

State of New Mexico
Energy, Minerals and Natural Resources Department

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Ms. Leslie Reeves,
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NON-STANDARD LOCATION

Administrative Order NSL - 8402

**OXY USA INC. [OGRID 16696]
Arkenstone 31 Federal Com Well No. 7H
API No. 30-015-46321**

Proposed Location

	<u>Footages</u>	<u>Unit/Lot</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	130 FNL & 965 FWL	D/1	31	23S	31E	Eddy
First Take Point	100 FNL & 1570 FWL	C	31	23S	31E	Eddy
Last Take Point	100 FSL & 1570 FWL	N	6	24S	31E	Eddy
Terminus	20 FSL & 1570 FWL	N	6	24S	31E	Eddy

Proposed Horizontal Gas Units

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
Section 31, 23S, 31E	647.91	Wildcat; Wolfcamp	98236
Section 6, 24S, 31E	648.19	Purple Sage; Wolfcamp (GAS)	98220

Reference is made to your application received on June 29th, 2022.

The wells complete horizontal spacing unit comprises of two Wolfcamp pool/formations, comprised acreage of 1296.1 acres. Encroachment pertains to the latter length of the producing lateral. Which is governed by special rules, R-14262, for the Purple Sage; Wolfcamp (Gas) Pool. Which 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 100 feet to the southern edge. Encroachment will impact the following tract.

Section 7, 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

Division understands you are seeking this unorthodox location to allow for efficient spacing of wells in the area. Thereby preventing waste within the Wolfcamp formation underlying Section 31, T23S, R31E and Section 6, T24S, R31E.

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

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

Reference this NSL order number on the As Drilled C-102, submitted with the Authorization to Transport (C-104), to place this well into production.

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.



ADRIENNE E. SANDOVAL
Division Director

Date: 8/07/2022

AES/lrl