

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

David R. Catanach, Division Director
Oil Conservation Division



December 10, 2015

OXY USA Inc.
Attn: Mr. David Stewart

ADMINISTRATIVE NON-STANDARD LOCATION

Administrative Order NSL-7356
Administrative Application Reference No. pLEL1532439686

OXY USA Inc.
OGRID 16696
Cedar Canyon 23 Federal No. 4 H
API No. 30-015-43281

Proposed Location:

| | <u>Footages</u> | | <u>Unit/lot</u> | <u>Sec.</u> | <u>Twsp</u> | <u>Range</u> | <u>County</u> |
|--------------------|-------------------|-----|-----------------|-------------|-------------|--------------|---------------|
| Surface | 1352` FNL & 195` | FEL | H | 22 | 24S | 29E | Eddy |
| Top perforation | 1415` FNL & 335` | FWL | E | 23 | 24S | 29E | Eddy |
| Bottom perforation | 1415` FNL & 2305` | FWL | F | 24 | 24S | 29E | Eddy |
| Terminus | 1415` FNL & 2460` | FWL | F | 24 | 24S | 29E | Eddy |

Proposed Project Area:

| <u>Description</u> | <u>Acres</u> | <u>Pool</u> | <u>Pool Code</u> |
|------------------------|--------------|-----------------------------------|------------------|
| S/2 N/2 of Section 23 | 160 | Pierce Crossing Bone Spring, East | 96473 |
| S/2 NW/4 of Section 24 | 80 | | |

Reference is made to your application received on November 16, 2015.

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 surface location is outside the project area, and is permitted by Rule 19.15.16.15.B (4) NMAC which allows for surface locations outside project area. This location is unorthodox because portions of the proposed completed interval are closer to outside boundaries

of the proposed project are a 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 for efficient spacing of horizontal wells and thereby prevent 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 December 10, 2015.


DAVID R. CATANACH
Director

DRC/lrl

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