

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

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Cabinet Secretary

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Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



July 11, 2016

Mewbourne Oil Company
Attn: Mr. Dusty Wallace

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-7432
Administrative Order NSP-2046

Mewbourne Oil Company
OGRID 14744
Fuller 13/24 W1LM Federal Com Well No. 3H
API No. 30-015-43517

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	2620` FSL & 440` FWL	L	13	26S	29E	Eddy
Penetration Point	2310` FSL & 440` FWL	L	13	26S	29E	Eddy
Final perforation (and terminus)	330` FSL & 440` FWL	M	24	26S	29E	Eddy

Proposed Gas Spacing Unit:

<u>Description</u>	<u>Acres</u>	<u>Formation (Product)</u>	<u>Pool Code</u>
SW/4 of Section 13	160	Brushy Draw; Wolfcamp (Gas)	72897
W/2 of Section 24	320		

Reference is made to your application received on June 10, 2016.

You have requested to drill this horizontal well at an unorthodox gas well location described above in the referenced pool or formation. This location is governed by Division Rule 19.15.15.10.B NMAC, which provides for 320-acre units, with wells located at least 660 feet from a unit outer boundary. This location is unorthodox because portions of the proposed completed interval are closer to outside boundaries of the proposed gas spacing unit than any location that would be a standard location under the applicable pool rules.

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 Mewbourne Oil Company is seeking this location to maximize the recovery of gas reserves within the formation underlying the SW/4 of Section 13 and the W/2 of Section 24.

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 19.15.15.13 (B) NMAC, the above-described unorthodox location is hereby approved in order to prevent waste and protect correlative rights.

Non-Standard Proration Unit

You have also requested approval of one or more non-standard proration units to be included in your proposed project area, as follows:

Units Comprising this Project Area:

<u>Unit</u>	<u>Acres</u>	<u>Pool</u>	<u>Code</u>
SW/4 of Section 13	160	Brushy Draw; Wolfcamp (Gas)	72897
W/2 of Section 24	320		

A standard proration unit in the Brushy Draw; Wolfcamp (Gas) pool consist of 320-acres comprising a half section. Your proposed non-standard proration unit consists of one or more contiguous quarter-quarter sections located entirely within the same half section.

Your application has been duly filed under the provisions of Division Rules 19.15.15.13 NMAC and 19.15.4.12.A (3) NMAC.

The applicant is seeking this non-standard proration unit in order to maximize the recovery of gas reserves within the formation underlying the SW/4 of Section 13 and the W/2 of Section 24.

It is understood that you have given due notice of this application to all operators or owners to whom notice is required by Division Rule 19.15.4.12 (3) NMAC.

Pursuant to the authority conferred by Division Rule 19.15.15.11 (B), the above described non-standard proration unit is hereby approved.

General provisions

The above approvals are 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.



DAVID R. CATANACH
Director

DRC/lrl

cc: Oil Conservation Division – Artesia District Office
Bureau of Land Management – Carlsbad Field Office