RECEIVED: 01/31/2018

REVIEWER: /

LRL

PE: NSL

APP NO: 1803843245

ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Geological & Engineering Bureau – 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICA	TION CHECKLIST
THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLI REGULATIONS WHICH REQUIRE PROCESSING AT TI	CATIONS FOR EXCEPTIONS TO DIVISION RULES AND
Applicant: Centennial Resource Production, LLC	OGRID Number: 372165
Well Name: Crazy Wolf 1/2 B2MM Fed Com No. 1H Well	API: Pending 3D-025-43135
Pool: East Lusk-Bone Spring Oil Pool	Pool Code: 41449
Arrerded B. Check one only for [1] or [11] [1] Commingling – Storage – Measurement DHC DCTB PLC PC [11] Injection – Disposal – Pressure Increase – Ent	NSL - 7599-A A] on ISP(PRORATION UNIT) SD OLS OLM nanced Oil Recovery EOR PPR Iy. Motice Complete wners SLO SLM Application Content Complete
3) CERTIFICATION: I hereby certify that the information so administrative approval is accurate and complete to understand that no action will be taken on this applicantifications are submitted to the Division. Note: Statement must be completed by an individual with the complete completed by an individual with the complete completed by an individual with the complete co	the best of my knowledge. I also cation until the required information and
	January 31, 2018
Jordan L. Kessler	Date
	
Print or Type Name	505-988-4421
	Phone Number
	jlkessler@hollandhart.com
Signature	e-mail Address



Jordan L. Kessler Associate Phone (505) 954-7286 Fax (505) 983-6043 JLKessler@hollandhart.com

January 31, 2017

VIA HAND DELIVERY

Heather Riley
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Dr.
Santa Fe, New Mexico 87505

RECEIVED OF 53

Re: Application of Centennial Resource Production, LLC for an amendment to NSL-7599, concerning Sections 1 and 2, Township 19 South, Range 32 East, NMPM, Lea County, New Mexico.

Crazy Wolf 1/2 B2MM Fed Com No. 1H Well

Dear Ms. Riley:

Centennial Resource Production, LLC (OGRID 372165) previously received administrative approval of an unorthodox well location for its **Crazy Wolf 1/2 B2MM Fed Com No. 1H Well**, a horizontal well within a 480-acre project area in the East Lusk-Bone Spring Oil Pool (41449). The Division issued Administrative Order NSL-7599 authorizing a first perforation 330 feet from the South line, 800 feet from the West line (Unit M) of Section 1 and a final perforation 330 feet from the South line, 330 feet from the West line (Unit M) of Section 2.

Centennial commenced drilling the well from a surface location 330 feet from the South line, 1290 feet from the West line (Unit M) of Section 1. However, in drilling the well, Centennial deviated slightly from its planned well path. As reflected on the as-drilled C-102, portions of the well are now located 300 feet from the South line. Accordingly, the **Crazy Wolf 1/2 B2MM Fed Com No. 1H Well** is approximately 30 feet closer to the southern boundary than is currently authorized by NSL-7599.

Centennial respectfully requests that pursuant to 19.15.15.13.C NMAC and Rule 5 of Order No. R-4994, the Division amend NSL-7599 to reflect the as-drilled location of the wellbore. The unorthodox location encroaches <u>only</u> on the spacing and proration unit to the <u>South</u>.

¹ Rules 2 and 4 of the Special Rules for the East Lusk-Bone Spring Oil Pool, as set forth in Order No. R-4994, require that an oil well be spaced on 160-acres and that wells be located no nearer than 660 feet to the outer boundary of the spacing unit. Special Rule 5 allows exceptions to be granted administratively.



As support for this application, Centennial provides the following additional information and exhibits:

Exhibit A is the amended Well Location and Acreage Dedication Plat (Form C-102), which shows, as drilled, the non-standard location for the Crazy Wolf 1/2 B2MM Fed Com No. 1H Well.

Exhibit B is a copy of NSL-7599.

Exhibit C is a list of the parties affected by the encroachment to the South. Each of the parties listed on Exhibit C have been provided notice of this application by certified mail. A copy of this application has been provided to the Bureau of Land Management—Carlsbad Office.

