

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Tom Delphin
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



January 22, 2016

KAISER-FRANCIS OIL COMPANY
Attn: Mr. James Bruce

ADMINISTRATIVE NON-STANDARD LOCATION

Administrative Order NSL-7377
Administrative Application Reference No. pMAM1601155958

Kaiser-Francis Oil Company
OGRID 12361
South Bell Lake Unit 5 2BSS Well No. 7 H
API No. 30-025-pending

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	2035` FSL & 1725` FEL	J	5	24S	34E	Lea
Penetration Point	2587` FNL & 1955` FEL	G	5	24S	34E	Lea
Final perforation (Terminus)	330` FNL & 2179` FWL	C	32	23S	34E	Lea

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
Lot 2 and SW/NE of Section 5, W/2 SE/4 of Section 32, E/2 NW/4 of Section 32, and NE/4 SW/4 of Section 32	79.9 80 80 40	Antelope Ridge; Bone Spring, West	2209

Reference is made to your application received on January 11, 2016.

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 statewide Rule 19.15.15.9.A NMAC, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary, and Rule 19.15.16.14.B(2) NMAC concerning directional wells in designated project areas. This surface location is outside the project area, and is permitted by Rule

19.15.16.15.B (4) NMAC which allows for surface locations outside project area. This location is unorthodox because portions of the proposed completed interval are closer to outside boundaries of the proposed project area than any location that would be a standard location under the applicable pool rules.

Your application has been duly filed under the provisions of Division Rules 19.15.15.13 NMAC and 19.15.4.12.A(2) NMAC.

It is our understanding that you are seeking this location to maximize the productive length of the wellbore.

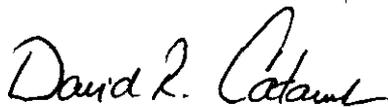
It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

Pursuant to the authority conferred by Division Rule 19.15.15.13 (B) NMAC, the above-described unorthodox location is hereby approved.

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.

DONE at Santa Fe, New Mexico, on January 22, 2016.



DAVID R. CATANACH
Director

DRC/mam

cc: New Mexico Oil Conservation Division – Hobbs
Bureau of Land Management – Carlsbad