

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Tony Delfin
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



February 18, 2016

OXY USA INC.
Attn: Mr. David Stewart

API #
30-015-43708

ADMINISTRATIVE NON-STANDARD LOCATION

Administrative Order NSL-7389
Administrative Application Reference No. pMAM1604839461

OXY USA INC
OGRID 16696
Cedar Canyon "22" Federal Well No. 4 H
API No. 30-015-PENDING

Proposed Location:

	Footages	Unit	Sec.	Twsp	Range	County
Surface	2540' FSL & 260' FEL	I	22	24S	29E	Eddy
Penetration Point	2570' FSL & 335' FEL	I	22	24S	29E	Eddy
Final perforation	2570' FSL & 335' FWL	L	22	24S	29E	Eddy
Terminus	2570' FSL & 80' FWL	L	22	24S	29E	Eddy

Proposed Project Area:

Description	Acres	Pool	Pool Code
N/2 S/2 of Section 22	160	Pierce Crossing; Bone Spring, East	96473

Reference is made to your application received on January 19, 2016.

You have requested to drill and complete this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. This location is governed by statewide Rule 19.15.15.9.A NMAC, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary, and Rule 19.15.16.14.B(2) NMAC concerning directional wells in designated project areas. This location is unorthodox because portions of the proposed completed interval are closer to outside boundaries of the proposed project area than any location that would be a standard location under the applicable pool rules.

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 to allow efficient spacing for horizontal wells and thereby preventing waste.

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 9.15.15.13 (B) NMAC, the above-described unorthodox location is hereby approved.

This approval is 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 February 18, 2016.



DAVID R. CATANACH
Director

DRC/mam

cc: New Mexico Oil Conservation Division – Artesia
Bureau Land Management - Carlsbad