Your attention to this application is appreciated.

Sincerely,

Jordan L. Kessler

ATTORNEY FOR CENTENNIAL RESOURCE

PRODUCTION, LLC

cc: Bureau of Land Management—Carlsbad 620 E. Green Street Carlsbad, NM 88220 70172620000113600020 <u>District I</u> 1625 N. French Dr., Hobbs, NM 88240 Phone: (575) 393-6161 Fax: (575) 393-0720 <u>District II</u> 811 S. First St., Artesia, NM 88210 Phone: (575) 748-1283 Fax: (575) 748-9720 <u>District III</u> 1000 Rio Brazos Road, Aztec, NM 87410 Phone: (505) 334-6178 Fax: (505) 334-6170

Phone: (505) 334-6178 Fax: (505) 334-6170 <u>District IV</u> 1220 S. St. Francis Dr., Santa Fc, NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462

(Not Set on Ground.)

State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505

Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

'API Numbe	r ² Pool Code	3 Pool Name	
4 Property Code		roperty Name /2 B2MM FEDERAL COM	° Well Number I H
' OGRID No.		perator Name OURCE PRODUCTION, LLC	'Elevation 3669.3'

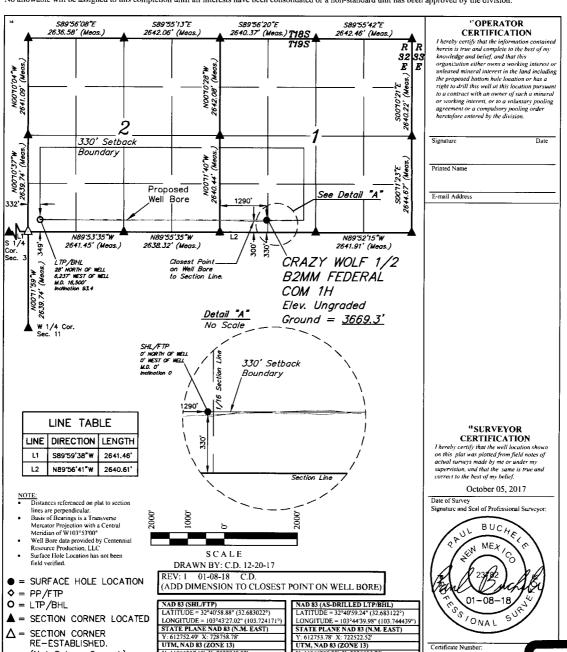
*Surface Location

- [M	1	19S	32E	Lot Jan	330	SOUTH	1290	WEST	LEA	

"Bottom Hole Location If Different From Surface

UL or lot no. M	Section 2	on	Township 19S	Range 32E	Lot Idn	Feet from the 349	North/South line SOUTH	Feet from the 332	East/West line WEST	County LEA
12 Dedicated Acre 240	es	13 Joi	int or Infill	14 Conso	lidation Code	15 Order No.				

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



EXHIBIT

A

State of New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez Governor

Ken McQueen Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

David R. Catanach, Division Director Oil Conservation Division



October 31, 2017

Centennial Resources Production, LLC

Attn: Ms. Jordan L. Kessler

ADMINISTRATIVE NON-STANDARD LOCATION

Administrative Order NSL-7599

Centennial Resources Production, LLC OGRID 372165 Crazy Wolf 1 2 B2MM Federal Com Well No. 1H API No. 30-025-43135

Non-Standard Location

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	Sec.	Twsp	Range	County
Surface	330° FSL & 1290° FWL	M	1	19S	32E	Lea
Penetration Point	330` FSL & 800` FWL	M	1	19S	32E	Lea
Final perforation/	330` FSL & 330` FWL	M	2	19S	32E	Lea
Terminus						

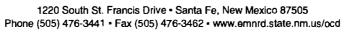
Proposed Project Area:

Description	Acres	Pool	Pool Code
SW/4 of Section 1	480	East Lusk; Bone Spring	41442
S/2 of Section 2		_	

Reference is made to your application received on September 27, 2017.

