



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Daniel Sanchez
Acting Division Director
Oil Conservation Division



Harrison H. Schmitt
Cabinet Secretary-Designate

February 7, 2011

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

Administrative Order NSL-6329

**Re: Mewbourne Oil Company
Gunsmoke 9 KL Well No. 1H
API No. 30-015-38402
1750 feet FSL & 2270 feet FEL
Unit J, Section 9-20S-25E
Eddy County, New Mexico**

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW11-01352420**) 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 January 12, 2011, and

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

Mewborne 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: 1750 feet from the South line and 2270 feet from the East line
(Unit J) of Section 9, Township 20S, Range 25E, NMPM,
Eddy County, New Mexico

Point of Penetration: 1750 feet from the South line and 2610 feet from the West line
(Unit K) of said section

Terminus 1750 feet from the South line and 330 feet from the West line
(Unit L) of said section

Oil Conservation Division

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The N/2 SW/4 of Section 9 will be dedicated to the proposed well to form a project area comprising two standard, 40-acre oil spacing and proration units in North Seven Rivers; Glorieta-Yeso Pool (97565). This pool 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 less than 330 feet from the eastern boundary of the project area, and therefore outside the producing area.

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

It is our understanding that you are seeking this location for topographic reasons.

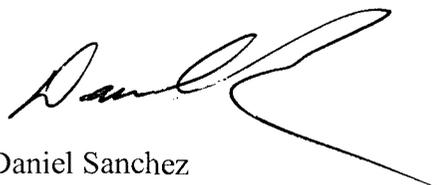
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

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,

A handwritten signature in black ink, appearing to read 'Daniel Sanchez', with a long, sweeping underline that extends to the right.

Daniel Sanchez
Acting Director

DS/db

cc: New Mexico Oil Conservation Division - Artesia