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|------------------------|----------|--------------------|--------------------------|-----------------|------------------------------------|
| DATE IN <u>9.24.10</u> | SUSPENSE | ENGINEER <u>DB</u> | LOGGED IN <u>9.24.10</u> | TYPE <u>NSL</u> | PTG W APP NO. <u>1026735022</u> |
|------------------------|----------|--------------------|--------------------------|-----------------|------------------------------------|

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



Mewbourne
Bradley 29" Fed Comp 2H

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Fed Eddy
6285

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

2:00 SEP 22 P 3:27
 RECEIVED OGD

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
- [D] Other: Specify _____
- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

WILLIAM F. CARR *William F. Carr* ATTORNEY 9/22/10
 Print or Type Name Signature Title Date

wcarr@hollandhart.com
 e-mail Address

September 22, 2010

HAND-DELIVERED

Mark E. Fesmire, P.E., J.D.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

RECEIVED OGD
2010 SEP 22 P 3: 27

Re: Application of Mewbourne Oil Company for Administrative Approval of an Unorthodox Well Location for its Bradley "29" Federal Com Well No. 2H, to be drilled from an unorthodox surface location 2150 feet from the South line and 260 feet from the East line (Unit I) to an unorthodox bottom hole location 2450 feet from the South line and 330 feet from the West line of Section 29, Township 18 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

Dear Mr. Fesmire:

Pursuant to the provisions of Oil Conservation Division General Rule 19.15.15.13 NMAC, Mewbourne Oil Company hereby seeks administrative approval of an unorthodox oil well location for its Bradley "29" Federal Com Well No. 2H to be drilled as a horizontal well at a point 2150 feet from the South Line and 260 feet from the East line to a true vertical depth of approximately 8181 feet with a measured depth of approximately 12673.84 feet and then in an westerly direction with a lateral length of approximately 4118 feet to an unorthodox bottom hole location 2450 feet from the South line and 330 feet from the West line of Section 29, Township 18 South, Range 30 East, N.M.P.M., Eddy County, New Mexico. The surface location of the well will be its penetration point in the Bone Spring formation. This well will evaluate the Second Bone Sand interval in the Bone Spring formation which is the principal objective in the well. A 160-acre non-standard spacing and proration unit/project area comprised of the N/2 S/2 of Section 29 will be dedicated to the well in the Bone Spring formation.

This well is governed by the Special Rules and Regulations for the Santo Nino-Bone Spring Pool which provide for oil wells to be located on standard spacing units containing 80-acres with wells to be located within 150 feet of the center of a governmental quarter-quarter section or lot (Order No. R-8546). This well location is



unorthodox in the Bone Spring formation to the North, East and West because its surface and bottom hole locations are less than 510 feet from the project area boundary – thereby closer than permitted by the applicable rules.

This unorthodox oil well location is required for topographic reasons. (Topographic Map attached as Exhibit D) The well was originally staked at a location 2260 feet from the South line and 150 feet from the West line of Section 29 which was in a large sand dune feature and was denied by the Bureau of Land Management. The BLM required Mewbourne to find a surface location on the East side of Section 29. The proposed unorthodox location is in smaller sand dune feature and has been approved by the BLM. Attached hereto as Exhibit A is a plat showing the location of the subject spacing unit, the proposed unorthodox well location and adjoining spacing units and wells. Exhibit B is a copy of the Acreage Dedication Plat for the well (Division Form C-102) that shows the survey location of the well.

Exhibit C is a list of affected persons as defined in Paragraph (2) of Subsection A of 19.15.4.12 NMAC. A copy of this application, including all attachments, has been mailed to each of these offset operators/affected persons by certified mail-return receipt requested in accordance with Rule 19.15.4.12 A (2)(a). Each owner has been advised that if it has an objection to this application it must be filed in writing with the Division's Santa Fe office within twenty days from the date this notice was sent.

A draft of a Division approval order is also attached for your convenience. Your attention to this application is appreciated.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr".

