

ID NO. 193665

NSL - 8545

RECEIVED:	REVIEWER:	TYPE:	APP NO: <b>pLEL2306557589</b>
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Geological & 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

**Applicant:** Chevron U.S.A. Inc. **OGRID Number:** 333605  
**Well Name:** DL 10 3 Morag Fed Com 410H **API:** 30-025-50878  
**Pool:** WC-025 G-06 S223322J; Bone Spring **Pool Code:** 97846

**SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW**

- 1) **TYPE OF APPLICATION:** Check those which apply for [A]  
 A. Location - Spacing Unit - Simultaneous Dedication  
 NSL       NSP (PROJECT AREA)       NSP (PRORATION UNIT)       SD
- B. Check one only for [ I ] or [ II ]  
 [ I ] Commingling - Storage - Measurement  
 DHC    CTB    PLC    PC    OLS    OLM  
 [ II ] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
 WFX    PMX    SWD    IPI    EOR    PPR

- 2) **NOTIFICATION REQUIRED TO:** Check those which apply.  
 A.  Offset operators or lease holders  
 B.  Royalty, overriding royalty owners, revenue owners  
 C.  Application requires published notice  
 D.  Notification and/or concurrent approval by SLO  
 E.  Notification and/or concurrent approval by BLM  
 F.  Surface owner  
 G.  For all of the above, proof of notification or publication is attached, and/or,  
 H.  No notice required

<u>FOR OCD ONLY</u>	
<input type="checkbox"/>	Notice Complete
<input type="checkbox"/>	Application Content Complete

3) **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.

Paula M. Vance

Print or Type Name

Signature

3/6/23  
Date

505-954-7286  
Phone Number

pmvance@hollandhart.com  
e-mail Address



Paula M. Vance  
Associate  
Phone (505) 954-7286  
PMVance@hollandhart.com

March 6, 2023

**VIA ONLINE FILING**

Dylan Fuge, Division Director (Acting)  
Oil Conservation Division  
Energy, Minerals and Natural Resources Department  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

**Re: Chevron U.S.A. Inc.  
Request for Administrative Approval of Unorthodox Well Location**

DL 10 3 Morag Fed Com #410H well  
E/2 of Sections 3 and 10, Township 22 South, Range 33 East, Lea County, New Mexico  
WC-025 G-06 S223322J; Bone Spring [Pool 97846]  
API No. 30-025-50878

Dear Mr. Fuge:

Chevron U.S.A. Inc. (OGRID No. 4323), pursuant to Division Rules 19.15.16.15(C)(6) and 19.15.15.13 NMAC and applicable rules governing acreage and well location requirements for the WC-025 G-06 S223322J; Bone Spring pool [Pool Code 97846], seeks administrative approval of an unorthodox well location for its **DL 10 3 Morag Fed Com #410H well** (API No. 30-025-50878), in a 640-acre, more or less, spacing unit underlying the E/2 of Sections 3 and 10, Township 22 South, Range 33 East, Lea County, New Mexico.

The **DL 10 3 Morag Fed Com #410H oil well** is an infill well. The **DL 10 3 Morag Fed Com #411H oil well** is the defining well, creating the enlarged spacing unit.

The proposed location for the **DL 10 3 Morag Fed Com #410H well** is as follows:

- Surface hole location: 960' FSL and 1,665' FEL (Unit O) of Section 10
- First take point: 25' FSL and 2,178' FEL (Unit O) of Section 10
- Last take point: 100' FNL and 2,178' FEL (Unit B) of Section 3
- Bottom hole location: 25' FNL and 2,178' FEL (Unit B) of Section 3

T 505.988.4421 F 505.983.6043  
110 North Guadalupe, Suite 1, Santa Fe, NM 87501-1849  
Mail to: P.O. Box 2208, Santa Fe, NM 87504-2208  
www.hollandhart.com

Alaska	Montana	Utah
Colorado	Nevada	Washington, D.C.
Idaho	New Mexico	Wyoming

Since this acreage is governed by the Division’s statewide rules, the completed interval for this well will be unorthodox because it is closer than the standard offsets to the southern boundary of the spacing unit—thus, encroaching on the N/2 NE/4 of Section 15, T22S-R33E. As explained in the engineering statement included as **Exhibit A**, approval of the unorthodox, completed interval is necessary to allow Chevron to use its preferred well spacing plan for horizontal wells in this area, which will maximize recovery and prevent waste.

**Exhibit B** is a Form C-102 showing the proposed DL 10 3 Morag Fed Com #410H well encroaches on the tracts to the south in the N/2 NE/4 of Section 15, T22S-R33E. Also, included is the Form C-102 for the DL 10 3 Morag Fed Com #411H, the defining well for the spacing unit.

