### State of New Mexico Energy, Minerals and Natural Resources Department

Michelle Lujan-Grisham

Governor

Melanie A. Kenderdine

Cabinet Secretary

**Ben Shelton** 

Deputy Secretary

**Erin Taylor** 

Deputy Secretary

Albert Chang Division Director Oil Conservation Division



Deana M. Bennett deana.bennett@modrall.com

Administrative Order NSP – 2305

#### ADMINISTRATIVE NON-STANDARD HORIZONTAL SPACING UNIT

#### Chevron U.S.A., Inc. [OGRID 4323]

MR 2 State Com Well No. 503H [API No. 30-025-53822]

MR 2 State Com Well No. 504H [API No. 30-025-53823]

MR 2 State Com Well No. 505H [API No. 30-025-53824]

MR 2 State Com Well No. 506H [API No. 30-025-53825]

McCloy Ranch 2 24 32 State Com Well No. 001H [30-025-40551]

McCloy Ranch 2 24 32 State Com Well No. 002H [30-025-40860]

McCloy Ranch 2 24 32 State Com Well No. 004H [30-025-40861]

HSU: Section 2, T24S R32E, Lea County

Reference is made to your application received on May 28th, 2025.

You have requested approval of a non-standard horizontal spacing unit to be included in your proposed horizontal spacing unit, as follows:

#### **Proposed Increased Horizontal Spacing Unit:**

<b>Description</b>	Acres	Pool	Pool Code
Section 02	640	Triste Draw; Bone Spring	96603

You have requested an exception pursuant to Rule 19.15.16.15(A)(3) NMAC, to approve a nonstandard horizontal spacing unit consisting of the entire area described above as the horizontal spacing unit. The proposed horizontal spacing unit does not consist of a quarter - quarter section or equivalent in both sections, as required by Rule 19.15.16.15(B)(1) NMAC.

NSP - 2305 Chevron U.S.A., Inc. Page 2 of 2

We understand that you are seeking this exception for an allowance to create a non-standard horizontal spacing unit, comprised of the Proposed Horizontal Spacing Unit referenced above

within Lea County, New Mexico.

The Division understands you have given notice of this application to all operators or owners who are "affected persons," as defined in Paragraph (8) Subsection A of 19.15.2.7 NMAC, in all adjoining units which are to be being included.

You have requested this non-standard horizontal spacing unit to allow efficient development of acreage, to minimize surface disturbance by consolidating facilities, and to promote effective well spacing all while protecting the correlative rights within the Bone Spring formation. Therefore, preventing waste underlying all of Section 02 within the referenced Horizontal Spacing Unit.

Pursuant to the authority conferred by Division Rule 19.15.16.15(B)(5) NMAC, the above-described **non-standard horizontal spacing unit is hereby approved**. Further, the Applicant may add additional wells to the non-standard spacing unit, the well(s) must be in the same <u>horizontal spacing unit</u> and <u>pool/formation</u>. The new well's APD shall reference this NSP order number on Form C-102 with an adjacent letter stating this request.

#### **General Provisions**

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.

Date: 7/25/2025

Albert C.S. Chang, PE

Albert Chang

Division Director

AC/lrl

Released to Imaging: 7/30/2025 12:08:03 PM

ID NO. 468383		NSP - 23	05
DECEIVED:	REVIEWER.	TYPE-	APP NO:

Revised March 23, 2017

RECEIVED: 05/28/25 REVIEWER: TYPE: APP N

	ABOVE THIS TABLE	E FOR OCD DIVISION USE ONLY	
	NEW MEXICO OIL CON	SERVATION DIVISION	SULT OF MEN MONEY
	- Geological & Engine	eering Bureau –	
	1220 South St. Francis Drive,	Santa Fe, NM 87505	4 CONSERVATION OF
	ADMINISTRATIVE APPL		
	THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE REGULATIONS WHICH REQUIRE PROCESSIN		vision rules and
	Int: Chrevron U.S.A. Inc.		Number: <u>4323</u>
	me: MR 2 State Com Bone Spring Wells ste Draw; Bone Spring	API: Variou	
'00I: <u>Ins</u>	ste Draw, Bone Spring	Pool Co	de: 90003
	IT ACCURATE AND COMPLETE INFORMATION INDICATE  OF APPLICATION: Check those which apply	D BELOW	TYPE OF APPLICATION
,	Location – Spacing Unit – Simultaneous Dec		
В.	Check one only for [1] or [11]  [1] Commingling – Storage – Measurement  DHC CTB PLC PC  [11] Injection – Disposal – Pressure Increase  WFX PMX SWD IPI	□ols □olm	
			FOR OCD ONLY
,	<b>IFICATION REQUIRED TO:</b> Check those which Offset operators or lease holders	apply.	Notice Complete
	Royalty, overriding royalty owners, reven	iue owners	Application
C.			Content Content
	<ul><li>Notification and/or concurrent approva</li><li>Notification and/or concurrent approva</li></ul>		Complete
F. G.	Surface owner  For all of the above, proof of notification  No notice required		d, and/or,
adn und	<b>TIFICATION:</b> I hereby certify that the informate ninistrative approval is <b>accurate</b> and <b>comple</b> erstand that <b>no action</b> will be taken on this offications are submitted to the Division.	ete to the best of my knowl	ledge. I also
	Note: Statement must be completed by an individ	dual with managerial and/or superv	isory capacity.
		May 28, 2025	

	D: 1 T 11
Λ	Print or Type Name
	$\wedge$
D , M	6/1/4
1000 1/11	
JOYNVU	Signature

May 28, 2025	
Date	
505-848-1834	
Phone Number	
deana.bennett@modrall.com	
e-mail Address	



LAWYERS

#### VIA ELECTRONIC FILING

May 28, 2025

Acting Director Gerasimos Razatos *And*OCD Engineering Bureau
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Deana M. Bennett 505.848.1834 Deana.bennett@modrall.com

Re: Application of Chevron U.S.A. Inc. for administrative approval of a 640-acre, more or less, nonstandard spacing unit in the Bone Spring formation comprised of Section 2, Township 24 South, Range 32 East, Lea County.

Dear Acting Director Razatos /OCD Engineering Bureau:

Chevron U.S.A. Inc. ("Chevron"), OGRID number 4323, respectfully requests administrative approval of a 640-acre, more or less, non-standard unit ("NSU") in the Bone Spring formation comprised of Section 2, Township 24 South, Range 32 East, Lea County, New Mexico.

The new wells proposed to be dedicated to this NSU (the "Wells") are:

Well Name	API Number
MR 2 State Com 503H	30-025-53822
MR 2 State Com 504H	30-025-53823
MR 2 State Com 505H	30-025-53824
MR 2 State Com 506H	30-025-53825

Chevron also requests that the following existing wells<sup>1</sup> be included in the NSU approved order:

Well Name	<b>API Number</b>
McCloy Ranch 2 24 32 State Com 001H30-025-	-40551
McCloy Ranch 2 24 32 State Com 002H 30-025-	-40860
McCloy Ranch 2 24 32 State Com 004H 30-025-	-40861

<sup>&</sup>lt;sup>1</sup> Each of the existing wells is currently dedicated to a 160-acre horizontal spacing unit, as depicted in Exhibit C-1. Chevron's goal is to combine the three 160-acre horizontal spacing units, along with W/2E/2 of Section 2 to form a single 640-acre horizontal spacing unit.

Modrall Sperling Roehl Harris & Sisk P.A.

