

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 _____

30-015 - 40403
 Mewbourne Oil Co
 San Lorenzo 15 ORB #1

[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

6/13/13
 Date

drcatanach@netscape.com
 E-Mail Address

June 13, 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
San Lorenzo 15 BO Fee No. 1H
API No. (30-015-40403)
Surface Location: 330' FSL & 1650' FEL (Unit O)
Landing Point: 902' FSL & 1650' FEL (Unit O)
Bottomhole Location: 330' FNL & 1650' FEL (Unit B)
Section 15, T-25 South, R-28 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 gas well location for its proposed San Lorenzo 15 BO Fee No. 1H. This well will be drilled as a horizontal wildcat gas well in the WC-015 S252815D; Wolfcamp (Gas) Pool (97949).

The San Lorenzo 15 BO Fee No. 1H will be dedicated to a standard 320-acre gas spacing and proration unit comprising the E/2 of Section 15. There are currently no other existing Wolfcamp producing wells within the proposed spacing unit.

The WC Wolfcamp (Gas) Pool is currently governed by Division Rule 19.19.15.10 which requires standard 320-acre gas spacing and proration units with wells to be located no closer than 660 feet to the outer boundary of the spacing unit, nor closer than 10 feet to any interior quarter-quarter section line or subdivision inner boundary, or in the case of a horizontal well, no closer than 660 feet to the outer boundary of the producing area.

The Wolfcamp completion interval at the beginning of the lateral will be located 902 feet from the South line and 1650 feet from the East line (Unit O) of Section 15, and the Wolfcamp completion interval at the terminus of the lateral will be located 330 feet from the North line and 1650 feet from the East line (Unit B) of Section 15 (See attached plat).

The unorthodox location is necessary in order to maximize the recovery of oil and gas reserves from the Wolfcamp formation underlying the E/2 of Section 15.

The affected offset acreage comprises the SW/4 and E/2 of Section 10, which may be included, at some time, in a standard 320-acre gas spacing and proration unit in the Wolfcamp formation comprising either the S/2 or the E/2 of Section 10. There are currently no Wolfcamp producing wells in Section 10. The affected offset tracts are further described as follows:

Tract No. 1: E/2 of Section 10-25S-28E. The existing Salt Draw 10 State Com No. 1 (30-015-33939), which produces from the Salt Draw-Morrow Gas Pool, is currently operated by Nearburg Producing Company. The E/2 of Section 10 is dedicated to the well. The E/2 of Section 10 is also subject to a Joint Operating Agreement in which Nearburg Producing Company is the designated operator; and

Tract No. 2: SW/4 of Section 10-25S-28E. This tract is comprised of: i) State Lease VA-1722-4 (NW/4 SW/4) in which LRE Operating, LLC, and Devon Energy Production Company, LP are the leasehold owners; ii) State Lease VA-1722-4 (S/2 SW/4) in which LRE Operating, LLC and Chevron USA, Inc. are the leasehold owners; and iii) Federal Lease No. NM-92171 (NE/4 SW/4) in which Devon Energy Production Company, LP, Sundown Energy, LP and PGP Holdings 1, LLC are the leasehold owners.

Notice of this application is being provided by certified mail, return receipt requested to Nearburg Producing Company, Devon Energy Production Company, LP, LRE Operating, LLC, Chevron USA, Inc., Sundown Energy, LP and PGP Holdings 1, LLC. in accordance with Division rules.

Attached is a map showing the surface location, landing point and bottomhole location for the San Lorenzo 15 BO Fee No. 1H. Also shown on this map is the producing area of the well and the affected offset acreage. Also attached is a notice list and notice letter.

In summary, approval of the application will provide Mewbourne Oil Company the opportunity to recover additional oil and gas reserves from the WC Wolfcamp (Gas) Pool underlying the E/2 of Section 15 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,

A handwritten signature in cursive script that reads "David Catanach". The signature is fluid and extends to the right with a long, sweeping tail.

