

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division



July 11, 2014

Mewbourne Oil Co
Attn: Mr. David Catanach

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-7117
Administrative Application Reference No. pMAM1417039055

Mewbourne Oil Co
OGRID 14744
Marathon Road B3OB Federal Well No. 1H
API No. 30-025-41945

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	150 FSL & 2610 FEL	O	15	20S	34E	Lea
Penetration Point	330 FSL & 2610 FEL	O	15	20S	34E	Lea
Terminus	330 FNL & 2310 FEL	B	15	20S	34E	Lea

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
W/2 E/2 of Section 15	160	Lea; Bone Spring	37570

Reference is made to your application received on June 19, 2014.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. This location is governed, by the Special Rules for the Lea; Bone Spring, which provides for 80-acre units, with wells located at least 150 feet from a center of a governmental quarter-quarter section. Rule 19.15.16.14.B(2) NMAC concerning directional wells in designated project areas is also applicable, making setback requirements apply to the distance from the outer boundary of the designated project area. This location is unorthodox because portions of the proposed completed interval are less than 510 feet from an outer boundary, and less than 783 feet to a diagonal offset tract.

July 11, 2014

Page 2

Your application has been duly filed under the provisions of Division Rules 19.15.15.13 NMAC and 19.15.4.12.A(2) NMAC.

It is our understanding that you are seeking this location for engineering reasons, in order to maximize recovery of oil and gas reserves from the Lea-Bone Spring Pool underlying this project 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 19.15.4.12 (A) 2 NMAC, in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 9.15.15.13 (B) NMAC, 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 19.15.5.9 NMAC.

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

DONE at Santa Fe, New Mexico, on July 11, 2014.

A handwritten signature in black ink, appearing to read "Jami Bailey", is written over a horizontal line.

Jami Bailey
Director

JB/mam

cc: New Mexico Oil Conservation Division – Hobbs
United States Bureau of Land Management – Carlsbad