

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Tony Delfin
Acting Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



July 27, 2016

COG PRODUCTION, LLC
Attn: Ms. Melanie J. Wilson

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-7438

COG Production LLC
OGRID 217955
Azores Federal Well No. 7H
API No. 30-025-43170

Proposed Location:

| | <u>Footages</u> | <u>Unit</u> | <u>Sec.</u> | <u>Twsp</u> | <u>Range</u> | <u>County</u> |
|-------------------|----------------------|-------------|-------------|-------------|--------------|---------------|
| Surface | 210` FNL & 2550` FEL | B | 32 | 24S | 32E | Lea |
| Penetration Point | 200` FSL & 2510` FWL | N | 29 | 24S | 32E | Lea |
| Final perforation | 100` FNL & 2310` FWL | C | 29 | 24S | 32E | Lea |
| Terminus | 50` FNL & 2310` FWL | C | 29 | 24S | 32E | Lea |

Proposed Project Area:

| <u>Description</u> | <u>Acres</u> | <u>Pool</u> | <u>Pool Code</u> |
|-----------------------|--------------|--------------------------------------|------------------|
| E/2 W/2 of Section 29 | 160 | WC-025 G-06 S253206M; Bone Spring | 97899 |

Reference is made to your application received on June 22, 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 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. 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.

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 NSL in order to allow for efficient recovery of reserves and preventing waste and improving well performance.

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.

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 – Hobbs District
Bureau of Land Management – Carlsbad Field Office