontal well in the Yeso formation, at a location that will be unorthodox under Division Rule 16.14.B(2). The proposed surface location, point of penetration and terminus of the well are as follows:

Surface Location: 350 feet from the South line and 2310 feet from the East line
(Unit O) of Section 9, Township 20S, Range 25E, NMPM,
Eddy County, New Mexico

Point of Penetration: 350 feet from the South line and 2590 feet from the East line
(Unit O) of said section

Terminus 350 feet from the South line and 330 feet from the West line
(Unit M) of said section

Oil Conservation Division

1220 South St. Francis Drive • Santa Fe, New Mexico 87505

Phone (505) 476-3440 • Fax (505) 476-3462 • www.emnrd.state.nm.us/OCD



The S/2 SW/4 of Section 9 will be dedicated to the proposed well to form a project area comprising two standard, 40-acre wildcat Yeso oil spacing units. Wildcat oil spacing is governed by statewide Rule 15.9, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is unorthodox because a portion of the producing interval will be outside the producing area.

Your application on Mewbourne's behalf has been duly filed under the provisions of Division Rules 15.13 and 4.12.A(2).

It is our understanding that Mewbourne is seeking this location in order to maximize the well's penetration of the productive zone within the producing 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.

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

Sincerely,



Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Artesia
New Mexico State Land Office - Santa Fe