

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☒ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U S Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

WILLIAM F. CARR
 Print or Type Name

William F. Carr
 Signature

ATTORNEY
 Title

12/12/11
 Date

wcarr@hollandhart.com
 e-mail Address

RECEIVED
 DEC 14 2011
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RECEIVED
 DEC 14 2011
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William F. Carr
wcarr@hollandhart.com

December 12, 2011

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Working Interest Owners

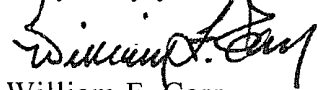
Re: Application of Mewbourne Oil Company for Administrative Approval of an unorthodox well location for its Aries "20" Federal Com #3H to be drilled from a surface location 1770 feet from the South line and 220 feet from the West line to a bottomhole location 1980 feet from the South line and 330 feet from the East line of Section 20, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico.

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application and attached plats which were filed with the New Mexico Oil Conservation Division on this date by Mewbourne Oil Company for administrative approval of an unorthodox well location in the Bone Spring formation, Sand Tank Bone Spring Pool, for its Aries "20" Federal Com #3H to be drilled from a surface location and penetration point 1770 feet from the South line and 220 feet from the West line to a bottomhole location 1980 feet from the South line and 330 feet from the East line of Section 20, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico.

As an owner of an interest that may be affected by the proposed well, you may object to this application. Objections must be filed in writing at the Division's Santa Fe office located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505 within twenty days from this date. If no objection is received within this twenty-day period, this application for unorthodox well location may be approved.

Very truly yours,



William F. Carr

Attorney for Mewbourne Oil Company

Enclosures

cc: D. Paul Haden
Mewbourne Oil Company

Holland & Hart LLP

Phone [505] 988-4421 Fax [505] 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address PO Box 2208 Santa Fe, NM 87504-2208

Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, DC 



December 12, 2011

HAND-DELIVERED

Jami Bailey, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application of Mewbourne Oil Company for Administrative Approval of an unorthodox well location for its Aries "20" Federal Com #3H to be drilled from a surface location and penetration point 1770 feet from the South line and 220 feet from the West line of Section 20 to a bottomhole location 1980 feet from the South line and 330 feet from the East line of Section 20, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico.

Dear Ms. Bailey:

Mewbourne Oil Company hereby seeks administrative approval pursuant to the provisions of Division Rules 19.15.15.13 and 19.15.16.14 for an unorthodox well location for its Aries "20" Federal Com #3H Well. This well will be located in Section 20, Township 18 South, Range 30 East, N.M.P.M., Eddy County, New Mexico. This well is to be drilled in the Bone Spring formation, Sand Tank Bone Spring Pool, to evaluate the Second Bone Spring Sand interval from a surface location and penetration point 1770 feet from the South line and 220 feet from the West line to a bottomhole location 1980 feet from the South line and 330 feet from the East line of Section 20, Eddy County, New Mexico. A 160-acre project area has been dedicated to this horizontal well comprised of the N/2 S/2 of said Section 20.

This location is unorthodox because the Bone Spring formation under this acreage is governed by the Division's statewide rules which provide for wells on 40-acre spacing units to be located no closer than 330 feet to the outer boundary of the spacing unit. The proposed well location is unorthodox because the surface location and the penetration point is outside the boundary of the Producing Area, as defined by Division Rule 19.15.16.7. However, the completed interval in the Bone Spring formation will be within the well's producing area and therefore at least a standard set back from all offsetting tracts. The BLM approved the above surface location. Attached hereto as

Holland & Hart^{LLP}

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HOLLAND & HART^{LLP}



Exhibit A is the BLM-approved Application for Permit to Drill for this well approved on September 12, 2011.

Attached as **Exhibit B** is a plat which shows the subject spacing unit for this well and all adjoining spacing units or leases. Mewbourne is the operator of Section 20 and Section 19. The proposed unorthodox location encroaches on the SE/4 of Section 19. The Working Interest owners in Section 19 are subject to an Operating Agreement dated September 20, 1968 which covers the SE/4 of said Section 19. These owners have been notified of this application. See Exhibit D.

Exhibit C is the C-102 for this well.

Exhibit D is a list of affected persons as defined in Paragraph (2) of Subsection A of 19.15.4.12 NMAC. A copy of this application, including all attachments, has been mailed to each of these offset operators/affected persons by certified mail-return receipt requested, in accordance with Rule 19.15.4.12 A (2)(a). Each owner has been advised that if it has an objection to this application, it must be filed in writing with the Division's Santa Fe office within twenty days from the date this notice was sent.

Your attention to this application is appreciated.

Very truly yours,

William F. Carr

ATTORNEY FOR MEWBOURNE OIL CO.

