

New Mexico Energy, Minerals and Natural Resources Department

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Division Director
Oil Conservation Division



January 23, 2012

Chevron U.S.A. Inc.
Attn: Ms. Carolyn Haynie

ADMINISTRATIVE NON-STANDARD LOCATION
and NON-STANDARD PRORATION UNIT ORDER

Administrative Order NSL-6543
Administrative Application Reference No. pTWG11-36141206

Administrative Order NSP-1955
Administrative Application Reference No. pTWG11-36141734

Chevron U.S.A. Inc.
OGRID 4323
New Mexico BZ State NCT-10 Well No. 6
API No. 30-025-33168

NON-STANDARD LOCATION (NSL):

Proposed Location:

| <u>Footages</u> | <u>Unit</u> | <u>Section</u> | <u>Township</u> | <u>Range</u> | <u>County</u> |
|--------------------|-------------|----------------|-----------------|--------------|---------------|
| 480 FNL & 1650 FWL | N | 2 | 25S | 37E | Lea |

Proposed Unit:

| <u>Description</u> | <u>Acres</u> | <u>Pool</u> | <u>Pool Code</u> |
|--------------------|--------------|---------------------------|------------------|
| SW/4 of Section 2 | 160 | Justis Glorieta (Pro Gas) | 79360 |

Reference is made to your amended application received on December 23, 2011.

You have requested to re-complete this well at an unorthodox gas well location described above, in the referenced pool. Spacing in this pool is governed by the Special Rules and Regulations for the Justis Gas Pool, as most recently amended by Order R-8170, effective April 1, 1986, which provide for 320-acre units, with wells to be located at least 660 feet from any unit

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outer boundary and at least 330 feet from any quarter section boundary. This location is less than 660 feet from a unit boundary.

Your NSL application has been duly filed under the provisions of Division Rules 15.13 [19.15.15.13 NMAC] and 4.12.A(2) [19.15.4.12.A(2) NMAC].

It is our understanding that you are seeking this location in order to utilize an existing wellbore.

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

NON-STANDARD PRORATION UNIT (NSP):

In addition, you have requested approval to dedicate a non-standard, 160-acre gas proration unit comprising the SW/4 of Section 2 to this well.

Your NSP application has been duly filed under the provisions of Division Rules 19.15.15.11.B(2) and 19.15.4.12.A(3) NMAC.

It is our understanding that you are requesting this unit because the subject well was originally drilled as a lease well by the owners of the NM BZ State NCT-10 lease, which encompasses only the SW/4 of Section 2.

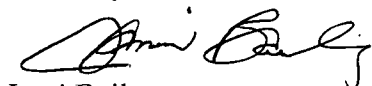
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A, in all potential 320-acre gas units in the same section as the proposed unit.

Pursuant to the authority conferred by Division Rule 15.11.B(2), the above-described non-standard gas proration unit is hereby approved.

The foregoing approvals are subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9 [19.15.15.9 NMAC].

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Jami Bailey
Director

JB/db

January 23, 2012
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cc: New Mexico Oil Conservation Division – Hobbs
New Mexico State Land Office