

New Mexico Energy, Minerals and Natural Resources Department

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Division Director
Oil Conservation Division

April 12, 2011

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

Administrative Order NSL-6363

**Re: Mewbourne Oil Company
Bradley 29 Federal Com. Well No. 3
API No. 30-015-38660
1620 feet FNL & 25 feet FWL
Section 28-18S-30E
Eddy County, New Mexico**

Dear Mr. Carr:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW11-07540053**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Mewbourne Oil Company (Mewbourne) [OGRID 14744], on March 14, 2011, and

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

Mewbourne has requested to drill the above-referenced well as a horizontal oil well to the Bone Spring formation, at a location that will be unorthodox under Division Rule 16.14.B. The proposed surface location and terminus of the well are as follows:

Surface Location: 1620 feet from the North line and 25 feet from the West line
(Unit E) of Section 28, Township 18 South, Range 30 East, NMPM,
Eddy County, New Mexico

Oil Conservation Division
1220 South St. Francis Drive • Santa Fe, New Mexico 87505
Phone (505) 476-3440 • Fax (505) 476-3462 • www.emnrd.state.nm.us/OCD



Point of Penetration: same as surface location

Terminus 1650 feet from the North line and 330 feet from the West line
(Unit E) of Section 29 of said township and range

The S/2 N/2 of Section 29 will be dedicated to the proposed well to form a 160-acre project area comprising two standard, 80-acre oil spacing and proration units in the Santo Nino Bone Spring Pool (14744). Spacing in this pool is governed by the Special Rules for the Santo Nino-Bone Spring Pool, as promulgated in Order No. R-8546, issued on November 17, 1987, which provide for 80-acre units comprising two adjacent quarter-quarter sections within the same quarter section, with wells to be located no more than 150 feet from the center of a quarter-quarter section.

This location is unorthodox because a portion of the producing interval will be outside the producing area, and also outside the project area. Applicant represents that the portion of the wellbore outside the Unit will be cased off, cemented and not perforated.

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

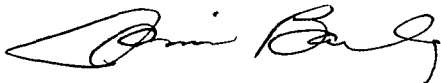
It is our understanding that you are seeking this location at the surface for topographic reasons, and in the subsurface for engineering reasons, in order to maximize drainage within the producing area. It is also understood that you have given due notice of this application to all operators or owners 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 [19.15.15.13.B NMAC], 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 [19.15.5.9 NMAC].

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

Sincerely,



Jami Bailey
Director

JB/db

cc: New Mexico Oil Conservation Division - Artesia
United States Bureau of Land Management