

# NSL Initial Application

Received: 12/26/19

P.O. No. KPH77-191226-NSL000

NSL-7975

Revised March 23, 2017

RECEIVED: 12/26/19	REVIEWER: LRL	TYPE: NSL	APP NO: pLEL1936145484
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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 APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Applicant:** Centennial Resource Production, LLC **OGRID Number:** 372165  
**Well Name:** QUESO BLANCO 13 STATE COM **API:** 30-025-46400  
**Pool:** Ojo Chiso; Bone Spring **Pool Code:** 96553

**SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW**

1) **TYPE OF APPLICATION:** Check those which apply for [A]

A. Location – Spacing Unit – Simultaneous Dedication

☒ NSL ☐ NSP (PROJECT AREA) ☐ NSP (PRORATION UNIT) ☐ SD

B. Check one only for [ I ] or [ II ]

[ I ] Commingling – Storage – Measurement

☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[ II ] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery

☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR
2) **NOTIFICATION REQUIRED TO:** Check those which apply.

- A. ☒ Offset operators or lease holders  
 B. ☐ Royalty, overriding royalty owners, revenue owners  
 C. ☐ Application requires published notice  
 D. ☒ Notification and/or concurrent approval by SLO  
 E. ☐ Notification and/or concurrent approval by BLM  
 F. ☐ Surface owner  
 G. ☒ For all of the above, proof of notification or publication is attached, and/or,  
 H. ☐ No notice required

**FOR OCD ONLY**

☐ Notice Complete  
☐ Application Content Complete

- 3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

**Note: Statement must be completed by an individual with managerial and/or supervisory capacity.**

Kaitlyn A. Luck

Print or Type Name

Signature

12/18/19

Date

505-954-7286

Phone Number

kaluck@hollandhart.com

e-mail Address



**Kaitlyn A. Luck**  
**Associate**  
Phone (505) 954-7286  
KALuck@hollandhart.com

December 18, 2019

**VIA ONLINE FILING**

Adrienne Sandoval, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

**Re: Application of Centennial Resource Production, LLC, for administrative approval of an unorthodox well location for its Queso Blanco 13 State Com #603H Well in the SW/4 of Section 12 and the W/2 of Section 13, Township 22 South, Range 34 East, N.M.P.M., Lea County, New Mexico.**

Dear Ms. Sandoval:

Centennial Resource Production, LLC ("Centennial") (OGRID No. 372165) seeks administrative approval of an unorthodox well location for its **Queso Blanco 13 State Com #603H Well** (API No. 30-025-46400) to be completed within the Ojo Chiso; Bone Spring Pool (Pool Code 96553) underlying the SW/4 of Section 12 and the W/2 of Section 13, Township 22 South, Range 34 East, N.M.P.M., Lea County, New Mexico.

This well has been drilled from a surface location 1225 feet from the south line and 1562 feet from the west line (Unit N) of Section 13, to a bottom hole location 2534 feet from the south line and 2326 feet from the west line (Unit K) of Section 12. The first take point will be located 377 feet from the south line and 2077 feet from the west line (Unit N) of Section 13, and the last take point will be 2534 feet from the south line and 2326 feet from the west line (Unit K) of Section 12.

Since this acreage is governed by the Division's statewide rules, the completed interval for the **Queso Blanco 13 State Com #603H** is unorthodox because the completed interval is closer than the standard offsets to the eastern boundary of the spacing unit in the NE/4 SW/4 (Unit K) of Section 13. Approval of the unorthodox completed interval will allow Centennial to use its preferred well spacing plan for horizontal wells in this area and thereby prevent waste.

**Exhibit A** is a Well Location and Acreage Dedication Plat (Form C-102), which shows that the completed interval of the proposed **Queso Blanco 13 State Com #603H** encroaches on the drilling and spacing units to the east.

**Exhibit B** is a land plat for Sections 11, 12, 13, and 14, that shows the proposed **Queso Blanco 13 State Com #603H** in relation to the adjoining spacing units to the east in Sections 12 and 13.