500 Fourth Street NW Suite 1000 Albuquerque, New Mexico 87102

PO Box 2168 Albuquerque, New Mexico 87103-2168

Tel: 505.848.1800 www.modrall.com Page 2

C-102s for each of the proposed Wells are attached hereto as **Exhibit A**. The pool and pool code is the Triste Draw; Bone Spring pool (Code 96603), which follows the state wide rules. Each Well will comply with the statewide setback requirements for the non-standard spacing unit. The C-102s identify the dedicated acreage as 320-acres and Chevron will provide updated C-102s to reflect 640-acres if the NSU is approved.

Chevron is requesting this NSU for several reasons. First, approval of the NSU will allow for full and efficient development of this acreage and will minimize surface disturbance by allowing Chevron to consolidate facilities and commingle production from wells in the proposed NSU. Second, Chevron is requesting approval of this NSU to match the pending Communitization Agreement. Third, Chevron is requesting approval of this NSU to promote effective well spacing by removing the setback requirements from the center line and the quarter-quarter lines within Section 2, and also to allow spacing for future infill wells, including future Bone Spring U-lateral wells.

A tract map is attached hereto as **Exhibit B**, which identifies the approximate Well locations. Also included in Exhibit B is a list of the Wells to be initially dedicated to this NSU.

**Exhibit C** is a letter from reservoir engineer explaining the need for a non-standard unit and the benefits associated with a non-standard, as opposed to a standard, unit. Exhibit C includes attachments that compare and contrast the standard versus non-standard unit scenario.

Chevron is providing notice to all affected parties in the tracts that adjoin the proposed non-standard spacing unit and to the State Land Office and the Bureau of Land Management. Proof of mailing notice of the application (including a copy of the application) to affected persons entitled to notice is attached hereto as **Exhibit D**. Also included in Exhibit D is a map identifying the affected tracts and ownership for notice purposes.

Your attention to this matter is appreciated.

Sincerely,

Deana M. Bennett

Attorney for Chevron U.S.A. Inc.

Phone: (505) 476-3441 Fax: (55) 476-3462

https://www.emnrd.nm.gov/ocd/contact-us/

Surface Owner: □ State □ Fee □ Tribal ☒ Federal

Township

Township

24 SOUTH

**DEFINING** 

Infill or Defining Well

24 SOUTH

Pool Code

Property Name

Operator Name

MR 2 STATE COM

CHEVRON U.S.A. INC.

Lot

Lot

N/A

503H

Defining Well API

PENDING-MR 2 State Com

N/A

96603

Range

Range

32 EAST,

N.M.P.M.

32 EAST.

N.M.P.M.

Santa Fe Main Office

General Information

Phone: (505) 629-6116

Online Phone Directory Visit:

API Number - PENDING

Property Code - PENDING

Section

Section

Dedicated Acres

OGRID No. - 4323

UL

C

UL

M

320

C-102

Revised July 9, 2024

Submit Electronically

via OCD Permitting

☑ Initial Submittal

☐ Amended Report

☐ As Drilled

Well Number

Ground Level Elevation

County

County

LEA

LEA

503H

3621'

Longitude

Longitude

103.645767° W

103.650170° W

N/A

Submittal

Type:

Mineral Owner: 

State □ Fee □ Tribal □ Federal

Latitude

Latitude

Overlapping Spacing Unit (Y/N) Consolidation Code

32.252316° N

32.239473° N

	Numbers - P	ENDING				Well setbacks are under Common Ownership: □Yes □No ☒N/A				
					Kick C	Off Point (KOP)				
UL D	1		Lot N/A	Ft. from N/S 100' NORTH	Ft. from E/W 1170' WEST	Latitude 32.253600° N	Longitude 103.650180° W	County LEA		
	•				First T	ake Point (FTP)				
UL Section Township Range D 2 24 SOUTH 32 EAST, N.M.P.M.		Lot N/A	Ft. from N/S 100' NORTH	Ft. from E/W 1170' WEST	Latitude 32.253600° N	Longitude 103.650180° W	County LEA			
					Last T	ake Point (LTP)				
UL M	M 2 24 SOUTH 32 EAST		Range 32 EAST, N.M.P.M.	Lot N/A	Lot Ft. from N/S Ft. from E/W La		Latitude 32.239679° N	Longitude 103.650170° W	County LEA	
Unitize PEND		rea of Uniform	Interest	Spacing	Unit Type ⊠ Ho	rizontal 🗆 Vertical	Ground Flo 3621'	or Elevation:		
best of that this the land at this l unlease pooling If this w the conminerathe well order fi	my knowledge is organization d including the location pursu ed mineral integ order heretof well is a horizousent of at least il interest in eall's completed from the division	e proposed botton ant to a contract erest, or to a volu ore entered by th ontal well, I furth t one lessee or ov ich tract (in the to interval will be lo	if the well is a vorking interest on hole location in the location and the location in the loc	pertical or dor unleased or has a rig of a working greement of this organization in the transfer of the transfer of the transfer organization in the transfer organization in the transfer or mation in the transfer or the transfer organization in the	irectional well, mineral interest in th to drill this well g interest or a compulsory tion has received or unleased which any part of	I hereby certify that the actual surveys made by to the best of my belief.  See Sheet 2 of 2 for plat	me or under my supervi	sion, and that the same	e is true and co	
Signatu	ıre		Date			Signature and Seal of Pr	rofessional Surveyor 04/11/2024	FSS/ONAL SUR		
Printed Name					Certificate Number	Date of Survey	F	XHIBIT		
Printed								tabbles	<b>A</b>	

State of New Mexico

Department

WELL LOCATION INFORMATION

Pool Name

**Surface Location** 

**Bottom Hole Location** 

Ft. from E/W

2534' WEST

Ft. from E/W

1170' WEST

Ft. from N/S

571' NORTH

Ft. from N/S

25' SOUTH

TRISTE DRAW; BONE SPRING

Energy, Minerals & Natural Resources

OIL CONSERVATION DIVISION

#### ACREAGE DEDICATION PLATS

This grid represents a standard section. You may superimpose a non-standard section, or larger area, over this grid. Operators must outline the dedicated acreage in a red box, clearly show the well surface location and bottom hole location, if it is directionally drilled, with the dimensions from the section lines in the cardinal directions. If this is a horizontal wellbore show on this plat the location of the First Take Point and Last Take Point, and the point within the Completed interval (other than the First Take Point or Last Take Point) that is closest to any outer boundary of the tract.

Surveyors shall use the latest United States government survey or dependent resurvey. Well locations will be in reference to the New Mexico Principal Meridian. If the land is not surveyed, contact the OCD Engineering Bureau. Independent subdivision surveys will not be acceptable.

See Sheet 1 of 2 for notes & certification.

