



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



December 22, 2011

Three Rivers Operating Company, LLC
c/o Holland & Hart LLP
Attn: Mr. Adam G. Rankin

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-6524
Administrative Application Reference No. pTWG11-33550307

Three Rivers Operating Company, LLC
OGRID 272295
Eagle 2 State Well No. 302
API No. 30-025-40333

Proposed Location:

<u>Footages</u>	<u>Unit</u>	<u>Section</u>	<u>Township</u>	<u>Range</u>	<u>County</u>
830 FNL & 2190 FWL	C	2	20S	34E	Lea

Proposed Unit:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
E/2 NW/4 of Section 2	80	Lea; Bone Spring	37570

Reference is made to your application received on December 1, 2011.

You have requested to drill or re-complete this well at an unorthodox oil well location described above, in the referenced pool or formation. This location is governed by Rules 2 and 3 of the Special Rules and Regulations for the Lea-Bone Springs Pool, as adopted by Order R-1827 issued on December 8, 1960, which provide for 80-acre units with wells to be located within 150 feet of the center of a quarter/quarter section.

This location is more than 150 feet from the center of a quarter/quarter section.

Oil Conservation Division
1220 South St. Francis Drive • Santa Fe, New Mexico 87505
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Your application has been duly filed under the provisions of Division Rules 15.13 [19.15.15.13 NMAC] and 4.12.A(2) [19.15.4.12.A(2) NMAC].

It is our understanding that you are seeking this location to avoid interference with sand dunes.

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to, Division Rule 5.9 [19.15.5.9 NMAC].

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

Sincerely,

A handwritten signature in black ink, appearing to read "Jami Bailey". The signature is written in a cursive style with a large, sweeping initial "J".

Jami Bailey
Director

JB/db

cc: New Mexico Oil Conservation Division – Hobbs
New Mexico State Land Office