

RECEIVED: 9/27/17 REVIEWER: LRL TYPE: NSL/NSP APP NO: PLEL1727060014
PLEL17270600362

ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Geological & Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505

**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: Centennial Resource Production, LLC**OGRID Number:** 372165**Well Name:** Crazy Wolf 1/2 B2MM Fed Com No. 1H Well**API:****Pool:** East Lusk-Bone Spring Oil Pool**Pool Code:** 41449

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

1) TYPE OF APPLICATION: Check those which apply for [A]

A. Location - Spacing Unit - Simultaneous Dedication

☒ NSL☐ NSP (PROJECT AREA)☒ NSP (PRORATION UNIT)☐ SD

B. Check one only for [I] or [II]

[I] Commingling - Storage - Measurement

☐ DHC☐ CTB☐ PLC☐ PC☐ OLS☐ OLM

[II] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX☐ PMX☐ SWD☐ IPI☐ EOR☐ PPR**2) NOTIFICATION REQUIRED TO:** Check those which apply.A. ☒ Offset operators or lease holdersB. ☐ Royalty, overriding royalty owners, revenue ownersC. ☐ Application requires published noticeD. ☐ Notification and/or concurrent approval by SLOE. ☒ Notification and/or concurrent approval by BLMF. ☐ Surface ownerG. ☒ For all of the above, proof of notification or publication is attached, and/or,H. ☐ No notice required**FOR OCD ONLY**☐ Notice Complete☐ Application
Content
Complete

3) CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Jordan L. Kessler

Print or Type Name

Signature

September 27, 2017

Date

505-988-4421

Phone Number

jlkessler@hollandhart.com

e-mail Address



September 27, 2017

VIA HAND DELIVERY

David Catanach
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

2017 SEP 27 A 11:48
RECEIVED 000

Re: Application of Centennial Resource Production, LLC for administrative approval of an 480-acre non-standard spacing unit and approval of an unorthodox well underlying the S/2 of Section 1 and SW/4 of Section 2, Township 19 South, Range 32 East, NMPM, Lea County, New Mexico.

Dear Mr. Catanach:

Centennial Resource Production, LLC (OGRID 372165) seeks administrative approval of a non-standard spacing and proration unit and an unorthodox well location for its **Crazy Wolf 1/2 B2MM Fed Com No. 1H Well** (API No. Pending). The proposed non-standard spacing unit is comprised of the S/2 of Section 1 and the SW/4 of Section 2, Township 19 South, Range 32 East, NMPM, Lea County, New Mexico. This area is located in the East Lusk-Bone Spring Oil Pool (41449). The Rules 2 and 4 of the Special Rules for this pool, as set forth in Order No. R-4994, require that an oil well be spaced on 160-acres and that wells be located no nearer than 660 feet to the outer boundary of the spacing unit. Special Rule 5 allows exceptions to be granted administratively.

Centennial plans to drill the **Crazy Wolf 1/2 B2MM Fed Com No. 1H Well** as a horizontal well from a surface location 330 feet from the South line, 1290 feet from the West line (Unit M) of Section 1. The first perforation will be located 330 feet from the South line, 800 feet from the West line (Unit M) of Section 1 and the final perforation will be located 330 feet from the South line, 330 feet from the West line (Unit M) of Section 2. Since the Special Rules for this acreage require that wells be located no closer than 660 feet to the outer boundary of the spacing unit, the completed interval for this well will be unorthodox because it is closer than 660 feet to the western, southwestern, and southern boundaries of the project area.

Accordingly, to allow Centennial an opportunity to efficiently and economically recover the reserves in the spacing unit underlying the S/2 of Section 1 and the SW/4 of Section 2, Centennial respectfully requests that the Division issue administrative orders granting the following relief:



(1) Pursuant to NMAC 19.15.15.13.C and, the Division approve a non-standard horizontal well location for the completed interval; and

(2) Pursuant to NMAC 19.15.15.11.B(2), the Division approve a 480-acre non-standard spacing and proration unit comprised of the S/2 of Section ~~1~~² and the SW/4 of Section ~~2~~¹.