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 Special Rules (R-4994) for the East Lusk – Bone Spring Pool, which provides for 160-acre units with wells located at least 660 feet from a unit outer boundary, and Rule 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 closer to outside boundaries of the proposed project area than any location that would be a standard location under the applicable pool rules.

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.



Administrative Order NSL-7599 Centennial Resources Production, LLC October 31, 2017 Page 2 of 2

It is our understanding that the applicant is requesting this Unorthodox location to efficiently and economically recover the reserves in the spacing unit underlying the SW/4 of Section 1 and the S/2 of Section 2.

Pursuant to the authority conferred by Division Rule 19.15.15.13 (B) NMAC, the above-described unorthodox location is hereby approved.

The above approvals are subject to your being in compliance with all other applicable Division rules.

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

DAVID R. CATANACH

Director

DRC/lrl

cc:

Oil Conservation Division – Hobbs District Office State Land Office – Oil, Gas, and Minerals Division Bureau of Land Management – Carlsbad Field Office

Exhibit C

Marshall & Winston, Inc. 71 P.O. Box 50580 Midland, TX 79710 70172620000113600037

TJG Energy LLC 71
3402 East Anderson Dr.
Lovington, NM 88260
70172620000113600044

Barstow Energy LLC 7 1 P.O. Box 50580 Midland, TX 79710 70172620000113600051

Linda L. Brandt 71 P.O. Box 50465 Midland, TX 79710 70172620000113600068

Tom M. Brandt P.O. Box 50465 Midland, TX 79710 70172620000113600075

Rice Brothers 71
5725 Ridgemont PL
Midland, TX 79707
70172620000113600082

Charles G. Rice 71 5725 Ridgemont PL Midland, TX 79707 70172620000113600099

Donna C. Rice 71 5725 Ridgemont PL Midland, TX 79707 70172620000113600105

Bill P. Roberts TJ 2203 Ward St.
Midland, TX 79705
70172620000113600112

TRACT 1 all match.



Exhibit C con	tinued
Sherry Roberts 2203 Ward St. Midland, TX 79705 70172620000113600129	// = //
Greenville Partners T 1 P.O. Box 506212 Midland, TX 79710 70172620000113600136	The state of the s
United States of America Bureau of Land Management 1474 Rodeo Road Santa Fe, NM 87505 70172620000113600143	
Warren E&P, Inc., a New Mexico corporation ✓ 4 1012 Marquez PlaceSuite 106B Santa Fe, New Mexico 87501 70172620000113600150	A And Engrave Pardners O Derating LLC
Minoco 1980 III Oil and Gas Program One Century Plaza, Suite 200 2029 Century Plaza East Los Angeles, California 90067 7017262000113600167	2) One Energy Partners Operating LLC a Delaware. LLC 2929 Allon Pkw
WADI Petroleum, Inc., a Texas corporation 14405 Walters RoadSuite 400 Houston, Texas 77014 70172620000113600174	
McKay Oil Corporation, a New Mexico corporation P.O. Box 2014 Roswell, New Mexico 88202 70172620000113600181	4
Roy L. McKay 4 P.O. Box 2014 Roswell, New Mexico 88201 7017262000113600198	
Southwest Royalties, Inc., a Delaware corporation 6 Desta Drive, Suite 6500 Midland, Texas 79705 70172620000113600204	

Ray Westall 9.O. Box 4 Loco Hills, New Mexico 88255 70172620000113600211		5	
ZPZ Delaware I LLC, a Delawar 2000 Post Oak Blvd., Suite 100 Houston, Texas 77056 70172620000113600228	re limited liability company (5) V		
COG Operating LLC, a Delawar One Concho Center 600 W. Illinois Avenue Midland, Texas 70172620000113600235	re limited liability company 2	original NSL-7599	
TRACT 5?			g to the second

TRACT 6?



Jordan L. Kessler Associate Phone (505) 954-7286 Fax (505) 983-6043 JLKessler@hollandhart.com

January 31, 2017

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

TO AFFECTED PARTIES

Re: Application of Centennial Resource Production, LLC for an amendment to

NSL-7599, concerning Sections 1 and 2, Township 19 South, Range 32 East,

NMPM, Lea County, New Mexico.

