State of New Mexico Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham

Governor

Melanie Kenderdine Cabinent Secretary - Designate

Ben Shelton

Deputy Secretary (Acting)

Gerasimos "Gerry" Razatos Division Director (Acting) Oil Conservation Division



Paula M. Vance pmvance@hollandhart.com

ADMINISTRATIVE NON-STANDARD LOCATION

Administrative Order NSL – 8846

Chevron U.S.A., Inc. [OGRID 4323] DL 4 33 Federal Com Well No. 403H API No. 30-025-52277

Reference is made to your application received on December 12th, 2024.

Proposed Location

	<u>Footages</u>	Unit/Lot	Sec.	Twsp	Range	County
Surface	2538 FNL & 1753 FWL	F	04	22S	33E	Lea
First Take Point	2615 FNL & 2090 FWL	F	04	22S	33E	Lea
Last Take Point	100 FNL & 2090 FWL	C	33	21S	33E	Lea
Terminus	25 FNL & 2090 FWL	C	33	21S	33E	Lea

Proposed Horizontal Units

Description	Acres	Pool	Pool Code
NW/4 Section 04, T22S, R33E	480	Red Tank; Bone Spring, East	51687
W/2 Section 33, T21S, R33E			

You have requested to drill this horizontal well at an unorthodox 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. 19.15.16.15(C)(1)(a) NMAC governs the distance in the horizontal plane from any point in the completed interval to any outer boundary of the horizontal spacing unit, measured along a line perpendicular to the completed interval or to the tangent thereof, shall be a minimum of 330 feet for an oil well. 19.15.16.15(C)(1)(b) NMAC governs the first and last take point of a horizontal

Administrative Order NSL – 8846 Chevron U.S.A., Inc. Page 2 of 2

well shall be no closer than 100 feet in the horizontal plane, to any outer boundary of the horizontal spacing unit.

The request to deviate from an orthodox location has met all requirements of 19.15.16.15 (C)(5)(a) NMAC. It is understood that you are seeking this exception in order to create a non-standard location, comprised of Take Points referenced above, within the described Horizontal Spacing Unit.

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 04, encroachment to the NE/4 SW/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.

The Division understands you are seeking this unorthodox location to avoid causing wasted resources, and to reduce production from current and future well development within the Bone Spring formation underlying the NW/4 of Section 04, T22S, R33E and W/2 of Section 33, T21S, R33E, thereby protecting the correlative rights and the disposition of wastes resulting from oil and gas operations.

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, 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 the Division deems necessary.

GERASIMOS RAZATOS DIRECTOR (ACTING)

GR/lrl

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NSL-8846

ID NO. 411253	NSL	-8846	Revised March 23, 2017
RECEIVED: 12/12/24	REVIEWER:	TYPE:	pLEL2501424961
	ABOVE	THIS TABLE FOR OCD DIVISION USE O	NLY



- Geological & Engin 1220 South St. Francis Drive ADMINISTRATIVE APPL THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE	eering Bureau – , Santa Fe, NM 87505
Applicant: Chevron U.S.A. Inc. Vell Name: DL 4 33 Federal Com #403H well Ool: Red Tank; Bone Spring, East	OGRID Number: 4323 API: 30-025-52277 Pool Code: 51687
SUBMIT ACCURATE AND COMPLETE INFORMATION INDICATE	REQUIRED TO PROCESS THE TYPE OF APPLICATION
1) TYPE OF APPLICATION: Check those which apply A. Location – Spacing Unit – Simultaneous Dec NSL NSP(PROJECT AREA) B. Check one only for [1] or [1]	dication NSP(PRORATION UNIT) SD
[1] Commingling – Storage – Measurement DHC CTB PLC PC [11] Injection – Disposal – Pressure Increase WFX PMX SWD IPI	□OLS □OLM
2) NOTIFICATION REQUIRED TO: Check those which A. Offset operators or lease holders B. Royalty, overriding royalty owners, rever C. Application requires published notice D. Notification and/or concurrent approva E. Notification and/or concurrent approva F. Surface owner G. For all of the above, proof of notification H. No notice required	Application Content Complete Complete
3) CERTIFICATION: I hereby certify that the informate administrative approval is accurate and complete understand that no action will be taken on this a notifications are submitted to the Division. Note: Statement must be completed by an individent of the Division.	ete to the best of my knowledge. I also
Paula M. Vance	December 12, 2024 Date

