



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

December 14, 1998

M.E.W. Enterprises
1720 South Union
Roswell, New Mexico 88201

Telefax No. (505) 627-2065

Attention: Margaret Whited

*Administrative Order NSL-4178
(Non-Standard Subsurface Location/Producing Area)*

Dear Ms. Whited:

Reference is made to the following: (i) your telephone conversations with Mr. Michael E. Stogner, Engineer with the New Mexico Oil Conservation Division ("Division") in Santa Fe, on Monday, December 14, 1998; (ii) your supplemental data, which shall serve as an application, telefaxed to Mr. Stogner on December 14, 1998; and, (iii) the records of the Division in Artesia and Santa Fe: all of which refer to M.E.W. Enterprises' request for a non-standard subsurface oil producing area/bottomhole oil well location, pursuant to Division Rules 104.F, 111.C(2), and 111.A(7) to be applicable to the South Bitter Lake-San Andres Pool, for the existing DeKalb Federal Well No. 3 (API No. 30-005-00069), located at a standard surface location 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 27, Township 10 South, Range 25 East, NMPM, Chaves County, New Mexico. The SW/4 NW/4 (Unit E) of Section 27, being a standard 40-acre oil spacing and proration unit for this pool is to be dedicated to the well.

It is our understanding from the Division records that this well was originally drilled by J. F. McAdams in 1960 to a total depth of 883 feet and completed within the South Bitter Lake-San Andres Pool.

It is further understood that M.E.W. Enterprises, in order to further develop remaining reserves left in this pool, commenced recompleting this wellbore on October 14, 1998 with a horizontal drainhole drilled in an easterly direction a lateral distance of approximately 403 feet.

Further, the NW/4 of Section 27 is a single Federal lease (U. S. Government lease No. NM-05876) in which M.E.W. Enterprises is the leasehold operator; therefore, there are no effected offsets to the subject 40-acre tract than themselves.

The applicable drilling window or "producing area" within the South Bitter Lake-San Andres Pool for this wellbore shall include that area within the subject 40-acre oil spacing and proration unit comprising the SW/4 NW/4 (Unit E) of Section 27 that is:

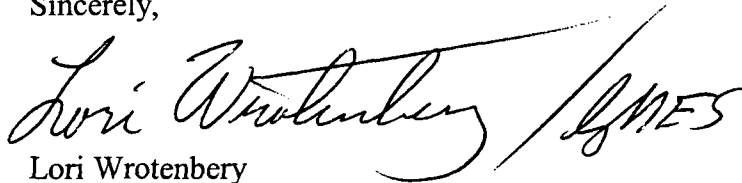
- (a) no closer than 330 feet to the north and south boundaries of this 40-acre unit;
- (b) no closer than 330 feet to the West line of Section 27; and,
- (c) no closer than 257 feet to the eastern boundary of this 40-acre unit.

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By the authority granted me under the provisions of Division General Rule 104.F(2), the above-described non-standard subsurface oil producing area/bottomhole oil well location is hereby approved.

The operator shall comply with all provisions of Division General Rule 111 applicable in this matter.

Sincerely,

A handwritten signature in cursive script, reading "Lori Wrotenberg / LWMES". The signature is written in dark ink and is positioned above the printed name and title.

Lori Wrotenberg
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad