

DATE IN 11/04/2016	SUSPENSE	ENGINEER LNL	LOGGED IN 11/07/2016	TYPE NSL	APP NO. PMA1631251025
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

- [D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners

- [B] ☒ Offset Operators, Leaseholders or Surface Owner

- [C] ☐ Application is One Which Requires Published Legal Notice

- [D] ☒ Notification and/or Concurrent Approval by BLM or SLO
 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

- [E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,

- [F] ☐ Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Jordan L. Kessler
 Print or Type Name

Signature

Attorney

Title

Date

jlkessler@hollandhart.com

e-mail Address

RECEIVED OCO
 2016 NOV -4 P 2:52

Pow
 Jennings
 Upper Bow
 Spring shale
 97838

NSL 7444
 Chevron USA Inc
 4323
 well

SD WE 23 Feb 2015
 #2H
 30-025-4346

21-day
 clock start
 11-26-2016

HOLLAND & HART ^{LLP}



Jordan L. Kessler

Associate

Phone (505) 954-7286

Fax (505) 983-6043

JLKessler@hollandhart.com

November 4, 2016

VIA HAND DELIVERY

David Catanach
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Dr.
Santa Fe, New Mexico 87505

RECEIVED 000
2016 NOV -4 P 2:52

**Re: Application of Chevron U.S.A. Inc. for administrative approval of an unorthodox location, Sections 14 and 23, Township 26 South, Range 32 East, N.M.P.M., Lea County, New Mexico.
SD WE 23 Fed P25 No. 2H Well**

Dear Mr. Catanach:

Chevron U.S.A. Inc. ("Chevron") (OGRID 4323) seeks administrative approval of an unorthodox well location for its **SD WE 23 Fed P25 No. 2H Well** (API No. pending) to be completed within the Bone Spring (Jennings; Upper Bone Spring Shale (97838)) underlying the E/2 W/2 of Sections 14 and 23. This well will be drilled from a surface location 260 feet from the South line and 2,628 feet from the West line (Unit N) of Section 23. The upper most perforation will be located 330 feet from the South line and 2,590 feet from the West line (Unit N) of Section 23 and the lower most perforation will be located 330 feet from the North line and 2,590 feet from the West line of Section 14. Since this acreage is governed by the Division's statewide rules which provide for wells to be located no closer than 330 feet to the outer boundary of the spacing unit, the completed interval for this well will be unorthodox because it is closer than 330 feet to the eastern, southeastern, and northeastern boundaries of the project area. Ownership in the W/2 E/2 of Sections 14 and 23 is common with the proposed spacing unit and therefore there are no affected parties in the spacing unit to the East. Approval of the unorthodox completed interval will allow Chevron to develop these sections using their preferred well spacing plan for horizontal wells in this area, and thereby prevent waste of a productive reservoir.

Exhibit A is the Well Location and Acreage Dedication Plat (Form C-102), which shows that the completed interval of the proposed **SD WE 23 Fed P25 No. 2H Well** encroaches on the spacing and proration units to the East, Northeast, and Southeast.

Exhibit B is a land plat showing the proposed **SD WE 23 Fed P25 No. 2H Well** in relation to adjoining spacing units.

Holland & Hart ^{LLP}

Phone [505] 988-4421 Fax [505] 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, New Mexico 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Boulder Carson City Colorado Springs Denver Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Reno Salt Lake City Santa Fe Washington, D.C. ☐

HOLLAND & HART^{LLP}



Exhibit C is a list of the parties affected by the encroachment to the Northeast and Southeast. As described above, Chevron is the operator in the spacing unit it the W/2 E/2 of Sections 14 and 23 and ownership is identical with that of the subject spacing unit. For these reasons, there are no affected parties in the spacing unit to the East. Parties affected by the unorthodox location are located in the spacing units to the Northeast and Southeast. A copy of this application with all attachments has been sent by certified mail to each affected party advising them that if they have an objection it must be filed in writing with the Division within 20 days from the date the Division receives the application. A courtesy copy of this application has also been provided to the Bureau of Land Management—Carlsbad.

Your attention to this application is appreciated

Sincerely,

Jordan L. Kessler

ATTORNEY FOR CHEVRON U.S.A. INC.

cc: Bureau of Land Management-Carlsbad
620 E. Green Street
Carlsbad, NM 88220

District I
1625 N French Dr., Hobbs, NM 88241
Phone (575) 393-6161 Fax (575) 191-0720
District II
811 S. First St., Artesia, NM 88210
Phone (575) 748-1283 Fax (575) 748-0720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone (505) 334-6178 Fax (505) 334-6170
District IV
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

API Number 30-025-43461		Pool Code 97838		Pool Name Ginnings, Upper Bone Spring, Shale	
Property Code		Property Name SD WE 23 FED P25		Well Number 2H	
OPRID No. 4323		Operator Name CHEVRON U.S.A. INC.		Elevation 3122'	

" Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	23	26 SOUTH	32 EAST, N.M.P.M.		260'	SOUTH	2628'	WEST	LEA

" 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/West line	County
C	14	26 SOUTH	32 EAST, N.M.P.M.		180'	NORTH	2590'	WEST	LEA

Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
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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.

<p>PROPOSED BOTTOM HOLE LOCATION</p> <p>X= 713,170 NAD 27 Y= 382,480 LAT. 32.049686 LONG. 103.645312</p> <p>X= 754,357 NAD83 Y= 382,537 LAT. 32.049811 LONG. 103.645782</p>	<p>SD WE 23 FED P25 2H WELL</p> <p>X= 713,257 NAD 27 Y= 372,222 LAT. 32.021486 LONG. 103.645244</p> <p>X= 754,444 NAD83 Y= 372,279 LAT. 32.021611 LONG. 103.645712</p> <p>ELEVATION -3122' NAVD 88</p>		<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling under laws entered by the division.</p> <p>Signature: <i>Denise Pinkerton</i> Date: <i>10/21/2016</i></p> <p>Printed Name: <i>Denise Pinkerton</i></p> <p>E-mail Address: <i>Leakeida@chevron.com</i></p>	<p>"SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>Date of Survey: <i>2-8-2016</i></p> <p>Signature and Seal of Professional Surveyor: <i>Robert C. Lastrapes</i></p> <p>Certificate Number: <i>23006</i></p>
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CORNER COORDINATES TABLE (NAD 27)

A - Y=382652.25, X=711907.34
B - Y=382660.57, X=713234.95
C - Y=371953.82, X=711958.74
D - Y=371962.12, X=713287.04

EXHIBIT

A

Chevron U.S.A. Inc.
SD WE 23 FED P25 #2H
NSL Notice Plat

Notice Tract 1

SD WE 23 FED P25 #2H
Project Area

Notice Tract 2

EXHIBIT

B

Exhibit C

Notice Tract 1:

BTA Oil Producers
104 S Pecos Street
Midland, TX 79701
7016 0340 0000 0203 2073

Notice Tract 2:

Acme Land Co
P.O. Box 10280
Midland, TX 79702
7016 0340 0000 0203 2066

ConocoPhillips Co
P.O. Box 7500
Bartlesville, OK 74005-7500
7016 0340 0000 0203 2059

Highland Prod Co
P.O. Box 6326
Odessa, TX 79762
7016 0340 0000 0203 2042

HOLLAND & HART



Jordan L. Kessler

Associate

Phone (505) 988-4421

Fax (505) 983-6043

jlkessler@hollandhart.com

November 4, 2016

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO AFFECTED PARTIES

**Re: Application of Chevron U.S.A. Inc. for administrative approval of an
unorthodox location, Sections 14 and 23, Township 26 South, Range 32 East,
N.M.P.M., Lea County, New Mexico.
SD WE 23 Fed P25 No. 2H Well**

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 this date with the applicant and 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:

Shalyce Holmes
Chevron U.S.A. Inc.
(713) 372-6051
SLHolmes@chevron.com

Sincerely,

Jordan L. Kessler

ATTORNEY FOR CHEVRON U.S.A. INC.

Holland & Hart LLP

Phone (505) 988-4421 Fax (505) 983-6043 www.hollandhart.com

110 North Guadalupe, Suite 1 Santa Fe, New Mexico 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Boulder Carson City Colorado Springs Denver Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Reno Salt Lake City Santa Fe Washington D.C.