505-954-7286 Phone Number

e-mail Address

pmvance@hollandhart.com

Released to Imaging: 2/7/2025 12:50:17 PM

Print or Type Name

Signature



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

December 12, 2024

VIA ONLINE FILING

Gerasimos Razatos, Acting Division Director Oil Conservation Division Department of Energy, Minerals and Natural Resources 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 4 33 Fed Com #403H well

Lot 3-4 and S/2 NW/4 of Section 4, Township 22 South, Range 33 East, and W/2 of Section 33, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico Red Tank; Bone Spring, East [51687] API No. 30-025-52277

Dear Mr. Razatos:

Chevron U.S.A., Inc. ("Chevron") (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 Red Tank; Bone Spring, East [51687], seeks administrative approval of an unorthodox well location for its **DL 4 33 Fed Com #403H** well (API No. 30-025-52277), in a 480-acre, more or less, spacing unit underlying the Lot 3-4 and S/2 NW/4 of Section 4, Township 22 South, Range 33 East, and W/2 of Section 33, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico.

The DL 4 33 Fed Com #403H well is an infill well. DL 4 33 Fed Com #402H is the defining well. The location for the DL 4 33 Fed Com #403H oil well is as follows:

- Surface hole location: 2,538' FNL and 1,753' FWL (Unit F) of Section 4
- First take point: 2,615' FNL and 2,090' FWL (Unit F) of Section 4
- Last take point: 100' FNL and 2,090' FWL (Unit C) of Section 33
- Bottom hole location: 25' FNL and 2,090' FWL (Unit C) of Section 33

Since this acreage is governed by the Division's statewide rules, the proposed first take point 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 spacing unit comprising the SW/4 of Section 4 and

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 Colorado Idaho Montana Nevada New Mexico

Utah Washington, D.C. Wyoming



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

W/2 of Section 9, Township 22 South, Range 33 East (Chevron's Dagger Lake 4 9 Federal spacing unit) to the south.

Chevron respectfully requests administrative approval of a non-standard location for the proposed **DL 4 33 Fed Com #403H** well. Chevron requests approval of this non-standard location because it is necessary to avoid causing wasted resources and reducing production from current and future well development in the area.

Exhibit A is a Form C-102 showing the **DL 4 33 Fed Com #403H** well encroaches on the DL 4 9 Federal spacing unit to the south. Also, included is the Form C-102 for the DL 4 33 Fed Com #402H, the defining well for the spacing unit.

Exhibit B is a plat for the surrounding area that shows the proposed DL 4 33 Fed Com #403H well in relation to the adjoining unit to the south. The offsetting <u>DL 4 9 Federal spacing unit to the south</u> is operated by Chevron, and Chevron is the only working interest in the spacing unit. In addition, the offsetting DL 4 9 Federal spacing unit includes a Bureau of Land Management (BLM) lease. Accordingly, the only "affected person" is the BLM.

Exhibit C 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:

Туре	Affected Party	Location		
Federal Mineral Interest	Durany of Land Managament	SW/4 of Section 4 and W/2		
	Bureau of Land Management	of Section 9, T22S-R33E		

Your attention to this matter is appreciated.

Sincerely,

Paula M. Vance

ATTORNEY FOR CHEVRON U.S.A., INC.

¹ 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).

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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

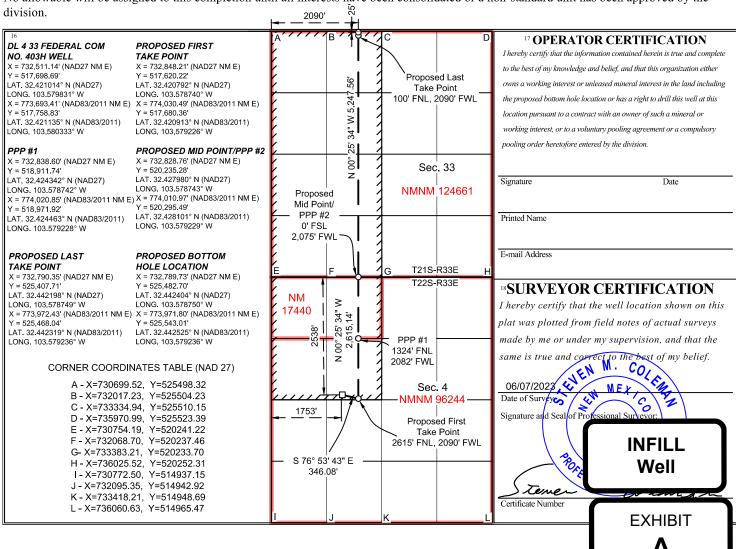
Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