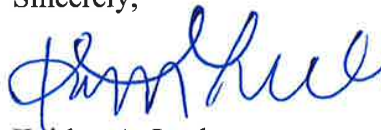
**Exhibit C** is a list of the parties affected by the encroachment to the east. Ownership is diverse between the subject spacing unit and the tracts to the east. The affected parties in the spacing units in the W/2 E/2 of Section 13, include the New Mexico State Land Office. A copy of this application with all attachments has been sent by certified mail to each affected party advising them that if they have an objection it must be filed in writing with the Division within 20 days from the date the Division receives the application. Waivers from both of the affected parties are also included as reflected below:

OPERATOR	NAME	LOCATED	DATE SENT	WAIVER RECEIVED
1	XTO Holdings, LLC (Exxon Mobil Corporation)	Tract 1	12/16/19	Yes
2	Centennial Resource Production, LLC	Tract 2	N/A	N/A
3	New Mexico State Land Office	Tracts 1, 2	12/16/19	Yes

**Exhibit D** is a statement from a Centennial's petroleum engineer confirming that Centennial's requested unorthodox location is necessary due to unforeseen circumstances while drilling and to prevent wasted resources.

Your attention to this matter is appreciated.

Sincerely,



Kaitlyn A. Luck

**ATTORNEY FOR CENTENNIAL RESOURCE  
PRODUCTION, LLC**

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
District II  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

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

<sup>1</sup> API Number	<sup>2</sup> Pool Code	<sup>3</sup> Pool Name
<sup>4</sup> Property Code	<sup>5</sup> Property Name QUESO BLANCO 13 STATE COM	<sup>6</sup> Well Number 603H
<sup>7</sup> OGRID No.	<sup>8</sup> Operator Name CENTENNIAL RESOURCE PRODUCTION, LLC	<sup>9</sup> Elevation 3507.8'

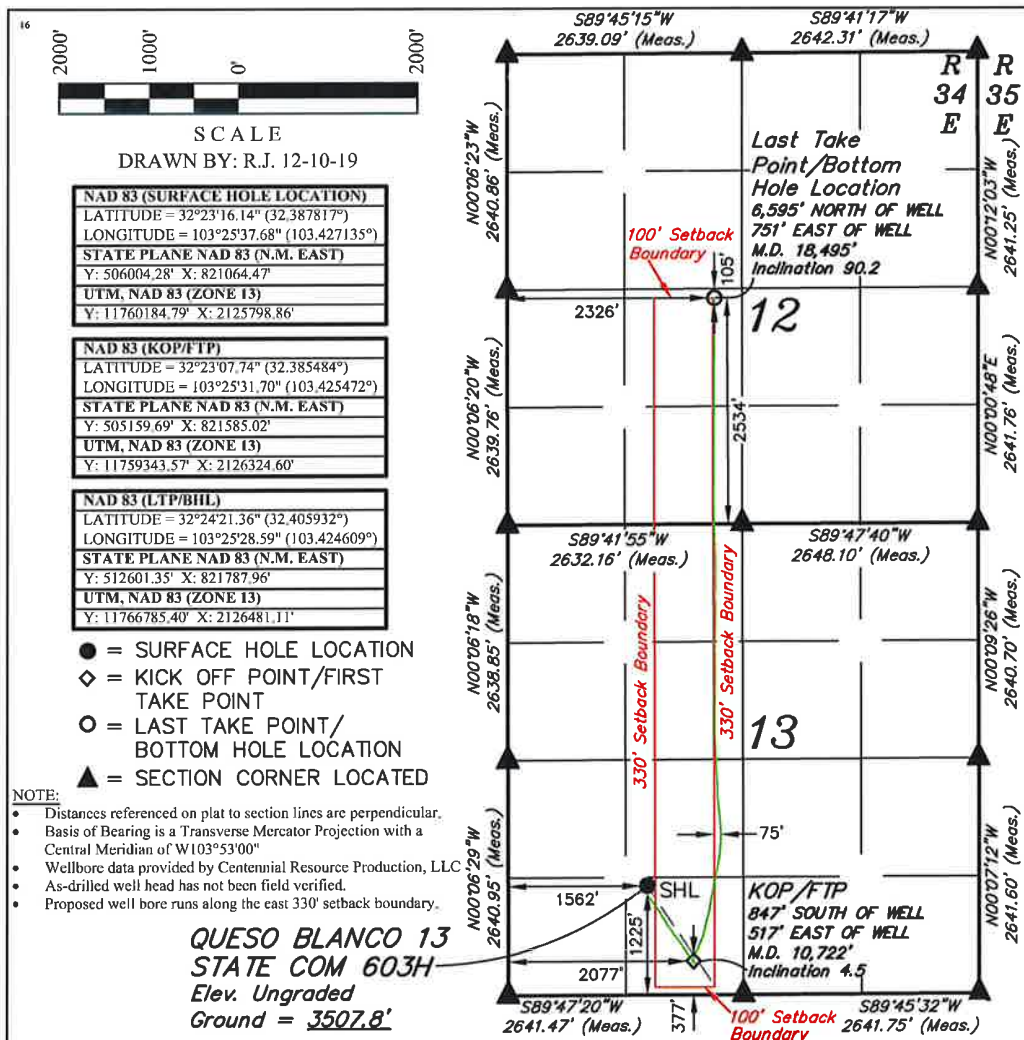
<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	13	22S	34E		1225	SOUTH	1562	WEST	LEA