7976 2208 2208
IA
SC: 87504220888
9968-9201-04-45
RETURN TO SENDER
INSUFFICIENT ADDRESS
UNABLE TO FORWARD
POSTALITY / NY DE 1
MAY 2

Highland Prod Co
P.O. Box 6326
Odessa, TX 79762

110 North Granddike Suite 1 Santa Fe, NM 87501
P.O. Box 2208 Santa Fe, NM 87504-2208

7016 0340 0000 0203 2042

HOLLAND & HART

USPS
FIRST-CLASS MAIL
11/04/2016
\$006.67
ZIF 87501
041111252888

U.S. Postal Service
CERTIFIED MAIL® RECEIPT
Domestic Mail Only

For delivery information, visit our website at www.usps.com

ConocoPhillips Co
P.O. Box 7500
Bartlesville, OK 74005-7500

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

U.S. Postal Service
CERTIFIED MAIL® RECEIPT
Domestic Mail Only

For delivery information, visit our website at www.usps.com

Highland Prod Co
P.O. Box 6326
Odessa, TX 79762

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

U.S. Postal Service
CERTIFIED MAIL® RECEIPT
Domestic Mail Only

For delivery information, visit our website at www.usps.com

ConocoPhillips Co
P.O. Box 7500
Bartlesville, OK 74005-7500

PS Form 3811, July 2015 PSN 7530-02-000-6063 Domestic Return Receipt

U.S. Postal Service
CERTIFIED MAIL® RECEIPT
 Domestic Mail Only

For delivery information, visit our website at www.usps.com

OFF *Cherion 30.24*

Certified Mail Fee *3.15*

Extra Services & Fees (check box, add fee if applicable)

☐ Return Receipt (hardcopy) *1.50*

☐ Certified Mail Restricted Delivery

☐ Adult Signature Required

☐ Adult Signature Restricted Delivery

Postage

Bureau of Land Management
Carlsbad
620 E. Green Street
Carlsbad, NM 88220

PS Form 3800, April 2015 PSN 7530-02-000-9053 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION ON DELIVERY

■ Complete items 1, 2, and 3.
 ■ Print your name and address on the reverse so that we can return the card to you.
 ■ Attach this card to the back of the mailpiece or on the front if space permits.

1. Article Addressed to:

Bureau of Land Management
Carlsbad
620 E. Green Street
Carlsbad, NM 88220

2. Service Type

☒ Adult Signature

☐ Adult Signature Restricted Delivery

☐ Certified Mail

☐ Certified Mail Restricted Delivery

☐ Collect on Delivery

☐ Delivery Restricted Delivery

☐ Registered Mail

☐ Registered Mail Restricted Delivery

☐ Signature Confirmation™

☐ Signature Confirmation Restricted Delivery

☐ Priority Mail Express®

☐ Registered Mail™

☐ Return Receipt for Merchandise

☐ Signature Confirmation™

☐ Signature Confirmation Restricted Delivery

3. Date of Delivery *11-2-16*

4. A delivery address different from item 1? ☐ Yes ☒ No
 If YES, enter delivery address below:

5. Agent ☐ Agent ☒ Addressee

A. Signature *[Signature]*

B. Received by (Printed Name) *[Signature]*

C. Date of Delivery *11-2-16*

D. A delivery address different from item 1? ☐ Yes ☒ No
 If YES, enter delivery address below:

9590 79401 0129 5225 0123 36

7016 0340 0000 0203 0291

PS Form 3811, July 2015 PSN 7530-02-000-9053 Domestic Return Receipt

7016 0340 0000 0203 2073

U.S. Postal Service
CERTIFIED MAIL® RECEIPT
 Domestic Mail Only

For delivery information, visit our website at www.usps.com

OFF Chevron SD 2H

Certified Mail Fee	\$ 345
Extra Services & Fees (check box, add fee as appropriate)	\$ 280
<input checked="" type="checkbox"/> Return Receipt (hardcopy)	\$
<input type="checkbox"/> Return Receipt (electronic)	\$
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$
Postage	\$



BTA Oil Producers
 104 S Pecos Street
 Midland, TX 79701

PS Form 3800, April 2015 PSN 7530-02-000-9047

See Reverse for Instructions

7016 0340 0000 0203 2066

U.S. Postal Service
CERTIFIED MAIL® RECEIPT
 Domestic Mail Only

For delivery information, visit our website at www.usps.com

OFF Chevron SD 2H

Certified Mail Fee	\$ 345
Extra Services & Fees (check box, add fee as appropriate)	\$ 280
<input checked="" type="checkbox"/> Return Receipt (hardcopy)	\$
<input type="checkbox"/> Return Receipt (electronic)	\$
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$
Postage	\$



Acme Land Co
 P.O. Box 10280
 Midland, TX 79702

PS Form 3800, April 2015 PSN 7530-02-000-9047

See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

BTA Oil Producers
 104 S Pecos Street
 Midland, TX 79701

9590 9401 0129 5225 0123 43

7016 0340 0000 0203 2073

PS Form 3811, July 2015 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY

A. Signature

[Signature]

