

ABOVE THIS LINE FOR DIVISION USE ONLY

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



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

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]

[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 _____

*Mewbourne Oil
 Ursa "27" Fed Com #1 H
 30-015-39581*

2013 DEC -3 A 10:31
 RECEIVED OOD

[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.

David Catanach
 Print or Type Name

David Catanach
 Signature

Agent for Mewbourne Oil Company
 Title

12/2/13
 Date

drcatanach@netscape.com
 E-Mail Address

December 2, 2013

Hand Delivered

New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505

Attention: Ms. Jami Bailey, CPG
Division Director

Re: Application for Unorthodox Well Location
Ursa "27" Federal Com No. 1H
API No. (30-015-39581)
Surface Location: 147' FSL & 223' FWL (Unit M)
First Take Point: 199' FSL & 694' FWL (Unit M)
BHL: 660' FSL & 330' FEL (Unit P)
All in Section 27, T-18 South, R-30 East, NMPM,
Eddy County, New Mexico

Dear Ms. Bailey:

Pursuant to Division Rule 19.15.15.13, Mewbourne Oil Company ("Mewbourne") respectfully requests administrative approval of an unorthodox oil well location for its proposed Ursa "27" Federal Com Well No. 1H. This well will be drilled as a horizontal development oil well in the South Leo-Bone Spring Pool (37920).

The Ursa "27" Federal Com Well No. 1H will be dedicated to a 160-acre spacing and proration unit ("project area") comprising the S/2 S/2 of Section 27. There are currently no other wells producing from the Bone Spring formation within the proposed project area.

The South Leo-Bone Spring Pool is currently governed by Division Rule 19.15.15.9 which requires standard 40-acre spacing and proration units with wells to be located no closer than 330 feet to the outer boundary of the spacing unit, or in the case of a horizontal well, no closer than 330 feet to the outer boundary of the project area.

The Ursa "27" Federal Com No. 1H was originally staked at a standard surface location 330 feet from the South line and 660 feet from the West line (Unit M) of Section 27. The location was moved to the proposed unorthodox location at the request of the United States Bureau of Land Management ("BLM") due to the presence of large sand dune features in this area.

The only affected offset tract, as shown on the attached map, is the N/2 N/2 of Section 34, Township 18 South, Range 30 East, NMPM. This tract is an existing 160-acre horizontal project area in the Bone Spring formation that is operated by Mewbourne. Please note that the working interest ownership between the S/2 S/2 of Section 27 (drill

tract) and the N/2 N/2 of Section 34 (affected tract) is not common. Consequently, notice of this application is being provided to the working interest owners within the affected offset tract. These owners are Chevron U.S.A., Inc., Yates Petroleum Corporation, Marigold Management, LLC, Marigold LLLP, Oxy Y-1 Company, Richard Yates, Brenda Yates, RKC, Inc., Roy H. and Helen Blackman Revocable Trust, Tulipan, LLC and Santo Legado, LLP.

Attached is an approved APD (Form 3160-3). Also attached is a Form C-102 showing the proposed well and proposed project area. Also attached is a map that shows the surface, first take point and bottomhole locations of the Ursa "27" Federal Com No. 1H, the proposed project area, producing area and affected offset acreage.

In summary, approval of the application will provide Mewbourne Oil Company the opportunity to recover additional oil and gas reserves from the South Leo-Bone Spring Pool underlying the S/2 S/2 of Section 27 that may otherwise not be recovered, thereby preventing waste, and will not violate correlative rights.

If you should have any questions, please call me at (505) 690-9453.

