

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

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Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



January 11, 2017

Legacy Reserves Operating, LP
Attn: Mr. Clay Roberts

ADMINISTRATIVE NON-STANDARD LOCATION

Administrative Order NSL-7500

Legacy Reserves Operating, LP
OGRID 240974
Lea Unit Well No. 59H
API No. 30-025-43035

Non-Standard Location

Proposed Location:

	<u>Footages</u>	<u>Unit/Lot</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	2270` FSL & 660` FWL	3	19	20S	35E	Lea
Penetration Point	2310` FNL & 250` FWL	2	19	20S	35E	Lea
Final perforation: (Terminus)	330` FNL & 330` FWL	1	18	20S	35E	Lea

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
W/2 W/2 of Section 18	159.68	WC-025 G-08 S203506D; Bone Spring	97983
W/2 NW/4 of Section 19	80		

Reference is made to your application received on October 10, 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. 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. 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.

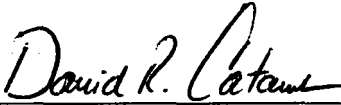
It is our understanding that Legacy Reserves Operating, LP is seeking this location to avoid a fault which runs nearly parallel to the proposed wellbore path.

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.

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.


DAVID R. CATANACH
Director

DRC/mam

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