



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez

Governor

Bill Brancard

Acting Cabinet Secretary

Daniel Sanchez

Acting Division Director

Oil Conservation Division



January 3, 2011

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

Administrative Order NSL-6313

**Re: Mewbourne Oil Company
Quick Draw 10 HA Well No. 1H
API No. 30-015
2390 feet FSL & 350 feet FEL
Unit I, Section 10-20S-25E
Eddy County, New Mexico**

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW10-36435646**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on December 30, 2010, and

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

Mewbourne Oil Company (Mewbourne) has requested to drill the above-referenced well as a horizontal well in the Yeso 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: 2390 feet from the South line and 350 feet from the East line
(Unit I) of Section 10, Township 20S, Range 25E, NMPM,
Eddy County, New Mexico

Point of Penetration: 2400 feet from the South line and 350 feet from the East line
(Unit I) of said section

Terminus 330 feet from the North line and 350 feet from the East line
(Unit A) of said section

Oil Conservation Division

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

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The E/2 NE/4 of Section 10 will be dedicated to the proposed well to form a 160-acre project area comprising two standard 40-acre oil spacing and proration units in the undesignated Cemetary-Yeso Pool (11795). This pool is governed by statewide Rule 15.9.A, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is unorthodox because a portion of the producing interval will be outside of the project area, and therefore outside the producing area.

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

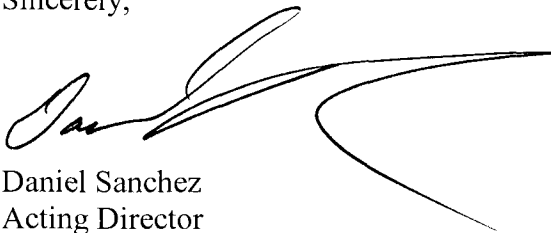
It is our understanding that you are seeking this location for engineering reasons, in order to maximize the amount of the target zone within the producing area that can be penetrated by the horizontal portion of the wellbore. It is further understood notice of this application to offsetting operators or owners is not required due to common ownership.

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 'Daniel Sanchez', with a long, sweeping horizontal line extending to the right.

Daniel Sanchez
Acting Director

DS/db

cc: New Mexico Oil Conservation Division - Artesia