Crazy Wolf 1/2 B2MM Fed Com No. 1H Well

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application which was filed with the New Mexico Oil Conservation Division on this date. Any objection to this application must be filed in writing within twenty days from this date with the applicant and the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application may be approved administratively by the Division.

If you have any questions about this application, please contact the following:

Gavin Smith Centennial Resource Production, LLC (720) 499-1474 gavin.smith@cdevinc.com

Sincerely,

Jordan L. Kessler

ATTORNEY FOR CENTENNIAL RESOURCE

PRODUCTION, LLC

From:

Adam Rankin < AGRankin@hollandhart.com>

Sent:

Monday, March 5, 2018 1:00 PM

To: Cc: Lowe, Leonard, EMNRD Jones, William V, EMNRD

Subject:

RE: Centennial Resources Production, LLC Amended NSL-7599 INQUIRY Notice

Requirement

Attachments:

NSL Amendment Notice List - Crazy Wolf.docx

Leonard,

We received updated notice information on Friday (attached), and are in the process of sending that notice out. We will apprise you once notice has been issued.

Thank you.

From: Lowe, Leonard, EMNRD [mailto:Leonard.Lowe@state.nm.us]

Sent: Monday, March 5, 2018 10:58 AM

To: Adam Rankin < AGRankin@hollandhart.com>

Cc: Jones, William V, EMNRD < William V. Jones@state.nm.us>

Subject: RE: Centennial Resources Production, LLC Amended NSL-7599 INQUIRY Notice Requirement

Importance: High

Mr. Adam Rankin,

What is the status of additional information for this application? The OCD will discard this application by March 9, 2018, if no additional information is received. We can't have applications ideal on our end for so long.

Leonard Lowe

Engineering Bureau

Oil Conservation Division

Energy Minerals and Natural Resources Department

1220 South St. Frances

Santa Fe, New Mexico 87004

Office: 505-476-3492 Cell: 505-930-6717 Fax: 505-476-3462

E-mail: leonard.lowe@state.nm.us

Website: http://www.emnrd.state.nm.us/ocd/

From: Adam Rankin [mailto:AGRankin@hollandhart.com]

Sent: Monday, February 26, 2018 8:19 AM

To: Lowe, Leonard, EMNRD < Leonard. Lowe@state.nm.us>

Cc: Jordan L. Kessler < JLKessler@hollandhart.com>

Subject: RE: Centennial Resources Production, LLC Amended NSL-7599 INQUIRY Notice Requirement

Leonard,

Crazy Wolf NSL Amendment Notice List 3-2-2018

Tract 2:

EGL Resources, Inc., a Texas corporation 508 West Wall Street Suite 1250 Midland, Texas 79701

Robert Garcia 12318 West Firebird Drive Sun City West, Arizona 85375

Halstead Trust P.O. Box 228 SCIO, Oregon 97374

Schultz Properties, LLC 809 Twin Diamond Roswell, New Mexico 88201

Rita McKnight Hogue 2105 17th Street #1 Auburn, Nebraska 68305

Anne McKnight King 5122 Underwood Avenue Omaha, Nebraska 68132

New Mexico Western Minerals P.O. Box 1738 Roswell, New Mexico 88202

Mary McKnight Quinlan 353 Franklin Street San Mateo, California 94402-2270

Concho Oil & Gas LLC, a Texas limited liability company 600 West Illinois Ave.
Midland, Texas 79701

COG Operating LLC, a Delaware limited liability company 600 West Illinois Ave. Midland, Texas 79701

Mosaic Resources, LLC, a New Mexico limited liability company 901 S. Cecil Hobbs, New Mexico 88240

RR Resources, Ltd., a New Mexico limited liability company P.O. Box 1289 Hobbs, New Mexico 88241

WADI Petroleum, Inc. 4355 Sylvanfield Drive Suite 200 Houston, Texas 77014

Marathon Oil Permian LLC, a Delaware limited liability company 5555 San Felipe Street Houston, Texas 77056

