

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division



November 18, 2014

BC OPERATING, INC.
Attn: Ms. Michael Feldewert

ADMINISTRATIVE NON-STANDARD LOCATION

Administrative Order NSL-7194
Administrative Application Reference No. pMAM1430229783

BC Operating, Inc.
OGRID 160825
Black River 10 State Com Well No. 2H
API No. 30-015-42728

Proposed Location:

	Footages	Unit	Sec.	Twsp	Range	County
Surface	240 FNL & 1680 FEL	B	15	24S	27E	Eddy
Penetration Point	330 FSL & 1680 FEL	O	10	24S	27E	Eddy
Terminus	240 FNL & 1680 FEL	B	10	24S	27E	Eddy

Proposed Project Area:

Description	Acres	Pool	Pool Code
E/2 of Section 10	320	Black River; Wolfcamp, East (G)	97442

Reference is made to your application received on October 28, 2014.

You have requested to drill this horizontal well at an unorthodox gas well location described above in the referenced pool or formation. This proration unit is governed by statewide Rule 19.15.15.10.B NMAC, which provides for 320-acre units, with wells located at least 660 feet from a unit outer boundary, and Rule 19.15.16.14.B(2) NMAC concerning directional wells in designated project areas. This surface location is outside the project area, and is permitted by Rule 19.15.16.15.B (4) NMAC which allows for surface locations outside project area. This location is unorthodox because a portion of the project area is less than 660 feet from the unit boundary.

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Your application has been duly filed under the provisions of Division Rules 19.15.15.13 NMAC and 19.15.4.12.A(2) NMAC.

It is our understanding that you are seeking this location, because it will allow for efficient well spacing and prevent waste of a productive reservoir.

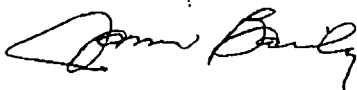
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 19.15.4.12 A (2) NMAC, in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 19.15.15.13 (B) NMAC, the above-described unorthodox location is hereby approved.

The above approvals are subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 19.15.5.9 NMAC.

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

DONE at Santa Fe, New Mexico, on November 18, 2014



Jami Bailey
Director

JB/mam

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