Sincerely,



David Catanach, Agent
Mewbourne Oil Company
500 W. Texas, Suite 1020
Midland, Texas 79701

Xc: OCD-Artesia

OCD-ARTESIA

Form 3160-3
(August 2007)

FORM APPROVED
OMB No 1004-0137
Expires July 31, 2010

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SECRETARY'S POTASH

5. Lease Serial No. **611**
NM-27278 NM-033775 LC-064226

APPLICATION FOR PERMIT TO DRILL OR REENTER

6. If Indian, Allottee or Tribe Name

1a. Type of work: DRILL REENTER

7. If Unit or CA Agreement, Name and No.

1b. Type of Well: Oil Well Gas Well Other Single Zone Multiple Zone

8. Lease Name and Well No.
Ursa "27" Fed Com #1H [38899]

2. Name of Operator Mewbourne Oil Company

9. API Well No.
30-015-39581

3a. Address PO BOX 5270
Hobbs, NM 88240

3b. Phone No. (include area code)
575-393-5905

10. Field and Pool, or Exploratory
Leo South Bone Spring [39720]

4. Location of Well (Report location clearly and in accordance with any State requirements *)
At surface 147' FSL & 223' FWL (Unit M)
At proposed prod. zone 860' FSL & 330' FEL (Unit P)

[14744]
UNORTHODOX LOCATION

11. Sec., T. R. M. or Blk. and Survey or Area
Sec 27, T18S, R30E

14. Distance in miles and direction from nearest town or post office*
25 miles NE of Carlsbad, NM

12. County or Parish
Eddy

13. State
NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 147'

16. No of acres in lease
80 acres

17. Spacing Unit dedicated to this well
160 acres

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft 580'

19. Proposed Depth
12938' MD
8416' TVD

20. BLM/BIA Bond No. on file
NM1693, Nationwide

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
3433' GL

22. Approximate date work will start*
11/08/2011

23. Estimated duration
42 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No 1, must be attached to this form:

- 1. Well plat certified by a registered surveyor.
- 2. A Drilling Plan.
- 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office)
- 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- 5. Operator certification
- 6. Such other site specific information and/or plans as may be required by the BLM

25. Signature *Brett Bednarz*
Title
Petroleum Engineer

Name (Printed/Typed)
Brett Bednarz

Date
08/09/2011

Approved by (Signature)

Name (Printed/Typed)

Date

Title
STATE DIRECTOR

Office
NM STATE OFFICE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

APPROVAL FOR TWO YEARS

Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction

(Continued on page 2)

*(Instructions on page 2)

Capitan Controlled Water Basin

RECEIVED
OCT 31 2011
NMOCD ARTESIA

AS

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Approval Subject to General Requirements
& Special Stipulations Attached

DISTRICT I
1825 N. French Dr., Hobbs, NM 88240

DISTRICT II
1901 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Artec, NM 87410

DISTRICT IV
1229 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised July 18, 2010

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 36-015-39581	Pool Code 37920	Pool Name Leo South Bone Spring
Property Code 37920 38899	Property Name URSA "27" FEDERAL COM	Well Number 1H
OGRID No. 14744	Operator Name MEWBOURNE OIL COMPANY	Elevation 3433'