#### MR 2 STATE COM NO. 503H WELL

X = 712,707.59' (NAD27 NM E) Y = 456,147.65' LAT. 32.252193° N (NAD27) LONG. 103.645285° W X = 753,891.34' (NAD83/2011 NM E) Y = 456,206.45'

LAT. 32.252316° N (NAD83/2011)

LONG. 103.645767° W

#### PROPOSED FIRST TAKE POINT/KOP

X = 711,340.35' (NAD27 NM E) Y = 456,605.91' LAT. 32.253477° N (NAD27) LONG. 103.649698° W X = 752,524.07' (NAD83/2011 NM E) Y = 456,664.73' LAT. 32.253600° N (NAD83/2011) LONG. 103.650180° W

#### PPP

X = 711,357.82' (NAD27 NM E) Y = 454,077.71' LAT. 32.246527° N (NAD27) LONG. 103.649694° W X = 752,541.63' (NAD83/2011 NM E) Y = 454,136.47' LAT. 32.246650° N (NAD83/2011) LONG. 103.650175° W

# PROPOSED LAST TAKE POINT

Y = 451,541.91'
LAT. 32.239556° N (NAD27)
LONG. 103.649689° W
X = 752,559.26' (NAD83/2011 NM E)
Y = 451,600.62'
LAT. 32.239679° N (NAD83/2011)
LONG. 103.650170° W

X = 711,375.33' (NAD27 NM E)

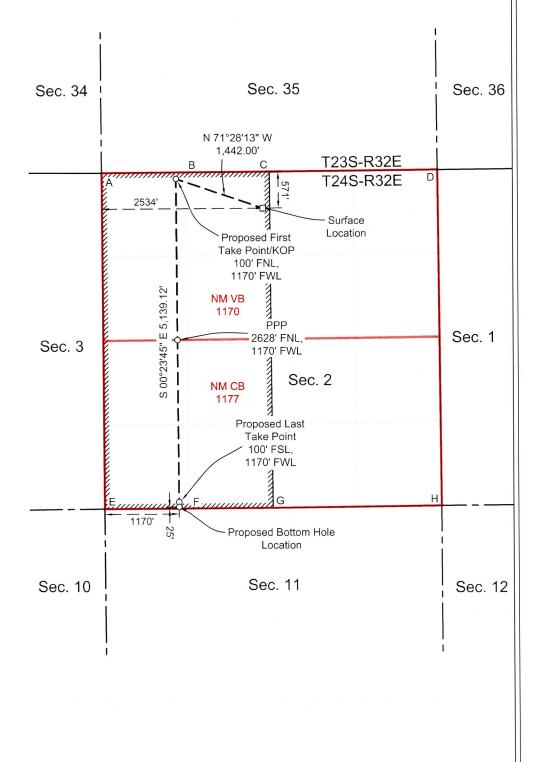
#### PROPOSED BOTTOM HOLE LOCATION X = 711,375.85' (NAD27 NM E)

Y = 451,466.91'
LAT. 32.239350° N (NAD27)
LONG. 103.649689° W
X = 752,559.78' (NAD83/2011 NM E)
Y = 451,525.62'
LAT. 32.239473° N (NAD83/2011)
LONG. 103.650170° W

#### CORNER COORDINATES TABLE (NAD 27)

A - X=710169.71, Y=456694.99 B - X=711491.25, Y=456707.32

C - X=712812.79, Y=456719.65 D - X=715455.75, Y=456747.36 E - X=710206.16, Y=451432.85 F - X=711530.63, Y=451443.11 G - X=712855.10, Y=451453.36 H - X=715505.20, Y=451485.43



Phone: (505) 476-3441 Fax: (55) 476-3462

https://www.emnrd.nm.gov/ocd/contact-us/

Surface Owner: □ State □ Fee □ Tribal ⋈ Federal

Township

24 SOUTH

Township

24 SOUTH

**INFILL** 

Township

24 SOUTH

Infill or Defining Well

Pool Code

Operator Name

Lot

Lot

Lot

N/A

96603

Range

Range

Range

32 EAST,

N.M.P.M.

32 EAST,

N.M.P.M.

32 EAST,

N.M.P.M.

Santa Fe Main Office

General Information

Phone: (505) 629-6116

Online Phone Directory Visit:

API Number - PENDING

Property Code - PENDING

Section

Section

Order Numbers - PENDING

Section

Dedicated Acres

OGRID No.

4323

UL

C

UL

UL

C

	2	24 SOUTH	32 EAST, N.M.P.M.	N/A	100' NORTH	2310' WEST	32.25
					Last Ta	ake Point (LTP)	
UL N	Section 2	Township 24 SOUTH	Range 32 EAST, N.M.P.M.	Lot N/A	Ft. from N/S 100' SOUTH	Ft. from E/W 2310' WEST	Latit 32.23
Unitiz PEND		rea of Uniform	Interest	Spacing	Unit Type ⊠ Ho	rizontal 🗆 Vertical	
12112		· · · · · · · · · · · · · · · · · · ·					
OPER	ATOR CER	TIFICATIONS				SURVEYOR CERT	TFICATION
the land at this is unlease pooling	I including the ocation pursued mineral integeneral integeneral integeneral integeneral is a horizon well in the well in the well is a horizon well in the w	proposed bottom ant to a contract rest, or to a volu. ore entered by th ontal well, I furthe tone lessee or ow	n hole location with an owner ntary pooling a division. Er certify that the mer of a working the working the continuous contents of a working the co	or has a rig of a working greement or his organiza ng interest o	a compulsory tion has received r unleased	actual surveys made by to the best of my belief. See Sheet 2 of 2 for pla	
the con minera the wel	l interest in ea	interval will be lo					
the con minera the wel	l interest in ea l's completed i rom the divisio	interval will be lo				Signature and Seal of I	
the con minera the wel order f	l interest in ea l's completed com the division	interval will be lo	ocated or obtain			Signature and Seal of I  Certificate Number	Professional

State of New Mexico C-102 Energy, Minerals & Natural Resources Revised July 9, 2024 Department Submit Electronically OIL CONSERVATION DIVISION via OCD Permitting Submittal ☐ Amended Report Type: ☐ As Drilled WELL LOCATION INFORMATION Pool Name TRISTE DRAW; BONE SPRING Property Name MR 2 STATE COM Well Number 504H Ground Level Elevation CHEVRON U.S.A. INC. 3621' Mineral Owner:  $\boxtimes$  State  $\square$  Fee  $\square$  Tribal  $\square$  Federal **Surface Location** Ft. from N/S Latitude Ft. from E/W Longitude County 32.252316° N 103.645702° W 571' NORTH 2554' WEST LEA N/A **Bottom Hole Location** Ft. from N/S Ft. from E/W Latitude Longitude County 32.239477° N 25' SOUTH 2310' WEST 103.646483° W LEA N/A Defining Well API Overlapping Spacing Unit (Y/N) Consolidation Code PENDING-MR 2 State Com 503H Well setbacks are under Common Ownership: □Yes □No ⊠N/A

#### Kick Off Point (KOP) Ft. from N/S Ft. from E/W Latitude Longitude County 32.253609° N 100' NORTH 2310' WEST 103.646493° W LEA

#### First Take Point (FTP) Longitude County de 3609° N 103.646493° W LEA

#### de Longitude County 9684° N 103.646483° W LEA

Ground Floor Elevation: 3621'

FSS/ONAL SURV

#### NS

on shown on this plat was plotted from field notes of r my supervision, and that the same is true and correct

10/11/2024

Surveyor

1/2024

f Survey

# 2023\2237112\DWG\Updated C102\s\MR 2 STATE COM 504H\_C102.dwg

#### ACREAGE DEDICATION PLATS

This grid represents a standard section. You may superimpose a non-standard section, or larger area, over this grid. Operators must outline the dedicated acreage in a red box, clearly show the well surface location and bottom hole location, if it is directionally drilled, with the dimensions from the section lines in the cardinal directions. If this is a horizontal wellbore show on this plat the location of the First Take Point and Last Take Point, and the point within the Completed interval (other than the First Take Point or Last Take Point) that is closest to any outer boundary of the tract.

