

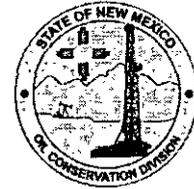
State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

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

David R. Catanach, Division Director
Oil Conservation Division



April 9, 2015

ConocoPhillips Company
Attn: Ms. Ashley Bergen

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-7255
Administrative Application Reference No. pMAM1509633251

ConocoPhillips Company
OGRID 217817
Red Hills West 16 State W3 Well No. 9H
API No. 30-025-41709

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	250` FNL & 330` FEL	A	16	26S	32E	Lea
Penetration Point	570` FNL & 377` FEL	A	16	26S	32E	Lea
Non-standard perforation	2569` FNL & 322` FEL	H	16	26S	32E	Lea
Standard perforation	2136` FSL & 330` FEL	I	16	26S	32E	Lea
Final perforation	1619` FSL & 330` FEL	I	16	26S	32E	Lea
Terminus	1615` FSL & 330` FEL	I	16	26S	32E	Lea

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
E/2 E/2 of Section 16	160	WC-025 G-09 S263216A; Wolfcamp	98065

Reference is made to your application received on April 6, 2015.

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 closer to outside boundaries of the proposed project area than any location that would be a standard location under the applicable pool rules.

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 you are seeking this location because of unexpected drilling problems, which caused the well to deviate from the 330 foot setback.

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 19.15.4.12 (A) 2 NMAC, in all adjoining units towards which the proposed location encroaches. However, the affected parties had signed a waiver.

Further, the Red Hills West 16 State W2 Well No. 10H will develop the entire E/2 E/2 of the Section in the designated pool; therefore no stranded acreage exists, so an NSP is not required.

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

This approval is 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 April 9, 2015



DAVID R. CATANACH
Director

DRC/mam

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



Ashley Bergen
Regulatory Specialist
Phone: (432) 688-6938

ConocoPhillips Company
P.O. Box 51810
Midland, TX 79705

March 31, 2015

State of New Mexico
Oil Conservation Division
Attn: Mr. Michael McMillan
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

SUBJECT: REQUEST FOR APPROVAL OF NON-STANDARD LOCATION FOR RED HILLS WEST 16 STATE W3 9H

Dear Mr. McMillan:

ConocoPhillips Company ("COPC") respectfully requests a non-standard location exception to produce the Red Hills West 16 State W3 9H (API# 30-025-41709).

Enclosed are the following documents in support of this request.

- Letter from Land Department
- Copy of letter to involved parties
- C-102
- Administrative Application Checklist
- Directional Drilling Survey

If you have questions regarding this request, I can be reached at 432-688-6938 or via email at ashley.bergen@conocophillips.com.

Sincerely,

Ashley Bergen
Regulatory Specialist
ConocoPhillips Company