

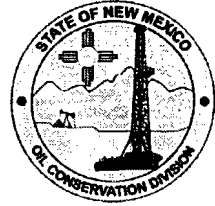
State of New Mexico  
Energy, Minerals and Natural Resources Department

**Susana Martinez**  
Governor

**Ken McQueen**  
Cabinet Secretary

**Matthias Sayer**  
Deputy Cabinet Secretary

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



April 17, 2017

Apache Corporation  
Attn: Mr. Brian Wood

ADMINISTRATIVE NON-STANDARD LOCATION

Administrative Order NSL-7517

Apache Corporation  
OGRID 873  
Palmillo 14-15 State Well No. 3 H  
API No. 30-015-44045

Non-Standard Location

**Proposed Location:**

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Tsp</u>	<u>Rge</u>	<u>County</u>
Surface	1600` FNL & 450` FEL	H	15	19S	28E	Eddy
Penetration Point	1647` FNL & 100` FWL	E	14	19S	28E	Eddy
Final perforation	1650` FNL & 330` FEL	H	14	19S	28E	Eddy
Terminus	1650` FNL & 280` FEL	H	14	19S	28E	Eddy

**Proposed Project Area:**

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
S/2 N/2 of Section 14	160	Palmillo; Bone Spring, SW	96413

Reference is made to your application received on March 22, 2017.

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 applicant is seeking this location to leave only 200 feet of undeveloped reserves in the western edge of the project area. Further, the location was chosen to ensure that Apache Corporation does not frac into the lateral located to the west of this location.

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.

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.

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

DRC/mam

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