



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

BETTY RIVERA

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

September 16, 2002

Mewbourne Oil Company
c/o James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87504

Telefax No. (505) 982-2151

Administrative Order NSL-4780

Dear Mr. Bruce:

Reference is made to the following: (i) your application (**application reference No. pKRV0-224831964**) dated August 30, 2002 on behalf of the operator, Mewbourne Oil Company ("Mewbourne"); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe, including the file on Division Administrative Order NSL-4740, dated May 30, 2002: all concerning the operator's request to drill its Fren "8" Federal Com. Well No. 5 (**API No. 30-015-32349**) 676 feet from the North line and 1381 feet from the West line (Unit C) in Section 8, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico, in order to test: (i) the deeper Atoka formation for gas within the W/2 of Section 8, being a standard 320-acre stand-up gas spacing unit for either the Undesignated North Shugart-Atoka Gas Pool (**85290**) or Undesignated East Loco Hills-Atoka Gas Pool (**96702**); and (ii) the shallower Strawn formation for oil within the NE/4 NW/4 of Section 8, being a standard 40-acre oil spacing and proration unit for wildcat Strawn oil production.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

Pursuant to Division Rule 104.C (2) the proposed location is considered to be standard for the 320-acre Atoka gas test, but, pursuant to Division Rule 104.B (1) is unorthodox within the 40-acre Strawn oil unit.

It is our understanding that Mewbourne is seeking this location exception based on proprietary seismic data which indicates that a well drilled at the proposed unorthodox oil well location will be at a more favorable geologic position within the shallower Strawn formation than a well drilled at a location considered to be standard within the NE/4 NW/4 of Section 8. Topographic conditions further restrict placement of a drilling pad within the NE/4 NW/4 of Section 8.

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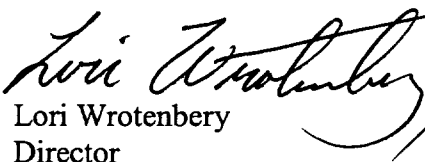
It is further understood that the N/2 of Section 8 is a single federal lease (U. S. Government lease No. NM-33437) with common ownership in which Mewbourne is the leasehold operator; therefore, there are no adversely effected offsets to the subject 40-acre tract within the Strawn interval.

By the authority granted me under the provisions of Division Rule 104.F (2) the above-described unorthodox Strawn oil well location within the above-described 40-acre standard oil spacing and proration unit for Mewbourne's proposed Fren "8" Federal Com. Well No. 5 is hereby approved.

PLEASE NOTE, any future request for an unorthodox Strawn oil well location and/or unorthodox Atoka gas well location within the general area of Section 8 will require substantial supporting geological data.

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

Sincerely,


Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
File: NSL-4740