

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



September 23, 2014

ConocoPhillips Company
Attn: Ms. Ashley Bergen

ADMINISTRATIVE NON-STANDARD LOCATION, AND NON-STANDARD PRORATION
UNIT

Administrative Order NSL-7159
Administrative Application Reference No. pMAM1426033707

Administrative Order NSP-2006
Administrative Application Reference No. pMAM1420633995

ConocoPhillips Company
OGRID 217817
Wilder Federal AC Com 28 Well No. 8H
API No. 30-025-41692

Non-Standard Location

Proposed Location:

	<u>Footages</u>	<u>Unit/Lot</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	280 FNL & 330 FWL	D	28	26S	32E	Lea
Penetration Point	777 FNL & 1021 FWL	D	28	26S	32E	Lea
Terminus	771 FSL & 1002 FWL	4	33	26S	32E	Lea

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
Lot 4 of Section 33, NW/4 NW/4 of Section 33, and W/2 W/2 of Section 28	224.67	Jennings; Upper Bone Spring Shale	97838

Reference is made to your application received on September 15, 2014.

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 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 because it would allow ConocoPhillips Company to reach the targeted production zone.

It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

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 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>
Lot 4 of Section 33	24.67	Jennings; Upper Bone Spring Shale	97838
NW/4 NW/4 of Section 33	40	Jennings; Upper Bone Spring Shale	97838
W/2 W/2 of Section 28	160	Jennings; Upper Bone Spring Shale	97838

Statewide Rule 19.15.15.9.A NMAC provides for 40-acre units, which consists of the entire project area except Lot 4 of Section 35. Lot 4 of Section 33 is comprised of 24.67-acres. According to Division Rule 19.15.15.11.B(1) NMAC, an administrative approval is required for a non-standard spacing unit that is less than 70 percent of a standard spacing unit, in this case 24.67-acres.

It is our understanding that you are seeking this location because the non-standard project area represents a reasonable and effective method by which portions of Irregular Section 33 can be incorporated into ConocoPhillips Company drilling program.

It is also understood that since no acreage is being excluded in the project area, no interest owner is affected; therefore, notification is not required.

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.

General provisions

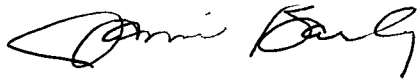
The above approvals are subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 19.15.5.9 NMAC.

September 23, 2014

Page 3

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 September 23, 2014

A handwritten signature in black ink, appearing to read "Jami Bailey". The signature is fluid and cursive, with the first name "Jami" written in a larger, more prominent script than the last name "Bailey".

Jami Bailey
Director

JB/mam

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