

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
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Oil Conservation Division



April 3, 2018

Jerry Sherrell
Mack Energy Corporation
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NON-STANDARD LOCATION

Administrative Order NSL-7674

Mack Energy Corporation [OGRID 13837]
Medicine Hat State Com Well No. 001H
API No. 30-005-64303

Proposed Location

| | <u>Footages</u> | <u>Unit/Lot</u> | <u>Sec.</u> | <u>Twsp</u> | <u>Range</u> | <u>County</u> |
|-------------------|-------------------|-----------------|-------------|-------------|--------------|---------------|
| Surface | 200 FSL & 900 FWL | M | 35 | 15S | 28E | Chaves |
| Penetration Point | 330 FSL & 900 FWL | M | 35 | 15S | 28E | Chaves |
| Final perforation | 100 FNL & 965 FWL | D | 35 | 15S | 28E | Chaves |
| Terminus | 40 FNL & 965 FWL | D | 35 | 15S | 28E | Chaves |

Proposed Project Area

| <u>Description</u> | <u>Acres</u> | <u>Pool</u> | <u>Pool Code</u> |
|-----------------------|--------------|------------------------|------------------|
| W/2 W/2 of Section 35 | 160 | Round Tank; San Andres | 52770 |

Reference your application received March 28, 2018.

You have requested to drill this horizontal 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 because it is too close to the northern boundary of the unit.

This well's completed interval is as close as 100 feet from the northern edge, and 369 feet on the diagonal on the final perforation location of the project area. Encroachments will impact the following tracts.

Section 26, T15S R28E, encroachment to the SE/4 SW/4 and SW/4 SW/4

OCD understands you have given 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.

OCD also understands you seek this location to provide efficient well spacing and prevent waste of a productive reservoir.

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