

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 16, 2014

CML Exploration, LLC
Attn: Mr. Nolan von Roeder

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-7173
Administrative Application Reference No. pMAM1428851349

CML Exploration, LLC
OGRID 256512
Beams 15 State Well No. 4
API No. 30-025-42177

Proposed Location:

<u>Footages</u>	<u>Unit</u>	<u>Section</u>	<u>Township</u>	<u>Range</u>	<u>County</u>
2105 FNL & 1450 FEL	G	15	17S	33E	Lea

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
SW/4 NE/4 of Section 15	40	Sanmal; Penn	54340
SW/4 NE/4 of Section 15	40	Leamex; Wolfcamp	37860

Reference is made to your application received on October 14, 2014.

You have requested to drill this well at an unorthodox oil well location described above in the referenced pools or formations. This location is governed by statewide Rule 19.15.15.9.A NMAC, which provides for 40-acre units with wells located at least 330 feet from a unit 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 19.15.15.13 NMAC and 19.15.4.12.A(2) NMAC.

It is our understanding that you are seeking this location for geological and topographic reasons. A standard location would put the well outside the optimum location; thereby reducing maximum potential reserves. Also, a buried pipeline is beneath the standard location.

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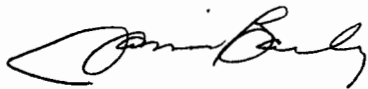
It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

Pursuant to the authority conferred by Division Rule 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 October 16, 2014.

A handwritten signature in black ink, appearing to read "Jami Bailey", with a stylized, cursive script.

Jami Bailey
Director

JB/mam

cc: New Mexico Oil Conservation Division – Hobbs
New Mexico State Land Office – Oil, Gas, and Minerals