

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary-Designate

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

Jami Bailey, Division Director
Oil Conservation Division



September 9, 2013

Endurance Resources, LLC
Attn: Mr. Jason South

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-6833-A
Administrative Application Reference No. pPRG1317234050

Endurance Resources, LLC
OGRID 270329
Stratocaster 20 Federal Well No. 1H
API No. 30-025-37295

This Order supersedes Administrative Order NSL-6833, in its entirety.

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	660 FSL & 660 FWL	M	20	23S	34E	Lea
Terminus	330 FNL & 660 FWL	D	20	23S	34E	Lea

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
W/2 of Section 20	320	Bell Lake; Bone Spring	5130

Reference is made to your amended application received on September 9, 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 the special rules for the Bell Lake; Bone Spring Pool (Order R-4539-A), which provide for 160-acre units, with wells located no closer than 660 feet to the outer boundary of the quarter section and no closer than 330 feet to a quarter-quarter section inner boundary. This location is also governed by 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 the terminus of the proposed completed interval is less than 660 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 engineering reasons.

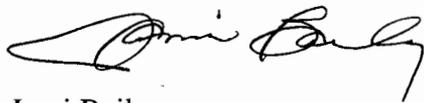
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

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/prg

cc: New Mexico Oil Conservation Division – Hobbs
United States Bureau of Land Management - Carlsbad