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	12	22S	34E		2534	SOUTH	2326	WEST	LEA
<sup>12</sup> Dedicated Acres 240	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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.



<sup>17</sup> OPERATOR  
CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature \_\_\_\_\_ Date \_\_\_\_\_

Printed Name \_\_\_\_\_

E-mail Address \_\_\_\_\_

<sup>18</sup> SURVEYOR  
CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

June 17, 2019

Date of Survey  
Signature and Seal of Professional Surveyor:



Certificate Number:

EXHIBIT

tabbles

A







**Kaitlyn A. Luck**  
**Associate**  
Phone (505) 954-7286  
KALuck@hollandhart.com

December 16, 2019

**VIA CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**TO AFFECTED PARTIES:**

**Re: Application of Centennial Resource Production, LLC, for administrative approval of an unorthodox well location for its Queso Blanco 13 State Com #603H Well in the SW/4 of Section 12 and the W/2 of Section 13, Township 22 South, Range 34 East, N.M.P.M., Lea County, New Mexico.**

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 Development Inc.  
(720) 499-1474  
Gavin.Smith@cdevinc.com

Sincerely,

A handwritten signature in blue ink, appearing to read "Kaitlyn Luck".

Kaitlyn A. Luck  
**ATTORNEY FOR CENTENNIAL RESOURCE  
PRODUCTION, LLC**



**Queso Blanco 13 State Com 603H NSL Notice List 12-13-2019**

**Tract 1:**

XTO Holdings, LLC (Exxon Mobil Corp.)  
22777 Springwoods Village Pkwy.  
Spring, TX 77389

New Mexico State Land Office  
310 Old Santa Fe Trail  
Santa Fe, NM 87501

**Tract 2:**

Centennial Resource Production, LLC  
1001 17<sup>th</sup> Street, Suite 1800  
Denver, CO 80202

New Mexico State Land Office  
310 Old Santa Fe Trail  
Santa Fe, NM 87501



December 16, 2019

New Mexico State Land Office 310 Old Santa Fe Trail Santa Fe, NM 87504	
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**Re: Application of Centennial Resource Production, LLC for administrative approval of an unorthodox well location for its Queso Blanco 13 State Com #603H Well in the SW/4 of Section 12 and the W/2 of Section 13, Township 22 South, Range 34 East, N.M.P.M., Lea County, New Mexico.**

To Whom it May Concern,

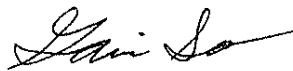
Centennial Resource Production, LLC has submitted the above-referenced application to the New Mexico Oil Conservation Division for an unorthodox well location for its **Queso Blanco 13 State Com #603H Well** (API 30-025-46400) to be completed within the Ojo Chiso; Bone Spring (96553) underlying the SW/4 of Section 12 and the W/2 of Section 13, Township 22 South, Range 34 East, N.M.P.M., Lea County, New Mexico.

