

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



June 24, 2013

Mewbourne Oil Company
Attn: Mr. James Bruce, Attorney

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-6757-A
Administrative Application Reference No. pAXK1315443522

Mewbourne Oil Company
OGRID 14744
Merit 6 EH State Com Well No. 1H
API No. 30-025-40884

This order supersedes Administrative Order NSL-6757, issued on March 1, 2013, in order to change the surface location only of the subject well.

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	1325 FNL & 115 FWL	E	6	19S	34E	Lea
Penetration Point	1577 FNL & 330 FWL	E	6	19S	35E	Lea
Terminus	2310 FNL & 330 FEL	H	6	19S	35E	Lea

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
S/2 N/2 of Section 6	160	Scharb; Bone Spring	55610

Reference is made to your amended application received on May 29, 2013.

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 Scharb; Bone Spring Pool, which provide for 80-acre units, with wells to be located within 200 feet of 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 to the outside boundary of the project area than the location parameters in the applicable special pool rules would allow.

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 production of hydrocarbons within this project area.

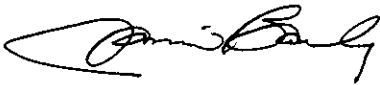
It is also understood that you gave due notice of the original application for non-standard location for this well to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches. No notice of the amended application is necessary since the amended application does not increase the encroachment.

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", with a stylized, cursive script.

Jami Bailey
Director

JB/db

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