

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

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Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



March 2, 2015

Chevron U.S.A. Inc.
Attn: Ms. Jordan Kessler

ADMINISTRATIVE NON-STANDARD LOCATION, AND NON-STANDARD PRORATION
UNIT

Administrative Order NSL-7240
Administrative Application Reference No. pMAM1505659181

Administrative Order NSP-2021
Administrative Application Reference No. pMAM1505659517

Chevron U.S.A. Inc.
OGRID 4323
Mooses Tooth 29 26 33 Fed Com. Well No. 1H
API No. 30-025-42168

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	200` FNL & 330` FWL	D	29	26S	33E	Lea
Penetration Point	693` FNL & 347` FWL	D	29	26S	33E	Lea
Final perforation	1212` FNL & 381` FWL	D	32	26S	33E	Lea
Terminus	1229` FSL & 389` FWL	D	32	26S	33E	Lea
Terminus	(1318` FNL & 389` FWL)	D	32	26S	33E	Lea

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
W/2 W/2 of Section 29, and NW/4 NW/4 of Section 32	160 40	WC-025 G-06 S263319P; Bone Spring	97955

Reference is made to your application received on February 25, 2015.

You have requested to drill this well at a non-standard oil spacing and proration unit described above in the referenced pool or formation. This proration unit is governed by

statewide Rule 19.15.15.9.A NMAC, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary, and Rule 19.15.16.14.B(2) NMAC concerning directional wells in designated project areas. This location is unorthodox because a portion of the project area is less than 330 feet from the unit boundary.

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

It is our understanding that you are seeking this location because of mechanical difficulties, the well was perforated less than 330 feet from the Unit boundary.

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 19.15.4.12 (A) 2 NMAC, in all adjoining units towards which the proposed location encroaches for affected parties. However, the affected parties had signed a waiver.

Pursuant to the authority conferred by Division Rule 19.15.15.13 (B) NMAC, the above-described unorthodox location is hereby approved.

Non-Standard Proration Unit

Units Comprising this Project Area

Unit	Acres	Pool	Code
W/2 W/2 of Section 29	160	WC-025 G-06 S263319P; Bone Spring	97955
NW/4 NW/4 of Section 32	40	WC-025 G-06 S263319P; Bone Spring	97955

Your application has been duly filed under the provisions of Division Rules 19.15.15.13 NMAC and 19.15.4.12.A(3) NMAC.

You have requested an exception pursuant to Rule 19.15.16.7.M NMAC, to approve a non-standard oil spacing and proration unit comprising 200-acres, consisting of the entire area described above as the Subject Unit or Project Area.

It is our understanding that you are seeking this location because of mechanical difficulties, Lot 4 of Section 32 was not penetrated. However, the operator plans to develop Lot 4 with a proposed well in mid-2016; therefore, no acreage will be stranded.

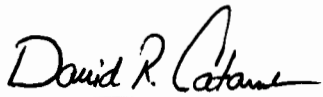
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 19.15.4.12 A (3) NMAC, in all adjoining units towards which the proposed location encroaches. However, the affected parties had signed a waiver.

Pursuant to the authority conferred by Division Rule 19.15.15.13 (B) NMAC, the above-described unorthodox location is hereby approved.

The above approvals are subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 19.15.5.9 NMAC.

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

DONE at Santa Fe, New Mexico, on March 2, 2015

A handwritten signature in black ink, appearing to read "David R. Catanach", written over a horizontal line.

DAVID R. CATANACH
Director

DRC/mam

cc: New Mexico Oil Conservation Division – Hobbs
Bureau of Land Management - Carlsbad
New Mexico State Land Office - Oil, Gas, and Minerals