APP NO: RECEIVED: REVIEWER: pLEL1827737460 LRL 10/04/18 **NSL**

ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Geological & Engineering Bureau -



1220 South St. Francis Drive, Santa Fe, NM 87505 ADMINISTRATIVE APPLICATION CHECKLIST THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE Applicant: LEGACY RESEVES OPERATING LP OGRID Number: 240974 Well Name: LEA UNIT #64H **API:** 30-025-44735 Pool: WC; BONE SPRING Pool Code: <u>97983</u> SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW 1) TYPE OF APPLICATION: Check those which apply for [A] A Location - Spacina Unit - Simultaneous Dedication

	71. Location opacing of the cirrional coor bealcaner	
	■NSL NSP(project area) NSP(proration unit) SC)
	B. Check one only for [1] or [1] [1] Commingling – Storage – Measurement DHC DCTB PLC PC DOLS DOLM [11] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery WFX PMX SWD DIPI EOR PPR	_
	LINK EMA EM EM	FOR OCD ONLY
2)	NOTIFICATION REQUIRED TO: Check those which apply. A. Offset operators or lease holders	Notice Complete
	 B. Royalty, overriding royalty owners, revenue owners C. Application requires published notice D. Notification and/or concurrent approval by SLO E. Notification and/or concurrent approval by BLM 	Application Content Complete
	F. Surface owner G. For all of the above, proof of notification or publication is attache H. No notice required	d, and/or,

3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

			10/2/2018	
Clay Roberts			Date	
Print or Type Name			432-689-5206	
1. 24		¥	Phone Number	
C4 RJH Signature	-		e-mail Address	



September 21, 2018

Oil Conversation Division New Mexico Department of Energy, Minerals and Natural Resources 1220 South Saint Francis Dr.

Attn: Mr. Leonard Lowe

Re: Application of Legacy Reserves Operating LP for administrative approval of a non-standard location for its Lea Unit 64H well in Section 18 and 19, Township 20 South, Range 35 East,

N.M.P.M., Lea County, New Mexico

Mr. Leonard Lowe:

Legacy Reserves Operating LP ("Legacy") (OGRID No. 240974) hereby seeks administrative approval pursuant to the provisions of Division Rule 19.15.15.13 NMAC for a non-standard well location for the Lea Unit #64H located in the E/2NW/4 of Section 19 and the E/2W/2 of Section 18, Township 20 South, Range 35 East, Lea County, New Mexico ("Well").

The Well is a First Bone Spring target and was originally planned to be directionally drilled to the west from the surface-hole-location in order to meet the 330 foot setback requirement from the eastern Lea Unit boundary. At the time the well was drilled no such directional drilling was undertaken and resulted in a portion of the Well being drilled inside of the 330 foot setback requirement. In order to complete this well, Legacy will need to secure an approved non-standard location from the NMOCD.

Exhibit A is well plat for Sections 19 and 18, Township 20 South, Range 35 East, Lea County, New Mexico showing the as-drilled, unorthodox location of the Well in relation to adjoining units. This location is unorthodox because a portion of the Well was drilled closer than 330 feet to the outer boundary of the Lea Unit boundary. As a result, the proposed completed interval will be closer to the eastern boundary of the Lea Unit than allowed by NMOCD rules. The Exhibit also defines and illustrates the portions of the Well that Legacy purposes to complete.

Exhibit B is a GIS map illustrating the proration unit of the Well in relation to the Lea Unit boundary as well as providing the operators of the affected tracts to the east of the Lea Unit.

Exhibit C is a list of the affected parties. Pursuant to 19.15.4.12(A) NMAC, affected parties are those toward whom the Well encroaches. The Well encroaches upon the W/2NE/4 Section 19, Township 20 South, Range 35 East, which is operated by Caza Petroleum. The Well also encroaches upon the W/2E/2 of Section 18, Township 20 South, Range 35 East, which is operated by Concho. Legacy hand delivered notice to both parties and will follow up by sending notice via certified mail.

