

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Sarah Cottrell Propst
Cabinet Secretary

Todd E. Leahy, JD, PhD
Deputy Cabinet Secretary

Adrienne E. Sandoval, Director
Oil Conservation Division



August 13, 2020

Ms. Kaitlyn A. Luck
kaluck@hollandhart.com

NON-STANDARD LOCATION

Administrative Order NSL-8063

Tap Rock Operating, LLC [OGRID 372043]
Nailed It Federal Com Well No. 204H
API No. 30-015-46859

Proposed Location

	<u>Footages</u>	<u>Unit/Lot</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	766 FSL & 588 FEL	1	36	26S	30E	Eddy
First Take Point	100 FSL & 1100 FEL	1	36	26S	30E	Eddy
Last Take Point	2336 FSL & 1100 FEL	1	25	26S	30E	Eddy
Terminus	2466 FSL & 1100 FEL	1	25	26S	30E	Eddy

Proposed Horizontal Gas Units

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
E/2 of Section 36 SE/4 of Section 25	288.40	Purple Sage; Wolfcamp (GAS)	98220

Reference is made to your application received on August 5, 2020.

You have requested to complete this horizontal well as a gas well described above in the referenced pool or formation. This well is governed by special rules for the Purple Sage; Wolfcamp (Gas) Pool of and provides for 320-acre units, with wells located at least 330 feet from a unit outer boundary.

This well's completed interval is as close as 100 feet to the southern edge of the horizontal spacing unit. The encroachment infringes toward the exterior state boundary line, which is not concerning of the correlative rights of all interested parties for this unorthodox location.

The Division understands you have given notice of this application to all operators or owners who are "affected persons," as defined in Paragraph (8) Subsection A of 19.15.2.7 NMAC, in all adjoining units towards which the proposed location encroaches. Public notice is not required as all affected parties are located exterior to the State's jurisdiction.

Division understands you are seeking this unorthodox location to optimize well spacing and thereby preventing waste within the Wolfcamp formation underlying the E/2 of irregular Section 36 and the SE/4 of Section 25.

Your application has been filed under 19.15.16.15(C)(6) NMAC, 19.15.15.13 NMAC and 19.15.4.12 (A)(2) NMAC.

Per Subsection B of 19.15.15.13 NMAC, **Division approves this unorthodox location.**

The above approvals are subject to your following all other applicable Division rules.

Jurisdiction of this case is retained for the entry of further orders as Division deems necessary.



ADRIENNE E. SANDOVAL
Division Director

AES/lrl

cc: Oil Conservation Division – Artesia District Office
State Land Office – Oil, Gas, and Mineral Division
Bureau of Land Management – Carlsbad Field Office