Division rules provide that the completed interval for such wells are to be located no closer than 330 feet to the outer boundary of the horizontal spacing unit in which the well is located, with the first and last take points no closer than 100 feet to any outer boundary of the horizontal spacing unit. Due to drilling conditions, the well strayed from the intended path causing the completed interval to now be located at an unorthodox location, which is more than 50 feet from the projected location and closer to the outer boundary of the horizontal spacing unit. The first take point is located 377 feet from the south line and 2,077 feet from the west line (Unit N) of Section 13, and the last take point is 2,534 feet from the north line and 2,326 feet from the west line (Unit K) of Section 12. During drilling operations, the wellbore was drilled 255 feet away from the eastern unit line in Unit K of Section 13 creating a non-standard location. The location of this well, therefore, encroaches on the eastern boundary of the spacing unit and requires Division approval for an unorthodox well location.

Division Rules provide that an application may be approved sooner if the applicant obtains waivers from affected parties. We therefore request your waiver of objection to this administrative application. We respectfully request you that you sign this letter and return it as soon as possible.

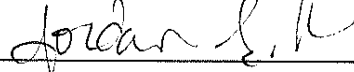
Thank you for your consideration of this matter. Should you wish to discuss please feel free to call me.

Sincerely,



Gavin Smith, RPL  
Senior Landman  
Centennial Resource Development, Inc.

The New Mexico State Land office agrees to waive objection to **Centennial Resource Production, LLC's** application for an unorthodox well location for its **Queso Blanco 13 State Com #603H Well**.

By: 

Date: 12/17/19

L-05-15303

December 16, 2019

XTO Holdings, LLC 22777 Springwoods Village Pkwy. Spring, TX 77389	
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**Re: Application of Centennial Resource Production, LLC for administrative approval of an unorthodox well location for its Queso Blanco 13 State Com #603H Well in the SW/4 of Section 12 and the W/2 of Section 13, Township 22 South, Range 34 East, N.M.P.M., Lea County, New Mexico.**

To Whom it May Concern,

Centennial Resource Production, LLC has submitted the above-referenced application to the New Mexico Oil Conservation Division for an unorthodox well location for its **Queso Blanco 13 State Com #603H Well** (API 30-025-46400) to be completed within the Ojo Chiso; Bone Spring (96553) underlying the SW/4 of Section 12 and the W/2 of Section 13, Township 22 South, Range 34 East, N.M.P.M., Lea County, New Mexico.

Division rules provide that the completed interval for such wells are to be located no closer than 330 feet to the outer boundary of the horizontal spacing unit in which the well is located, with the first and last take points no closer than 100 feet to any outer boundary of the horizontal spacing unit. Due to drilling conditions, the well strayed from the intended path causing the completed interval to now be located at an unorthodox location, which is more than 50 feet from the projected location and closer to the outer boundary of the horizontal spacing unit. The first take point is located 377 feet from the south line and 2,077 feet from the west line (Unit N) of Section 13, and the last take point is 2,534 feet from the north line and 2,326 feet from the west line (Unit K) of Section 12. During drilling operations, the wellbore was drilled 255 feet away from the eastern unit line in Unit K of Section 13 creating a non-standard location. The location of this well, therefore, encroaches on the eastern boundary of the spacing unit and requires Division approval for an unorthodox well location.

Division Rules provide that an application may be approved sooner if the applicant obtains waivers from affected parties. We therefore request your waiver of objection to this administrative application. We respectfully request you that you sign this letter and return it as soon as possible.

Thank you for your consideration of this matter. Should you wish to discuss please feel free to call me.

Sincerely,

Gavin Smith, RPL  
Senior Landman  
Centennial Resource Development, Inc.

XTO Holdings, LLC agrees to waive objection to Centennial Resource Production, LLC's application for an unorthodox well location for its **Queso Blanco 13 State Com #603H Well**.

By: Beth Woody

Date: 12/18/2019

XTO Holdings, LLC  
Sr. Land Rep.