Surveyors shall use the latest United States government survey or dependent resurvey. Well locations will be in reference to the New Mexico Principal Meridian. If the land is not surveyed, contact the OCD Engineering Bureau. Independent subdivision surveys will not be acceptable.

See Sheet 1 of 2 for notes & certification.

#### MR 2 STATE COM NO. 504H WELL

X = 712,727.59' (NAD27 NM E) Y = 456,147.75' LAT. 32.252193° N (NAD27) LONG. 103.645221° W X = 753,911.34' (NAD83/2011 NM E)

Y = 456,206.55' LAT. 32.252316° N (NAD83/2011)

LONG. 103.645702° W

#### PROPOSED FIRST TAKE POINT/KOP

X = 712,480.30' (NAD27 NM E) Y = 456,616.54' LAT. 32.253486' N (NAD27) LONG. 103.646011° W X = 753,664.03' (NAD83/2011 NM E) Y = 456,675.35'

LAT. 32.253609° N (NAD83/2011) LONG. 103.646493° W

### PPP

X = 712,497.80' (NAD27 NM E) Y = 454,091.12' LAT. 32.246544° N (NAD27) LONG. 103.646006° W

X = 753,681.62' (NAD83/2011 NM E)

Y = 454,149.88'

LAT. 32.246667° N (NAD83/2011)

LONG. 103.646488° W

## PROPOSED LAST TAKE POINT

X = 712,515.40' (NAD27 NM E) Y = 451,550.74'

LAT. 32.239561° N (NAD27) LONG. 103.646002° W

X = 753,699.33' (NAD83/2011 NM E)

Y = 451,609.44'

LAT. 32.239684° N (NAD83/2011)

LONG. 103.646483° W

# PROPOSED BOTTOM HOLE LOCATION

X = 712,515.92' (NAD27 NM E) Y = 451,475.74' LAT. 32.239354° N (NAD27)

LONG. 103.646002° W

X = 753,699.86' (NAD83/2011 NM E)

Y = 451,534.44'

LAT. 32.239477° N (NAD83/2011)

LONG. 103.646483° W

#### CORNER COORDINATES TABLE (NAD 27)

A - X=710169.71, Y=456694.99

B - X=711491.25, Y=456707.32

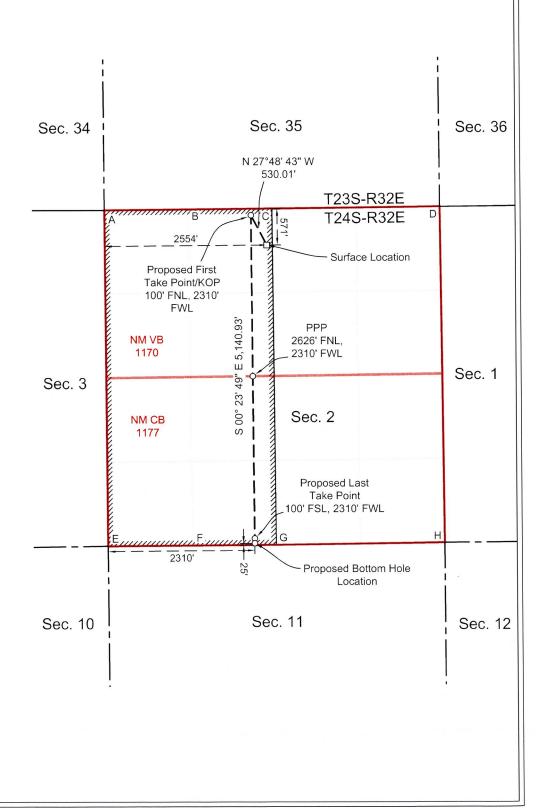
C - X=712812.79, Y=456719.65

D - X=715455.75, Y=456747.36

E - X=710206.16, Y=451432.85 F - X=711530.63, Y=451443.11

G - X=712855.10, Y=451453.36

H - X=715505.20, Y=451485.43



dwg
C102
505H
CON
Щ
¥
2 8
œ
≥
2's
10
0
odated
J
8
ð
12
7
223
3237
12
-

Santa Fe Main Office Phone: (505) 476-3441 Fax: (55) 476-3462 General Information Phone: (505) 629-6116  Online Phone Directory Visit: https://www.emnrd.nm.gov/ocd/contact-us/				State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION			C-102  Revised July 9, 2024  Submit Electronically via OCD Permitting  Submittal Type:     Amended Report			
		<u> </u>							☐ As Drille	ed
Lange	1 050	inuic.	2 10 1			Pool Name	N			
96603 TRISTE DRAW;BONE S						SPRING				
	Property Code - PENDING Property Name MR 2 STATE COM .								Well Numb 505H	
4323	OGRID No. Operator Name CHEVRON U.S.A. INC.								Ground Lev 3621'	el Elevation
Surface	Surface Owner: ☐ State ☐ Fee ☐ Tribal ☒ Federal					Mineral Owner: 🛭	State □ Fe	e 🗌 Tribal	☐ Federal	
					Surfa	ace Location				
UL C	Section 2	Township 24 SOUTH	Lot N/A	Ft. from N/S 571' NORTH	Ft. from E/W 2574' WEST	Latitude 32.25231		Longitude 103.645638° W	County LEA	
					Bottom	Hole Location				
UL O	Section 2	Township 24 SOUTH	Range 32 EAST, N.M.P.M.	Lot N/A	Ft. from N/S 25' SOUTH	Ft. from E/W 1590' EAST	Latitude 32.23949		Longitude 103.641958° W	County LEA
Dedica 320						Overlapping Spacing Unit (Y/N) Consolidation Code  Yes N/A				
Order 1	Numbers - P	ENDING		505H		Well setbacks are under Common Ownership: ⊠Yes □No				
					Kick O	off Point (KOP)				
UL B	UL Section Township Range Lot Ft. from N/S				Ft. from N/S	Ft. from E/W 1590' EAST	Latitude 32.25382	The state of the s	Longitude 103.642008° W	County LEA
			N.M.P.M.		First T:	ake Point (FTP)				
UL B	Section 2	Township 24 SOUTH	Range 32 EAST, N.M.P.M.	Lot N/A	Ft. from N/S 25' NORTH	Ft. from E/W 1590' EAST	Latitude 32.25382		Longitude 103.642008° W	County LEA
					Last Ta	ake Point (LTP)				
UL O	Section 2	Township 24 SOUTH	Range 32 EAST, N.M.P.M.	Lot N/A	Ft. from N/S 100' SOUTH	Ft. from E/W 1590' EAST	Latitude 32.23970		Longitude 103.641959° W	County LEA
Unitize PEND		rea of Uniform	Interest	Spacing	Unit Type ⊠ Hor	rizontal 🗆 Vertical	Gro 362	ound Floor I 1'	Elevation:	
OPED	ATOR CER	TIEIC A TIONS		1		CLIDVEVOD CEDTI	CICATIONS			
I hereby best of that this the land at this l unlease pooling If this w the cons mineral the well	v certify that t. my knowledge s organization d including the ocation pursu d mineral inte order heretof vell is a horizo sent of at leas l interest in ea	e proposed botton ant to a contract erest, or to a volu fore entered by th ontal well, I furth t one lessee or ov ich tract (in the te interval will be le	ontained herein if the well is a v orking interest of with an owner ntary pooling a e division. er certify that th wher of a worki urget pool or fo	vertical or d or unleased or has a rig of a workin greement o  his organiza ng interest o  rmation) in	lirectional well, mineral interest in the to drill this well g interest or r a compulsory tion has received or unleased which any part of	SURVEYOR CERTI.  I hereby certify that the actual surveys made by to the best of my belief.  See Sheet 2 of 2 for plat.	well location s me or under m	hown on this v supervision	And that the same	e is true and correct
Signatu	re		Date			Signature and Seal of Pr	ofessional Sur		OFFSS IONAL SU	RVE
Printed	Name					Certificate Number	Date of St			
Email A	Address					N 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1				

This grid represents a standard section. You may superimpose a non-standard section, or larger area, over this grid. Operators must outline the dedicated acreage in a red box, clearly show the well surface location and bottom hole location, if it is directionally drilled, with the dimensions from the section lines in the cardinal directions. If this is a horizontal wellbore show on this plat the location of the First Take Point and Last Take Point, and the point within the Completed interval (other than the First Take Point or Last Take Point) that is closest to any outer boundary of the tract.

