**NSL - 8742** 

ID NO.	327365
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RECEIVED 03/27/24

REVIEWER:

TYPE:

APP NO:

pLEL2410046146

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 APP	LICATION CHECKLIST
	E APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND
Applicant: Chevron U.S.A. Inc.  Well Name: DL 9 16 Federal Com 417H  Pool: Red Tank; Bone Spring  SUBMIT ACCURATE AND COMPLETE INFORMATION	OGRID Number: 4323  API: 30-025-52351  Pool Code: 51687  REQUIRED TO PROCESS THE TYPE OF APPLICATION
INDICATE  1) TYPE OF APPLICATION: Check those which apply A. Location – Spacing Unit – Simultaneous Dec  NSL NSP(PROJECT AREA)  B. Check one only for [1] or [1]  [1] Commingling – Storage – Measuremen  DHC CTB PLC PC  [1] Injection – Disposal – Pressure Increase  WFX PMX SWD PIPI	y for [A] dication  NSP(PRORATION UNIT)  T  OLS  OLM
2) NOTIFICATION REQUIRED TO: Check those which A. Offset operators or lease holders  B. Royalty, overriding royalty owners, revered Application requires published notice  D. Notification and/or concurrent approvate. Notification and/or concurrent approvate. Surface owner  G. For all of the above, proof of notification H. No notice required	nue owners  Application Content Complete Complete
3) <b>CERTIFICATION:</b> I hereby certify that the informa administrative approval is <b>accurate</b> and <b>comple</b> understand that <b>no action</b> will be taken on this a notifications are submitted to the Division.  Note: Statement must be completed by an indivi	ete to the best of my knowledge. I also
Paula M. Vance	3/27/24 Date
Print or Type Name  Paddul	pmvance@hollandhart.com
Signature	e-mail Address



Paula M. Vance Associate Phone (505) 954-7286 PMVance@hollandhart.com

March 25, 2024

#### **VIA ONLINE FILING**

Dylan Fuge, Division Director (Acting)
Oil Conservation Division
Energy, Minerals and Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

**Re:** Chevron U.S.A. Inc.

Request for Administrative Approval of Unorthodox Well Location

DL 9 16 Federal Com 417H well E/2 of Sections 9 & 16, Township 22 South, Range 33 East, NMPM, Lea County, NM Red Tank; Bone Spring, East [51687] API No. 30-025-52351

Dear Mr. Fuge:

Chevron U.S.A. Inc. ("Chevron") (OGRID No. 4323), pursuant to Division Rules 19.15.16.15(C)(6) and 19.15.15.13 NMAC and applicable rules governing acreage and well location requirements for the Red Tank; Bone Spring, East [51687], seeks administrative approval of an unorthodox well location for its **DL 9 16 Federal Com 417H** well (API No. 30-025-52351), in a 640-acre, more or less, horizontal well spacing unit comprised of the E/2 of Sections 9 & 16, Township 22 South, Range 33 East, NMPM, Lea County, New Mexico.

The **DL 9 16 Federal Com 417H** oil well is an infill well. The **DL 9 16 Federal Com 17H** oil well is the defining well, creating the enlarged spacing unit.

The proposed location for the **DL 9 16 Federal Com 417H** is as follows:

- Surface hole location: 363' FSL and 2,632' FWL (Unit N) of Section 4, T22S-R33E
- First take point: 25' FNL and 1,430' FEL (Unit B) of Section 9, T22S-R33E
- Last take point: 100' FSL and 1,430' FEL (Unit O) of Section 16, T22S-R33E
- Bottom hole location: 25' FSL and 1,430' FEL (Unit O) of Section 16, T22S-R33E

Since this acreage is governed by the Division's statewide oil rules, the completed first take point for this well will be unorthodox because it is closer than the standard offset to the northern boundary of the spacing unit—thus, encroaching on the spacing unit comprising the E/2 of Section 33, Township 21 South, Range 33 East, and E/2 of Section 4, Township 22 South, Range 33 East (Chevron's Dagger Lake 4 33 spacing unit).