As further support for this application, Centennial has provided the following exhibits with this letter:

Exhibit A is a Well Location and Acreage Dedication Plat (Form C-102), which shows that the completed interval for the proposed **Crazy Wolf 1/2 B2MM Fed Com No. 1H Well** encroaches on the spacing units to the East, Southeast, and South.

Exhibit B is a land plat for Sections 1 and 2 and the surrounding sections that shows the proposed **Crazy Wolf 1/2 B2MM Fed Com No. 1H Well** in relation to the adjoining units and existing wells. In particular, the plat shows the spacing unit in the SE/4 of Section 1 was provided notice due to Centennial's request for a non-standard spacing unit.

Exhibit C is a list of the affected parties for both the request for approval of the non-standard well location and for the request for the creation of a non-standard spacing unit. A copy of this application with all attachments has been sent by certified mail to each of these affected parties advising them that if they have an objection they must file it in writing with the division within 20 days from the date the division receives this application.

Your attention to this application is appreciated.

Sincerely,

Jordan L. Kessler
ATTORNEY FOR CENTENNIAL RESOURCE
PRODUCTION, LLC

JLK/jmg

cc: Bureau of Land Management—Carlsbad District Office

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code	³ Pool Name
⁴ Property Code	⁵ Property Name CRAZY WOLF 1/2 B2MM FEDERAL	⁶ Well Number 1H
⁷ GRID NO.	⁸ Operator Name CENTENNIAL RESOURCE PRODUCTION, LLC.	⁹ Elevation 3669'

¹⁰ Surface Location

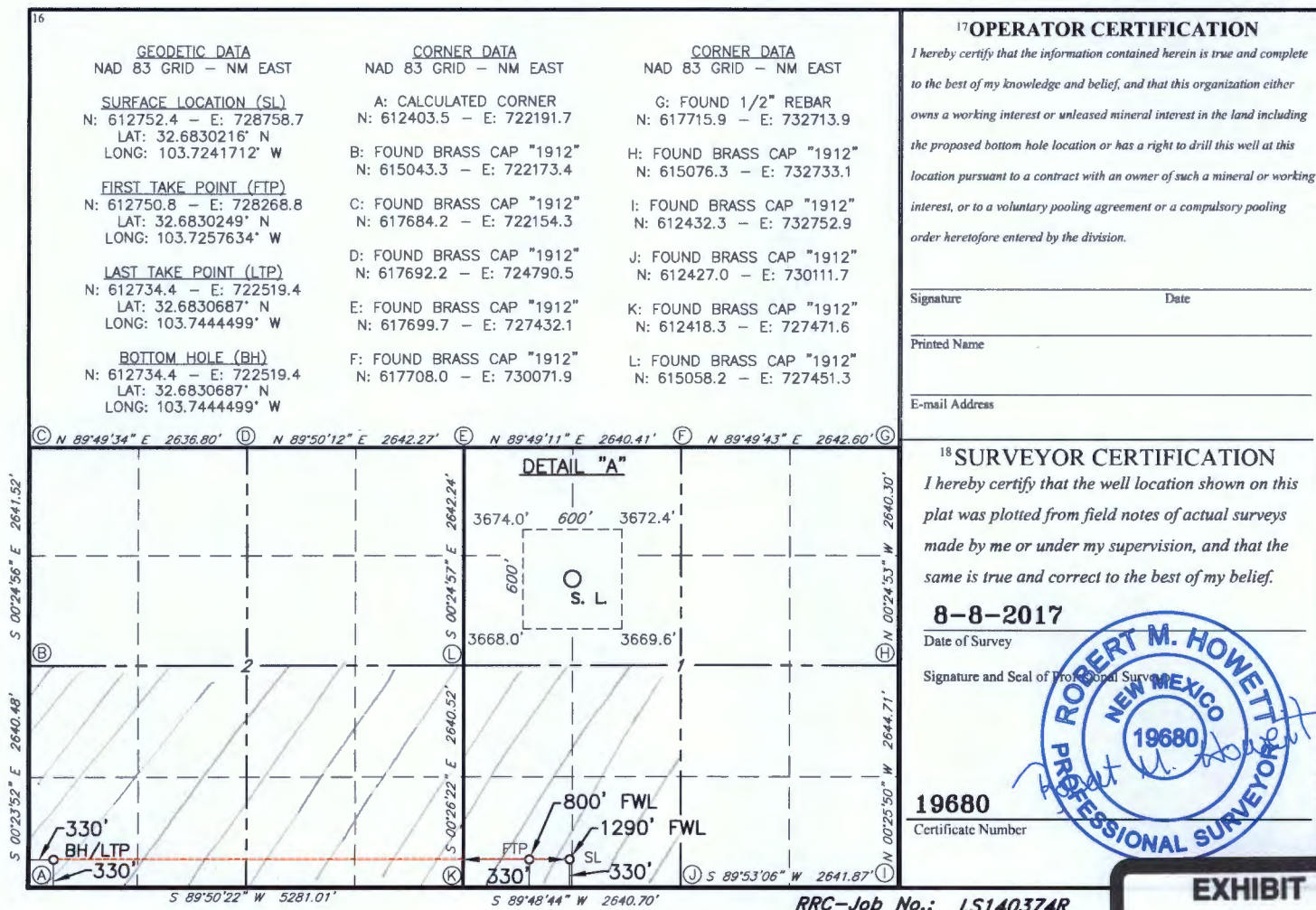
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/West line	County
M	1	19S	32E		330	SOUTH	1290	WEST	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	2	19S	32E		330	SOUTH	330	WEST	LEA

