

MEWBOURNE OIL COMPANY

P.O. BOX 7698
TYLER, TEXAS 75711
903 - 561-2900
FAX 903 - 561-1870

OCT 15 2007
OCD-ARTESIA

October 11, 2007

UPS NEXT DAY AIR #1Z F69 8E8 01 9182 6218

Mr. William Jones
New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

RE: Form C-107A
Forty Niner Ridge Unit #102
Sec 16 T23S R30E
Eddy Co., NM
Wildcat; Strawn(Gas) and Undes. Nash Draw; Atoka (Gas) Pools

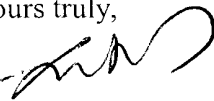
Dear Mr. Jones:


Please find enclosed the following for the application to downhole commingle production from the Strawn and Atoka zones in the referenced well:

Form C-107A
Attachments information
Form C-102 for both zones
Administrative Application Checklist
Administrative Orders #NSL-5435-A and #NSL-5435-B

A copy of Form C-107A is being mailed today to the State Land Office. If you need further information, please call me at (903) 561-2900.

Yours truly,


Janet Burns
Reg. Tech.

cc:  NMOCD - Artesia
State Land Office
Hobbs
Midland
Allen Brinson
Wayne Jones

Attachments to C-107A

Mewbourne Oil Company
Forty Niner Ridge Unit #102
Unit Letter G, Sec 16 T23S R30E
Wildcat; Strawn and Undes. Nash Draw; Atoka Pools
Eddy Co., NM

C-102 for each zone to be commingled showing its spacing unit and acreage dedication

Production curve is not attached (new well)

Estimated production rates and supporting data

Test Data:

Strawn	10/1/07	20 MCFD, 1 BO, 1 BW: current production
Atoka	10/1/07	20 MCFD, 1 BO, 1 BW: current production

Data to support allocation method or formula

Test as shown above for both zones

Notification list of working, royalty and overriding royalty interests for uncommon interest cases

No uncommon interests.

Any additional statements, data or documents required to support commingling

The well began producing on 7/17/07 from assumed Atoka perforations 12,676 - 12,826'. Per NMOCD evaluation, the top of Strawn is at 12,458', and the top of Atoka at 12,807'. Perforations from 12,676 - 12,790' are to be designated as Strawn, and perforations from 12,816 - 12,826' are to be designated as Atoka. Attached are copies of Administration Orders NSL-5435-A and NSL-5435-B concerning unorthodox gas well locations for Atoka and Strawn respectively.

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-
Revised October 12, 2

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-35033	Pool Code Wildcat	Pool Name Strawn
Property Code 35090	Property Name FORTY-NINER RIDGE UNIT	Well Number 102
OGRID No. 14744	Operator Name MEWBOURNE OIL COMPANY	Elevation 3140'

Surface Location

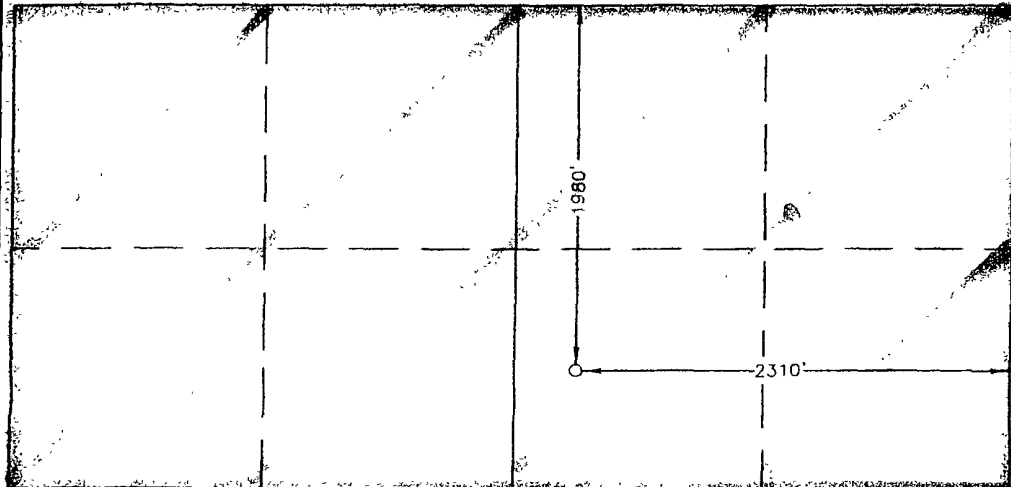
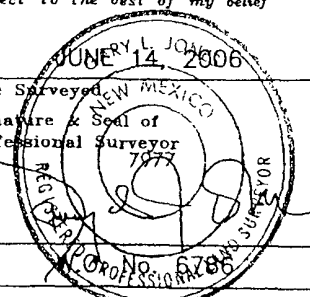
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	Count
G	16	23 S	30 E		1980	NORTH	2310	EAST	EDC

