

State of New Mexico  
Energy, Minerals and Natural Resources Department

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**Susana Martinez**  
Governor

**David Martin**  
Cabinet Secretary

**Tony Delfin**  
Deputy Cabinet Secretary

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



June 20, 2016

BC Operating, Inc  
Attn: Ms. Jordan Kessler

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

**Administrative Order NSL-7427**

**BC Operating, Inc.**  
OGRID 160825  
**Cass 16 State Well No. 2H**  
**API No. 30-015-42733**

**Proposed Location:**

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	1650` FNL & 240` FEL	H	17	23S	27E	Eddy
Penetration Point	1650` FNL & 330` FWL	E	16	23S	27E	Eddy
Final perforation	1650` FNL & 330` FEL	H	16	23S	27E	Eddy
Terminus	1650` FNL & 240` FEL	H	16	23S	27E	Eddy

**Proposed Gas Spacing Unit:**

<u>Description</u>	<u>Acres</u>	<u>Formation (Product)</u>	<u>Pool Code</u>
N/2 of Section 16	320	Forehand Ranch; Wolfcamp (Gas)	76780

Reference is made to your application received on May 27, 2016.

You have requested to drill this horizontal well at an unorthodox gas well location described above in the referenced pool or formation. This location is governed by Division Rule 19.15.15.10.B NMAC, which provides for 320-acre units, with wells located at least 660 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. 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.

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It is our understanding that BC Operating, Inc. is seeking this location to allow for efficient well spacing and prevent waste of a productive reservoir underlying Section 16.

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 in order to prevent waste and protect correlative rights.

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.



**DAVID R. CATANACH**  
**Director**

DRC/lrl

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