Surface Location

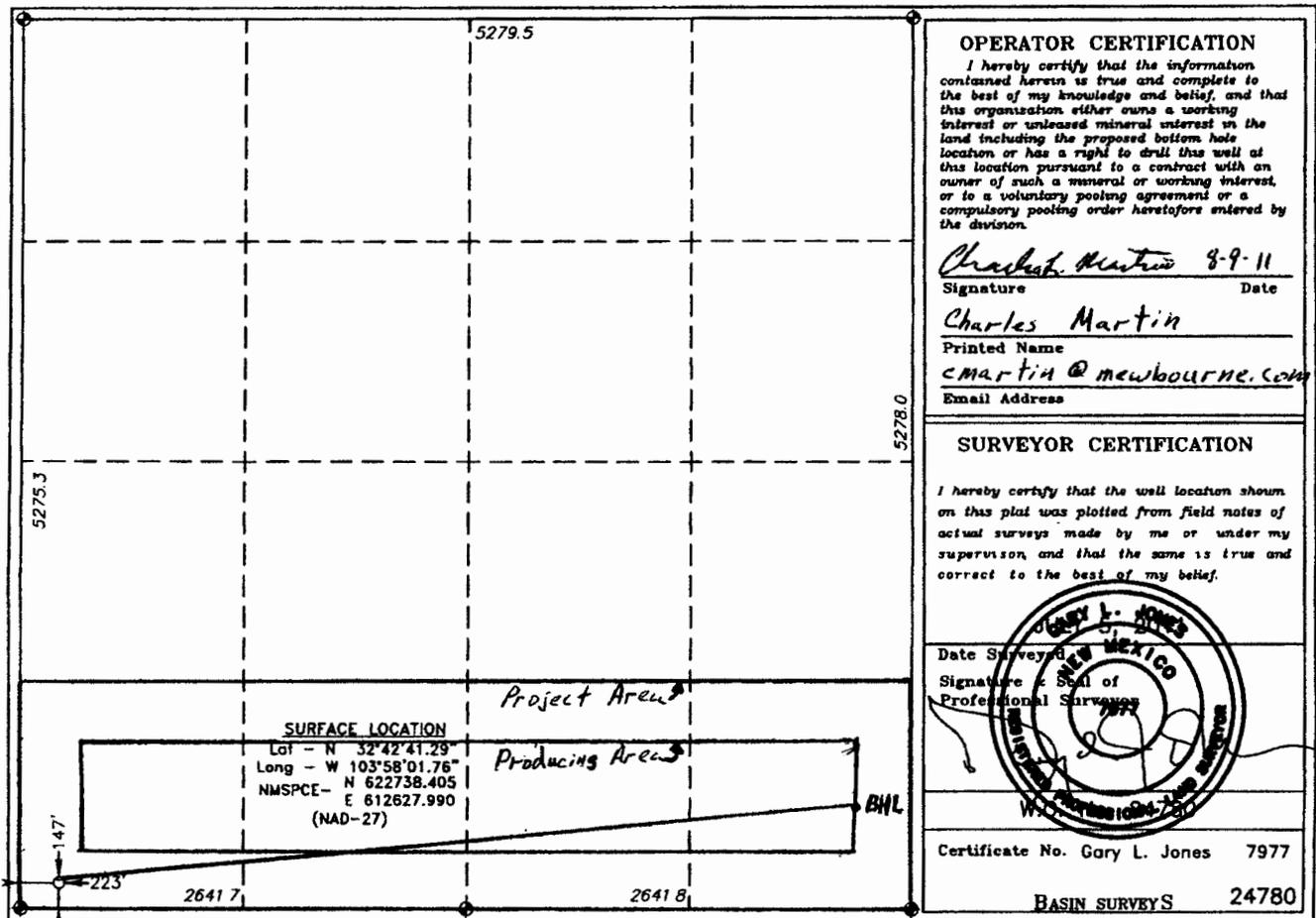
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	27	18 S	30 E		147	SOUTH	223	WEST	EDDY

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
P	27	18 S	30 E		660	SOUTH	330	EAST	Eddy

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160			

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



30E

28

27

18S

33

34

Ursa "27" Federal Com No. 1H
Surface Location: 147' FSL & 223' FWL

First Take Point:
199' FSL & 694' FWL

BHL: 660' FSL
& 330' FEL

Producing Area

Affected Offset Tract
Operator: Mewbourne Oil Co.
WI Ownership Not Common
w/Drill Tract



160-Acre Project Area



Affected Offset Acreage
(Existing 160-acre Project Area)

Mewbourne Oil Company
Application for Unorthodox Well Location
Ursa "27" Federal Com No. 1H

December 2, 2013

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: (See Attached List)