	¹ API Nu	nber	² Pool	Code	³ Pool Name					
			516	87	RED TANK;BONE SPRING,EAST					
⁴ Proper	ty Code		•	5 P:	Froperty Name 6 Well Number				Well Number	
				DL 4 33	FEDERAL CO	OM			403H	
⁷ OGR	ID No.			8 O	perator Name				⁹ Elevation	
43	23			CHEVR	RON U.S.A. IN	IC.			3650'	
	¹⁰ Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County	
F	4	22 SOUTH	33 EAST, N.M.P.M.	.	2538'	NORTH	1753'	WEST	LEA	
			11 Bottom I	Hole Locat	ion If Diff	erent From S	Surface			
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County	
C	33	21 SOUTH	33 EAST, N.M.P.M.	.	25'	NORTH	2090'	WEST	LEA	
¹² Dedicated A	cres 13 Jo	int or Infill	¹⁴ Consolidation Code	¹⁵ Order No.						
480		Infill		DEFINING WELL IS DL 4.33 FEDER AL COM 402H						

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the



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

480

Defining

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

	¹ API Num	ber	² Pool C	Code	³ Pool Name					
			5168	7	RED TANK;BONE SPRING,EAST					
⁴ Proper	ty Code			⁵ Pr	Property Name 6 Well Numbe				Well Number	
				DL 4 33	FEDERAL CO	OM			402H	
⁷ OGR	ID No.			8 Ol	perator Name					⁹ Elevation
43	23			CHEVR	ON U.S.A. IN	C.				3651'
	¹⁰ Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/V	West line	County
F	4	22 SOUTH	33 EAST, N.M.P.M.		2538'	NORTH	1713'	WE	ST	LEA
			¹¹ Bottom H	Iole Locat	ion If Diff	erent From S	Surface			
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/V	West line	County
D	33	21 SOUTH	33 EAST, N.M.P.M.		25'	NORTH	1210'	WE	ST	LEA
12 Dedicated A	cres 13 Join	nt or Infill	¹⁴ Consolidation Code 15	Order No.						

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the

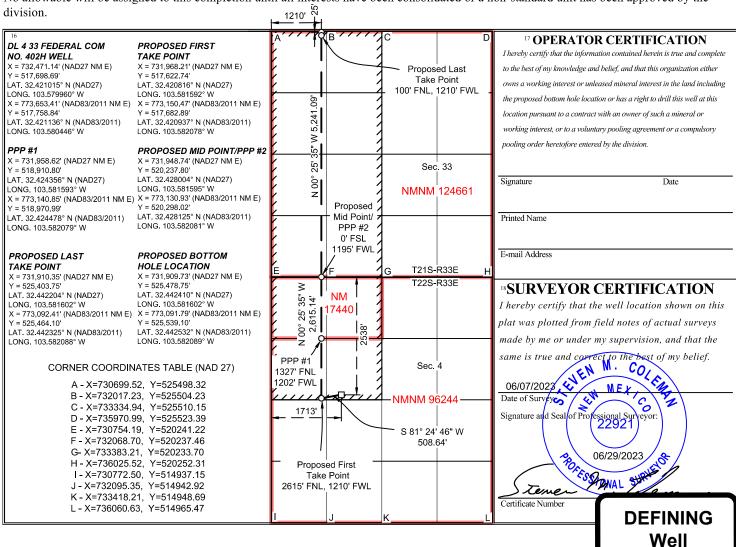
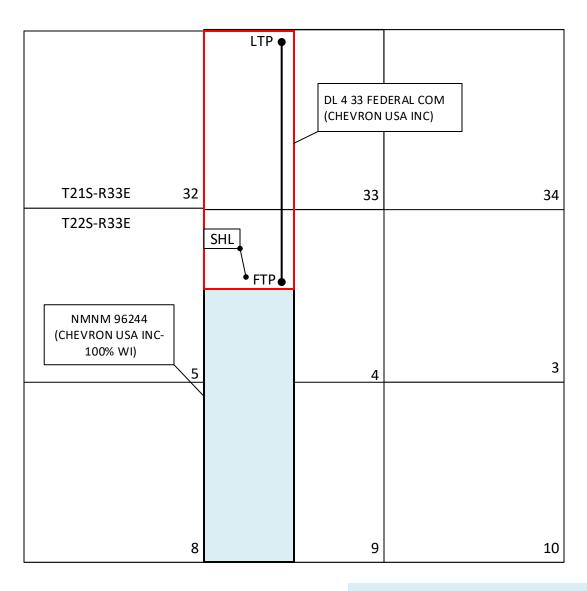


