

State of New Mexico  
Energy, Minerals and Natural Resources Department

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**Michelle Lujan Grisham**  
Governor

**Sarah Cottrell Propst**  
Cabinet Secretary

**Todd E. Leahy, JD, PhD**  
Deputy Cabinet Secretary

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Oil Conservation Division



November 1<sup>st</sup>, 2021

Ms. Kaitlyn A. Luck  
[kaluck@hollandhart.com](mailto:kaluck@hollandhart.com)

NON-STANDARD LOCATION

**Administrative Order NSL-8226**

**Chevron U.S.A. Inc. [OGRID 4323]  
DL 10 3 Kraken Federal Com Well No. 208H  
API No. 30-025-PENDING**

**Proposed Location**

	<u>Footages</u>	<u>Unit/Lot</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	370 FSL & 1815 FWL	N	10	22S	33E	Lea
First Take Point	25 FSL & 1254 FWL	N	10	22S	33E	Lea
Last Take Point	100 FNL & 1254 FWL	D	3	22S	33E	Lea
Terminus	25 FNL & 1254 FWL	D	3	22S	33E	Lea

**Proposed Horizontal Units**

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
W/2 of Section 10	640.14	Red Tank; Bone Spring, East Pool	51687
W/2 of Section 3			

Reference is made to your application initially received on September 17<sup>th</sup>, 2021. The application was protested on October 1, 2021. The protest was withdrawn on October 8<sup>th</sup>, 2021.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. 19.15.16.15(B)(1)(a) NMAC governs this proposed well and provides that the operator shall dedicate to each horizontal oil well a standard horizontal spacing unit that comprises of one or more contiguous tracts that the horizontal well's completed interval penetrates, each of which consists of a governmental quarter - quarter section or equivalent.

This well's completed interval is as close as 25 feet to the southern edge of the horizontal spacing unit. Encroachment will impact the following tracts.

Section 15, encroachment to the NW/4 NW/4

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The Division understands you have given notice of this application to all operators or owners who are "affected persons," as defined in 19.15.2.7(A)(8) NMAC, in all adjoining units towards which the proposed location encroaches.

Division understands you are seeking this unorthodox location as a preferred well spacing plan for horizontal wells in this area. Therefore, preventing waste within the Bone Spring formation underlying W/2 of section 10 and the W/2 of section 3.

Your application has been filed under 19.15.16.15(C)(6) NMAC, 19.15.15.13 NMAC and 19.15.4.12 (A)(2) NMAC.

Per 19.15.15.13 (B) NMAC, **Division approves this unorthodox location.**

The above approvals are subject to your following all other applicable Division rules.

Jurisdiction of this case is retained for the entry of further orders as Division deems necessary.



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**ADRIENNE E. SANDOVAL**  
**Division Director**

AES/lrl

cc: Bureau of Land Management – Carlsbad Field Office  
State Land Office – Oil, Gas, and Minerals Division