



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

November 25, 2003

Lori Wrotenbery

Director

Oil Conservation Division

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

Administrative Order NSL-4963

Dear Mr. Bruce:

Reference is made to the following: (i) your initial application dated October 29, 2003 (*administrative application reference No. pMES0-330437418*) on behalf of the operator Mewbourne Oil Company ("Mewbourne"); (ii) your letter dated November 6, 2003 with supporting geological information, received by the New Mexico Oil Conservation Division in Santa Fe on November 7, 2003; (iii) your second letter dated November 6, 2003, received by the Division in Santa Fe on November 12, 2003, amending this well's location; (iv) an aerial photo provided by a representative of Mewbourne visiting the Division's Santa Fe office on Friday, November 21, 2003; (v) Mr. Michael E. Stogner's, Division Engineer/Hearing Officer, two e-mails of November 24 and 25, 2003; and (vi) the Division's records in Santa Fe, including the files on Division Administrative Order NSL-2937 and Division Order No. R-7319: all concerning Mewbourne's request for an exception to the well location provisions of Division Rule 104.C (2) (a), as revised, limited to only those formations within the Pennsylvanian system, for its proposed **Esperanza "19" Federal Com. Well No. 1** to be drilled at an unorthodox deep gas well location 1980 feet from the North line and 393 feet from the East line (Unit I) of Section 19, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico.

Pursuant to Division Rule 104.C (2), as revised, this well is to be dedicated to Lots 3 and 4, the E/2 SW/4 and the SE/4 (S/2 equivalent) of Section 19, being a standard 315.08-acre lay-down gas spacing unit for any and all formations and/or pools from the base of the Wolfcamp formation to the base of the Morrow formation, which presently include but are not necessarily limited to the Undesignated Northeast Happy Valley-Strawn Gas Pool (78075), Undesignated Burton Flat-Strawn Gas Pool (73360), Undesignated Carlsbad Springs-Strawn Gas Pool (74020), Undesignated La Huerta Gas Pool (79700), Undesignated Crozier Bluff-Atoka Gas Pool (75730), and Burton Flat-Morrow Gas Pool (73280).

This application has been duly filed under the provisions of Division Rule 104.F, as revised.

The geological interpretation submitted with this application indicates that a well drilled at the proposed unorthodox gas well location will be at a more favorable geologic position within the deeper Morrow interval, which is the primary zone of interest, than a well drilled at a location considered to be standard within the NE/4 SE/4 of Section 19. Furthermore, topographic conditions further restrict placement of a drilling pad in Unit "I" of Section 19.

By the authority granted me under the provisions of Division Order No. R-8170-E-1, issued in Case 9872 and dated October 28, 1991 (for the Burton Flat-Morrow Gas Pool), and Division Rule 104.F (2), the above-described unorthodox deep gas well location, limited to the above-described vertical extent, within this 315.08-acre unit comprising the S/2 equivalent of Section 19 is hereby approved.

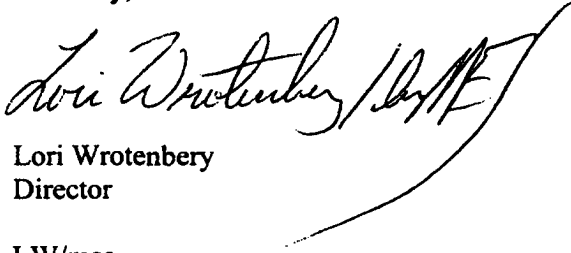
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Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read "Lori Wrotenberg" followed by a stylized flourish or initials.

Lori Wrotenberg
Director

LW/mes

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