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	Count

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
330			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or released mineral interest in the land including the proposed bottom hole location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Kristi Green 5/25/06 Signature Date Kristi Green Printed Name
	SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes or actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.  Date Surveyed Signature & Seal of Professional Surveyor Certificate No. Gary L. Jones 7977 BASIN SURVEYS

DISTRICT I

1625 N. French Dr., Hobbs, NM 88240

DISTRICT II

1301 W Grand Avenue, Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 81-560	Under Nash Draw; A To Ka	Pool Name
Property Code	Property Name FORTY-NINER RIDGE UNIT		Well Number 102
GRID No. 14744	Operator Name MEWBOURNE OIL COMPANY		Elevation 3140'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	16	23 S	30 E		1980	NORTH	2310	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or released mineral interest in the land including the proposed bottom hole location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Kristi Green</i> 06/29/06 Signature Date</p> <p>Kristi Green Printed Name</p>
	<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>JUNE 14 2006 Date Surveyed</p> <p>Signature & Seal of Professional Surveyor 7977</p> <p>Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS</p>
	<p>Lat.: N32°18'24.5"</p> <p>Long.: W103°53'04.7"</p> <p>N.: 475621.619</p> <p>E.: 638630.318</p> <p>(NAD-27)</p>

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.

Monty Whetstone

Print or Type Name

Signature

Vice-President Operations

Title

10/11/07

Date

e-mail Address



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

January 23, 2007

Steven J. Smith
Mewbourne Oil Company
500 W. Texas, Suite 1020
Midland, TX 79701



RE: Forty-Niner Ridge Unit Well No. 102 (API No 30-015-35033)
1980 feet from the North Line, 2310 feet from the East line, Unit G
Section 16, Township 23 South, Range 30 East, NMPM, Eddy County
320 Acres, N/2 of Section 16 Dedication

Administrative Order NSL-5435-A

Dear Mr. Smith:

Reference is made to the following:

(a) your application (administrative application reference No. pTDS0702252793 for non-standard location [NSL]) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on January 22, 2006, on behalf of Mewbourne Oil Company, OGRD 14744 ("Mewbourne"); and

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

Mewbourne proposes to re-complete the above referenced well at the above referenced unorthodox gas well location within Section 16 and requests to produce from the Atoka within a 320-acre spacing unit consisting of the N/2 of Section 16. The proposed well would be the first well in this spacing unit and would be a Wildcat since it is further than 1 mile from any existing Atoka gas pool or previous Atoka production.

Division Rule 104.C(2) requires deep gas wells located in southeast New Mexico to be located no closer than 660 feet from any quarter section line within any standard 320 acre spacing unit. This well location is un-orthodox because it is located 330 feet from the western boundary of the NE/4 of Section 16.


Your application states this well location was first approved by the Division with NSL-5435 on August 15, 2006 as a Morrow formation gas well completion, after being moved west from a standard location at the request of Mosaic Potash Carlsbad, Inc. Since that approval, the Morrow has not proved to be producible and Mewbourne now wishes to attempt a completion in

the Atoka. All of Section 16 is included in State Lease E-5229-9. Also royalty, and working interest ownership in the Atoka formation is common throughout all of Section 16 and all working interest owners have elected to participate in this re-completion attempt.

Division Rule 104.F allows the Division director to grant location exceptions in order to prevent waste and protect correlative rights. Your application on behalf of Mewbourne has been duly filed and notice has been provided as required under the provisions of Division Rules 104.F and 1210.A. In order to prevent waste and protect correlative rights, the above-described non-standard Wildcat Atoka gas well 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/wvjj

cc: New Mexico Oil Conservation Division – Artesia
State Land Office – Oil, Gas, and Minerals Division



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

September 25, 2007

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

Administrative Order NSL-5435-B

Re: Forty Niner Ridge Unit Well No. 102
30-015-35033
G-16-23S-30E
Eddy County

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pDKB07-26856551**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on September 17, 2007, on behalf of Mewbourne Oil Company (Mewbourne); and

(b) the Division's records pertinent to Mewbourne's request, including the Division's records in connection with Administrative Orders NSL 5435 and NSI. 5435-A.

Mewbourne has requested to complete its Forty Niner Ridge Unit Well No. 102 at an unorthodox Strawn gas well location, 1980 feet from the North line and 2310 feet from the East line (Unit G) of Section 16, Township 23 South, Range 30 East, N.M.P.M., in Eddy County, New Mexico. The N/2 of Section 16 will be dedicated to this well in order to form a standard 320-acre wildcat Strawn spacing unit. This request is governed by statewide Rule 104.C(2), which provides that wells may be located no closer than 660 feet to a quarter section boundary. The proposed location is approximately 330 feet from the western boundary of the NE/4 of Section 16.

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 an existing wellbore originally drilled to a deeper formation.

The encroachment in this case is internal to the unit. Accordingly, there are no "affected persons" who must be notified of this application.

Pursuant to 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