

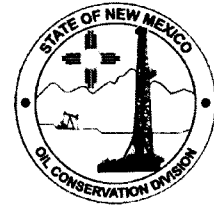
State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



November 14, 2017

Administrative Order NSP-2081

NON-STANDARD PRORATION UNIT

C/o Bettie Watson, Regulatory Consultant
Chisholm Energy Operating, LLC (OGRID 372137)

Cottonwood 28 33 Fed 2BS Well No. 1H (API No. 30-015-43691)

SHL: Unit D, Section 28, T26S, R26E, Eddy County

BHL: Lot 4, Section 33, T26S, R26E, Eddy County

Welch; Bone Spring Pool (Pool Code 64010) Statewide Rules Apply
Proposed 223.17 Acre, Standard Project Area

Consisting of the following lands:

Township 26 South, Range 26 East, Eddy County, New Mexico

Section 28: W/2 W/2

Section 33: NW/4 NW/4 (Unit D)

Section 33: Lot 4 or Unit E (23.17-Acre, Non-Standard Spacing and Proration Unit)

Pertinent Rules:

Division Rule 19.15.15.9 A NMAC Oil Well Acreage, 40-acre Spacing.

Division Rule 19.15.15.11 B NMAC Acreage Assignment, Non-Standard Spacing Units.

Division Rule 19.15.4.12 A (3) NMAC Notice Requirements, Non-Standard Spacing Units.

Division Rule 19.15.16.7 H/M NMAC Definitions, Standard and Non-Standard Project Area.

Division Rule 19.15.16.15 E NMAC Horizontal Wells, Formation of Project Areas.

Reference is made of your application received on October 22, 2017 for administrative approval of the above described non-standard spacing unit and the pertinent rules, some of which are cited above.

This pool is spaced on standard 40-acre spacing and proration units. You propose to form a standard project area consisting of portions of six oil spacing units for purposes of drilling the above mentioned or other horizontal well(s). One of these six units is non-standard as acreage is less than 70 percent of the size of a standard unit. No acreage is being excluded from the non-standard unit.

This application qualifies for approval administratively and notice is not required.

The non-standard spacing and proration unit comprised of **Lot 4 or Unit E of Section 33** is hereby approved and may be combined with the standard spacing units as described above for purposes of drilling the above mentioned proposed well in the Bone Spring formation.

Additional or alternately named wells may be drilled and produce from this non-standard spacing and proration unit or from this project area.

Any horizontal well wholly completed within this 223.17-acre project area and not completed in all the spacing units comprising this project area shall be dedicated to only those spacing units in which that well is completed. If the Division redefines this 223.17-acre project area as one spacing unit, this restriction shall not apply.

These approvals are subject to the operator following all other applicable Division rules. Jurisdiction is retained for the entry of such further orders as the Division may deem necessary.



DAVID R. CATANACH
Director

DRC/wvjj

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