

State of New Mexico  
Energy, Minerals and Natural Resources Department

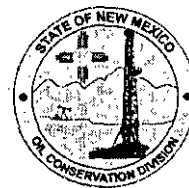
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**Susana Martinez**  
Governor

**David Martin**  
Cabinet Secretary

**Tom Delphin**  
Deputy Cabinet Secretary

**David R. Catanach, Division Director**  
Oil Conservation Division



January 22, 2016

**KAISER-FRANCIS OIL COMPANY**  
Attn: Mr. James Bruce

**ADMINISTRATIVE NON-STANDARD LOCATION**

**Administrative Order NSL-7377**  
**Administrative Application Reference No. pMAM1601155958**

**Kaiser-Francis Oil Company**  
OGRID 12361  
**South Bell Lake Unit 5 2BSS Well No. 7 H**  
**API No. 30-025-pending**

**Proposed Location:**

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	2035` FSL & 1725` FEL	J	5	24S	34E	Lea
Penetration Point	2587` FNL & 1955` FEL	G	5	24S	34E	Lea
Final perforation (Terminus)	330` FNL & 2179` FWL	C	32	23S	34E	Lea

**Proposed Project Area:**

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
Lot 2 and SW/NE of Section 5,	79.9	Antelope Ridge; Bone Spring, West	2209
W/2 SE/4 of Section 32,	80		
E/2 NW/4 of Section 32, and	80		
NE/4 SW/4 of Section 32	40		

Reference is made to your application received on January 11, 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 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 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 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 you are seeking this location to maximize the productive length of the wellbore.

It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

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, 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 January 22, 2016.

  
**DAVID R. CATANACH**  
Director

DRC/mam

cc: New Mexico Oil Conservation Division – Hobbs  
Bureau of Land Management – Carlsbad