

State of New Mexico
Energy, Minerals and Natural Resources Department

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Governor

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Oil Conservation Division



NON-STANDARD LOCATION

Ms. Paula M. Vance
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Administrative Order NSL - 8452

Centennial Resource Production, LLC [OGRID 372165]
Sheba Federal Com Well No. 305H
API No. 30-025-50267

Proposed Location

	<u>Footages</u>	<u>Unit/Lot</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	2299 FNL & 1160 FEL	H	27	24S	34E	Lea
First Take Point	2548 FNL & 1222 FEL	H	27	24S	34E	Lea
Last Take Point/ Terminus	100 FNL & 1222 FEL	A	22	24S	34E	Lea

Proposed Horizontal Units

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
E/2 NE/4 of Section 27 E/2 E/2 of section 22	240	Red Hills; Bone Spring, north	96434

Reference is made to your application received on October 3rd, 2022.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. 19.15.16.15(B)(1)(a) NMAC governs this proposed well and provides that the operator shall dedicate to each horizontal oil well a standard horizontal spacing unit that comprises of one or more contiguous tracts that the horizontal well's completed interval penetrates, each of which consists of a governmental quarter - quarter section or equivalent.

This well's completed interval is as close as 98 feet to the western edge of the horizontal spacing unit. Encroachment will impact the following tracts.

Section 27, encroachment to the W/2 NE/4
Section 22, encroachment to the W/2 E/2

The Division understands you have given notice of this application to all operators or owners who are "affected persons," as defined in 19.15.2.7(A)(8) NMAC, in all adjoining units towards which the proposed location encroaches.

Division understands you are seeking this unorthodox location due to the spacing pattern within this location, thereby preventing waste of resources and reducing the production of wells within the Bone Spring formation underlying E/2 NE/4 of Section 27 and the E/2 E/2 of Section 22.

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 19.15.15.13 (B) 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: 11/14/2022

AES/lrl