

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Tony Delfin
Acting Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



August 15, 2016

BC Operating, Inc.
Attn: Ms. Jordan L. Kessler

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-7445

BC Operating, Inc.
OGRID 160825
Kyle 34 Federal Com Well No. 5H
API No. 30-015-43295

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	225` FSL & 990` FEL	P	34	24S	28E	Eddy
Penetration Point	330` FSL & 990` FEL	P	34	24S	28E	Eddy
Final perforation (Terminus)	330` FNL & 990` FEL	A	34	24S	28E	Eddy

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
E/2 of Section 34	320	WC; Salt Draw; Wolfcamp, (G)	97721

Reference is made to your application received on July 11, 2016.

You have requested to drill this horizontal well at an unorthodox gas well location described above in the referenced pool or formation. This location is governed by Division 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. This location is unorthodox because portions of the proposed completed interval are closer to outside boundaries of the proposed gas spacing unit than any location that would be a standard location under the applicable pool rules.

It is our understanding that you are seeking this NSL in order to 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.

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.



DAVID R. CATANACH
Director

DRC/lrl

cc: Oil Conservation Division – Artesia District Office
Bureau of Land Management – Carlsbad Field Office