



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jim Noel
Cabinet Secretary

Karen W. Garcia
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



September 13, 2010

Mr. William F. Carr
Holland & Hart LLP
P.O. Box 2208
Santa Fe, NM 87504

Administrative Order NSL-6256

**Re: Mewbourne Oil Company
Wyatt Draw North 18-19 LD Well No. 1H
API No. 30-015-38069
2490 feet FSL & 350 feet FWL
Lot 3, Section 18-29S-26E
Eddy County, New Mexico**

Dear Mr. Carr:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW10-22956959**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Mewbourne Oil Company [OGRID 14744] (Mewbourne), on August 17, 2010, and

(b) the Division's records pertinent to this request.

Mewbourne has requested to drill the above-referenced well as a horizontal well in the Yeso formation, at a location that will be unorthodox under Division Rule 16.14.B(2). The proposed surface location, point of penetration and terminus of the well are as follows:

Surface Location: 2490 feet from the South line and 350 feet from the West line
(Lot 3) of Section 18, Township 19S, Range 26E, NMPM,
Eddy County, New Mexico

Point of Penetration: same as surface location

Terminus 990 feet from the North line and 350 feet from the West line
(Lot 1) of Section 19 Township 19S, Range 26E, NMPM, Eddy County
Oil Conservation Division

1220 South St. Francis Drive • Santa Fe, New Mexico 87505
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The W/2 SW/4 of Section 18 and the NW/4 NW/4 of Section 19 will be dedicated to the proposed well to form a 120-acre project area comprising three standard, wildcat Yeso spacing units. Spacing governed by statewide Rule 15.9, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is unorthodox because a portion of the producing interval will be less than 330 feet from the northern boundary of the project area, and therefore outside the producing area.

Your application has been duly filed under the provisions of Division Rules 15.13 and 4.12.A(2).

It is our understanding that Mewbourne is seeking this location in order to maximize horizontal penetration of the target formation within the producing area.

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', written in a cursive style.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Artesia