District I  
1625 N French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
District II  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

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

1 API Number <b>30-025-46400</b>		2 Pool Code		3 Pool Name	
4 Property Code		5 Property Name <b>QUESO BLANCO 13 STATE COM</b>			6 Well Number <b>603H</b>
7 OGRID No.		8 Operator Name <b>CENTENNIAL RESOURCE PRODUCTION, LLC</b>			9 Elevation <b>3507.8'</b>

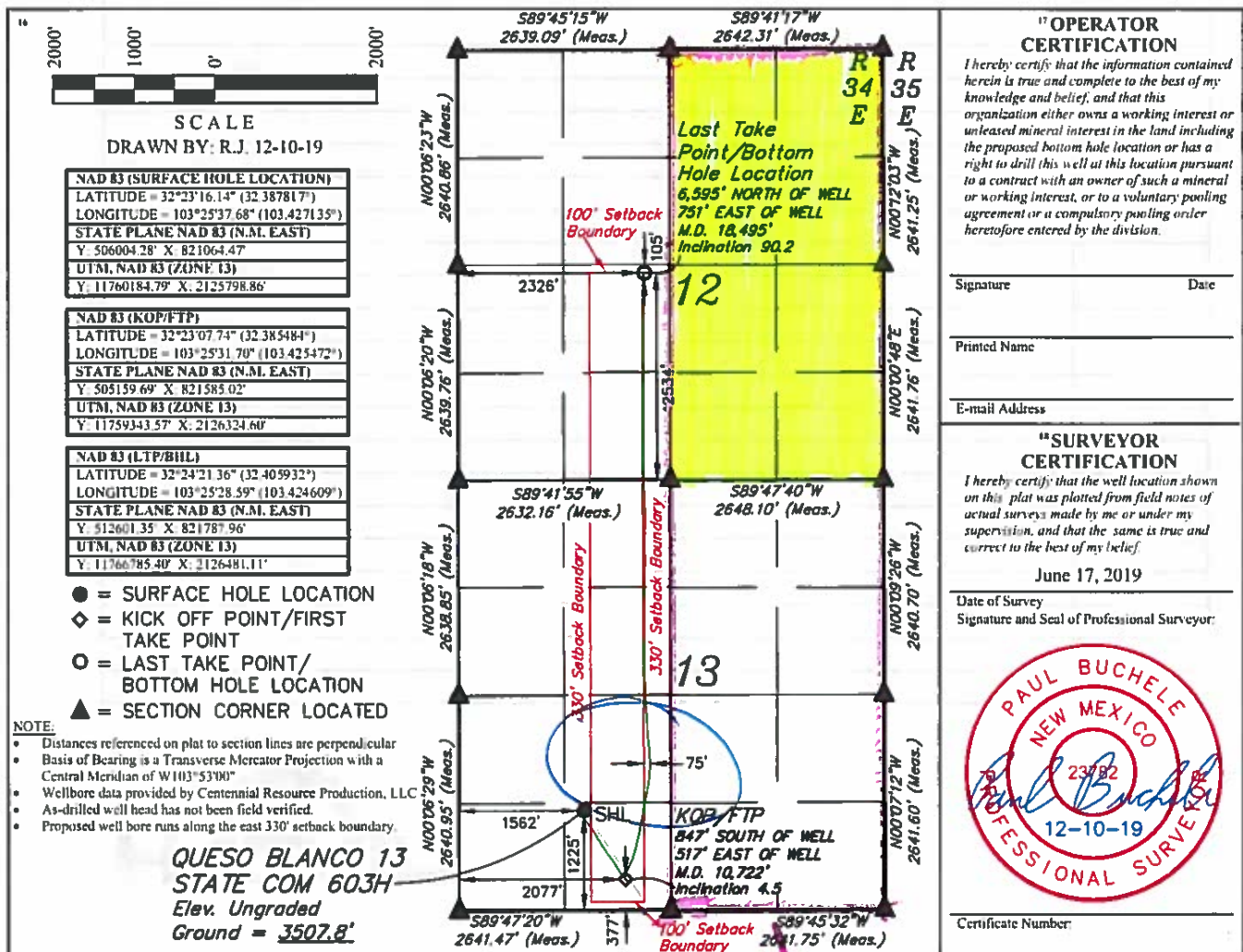
"Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	13	22S	34E		1225	SOUTH	1562	WEST	LEA

"Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	12	22S	34E		2534	SOUTH	2326	WEST	LEA
12 Dedicated Acres 240		13 Joint or Infill		14 Consolidation 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.





