



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor

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Cabinet Secretary

Karen W. Garcia

Deputy Cabinet Secretary

Mark Fesmire

Division Director

Oil Conservation Division



December 14, 2010

Mr. James Bruce
P.O. Box 1056
Santa Fe, NM 87504

Administrative Order NSL-6308

**Re: Mewbourne Oil Company
Aries 20 Federal Com. Well No. 2
API No. 30-015
2054 feet FNL & 201 feet FWL
Unit E, Section 20-18S-30E
Eddy County, New Mexico**

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW10-32257711**) 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 November 18, 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: 2054 feet from the North line and 201 feet from the West line
(Unit E) of Section 20, Township 18S, Range 30E, NMPM,
Eddy County, New Mexico

Point of Penetration: same as surface location

Terminus 1980 feet from the North line and 330 feet from the West line
(Unit H) of said section

Oil Conservation Division

1220 South St. Francis Drive • Santa Fe, New Mexico 87505

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The S/2 N/2 of Section 20 will be dedicated to the proposed well to form a project area comprising two standard 80-acre spacing units in the undesignated Santo Nino-Bone Spring Pool (54600). Spacing in this 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 quarter section, with wells to be located no more than 150 feet from the center of a quarter-quarter section. This location is unorthodox because portions of the producing interval will be less than producing area as defined in Rule 16.7.J.

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

It is our understanding that you are seeking this location in order to comply with United States Bureau of Land Management surface siting requirements.

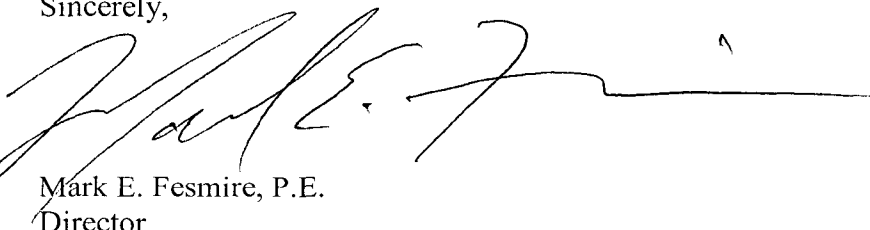
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

This approval is subject to your 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', followed by a long horizontal line extending to the right.

Mark E. Fesmire, P.E.
Director

MEF/db

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