



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary-Designate

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

Jami Bailey
Division Director
Oil Conservation Division



January 9, 2012

Mewbourne Oil Company
c/o Holland & Hart LLP
Attn: Mr. William F. Carr

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-6537
Administrative Application Reference No. pTWG11-34741812

Mewbourne Oil Company
OGRID 14744
Aries 20 Federal Com. Well No. 3H
API No. 30-015-39432

Proposed Location:

	Footages	Unit	Sec.	Township	Range	County
Surface	1770 FSL & 220 FWL	L	20	18S	30E	Eddy
Penetration Point	same as surface location					
Terminus	1980 FSL & 330 FEL	I	20	18S	30E	Eddy

Proposed Project Area:

Description	Acres	Pool	Pool Code
N/2 S/2 of Section 20	160	undesignated Sand Tank; Bone Spring, or undesignated Santo Nino; Bone Spring	96832 54600

Reference is made to your application received on December 13, 2011.

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 statewide Rule 15.9.A [19.15.15.9.A NMAC] if assigned to the Sand Tank Bone Spring Pool, and by Special Pool Rules for the Santo Nino Bone Spring Pool if assigned to that pool. In either case wells are to be located at least 330 feet from a unit outer boundary. Pursuant to applicable spacing rules for either of these pools and to

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Rule 15.16.14.B(2) [19.15.16.14.B(2) NMAC] concerning directional wells in designated project areas, this location is unorthodox because portions of the proposed producing interval are less than 330 feet from an outer boundary of the project area.

Your application has been duly filed under the provisions of Division Rules 15.13 [19.15.15.13 NMAC] and 4.12.A(2) [19.15.4.12.A(2) NMAC].

It is our understanding that you are seeking this location for engineering reasons, in order to maximize penetration of the target zone within the producing area by the wellbore lateral.

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 [19.15.5.9 NMAC].

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 "Jami Bailey", with a stylized, cursive script.

Jami Bailey
Director

JB/db

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