



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

March 11, 2005

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

Administrative Order NSL-5166

Dear Mr. Bruce:

Reference is made to the following: (i) your application that was submitted to the New Mexico Oil Conservation Division ("Division") on February 15, 2005 (**administrative application reference No. pSEM0-504728313**) on behalf of the operator, Mewbourne Oil Company ("MOC"); and (ii) the Division's records in Santa Fe: all concerning MOC's request for an exception to the well location requirements (**Rule 4**) provided within the "*Special Rules and Regulations for the Santo Nino-Bone Spring Pool*," as promulgated by Division Order No. R-8546, as amended, for its proposed Pinta "29" Federal Well No. 1 to be drilled 510 feet from the South line and 1830 feet from the East line (Unit O) of Section 29, Township 18 South, Range 30 East, NMPM, Undesignated Santo Nino-Bone Spring Pool (**54600**), Eddy County, New Mexico.

The S/2 SE/4 of Section 29 is to be dedicated to this well in order to form a standard 80-acre lay-down oil spacing and proration unit for this pool (as provided for by **Rule 2** of the special pool rules).

This application has been duly filed under the provisions of: (i) **Rule 5** of the special pool rules governing the Santo Nino-Bone Spring Pool; (ii) Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission ("Commission") in Case No. 12119 on August 12, 1999; and (iii) Rule 1207.A (2), revised by Division Order No. R-11205, issued by the Commission in Case No. 12177 on June 17, 1999.

It is the Division's understanding that MOC is seeking this location exception for both topographical and geological reasons.

By the authority granted me under the provision of the applicable rules governing the Santo Nino-Bone Spring Pool and Division Rule 104.F (2), the above-described unorthodox oil well location is hereby approved.

Mewbourne Oil Company

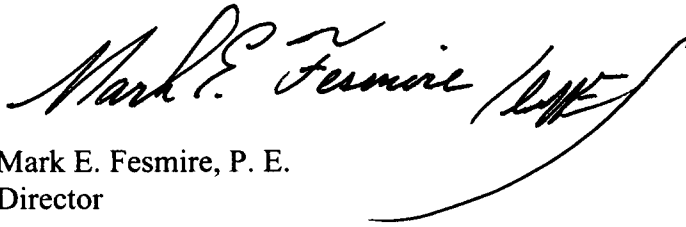
March 11, 2005

Page 2

Division Administrative Order NSL-5166

Further, the aforementioned well and spacing unit will be subject to all existing rules, regulations, policies, and procedures applicable to this pool.

Sincerely,

A handwritten signature in black ink, reading "Mark E. Fesmire" followed by a stylized flourish or "MEF".

Mark E. Fesmire, P. E.
Director

MEF/ms

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