Your attention to this application is appreciated

Sincerely,

Clay Roberts Landman

C4 Ret

EXHIBIT "A" LEA UNIT #64H NSL APPLICATION



WELL DETAILS: Lea Unit #64H



+N/-S 0.00 0.00

Northing 567604.000

Ground Level: Easting 799156.100

3689.00 Latittude 32.557614°N -103.496537

Longitude

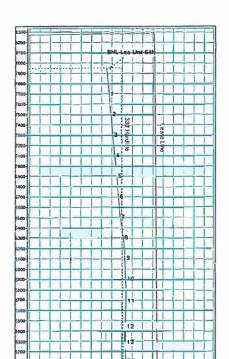
REFERENCE INFORMATION Well Lea Unit #64H, Grid North Co-ordinate (N/E) Reference: RKB @ 3715.90th Vertical (TVD) Reference: RKB @ 3715.90th Measured Depth Reference: Minimum Curvature

Azimuths to Grid North True North: -0.45' Magnetic North: 6.27'

Magnetic Field strength: 48204.7nT Dip Angle: 60.52° Date: 7/12/2018 Model: IGRF2000

Project: Lea County, NM (NAD83)

Site: Lea Well: Lea Unit #64H Datum: North American Datum 1983 Design: Original Wellbore



15

19

1: |

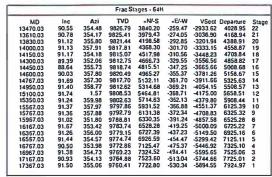


EXHIBIT "B" LEA UNIT #64H NSL APPLICATION

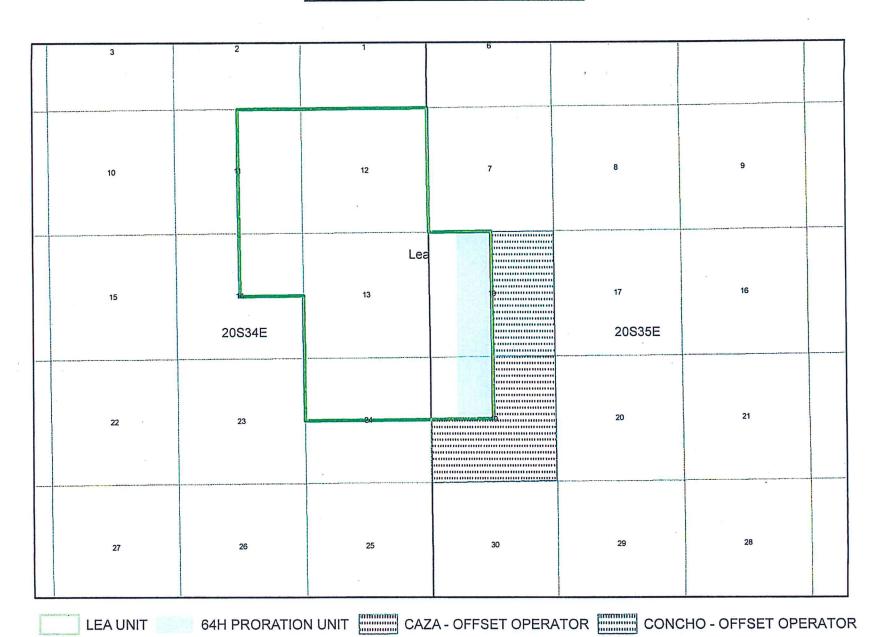


EXHIBIT "C" LEA UNIT #64H NSL APPLICATION

Caza Petroleum Inc. 200 N. Loraine St. #1550 Midland, Texas 79701

Concho Operating LLC 600 W. Illinois Ave. Midland, Texas 79701 DISTRICT_I

1625 N. French Dr., Hobbs, NM 88240 Phone: (575) 393-6161 Fax: (575) 393-0720

811 S. First St., Artesia, NM 88210 Phone: (575) 748-1283 Fax: (575) 748-9720

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410 Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV

1220 S. St. Francis Dr., Santa Fe, NM 67505 Phone: (505) 476-3460 Fax: (506) 476-3482

State of New Mexico

Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION 1220 South St. Frances Dr.