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

Xc: OCD-Artesia

28E

9

10

Affected Offset Tract 1
Operator: Nearburg
Producing Company

Affected Offset Tract 2
(See Attached
Leasehold Owner List)

25S

16

15

330'

BHL

1650'

San Lorenzo
15 BO No. 1H
(Surface Location)

Landing Point:
902' FSL & 1650' FEL

330'

1650'

— 320-Acre Gas Spacing and Proration Unit
- - - Producing Area

Mewbourne Oil Company
Application for Unorthodox Well Location
San Lorenzo 15 BO Fee No. 1H

June 13, 2013

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: (See Attached List)

Re: Mewbourne Oil Company
Unorthodox Gas Well Location
San Lorenzo 15 BO Fee No. 1H (API No. 30-015-40403)
Surface Location: 330' FSL & 1650' FEL (Unit O)
Landing Point: 902' FSL & 1650' FEL (Unit O)
Bottomhole Location: 330' FNL & 1650' FEL (Unit B)
Section 15, T-25 South, R-28 East, NMPM,
WC-015 S252815D; Wolfcamp (Gas) Pool
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 gas well location for its proposed San Lorenzo 15 BO Fee No. 1H located at the surface, landing point and bottomhole locations described above. The well will test the WC Wolfcamp (Gas) Pool and will be dedicated to a standard 320-acre gas spacing and proration unit comprising the E/2 of Section 15, Township 25 South, Range 28 East, NMPM. The unorthodox location is necessary in order to maximize the recovery of oil and gas reserves within the Wolfcamp formation underlying the E/2 of Section 15.

As the owner of an interest that may be affected by the proposed unorthodox gas 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
550 W. Texas, Suite 1020
Midland, Texas 79701

Enclosure

Xc: OCD-Artesia

Mewbourne Oil Company
Application for Unorthodox Location
San Lorenzo 15 BO Fee No. 1H
Section 15, T-25S, R-28E
Notice List

Nearburg Producing Company
3300 N. "A" Street, Building 2
Suite 120
Midland, Texas 79707

Chevron USA, Inc.
1400 Smith St.
Rm. 43005
Houston, Texas 77002

LRE Operating, LLC
1111 Bagby St., Suite 4600
Houston, Texas 77002

Devon Energy Production Company, LP
20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102

Sundown Energy, LP
Two Galleria Tower
12455 Noel Road
Suite 2000
Dallas, Texas 75240

PGP Holdings I, LLC
104 TownPark Drive
Kennesaw, Georgia 30144

2012 0470 0000 5936 2226

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CERTIFIED MAIL™ RECEIPT
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OFFICIAL USE

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

Sent To: **Chevron USA, Inc.**
 Street or PO: **1400 Smith St.**
 City, State, ZIP+4: **Rm. 43005 Houston, Texas 77002**

PS Form 3800, August 2006

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Restricted Delivery Fee (Endorsement Required)		\$0.00
Total		\$6.77

Sent To: **Devon Energy Production Co., LP**
 Street or PO: **20 North Broadway, Suite 1500**
 City, State, ZIP+4: **Oklahoma City, Oklahoma 73102**

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Restricted Delivery Fee (Endorsement Required)		\$0.00
Total		\$6.77

Sent To: **PGP Holdings 1, LLC**
 Street or PO: **104 TownPark Drive**
 City, State, ZIP+4: **Kennesaw, Georgia 30144**

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Sent To: **Nearburg Producing Company**
 Street or PO: **3300 N. "A" Street, Building 2**
 City, State, ZIP+4: **Suite 120 Midland, Texas 79707**

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Sent To: **LRE Operating, LLC**
 Street or PO: **1111 Bagby St., Suite 4600**
 City, State, ZIP+4: **Houston, Texas 77002**

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Restricted Delivery Fee (Endorsement Required)		\$0.00
Total		\$6.77

Sent To: **Sundown Energy, LP**
 Street or PO: **Two Galleria Tower**
 City, State, ZIP+4: **12455 Noel Road, Suite 2000 Dallas, Texas 75240**

PS Form 3800, August 2006