

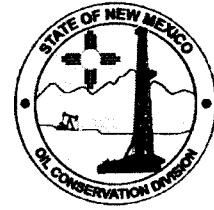
State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

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Deputy Cabinet Secretary

Gabriel Wade, Acting Director
Oil Conservation Division



March 12, 2019

Mr. James Bruce
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NON-STANDARD LOCATION

Administrative Order NSL-7865

**Kaiser-Francis Oil Company [OGRID 12361]
Bell Lake Unit South Block Well No. 212H
API No. 30-025-PENDING**

Proposed Location

	<u>Footages</u>	<u>Unit/Lot</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	2276 FNL & 247 FEL	H	6	24S	34E	Lea
First Take Point	2600 FSL & 420 FEL	H	6	24S	34E	Lea
Last Take Point/ Terminus	350 FSL & 530 FEL	P	7	24S	34E	Lea

Proposed Horizontal Spacing Unit

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
E2 SE4 of Section 6 E2 E2 of Section 7	240	Bell Lake; Bone Spring, South	98264

Reference is made to your application received on March 11, 2019.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. This location is governed by Special rules for the Bell Lake; Bone Spring, South Pool which provides for 480-acre units. Further, the special pool rules require the well to be located within 100 feet from the interior unit boundary and 330 feet from the exterior unit boundary. The proposed spacing unit is comprised of one or more contiguous tracts that the horizontal oil well's completed interval penetrates and was approved by Division Order R-20414.

This well's completed interval is as close as 40 feet to the northern edge. Encroachment will impact the following tracts.

Section 6, encroachment to the SE4 NE4

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, ownership is identical in the affected tract therefore, notice is not required.

Division understands you seek this location as an efficient well spacing for horizontal wells to maximize the recovery of oil and gas reserves underlying the horizontal spacing unit located within the Bone Spring formation underlying the E2 SE4 of Section 6 and the E2 E2 of Section 7.

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 – Hobbs District Office
State Land Office – Oil, Gas, and Minerals Division
Case No. 20052