Chevron U.S.A. Inc. respectfully requests administrative approval of a non-standard location for the **DL 9 16 Federal Com 417H**. Approval of the unorthodox, completed interval is necessary to allow Chevron to use its preferred well spacing plan for horizontal wells in this area, which will maximize recovery and prevent waste.

**Exhibit A** is a Form C-102 showing the proposed DL 9 16 Federal Com 417H well encroaches on the spacing unit/tracts to the north in the E/2 of Section 33, Township 21 South, Range 33 East, and E/2 of Section 4, Township 22 South, Range 33 East. Also, included is the Form C-102 for the DL 9 16 Federal Com 17H, the defining well for the spacing unit.

**Exhibit B** is a plat for the subject area, that shows the proposed DL 9 16 Federal Com 417H well in relation to the adjoining spacing unit/tracts to the north. Also included is an ownership breakdown and lease map. The affected spacing unit is owned/operated by Chevron; there are no other working interest owners. In addition, the exhibit identifies that this includes Bureau of Land Management ("BLM") leases. Accordingly, the "affected persons" are BLM.

**Exhibit C** is a spreadsheet listing all affected persons requiring notice and includes tracking information demonstrating that each of the affected persons requiring notice was 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 persons:

Туре	Affected Party	Location
Federal Mineral Interest	Bureau of Land Management	E/2 of Section 4, T22S-R33E, & 33
Interest		T21S-R33E, & 33

Your attention to this matter is appreciated.

Sincerely.

Paula M. Vance

ATTORNEY FOR CHEVRON U.S.A. INC.

<sup>&</sup>lt;sup>1</sup> See NMAC §§ 19.15.2.7.A(8) [defining "affected persons" as, "in the absence of an operator, or with respect to an application wherein the operator of the spacing unit or identified tract is the applicant, each working interest owner"] and 19.15.4.12.A(2)(a).

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

<u>District IV</u> 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

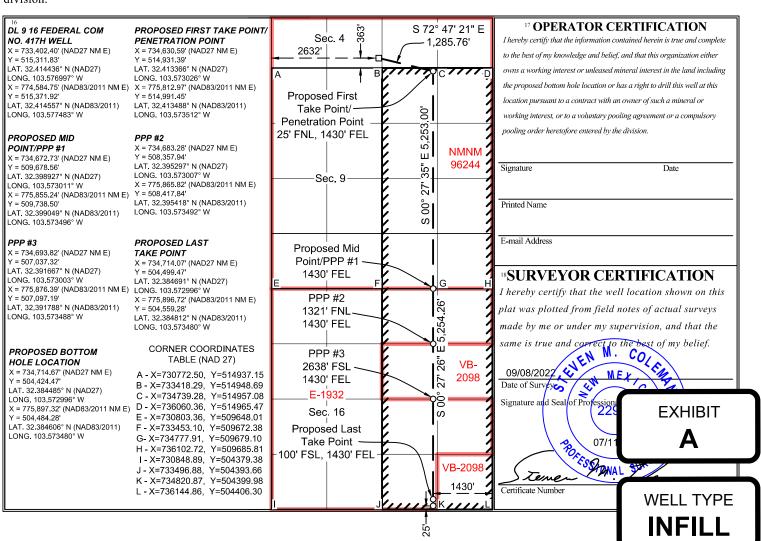
Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

☐ AMENDED REPORT

#### WELL LOCATION AND ACREAGE DEDICATION PLAT

	¹ API Nu	mber	<sup>2</sup> Pool	Code	<sup>3</sup> Pool Name							
			516	587	RED TANK;BONE SPRING,EAST							
<sup>4</sup> Proper	ty Code			5 P	roperty Name				6 Well Number			
				DL 9 16	FEDERAL CO	OM				417H		
<sup>7</sup> OGR	ID No.			8 O	perator Name					<sup>9</sup> Elevation		
43	23			CHEVE	RON U.S.A. IN	C.				3647'		
	<sup>10</sup> Surface Location											
UL or lot no.	Section	n Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/\	East/West line			
N	4	22 SOUTH	33 EAST, N.M.P.M		363'	SOUTH	2632'	WE	ST	LEA		
			11 Bottom	Hole Locat	ion If Diffe	erent From S	Surface					
UL or lot no.	Sectio	n Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line		County		
О	16	22 SOUTH	33 EAST, N.M.P.M		25'	SOUTH	1430'	EA	ST	LEA		
12 Dedicated A	cres 13 Jo	oint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.								
640		INFILL		DEFINING WELL IS DL 9 16 FEDERAL COM 17H (30-025-46648)					648)			

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.