Enclosures

cc: OCD District Office – Artesia
D. Paul Haden

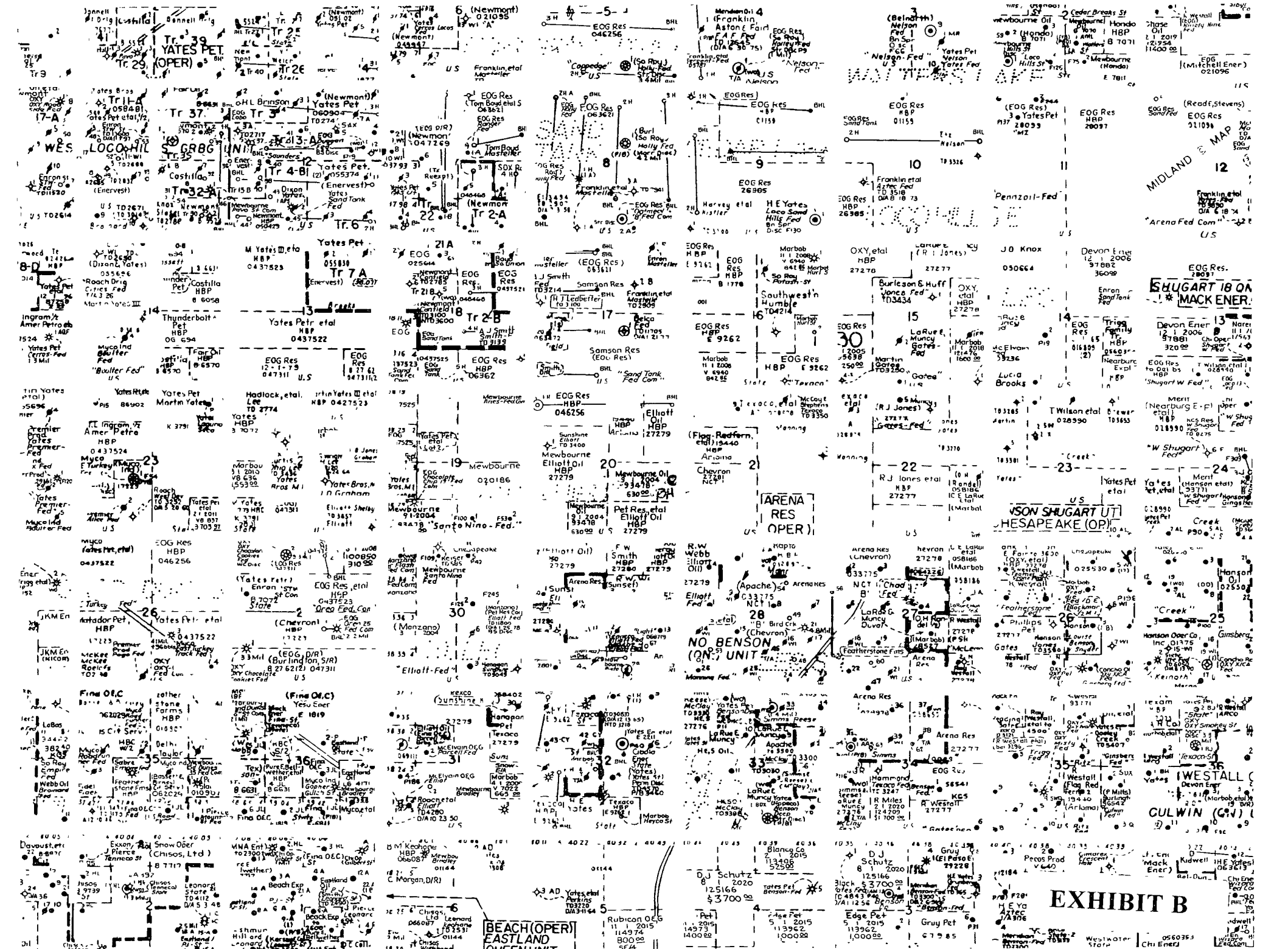


EXHIBIT B

BEACH (OPER)
EASTLAND

MIDLAND MAP

EXHIBIT D

Application of Mewbourne Oil Company
for administrative approval of an unorthodox well location,
Aries "20" Federal Com #3H
Section 20, Township 18 South, Range 30 East, NMPM
Eddy County, New Mexico.

NOTICE LIST

Operator: Mewbourne Oil Company

Working Interest Owners:

Yates Petroleum Corp.
105 South Fourth Street
Artesia, New Mexico 88210-2118
Attn: Chuck Moran

Read & Stevens, Inc.
Post Office Box 1518
Roswell, New Mexico 88202-1518