

State of New Mexico
Energy, Minerals and Natural Resources Department

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Governor

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Oil Conservation Division



April 12, 2018

Sarah Mitchell
Oxy USA Inc.
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NON-STANDARD LOCATION

Administrative Order NSL-7682

OXY USA Inc. (OGRID 16696)
Corral Canyon 36 25 Federal Com Well No. 025H
API No. 30-015-44635

Non-Standard Location

Proposed Location

	<u>Footages</u>	<u>Unit/Lot</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	940 FNL & 1248 FEL	D/Lot 1	1	25S	29E	Eddy
Penetration Point	340 FSL & 1260 FEL	P	36	24S	29E	Eddy
Final perforation	340 FNL & 1260 FEL	A	25	24S	29E	Eddy
Terminus	180 FNL & 1260 FEL	A	25	24S	29E	Eddy

Proposed Project Area

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
E/2 E/2 of Section 25 and E/2 E/2 of Section 36	160	Pierce Crossing; Bone Spring, East	96473

Reference your application received March 7, 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 governed 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's too close to the western boundary.

This well's completed interval is as close as 60 feet from the western edge, and 345 feet on the diagonal of the penetration point and as close as 60 feet from the western edge, and 345 feet on the final perforation location of the project area. Encroachments will impact the following tracts.

Section 24, Township 24 South, Range 29 East, encroachment to the SW4SE4
Section 25, Township 24 South, Range 29 East, encroachment to the W2E2
Section 36, Township 24 South, Range 29 East, encroachment to the W2E2
Section 1, Township 25 South, Range 29 East, encroachment to the NW4NE4

The Division understands you have given notice of this application to all operators or owners who are "affected persons," per Paragraph (2) of Subsection A of 19.15.4.12 NMAC, in all adjoining units towards which the proposed location encroaches.

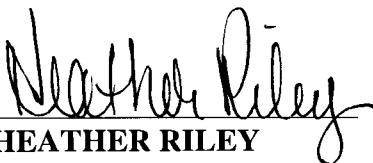
The Division understands you seek this location because increasing the well density from four wells to six wells per section will optimize reserves. Any reduction in well spacing will result in untapped reserves resulting in waste of a resource that would go undeveloped.

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

Per Subsection B of 19.15.15.13 NMAC, the Division approves this unorthodox location.

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

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.


HEATHER RILEY
Director

HR/mam/rbb

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