Tract 4:

OneEnergy Partners Operating, LLC, a Delaware limited liability company 2929 Allen Parkway Suite 200 Houston, Texas 77019

Tract 5:

Ray Westall P.O. Box 4 Loco Hills, New Mexico 88255

ZPZ Delaware I LLC, a Delaware limited liability company 2000 Post Oak Blvd., Suite 100 Houston, Texas 77056

Tract 6:

Upland Production Company P.O. Box 1327 Edmond, Oklahoma 73083

From:

Lowe, Leonard, EMNRD

Sent:

Monday, March 5, 2018 10:58 AM

To:

'Adam Rankin'

Cc:

Jones, William V, EMNRD

Subject:

RE: Centennial Resources Production, LLC Amended NSL-7599 INQUIRY Notice

Requirement

Importance:

High

Mr. Adam Rankin,

What is the status of additional information for this application? The OCD will discard this application by March 9, 2018, if no additional information is received. We can't have applications ideal on our end for so long.

Leonard Lowe

Engineering Bureau

Oil Conservation Division

Energy Minerals and Natural Resources Department

1220 South St. Frances

Santa Fe, New Mexico 87004

Office: 505-476-3492 Cell: 505-930-6717 Fax: 505-476-3462

E-mail: leonard.lowe@state.nm.us

Website: http://www.emnrd.state.nm.us/ocd/

From: Adam Rankin [mailto:AGRankin@hollandhart.com]

Sent: Monday, February 26, 2018 8:19 AM

To: Lowe, Leonard, EMNRD < Leonard.Lowe@state.nm.us>

Cc: Jordan L. Kessler < JLKessler@hollandhart.com>

Subject: RE: Centennial Resources Production, LLC Amended NSL-7599 INQUIRY Notice Requirement

Leonard,

We are working with Centennial to get this information. Thank you!

From: Lowe, Leonard, EMNRD [mailto:Leonard.Lowe@state.nm.us]

Sent: Friday, February 23, 2018 1:51 PM

To: Adam Rankin

Subject: FW: Centennial Resources Production, LLC Amended NSL-7599 INQUIRY Notice Requirement

Importance: High

Mr. Rankin,

OCD Engineering Bureau Santa Fe has yet to receive additional information requested for this NSL application. Please update. Your application is only hold.

From:

Lowe, Leonard, EMNRD

Sent:

Friday, February 23, 2018 1:51 PM

To:

'Adam Rankin'

Subject:

FW: Centennial Resources Production, LLC Amended NSL-7599 INQUIRY Notice

Requirement

Importance:

High

Mr. Rankin,

OCD Engineering Bureau Santa Fe has yet to receive additional information requested for this NSL application. Please update. Your application is only hold.

From: Lowe, Leonard, EMNRD

Sent: Wednesday, February 7, 2018 3:16 PM

To: 'Jordan L. Kessler' <JLKessler@hollandhart.com>

Cc: Jones, William V, EMNRD < William V. Jones@state.nm.us>; McMillan, Michael, EMNRD

<Michael.McMillan@state.nm.us>

Subject: Centennial Resources Production, LLC Amended NSL-7599 INQUIRY Notice Requirement

Importance: High

Ms. Jordan L. Kessler,

The Santa Fe OCD Office had received your Amended NSL Application request on 01/31/18. Your application stated that you have encroached 30 feet closer to the southern area, as initially intended. Specifically tracts 3, 4, 5 and 6 and provided Public Notice to parties in the South.

After review of your application it was determined that proper notice was NOT given to all affected tracts.

The OCD Engineering Bureau has determined:

PER INFORMATION PROVIDED IN EXHIBIT C of recent application.

Tract 2, has NOT been notified. [Diagonal affected tract was initially approved for a 467' set back, has now changed to 446']

Tract 3, has all been notified. Is good.

Tract 4, is missing ONE affected party to notice.

Tract 5, has NOT been notified. Is part of the southern tract.

