

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
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Heather Riley, Division Director
Oil Conservation Division



June 28, 2018

Administrative Order NSP-2107

NON-STANDARD SPACING UNIT

Tyler Jolly
Mewbourne Oil Company [OGRID 14744]

Wells

Armstrong 26 35 W0LM Federal Com Well No. 001H (API No. 30-015-43750)

Armstrong 26 35 W1LM Federal Com Well No. 002H (API No. 30-015-43798)

Purple Sage; Wolfcamp (Gas) Pool (Pool Code 98220) Special Pool Rules Apply
Proposed 480-Acre, Standard Project Area

Consisting of the following lands:

Township 25 South, Range 31 East, Eddy County, New Mexico

Section 26: SW4

Township 25 South, Range 31 East, Eddy County, New Mexico

Section 35: W2

Pertinent Rules:

Hearing Order R-14262, Gas Well Acreage, 320-acre Spacing within the Purple Sage; Wolfcamp (Gas) Pool.

Division Rule 19.15.15.11 B (3) NMAC Notice Requirements, Formation of Non-Standard Spacing Units.

Division Rule 19.15.4.12.A (3) NMAC Notice Requirements, for Non-standard spacing unit

Division Rule 19.15.16.15 E (3) NMAC Notice Requirements, Formation of Project Areas.

Division Rule 19.15.16.7 H/M NMAC Definitions, Standard and Non-Standard Project Area.

Division Rule 19.15.16.15 E NMAC Horizontal Wells, Formation of Project Areas.

Reference is made of your application received on **June 6, 2018** for administrative approval of the above described non-standard spacing unit and the pertinent rules, some of which are cited above.

This pool is spaced on standard 320-acre spacing units, comprised of two quarter sections within a governmental section. You propose to form a standard project area consisting of portions of three quarter-sections for purposes of drilling the above mentioned or other horizontal well(s). The Non-standard unit project area is a result of a variation in the legal survey, because you intend to maximize the recovery of oil and gas reserves and prevent waste from the Wolfcamp formation underlying the SW4 of Section 26 and the W2 of Section 35.

It is also understood that you have given due notice of this application to all owners in the mineral interest estate ("affected parties") as defined in Division Rule 19.15.16.15.E (2) NMAC, and the corresponding notice provision Division Rule 19.15.4.12.A (3) for spacing units that are being excluded, in this case, the NW/4 of Section 26.

Additional or alternately named wells may be drilled and produce from this non-standard spacing and proration unit or from this project area.

Any horizontal well wholly completed within this 480-acre, project area and not completed in all the spacing units comprising this project area shall be dedicated to only those spacing units in which that well is completed. If the Division redefines this 480-acre, project area as one spacing unit, this restriction shall not apply.

These approvals are subject to the operator following all other applicable Division rules. Jurisdiction is retained for the entry of such further orders as the Division may deem necessary.



HEATHER RILEY

Director

HR/lrl

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