

State of New Mexico  
Energy, Minerals and Natural Resources Department

Susana Martinez  
Governor

Ken McQueen  
Cabinet Secretary

Matthias Sayer  
Deputy Cabinet Secretary

David R. Catanach, Division Director  
Oil Conservation Division



December 4, 2017

NM OIL CONSERVATION  
ARTESIA DISTRICT

Oxy USA Inc.  
Attn: Ms. Sarah Mitchell

MAY 14 2018

ADMINISTRATIVE NON-STANDARD LOCATION

RECEIVED

Administrative Order NSL-7613

Oxy USA Inc.  
OGRID 16696  
Corral Fly 02-01 State Well No. 22H  
API No. 30-015-Pending

Non-Standard Location

**Proposed Location:**

	Footages	Unit/Lot	Sec.	Twsp	Range	County
Surface	1265' FNL & 120' FWL	4	2	25S	29E	Eddy
Penetration Point	1264' FNL & 340' FWL	4	2	25S	29E	Eddy
Final perforation	1264' FNL & 340' FEL	1	1	25S	29E	Eddy
Terminus	1264' FNL & 180' FEL	1	1	25S	29E	Eddy

**Proposed Project Area:**

Description	Acres	Pool	Pool Code
N/2 N/2 of Section 2	318.88	Pierce Crossing; Bone Spring, East	96473
N/2 N/2 of Section 1			

Reference is made to your application received on November 13, 2017.

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.

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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 because they intend to increase their horizontal well spacing from four to six wells per section in order to effectively develop the Bone Spring formation. Increasing horizontal well spacing will optimize recoverable reserves.

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.

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

  
**DAVID R. CATANACH**  
Director

DRC/rl

cc: Oil Conservation Division – Artesia District Office  
State Land Office – Oil, Gas, and Minerals Division