

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary-Designate

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

Jami Bailey
Division Director
Oil Conservation Division



January 31, 2014

Hunt Oil Co
Attn: John Walsh

ADMINISTRATIVE NON-STANDARD PRORATION UNIT ORDER

Administrative Order NSL-6998
Administrative Application Reference No. pPRG1329161868

Administrative Order NSP-1974
Administrative Application Reference No. pPRG1329162766

Hunt Oil Co
OGRID 10825
Regina Com. 25 -2- 14 -15 Well No. 1H
API No. 30-039-31203

Non-Standard Location

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	1443 FSL & 2262 FEL	J	14	25N	2W	Rio Arriba
Penetration Point	2023 FSL & 2486 FWL	K	14	25N	2W	Rio Arriba
Terminus	2023 FSL & 462 FEL	L	15	25N	2W	Rio Arriba

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
W/2 Section 14 and entire Section 15	960	Gavilan Mancos	27194

Reference is made to your application received on October 18, 2013.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. This location is governed by the special pool rules for the Gavilan Mancos, which provide that wells be located 790 feet from the section

boundary, or 330 feet from the quarter-quarter section, 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 than 790 feet to outside boundaries of the proposed project area.

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 for engineering reasons, in order to maximize production of hydrocarbons underlying this project area without 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 [19.15.4.12A 2 (c) 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.

Non-Standard Proration Unit

You have also requested an exception to Rule 2 (a) of the Special Rules and Regulations for the Gavilan Mancos, as adopted by Order No. R-7407 for a 960 acre proration unit. The said Rule provides that a standard spacing unit in the Subject Pool shall comprise 640 acres within a governmental section.

We understand that you are seeking this exception in order to allow you to create a 960-acre proration unit, comprised of the entire W/2 of Section 14 and entire Section 15, Township 25 North, Range 2 West, Rio Arriba County, NMPM.

You have also requested approval of one or more non-standard proration units to be included in your proposed project area, as follows:

Units Comprising this Project Area

<u>Unit</u>	<u>Acres</u>	<u>Pool</u>	<u>Code</u>	<u>Std or NS</u>
W/2 Section 14	320	Gavilan Mancos	27194	NS
Entire Section 15	640	Gavilan Mancos	27194	Std

A standard proration unit in the Gavilan Mancos consists of 640 acres comprising a governmental section. Your proposed non-standard proration unit consists of more than one governmental section.

It is understood that you have given due notice of this application to all operators or owners to whom notice is required by Rule [19.15.4.12.A (3) NMAC].

Pursuant to the authority conferred by Division Rule [19.15.15.11.B (2) NMAC], the above-described non-standard proration unit is hereby approved.

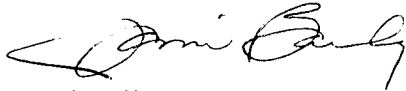
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These approvals are subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule [19.15. 5.9 NMAC].

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

Sincerely,

A handwritten signature in black ink, appearing to read "Jami Bailey". The signature is fluid and cursive, with a large initial "J" and "B".

Jami Bailey
Director

JB/mam

cc: New Mexico Oil Conservation Division – Aztec
United States Bureau of Land Management - Farmington