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.



RRC-Job No.: LS140374R

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-43135		² Pool Code 41442		³ Pool Name EAST LUSK BONE SPRING	
⁴ Property Code 316046		⁵ Property Name CRAZY WOLF 1/2 B2MM FEDERAL COM			⁶ Well Number 1H
⁷ OGRID NO. 14744		⁸ Operator Name MEWBOURNE OIL COMPANY			⁹ Elevation 3669'

¹⁰ Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/West line	County
M	1	19S	32E		330	SOUTH	1290	WEST	LEA

¹¹ Bottom Hole Location If Different From Surface									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	2	19S	32E		330	SOUTH	330	WEST	LEA
¹² Dedicated Acres 480		¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.			

No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.

¹⁶ GEODETIC DATA NAD 83 GRID - NM EAST SURFACE LOCATION N: 612752.4 - E: 728758.7 LAT: 32.6830216° N LONG: 103.7241712° W BOTTOM HOLE N: 612734.4 - E: 722519.4 LAT: 32.6830687° N LONG: 103.7444499° W			CORNER DATA NAD 83 GRID - NM EAST A: CALCULATED CORNER N: 612403.5 - E: 722191.7 B: FOUND BRASS CAP "1912" N: 615043.3 - E: 722173.4 C: FOUND BRASS CAP "1912" N: 617684.2 - E: 722154.3 D: FOUND BRASS CAP "1912" N: 617692.2 - E: 724790.5 E: FOUND BRASS CAP "1912" N: 617699.7 - E: 727432.1 F: FOUND BRASS CAP "1912" N: 617708.0 - E: 730071.9			CORNER DATA NAD 83 GRID - NM EAST G: FOUND 1/2" REBAR N: 617715.9 - E: 732713.9 H: FOUND BRASS CAP "1912" N: 615076.3 - E: 732733.1 I: FOUND BRASS CAP "1912" N: 612432.3 - E: 732752.9 J: FOUND BRASS CAP "1912" N: 612427.0 - E: 730111.7 K: FOUND BRASS CAP "1912" N: 612418.3 - E: 727471.6 L: FOUND BRASS CAP "1912" N: 615058.2 - E: 727451.3		
DETAIL "A" 						¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature: <i>Bradley Bishop</i> Date: 8/21/2017 Printed Name: BRADLEY BISHOP E-mail Address: BBISHOP@mewbourne.com		
¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date of Survey: 8-8-2017 Signature and Seal of Professional Surveyor: <i>Robert M. Howett</i> Certificate Number: 19680								

