

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Tony Delfin
Acting Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



September 30, 2016

Amtex Energy, Inc.
Attn: Mr. Tate F. Savage

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-7462

Amtex Energy, Inc.
OGRID 785
Dagger State Com Well No. 504H
API No. 30-025-43302

Proposed Location:

	<u>Footages</u>	<u>Unit/Lot</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	2610' FNL & 560' FEL	H	30	21S	33E	Lea
Penetration Point	1920' FNL & 560' FEL	H	30	21S	33E	Lea
Final perforation	100' FNL & 560' FEL	A	19	21S	33E	Lea
Terminus	50' FNL & 560' FEL	A	19	21S	33E	Lea

Proposed Spacing Unit:

<u>Description</u>	<u>Acres</u>	<u>Formation (Product)</u>	<u>Pool Code</u>
E/2 E/2 of Section 19	160	WC-025 G-06 S213326D; Bone Spring	97929
E/2 NE/4 of Section 30	80		

Reference is made to your application received on August 25, 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 Division 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. 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 the project area. This location is unorthodox because portions of the proposed completed interval are closer to the 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 the Applicant is seeking this location in order to maximize recovery of reserves in the pool underlying the E/2 E/2 of Section 19 and the E/2 NE/4 of Section 30.

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 19.15.4.12 A (2) NMAC, in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 19.15.15.13 (B) NMAC, the above-described unorthodox location is hereby approved in order to prevent waste and protect correlative rights.

This approval is 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.



DAVID R. CATANACH
Director

DRC/lrl

cc: Oil Conservation Division – Artesia District Office
State Land Office – Oil, Gas, and Minerals Division