



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
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Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



May 25, 2011

Mr. James Bruce
P.O. Box 1056
Santa Fe, NM 87504

Administrative Order NSL-6377

**Re: Mewbourne Oil Company
Quick Draw 22 DE Well No. 1H
API No. 30-015-38474
195 feet FNL & 420 feet FWL
Unit D, Section 22-20S-25E
Eddy County, New Mexico**

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW11-11542240**) 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 April 25, 2011, 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) [19.15.16.14.B(2) NMAC]. The proposed surface location, point of penetration and terminus of the well are as follows:

Surface Location: 195 feet from the North line and 420 feet from the West line
(Unit D) of Section 22, Township 20 South, Range 25 East, NMPM,
Eddy County, New Mexico

Point of Penetration: 250 feet from the North line and 420 feet from the West line
(Unit D) of said section

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



Terminus 2310 feet from the North line and 420 feet from the West line
 (Unit E) of said section

The W/2 NW/4 of Section 22 will be dedicated to the proposed well to form a project area comprising two standard 40-acre spacing units in the North Seven Rivers Glorieta-Yeso Pool (97565). This pool is governed by statewide Rule 15.9 [19.15.15.9 NMAC], 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 [19.15.15.13 NMAC] and 4.12.A(2) [19.15.4.12.A(2) NMAC].

It is our understanding that you are seeking this location for engineering reasons, in order to penetrate the maximum amount of the target zone within the producing area.

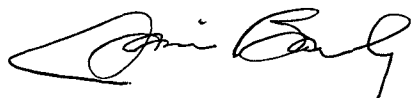
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2) [19.15.4.12.A(2) NMAC], in all adjoining units towards which the proposed location encroaches.

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,

A handwritten signature in black ink, appearing to read "Jami Bailey", is written over a horizontal line.

Jami Bailey
Director

JB/db

cc: New Mexico Oil Conservation Division – Artesia