

State of New Mexico
Energy, Minerals and Natural Resources Department

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Oil Conservation Division



November 29, 2018

Jerry Sherrell
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NON-STANDARD LOCATION

Administrative Order NSL-7790

Mack Energy Corporation [OGRID 13837]
Prince George Federal Com Well No. 1H
API No. 30-005-64310

Subject Location

| | <u>Footages</u> | <u>Unit</u> | <u>Sec.</u> | <u>Twsp</u> | <u>Range</u> | <u>County</u> |
|------------------|--------------------|-------------|-------------|-------------|--------------|---------------|
| Surface | 660 FNL & 2285 FEL | B | 32 | 15S | 29E | Chaves |
| First Take Point | 104 FSL & 2261 FEL | O | 29 | 15S | 29E | Chaves |
| Last Take Point | 75 FNL & 2281 FEL | B | 29 | 15S | 29E | Chaves |
| Terminus | 4 FNL & 2281 FEL | B | 29 | 15S | 29E | Chaves |

Subject Horizontal Spacing Unit

| <u>Description</u> | <u>Acres</u> | <u>Pool</u> | <u>Pool Code</u> |
|---------------------|--------------|------------------------|------------------|
| W2 E2 of Section 29 | 160 | Round Tank; San Andres | 52770 |

Reference is made to your application received on November 29, 2018.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. Sub Paragraph (a) of Paragraph (1) of Subsection B of 19.15.16.15 NMAC governs this proposed well and provides that the operator shall dedicate to each horizontal oil well a standard horizontal spacing unit that comprises of one or more contiguous tracts that the horizontal oil well's completed interval penetrates, each of which consists of a governmental quarter-quarter section or equivalent.

This well's completed interval is as close as 75 feet to the northern edge at the final take point. Encroachments will impact the following tracts.

Section 20, encroachment to the SW4 SE4

The Division understands you have given notice of this application to all operators or owners who are "affected persons," as defined in Paragraph (8) Subsection A of 19.15.2.7 NMAC, in all

adjoining units towards which the proposed location encroaches. However, the ownership is identical in the SW4 SE4 of Section 20; therefore, notice is not required. Further, all affected parties signed a wavier consenting to the non-standard location.

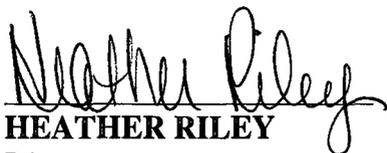
Division understands you seek this location because the Applicant perforated beyond the setback in an effort to maximize recovery of stranded reserves.

Your application has been filed under Subsection 6 of Paragraph of Section (C) of 19.15.16.15 NMAC, 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/mam

cc: Oil Conservation Division – Artesia District Office
Bureau of Land Management – Roswell Field Office