William F. Carr

Attorney for Mewbourne Oil Company

Enclosures

cc: New Mexico Oil Conservation Division – Hobbs

DISTRICT I

1426 N. French Dr., Hobbs, NM 88240

DISTRICT II

1701 W. Grand Avenue, Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

1820 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised October 16, 2009

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

| | | |
|------------------------|-------------------------------------------|--------------------------------------|
| API Number | Pool Code 54600 | Pool Name Santo Nina Bone Springs |
| Property Code 37976 | Property Name BRADLEY "29" FEDERAL COM | Well Number 2H |
| OGRID No. 14744 | Operator Name MEWBOURNE OIL COMPANY | Elevation 3403' |

Surface Location

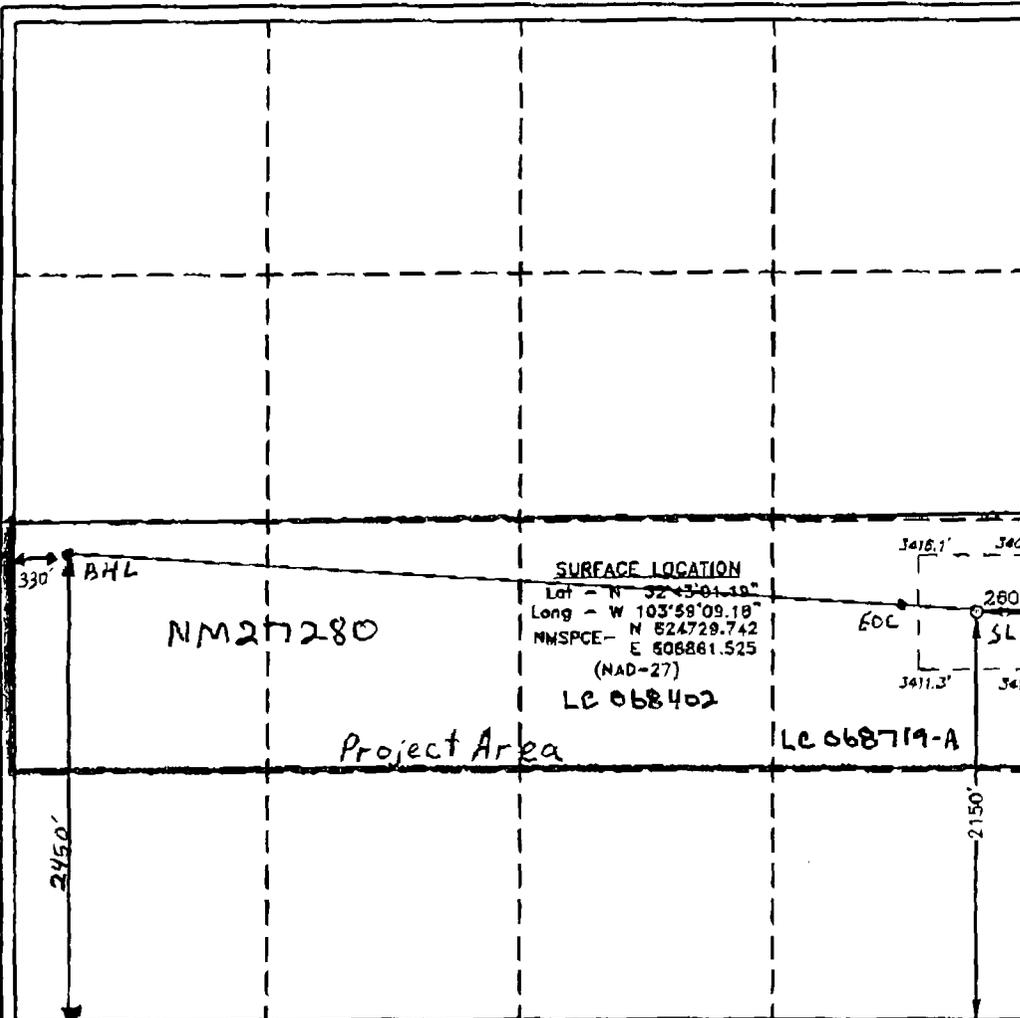
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| 1 | 29 | 18 S | 30 E | | 2150 | SOUTH | 260 | EAST | EDDY |

Bottom Hole Location If Different From Surface

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| L | 29 | 18 S | 30 E | | 2450 | South | 330 | West | Eddy |

| | | | |
|------------------------|-----------------|--------------------|-----------|
| Dedicated Acres 160 | Joint or Infill | Consolidation Code | Order No. |
|------------------------|-----------------|--------------------|-----------|

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature: Jackie Lathan
Date: 08/10/09

Printed Name: Jackie Lathan

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.

Date Surveyed: APRIL 30, 2009

Signature of State or Professional Surveyor: [Signature]

Certificate No. Gary L. Jones 7977

State SURVEYS

EXHIBIT C

Application of Mewbourne Oil Company
for Administrative Approval of an Unorthodox Well Location
for its Bradley "29" Federal Com Well No. 2H,
Section 29, Township 18 South, Range 30 East, N.M.P.M.,
Eddy County, New Mexico.

