

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John Bemis
Cabinet Secretary

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

Jami Bailey
Division Director
Oil Conservation Division



November 21, 2012

Mewbourne Oil Company
Attn: Mr. James Bruce, Attorney

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-6708
Administrative Application Reference No. pDKB1229857046

Mewbourne Oil Company
OGRID 14744
Merit 32 DM State Well No. 1H
API No. 30-025-40836

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	245 FNL & 330 FWL	D	32	18S	35E	Lea
Penetration Point	720 FNL & 330 FWL	D	32	18S	35E	Lea
Terminus	330 FSL & 330 FWL	M	32	18S	35E	Lea

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
W/2 W/2 of Section 32	160	Scharb; Bone Spring	55610

Reference is made to your application received on October 24, 2012.

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 and Regulations for the Scharb-Bone Spring Oil Pool, which provide for 80-acre units, with wells located not more than 200 feet from the center of a quarter-quarter section, and 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 completed interval are closer than applicable rules permit to 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 efficiently produce the reserves underlying this project area.

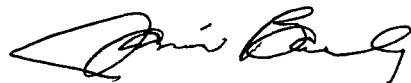
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

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 [19.15.15.9 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". The signature is fluid and cursive, with a large initial "J" and "B".

Jami Bailey
Director

JB/db

cc: New Mexico Oil Conservation Division – Hobbs
New Mexico State Land Office