Santa Fe, NM 87505

Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name				
30-025-44735	97983	97983 WC; Bone Spring				
Property Code	Prop	erty Name	Well Number			
	64H					
OGRID No.	Opera	ator Name	Elevation			
240974	LEGACY RESERV	3689'				

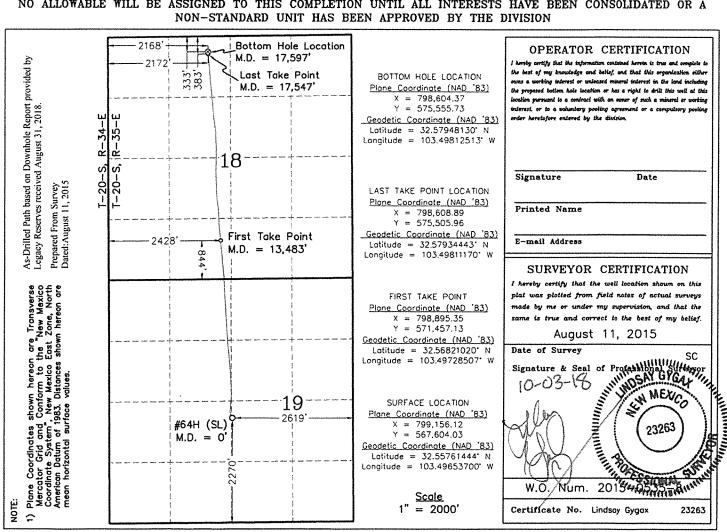
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	19	20 S	35 E		2270	SOUTH	2619	EAST	LEA

Bottom Hole Location If Different From Surface

ſ	UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
	С	18	20 S	35 E		333	NORTH	2168	WEST	LEA
Dedicated Acres Joint or Inf		Infill Co	nsolidation	Code Or	der No.					
	,									

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A



Lowe, Leonard, EMNRD

From: Clay Roberts <croberts@legacyreserves.com>

Sent: Tuesday, October 23, 2018 4:24 PM

To: Lowe, Leonard, EMNRD

Subject: [EXT] RE: NSL Adimistrative Application

Attachments: 64H - C-102.pdf

Mr. Lowe:

Correct, as originally intended this well would produce from both pools.

Legacy only completed portions of the well in the Wildcat; Bone Spring (E/2W/2 Section 18-20S-35E)

- Our FTP is 212' from the lease line.
- Concho the affected party gave waiver for Legacy completing up to 165' from the lease line.

Legacy drilled the Lea; Bone Spring, South (E/2NW/4 Section 19-20S-35E) with the expectation to complete it, but it was drilled entirely unorthodox due to miscommunication between the drilling engineer and the directional team. Caza, the affected party offsetting that tract, would not grant a waiver.

- Legacy ultimately decided to not complete any part of the E/2NW/4. As indicated on the C-102 attached (also attached to the application) Legacy's FTP is 844' FSL and 2,428' FWL of Section 18-20S-35E in order to not encroach upon Caza.

Thanks,

Clay Roberts Landman 432-689-5206

From: Lowe, Leonard, EMNRD [mailto:Leonard.Lowe@state.nm.us]

Sent: Tuesday, October 23, 2018 4:43 PM

To: Clay Roberts

Subject: RE: NSL Adimistrative Application

Mr. Roberts,

This API No. 30-025-44735 appears to be within two pools:

1. Lea; Bone Spring, South (#37580)

2. Wildcat; Bone Spring (#97983)

Your BHL is different on both C-102s. Different wells?

Your Lea; Bone Spring, South is "orthodox"?

Please update me

Leonard Lowe

Engineering Bureau

Oil Conservation Division

Energy Minerals and Natural Resources Department

1220 South St. Frances

Santa Fe, New Mexico 87004

Office: 505-476-3492 Cell: 505-930-6717 Fax: 505-476-3462

E-mail: leonard.lowe@state.nm.us

Website: http://www.emnrd.state.nm.us/ocd/

From: Clay Roberts < croberts@legacyreserves.com>

Sent: Tuesday, October 23, 2018 2:38 PM

To: Lowe, Leonard, EMNRD < Leonard.Lowe@state.nm.us >

Subject: [EXT] RE: NSL Adimistrative Application

Ok great. Thank you for help on this.

Clay Roberts Landman 432-689-5206



From: Lowe, Leonard, EMNRD [mailto:Leonard.Lowe@state.nm.us]

Sent: Tuesday, October 23, 2018 3:37 PM

To: Clay Roberts

Subject: RE: NSL Adimistrative Application

Your application is under review.

Leonard Lowe

Engineering Bureau

Oil Conservation Division

Energy Minerals and Natural Resources Department

1220 South St. Frances

Santa Fe, New Mexico 87004

Office: 505-476-3492 Cell: 505-930-6717 Fax: 505-476-3462

E-mail: leonard.lowe@state.nm.us

Website: http://www.emnrd.state.nm.us/ocd/

From: Clay Roberts <croberts@legacyreserves.com>

Sent: Tuesday, October 23, 2018 2:07 PM

To: Lowe, Leonard, EMNRD < Leonard.Lowe@state.nm.us>

Subject: [EXT] RE: NSL Adimistrative Application

I believe that Concho is the only affected party based on the facts stated below.

