

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



April 30, 2015

Matador Production Company
Attn: Ms. Jennifer Bradfute

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-7270
Administrative Application Reference No. pMAM1509629889

Matador Production Company
OGRID 228937
Hibiscus State Com. 08-19S-35 RN Well No. 124 H
API No. 30-025-42502

Proposed Location:

| | <u>Footages</u> | <u>Unit</u> | <u>Sec.</u> | <u>Twsp</u> | <u>Range</u> | <u>County</u> |
|-------------------|---------------------|-------------|-------------|-------------|--------------|---------------|
| Surface | 200` FSL & 352` FEL | P | 5 | 19S | 35E | Lea |
| Penetration Point | 330` FNL & 350` FEL | A | 8 | 19S | 35E | Lea |
| Final perforation | 330` FSL & 350` FEL | P | 8 | 19S | 35E | Lea |
| Terminus | 260` FSL & 350` FEL | P | 8 | 19S | 35E | Lea |

Proposed Project Area:

| <u>Description</u> | <u>Acres</u> | <u>Pool</u> | <u>Pool Code</u> |
|----------------------|--------------|---------------------|------------------|
| E/2 E/2 of Section 8 | 160 | Scharb; Bone Spring | 55610 |

Reference is made to your application received on April 3, 2015.

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 the Special Rules for the Scharb; Bone Spring, which provides for 80-acre units, with wells located within 200 feet of the center of a governmental quarter-quarter section. Rule 19.15.16.14.B(2) NMAC concerning directional wells in designated project areas is also applicable, making setback requirements apply to the distance from the outer boundary of the designated project area. 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 less than 460 feet from an outer boundary.

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 efficiently produce the reserves in the project area.

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. However, one of the affected parties had signed a waiver, and the other affected parties had not objected to the location during the initial 20-day period.

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

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.

DONE at Santa Fe, New Mexico, on April 30, 2015



DAVID R. CATANACH
Director

DRC/mam

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