

State of New Mexico  
Energy, Minerals and Natural Resources Department

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**Susana Martinez**  
Governor

**David Martin**  
Cabinet Secretary-Designate

**Brett F. Woods, Ph.D.**  
Deputy Cabinet Secretary

**Jami Bailey, Division Director**  
Oil Conservation Division



August 20, 2013

Legend Natural Gas III, L.P.  
Attn: Ms. Jennifer Mosley

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

**Administrative Order NSL-6844**  
**Administrative Application Reference No. pAXK1319733503**

**Legend Natural Gas III, L.P.**  
OGRID 258894  
**State GQ Well No. 5H**  
**API No. 30-015-41428**

**Proposed Location:**

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	200 FNL & 1775 FEL	B	7	25S	28E	Eddy
Penetration Point	530 FNL & 1314 FEL	A	7	25S	28E	Eddy
Terminus	359 FSL & 1313 FEL	P	7	25S	28E	Eddy

**Proposed Project Area:**

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
E/2 E/2 of Section 7	160	North Hay Hollow; Bone Spring	30276

Reference is made to your application received on July 15, 2013.

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 15.9.A [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 15.16.14.B(2) [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 less than 330 feet from an outer boundary of the project area.

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Your application has been duly filed under the provisions of Division Rules 15.13 [19.15.15.13 NMAC] and 4.12.A(2) [19.15.4.12.A(2) NMAC].

It is our understanding that you are seeking this location for geologic reasons.

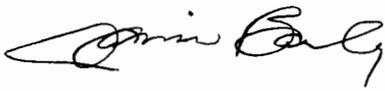
It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

Pursuant to the authority conferred by Division Rule 15.13.B, 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 5.9 [19.15.15.9 NMAC].

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read "Jami Bailey". The signature is fluid and cursive, with the first name "Jami" being more prominent than the last name "Bailey".

Jami Bailey  
Director

JB/db

cc: New Mexico Oil Conservation Division – Artesia  
New Mexico State Land Office