

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

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

Jami Bailey, Division Director
Oil Conservation Division



July 14, 2014

ConocoPhillips Company
Attn: Ms. Susan Maunder

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-7118
Administrative Application Reference No. pEH1418329109

Conoco Phillips Company
OGRID 217817
SC Federal Well No. 10
API No. 30-025-40597

Proposed Location:

| | <u>Footages</u> | <u>Unit</u> | <u>Sec.</u> | <u>Twsp</u> | <u>Range</u> | <u>County</u> |
|------------------|---------------------|-------------|-------------|-------------|--------------|---------------|
| Surface | 1005 FSL & 1880 FEL | O | 22 | 17S | 32E | Lea |
| Top perforations | 1035 FSL & 2183 FEL | O | 22 | 17S | 32E | Lea |
| Bottom Hole | 1045 FSL & 2303 FEL | O | 22 | 17S | 32E | Lea |

Proposed Project Area:

| <u>Description</u> | <u>Acres</u> | <u>Pool</u> | <u>Pool Code</u> |
|-------------------------|--------------|---------------------|------------------|
| SE/4 SE/4 of Section 22 | 40 | West Maljamar; Yeso | 44500 |

Reference is made to your application received on July 1, 2014.

You have requested to drill this 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 or lot outer boundary. This location is less than 330 feet from a unit outer boundary.

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

It is our understanding that you are seeking this location that would allow the operator to reach the targeted production zone, and to comply with United States Bureau of Land Management (BLM) to protect the sand dune lizard habitat.

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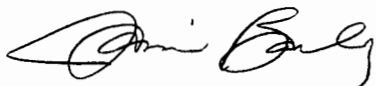
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 19.15.4.12 (A) 2 NMAC, in all adjoining units towards which the proposed location encroaches. The offset operator has waived their protest.

Pursuant to the authority conferred by Division Rule 9.15.15.13 (B) NMAC, 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 19.15.5.9 NMAC.

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

DONE at Santa Fe, New Mexico, on July 14, 2014.

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

Jami Bailey
Director

JB/mam

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