

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Sarah Cottrell Propst
Cabinet Secretary

Todd E. Leahy, JD, PhD
Deputy Cabinet Secretary

Gabriel Wade, Acting Director
Oil Conservation Division



February 25, 2019

Ms. Sarah Chapman
SARAH_CHAPMAN@oxy.com

NON-STANDARD LOCATION

Administrative Order NSL-7834

Oxy USA, Inc. [OGRID 16696]
Corral Canyon 36 25 Federal Com Well No. 033H
API No. 30-015-44643

Proposed Location

	<u>Footages</u>	<u>Unit/Lot</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	561 FNL & 1563 FWL	3	1	25S	29E	Eddy
First Take Point	112 FSL & 2257 FWL	N	36	24S	29E	Eddy
Last Take Point	414 FNL & 2185 FWL	C	25	24S	29E	Eddy
Terminus	179 FNL & 2178 FWL	C	25	24S	29E	Eddy

Proposed Horizontal Gas Units

<u>Description</u>	<u>Acres.</u>	<u>Pool</u>	<u>Pool Code</u>
W2 of Section 36 W2 of Section 25	640	Purple Sage; Wolfcamp (GAS)	98220

Reference is made to your application received on February 21, 2019.

You have requested to complete this horizontal well as a gas well described above in the referenced pool or formation. This well is governed by special rules for the Purple Sage; Wolfcamp (Gas) Pool of and provides for 320-acre units, with wells located at least 330 feet from a unit outer boundary.

This well's completed interval is as close as 112 feet to the southern edge of the horizontal spacing unit. Encroachment will impact the following tracts.

Section 1, 24S 29E, encroachment to the NW/4

The Division understands you have given notice of this application to all operators or owners who are "affected persons," as defined in Paragraph (8) Subsection A of 19.15.2.7 NMAC, in all adjoining units towards which the proposed location encroaches. All waivers from the affected parties were received and the application was processed in accordance.

Division understands you seek this unorthodox location as an efficient spacing of your horizontal wells, thereby preventing waste within the Wolfcamp formation underlying the W2 of Section 36 and W2 of Section 25.

Your application has been filed under Subsection 6 of Paragraph of Section (C) of 19.15.16.15 NMAC, 19.15.15.13 NMAC and Paragraph (2) of Subsection A of 19.15.4.12 NMAC.

Per Subsection B of 19.15.15.13 NMAC, Division approves this unorthodox location.

The above approvals are subject to your following all other applicable Division rules.

Jurisdiction of this case is retained for the entry of further orders as Division deems necessary.



Gabriel Wade
Acting Director

GW/lrl

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