

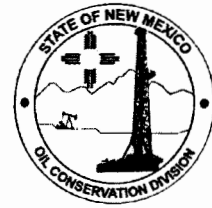
State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

Heather Riley, Division Director
Oil Conservation Division



April 3, 2018

Gary R. Cooper
Murchison Oil and Gas Inc.
rcooper@jdmii.com

NON-STANDARD LOCATION

Administrative Order NSL-7651

Murchison Oil and Gas Inc. [OGRID 15363]
Polar Bear State Com Well No. 001
API No. 30-015-32535

Subject Well Surface Location (Vertical Well)

<u>Footages</u>	<u>Unit/Lot</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
1980 FNL & 1270 FWL	E	1	17S	28E	Eddy

Proposed Unit

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
SW/4 NW/4 of Section 1	40	Anderson; Wolfcamp, North	97183

Reference is made to your application received on March 6, 2018.

You have requested to drill this vertical well at an unorthodox oil well location described above in the referenced pool or formation. Subsection A of 19.15.15.9 NMAC governs this pool and provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is unorthodox as it is too close to the eastern boundary of the unit.

This subject well's completed interval is as close as 50 feet from the eastern edge, and therefore will cause an encroachment toward the following tract.

Section 1, T17S, R28E, encroachment to the SE/4 NW/4

Normally, you must give notice of this application to all operators or owners who are "affected persons," as defined in Paragraph (2) of Subsection A of 19.15.4.12 NMAC, in all adjoining units towards which the proposed location encroaches. However, ownership is identical in the proposed spacing unit and the affected tract. Therefore, no notice is required.

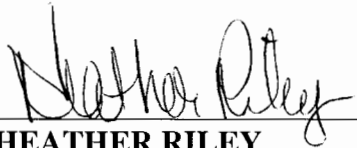
OCD understands that you seek this location to recomplete the subject well to the Wolfcamp formation, and to prevent waste.

Your application has been filed under 19.15.15.13 NMAC and Paragraph (2) of Subsection A of 19.15.4.12 NMAC.

Pursuant to Subsection B of 19.15.15.13 NMAC, OCD approves the above-described unorthodox location.

The above approvals are subject to your following all other applicable OCD rules.

Jurisdiction of this case is retained for the entry of further orders as OCD deems necessary.



HEATHER RILEY
Director

HR/mam/rbb

cc: Oil Conservation Division – Artesia District Office
New Mexico State Land Office – Oil, Gas, and Minerals