- The completed interval of the 64H falls only in the E/2W/2 of Section 18-20S-35E. Concho is the affected party in the W/2E/2 of Section 18-20S-35E.
- I have been in contact with Caza and have submitted notice to them in regard to this application. Caza would be an affected part if Legacy had completed any portion of the well in the E/2NW/4 of Section 19-20S-35E.
- The Horizontal Spacing Unit is only the E/2W/2 of Section 18-20S-35E. Caza is no longer an affected party.

Do you agree?

Clay Roberts Landman 432-689-5206

From: Lowe, Leonard, EMNRD [mailto:Leonard.Lowe@state.nm.us]

Sent: Tuesday, October 23, 2018 2:22 PM

To: Clay Roberts

Subject: RE: NSL Adimistrative Application

Mr. Roberts,

Are Concho the only affected party in the stated affected tract?

Leonard Lowe

Engineering Bureau
Oil Conservation Division
Energy Minerals and Natural Resources Department
1220 South St. Frances
Santa Fe. New Mexico 87004

Office: 505-476-3492 Cell: 505-930-6717 Fax: 505-476-3462

E-mail: leonard.lowe@state.nm.us

Website: http://www.emnrd.state.nm.us/ocd/

From: Clay Roberts <croberts@legacyreserves.com>

Sent: Tuesday, October 23, 2018 1:02 PM

To: Lowe, Leonard, EMNRD < Leonard.Lowe@state.nm.us>

Subject: [EXT] RE: NSL Adimistrative Application

Mr. Lowe,

Please find attached to this email the NSL waiver executed by Concho, the affected party, in Legacy's Lea Unit 64H NSL Application. Concho has waived any claim regarding Legacy's Lea Unit 64H NSL, so long as the nearest completed portion of the well is no closer than 165' from Concho's lease line. Legacy's as completed application meets this restriction.

Please let me know if you have any questions. Thank you for your help in this matter.

Clay Roberts Landman 432-689-5206

From: Lowe, Leonard, EMNRD [mailto:Leonard.Lowe@state.nm.us]

Sent: Thursday, October 04, 2018 11:43 AM

To: Clay Roberts

Subject: RE: NSL Adimistrative Application

Importance: High

Mr. Clay Roberts,

What is your dedicated Horizontal Spacing Unit acreage? Acres. What are you seeking Oil or Gas?

Leonard Lowe

Engineering Bureau
Oil Conservation Division

Energy Minerals and Natural Resources Department

1220 South St. Frances

Santa Fe, New Mexico 87004

Office: 505-476-3492 Cell: 505-930-6717 Fax: 505-476-3462

E-mail: leonard.lowe@state.nm.us

Website: http://www.emnrd.state.nm.us/ocd/

From: Clay Roberts <croberts@legacyreserves.com>

Sent: Thursday, October 4, 2018 8:04 AM

To: Lowe, Leonard, EMNRD < Leonard.Lowe@state.nm.us >

 $\textbf{Cc:} \ Jones, \ William \ V, \ EMNRD < \underline{William V.Jones@state.nm.us}; \ 'jbrown@cazapetro.com' < \underline{ibrown@cazapetro.com} > ; \ 'jbrown@cazapetro.com' < \underline{ibrown@cazapetro.$

sjohnson@concho.com

Subject: [EXT] RE: NSL Adimistrative Application

Mr. Lowe,

Please find attached to this email the as-drilled, as completed C-102 for Lea Unit 64H. This well is not on production and will not produce until Legacy receives an approved NSL application. The C-102 provides the information you listed as missing from Legacy's application in your email from Monday, October 1, 2018.

- API Number
- Formation
- Pool Code
- First and Last Take Point

Also, please find attached the NSL Application with the new NMOCD checklist, as requsted.

I have CC'd represenatives from both of the affected partiers, Caza and Concho, to this email. I have been in contact with both parties working to find agreeable solutions in order to avoid a hearing.

If you need any further information please give me a call.

