

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

Heather Riley, Division Director
Oil Conservation Division



May 30, 2018

Mr. Braden Harris
bharris@advanceenergypartners.com

NON-STANDARD LOCATION

Administrative Order NSL-7723

Advance Energy Partners Hat Mesa, LLC [OGRID 372417]
Dagger State Com Well No. 506H
API No. 30-025-43564

Proposed Location

	<u>Footages</u>	<u>Unit/Lot</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	2610 FNL & 1880 FEL	G	30	21S	33E	Lea
Penetration Point	2040 FNL & 1510 FEL	G	30	21S	33E	Lea
Final perforation	330 FNL & 1510 FEL	B	19	21S	33E	Lea
Terminus	100 FNL & 1510 FEL	B	19	21S	33E	Lea

Proposed Project Area

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
W2 NE4 of Section 30 W2 E2 of Section 19	240	Wild Cat; Bone Spring	97929

Reference is made to your application received on April 27, 2018.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. Subsection A of 19.15.15.9 NMAC governs this pool and provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary.

This well's completed interval is as close as 190 feet to the eastern edge, and 381 feet to the northeastern edge of the project area. Encroachments will impact the following tracts.

- Section 30, T21S R33E encroachment to the E2 NE4
- Section 19, T21S R33E encroachment to the E2 E2
- Section 18, T21S R33E encroachment to the SE4 SE4

Division understands you have given notice of this application to all operators or owners who are "affected persons," as defined in Paragraph (2) of Subsection A of 19.15.4.12 NMAC, in all adjoining units towards which the proposed location encroaches.

Division understands you seek this location as a preferred well spacing plan for horizontal wells thus preventing waste of resources within the Bone Spring formation underlying the W2 NE4 of Section 30 and the W2 E2 of Section 19.

Your application has been filed under 19.15.15.13 NMAC and Paragraph (2) of Subsection A of 19.15.4.12 NMAC.

Per Subsection B of 19.15.15.13 NMAC, Division approves this unorthodox location.

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.


HEATHER RILEY

Director

HR/lrl

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