



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

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Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



September 1, 2010

Mr. William F. Carr
Holland & Hart LLP
P.O. Box 2208
Santa Fe, NM 87504

Administrative Order NSL-6252

**Re: Mewbourne Oil Company
Bradley 28 Federal Com. Well No. 2H
API No. 30-015
1580 feet FNL and 65 feet FWL
Unit E, Section 28-18S-30E
Eddy County, New Mexico**

Dear Mr. Carr:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW10-21029447**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Mewbourne Oil Company [OGRID 14744] (Mewbourne), on July 29, 2010, and

(b) the Division's records pertinent to this request.

Mewbourne has requested to drill the above-referenced well as a horizontal well in the Bone Spring formation, at a location that will be unorthodox under Division Rule 16.14.B(2). The proposed surface location, point of penetration and terminus of the well are as follows:

Surface Location: 1580 feet from the North line and 65 feet from the West line
(Unit E) of Section 28, Township 18S, Range 30E, NMPM,
Eddy County, New Mexico

Point of Penetration: same as surface location

Terminus 1580 feet from the North line and 330 feet from the East line
(Unit H) of said section

Oil Conservation Division

1220 South St. Francis Drive • Santa Fe, New Mexico 87505
Phone (505) 476-3440 • Fax (505) 476-3462 • www.emnrd.state.nm.us/OCD



The S/2 N/2 of Section 28 will be dedicated to the proposed well to form a project area comprising two standard, 80-acre oil spacing units in the undesignated Santo Nino Bone Spring Pool (54600), or four standard, 40-acre oil spacing units in the undesignated South Leo Bone Spring Pool (37920). Spacing in the Santo Nino Bone Spring Pool is governed by the Special Rules for the Santo Nino-Bone Spring Pool, as promulgated in Order No. R-8546, issued on November 17, 1987, which provide for 80-acre units comprising two adjacent quarter-quarter sections within the same section, with wells to be located no more than 150 feet from the center of a quarter-quarter section. Spacing in the South Leo Bone Spring Pool is governed by statewide Rule 15.9, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is unorthodox in either pool because of the proximity of the proposed wellbore to the northern and western boundaries of the project area.

Your application on behalf of Mewbourne has been duly filed under the provisions of Division Rules 15.13 and 4.12.A(2).

It is our understanding that Mewbourne is seeking this location in order to conform to United States Bureau of Land Management surface siting requirements.

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 Mewbourne's being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9.

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 'Mark E. Fesmire', with a stylized flourish at the end.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Artesia
United States Bureau of Land Management