

State of New Mexico
Energy, Minerals and Natural Resources Department

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Ms. Mikah Thomas
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NON-STANDARD LOCATION

Administrative Order NSL-8279

**Colgate Operating, LLC [OGRID 371449]
Black Diamond 34 Federal Well No. 132H
API No. 30-015-47823**

Proposed Location

| | <u>Footages</u> | <u>Unit/Lot</u> | <u>Sec.</u> | <u>Twsp</u> | <u>Range</u> | <u>County</u> |
|------------------|---------------------|-----------------|-------------|-------------|--------------|---------------|
| Surface | 1395 FNL & 301 FEL | H | 34 | 19S | 29E | Eddy |
| First Take Point | 2313 FNL & 266 FEL | H | 34 | 19S | 29E | Eddy |
| Last Take Point | 2293 FNL & 2533 FEL | G | 33 | 19S | 29E | Eddy |
| Terminus | 2297 FNL & 2623 FEL | G | 33 | 19S | 29E | Eddy |

Proposed Horizontal Units

| <u>Description</u> | <u>Acres</u> | <u>Pool</u> | <u>Pool Code</u> |
|------------------------|--------------|----------------------|------------------|
| S/2 N/2 of section 34 | 240 | Parkway; Bone Spring | 49622 |
| S/2 NE/4 of section 33 | | | |

Reference is made to your application received on January 28th, 2022.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. 19.15.16.15(B)(1)(a) 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 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 3 feet to the southern edge of the horizontal spacing unit. Encroachment will impact the following tracts.

Section 34, encroachment to the N/2 S/2

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

Division understands you are seeking this unorthodox location due to drilling difficulties and maximizing recovery of reserves thus preventing waste within the Bone Spring formation underlying S/2 N/2 of section 34 and the S/2 NE/4 of section 33.

Your application has been filed under 19.15.16.15(C)(6) NMAC, 19.15.15.13 NMAC and 19.15.4.12 (A)(2) NMAC.

Per 19.15.15.13 (B) 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.



ADRIENNE E. SANDOVAL
Division Director

Date: 2/22/2022

AES/lrl