

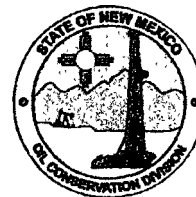
State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

Heather Riley, Division Director
Oil Conservation Division



April 10, 2018

Michael H. Feldewert
Centennial Resources Production, LLC
Mfeldewert@hollandhart.com

Case 16016

NON-STANDARD LOCATION

Administrative Order NSL-7684

Centennial Resources Production, LLC [OGRID 372165]
Horseshoe Federal Com Well No. 602H
API No. 30-025-PENDING

Proposed Location

| | <u>Footages</u> | <u>Unit/Lot</u> | <u>Sec.</u> | <u>Twsp</u> | <u>Range</u> | <u>County</u> |
|--------------------------------|-------------------|-----------------|-------------|-------------|--------------|---------------|
| Surface | 300 FNL & 675 FEL | A | 19 | 21S | 33E | Lea |
| Penetration Point | 100 FSL & 990 FEL | P | 18 | 21S | 33E | Lea |
| Final perforation/ Terminus | 100 FNL & 990 FEL | A | 18 | 21S | 33E | Lea |

Proposed Project Area

| <u>Description</u> | <u>Acres</u> | <u>Pool</u> | <u>Pool Code</u> |
|---------------------|--------------|----------------------|------------------|
| E2 E2 of Section 18 | 160 | Wildcat; Bone Spring | 97895 |

Reference is made to your application received on March 13, 2018.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. Subsection B of 19.15.15.9 NMAC governs this pool and provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary.

This well's completed interval is as close as 100 feet to the southern edge, 345 feet to the southwestern and northwestern edges, and 100 feet to the northern edge of the project area. Encroachments will impact the following tracts.

Section 19, T21S R33E encroachment to the N2 NE4
Section 7, T21S R33E encroachment to the S2 SE4

Division understands you have given notice of this application to all operators or owners who are "affected persons," as defined in Paragraph (2) of Subsection A of 19.15.4.12 NMAC, in all adjoining units towards which the proposed location encroaches.


Division understands you seek this location to maximize the perforated lateral length, thereby capturing reserves that otherwise will not be recovered within the Bone Spring formation underlying the E2 E2 of Section 18.

Your application has been filed under 19.15.15.13 NMAC and Paragraph (2) of Subsection A of 19.15.4.12 NMAC.

Per Subsection B of 19.15.15.13 NMAC, approves this unorthodox location.

The above approvals are subject to your following all other applicable Division rules.

Jurisdiction of this case is retained for the entry of further orders as Division deems necessary.


HEATHER RILEY
Director

HR/lrl

cc: Oil Conservation Division – Hobbs District Office
Bureau of Land Management – Carlsbad Field Office
State Land Office – Oil, Gas, and Minerals Division