

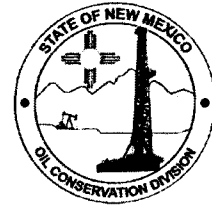
State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

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Gabriel Wade, Acting Director
Oil Conservation Division



January 22, 2019

Mr. Peter Kondrat
Peter.kondrat@tacituscorporation.com

NON-STANDARD LOCATION

Administrative Order NSL-7820

**Tacitus LLC [OGRID 372957]
Navajo Tribal N Well No. 011
API No. 30-045-20583**

Surface Location; Vertical Well

<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
560 FNL & 1150 FWL	D	17	26N	18W	San Juan

Proposed Gas Units

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
Section 17	640	Tocito Dome Mississippian, North (Gas)	86120

Reference is made to your application received on January 16, 2019.

You have requested to recomplete this existing vertical well at an unorthodox gas well location described above in the referenced pool or formation. This location is governed by Division Rule 19.15.15.10.A NMAC, which provides for 640-acre units, with wells to be located at least 1200 feet from outer unit boundaries, 130 feet to a QTR-QTR section line.

This well's completed interval is as close as 640 feet to the western and northern edge of the spacing unit. Encroachments will impact the following tract.

- Section 18, encroachment to the west, the entire section.
- Section 8, encroachment to the north, the entire section

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. However, there is common ownership, working interest and royalty interest within this spacing unit. Therefore, notice is not required.

The Division understands you request this unorthodox location approval because you have recompleted this existing well into a formation that does not meet the set back requirements needed to produce oil and gas reserves underlying the spacing unit within Section 17.

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.



Gabriel Wade
Acting Director

GW/lrl

cc: Oil Conservation Division – Aztec District Office
Bureau of Land Management – Farmington Field Office
Navajo Nation Minerals – Gallup Office