

NSL Initial Application

NSL - 8226

Revised March 23, 2017

RECEIVED: 09/17/21	REVIEWER: LRL	TYPE: NSL	APP NO: pLEL2126539429
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Geological & Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505

**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: Chevron U.S.A. Inc. **OGRID Number:** 4323
Well Name: DL 10 3 Kraken Fed Com #208H well **API:** 30-025-pending
Pool: Red Tank; Bone Spring, East Pool **Pool Code:** 51687

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

- 1) **TYPE OF APPLICATION:** Check those which apply for [A]
 A. Location – Spacing Unit – Simultaneous Dedication
☒ NSL ☐ NSP (PROJECT AREA) ☐ NSP (PRORATION UNIT) ☐ SD
- B. Check one only for [I] or [II]
 [I] Commingling – Storage – Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM
 [II] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR
- 2) **NOTIFICATION REQUIRED TO:** Check those which apply.
 A. ☒ Offset operators or lease holders
 B. ☒ Royalty, overriding royalty owners, revenue owners
 C. ☐ Application requires published notice
 D. ☐ Notification and/or concurrent approval by SLO
 E. ☒ Notification and/or concurrent approval by BLM
 F. ☐ Surface owner
 G. ☒ For all of the above, proof of notification or publication is attached, and/or,
 H. ☐ No notice required

FOR OCD ONLY

- ☐ Notice Complete
☐ Application Content Complete

- 3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Kaitlyn A. Luck

Print or Type Name

Signature

09/17/2021

Date

505-954-7286

Phone Number

kaluck@hollandhart.com

e-mail Address



Kaitlyn A. Luck
Phone (505) 954-7286
kaluck@hollandhart.com

September 14, 2021

VIA ONLINE FILING

Adrienne Sandoval
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application of Chevron U.S.A. Inc., for administrative approval of an unorthodox well location for its DL 10 3 Kraken Fed Com #208H well in the W/2 of Sections 3 and 10, Township 22 South, Range 33, N.M.P.M., Lea County, New Mexico.

Dear Ms. Sandoval:

Chevron U.S.A. Inc. ("Chevron") (OGRID No. 6137) seeks administrative approval of an unorthodox well location for its **DL 10 3 Kraken Fed Com #208H well** (API No. 30-025-pending) to be completed within the Red Tank; Bone Spring, East Pool (51687) underlying the W/2 of Sections 3 and 10, Township 22 South, Range 33, N.M.P.M., Lea County, New Mexico.

This well will be drilled as follows:

- **Surface location:** 370 feet from the south line and 1,815 feet from the west line (Unit N) of Section 10;
- **Bottom hole location:** 25 feet from the north line and 1,254 feet from the west line (Unit D) of Section 3;
- **First take point:** 25 feet from the south line and 1,254 feet from the west line (Unit N) of Section 10; and
- **Last take point:** 100 feet from the north line and 1,254 feet from the west line (Unit D) of Section 3.

Since this acreage is governed by the Division's statewide rules, the completed interval for this well will be unorthodox because it is closer than the standard offsets to the southern boundary and encroaches on the N/2 NW/4 of Section 15. Approval of the unorthodox completed interval will allow Chevron to use its preferred well spacing plan for horizontal wells in this area and thereby prevent waste.

T 505.988.4421 F 505.983.6043
110 North Guadalupe, Suite 1, Santa Fe, NM 87501-1849
Mail to: P.O. Box 2208, Santa Fe, NM 87504-2208
www.hollandhart.com

Alaska
Colorado
Idaho

Montana
Nevada
New Mexico

Utah
Washington, D.C.
Wyoming

Exhibit A is a Well Location and Acreage Dedication Plat (Form C-102), which shows that the completed interval of the proposed **DL 10 3 Kraken Fed Com #208H well** encroaches on the drilling and spacing units to south.

Exhibit B is a land plat that shows the proposed **DL 10 3 Kraken Fed Com #208H well** in relation to the adjoining spacing unit to the south in Section 15.

Ownership is diverse between the subject spacing unit and the tracts to the south. **Exhibit C** includes the tracking information that reflects the “affected parties” were sent a copy of this application with all attachments by certified mail advising that any objections must be filed in writing with the Division within 20 days from the date the Division receives the application. The following are the affected parties:

Type	Affected Party	Location	Date Sent
Operator/ Working Interest	Chevron U.S.A. Inc.	Tract 5, 8	N/A
Royalty Interest	BUREAU OF LAND MANAGEMENT	Tract 5, 8, 9	9/13/21
Overriding Royalty Interest	Jaft Investments, LLC	Tract 5	9/13/21
Overriding Royalty Interest	Michael L. Stewart	Tract 5	9/13/21
Overriding Royalty Interest	Patricia A. Stewart	Tract 5	9/13/21
Working Interest	Helms Oil & Gas, LLC	Tract 5	9/13/21
Working Interest	ConocoPhillips Company	Tract 9	9/13/21

Exhibit D is a statement from a Chevron’s petroleum engineer confirming that Chevron’s requested unorthodox location is necessary to optimize well spacing, thereby preventing waste.