**Exhibit C** is a plat for Sections 3, 10, 15 and 22, T22S-R33E, that shows the proposed DL 10 3 Morag Fed Com #410H well in relation to the adjoining tracts to the south. The designated operator of the offsetting tracts is Chevron USA, Inc. (“Chevron”), which also includes the following other working interest owners: Paterson Petroleum, Inc., CML Exploration, LLC c/o Kyle Kana, and RHR-711, LLC. In addition, the exhibit identifies that this includes a Bureau of Land Management (“BLM”) lease. Accordingly, the “affected persons”<sup>1</sup> are Chevron and the other working interest owners in the offsetting tracts and the BLM.

**Exhibit D** is a spreadsheet listing all affected persons and includes tracking information demonstrating that each of the affected persons requiring notice was sent a copy of this application with all attachments by certified mail advising that any objections must be filed in writing with the Division within 20 days from the date the Division receives the application. The following are the affected persons Chevron provided notice:

Type	Affected Party	Location
Working Interest	Paterson Petroleum, Inc. c/o Kyle Kana	N/2 NE/4 of Section 15
Working Interest	CML Exploration, LLC c/o Kyle Kana	N/2 NE/4 of Section 15
Working Interest	RHR-711, LLC	N/2 NE/4 of Section 15
Federal Mineral Interest	Bureau of Land Management	N/2 NE/4 of Section 15

<sup>1</sup> See NMAC §§ 19.15.2.7.A(8) [defining “affected persons” as, “in the absence of an operator, or with respect to an application wherein the operator of the spacing unit or identified tract is the applicant, each working interest owner”] and 19.15.4.12.A(2)(a).

Your attention to this matter is appreciated.

Sincerely,



Paula M. Vance  
**ATTORNEY FOR CHEVRON U.S.A. INC.**

T 505.988.4421 F 505.983.6043  
110 North Guadalupe, Suite 1, Santa Fe, NM 87501-1849  
Mail to: P.O. Box 2208, Santa Fe, NM 87504-2208  
[www.hollandhart.com](http://www.hollandhart.com)

Alaska  
Colorado  
Idaho

Montana  
Nevada  
New Mexico

Utah  
Washington, D.C.  
Wyoming



Chinedu Franklyn Akwukwaegbu  
Drilling Engineer, MCBU

February 16, 2023

Oil Conservation Division  
Energy, Minerals and Natural Resources Department  
Attn: Mr. Leonard Lowe  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

**RE: Application for Non-Standard Location  
DL 10 3 Morag Fed Com 410 H – API: 30-025-50878  
Sections 3 and 10, Township 22 South, Range 33 East  
N.M.P.M., Lea County, New Mexico**

Dear Mr. Lowe:

Chevron respectfully requests administrative approval of a non-standard location for the DL 10 3 Morag Fed Com 410H to allow the completed interval to be less than 100 feet from the southern boundary of the existing 640.00-acre horizontal spacing unit. This well is located in the WC-025 G-06 S223322J; Bone Spring (Pool Code 97846). Chevron is looking to increase the interval to be completed in order to increase productivity of the well. This spacing causes the DL 10 3 Morag Fed Com 410H to be drilled less than 100 feet from the southern boundary of the spacing unit. Chevron requests approval of this non-standard location because it is necessary to avoid causing wasted resources and avoid reducing the production of the well listed above.

Sincerely,

*Chinedu F. Akwukwaegbu*

Chinedu Franklyn Akwukwaegbu  
Drilling Engineer

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 713 372 4182  
cawq@chevron.com

EXHIBIT  
A



**District I**  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720

**District II**  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720

**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**

<sup>1</sup> API Number <b>30-025-50890</b>		<sup>2</sup> Pool Code <b>97846</b>		<sup>3</sup> Pool Name <b>WC-025 G-06 S223322J;BONE SPRING</b>	
<sup>4</sup> Property Code <b>333605</b>		<sup>5</sup> Property Name DL 10 3 MORAG FED COM			<sup>6</sup> Well Number 411H
<sup>7</sup> OGRID No. 4323		<sup>8</sup> Operator Name CHEVRON U.S.A. INC.			<sup>9</sup> Elevation 3555'

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	10	22 SOUTH	33 EAST, N.M.P.M.		960'	SOUTH	1640'	EAST	LEA

<sup>11</sup> 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
A	3	22 SOUTH	33 EAST, N.M.P.M.		25'	NORTH	1254'	EAST	LEA

<sup>12</sup> Dedicated Acres 640	<sup>13</sup> Joint or Infill DEFINING	<sup>14</sup> Consolidation Code	<sup>15</sup> 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.

