

State of New Mexico
Energy, Minerals and Natural Resources Department

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Ms. Kristina Lee
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NON-STANDARD LOCATION

Administrative Order NSL - 8443

**Steward Energy II, LLC [OGRID 371682]
Combo Fee Well No. 2H
API No. 30-025-49480**

Proposed Location

	<u>Footages</u>	<u>Unit/Lot</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	670 FSL & 1430 FEL	O	15	13S	38E	Lea
First Take Point	103 FNL & 1441 FEL	B	22	13S	38E	Lea
Last Take Point	137 FSL & 1447 FEL	O	22	13S	38E	Lea
Terminus	48 FSL & 1450 FEL	O	22	13S	38E	Lea

Proposed Horizontal Units

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
W/2 E/2 of Section 22	160	Bronco; San Andres, South	7500

Reference is made to your application received on September 29th, 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 113 to 125 feet to the eastern edge of the horizontal spacing unit. Encroachment will impact the following tracts.

Section 22, encroachment to the E/2 E/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. The Operator is a 100% Working Interest within the affected tracts; therefore, no notice is required.

Division understands you are seeking this unorthodox location to allow for efficient spacing of horizontal wells within the San Andres formation underlying W/2 E/2 of Section 22.

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.**

Reference this NSL order number on the As Drilled C-102 submitted with the Authorization to Transport, 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.



ADRIENNE E. SANDOVAL

Division Director

Date: 10/19/2022

AES/lrl