Your attention to this matter is appreciated.

Sincerely,



Kaitlyn A. Luck
ATTORNEY FOR CHEVRON U.S.A. INC.

EXHIBIT - A

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT
WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code 51687	³ Pool Name RED TANK; BONE SPRING, EAST
⁴ Property Code	⁵ Property Name DL 10 3 KRAKEN FED COM	⁶ Well Number 208H
⁷ OGRID No. 4323	⁸ Operator Name CHEVRON U.S.A. INC.	⁹ Elevation 3557'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	10	22 SOUTH	33 EAST, N.M.P.M.		370'	SOUTH	1815'	WEST	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	3	22 SOUTH	33 EAST, N.M.P.M.		25'	NORTH	1254'	WEST	LEA

¹² Dedicated Acres 640	¹³ Joint or Infill DEFINING	¹⁴ Consolidation Code	¹⁵ Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

<p>PROPOSED BOTTOM HOLE LOCATION</p> <p>X= 737,280' Y= 520,236' LAT. 32.427895° N LONG. 103.564319° W NAD 27</p> <p>X= 778,462' Y= 520,297' LAT. 32.428019° N LONG. 103.564805° W NAD83/86</p> <p>CORNER COORDINATES TABLE (NAD 27)</p> <p>A - Y=520252.31, X=736025.52 B - Y=520270.92, X=738667.82 C - Y=517604.12, X=736041.63 D - Y=514965.47, X=736060.36 E - Y=514981.57, X=738703.50 F - Y=512324.66, X=736081.66 G - Y=512341.28, X=738723.06 H - Y=509685.81, X=736102.72 I - Y=509701.75, X=738742.61</p> <p>DL 10 3 KRAKEN FED COM 208H WELL</p> <p>X= 737,915' Y= 510,067' LAT. 32.399930° N LONG. 103.562499° W NAD 27</p> <p>X= 779,097' Y= 510,127' LAT. 32.400054° N LONG. 103.562983° W NAD83/86</p> <p>ELEV. +3,557' NAVD88</p> <p>PROPOSED LAST TAKE POINT</p> <p>X= 737,280' Y= 520,161' LAT. 32.427689° N LONG. 103.564319° W NAD 27</p> <p>X= 778,462' Y= 520,222' LAT. 32.427812° N LONG. 103.564805° W NAD83/86</p> <p>PROPOSED FIRST TAKE POINT</p> <p>X= 737,357' Y= 509,718' LAT. 32.398984° N LONG. 103.564315° W NAD 27</p> <p>X= 778,539' Y= 509,779' LAT. 32.399107° N LONG. 103.564800° W NAD83/86</p>	<p>Proposed Last Take Point 100' FNL, 1254' FWL</p> <p>Sec. 3</p> <p>Proposed Mid Point</p> <p>Proposed First Take Point 25' FSL, 1254' FWL</p> <p>Sec. 10</p> <p>Bearings and Distances: N 00°22'40" W 5,263.15' N 00°27'35" W 5,254.89' S 58°01'59" W 658.02'</p>	<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature: <i>Laura Becerra</i> Date: 5/7/2020</p> <p>Printed Name: Laura Becerra</p> <p>E-mail Address: LBecerra@Chevron.com</p> <p>¹⁸ SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>Date of Survey: 09/25/2019</p> <p>Signature and Seal of Professional Surveyor: <i>Steven M. Coleman</i></p> <p>Professional Surveyor Seal: STEVEN M. COLEMAN, NEW MEXICO, 22921, 04/02/2020</p> <p>Certificate Number: <i>Steven M. Coleman</i></p>
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Released to Imaging: 11/19/2021 11:12:53 AM

EXHIBIT C

Offset Operators, WI, and ORRI Owners

DL 10 3 Kraken Fed Com 207H-209H

Notice Tract 5

Chevron U.S.A. Inc.
1400 Smith St.
Houston, TX 77002

Jaft Investments, LLC
4501 Hackberry Court
Midland, TX 79707

Michael L. Stewart
3714 Mark Lane
Midland, TX 79707

Patricia A. Stewart
733 Green Valley Dr.
Abilene, TX 79601
3714 Mark Lane
Midland, TX 79707