Surveyors shall use the latest United States government survey or dependent resurvey. Well locations will be in reference to the New Mexico Principal Meridian. If the land is not surveyed, contact the OCD Engineering Bureau. Independent subdivision surveys will not be acceptable.

See Sheet 1 of 2 for notes & certification.

#### MR 2 STATE COM NO. 505H WELL

X = 712,747.59' (NAD27 NM E) Y = 456,147.86' LAT. 32.252193° N (NAD27) LONG. 103.645156° W X = 753,931.34' (NAD83/2011 NM E)

Y = 456,206.66' LAT. 32.252316° N (NAD83/2011)

LONG. 103.645638° W

#### PROPOSED FIRST TAKE POINT/KOP

X = 713,866.07' (NAD27 NM E) Y = 456,705.69LAT. 32.253707° N (NAD27) LONG. 103.641527° W X = 755,049.81' (NAD83/2011 NM E) Y = 456.764.49LAT. 32.253829° N (NAD83/2011) LONG. 103.642008° W

#### PPP

X = 713,890.46' (NAD27 NM E) Y = 454,107.50LAT. 32.246564° N (NAD27) LONG. 103.641502° W X = 755,074.29' (NAD83/2011 NM E) Y = 454,166.25LAT. 32.246687° N (NAD83/2011) LONG. 103.641983° W

#### PROPOSED LAST TAKE POINT

X = 713,914.31' (NAD27 NM E) Y = 451,566.19LAT. 32.239578° N (NAD27) LONG. 103.641478° W X = 755,098.25' (NAD83/2011 NM E) Y = 451.624.88LAT. 32.239701° N (NAD83/2011) LONG. 103.641959° W

#### PROPOSED BOTTOM **HOLE LOCATION**

X = 713,915.01' (NAD27 NM E) Y = 451,491.19'LAT. 32.239372° N (NAD27) LONG. 103.641477° W X = 755,098.96' (NAD83/2011 NM E) Y = 451,549.88'LAT. 32.239495° N (NAD83/2011) LONG. 103.641958° W

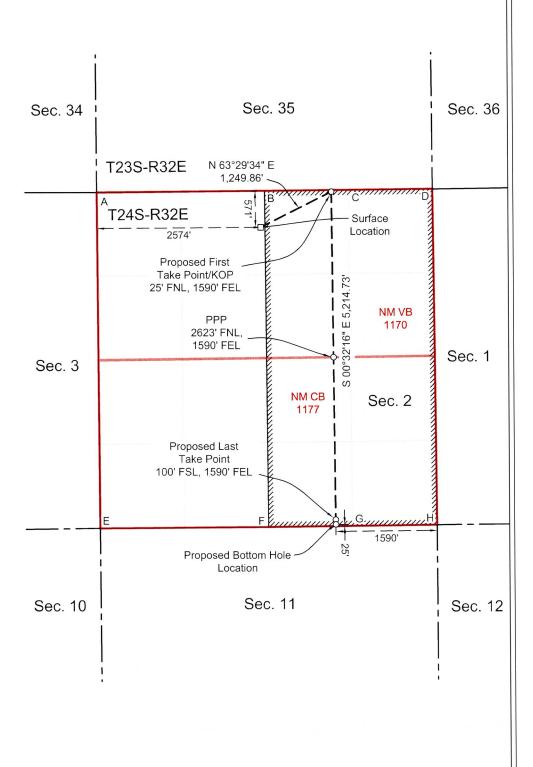
#### **CORNER COORDINATES** TABLE (NAD 27)

B - X=712812.79, Y=456719.65 C - X=714134.27, Y=456733.50 D - X=715455.75, Y=456747.36 E - X=710206.16, Y=451432.85

A - X=710169.71, Y=456694.99

G - X=714180.15, Y=451469.39

F - X=712855.10, Y=451453.36 H - X=715505.20, Y=451485.43



:\2023\2237112\DWG\Updated C102's\MR 2 STATE COM 505H\_C102.dwg

Santa Fe Main Office

Phone: (505) 629-6116					Energy, Mine	e of New Mexico erals & Natural R Department ERVATION DI	C-102 Revised July 9, 2024 Submit Electronically via OCD Permitting			
Online Phone Directory Visit: https://www.emnrd.nm.gov/ocd/contact-us/						Submittal Type: Submittal Amend				
					WELL LOCAT	TION INFORMATIO	ON			
API N	lumber - PEN	IDING	Pool Code 96603			Pool Name TRISTE DRAW;BON	IF SPRING			
Proper	rty Code - PE	ENDING	Property Na MR 2 STAT			Televis Startings	D DI ICI I		Well Number	er
OGRII 4323	D No.		Operator Na CHEVRON		NC				Ground Lev 3621'	el Elevation
	e Owner: 🗆	State ☐ Fee ☐			NC.	Mineral Owner:	⊠ State □ Fϵ	ee □ Tribal	- Speciality	
		11			C . C					
UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	I	Longitude	County
C	2	24 SOUTH	32 EAST, N.M.P.M.	N/A	571' NORTH	2594' WEST	32.25231		.03.645573° W	LEA
7 17	Cartion	Tahin	T Danca	T <sub>nt</sub>		Hole Location	Latituda	T	Longitude	County
UL P	Section 2	Township 24 SOUTH	Range 32 EAST, N.M.P.M.	Lot N/A	Ft. from N/S 25' SOUTH	Ft. from E/W 330' EAST	Latitude 32.23951		103.637883° W	LEA
Dedica 320	Dedicated Acres Infill or Defining Well Defining Well API PENDING-MR 2 St					M Overlapping Spacing Unit (Y/N) Consolidation Code  Yes N/A				
Order	Numbers - P	PENDING		505H	Well setbacks are under Common Ownership: ⊠				0	
					Kick O	ff Point (KOP)	V ,			, a = <sup>2</sup> (1
UL A	Section 2	Township 24 SOUTH	Range 32 EAST, N.M.P.M.	Lot N/A	Ft. from N/S 25' NORTH	Ft. from E/W 330' EAST	Latitude 32.25384		Longitude 103.637932° W	County LEA
			14.141.1		First Ta	ake Point (FTP)				
UL A	Section 2	Township 24 SOUTH	Range 32 EAST, N.M.P.M.	Lot N/A	Ft. from N/S 25' NORTH	Ft. from E/W 330' EAST	Latitude 32.25384		Longitude 103.637932° W	County LEA
						ake Point (LTP)				
UL P	Section 2	Township 24 SOUTH	Range 32 EAST, N.M.P.M.	Lot N/A	Ft. from N/S 100' SOUTH	Ft. from E/W 330' EAST	Latitude 32.23972		Longitude 103.637883° W	County LEA
Unitiz PEND		Area of Uniform	n Interest	Spacing	g Unit Type ⊠ Hor	izontal 🗆 Vertical	Gro 362	ound Floor E	Elevation:	
OPER	Y TOP CED	TIPLO A TIONIS				CLIDVEVOD CEDI	TITICATIONS			
		RTIFICATIONS				SURVEYOR CERT				2.11
best of that the the lan	f my knowledge is organization ad including th	the information co e and belief, and, n either owns a wo te proposed botton uant to a contract	if the well is a veorking interest of median to the median to the median in the median are to the median are th	vertical or o or unleased or has a rig	directional well, d mineral interest in ight to drill this well	I hereby certify that the actual surveys made by to the best of my belief  See Sheet 2 of 2 for pla	y me or under m f.	y supervision,	and that the same	e is true and correct
unleas pooling If this	ed mineral into g order heretoj well is a horizo	terest, or to a volu ofore entered by th contal well, I furth	untary pooling a he division. ner certify that th	agreement o	or a compulsory cation has received	300 5/1021 - 45 - 57 - 57		80%	SER MEX	STRAPES
the cor minera the we	nsent of at leas al interest in ec	st one lessee or ov ach tract (in the to ! interval will be lo	wner of a worki arget pool or fo	ing interest ormation) in	or unleased n which any part of		c	10/11/202	23006	
Signat	ure	- 125 - 1 - 1	Date			Signature and Seal of			SS/ONAL S	URIL
Printed	d Name					Certificate Number	04/11/2 Date of Si			
Email	Address									

