

State of New Mexico  
Energy, Minerals and Natural Resources Department

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**Michelle Lujan Grisham**  
Governor

**Sarah Cottrell Propst**  
Cabinet Secretary

**Todd E. Leahy, JD, PhD**  
Deputy Cabinet Secretary

**Gabriel Wade, Acting Director**  
Oil Conservation Division



January 31, 2019

Ms. Sarah Chapman  
[SARAH\\_CHAPMAN@oxy.com](mailto:SARAH_CHAPMAN@oxy.com)

NON-STANDARD LOCATION

**Administrative Order NSL-7811**

**Oxy USA, Inc. [OGRID 16696]**  
**Sunrise MDP1 8 5 Federal Com Well No. 171H**  
**API No. 30-015-44930**

**Proposed Location**

|                  | <u>Footages</u>    | <u>Unit/Lot</u> | <u>Sec.</u> | <u>Twsp</u> | <u>Range</u> | <u>County</u> |
|------------------|--------------------|-----------------|-------------|-------------|--------------|---------------|
| Surface          | 194 FNL & 1544 FWL | C               | 17          | 24S         | 31E          | Eddy          |
| First Take Point | 100 FSL & 440 FWL  | M               | 8           | 24S         | 31E          | Eddy          |
| Last Take Point  | 100 FNL & 440 FWL  | D/4             | 5           | 24S         | 31E          | Eddy          |
| Terminus         | 20 FNL & 440 FWL   | D/4             | 5           | 24S         | 31E          | Eddy          |

**Proposed Horizontal Gas Units**

| <u>Description</u> | <u>Acres</u> | <u>Pool</u>                 | <u>Pool Code</u> |
|--------------------|--------------|-----------------------------|------------------|
| W2 of Section 8    | 640.51       | Purple Sage; Wolfcamp (GAS) | 98220            |
| W2 of Section 5    |              |                             |                  |

Reference is made to your application received on January 14, 2019.

You have requested to complete this horizontal well as a gas well described above in the referenced pool or formation. This well is governed by special rules for the Purple Sage; Wolfcamp (Gas) Pool of and provides for 320-acre units, with wells located at least 330 feet from a unit outer boundary.

This well's completed interval is as close as 100 feet to the northern and southern edge of the horizontal spacing unit. Encroachment will impact the following tracts.

Section 17, 24S 31E, encroachment to the NW/4  
Section 32, 23S 31E, encroachment to the SW/4

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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, the ownership is identical in the NW/4 of Section 17, and in the SW/4 of Section 32, 23S 31E, therefore, notice is not required.

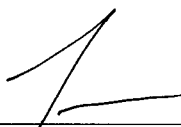
Division understands you seek this unorthodox location as an efficient spacing of your horizontal wells, thereby preventing waste within the Wolfcamp formation underlying the W2 of Section 8 and W2 of Section 5.

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.



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**Gabriel Wade**  
**Acting Director**

GW/lrl

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