

State of New Mexico
Energy, Minerals and Natural Resources Department

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Heather Riley, Division Director
Oil Conservation Division



May 1, 2018

Administrative Order NSP-2102

NON-STANDARD SPACING UNIT

C/o Bettie Watson, Regulatory Consultant
Chisholm Energy Operating, LLC (OGRID 372137)

Cottonwood 29 32 Federal Com WCA Well No. 3H (API No. 30-015-43703)
Cottonwood 29 32 Federal Com WCB Well No. 4H (API No. 30-015-43705)
Cottonwood 29 32 Federal Com WCB Well No. 5H (API No. 30-015-44915)

Purple Sage; Wolfcamp (Gas) Pool (Pool Code 98220) Special Pool Rules Apply
Proposed 446.21- Acre, more or less, Standard Project Area

Consisting of the following lands:

Township 26 South, Range 26 East, Eddy County, New Mexico

Section 29: E/2

Section 32: Lot 1/ Unit H and Lot 2/ Unit G

Section 32: N/2 NE/4 (Non-Standard Project Area, NE/4 equivalent)

Pertinent Rules:

Hearing Order R-14262, Gas Well Acreage, 320-acre Spacing within the Purple Sage; Wolfcamp (Gas) Pool.

Division Rule 19.15.15.11 B NMAC Variations in legal subdivision of public land surveys

Division Rule 19.15.16.15 E (3) NMAC Notice Requirements, Formation of Project Areas.

Division Rule 19.15.16.7 H/M NMAC Definitions, Standard and Non-Standard Project Area.

Division Rule 19.15.16.15 E NMAC Horizontal Wells, Formation of Project Areas.

Reference is made of your application received on October 22, 2017 for administrative approval of the above described non-standard project area and the pertinent rules, some of which are cited above.

This pool is spaced on standard 320-acre spacing units, comprised of two quarter sections within a governmental section. You propose to form a standard project area consisting of portions of three quarter-sections for purposes of drilling the above mentioned or other horizontal well(s). The Non-standard project area is a result of variation in legal survey, because the project area is located in extreme southern New Mexico.

The proposed non-standard project area is a reasonable plan of development in the pool within the described acreage. Therefore, this application qualifies for approval administratively and notice is not required.

Additional or alternately named wells may be drilled and produce from this non-standard spacing and proration unit or from this project area.

Any horizontal well wholly completed within this 446.21-acre, more or less, project area and not completed in all the spacing units comprising this project area shall be dedicated to only those spacing units in which that well is completed. If the Division redefines this 446.21-acre, more or less, project area as one spacing unit, this restriction shall not apply.

Applicant requested a non-standard spacing unit in Hearing Case 15953 for these wells and subject lands. This administrative application was done to cover production prior to issuance of the Hearing Order.

These approvals are subject to the operator following all other applicable Division rules. Jurisdiction is retained for the entry of such further orders as the Division may deem necessary.



HEATHER RILEY
Director

HR/mam

cc: Oil Conservation Division – Artesia District Office
Bureau of Land Management – Carlsbad Field Office