EXHIBIT B

DL 4 33 FEDERAL COM 403H



Horizontal Spacing Unit

Affected Tract

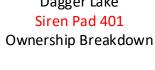
Offset Tract Affected Parties

Operator - Chevron USA Inc. Working Interest Owners – Chevron USA Inc. - 100%

EXHIBIT **B**

Dagger Lake Siren Pad 401 11/29/2023

Note:





Section 33, T21S-R33E - Entire Section (Lease 1) Chevron 100% Working Interest Lease NMNM 124661 Royalty 12.5% QLS - 960264



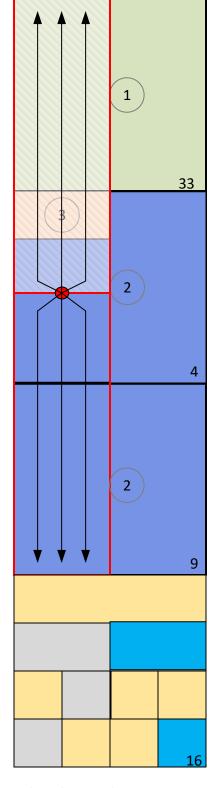
Section 4, T22S-R33E - Lots 1 and 2, S/2 N/2, S/2 (Lease 2) Chevron 100% Working Interest Section 9, T22S-R33E - All Chevron 100% Working Interest Lease NMNM 096244 Royalty 12.5% QLS - 911019



Section 4, T22S-R33E – Lots 3 and 4, N/2NW/4 (Lease 3) Chevron 90% Working Interest See Title Opinion for WI Owners Lease NMNM 17440 Royalty 12.5% QLS - 911021 and 975338



DL 4 33 Federal Com Joint Operating Agreement Chevron WI 98%/80.16% BPO NRI / 80.36% APO NRI



Bureau of Land Management 301 Dinosaur Trail Santa Fe NM 87508

EXHIBIT **C**



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

December 3, 2024

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

TO: Bureau of Land Management

301 Dinosaur Trail Santa Fe, NM 87508

Re: Chevron U.S.A., Inc.

Request for Administrative Approval of Unorthodox Well Location

DL 4 33 Federal Com #403H well

Lot 3-4 and S/2 NW/4 of Section 4, Township 22 South, Range 33 East, and W/2 of Section

33, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico

Red Tank; Bone Spring, East [51687]

API No. 30-025-52277

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:

Nicholas Angelle Chevron U.S.A., Inc. (713) 372-3026 nicholasangelle@chevron.com

Sincerely,

Paula M. Vance

ATTORNEY FOR CHEVRON U.S.A., INC.

Chevron 401H, 402H, 403H wells - NSL Postal Delivery Report

9214 8901 9403 8390 2150 86 BUREAU OF LAND MANAGEMENT 301 DINOSAUR TRAIL SANTA FE NM 87508

Delivered Signature Received

Sante Fe Main Office Phone: (505) 476-3441

General Information Phone: (505) 629-6116

Online Phone Directory https://www.emnrd.nm.gov/ocd/contact-us

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

CONDITIONS

Action 411253

CONDITIONS

Operator:	OGRID:
CHEVRON U S A INC	4323
6301 Deauville Blvd	Action Number:
Midland, TX 79706	411253
	Action Type:
	[UF-NSL] Non-Standard Location (NSL)

CONDITIONS

Create By	d Condition	Condition Date
llow	e None	1/9/2025