

May 31, 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-4740

Dear Mr. Bruce:

Reference is made to your application dated May 9, 2002 (*application reference No. pKRV0-213540632*) on behalf of the operator Mewbourne Oil Company ("Mewbourne"), for an: (i) unorthodox wildcat Strawn oil well location; and (ii) unorthodox Atoka gas well location in either the Undesignated North Shugart-Atoka Gas Pool (**85290**) or Undesignated East Loco Hills-Atoka Gas Pool (**96702**), for its proposed Fren "8" Federal Com. Well No. 5 to be drilled 2276 feet from the North line and 1471 feet from the East line (Unit G) of Section 8, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico.

The SW/4 NE/4 (Unit G) of Section 8, being a standard 40-acre oil spacing and proration unit for wildcat Strawn oil production, and the E/2 of Section 8, being a standard 320-acre stand-up gas spacing and proration unit within either Atoka gas pool, are to be dedicated to this well.

Your application submitted on behalf of Mewbourne has been duly filed under the provisions of New Mexico Oil Conservation Division ("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.

It is our understanding that Mewbourne seeks this location exception for both topographical and geological reasons.

It is further understood that the NE/4 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 wildcat oil well location and Atoka gas well location for Mewbourne's proposed Fren "8" Federal Com. Well No. 5 is hereby approved.

Jurisdiction of this cause 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