This grid represents a standard section. You may superimpose a non-standard section, or larger area, over this grid. Operators must outline the dedicated acreage in a red box, clearly show the well surface location and bottom hole location, if it is directionally drilled, with the dimensions from the section lines in the cardinal directions. If this is a horizontal wellbore show on this plat the location of the First Take Point and Last Take Point, and the point within the Completed interval (other than the First Take Point or Last Take Point) that is closest to any outer boundary of the tract.

Surveyors shall use the latest United States government survey or dependent resurvey. Well locations will be in reference to the New Mexico Principal Meridian. If the land is not surveyed, contact the OCD Engineering Bureau. Independent subdivision surveys will not be acceptable.

See Sheet 1 of 2 for notes & certification.

#### MR 2 STATE COM NO. 506H WELL

X = 712,767.59' (NAD27 NM E) Y = 456,147.96' LAT. 32.252193° N (NAD27) LONG. 103.645091° W

X = 753,951.34' (NAD83/2011 NM E) Y = 456,206.76'

LAT. 32.252316° N (NAD83/2011)

LONG. 103.645573° W

#### PROPOSED FIRST TAKE POINT/KOP

X = 715,126.00' (NAD27 NM E) Y = 456,718.90' LAT. 32.253721° N (NAD27) LONG. 103.637451° W X = 756,309.74' (NAD83/2011 NM E) Y = 456,777.69' LAT. 32.253843° N (NAD83/2011) LONG. 103.637932° W

#### PPP

X = 715,150.37' (NAD27 NM E) Y = 454,122.32' LAT. 32.246583° N (NAD27) LONG. 103.637427° W X = 756,334.21' (NAD83/2011 NM E) Y = 454,181.06' LAT. 32.246705° N (NAD83/2011) LONG. 103.637908° W

#### PROPOSED LAST TAKE POINT

X = 715,174.22' (NAD27 NM E) Y = 451,581.43' LAT. 32.239598° N (NAD27) LONG. 103.637403° W X = 756,358.17' (NAD83/2011 NM E) Y = 451,640.11' LAT. 32.239721° N (NAD83/2011) LONG. 103.637883° W

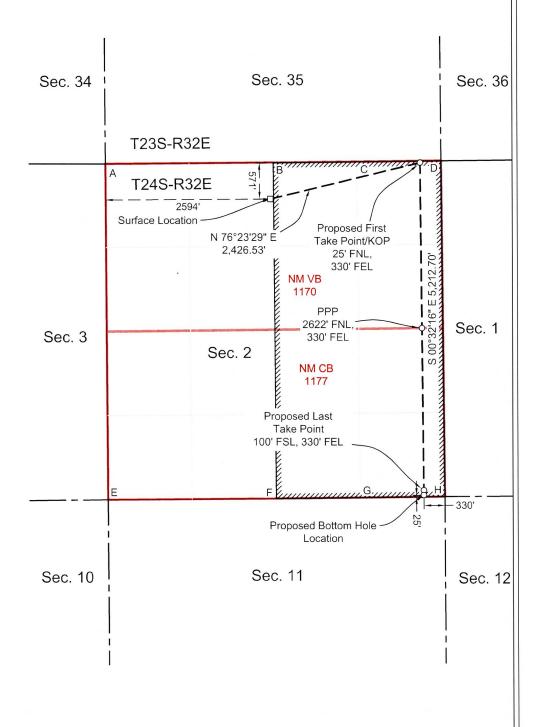
# PROPOSED BOTTOM HOLE LOCATION

X = 715,174.92' (NAD27 NM E) Y = 451,506.43' LAT. 32.239392° N (NAD27) LONG. 103.637402° W X = 756,358.88' (NAD83/2011 NM E) Y = 451,565.11' LAT. 32.239515° N (NAD83/2011) LONG. 103.637883° W

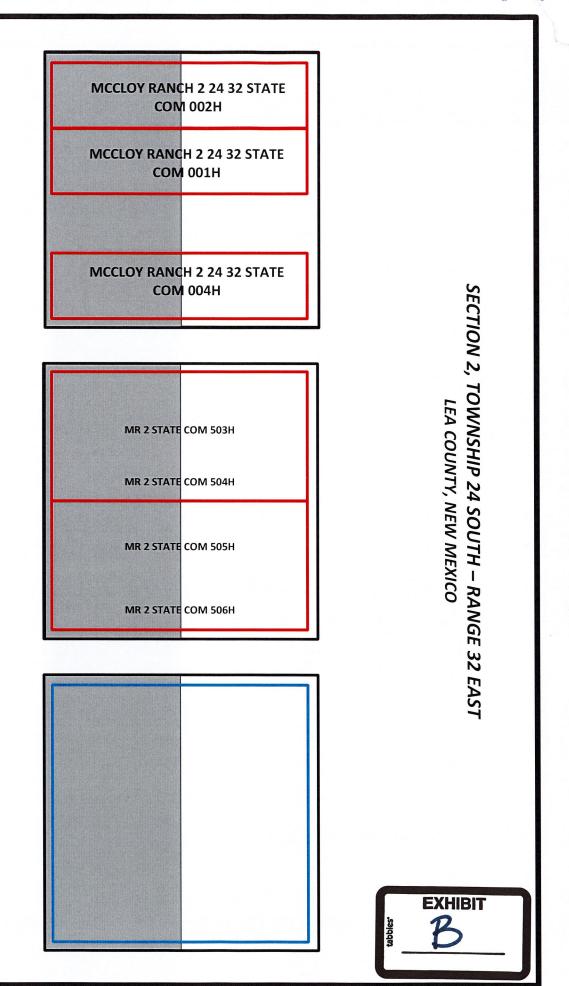
#### CORNER COORDINATES TABLE (NAD 27)