Helms Oil & Gas, LLC
1509 W. Wall St. Suite 201
Midland, TX 79701
P.O. Box 52808
Midland, TX 79710

Notice Tract 8

Chevron U.S.A. Inc.
1400 Smith St.
Houston, TX 77002

Notice Tract 9

ConocoPhillips Company
600 W. Illinois Ave
Midland, TX 79701
ATTN: Joint Interest Ventures Group



Kaitlyn A. Luck
Phone (505) 954-7286
kaluck@hollandhart.com

September 14, 2021

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: ALL AFFECTED PERSONS

Re: Application of Chevron U.S.A. Inc., for administrative approval of an unorthodox well location for its DL 10 3 Kraken Fed Com #208H well in the W/2 of Sections 3 and 10, Township 22 South, Range 33, N.M.P.M., Lea County, New Mexico.

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application which was filed with the New Mexico Oil Conservation Division on this date. Any objection to this application must be filed in writing within twenty days from this date with the applicant and the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application may be approved administratively by the Division.

If you have any questions about this application, please contact the following:

Kevin Stubbs
Chevron U.S.A. Inc.
(713) 560-3512
kevinstubbs@chevron.com

Sincerely,

A handwritten signature in blue ink, appearing to read "Kaitlyn Luck", written over a horizontal line.

Kaitlyn A. Luck
ATTORNEY FOR CHEVRON U.S.A. INC.

Parent ID	Mail Date	Company	Name	DeliveryAddress	City	ST	Zip	Mail Class	Tracking	Well
31309	09/14/2021	Attn Joint Interest Ventures Group	ConocoPhillips Company	600 W Illinois Ave	Midland	TX	79701-4882	Certified with Return Receipt (Signature)	94148118987 65854160829	71013 - Chev Kracken - NSL notice list - 7
31309	09/14/2021		Helms Oil & Gas, LLC	PO Box 52808	Midland	TX	79710-2808	Certified with Return Receipt (Signature)	94148118987 65854160850	71013 - Chev Kracken - NSL notice list - 6
31309	09/14/2021		Helms Oil & Gas, LLC	1509 W Wall St Ste 201	Midland	TX	79701-6573	Certified with Return Receipt (Signature)	94148118987 65854160812	71013 - Chev Kracken - NSL notice list - 5
31309	09/14/2021		Patricia A. Stewart	3714 Mark Ln	Midland	TX	79707-4330	Certified with Return Receipt (Signature)	94148118987 65854160270	71013 - Chev Kracken - NSL notice list - 4
31309	09/14/2021		Patricia A. Stewart	733 Green Valley Dr	Abilene	TX	79601-4516	Certified with Return Receipt (Signature)	94148118987 65854160232	71013 - Chev Kracken - NSL notice list - 3
31309	09/14/2021		Michael L. Stewart	3714 Mark Ln	Midland	TX	79707-4330	Certified with Return Receipt (Signature)	94148118987 65854160287	71013 - Chev Kracken - NSL notice list - 2
31309	09/14/2021		Jaft Investments, LLC	4501 Hackberry Ct	Midland	TX	79707-1623	Certified with Return Receipt (Signature)	94148118987 65854160201	71013 - Chev Kracken - NSL notice list - 1



Cameron Khalili
Petroleum Engineer, Midcontinent Business Unit

September 9, 2021

Re: Chevron USA, Inc, NSL Application
DL 10 3 Kraken Fed Com #207H-209H
DL 15 22 Narwal Fed Com #219H-221H
DL 15 22 Ogopogo Fed Com #222H

To Whom it may concern:

Chevron has planned to drill wells within the Bone Spring Formation, under the Red Tank field rules with 100' first and last take point setbacks.

Chevron respectfully request approval of the Non-Standard Location (NSL) for the First Take Point (FTP) of 25' for the wellbores between Section 10 & 15 in T22S-R33E for which Chevron is the operator of both. Granting the exception will increase the recoverability of oil and gas reserves from these sections and result in a more efficient development of the asset therefore protecting correlative rights.

Sincerely,

Cameron Khalili

cameron Khalili

Petroleum Engineer

EXHIBIT - D

MidContinent Business Unit
Chevron U.S.A. Inc.
6301 Deauville Blvd., Midland, Texas 79706
Tel 432 687 7360
Cameronkhalili@chevron.com

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720

District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720

District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 49799

CONDITIONS

Operator: CHEVRON U S A INC 6301 Deauville Blvd Midland, TX 79706	OGRID: 4323
	Action Number: 49799
	Action Type: [UF-NSL] Non-Standard Location (NSL)

CONDITIONS

Created By	Condition	Condition Date
llowe	None	9/22/2021