<u>District I</u> 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 <u>District IIII</u> 1000 Rio Brazos Road, Aztec, NM 87410

Phone: (505) 334-6178 Fax: (505) 334-6170 <u>District IV</u> 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

	<sup>1</sup> API Num	ıber	<sup>2</sup> Pool C	<sup>3</sup> Pool Name								
	3002546	648	51687	7		RED TANK; BONE SPRING, EAST						
<sup>4</sup> Proper	rty Code		•	<sup>5</sup> P:	roperty Name			<sup>6</sup> Well Number				
326	766		D	L 9 16 LOC	H NESS P1 FE	ED COM				17H		
<sup>7</sup> OGR	ID No.			8 O	perator Name					<sup>9</sup> Elevation		
43	23			CHEVRON U.S.A. INC. 3				.A. INC. 3634'				
	<sup>10</sup> Surface Location											
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/	East/West line			
О	4	22 SOUTH	33 EAST, N.M.P.M.		264'	SOUTH	1322'	EA	ST	LEA		
	<sup>11</sup> 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/V	West line	County		
О	16	l22 SOUTH	33 EAST, N.M.P.M.		431'	SOUTH	1415'	EA	ST	LEA		

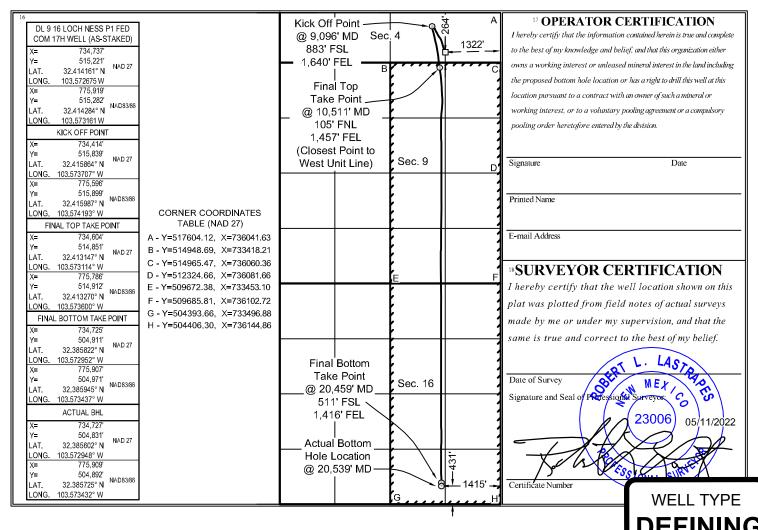
UL or lot no. Section Township Range Lot Idn Feet from the North/South line Feet from the East/West line County