## Shipment Confirmation Acceptance Notice

### A. Mailer Action

**Note to Mailer:** The labels and volume associated to this form online, **must** match the labeled packages being presented to the USPS® employee with this form.

Centennial - Queso Blanco 13 State Com NSL  
CM# 94344.0001

Shipment Date: 12/16/2019

Shipped From:

Name: HOLLAND & HART LLP (1)

Address: 110 N GUADALUPE ST # 1

City: SANTA FE

State: NM ZIP+4® 87501

Type of Mail	Volume
Priority Mail Express®*	
Priority Mail®	0
First-Class Package Service®	
Returns	
International*	
Other	3
Total	3

\*Start time for products with service guarantees will begin when mail arrives at the local Post Office™ and items receive individual processing and acceptance scans.

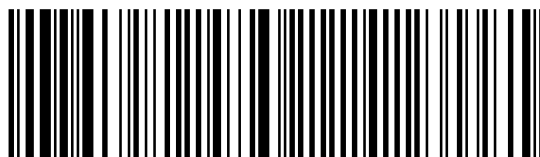
### B. USPS Action

Note to RSS Clerk:

1. Home screen > Mailing/Shipping > More
2. Select Shipment Confirm
3. Scan or enter the barcode/label number from PS Form 5630
4. Confirm the volume count message by selecting Yes or No
5. Select Pay and End Visit to complete transaction

USPS EMPLOYEE: Please scan upon pickup or receipt of mail.  
Leave form with customer or in customer's mail receptacle.

USPS SCAN AT ACCEPTANCE



9275 0901 1935 6200 0019 0261 37



## Firm Mailing Book For Accountable Mail

Name and Address of Sender		Check type of mail or service		Affix Stamp Here (if issued as an international certificate of mailing or for additional copies of this receipt). Postmark with Date of Receipt.													
USPS Tracking/Article Number		Addressee (Name, Street, City, State, & ZIP Code™)		Postage	(Extra Service) Fee	Handling Charge	Actual Value if Registered	Insured Value	Due Sender if COD	ASR Fee	ASRD Fee	RD Fee	RR Fee	SC Fee	SCRD Fee	SH Fee	
1.	9214 8901 9403 8302 5993 96	Exxon Mobil Corporation 22777 Springwoods Village Pkwy Spring TX 77389		0.65	3.50	Handling Charge - if Registered and over \$50,000 in value							1.60				
2.	9214 8901 9403 8302 5994 02	XTO Holdings LLC 22777 Springwoods Village Pkwy Spring TX 77389		0.65	3.50									1.60			
3.	9214 8901 9403 8302 5994 19	State Land Office 310 Old Santa Fe Trail Santa Fe NM 87501		0.65	3.50									1.60			
											Adult Signature Required	Adult Signature Restricted Delivery	Restricted Delivery	Return Receipt	Signature Confirmation	Signature Confirmation Restricted Delivery	Special Handling
Total Number of Pieces Listed by Sender	Total Number of Pieces Received at Post Office	Postmaster, Per (Name of receiving employee)															
3																	



1001 17<sup>th</sup> Street, Suite 1800  
Denver, Colorado 80202

December 16, 2019

Re: Queso Blanco 13 State Com #603H  
SHL: 1,225 FSL Sec. 13 & 1,562 FWL Sec. 13 T22S R34E  
BHL: 2,534 FSL Sec. 12 & 2,326' FWL Sec. 12 T22S R34E  
Lea County, New Mexico

Gentlemen,

Centennial Resource Production, LLC respectfully requests administrative approval on a non-standard location for the Queso Blanco 13 State Com #603H to allow the completed interval to be less than 330 feet from the eastern boundary of the existing 480-acre horizontal spacing unit. This well is located in the Ojo Chiso; Bone Spring Pool (96553) and was intended to be drilled as a standard location. Due to difficulties during drilling operations the well is non-standard. Centennial requests to complete the 616 feet of the wellbore to avoid causing wasted resources and reducing the production of the well.

Sincerely,

A handwritten signature in black ink, appearing to read "Grant Morby".

**Grant Morby**  
Reservoir Manager  
Centennial Resource Production, LLC