RRC-Job No.: LS140374R

EXHIBIT C

Parties notified due to request for non-standard location:

Tract 1:

Marshall & Winston, Inc.
P.O. Box 50580
Midland, TX 79710
70163010000110469207

TJG Energy LLC
3402 East Anderson Dr.
Lovington, NM 88260
70163010000110469214

Barstow Energy LLC
P.O. Box 50580
Midland, TX 79710
70163010000110469221

Linda L. Brandt
P.O. Box 50465
Midland, TX 79710
70163010000110469238

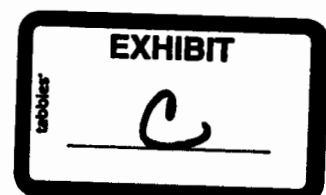
Tom M. Brandt
P.O. Box 50465
Midland, TX 79710
70163010000110469245

Rice Brothers
5725 Ridgemont PL
Midland, TX 79707
70163010000110469252

Charles G. Rice
5725 Ridgemont PL
Midland, TX 79707
70163010000110469269

Donna C. Rice
5725 Ridgemont PL
Midland, TX 79707
70163010000110469276

Bill P. Roberts



2203 Ward St.
Midland, TX 79705
70163010000110469283

Sherry Roberts
2203 Ward St.
Midland, TX 79705
70163010000110469290

Greenville Partners
P.O. Box 506212
Midland, TX 79710
70163010000110469306

Tract 2:
EGL Resources, Inc., a Texas corporation
508 West Wall Street
Suite 1250
Midland, Texas 79701\
70163010000110469313

Robert Garcia
12318 West Firebird Drive
Sun City West, Arizona 85375
70163010000110469320

Halstead Trust
P.O. Box 228
SCIO, Oregon 97374
70163010000110469337

Schultz Properties, LLC
809 Twin Diamond
Roswell, New Mexico 88201
70163010000110469344

Rita McKnight Hogue
2105 17th Street #1
Auburn, Nebraska 68305
70163010000110469351

Anne McKnight King
5122 Underwood Avenue
Omaha, Nebraska 68132
70163010000110469368

New Mexico Western Minerals

P.O. Box 1738
Roswell, New Mexico 88202
70163010000110469375

Mary McKnight Quinlan
353 Franklin Street
San Mateo, California 94402-2270
70163010000110469382

Concho Oil & Gas LLC, a Texas limited liability company
600 West Illinois Ave.
Midland, Texas 79701
70163010000110469399

COG Operating LLC, a
Delaware limited liability company
600 West Illinois Ave.
Midland, Texas 79701
70163010000110469405

Mosaic Resources, LLC, a New Mexico limited liability company
901 S. Cecil
Hobbs, New Mexico 88240
70163010000110469412

RR Resources, Ltd., a New Mexico limited liability company
P.O. Box 1289
Hobbs, New Mexico 88241
70163010000110469429

WADI Petroleum, Inc.
4355 Sylvanfield Drive
Suite 200
Houston, Texas 77014
70163010000110469436

Marathon Oil Permian LLC, a Delaware limited liability company
5555 San Felipe Street
Houston, Texas 77056
70163010000110469443

Tract 3:

United States of America
Bureau of Land Management
1474 Rodeo Road
Santa Fe, NM 87505
70163010000110469450

Tract 4:

Warren E&P, Inc., a New Mexico corporation
1012 Marquez Place
Suite 106B
Santa Fe, New Mexico 87501
701630100001104610469467

OneEnergy Partners Operating, LLC, a Delaware limited liability company
2929 Allen Parkway
Suite 200
Houston, Texas 77019
70163010000110469474