<sup>16</sup> <b>PROPOSED LAST TAKE POINT</b> X= 740,053' Y= 520,174' LAT. 32.427668° N LONG. 103.555333° W NAD 27 X= 781,235' Y= 520,235' LAT. 32.427792° N LONG. 103.555818° W NAD83/2011 <b>PROPOSED MID POINT</b> X= 740,091' Y= 514,990' LAT. 32.413418° N LONG. 103.555331° W NAD 27 X= 781,274' Y= 515,050' LAT. 32.413542° N LONG. 103.555816° W NAD83/2011 <b>PROPOSED FIRST TAKE POINT</b> X= 740,130' Y= 509,733' LAT. 32.398969° N LONG. 103.555328° W NAD 27 X= 781,313' Y= 509,794' LAT. 32.399092° N LONG. 103.555813° W NAD83/2011	<b>PROPOSED BOTTOM HOLE LOCATION</b> X= 740,052' Y= 520,249' LAT. 32.427875° N LONG. 103.555333° W NAD 27 X= 781,235' Y= 520,310' LAT. 32.427998° N LONG. 103.555818° W NAD83/2011	Proposed Last Take Point 100' FNL 1254' FEL Proposed Mid Point Proposed First Take Point 25' FSL 1254' FEL	<b>17 OPERATOR CERTIFICATION</b> 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 order heretofore entered by the division. Signature: <i>Cindy Herrera-Murillo</i> Date: 3/7/2022 Printed Name: <b>Cindy Herrera-Murillo</b> E-mail Address: <b>eeof@chevron.com</b>				
	<b>CORNER COORDINATES TABLE (NAD 27)</b> A - Y=520270.92, X=738667.82 B - Y=520276.31, X=741306.31 C - Y=517636.02, X=741325.14 D - Y=514981.57, X=738703.50 E - Y=514996.96, X=741345.26 F - Y=512357.89, X=741363.42 G - Y=509701.75, X=738742.61 H - Y=509713.53, X=741384.61			Sec. 3 Sec. 10 S 22°51'43" E 1,012.81'	<b>18 SURVEYOR CERTIFICATION</b> 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. Date of Survey: 11/11/2021 Signature and Seal of Professional Surveyor: <i>[Signature]</i> Certificate Number: 23006		
	<b>DL 10 3 MORAG FED COM NO. 411H WELL</b> X= 739,737' Y= 510,666' LAT. 32.401542° N LONG. 103.556581° W NAD 27 X= 780,919' Y= 510,727' LAT. 32.401665° N LONG. 103.557066° W NAD83/86 ELEV. +3555' NAVD88					25' 1254' N 00°25'22" W 5,259.24' N 00°25'35" W 5,256.86' 960' 1640'	

**WELL TYPE**  
**DEFINING**



MORAG PAD HSU, 410H SHOWN IN RED



OFFSET TRACT

**OFFSET TRACT WORKING INTEREST BREAKDOWN**

<u>OWNER</u>	<u>WORKING INTEREST</u>
CHEVRON USA, INC. (OPERATOR) 1400 SMITH STREET HOUSTON, TEXAS 77379	99.0625%
PATERSON PETROLEUM, INC. C/O KYLE KANA 901 MOPAC EXPRESSWAY SOUTH AUSTIN, TEXAS 78747	0.4375%
CML EXPLORATION, LLC C/O KYLE KANA 901 MOPAC EXPRESSWAY SOUTH AUSTIN, TEXAS 78747	0.1875%
RHR-711, LLC 316 BAILEY AVENUE FORT WORTH, TEXAS 76107	0.3125%
	100%