A - X=710169.71, Y=456694.99 B - X=712812.79, Y=456719.65 C - X=714134.27, Y=456733.50 D - X=715455.75, Y=456747.36 E - X=710206.16, Y=451432.85 F - X=712855.10, Y=451453.36

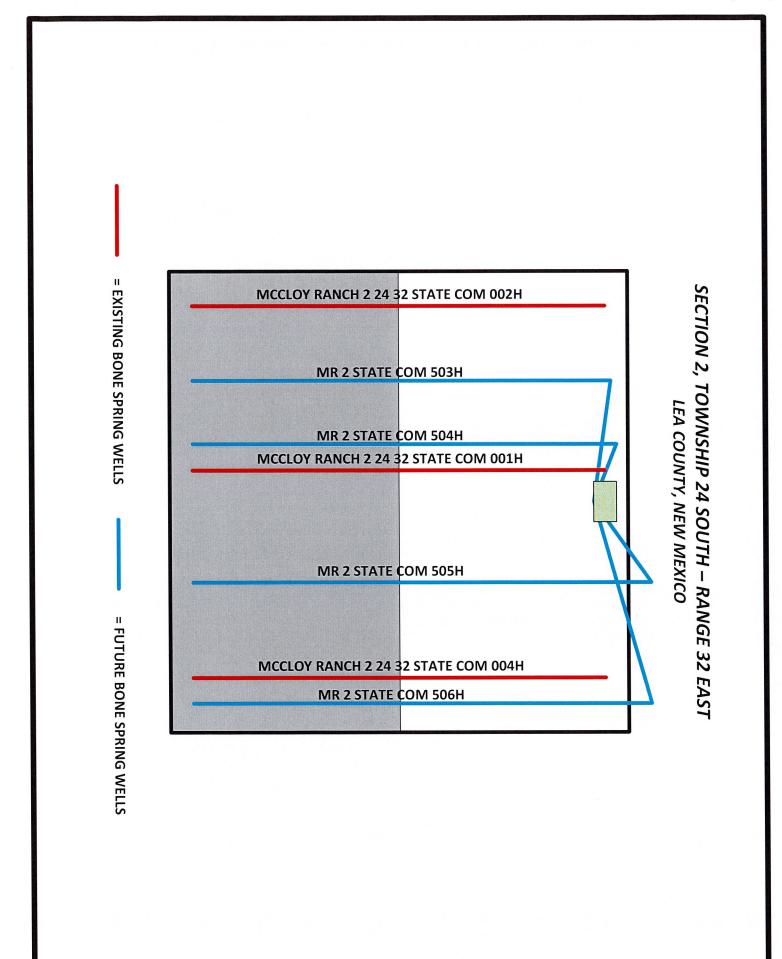
G - X=714180.15, Y=451469.39 H - X=715505.20, Y=451485.43



= EXISTING BONE SPRING HSU's



= NSP (PROPOSED HSU)



## MR 2 State Com Well List with Pool Code

Triste Draw; Bone Spring (Code 96603)

Well Name	API Number
New Wells: MR 2 State Com 503H MR 2 State Com 504H MR 2 State Com 505H MR 2 State Com 506H	30-025-53822 30-025-53823 30-025-53824 30-025-53825
Existing Wells to Be Included with NSU:	
McCloy Ranch 2 24 32 State Com 001H	30-025-40551
McCloy Ranch 2 24 32 State Com 002H	30-025-40860
McCloy Ranch 2 24 32 State Com 004H	30-025-40861



# **Ryan Burke**Petroleum Engineer, MCBU Asset Development

May 1, 2025

#### VIA E-FILING

Acting Director Gerasimos Razatos And
OCD Engineering Bureau
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 a 640-acre, more or less, nonstandard spacing unit in the Bone Spring formation comprised of Section 2, Township 24 South, Range 32 East, Lea County.

Dear Acting Director Razatos /OCD Engineering Bureau:

Chevron U.S.A. Inc. ("Chevron"), OGRID number 4323, respectfully requests administrative approval of a 640-acre, more or less, Bone Spring non-standard unit ("NSU") comprised of Section 2, Township 24 South, Range 32 East, Lea County, New Mexico.

The wells (the "Wells") proposed to be dedicated to this NSU are:

#### Well Name API Number

30-025-53822
30-025-53823
30-025-53824
30-025-53825

Chevron also requests that the following existing wells be included in the NSU approval:

#### Well Name API Number

McCloy Ranch 2 24 32 State Com 001H	30-025-40551
McCloy Ranch 2 24 32 State Com 002H	30-025-40860
McCloy Ranch 2 24 32 State Com 004H	30-025-40861

The Wells will be completed within the Triste Draw; Bone Spring pool (Code 96603). This pool follows the statewide spacing rules.

Midcontinent Business Unit
Chevron North America Exploration and Production Company
a division of Chevron U.S.A. Inc.
1400 Smith Street, Houston, TX 77002
Tel 281-615-7074
rvan.burke@chevron.com



In this NSU application, Chevron seeks approval of a single 640-acre unit. Without the NSU approval, Chevron would have multiple separate units, as shown on Exhibit C-1, because each of the existing wells is currently dedicated to a 160-acre horizontal spacing unit. Chevron's goal is to combine the three 160-acre horizontal spacing units, along with W/2E/2 of Section 2 to form a single 640-acre horizontal spacing unit.

Chevron has determined that a single 640-acre unit is preferable for the following reasons. First, approval of the NSU will allow for full and efficient development of this acreage and will minimize surface disturbance by allowing Chevron to consolidate facilities and commingle production from wells in the proposed NSU. Second, Chevron is requesting approval of this NSU to match the pending Communitization Agreement. Third, Chevron is requesting approval of this NSU to promote effective well spacing by removing the setback requirements from the center line and the quarter-quarter lines within Section 2, and also to allow spacing for future infill wells, including future Bone Spring U-lateral wells.

Conversely, if Chevron's NSU application is not approved, Chevron will need to construct additional pipelines, roads, and facilities. Exhibit C-2 compares and contrasts, in table format, the reduced surface acreage and the cost savings that will occur if the NSU is approved. Developing the acreage as a single, non-standard unit will result in 3-acres less surface disturbance that is Chevron has to develop using standard units. If Chevron's application is approved, total capital costs would be significantly reduced by \$6.075 MM because no additional infrastructure would be required to operate the single non-standard unit.

It is my opinion that approval of the NSU is in the best interest of conservation, prevention of waste, and protection of correlative rights.

Thank you for your consideration. Should you have any questions please contact me at Ryan.Burke@chevron.com or 281-615-7074.

Sincerely,

Ryan Burke

Reservoir Engineer Chevron U.S.A. Inc.

Midcontinent Business Unit
Chevron North America Exploration and Production Company
a division of Chevron U.S.A. Inc.
1400 Smith Street, Houston, TX 77002
Tel 281-615-7074
ryan.burke@chevron.com

Scenario	Design Basis Per CTB (BOPD)	Total Capital CTB/Equipment Cost (\$M)	Additional CTB and Pipeline Disturbance (Acres)
Standard Spacing Unit	24,000	\$21,325	3
Non-Standard Spacing Unit	16,000	\$15,250	0
Savings		\$6,075	e

Approval of a non-standard unit will allow consolidation of all production into a single facility and will eliminate the needs to build an additional central tank battery and flowlines. Elimination of the additional central tank battery effectively cuts permitted fugitive VOC emissions, spill risks, and flares in half

Deana M. Bennett

Deana.bennett@modrall.com

505.848.1834



L A W Y E R S

May 28, 2025

#### TO AFFECTED PARTIES

Re: Application of Chevron U.S.A. Inc. for administrative approval of a 640-acre, more or less, nonstandard spacing unit in the Bone Spring formation comprised of Section 2, Township 24 South, Range 32 East, Lea County.