Tract 6, has NOT been notified. Is part of the southern tract. [Diagonal affected tract was initially approved for a 600' set back, has not changed to 616']

All of Tract 1 was notified, but was not required.

This was determined by reviewing the Initial NSL-7599 application and the amended NSL application.

From: Lowe, Leonard, EMNRD

Sent: Wednesday, February 7, 2018 3:16 PM

To: 'Jordan L. Kessler'

Cc: Jones, William V, EMNRD; McMillan, Michael, EMNRD

Subject: Centennial Resources Production, LLC Amended NSL-7599 INQUIRY Notice

Requirement

Importance: High

Ms. Jordan L. Kessler,

The Santa Fe OCD Office had received your Amended NSL Application request on 01/31/18. Your application stated that you have encroached 30 feet closer to the southern area, as initially intended. Specifically tracts 3, 4, 5 and 6 and provided Public Notice to parties in the South.

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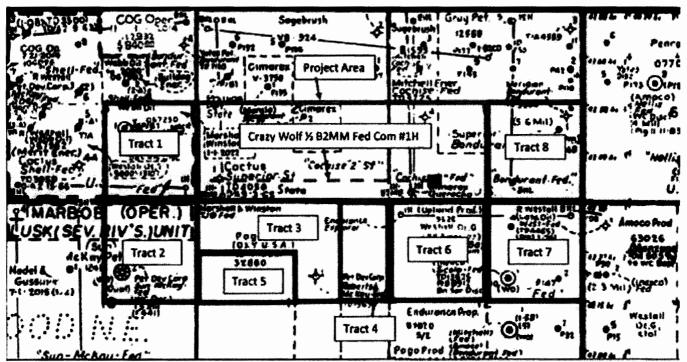
Tract 4, is missing ONE affected party to notice.

Tract 5, has NOT been notified. Is part of the southern tract.

Tract 6, has NOT been notified. Is part of the southern tract. [Diagonal affected tract was initially approved for a 600' set back, has not changed to 616']

All of Tract 1 was notified, but was not required.

This was determined by reviewing the Initial NSL-7599 application and the amended NSL application.



THIS MAP WAS PROVIDED ON THE INTIAL APPLICANT NSL REQUEST. All tracts referenced above are identified here.

Please provide clarification.

Leonard Lowe

Engineering Bureau
Oil Conservation Division
Energy Minerals and Natural Resources Department
1220 South St. Frances
Santa Fe, New Mexico 87004

Office: 505-476-3492 Cell: 505-930-6717 Fax: 505-476-3462

E-mail: leonard.lowe@state.nm.us

Website: http://www.emnrd.state.nm.us/ocd/

From: Lowe, Leonard, EMNRD

To: "Adam Rankin"

Cc: "Lisa Lemon "; Martin, Ed; Holm, Anchor E.; "jglover@blm.gov"; "scaffey@blm.gov"; "jstovall@blm.gov"; Brown,

Maxey G, EMNRD; Kautz, Paul, EMNRD; McMillan, Michael, EMNRD; Goetze, Phillip, EMNRD; Dawson, Scott,

EMNRD; Jones, William V, EMNRD

Subject: APPROVED NSL- 7599-A_Crazy Wolf 1 2 B2MM Federal Com Well No. 1H _Centennial Resources_ SEC 1.2 T19S

R32E

Date: Wednesday, April 18, 2018 3:51:00 PM

Importance: High

Mr. Adam Rankin,

The following administrative order has been issued and will soon be available on the Division's web site.

http://ocdimage.emnrd.state.nm.us/Imaging/Default.aspx

Applicant: Centennial Resources Production, LLC [372165]

NSL-7599-A

WELL: Crazy Wolf 1 2 B2MM Federal Com Well No. 1H [API #: 30-025-43135]

Leonard Lowe

Engineering Bureau
Oil Conservation Division
Energy Minerals and Natural Resources Department
1220 South St. Frances
Santa Fe, New Mexico 87004

Office: 505-476-3492 Cell: 505-930-6717 Fax: 505-476-3462

E-mail: leonard.lowe@state.nm.us

Website: http://www.emnrd.state.nm.us/ocd/