



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

December 1, 2006

Mewbourne Oil Company
c/o Mr. James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504

Attention: Mr. James Bruce, Attorney

Re: **Pheasant Ridge "6" State Com Well No. 1**
API No. 30-025-38181
990' FSL & 2310' FEL, Unit W,
Section 6, T-21 South, R-35 East, NMPM,
Lea County, New Mexico

Administrative Order NSL-5513

Dear Mr. Bruce:

Reference is made to the following:

- (a) your application on behalf of Mewbourne Oil Company ("applicant") for a non-standard well location (*administrative application reference No. pTDS0633236827*) for the Pheasant Ridge "6" State Com Well No. 1 that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on November 27, 2006; and
- (b) the Division's records pertinent to your request.

The applicant requests approval of an unorthodox gas well location for its proposed Pheasant Ridge "6" State Com Well No. 1 in the Undesignated Osudo-Morrow Gas Pool (Gas – 82120), which is to be drilled 990 feet from the South line and 2310 feet from the East line (Unit W) of Section 6, Township 21 South, Range 35 East, NMPM, Lea County, New Mexico. Lots 17 & 18, the E/2 SW/4 and the SE/4 of Section 6 is to be dedicated to the well forming a non-standard 310.75-acre gas spacing and prorating unit for that pool.

The Osudo-Morrow Gas Pool is currently governed by Division Rule 19.15.3.104(C).

The applicant presented geologic evidence to demonstrate that the proposed unorthodox gas well location is necessary in order to access thicker pay sands within the Middle Morrow interval, thereby increasing the likelihood of obtaining commercial gas production.

The applicant's evidence shows that the proposed spacing unit comprises two separate State of New Mexico leases, described as follows: i) State Lease No. B-1398-37 comprises Lots 17 & 18 and the E/2 SW/4 of Section 6; and ii) State Lease No. V-6950 comprises the SE/4 of Section 6.

The proposed unorthodox gas well location encroaches towards the spacing unit's interior quarter section line, therefore, there are no adversely affected offset operators and/or interest owners. Consequently, the applicant was not required, and did not provide notice of this application to any party. Nonetheless, the applicant presented a waiver of objection to the proposed unorthodox gas well location from Nearburg Exploration Company, LLC, the only other working interest owner within the proposed spacing unit.

Division records show that the Pheasant Ridge "6" State Com Well No. 1 will be the only well producing at this time from the Osudo-Morrow Gas Pool within the proposed spacing unit.

Pursuant to the authority granted under the provisions of Division Rule 19.15.3.104.F(2), the above-described unorthodox gas well location in the Osudo-Morrow Gas Pool is hereby approved.

Sincerely,



Mark E. Fesmire, P.E.
Division Director

MEF/drc

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