

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Tony Delfin
Acting Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



July 28, 2016

Oxy USA Inc.
Attn: Mr. David Stewart

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-7440

Oxy USA Inc.
OGRID 16696
Cedar Canyon "28" Federal Com. No. 9H
API No. 30-015-Pending

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	230` FNL & 319` FEL	A	29	24S	29E	Eddy
Penetration Point	1260` FNL & 340` FWL	D	28	24S	29E	Eddy
Final perforation	1260` FNL & 340` FEL	A	28	24S	29E	Eddy
Terminus	1260` FNL & 180` FEL	A	28	24S	29E	Eddy

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
N/2 N/2 of Section 28	160	Pierce Crossing; Bone Spring, East	96473

Reference is made to your application received on June 22, 2016.

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. This surface location is outside the project area, and is permitted by Rule 19.15.16.15.B (4) NMAC which allows for surface locations outside 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 you are seeking this NSL in order to allow for efficient spacing of horizontal wells and thereby preventing waste.

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.



DAVID R. CATANACH
Director

DRC/lrl

cc: Oil Conservation Division – Artesia District
Bureau of Land Management – Carlsbad Field Office