

State of New Mexico
Energy, Minerals and Natural Resources Department

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Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



October 17, 2017

Chisholm Energy Operating, LLC
Attn: Ms. Bettie Watson

ADMINISTRATIVE NON-STANDARD LOCATION

Administrative Order NSL-7597

Chisholm Energy Operating, LLC
OGRID 229137
Buffalo West 2 State Com 2BS Well No. 3H
API No. 30-025-43830

Non-Standard Location

Proposed Location:

	<u>Footages</u>	<u>Unit/Lot</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	125` FNL & 1325` FWL	3	2	19S	33E	Lea
Penetration Point	340` FNL & 1484` FWL	3	2	19S	33E	Lea
Final perforation	360` FSL & 1484` FWL	N	2	19S	33E	Lea
Terminus	330` FSL & 1484` FWL	N	2	19S	33E	Lea

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
E/2 W/2 of Section 2	163.98	Buffalo; Bone Spring, Southeast	8146

Reference is made to your application received on September 12, 2017.

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 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.

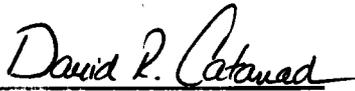
It is our understanding that the Applicant is seeking this location in order to recover oil and gas reserves from the Bone Spring formation underlying Section 2 that may otherwise not be recovered by existing and proposed wells.

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.

The above approvals are subject to your being in compliance with all other applicable Division rules.

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 – Hobbs District Office
State Land Office – Oil, Gas, and Minerals Division