

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



October 23, 2013

Caza Operating, LLC
c/o James Bruce, Attorney

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-6873
Administrative Application Reference No. pPRG1326930991

Caza Operating, LLC
OGRID 249099
West Copperline 29 State Com. Well No. 1H
API No. 30-025-41313

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	330 FNL & 1980 FWL	C	29	23S	34E	Lea
Penetration Point	1021 FNL & 1980 FWL	C	29	23S	34E	Lea
Terminus	330 FSL & 1980 FWL	N	29	23S	34E	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	Bell Lake; Bone Spring	5130

Reference is made to your application received on September 24, 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 wholly within a 160-acre non-standard spacing and proration unit and project area established for this well by Order No. R-13723. The location is unorthodox because portions of the proposed completed interval are less than 660 feet from an outer boundary of the project area.

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].

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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/db

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