Minoco 1980 III Oil and Gas Program
One Century Plaza, Suite 200
Los Angeles, California 90067
701714500000083779760

Minoco 1980 III Oil and Gas Program
2029 Century Plaza East
Los Angeles, California 90067
701714500000083779777

Wadi Petroleum, Inc., a Texas corporation
14405 Walters Road
Suite 400
Houston, Texas 77014
70163010000110469481

McKay Oil Corporation, a New Mexico corporation
P.O. Box 2014
Roswell, New Mexico 88202
70163010200110469498

Roy L. McKay
P.O. Box 2014
Roswell, New Mexico 88201
70163010000110469504

Southwest Royalties, Inc., a Delaware corporation
6 Desta Drive, Suite 6500
Midland, Texas 79705
70163010000110469511

Tract 5:

Ray Westall

P.O. Box 4
Loco Hills, New Mexico 88255
70163010000110469528

ZPZ Delaware I LLC, a Delaware limited liability company
2000 Post Oak Blvd., Suite 100
Houston, Texas 77056
70163010000110469535

Tract 6:

Upland Production Company
P.O. Box 1327
Edmond, Oklahoma 73083
70163010000110469542

Tract 7:

COG Operating LLC, a Delaware limited liability company
One Concho Center
600 W. Illinois Avenue
Midland, Texas
70163010000110469559

Michael Lynn Taylor, Individually and as Independent Executor of the Estate of Neal A. Taylor,
deceased
P.O. Box 406
Terlingua, Texas 79852
70163010000110469566

Ann H. Taylor, widow, by Michael Lynn Taylor, AIF
P.O. Box 406
Terlingua, Texas 79852
70163010000110469573

Parties notified due to request for non-standard spacing unit:

Tract 8:

Magnum Hunter Production, Inc.
600 N. Marienfeld, Suite 600
Midland, Texas 79701
70163010000110469580

HOLLAND & HART ^{LLP}



Jordan L. Kessler
Associate
Phone (505) 954-7286
Fax (505) 983-6043
JLKessler@hollandhart.com

September 27, 2017

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO AFFECTED PARTIES

Re: Application of Centennial Resource Production, LLC for administrative approval of an 480-acre non-standard spacing unit and approval of an unorthodox well underlying the S/2 of Section 1 and SW/4 of Section 2, Township 19 South, Range 32 East, NMPM, Lea County, New Mexico.

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application which was filed with the New Mexico Oil Conservation Division on this date. Any objection to this application must be filed in writing within twenty days from this date with the applicant and the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application may be approved administratively by the Division.

If you have any questions about this application, please contact the following:

Gavin Smith
Centennial Resource Production, LLC
(720) 499-1474
gavin.smith@cdevinc.com

Sincerely,

Jordan L. Kessler
**ATTORNEY FOR CENTENNIAL RESOURCE
PRODUCTION, LLC**

Holland & Hart ^{LLP}

Phone [505] 988-4421 **Fax** [505] 983-6043 **www.hollandhart.com**

110 North Guadalupe Suite 1 Santa Fe, New Mexico 87501 **Mailing Address** P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Boulder Carson City Colorado Springs Denver Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Reno Salt Lake City Santa Fe Washington, D.C. ☏

Lowe, Leonard, EMNRD

From: Brooks, David K, EMNRD
Sent: Monday, October 30, 2017 2:45 PM
To: Jones, William V, EMNRD
Cc: Lowe, Leonard, EMNRD
Subject: RE: Centennial/Crazy Wolf application

My view:

Three 160s in a pool spaced on 160s constitutes a standard project area under present rules. If it has been voluntarily pooled, I think nothing else is necessary.

David

From: Jones, William V, EMNRD
Sent: Monday, October 30, 2017 12:11 PM
To: Brooks, David K, EMNRD <DavidK.Brooks@state.nm.us>
Cc: Lowe, Leonard, EMNRD <Leonard.Lowe@state.nm.us>
Subject: FW: Centennial/Crazy Wolf application

Hi David,
Would you confirm whether this is necessary or not?

