

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division



December 26, 2013

Mewbourne Oil Company
Attn: Mr. David Catanach

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-6980
Administrative Application Reference No. pPRG1333950020

Mewbourne Oil Company
OGRID 14744
Layla 35 MD Fee Well No. 2H
API No. 30-015-41730

Oil Conservation Division
Case No.
Exhibit No. 2

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	150 FSL & 660 FWL	M	35	23S	28E	Eddy
Penetration Point	330 FSL & 660 FWL	M	35	23S	28E	Eddy
Terminus	330 FNL & 660 FWL	D	35	23S	28E	Eddy

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
W/2 of Section 35	320	Culebra Bluff; Wolfcamp, South (Gas)	75750

Reference is made to your application received on December 5, 2013.

You have requested to drill this horizontal well at an unorthodox gas well location described above in the referenced pool or formation. This location is governed by statewide Rule 15.10.B [19.15.15.10.B NMAC], which provides for 320-acre units, with wells located at least 660 feet from a unit outer boundary. This location is less than 660 feet from a unit boundary.

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].

December 26, 2013

Page 2

It is our understanding that you are seeking this location for engineering reasons, in order to maximize production of hydrocarbons underlying this project area without waste.

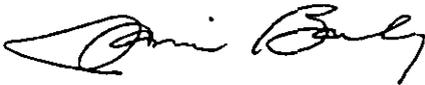
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

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 [19.15.15.9 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/mam

cc: New Mexico Oil Conservation Division – Artesia