Dear Sir or Madam:

Enclosed is a copy of the above referenced application filed with the New Mexico Conservation Division on this date. Any objections that you have to this application must be filed in writing with the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico 87505, within twenty (20) days from the date the Division receives the above referenced application. If no objection is received within this twenty-day period, the application may be approved administratively by the Division.

If you have any questions concerning this application, please contact:

Ryan Burke Reservoir Engineer Chevron U.S.A Inc. Ryan.Burke@chevron.com Tel: 281-615-7074

Sincerely,

Deana M. Bennett

Attorney for Chevron U.S.A. Inc.

Modrall Sperling Roehl Harris & Sisk P.A.

500 Fourth Street NW Suite 1000 Albuquerque, New Mexico 87102

PO Box 2168 Albuquerque, New Mexico 87103-2168

Tel: 505.848.1800 www.modrall.com

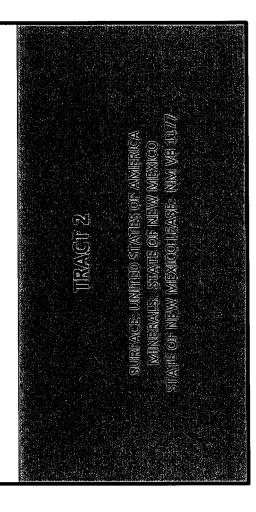


	12	11	10
<b>Allar Development, LLC</b> PO Box 1567 Graham, Texas 76450	<b>Conoco Phillips</b> 600 W. Illinois Ave Midland, Texas 79701		<b>EOG RESOURCES</b> 5509 Champions Dr. Midland, Texas 79706
Dallas, Texas 75243  Shepherd Royalty, LLC 8241 Westchester Dr., Suite 740 Dallas, Texas 75225	Operators: <b>Coterra Energy</b> 6001 Deauville Blvd., Ste N3.047 Midland, Texas 79706	Operator: <b>Coterra Energy</b> 6001 Deauville Blvd., Ste N3.047 Midland, Texas 79706	Operators:  Coterra Energy 6001 Deauville Blvd., Ste N3.047 Midland, Texas 79706
<b>Highland (Texas) Energy Company</b> 11886 Greensville Ave, Suite 106	1	2	3
Working Interest Owners: Chevron U.S.A. Inc. 1400 Smith Street Houston, Texas 79706		(100% Working interest Owner)	
T24S-R32E	Operator: <b>Chevron U.S.A. Inc.</b> 1400 Smith Street Houston, Texas 79706	Operator:  Chevron U.S.A. Inc. 1400 Smith Street Houston, Texas 79706	Operator: <b>EOG RESOURCES</b> 5509 Champions Dr. Midland, Texas 79706
T23S-R32E	36	35	34
	Operators:  Coterra Energy  6001 Deauville Blvd., Ste N3.047  Midland, Texas 79706  Conoco Phillips  600 W. Illinois Ave  Midland, Texas 79701	Operators: Chevron U.S.A. Inc. 1400 Smith Street Houston, Texas 79706 (100% Working Interest Owner) Conoco Phillips 600 W. Illinois Ave Midland, Texas 79701	Operators:  EOG RESOURCES 5509 Champions Dr. Midland, Texas 79706  DEVON ENERGY 333 West Sheridan Ave. Oaklahoma City, OK 73102
= PROPOSED NSP			

# SECTION 2, TOWNSHIP 24 SOUTH – RANGE 32 EAST LEA COUNTY, NEW MEXICO

# **TRACT 1**

SURFACE: UNITED STATES OF AMERICA MINERALS: STATE OF NEW MEXICO STATE OF NEW MEXICO LEASE: NM VB 1170



7
877
m 3
Orn
Ē
PS

L Firm Mailing Book ID: 289614	Service Fee RR Fee Rest.Del.Fee Contents	\$4.85 \$2.62 \$0.00 83420.0050 MR2. Notice	\$4.85 \$2.62 \$0.00 83420.0050 MR2. Notice	\$4.85 \$2.62 \$0.00 83420.0050 MR2. Notice	\$4.85 \$2.62 \$0.00 83420.0050 MR2. Notice	\$4.85 \$2.62 \$0.00 83420.0050 MR2. Notice	\$4.85 \$2.62 \$0.00 83420.0050 MR2. Notice	\$4.85 \$2.62 \$0.00 83420.0050 MR2. Notice	\$4.85 \$2.62 \$0.00 83420.0050 MR2. Notice	\$4.85 \$2.62 \$0.00 83420.0050 MR2. Notice	\$43.65 \$23.58 \$0.00
PS Form 3877 Type of Mailing: CERTIFIED MAIL 05/28/2025	Postage	\$3.15	\$3.15	\$3.15	\$3.15	\$3.15	\$3.15	\$3.15	\$3.15	\$3.15	Totals: \$28.35
	Name, Street, City, State, Zip	EOG Resources 5509 Champions Dr. Midland TX 79706	Devon Energy 333 West Sheridan Ave. Oklahoma City OK 73102	Coterra Energy 6001 Deauville Blvd., Ste N3.047 Midland TX 79706	Conoco Phillips 600 W. Illinois Ave. Midland TX 79701	Highland (Texas) Energy Company 11886 Greensville Ave., Suite 106 Dallas TX 75243	Shepherd Royalty, LLC 8241 Westchester Dr., Suite 740 Dallas TX 75225	Allar Development, LLC PO Box 1567 Graham TX 76450	United States of America Bureau of Land Management 301 Dinosaur Trail Santa Fe NM 87508	State of New Mexico 310 Old Santa Fe Trail Santa Fe NM 87501	
Paralene Schuman Alodrall Sperling Roehl Harris & Sisk P.A. 1900 Fourth Street, Suite 1000 Manuerque NM 87102	USPS Article Number	9314 8699 0430 0135 6257 76	9314 8699 0430 0135 6257 83	9314 8699 0430 0135 6257 90	9314 8699 0430 0135 6258 06	9314 8699 0430 0135 6258 13	9314 8699 0430 0135 6258 20	9314 8699 0430 0135 6258 37	9314 8699 0430 0135 6258 44	9314 8699 0430 0135 6258 51	
Release Schul Sperion Schul Sperion Sperion Sperion Sperion State Strate	ng: 7)	<b>-</b> 30/202	c <sub>1</sub>	ო 3:03 P	M 4	v	9	7	∞	6	

Sante Fe Main Office Phone: (505) 476-3441

General Information Phone: (505) 629-6116

Online Phone Directory <a href="https://www.emnrd.nm.gov/ocd/contact-us">https://www.emnrd.nm.gov/ocd/contact-us</a>

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

CONDITIONS

Action 468383

#### **CONDITIONS**

Operator:	OGRID:
CHEVRON U S A INC	4323
6301 Deauville Blvd	Action Number:
Midland, TX 79706	468383
	Action Type:
	[UF-NSP] Non-Standard Proration (NSP)

#### CONDITIONS

E		Condition	Condition Date
	lowe	None	7/3/2025