Clay Roberts Landman 432-689-5206



From: Lowe, Leonard, EMNRD [mailto:Leonard.Lowe@state.nm.us]

Sent: Monday, October 01, 2018 1:09 PM

To: Clay Roberts

Cc: Jones, William V, EMNRD

Subject: NSL Adimistrative Application

Importance: High

Mr. Clay Roberts,

Good afternoon,

OCD Santa Fe received your NSL Administrative Application for Legacy Reserves Operating LP's Lea Unit No. 64H Well.

Your request is lacking the following;

The OCD has an updated Administrative application, Revised 03/23/17. Please use the most dated Administrative Application form. I have attached this form to this e-mail, PLEASE USE.

Your Application did not have a Form C-102, please provide one.

What are your First and Last Take Points?

What Formation are you seeking? What is the pool you are seeking?

What is your API No.? If not provided yet, at least state so but indicating 30-0XX-PENDING.

For the lack of information you have provided to the OCD for an approval, the OCD hopes that you have provided these vital information to the Affected Parties. If not, then your Public Notice will need to be provided.

Provide a spread sheet identifying your affected parties and where they are located.

Along with that spread sheet, provide a map showing the affected parties via Tract Numbering.

Your application is INCOMPLETE at this time. Your 20 day will start once we received a COMPLETED APPLICATION.

Leonard Lowe

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Oil Conservation Division
Energy Minerals and Natural Resources Department
1220 South St. Frances
Santa Fe, New Mexico 87004

Office: 505-476-3492 Cell: 505-930-6717 Fax: 505-476-3462

E-mail: leonard.lowe@state.nm.us

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Lowe, Leonard, EMNRD

From: Clay Roberts <croberts@legacyreserves.com>

Sent: Thursday, October 4, 2018 8:04 AM

To: Lowe, Leonard, EMNRD

Cc: Jones, William V, EMNRD; 'jbrown@cazapetro.com'; sjohnson@concho.com

Subject: [EXT] RE: NSL Adimistrative Application

Attachments: 64H - C-102.pdf; LEA UNIT 64H - APPLICATION WITH NEW CHECKLIST.pdf

Mr. Lowe,

Please find attached to this email the as-drilled, as completed C-102 for Lea Unit 64H. This well is not on production and will not produce until Legacy receives an approved NSL application. The C-102 provides the information you listed as missing from Legacy's application in your email from Monday, October 1, 2018.

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Also, please find attached the NSL Application with the new NMOCD checklist, as requsted.

I have CC'd represenatives from both of the affected partiers, Caza and Concho, to this email. I have been in contact with both parties working to find agreeable solutions in order to avoid a hearing.

If you need any further information please give me a call.

Clay Roberts Landman 432-689-5206



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Sent: Monday, October 01, 2018 1:09 PM

To: Clay Roberts

Cc: Jones, William V, EMNRD

Subject: NSL Adimistrative Application

Importance: High

Mr. Clay Roberts,

Good afternoon,

OCD Santa Fe received your NSL Administrative Application for Legacy Reserves Operating LP's Lea Unit No. 64H Well.

Your request is lacking the following;

Lowe, Leonard, EMNRD

From: Clay Roberts <croberts@legacyreserves.com>

Sent: Thursday, October 4, 2018 4:32 PM

To: Lowe, Leonard, EMNRD

Subject: [EXT] RE: NSL Adimistrative Application

Leonard,

Legacy wants the dedicated acreage to be the E/2W/2 Section 18-20S-35E.

Seeking Oil.

Clay Roberts Landman 432-689-5206



From: Lowe, Leonard, EMNRD [mailto:Leonard.Lowe@state.nm.us]

Sent: Thursday, October 04, 2018 11:43 AM

To: Clay Roberts

Subject: RE: NSL Adimistrative Application

Importance: High

Mr. Clay Roberts,

What is your dedicated Horizontal Spacing Unit acreage? Acres.

What are you seeking Oil or Gas?

Leonard Lowe

Engineering Bureau

Oil Conservation Division

Energy Minerals and Natural Resources Department

1220 South St. Frances

Santa Fe, New Mexico 87004

Office: 505-476-3492 Cell: 505-930-6717 Fax: 505-476-3462

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To: Lowe, Leonard, EMNRD < Leonard.Lowe@state.nm.us>

Cc: Jones, William V, EMNRD < William V.Jones@state.nm.us>; 'jbrown@cazapetro.com' < jbrown@cazapetro.com';

sjohnson@concho.com

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Provide a spread sheet identifying your affected parties and where they are located.

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Leonard Lowe

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