

State of New Mexico  
Energy, Minerals and Natural Resources Department

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**Susana Martinez**  
Governor

**Ken McQueen**  
Cabinet Secretary

**Matthias Sayer**  
Deputy Cabinet Secretary

**Heather Riley, Division Director**  
Oil Conservation Division



April 10, 2018

Michael H. Feldewert  
Centennial Resources Production, LLC  
Mfeldewert@hollandhart.com

NON-STANDARD LOCATION

**Administrative Order NSL-7683**

Centennial Resources Production, LLC [OGRID 372165]  
**Horseshoe Federal Com Well No. 601H**  
**API No. 30-025-PENDING**

**Proposed Location**

|                                | <u>Footages</u>    | <u>Unit/Lot</u> | <u>Sec.</u> | <u>Twsp</u> | <u>Range</u> | <u>County</u> |
|--------------------------------|--------------------|-----------------|-------------|-------------|--------------|---------------|
| Surface                        | 300 FNL & 1995 FEL | B               | 19          | 21S         | 33E          | Lea           |
| Penetration Point              | 100 FSL & 2310 FEL | O               | 18          | 21S         | 33E          | Lea           |
| Final perforation/<br>Terminus | 100 FNL & 2310 FEL | B               | 18          | 21S         | 33E          | Lea           |

**Proposed Project Area**

| <u>Description</u> | <u>Acres</u> | <u>Pool</u>          | <u>Pool Code</u> |
|--------------------|--------------|----------------------|------------------|
| W2E2 of Section 18 | 160          | Wildcat; Bone Spring | 97895            |

Reference is made to your application received on March 13, 2018.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. Subsection B 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 well's completed interval is as close as 100 feet to the southern edge, 345 feet to the southwestern and northwestern edges, and 100 feet to the northern edge of the project area. Encroachments will impact the following tracts.

Section 19, T21S R33E encroachment to the NW4 NE4  
Section 19, T21S R33E encroachment to the NE4 NW4  
Section 7, T21S R33E encroachment to the SE4 SW4  
Section 7, T21S R35E encroachment to the SW4 SE4

Division 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.

Division understands you seek this location to maximize the perforated lateral length, thereby capturing reserves that otherwise will not be recovered within the Bone Spring formation underlying the W2 E2 of Section 18.

Your application has been filed under 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, approves this unorthodox location.

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

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

  
**HEATHER RILEY**  
**Director**

HR/lrl

cc: Oil Conservation Division – Hobbs District Office  
Bureau of Land Management – Carlsbad Field Office  
State Land Office – Oil, Gas, and Minerals Division