

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Sarah Cottrell Propst
Cabinet Secretary

Todd E. Leahy, JD, PhD
Deputy Cabinet Secretary

Adrienne E. Sandoval, Director
Oil Conservation Division



Ms. Leslie Reeves,
LESLIE_REEVES@OXY.COM

NON-STANDARD LOCATION AND NON-STANDARD HORIZONTAL SPACING UNIT

Administrative Order NSL - 8401
Administrative Order NSP - 2139

OXY USA INC. [OGRID 16696]
Arkenstone 31 Federal Com Well No. 10H
API No. 30-015-46323

Proposed Non-Standard Location

	<u>Footages</u>	<u>Unit/Lot</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	100 FNL & 795 FEL	A	31	23S	31E	Eddy
First Take Point	100 FNL & 660 FEL	A	31	23S	31E	Eddy
Last Take Point	100 FSL & 660 FEL	P	7	24S	31E	Eddy
Terminus	20 FSL & 660 FEL	P	7	24S	31E	Eddy

Proposed Horizontal Gas Unit

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
E/2 E/2 Sec 31, 23S, 31E	160	Wildcat; Wolfcamp	98236

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
E/2 E/2 Sec 6, 24S, 31E	320.54	Purple Sage; Wolfcamp (GAS)	98220
E/2 E/2 Sec 7, 24S, 31E			

Reference is made to your application received on June 29th, 2022.

The wells complete horizontal spacing unit comprises of two Wolfcamp pool/formations, comprised acreage of 480.54 acres. Encroachment pertains to the latter length of the producing lateral. Which is governed by special rules, R-14262, for the Purple Sage; Wolfcamp (Gas) Pool. Which 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 southern edge. Encroachment will impact the following tract.

Section 7, encroachment to the NE/4

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.

Division understands you are seeking this unorthodox location to allow for efficient spacing of wells in the area. Thereby preventing waste within the Wolfcamp formation underlying E/2 E/2 of Section 31, T23S, R31E, E/2 E/2 of Section 6, T24S, R31E and the E/2 E/2 of Section 7, T24S, R31E.

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 Subsection B of 19.15.15.13 NMAC, **Division approves this unorthodox location.**

Reference this NSL order number on the As Drilled C-102, submitted with the Authorization to Transport (C-104), to place this well into production.

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.

PROPOSED NON-STANDARD HORIZONTAL SPACING UNIT

You have requested approval of a non-standard horizontal spacing unit to be included in your proposed horizontal spacing unit, as follows:

Proposed Decreased Horizontal Spacing Unit:

Description	Acres	Pool	Pool Code
E/2 E/2 Sec 6, 24S, 31E	320.54	Purple Sage; Wolfcamp (GAS)	98220
E/2 E/2 Sec 7, 24S, 31E			

You have requested an exception pursuant to Rule 19.15.16.15(A)(3) NMAC, to approve a non-standard horizontal spacing unit comprising **320.54 acres**, consisting of the entire area described above as the horizontal spacing unit. The proposed horizontal spacing unit does not consist of a quarter section or equivalent in both sections, as required by Rule 19.15.16.15(B)(3) NMAC.

We understand that you are seeking this exception for an allowance to create a **320.54-acre**, non-standard horizontal spacing unit, comprised of the proposed horizontal spacing unit referenced above.

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 which are being excluded.

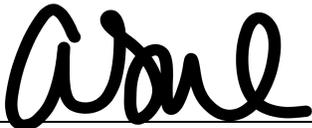
You have requested this non-standard horizontal spacing unit to allow for efficient spacing of horizontal wells within the Wolfcamp formation of the E/2 E/2 of Section 6, T24S, R31E and the E/2 E/2 of Section 7, T24S, R31E. Thereby preventing waste of resources underneath the proposed Horizontal Spacing Unit.

Pursuant to the authority conferred by Division Rule 19.15.16.15(B)(5) NMAC, the above-described **non-standard horizontal spacing unit is hereby approved**. Further, the Applicant may add additional wells to the horizontal spacing unit with a Sundry notice to the Engineering Bureau. Reference this NSP Order number on all associated material for any added well(s).

General Provisions

The above approvals are subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 19.15.5.9 NMAC.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.



ADRIENNE E. SANDOVAL
Division Director

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