Re: Mewbourne Oil Company
Application for Unorthodox Well Location
Ursa "27" Federal Com No. 1H (API No. 30-015-39581)
Surface Location: 147' FSL & 223' FWL (Unit M)
First Take Point: 199' FSL & 694' FWL (Unit M)
Bottomhole Location: 660' FSL & 330' FEL (Unit P)
Section 27, T-18 South, R-30 East, NMPM,
South Leo-Bone Spring Pool (37920)
Eddy County, New Mexico

Ladies and Gentlemen:

Enclosed please find a copy of the application filed by Mewbourne Oil Company ("Mewbourne") for approval of an unorthodox well location for its proposed Ursa "27" Federal Com No. 1H located at the surface, first take and bottomhole locations described above. The well will test the South Leo-Bone Spring Pool and will be dedicated to a standard 160-acre spacing and proration unit ("project area") comprising the S/2 S/2 of Section 27, Township 18 South, Range 30 East, NMPM. The United States Bureau of Land Management ("BLM") requested that Mewbourne move the surface location of the well from a standard location 330 feet from the South line and 660 feet from the West line of Section 27 to the proposed unorthodox location due to large sand dune features in this area.

As the owner of an interest that may be affected by the proposed unorthodox well location, you are being provided notice as per Division rules and regulations. Objections must be filed in writing at the Division's Santa Fe office within 20 days from the date this notice was sent to you. If no objection is received within twenty days after the filing of this application and proof of notice with the Division, the application may be approved.

If you should have any questions, please call me at (505) 690-9453.

Sincerely,



David Catanach, Agent
Mewbourne Oil Company
500 W. Texas, Suite 1020
Midland, Texas 79701

Enclosure

Xc: OCD-Artesia

**Mewbourne Oil Company
Application for Unorthodox Location
Ursa "27" Federal Com No. 1H
Notice List**

**Chevron U.S.A., Inc.
1400 Smith St.
Houston, Texas 77002
Attn: Kelly Bass**

**Yates Petroleum Corporation
Marigold Management, LLC
Marigold LLLP
105 S. Fourth Street
Artesia, New Mexico 88210
Attn: Janet Richardson**

**Oxy Y-1 Company
P.O. Box 4294
Houston, Texas 77210-4294
Attn: Chris Gertson**

**Richard Yates
Brenda Yates
428 Sandoval Street
Santa Fe, New Mexico 87501
Attn: Susan Hansen**

**RKC, Inc.
7500 E. Arapahoe Road
Suite 380
Centennial, CO 80112-6116
Attn: Anthony Kochevar**

**Roy H. and Helen Blackman
Revocable Trust
C/O The Carlsbad National Bank
P.O. Box 1359
Carlsbad, New Mexico 88220
Attn: Carl Manganero**

**Tulipan, LLC
428 Sandoval St.
Santa Fe, New Mexico 87501**

**Santo Legado, LLP
P.O. Box 1020
Artesia, New Mexico 88211-1020
Attn: Karen Leishman**

7012 3050 0000 6820 6444

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For delivery information visit our website at www.usps.com

HOUSTON TX 77002

Postage	\$1.12	0507
Certified Fee	\$3.10	
Return Receipt Fee (Endorsement Required)	\$2.55	
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total	\$6.77	

Chevron U.S.A., Inc.
1400 Smith St.
Houston, Texas 77002
Attn: Kelly Bass

PS Form 3800, August 2006 See Reverse for Instructions



7012 3050 0000 6820 6437

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ARTESIA NM 88210

Postage	\$1.12	0507
Certified Fee	\$3.10	
Return Receipt Fee (Endorsement Required)	\$2.55	
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total	\$6.77	

To: **Yates Petroleum Corporation**
Marigold Management, LLC
Marigold LLLP
105 S. Fourth Street
Artesia, New Mexico 88210
Attn: Janet Richardson

