



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

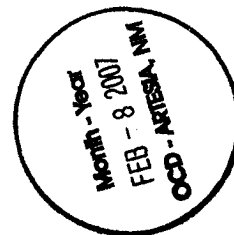
Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

February 5, 2007



Mewbourne Oil Company
c/o Mr. James Bruce
P.O. Box 1056
Santa Fe, NM 87504

Administrative Order NSL-5558

Re: Henry 8 Fed. Com. Well No. 1
30-015-34927
O-8-20S-29E
Eddy County

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pTDS07-01646927**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on January 12, 2007, on behalf of Mewbourne Oil Company (Mewbourne), and

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

Mewbourne has requested to drill its Henry 8 Federal Com. Well No. 1 at an unorthodox Delaware and Bone Spring oil well location, 1218 feet from the South line and 1820 feet from the East line (Unit O) of Section 8, Township 20 South, Range 29 East, N.M.P.M., in Eddy County, New Mexico. The SW/4 of the SE/4 of Section 8 will be dedicated to this well in order to form a standard 40-acre spacing and proration unit in the Burton-Delaware Pool (8340) and the Wildcat Bone Spring Pool (96403). This request is governed by statewide Rule 104.C(1), which provides that wells may be located no closer than 330 feet to a unit boundary. The proposed location is approximately 102 feet from the northern boundary of the proposed unit.

Your application on behalf of Mewbourne has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

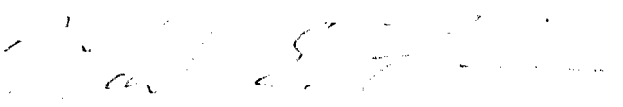
It is our understanding that this location was selected to utilize existing roads and gathering lines, and accordingly minimize surface disturbance and to conform to United States Bureau of Land Management siting requirements.

We also understand that there are no wells, and accordingly no operator, in the offsetting spacing unit to the north, and that working interest ownership in that unit is identical to that in the proposed unit. Accordingly, there are no "affected persons" who must be notified of this application.

By the authority granted me under the provisions of Division Rule 104.F(2) the above-described non-standard location is hereby approved.

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

Sincerely,



Mark E. Fesmire, P.E.
Director

MEF/db

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