The choice seems to be:

- a. Formally form the NSP administratively – with notice all around as the rule seems to require.
The well is penetrating all of the three 160's which are in a Pool with Special Rules.
- b. Just let the district recognize they have put three 160's together to allow the drilling of a horizontal well.

Will

From: Jordan L. Kessler [<mailto:JLKessler@hollandhart.com>]
Sent: Monday, October 30, 2017 11:53 AM
To: Lowe, Leonard, EMNRD <Leonard.Lowe@state.nm.us>; Jones, William V, EMNRD <WilliamV.Jones@state.nm.us>
Subject: Centennial/Crazy Wolf application

Leonard and Will,

The Special Rules, Rule 2, for the East Lusk-Bone Spring Pool states that "Each well shall be located on a standard spacing unit containing 160-acres, more or less, substantially in the form of a square, which is a quarter section being a legal subdivision of the United States Public Land Surveys." Centennial's spacing unit is 480 acres. It is not clear from the language of the rule that multiple 160-acre spacing units can be combined for drilling of a horizontal well; accordingly, we've requested a non-standard spacing unit.

We went through the same process with the EK Bone Spring pool (order attached), though we were also seeking compulsory pooling. If you think the non-standard spacing unit is unnecessary, we can withdraw the request.

Jordan Lee Kessler
Attorney | Holland & Hart LLP
110 North Guadalupe Suite 1

Lowe, Leonard, EMNRD

From: Jordan L. Kessler <JLKessler@hollandhart.com>
Sent: Thursday, October 12, 2017 4:28 PM
To: Lowe, Leonard, EMNRD
Cc: Jones, William V, EMNRD
Subject: Crazy Wolf 1/2 B2MM Federal Com No. 1H Well
Attachments: Crazy Wolf 1-2 B2MM Fed Com 1H C-102 (revised).pdf

Hi Leonard,

Per our conversation, the project area for this well is the S/2 of Section 2 and the SW/4 of Section 1, Township 19 South, Range 32 East, Lea County, New Mexico. The project area is 480-acres.

Thanks!

Jordan

Jordan Lee Kessler
Attorney | Holland & Hart LLP
110 North Guadalupe Suite 1
Santa Fe, NM 87501
Phone (505) 988-4421
Fax (505) 983-6043
E-mail: JLKessler@hollandhart.com



CONFIDENTIALITY NOTICE: This message is confidential and may be privileged. If you believe that this email has been sent to you in error, please reply to the sender that you received the message in error; then please delete this e-mail. Thank you.

From: [Lowe, Leonard, EMNRD](#)
To: ["Jordan L. Kessler"](#)
Cc: [Brown, Maxey G, EMNRD](#); [Kautz, Paul, EMNRD](#); [Sharp, Karen, EMNRD](#); [Jones, William V, EMNRD](#); [Goetze, Phillip, EMNRD](#); [McMillan, Michael, EMNRD](#); ["lisa@rwbyram.com"](#); ["jglover@blm.gov"](#); ["scaffey@blm.gov"](#); ["jstovall@blm.gov"](#); [Martin, Ed](#); [Holm, Anchor E.](#)
Subject: APPROVED NSL-7599_Centennial Resources Production, LLC_Crazy Wolf 1 2 B2MM Federal Com Well No. 1H_SEC 1 19S 32E
Date: Wednesday, November 1, 2017 9:19:00 AM
Importance: High

Ms. Jordan L. Kessler,

The following 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>

NSL-7599

Centennial Resources Production, LLC

WELL: Crazy Wolf 1 2 B2MM Federal Com Well No. 1H, [API # 30-025-43135]

Leonard Lowe

Engineering Bureau

Oil Conservation Division

Energy Minerals and Natural Resources Department

1220 South St. Frances

Santa Fe, New Mexico 87004

Office: 505-476-3492

Cell: 505-930-6717

Fax: 505-476-3462

E-mail: leonard.lowe@state.nm.us

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