☐ Agent
☐ Addressee

B. Received by (Printed Name)

[Signature]

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
 If YES, enter delivery address below: ☐ No

3. Service Type

- | | |
|--|---|
| <input type="checkbox"/> Adult Signature | <input type="checkbox"/> Priority Mail Express® |
| <input type="checkbox"/> Adult Signature Restricted Delivery | <input checked="" type="checkbox"/> Registered Mail™ |
| <input checked="" type="checkbox"/> Certified Mail® | <input type="checkbox"/> Registered Mail Restricted Delivery |
| <input type="checkbox"/> Certified Mail Restricted Delivery | <input type="checkbox"/> Return Receipt for Merchandise |
| <input type="checkbox"/> Collect on Delivery | <input type="checkbox"/> Signature Confirmation™ |
| <input type="checkbox"/> Collect on Delivery Restricted Delivery | <input type="checkbox"/> Signature Confirmation Restricted Delivery |
| <input type="checkbox"/> Mail Restricted Delivery | |

Domestic Return Receipt

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Acme Land Co
 P.O. Box 10280
 Midland, TX 79702

9590 9401 0129 5225 0123 50

7016 0340 0000 0203 2066

PS Form 3811, July 2015 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY

A. Signature

[Signature]

☐ Agent
☐ Addressee

B. Received by (Printed Name)

D Anderson

C. Date of Delivery

11-16-16

D. Is delivery address different from item 1? ☐ Yes
 If YES, enter delivery address below: ☐ No

3. Service Type

- | | |
|--|---|
| <input type="checkbox"/> Adult Signature | <input type="checkbox"/> Priority Mail Express® |
| <input type="checkbox"/> Adult Signature Restricted Delivery | <input checked="" type="checkbox"/> Registered Mail™ |
| <input checked="" type="checkbox"/> Certified Mail® | <input type="checkbox"/> Registered Mail Restricted Delivery |
| <input type="checkbox"/> Certified Mail Restricted Delivery | <input type="checkbox"/> Return Receipt for Merchandise |
| <input type="checkbox"/> Collect on Delivery | <input type="checkbox"/> Signature Confirmation™ |
| <input type="checkbox"/> Collect on Delivery Restricted Delivery | <input type="checkbox"/> Signature Confirmation Restricted Delivery |
| <input type="checkbox"/> Mail Restricted Delivery | |

(over \$500)

Domestic Return Receipt

Affidavit of Publication


STATE OF NEW MEXICO
COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

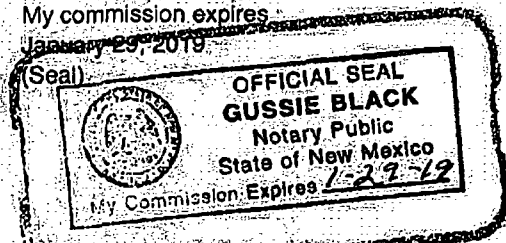
Beginning with the issue dated
November 26, 2016
and ending with the issue dated
November 26, 2016.


Publisher

Sworn and subscribed to before me this
26th day of November 2016.


Business Manager

My commission expires
January 29, 2019



This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

LEGAL NOTICE

LEGAL NOTICE
November 26, 2016

To: Highland Prod Co. and any unknown person who has a mineral interest in the E/2 W/2 of Section 14 and the E/2 W/2 of Section 23, Township 26 South, Range 32 East, NMPM, Lea County, New Mexico.

Application of Chevron USA Inc. for administrative approval of an unorthodox well location for the SD WE23 Fed P25 No. 2H Well to be completed within the Jennings Upper Bone Spring Shale Pool (Pool Code 97838) underlying the E/2 W/2 of Section 14 and the E/2 W/2 of Section 23, Township 26 South, Range 32 East, NMPM, Lea County, New Mexico. The completed interval for the SD WE23 Fed P25 No. 2H Well encroaches on the spacing units to the East, Northeast, and Southeast. Any objection to this application must be filed in writing within twenty days from date of publication with the applicant and 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 Shalyce Holmes (719) 372-9061 or SLHolmes@chevron.com. #31374

67100754

00184932

ADAM RANKIN
HOLLAND & HART LLC
PO BOX 2208
SANTA FE, NM 87504-2208