NOTICE LIST

Section 30, NE/4, W/2SE/2
T-18-S, R-30-E, NMPM

Chesapeake Operating, Inc.
P.O. Box 18496
Oklahoma City, Oklahoma 73154

Section 30, E/2 SE/4
T-18-S, R-30-E, NMPM

Chisos LTD.
670 Dona Ana Road, SW
Deming, New Mexico 88030

Pure Energy Group, Inc.
22610 U. S. Hwy.281, Suite 218
San Antonio, Texas 78258

Myco Industries, Inc.
105 South Fourth Street
Artesia, New Mexico 88210

John A. Yates, Individually and as Trustee of the Trust Q created
u/w/o Peggy A. Yates, deceased
105 South Fourth Street
Artesia, New Mexico 88210

Yates Drilling Company
105 South Fourth Street
Artesia, New Mexico 88210

New Tex Oil Company
Post Office Box 297
Hobbs, New Mexico 88240

Ronadero Company, Inc.
Post Office Box 746
Big Horn, Wyoming 82833-0746

Natalie V. Hanagan
1922 18th Ave., W.
Williston, North Dakota 58801

Robert J. Leonard
Trustee of the Leonard Trust
Post Office Box 400
Roswell, New Mexico 88202

Sacramento Partners
A Limited Partnership
105 South Fourth Street
Artesia, New Mexico 88210

Mariner Energy, Inc.
2000 W. Sam Houston Pkwy. S., Suite 2000
Houston, Texas 77042-3622

Section 29, NW/4
T-18-S, R-30-E, NMPM

Mewbourne Oil Company

Section 29, NW/4 NE/4
T-18-S, R-30-E, NMPM

Mewbourne Oil Company

Section 29, NE/4 NE/4
T-18-S, R-30-E, NMPM

Mewbourne Oil Company

The D. C. Trust
Marilyn J. Cone, Trustee
P. O. Box 64244
Lubbock, Texas 79464

Clifford Cone, Individually and as
Trustee of the Trusts created u/w/o
and Codicil of Kathleen Cone, Deceased
(Address unknown)

Kenneth G. Cone, Individually and as
Trustee of the Trusts Created u/w/o
And Codicil of Kathleen Cone, Deceased
P. O. Box 11310
Midland, Texas 79702

Section 29, S/2 NE/4
T-18-S, R-30-E, NMPM

Mewbourne Oil Company

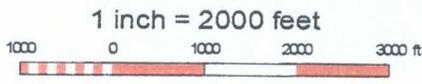
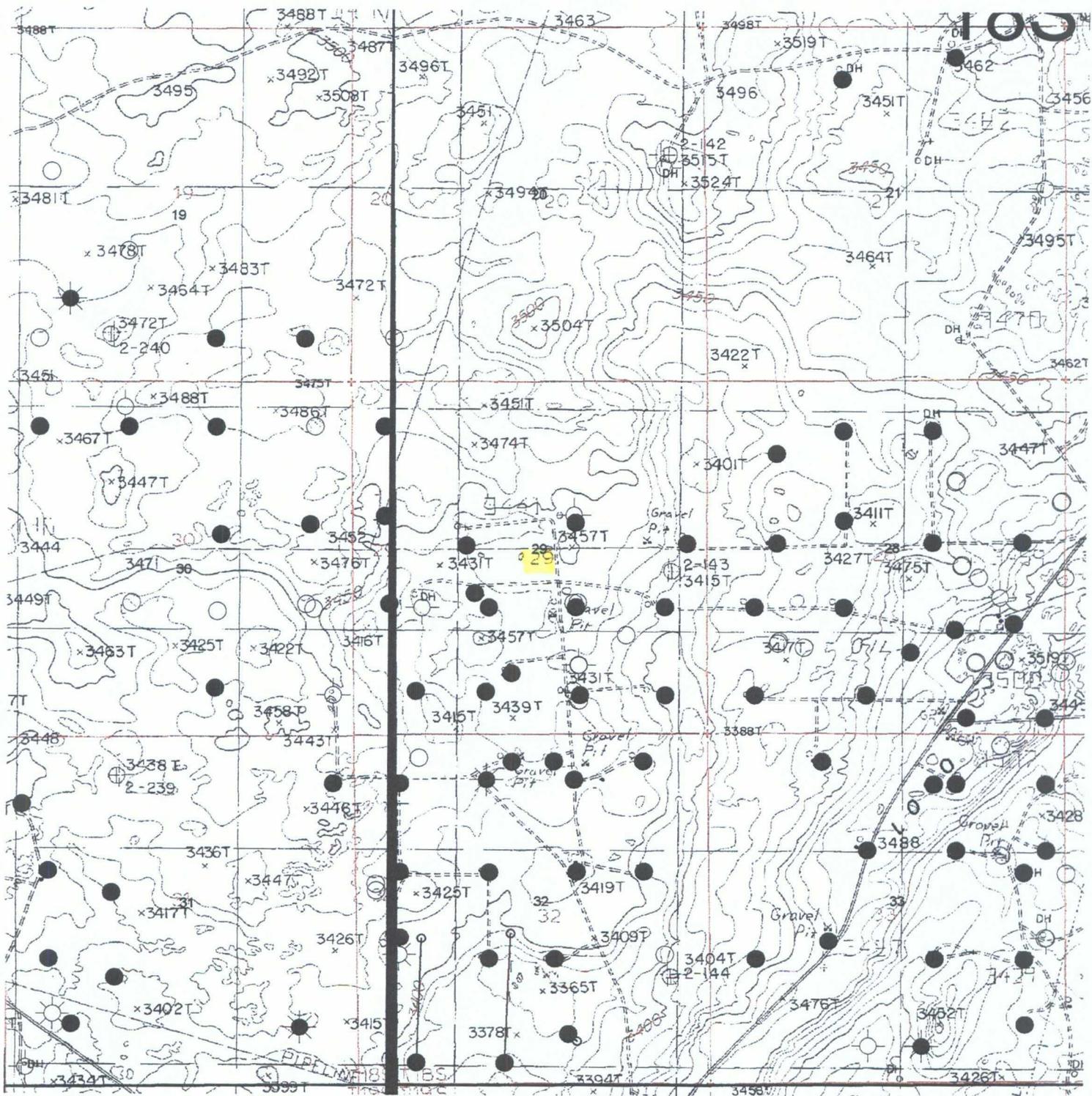
Myco Industries, Inc.
Sacramento Partners Limited Partnership,
John A. Yates, Individually and as
Trustee of the Trust Q created
u/w/o Peggy A. Yates, deceased
and
Yates Drilling Company
105 South Fourth Street
Artesia, New Mexico 88210-2118

