

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

Heather Riley, Division Director
Oil Conservation Division



October 23, 2018

Mr. Clay Roberts
croberts@legacyreserves.com

NON-STANDARD LOCATION

Administrative Order NSL-7769

Legacy Reserves Operating, LP. [OGRID 240974]
Lea Unit Well No. 064H
API No. 30-025-44735

Proposed Location

	<u>Footages</u>	<u>Unit/Lot</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	2270 FSL & 2619 FEL	J	19	20S	35E	Lea
First Take Point	844 FSL & 2428 FWL	N	18	20S	35E	Lea
Last Take Point	383 FNL & 2172 FWL	C	18	20S	35E	Lea
Terminus	333 FNL & 2168 FWL	C	18	20S	35E	Lea

Proposed Horizontal Spacing Unit

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
E2 W2 of Section 18	160	Wildcat; Bone Spring	97983

Reference is made to your application received on October 4, 2018.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. Sub Paragraph (a) of Paragraph (1) of Subsection B of 19.15.16.15 NMAC governs this proposed well and provides that the operator shall dedicate to each horizontal oil well a standard horizontal spacing unit that comprises of one or more contiguous tracts that the horizontal oil well's completed interval penetrates, each of which consists of a governmental quarter-quarter section or equivalent.

This well's completed interval is as close as 212 feet to the eastern edge. Encroachments will impact the following tracts.

Section 18, encroachment to the W2 E2

The Division understands you have given notice of this application to all operators or owners who are "affected persons," as defined in Paragraph (8) Subsection A of 19.15.2.7 NMAC, in all adjoining units towards which the proposed location encroaches. Waiver was received from all affected parties.

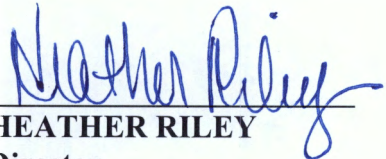
Division understands you are requesting this unorthodox well due to errors during the drilling process resulting in an unorthodox location within the Bone Spring formation underlying the E2 W2 of Section 18.

Your application has been filed under Subsection 6 of Paragraph of Section (C) of 19.15.16.15 NMAC, 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 – Hobbs District Office
Bureau of Land Management – Carlsbad Field Office