O 16 22 SOUTH 33 EAST, N.M.P.M. 431' SOUTH 1415' EAST LEA

12 Dedicated Acres 13 Joint or Infill 14 Consolidation Code 15 Order No.

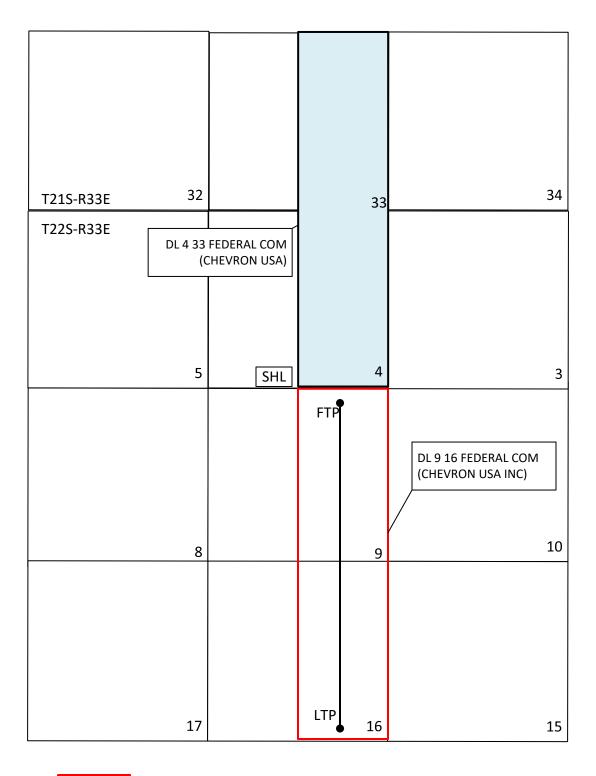
DEFINING DEFINING

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.



## **EXHIBIT B**

DL 9 16 FEDERAL COM 417H

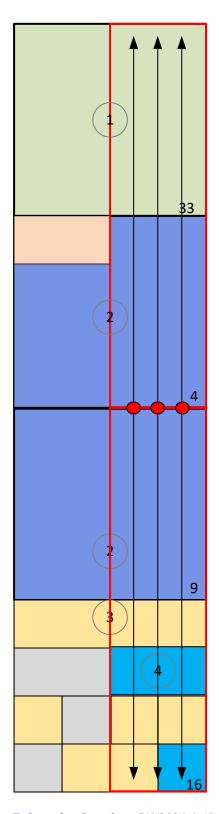


Horizontal Spacing Unit

Affected Tract

EXHIBIT **B** 

#### Dagger Lake Ownership Breakdown





Section 33, T21S-R33E – Entire Section (Lease 1) Chevron 100% Working Interest Lease NMNM 124661 – QLS 960264 Royalty 12.5%



Section 4, T22S-R33E – Lots 1 and 2, S/2 N/2, S/2 (Lease 2) Chevron 100% Working Interest Section 9, T22S-R33E – S/2 Chevron 100% Working Interest Lease NMNM 096244 – QLS 911019 Royalty 12.5%



Section 16, T22S-R33E – NE/4 NE/4, NW/4 NE/4, NE/4 NW/4, NW/4 NW/4, NW/4 SW/4, SE/4 SW/4, NE/4 SE/4, NW/4 SE/4, and SW/4 SE/4 (Lease 3)
Conoco 100% Working Interest
Lease State of New Mexico E-1932
Royalty 12.5%



Section 16, T22S-R33E –S/2 NE/4, SE/4 SE/4 (Lease 4) Chevron 100% Working Interest Lease State of New Mexico VB-2098 Royalty 12.5% Bureau of Land Management 301 Dinosaur Trail Santa Fe NM 87508 Bureau of Land Management 620 E Greene St. Carlsbad NM 88220

EXHIBIT

C



Paula M. Vance Associate Phone (505) 954-7286 PMVance@hollandhart.com

March 25, 2024

#### <u>VIA CERTIFIED MAIL</u> RETURN RECEIPT REQUESTED

TO: ALL AFFECTED PERSONS

**Re:** Chevron U.S.A. Inc.

Request for Administrative Approval of Unorthodox Well Location

DL 9 16 Federal Com 417H well E/2 of Sections 9 & 16, Township 22 South, Range 33 East, NMPM, Lea County, NM Red Tank; Bone Spring, East [51687] API No. 30-025-52351

#### 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 the date this application is received by 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:

Nicholas Angelle, Land Representative Chevron U.S.A. Inc.

Office: (713) 372-3026

nicholasangelle@chevron.com

Sincerely,

Paula M. Vance

Patrick

ATTORNEY FOR CHEVRON U.S.A. INC.



### **Shipment Confirmation Acceptance Notice**

Note to Mailer: The labels and volume associated to this form online, must match the labeled packages being presented to the USPS® employee with this form.