Hanagan Petroleum Corporation
P. O. Box 1737
Roswell, New Mexico 88202

New Tex Oil Company
P. O. Box 297
Hobbs, New Mexico 88240

Section 28, W/2
T-18-S, R-30-E, NMPM

Mewbourne Oil Company



| | | |
|--------------------------------------------------------------------------------------------------------------------|------------|--------------|
|  Mewbourne Oil Company | | |
| Bradley "29" Prospect Eddy Co., NM T18S - R30E | | |
| Geo Tech: | Scale: | Date: |
| V. Ramirez | 1" = 2000' | 13 May, 2010 |

EXHIBIT D

October __, 2010

Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, Texas 79701

Attention: William F. Carr

Administrative Order NSL-_____

Dear Mr. Carr:

Reference is made to the following: **(i)** your application dated July 28, 2010 on behalf of the operator, Mewbourne Oil Company (“Mewbourne”); and **(ii)** the records of the New Mexico Oil Conservation Division (“Division”) in Santa Fe: all concerning Mewbourne’s request for approval of a non-standard gas well location to be applicable to the Bone Spring formation, which is governed by Oil Conservation Division General Rule 19.15.15.9 NMAC.

The N/2 S/2 of Section 29, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico is dedicated to this well to form a non-standard 160-acre oil spacing and proration unit / horizontal well project area.

This application has been duly filed under the provisions of Rule 19.15.15.9 NMAC.

The data submitted with this application indicates that this unorthodox oil well location is required for topographic reasons. Mewbourne originally staked at a standard location 2260 feet from the South line and 150 feet from the West line of said Section 29 but this location was unacceptable because it was in a large sand dune feature and the BLM required that the well be moved to a location in the East half of the section. The well was moved to the current unorthodox well location 2150 feet from the South line and 260 feet from the East line of the Section which is a drillable location that has been approved by the BLM. The Bottomhole location of this horizontal well is also unorthodox and is proposed at a point 2450 feet from the South line and 330 feet from the West line of Section 29.

By the authority granted me under the provisions of Rule 19.15.15.9 NMAC of the general rules of the Oil Conservation Division, the following described unorthodox oil well location within this 160-acre spacing and proration unit/horizontal well project area is hereby approved:

**Bradley “29” Federal Com No. 2H
Surface Location: 2150’ FSL & 260’ FEL (Unit I)
Bottomhole Location: 2450’ FSL & 330’ FWL (unit L)
Section 29, Township 18 South, Range 30 East, NMPM
Eddy County, New Mexico.**

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

Mark E. Fesmire, P.E., J.D.

Director

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