

State of New Mexico
Energy, Minerals and Natural Resources Department

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Oil Conservation Division



May 2, 2018

Sarah Mitchell
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NON-STANDARD LOCATION

Administrative Order NSL-7706

OXY USA INC. [OGRID 16696]
Salt Ridge CC 20 17 Federal Com Well No. 22H
API No. 30-015-PENDING

Proposed Location

| | <u>Footages</u> | <u>Unit/Lot</u> | <u>Sec.</u> | <u>Twsp</u> | <u>Range</u> | <u>County</u> |
|-------------------|---------------------|-----------------|-------------|-------------|--------------|---------------|
| Surface | 2384 FNL & 1327 FWL | F | 17 | 24S | 29E | Eddy |
| Penetration Point | 2316 FSL & 1258 FWL | L | 17 | 24S | 29E | Eddy |
| Final perforation | 340 FSL & 1260 FWL | M | 20 | 24S | 29E | Eddy |
| Terminus | 180 FSL & 1260 FWL | M | 20 | 24S | 29E | Eddy |

Proposed Project Area

| <u>Description</u> | <u>Acres</u> | <u>Pool</u> | <u>Pool Code</u> |
|----------------------|--------------|--------------------------|------------------|
| W2 SW4 of Section 17 | 240 | Corral Draw; Bone Spring | 96238 |
| W2 W2 of Section 20 | | | |

Reference is made to your application received on April 9, 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 well's completed interval is as close as 330 feet to the northeastern edge, 62 - 60 feet to the eastern edge and 345 feet to the southeastern edge of the project area. Encroachments will impact the following tracts.

Section 17, T24S R29E encroachment to the S2 NW4 and E2 SW4
Section 20, T24S R29E encroachment to the E2 W2
Section 29, T24S R29E encroachment to the NE4 NW4

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 increase horizontal well spacing from 4 wells per section to 6 wells per section to effectively develop the Bone Spring formation underlying the W2 SW4 of Section 17 and the W2 W2 of Section 20.

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, Division 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 – Artesia District Office
Bureau of Land Management – Carlsbad Field Office