State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

November 5, 2014

Marshall and Winston, Inc.
Attn: Mr. Gabe Herrera

ADMINISTRATIVE NON-STANDARD LOCATION, AND NON-STANDARD PRORATION UNIT

Administrative Order NSL-7186
Administrative Application Reference No. pMAM1430946889

Administrative Order NSP-2010
Administrative Application Reference No. pMAM1430947221

Marshall and Winston, Inc.
OGRID 14187
Slick Mesa 27 State Well No. 1H
API No. 30-025-30587

Non-Standard Location

Proposed Location:

	Footages	Unit	Sec.	Twsp	Range	County
Surface	660 FSL & 1980 FWL	N	27	21S	34E	Lea
Penetration Point	1076 FSL & 2049 FWL	N	27	21S	34E	Lea
Terminus	1475FNL & 1944 FWL	F	27	21S	34E	Lea

Proposed Project Area:

Description	Acres	Pool	Pool Code
SE/4 NW/4, and E/2 SW/4 of Section 27	120	Grama Ridge; Bone Spring, NE	28435

Reference is made to your application received on November 5, 2014.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. This location is governed by statewide Rule 19.15.15.9.A NMAC, which provides for 40-acre units, with wells located at least 330 feet

from a unit outer boundary, and Rule 19.15.16.14.B(2) NMAC concerning directional wells in designated project areas. This location is unorthodox because portions of the proposed completed interval are less than 330 feet to the outside boundaries of the proposed project area.

Your application has been duly filed under the provisions of Division Rules 19.15.15.13 NMAC and 19.15.4.12.A(2) NMAC.

It is our understanding that Marshall and Winston, Inc. is seeking this location due to drilling problems three-quarters of the way through the lateral.

It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

Pursuant to the authority conferred by Division Rule 19.15.15.13 (B) NMAC, the above-described unorthodox location is hereby approved.

Non-Standard Proration Unit

You have also requested approval of a non-standard proration unit to be included in your proposed project area, as follows:

Units Comprising this Project Area

Unit	Acres	Pool	Code
SE/4 NW/4, and E/2 SW/4 of Section 27	120	Grama Ridge; Bone Spring, NE	28435

You have requested an exception pursuant to Rule 19.15.16.7.M NMAC, to approve a non-standard oil spacing and proration unit comprising 120-acres, consisting of the entire area described above as the Subject Unit or Project Area.

We understand that you are seeking this exception in order to allow you to create a 120-acre non-standard proration unit, comprised of the SE/4 NW/4, and E/2 SW/4 of Section 27, Township 21 South, Range 34 East, NMPM, Lea County, New Mexico.

It is our understanding that Marshall and Winston, Inc. is seeking this location due to drilling problems three-quarters of the way through the lateral.

It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

Pursuant to the authority conferred by Division Rule 19.15.15.11.B(2), the above-described non-standard proration unit is hereby approved.

General provisions

The above approvals are subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 19.15.5.9 NMAC.

   Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on November 5, 2014

Jami Bailey
Director

JB/mam

cc: New Mexico Oil Conservation Division – Hobbs
       New Mexico State Land Office – Oil, Gas, and Minerals