

Approved

NSL

Order

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



December 10, 2020

Ms. Kaitlyn Luck
kaluck@hollandhart.com

NON-STANDARD LOCATION

Administrative Order NSL-8106

**Centennial Resource Production, LLC [OGRID 372165]
Gouda Federal Com Well No. 604H
API No. 30-025-PENDING**

Proposed Location

	Footages	Unit/Lot	Sec.	Twsp	Range	County
Surface	757 FSL & 1245 FEL	P	5	22S	32E	Lea
First Take Point	100 FSL & 1400 FEL	O	5	22S	32E	Lea
Last Take Point	100 FNL & 1400 FEL	B	32	21S	32E	Lea
Terminus	100 FNL & 1400 FEL	B	32	21S	32E	Lea

Proposed Horizontal Units

Description	Acres	Pool	Code
E/2 W/2 & W/2 E/2 of Section 5 22S 32E	639.34	Bilbrey Basin; Bone Spring	5695
E/2 W/2 & W/2 E/2 of Section 32 21S 32E			

Reference is made to your application received on November 19, 2020.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. 19.15.16.15(B)(1)(a) NMAC governs this proposed well and provides that the operator shall dedicate to each horizontal oil well a standard horizontal spacing unit that comprises of one or more contiguous tracts that the horizontal oil well's completed interval penetrates, each of which consists of a governmental quarter-quarter section or equivalent.

This well's completed interval is as close as 80 feet to the eastern edge of the horizontal spacing unit. Encroachment will impact the following tracts.

Section 5, 22S 32E encroachment to the E/2 E/2
Section 32, 21S 32E encroachment to the E/2 E/2

The Division understands you have given notice of this application to all operators or owners who are "affected persons," as defined in 19.15.2.7(A)(8) NMAC, in all adjoining units towards which the proposed location encroaches.

Division understands you are seeking this unorthodox location as its preferred well spacing plan for horizontal wells in this area. In order to maximize recovery of resources and to prevent waste within the Bone Spring formation underlying the E/2 W/2 & W/2 E/2 of Section 5, 22S 32E and Section 32 21S 32E.

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 19.15.15.13 (B) 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 – Hobbs District Office
State Land Office – Oil, Gas, and Mineral Division
Bureau of Land Management – Carlsbad Field Office

Lowe, Leonard, EMNRD

From: Lowe, Leonard, EMNRD
Sent: Thursday, December 17, 2020 2:41 PM
To: Kaitlyn A. Luck
Cc: Bratcher, Mike, EMNRD; Kautz, Paul, EMNRD; 'lisa@rwbyram.com'; Simmons, Kurt, EMNRD; McClure, Dean, EMNRD; Simmons, Kurt, EMNRD; Garcia, John A, EMNRD; Powell, Brandon, EMNRD; jglover@blm.gov; Holm, Anchor E.
Subject: APPROVED NSL - 8106_Centennial Resources Prod. LLC_Gouda Federal Com Well No. 604H_SEC 5 21S 32E
Attachments: NSL-8106_Centennial_ORDER.pdf

Importance: High

Ms. Kaitlyn A. Luck,

The following NSL Administrative Order has been issued and will soon be available on the Division's web site:

<http://ocdimage.emnrd.state.nm.us/Imaging/Default.aspx>

Applicant	OGRID	WELL NAME	API #
Centennial Resources Production, LLC	372165	Gouda Federal Com Well No. 604H	30-025-PENDING

A copy of the approved order is attached.

Leonard R. Lowe

Engineering Bureau

OCD - EMNRD

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<http://www.emnrd.state.nm.us/ocd/>