

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

November 15, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

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

Administrative Order NSL-5301

Dear Mr. Bruce:

Reference is made to the following: (i) your application on behalf of the operator, Mewbourne Oil Company ("Mewbourne"), submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on November 2, 2005 (*administrative application reference No. pSEM0-530650342*); and (ii) the Division's records in Santa Fe: all concerning the operator's request to drill its Browning "9" Federal Well No. 1 to the base of the Morrow formation 1150 feet from the South line and 990 feet from the West line (Unit M) of Section 9, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico, in order to test the:

(A) deeper Pennsylvanian system for gas within the W/2 of Section 9, being a standard 320-acre stand-up gas spacing unit pursuant to Division Rule 104.C (2) for the East Burton Flat-Strawn Gas Pool (**73400**), East Burton Flat-Atoka Gas Pool (**73200**), and East Burton Flat-Morrow Gas Pool (**73320**);

(B) Strawn formation for oil within either the:

(i) SW/4 of Section 9, being a standard 160-acre oil spacing and proration unit for the Undesignated Burton Flat-Strawn Pool (**8355**), pursuant to Rule 2 of the "*Special Rules and Regulations for the Burton Flat-Upper Strawn Oil Pool*," as promulgated by Division Order No. R-7783, as amended; or

(ii) SW/4 SW/4 (Unit M) of Section 9, being a standard 40-acre oil spacing and proration unit pursuant to Division Rule 104.B for the Undesignated South Parkway-Strawn Pool (**49634**);

(C) Bone Spring formation for oil within the SW/4 SW/4 (Unit M) of Section 9, being a standard 40-acre oil spacing and proration unit for wildcat Bone Spring production pursuant to Division Rule 104.B; and

(D) shallower Delaware Mountain group for oil within the SW/4 SW/4 (Unit M) of Section 9, being a standard 40-acre oil spacing and proration unit pursuant to Division Rule 104.B for either the Undesignated Burton-Delaware Pool (8340) or the Undesignated East Burton-Delaware Pool (8345).

The geologic interpretation submitted with this application indicates that a well drilled at the proposed location will be at a more favorable geologic position within the deeper Atoka and Morrow formations underlying the SW/4 of Section 9, thereby increasing the likelihood of encountering commercial quantities of gas from both of these zones. Pursuant to Division Rule 104.C (2) this location is standard within the stand-up 320-acre deep gas spacing unit; however, pursuant to: (i) Rule 4 of the special pool rules for the Burton Flat-Strawn Pool; and (ii) Division Rule 104.B (1), the resulting oil well location is considered to be unorthodox for Mewbourne's purposed Delaware, Bone Spring, and Strawn oil tests. Furthermore, topographic conditions further restrict placement of a drilling pad within the SW/4 SW/4 of Section 9.

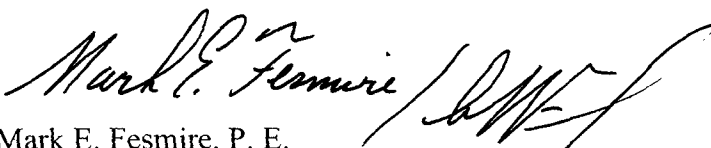
Your application has been duly filed under the provisions of: (i) Rule 5 of the special pool rules for the Burton Flat-Strawn Pool; and (ii) Division Rules 104.F and 1210.A (2) [formerly Division Rule 1207.A (2), see Division Order No. R-12327-A, issued by the New Mexico Oil Conservation Commission in Case No. 13482 on September 15, 2005].

The Division understands that the W/2 of Section 9 is a single federal lease (U. S. Government lease No. NM-0556290) with common mineral interest ownership as to all affected depths.

By the authority granted me under the applicable provisions of the special pool rules governing the Burton Flat-Strawn Pool and Division Rule 104.F (2), the above-described unorthodox Strawn/Delaware/Bone Spring oil well location for Mewbourne's Browning "9" Federal Well No. 1 is hereby approved.

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

Sincerely,


Mark E. Fesmire, P. E.
Director

MEF/ms

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