

State of New Mexico
Energy, Minerals and Natural Resources Department

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Mr. Adam G. Rankin
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NON-STANDARD LOCATION

Administrative Order NSL-8371

Chevron USA Inc. [4323]
CO Grizzly 3 34 Federal Well No. 405H
API No. 30-025-49783

	<u>Footages</u>	<u>Unit/Lot</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	240 FNL & 1565 FWL	C	10	25S	32E	Lea
First Take Point	25 FSL & 1210 FWL	M	3	25S	32E	Lea
Last Take Point	100 FNL & 1210 FWL	D	34	24S	32E	Lea
Terminus	25 FNL & 1210 FWL	D	34	24S	32E	Lea

Proposed Horizontal Units

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
W/2 of Section 3, T25S, R32E	640	Wildcat; Bone Spring	96715
W/2 of Section 34, T24S, R32E			

Reference is made to your application received on May 17th, 2022.

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 oil 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 10, T25S, R32E, encroachment to the NW/4 NW/4

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 your preferred well spacing plan for horizontal wells in this area to allow for maximize recovery of resources within the Bone Spring formation underlying the W/2 of Section 3, T25S R32E and W/2 of Section 34, T24S, R32E.

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.**

Reference this NSL order number on the As Drilled C-102, submitted with the Authorization to Transport (C-104), to place this well into production.

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.



ADRIENNE E. SANDOVAL
Division Director

Date: 6/16/2022

AES/lrl