Chev-DL 9 16 FedCom 416H 417H & 418H CM# 79044.0002

Shipment Date: 03/25/2024

Shipped From:

Name: HOLLAND & HART LLP (1)

Address: 110 N GUADALUPE ST # 1

City: SANTA FE

State: NM ZIP+4® 87501

Type of Mail	Volume
Priority Mail Express®*	
Priority Mail®	
First-Class Package Service®	
Returns	
International*	
Other	2
Total	2

<sup>\*</sup>Start time for products with service guarantees will begin when mail arrives at the local Post Office™ and items receive individual processing and acceptance scans.

#### B. USPS Action

Note to RSS Clerk:

- Home screen > Mailing/Shipping > More
   Select Shipment Confirm
- Scan or enter the barcode/label number from PS Form 5630
   Confirm the volume count message by selecting Yes or No
   Select Pay and End Visit to complete transaction

USPS EMPLOYEE: Please scan upon pickup or receipt of mail. Leave form with customer or in customer's mail receptacle.

**USPS SCAN AT ACCEPTANCE** 

9275 0901 1935 6200 0051 4593 06

PS Form 5630, September 2016

PSN 7530-08-000-4335

Name and Address of Sender	Check type of mail or service														
HOLLAND & HART LLP (1)	☐ Adult Signature Required ☐ Priority Mail Express	1													
110 N GUADALUPE ST # 1 □ Adult Signature Restricted Delivery □ Registered Mail				Affix Stamp Here											
SANTA FE NM 87501	X Certified Mail ☐ Return Receipt for		(for additional copies of this receipt).  Postmark with Date of Receipt.												
	☐ Certified Mail Restricted Delivery Merchandise	Po	sunark w	im pale d	т кесеірі.										
	☐ Collect on Delivery (COD) ☐ Signature Confirmati	1													
	□ Insured Mail □ Signature Confirmati □ Priority Mail Restricted Delivery													011	
USPS Tracking/Article Number	Addressee (Name, Street, City, State, & ZIP Code™)	Postage	(Extra Service) Fee	Handling Charge	Actual Value if Registered	Insured Value	Due Sender if COD	ASR Fee	ASRD Fee	RD Fee	RR Fee	SC Fee	SCRD Fee	SH Fee	
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	301 DINOSAUR TRAIL														
	SANTA FE NM 67508			υ											
				value					_						
2. 9214 8901 9403 8354 3005 06	BUREAU OF LAND MANAGEMENT	1.39	4.40								2,32				
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SANTA FE 120 S FEDERAL PL STE 101 SANTA FE, NM 87501-9902 (800)275-8777

03/25/2024

03:33 PM

Product

Qty Unit Price

Price

Prepaid Mail

\$0.00

Santa Fe, NM 87508 Weight: 0 1b 5.10 oz Acceptance Date:

Mon 03/25/2024

Tracking #: 9214 8901 9403 8354 3004 90

Prepaid Mail

\$0.00

Carlsbad, NM 88220 Weight: 0 lb 5.10 oz Acceptance Date: Mon 03/25/2024

Tracking #:

9214 8901 9403 8354 3005 06

Grand Total:

\$0.00

Text your tracking number to 28777 (2USPS) to get the latest status. Standard Message and Data rates may apply. You may also visit www.usps.com USPS Tracking or call 1-800-222-1811.

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Sign up for FREE @
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All sales final on stamps and postage. Refunds for guaranteed services only. Thank you for your business.

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or call 1-800-410-7420.

UFN: 347895-0500

Receipt #: 840-58700102-4-5647037-1

Clerk: 17

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

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 327365

#### **CONDITIONS**

Operator:	OGRID:				
CHEVRON U S A INC	4323				
6301 Deauville Blvd	Action Number:				
Midland, TX 79706	327365				
	Action Type:				
	[UF-NSL] Non-Standard Location (NSL)				

#### CONDITIONS

Created By	Condition	Condition Date
llowe	None	4/9/2024