PS Form 3800, August 2006 See Reverse for Instructions



7012 3050 0000 6820 6420

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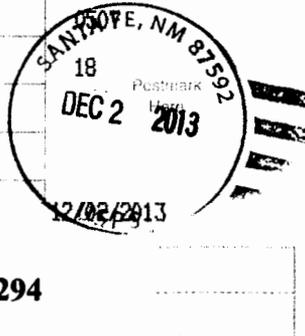
For delivery information visit our website at www.usps.com

HOUSTON TX 77210

Postage	\$1.12	0507
Certified Fee	\$3.10	
Return Receipt Fee (Endorsement Required)	\$2.55	
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total	\$6.77	

Oxy Y-1 Company
P.O. Box 4294
Houston, Texas 77210-4294
Attn: Chris Gertson

PS Form 3800, August 2006 See Reverse for Instructions



7012 3050 0000 6820 6413

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SANTA FE NM 87501

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Certified Fee	\$3.10	
Return Receipt Fee (Endorsement Required)	\$2.55	
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total	\$6.77	

Richard Yates
Brenda Yates
428 Sandoval Street
Santa Fe, New Mexico 87501
Attn: Susan Hansen

PS Form 3800, August 2006 See Reverse for Instructions



7012 3050 0000 6820 6406

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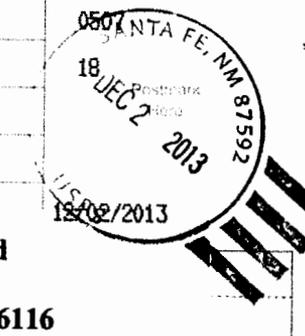
For delivery information visit our website at www.usps.com

ENGLEWOOD CO 80112

Postage	\$1.12	0507
Certified Fee	\$3.10	
Return Receipt Fee (Endorsement Required)	\$2.55	
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total	\$6.77	

RKC, Inc.
7500 E. Arapahoe Road
Suite 380
Centennial, CO 80112-6116
Attn: Anthony Kochevar

PS Form 3800, August 2006 See Reverse for Instructions



7012 3050 0000 6820 6390

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CARLSBAD NM 88220

Postage	\$1.12	0507
Certified Fee	\$3.10	
Return Receipt Fee (Endorsement Required)	\$2.55	
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total	\$6.77	

Roy H. and Helen Blackman
Revocable Trust
C/O The Carlsbad National Bank
P.O. Box 1359
Carlsbad, New Mexico 88220
Attn: Carl Manganero

PS Form 3800, August 2006 See Reverse for Instructions



7012 3050 0000 6820 6363

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SANTA FE NM 87501

Postage	\$1.12
Certification Fee	\$3.10
Return Receipt Fee (Endorsement Required)	\$2.55
Restricted Delivery Fee (Endorsement Required)	\$0.00

0507



To: **Tulipan, LLC** \$6.77
 Sent: **428 Sandoval St.**
Santa Fe, New Mexico 87501
Attn: Karen Hansen

PS Form 3800, August 2009 See Reverse for Instructions

7012 3050 0000 6820 6376

U.S. Postal Service™
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For delivery information visit our website at www.usps.com

ARTESIA NM 88211

Postage	\$1.12
Certification Fee	\$3.10
Return Receipt Fee (Endorsement Required)	\$2.55
Restricted Delivery Fee (Endorsement Required)	\$0.00



To: **Santo Legado, LLC** \$1.77
 Sent: **P.O. Box 1020**
Artesia, New Mexico 88211-1020
Attn: Karen Leishman

PS Form 3800, August 2009 See Reverse for Instructions

MARTIN YATES, III
1912-1985

FRANK W. YATES
1936-1986

S. P. YATES
1914-2008



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (575) 748-1471
www.yatespetroleum.com

JOHN A. YATES
CHAIRMAN EMERITUS

JOHN A. YATES JR.
CHAIRMAN OF THE BOARD
PRESIDENT

JOHN D. PERINI
EXECUTIVE VICE PRESIDENT
CHIEF FINANCIAL OFFICER

JAMES S. BROWN
CHIEF OPERATING OFFICER

December 2, 2013

Mewbourne Oil Company
Attention: Mr. D. Paul Haden
500 W. Texas, Suite 1020
Midland, TX 79701

