



OCD- Artesia

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

March 11, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

**Mewbourne Oil Company
c/o James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87504**

RECEIVED

MAR 21 2005

OCD-ARTESIA

Administrative Order NSL-5168 (SD)

Dear Mr. Bruce:

Reference is made to the following: (i) your application that was submitted to the New Mexico Oil Conservation Division ("Division") on February 16, 2005 (**administrative application reference No. pSEM0-504844716**) on behalf of the operator, Melbourne Oil Company ("MOC"); and (ii) the Division's records in Santa Fe: all concerning MOC's request for an exception to the well location requirements (**Rule 4**) provided within the "*Special Rules and Regulations for the Santo Nino-Bone Spring Pool*," as promulgated by Division Order No. R-8546, as amended, for a non-standard infill oil well location within an existing standard 80-acre lay-down oil spacing and proration unit comprising the N/2 SW/4 of Section 29, Township 18 South, Range 29 East, NMPM, Santo Nino-Bone Spring Pool (**54600**), Eddy County, New Mexico. This unit is currently dedicated to MOC's Santo Nino "29" Federal Well No. 3 (**API No. 30-015-28135**) located at a standard oil well location 1980 feet from the South line and 560 feet from the West line (Unit L) of Section 29.

This application has been duly filed under the provisions of: (i) **Rule 5** of the special pool rules governing the Santo Nino-Bone Spring Pool; (ii) Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission ("Commission") in Case No. 12119 on August 12, 1999; and (iii) Rule 1207.A (2), revised by Division Order No. R-11205, issued by the Commission in Case No. 12177 on June 17, 1999.

It is the Division's understanding that MOC is seeking this location exception for both topographical and geological reasons.

By the authority granted me under the provision of the applicable rules governing the Santo Nino-Bone Spring Pool and Division Rule 104.F (2), the following described well to be drilled at an unorthodox infill oil well location in Section 29 is hereby approved:

**Santo Nino "29" Federal Com. Well No. 6
2130' FSL & 1830' FWL (Unit K)
(API No. 30-15-33955).**

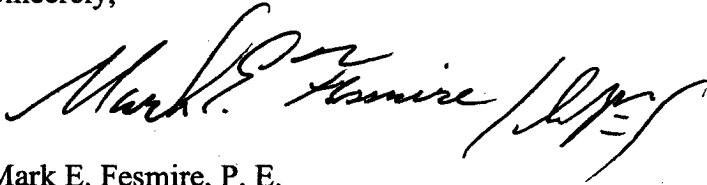
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Both the existing Santo Nino "29" Federal Well No. 3 and proposed Santo Nino "29" Federal Com. Well No. 6 are to be simultaneously dedicated to the subject 80-acre unit within the Santo Nino-Bone Spring Pool. Further, MOC shall be permitted to produce up to the allowable assigned this unit from both wells in any proportion.

Jurisdiction of this cause 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 "Mark E. Fesmire", followed by a stylized flourish or set of initials.

Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Artesia
U. S. Bureau of Land Management - Carlsbad