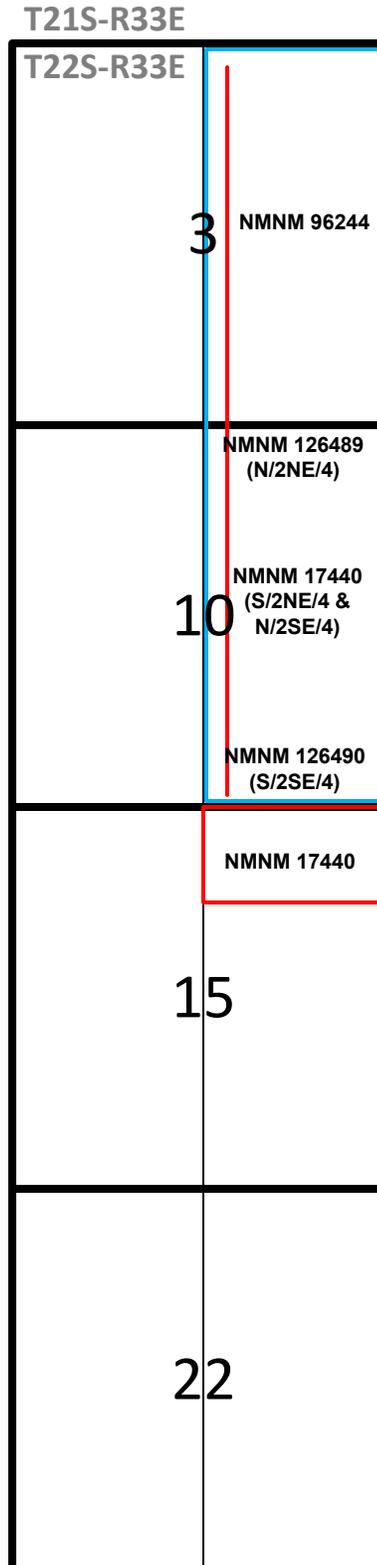


EXHIBIT  
**C**

ADDR1	ADDR2	ADDR3	ADDR4	ADDR5	ADDR6
Paterson Petroleum, Inc. c/o Kyle Kana	901 Mopac Expressway South	Austin	TX	78747	
CML Exploration, LLC c/o Kyle Kana	901 Mopac Expressway South	Austin	TX	78747	
RHR-711, LLC	316 Bailey Avenue	Fort Worth	TX	76107	
Bureau of Land Management	301 Dinosaur Trail	Santa Fe	NM	87508	
Bureau of Land Management	620 E Greene St.	Carlsbad	NM	88220	

EXHIBIT

**D**



**Paula M. Vance**  
**Associate**  
**Phone (505) 954-7286**  
PMVance@hollandhart.com

March 6, 2023

**VIA CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**TO: ALL AFFECTED PERSONS**

**Re: Chevron U.S.A. Inc**  
**Request for Administrative Approval of Unorthodox Well Location**

DL 10 3 Morag Fed Com #410H well  
E/2 of Sections 3 and 10, Township 22 South, Range 33 East, Lea County, New Mexico  
WC-025 G-06 S223322J; Bone Spring [Pool 97846]  
API No. 30-025-50878

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 the date this application is received by 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:

Doug Crawford, RPL  
Chevron U.S.A. Inc.  
Office: (713) 372-9615  
[DCCrawford@Chevron.com](mailto:DCCrawford@Chevron.com)

Sincerely,

Paula M. Vance  
**ATTORNEY FOR CHEVRON U.S.A. INC.**

**MANIFEST - 73976 - Chevron - Morag Unit 410H-412H NSL**

Parent ID	Mail Date	Name	Address_1	City	ST	Zip	MailClass	TrackingNo	Well
31309	03/06/2023	Paterson Petroleum, Inc. c/o Kyle Kana	901 S Mopac Expy	Austin	TX	78746-5776	Certified with Return Receipt (Signature)	94148118987 65836347613	73976 - Chevron - Morag Unit 410H-412H NSL - notice list - 1
31309	03/06/2023	CML Exploration, LLC c/o Kyle Kana	901 S Mopac Expy	Austin	TX	78746-5776	Certified with Return Receipt (Signature)	94148118987 65836347668	73976 - Chevron - Morag Unit 410H-412H NSL - notice list - 2
31309	03/06/2023	RHR-711, LLC	316 Bailey Ave	Fort Worth	TX	76107-1828	Certified with Return Receipt (Signature)	94148118987 65836347620	73976 - Chevron - Morag Unit 410H-412H NSL - notice list - 3
31309	03/06/2023	Bureau of Land Management	301 Dinosaur Trl	Santa Fe	NM	87508-1560	Certified with Return Receipt (Signature)	94148118987 65836347606	73976 - Chevron - Morag Unit 410H-412H NSL - notice list - 4
31309	03/06/2023	Bureau of Land Management	620 E Greene St	Carlsbad	NM	88220-6292	Certified with Return Receipt (Signature)	94148118987 65836347699	73976 - Chevron - Morag Unit 410H-412H NSL - notice list - 5

**District I**  
 1625 N. French Dr., Hobbs, NM 88240  
 Phone:(575) 393-6161 Fax:(575) 393-0720

**District II**  
 811 S. First St., Artesia, NM 88210  
 Phone:(575) 748-1283 Fax:(575) 748-9720

**District III**  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 Phone:(505) 334-6178 Fax:(505) 334-6170

**District IV**  
 1220 S. St Francis Dr., Santa Fe, NM 87505  
 Phone:(505) 476-3470 Fax:(505) 476-3462

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

CONDITIONS

Action 193665

**CONDITIONS**

Operator: CHEVRON U S A INC 6301 Deauville Blvd Midland, TX 79706	OGRID: 4323
	Action Number: 193665
	Action Type: [UF-NSL] Non-Standard Location (NSL)

**CONDITIONS**

Created By	Condition	Condition Date
llowe	None	3/6/2023