Re: Unorthodox Location
MOC'S Ursa 27 Federal Com. #1H Well
Township 18 South, Range 30 East
Section 27: SHL: 147' FSL & 223' FWL (SL)
BHL: 660' FSL & 330' FEL (BHL)
Eddy County, New Mexico

Dear Mr. Haden:

Enclosed is your letter dated November 25, 2013, on the Ursa 27 Federal Com. #1H well requesting our signature evidencing that we waive objection to the above proposed Non-Standard location. This letter has been signed by Yates Petroleum Corporation.

If you need anything further please let us know.

Sincerely,

YATES PETROLEUM CORPORATION

A handwritten signature in cursive script, appearing to read 'Paula J. Baker', is written over a horizontal line.

Paula J. Baker
Senior Land Assistant

/pjb

Enclosure(s)

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(432) 682-3715
FAX (432) 685-4170

November 25, 2013

RECEIVED
NOV 27 2013
YPL A
MAIL ROOM

Via Certified Mail

Yates Petroleum Corporation
105 South 4th Street
Artesia, NM 88210-2122
Attn: Janet Richardson

Re: Unorthodox Location
MOC's Ursa 27 Federal Com #1H Well
147' FSL & 223' FWL (SL)
660' FSL & 330' FEL (BHL)
Section 27, T18S, R30E
Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company ("Mewbourne") as Operator proposes to drill the referenced well at the referenced surface location (SL) to a terminus point referenced above as the bottom hole location (BHL). The proposed well will be drilled to a true vertical depth of approximately 8,416 feet beneath the surface in the Bone Spring formation and drilled horizontally therefrom from a westerly direction to an easterly direction to evaluate the Second Bone Spring Sand Interval in the Bone Spring formation for oil production. The estimated true measured depth for this well will be approximately 12,900 feet with the well being dedicated to the S/2S/2 of the captioned Section 27 as its nonstandard oil proration unit and Project Area. The captioned well was originally staked at a surface location 330' FSL & 660' FWL of the captioned Section 27 but was moved to the above referenced surface location at the BLM's request due to sand dune features.

The above surface location is closer to the quarter-quarter Section line than is prescribed for the Leo South Bone Spring (Pool Code 37920) which provides for locations to be no closer than 330 feet from the quarter-quarter Section lines.

Regarding the above, Mewbourne is filing for Administrative Approval For A Non-Standard Location for the above well. As an offset Operator, Mewbourne is requesting a waiver of objection from Yates Petroleum Corporation ("Yates") regarding this proposed Non-Standard Location. Please indicate Yates's agreement to Mewbourne's requested waiver of objection by signing and returning this letter to me at your earliest convenience. In exchange for this waiver, Mewbourne agrees to grant Yates a similar waiver should Yates elect to drill a Bone Spring well on its leasehold in the N/2 of Section 33, T18S, R30E, Eddy County, New Mexico.

Sincerely yours,

MEWBOURNE OIL COMPANY

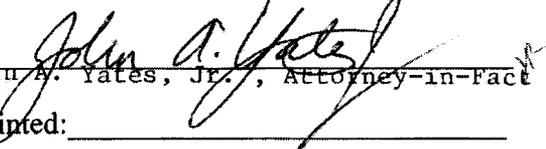


D. Paul Haden
Senior Landman

Janet Richardson
Yates Petroleum Corporation
November 25, 2013
Page 2 of 2

Yates Petroleum Corporation hereby waives objection to the above proposed Non-Standard location this
2nd day of December, 2013.

YATES PETROLEUM CORPORATION

By: 
~~John A. Yates, Jr., Attorney-in-Fact~~

Name printed: _____