

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



September 28, 2016

COG Operating LLC
Attn: Ms. Debora L. Wilbourn

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-7461

COG Operating LLC
OGRID 229137
Spruce Goose Federal Com Well No. 2H
API No. 30-015-43878

Proposed Location:

	<u>Footages</u>	<u>Unit/Lot</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	985' FNL & 390' FEL	A	12	19S	31E	Eddy
Penetration Point	390' FNL & 100' FWL	D(1)	7	19S	32E	Lea
Final perforation	330' FNL & 100' FEL	A	7	19S	32E	Lea
Terminus	330' FNL & 50' FEL	A	7	19S	32E	Lea

Proposed Spacing Unit:

<u>Description</u>	<u>Acres</u>	<u>Formation (Product)</u>	<u>Pool Code</u>
N/2 N/2 of Section 7	160.89	Lusk; Bone Spring, North	41450

Reference is made to your application received on August 18, 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 Division 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. 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 the project area. This location is unorthodox because portions of the proposed completed interval are closer to the 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 the Applicant is seeking this location in order to maximize recovery of reserves in the pool underlying the N/2 N/2 of Section 7.

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.

Pursuant to the authority conferred by Division Rule 19.15.15.13 (B) NMAC, the above-described unorthodox location is hereby approved in order to prevent waste and protect correlative rights.

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 Office
Bureau of Land Management – Carlsbad Field Office