

2/25/2015 MAN 2/25/2015 NSP PMAM1505659517
 2/25/2015 SUSPENSE ENGINEER MAM 2/25/2015 NSL PMAM1505659181
 DATE IN TYPE APP NO.

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 Non standard project area

[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

Jordan L. Kessler
 Signature

Attorney
 Title

jlkessler@hollandhart.com
 e-mail Address

2/25/15
 Date

-NSL 7240
 -NSP 2021
 -Chevron U.S.A. Inc
 4323
 well
 -Hopses Tooth 292633
 Federal Com 1H
 30-025-
 42168
 Pool
 -WC-025 G-06
 52633197 Bone
 Spring
 97955



February 25, 2015

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

**Re: Application of Chevron U.S.A. Inc. for administrative approval of a 200-acre non-standard project area in the Bone Spring Formation (97955) and approval of an unorthodox location, Sections 29 and 32, Township 26 South, Range 33 East, N.M.P.M., Lea County, New Mexico.
Moose's Tooth 29 26 33 Fed Com No. 1H Well**

Dear Mr. Catanach:

Chevron U.S.A. Inc. ("Chevron") (OGRID 4323) owns 100% of the working interest in the W/2 of Section 29 and all of irregular Section 32, Township 26 South, Range 33 East, N.M.P.M., Lea County, New Mexico. Chevron originally permitted the **Moose's Tooth 29 26 32 Fed Com No 1H** as a horizontal well within a 237 acre project area in the Bone Spring Pool (97955) comprised of the W/2 W/2 of Sections 29 and 32. Chevron commenced drilling the well from a surface location 200 feet from the North line and 330 feet from the West line of Section 29 (Unit D) and intended to bottomhole the well at a standard location in Unit E of irregular Section 32. However, due to mechanical difficulties Chevron was forced to cease drilling at a location 1318 feet from the North line and 389 feet from the West line (Unit D) of irregular Section 32. As a result, the first perforation for the well is 1212 feet from the North line and 381 feet from the West line (Unit D) of irregular Section 32 and the last perforation is 693 feet from the North line and 347 feet from the West line (Unit D) of Section 29.

Accordingly, Chevron respectfully requests the Division grant the following relief:

(1) Pursuant to 19.15.16.15.E NMAC, approve a non-standard 200-acre project area comprised of the W/2 W/2 (Units D, E, L, M) of Section 29 and NW/4 NW/4 (Unit D) of Section 32, Township 26 South, Range 33 East, Lea County, New Mexico; and

(2) Pursuant to 19.15.15.13.C NMAC, approve an unorthodox well location with a first perforation at 1212 feet from the North line, 381 feet from the West line (Unit D) of Section 32 and a final perforation at 693 feet from the North line, 347 feet from the West line (Unit D) of Section 29.



As support for this application, Chevron provides the following additional information and exhibits:

Exhibit A is the amended Well Location and Acreage Dedication Plat (Form C-102), which shows, as drilled, the non-standard project area and the **Moose's Tooth 29 26 32 Fed Com No 1H Well**. The only party affected by the non-standard location include those in the 40-acre tracts to the South and the Southwest. The New Mexico State Land Office is the only party affected by the encroachment to the South, and ConocoPhillips is the only party affected by the encroachment to the Southwest.

Exhibit B is a land map showing the non-standard project area. The New Mexico State Land Office is the owner of the mineral interest in the SW/4 NW/4 of Section 32 and Chevron is the lessee of record. Therefore the only affected party for the proposed non-standard project area is the State Land Office.

Exhibit C is a copy of the waiver letter provided by the New Mexico State Land Office of the non-standard project area and the non-standard location. As discussed with the New Mexico State Land Office, Chevron has scheduled plans to develop Unit E in irregular Section 32 by mid-2016.

Exhibit D is a copy of the waiver letter provided by ConocoPhillips of the non-standard location. ConocoPhillips is the only operator affected by the encroachment of the non-standard location to the Southwest.

Since a federal lease is contained in the non-standard project area, a courtesy copy of this application has been sent to the BLM-Carlsbad office.

Your attention to this application is appreciated

Sincerely,

A handwritten signature in black ink, appearing to read "Jordan L. Kessler".

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 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 Number 30-025-42168	² Pool Code 97955	³ Pool Name WC-025 G 06 9263319P;BONE SPRING
⁴ Property Code 313764	⁵ Property Name MOOSE TOOTH 29 26 33 FED COM	⁶ Well Number 1H
⁷ OGRID No. 4323	⁸ Operator Name CHEVRON U.S.A. INC.	⁹ Elevation 3203'

¹⁰ Surface Location

UT. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	29	26 SOUTH	33 EAST, N.M.P.M.		200'	NORTH	330'	WEST	LEA

¹¹ Bottom Hole Location If Different From Surface

UT. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	32	26 SOUTH	33 EAST, N.M.P.M.		1229'	SOUTH	389'	WEST	LEA

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
200			

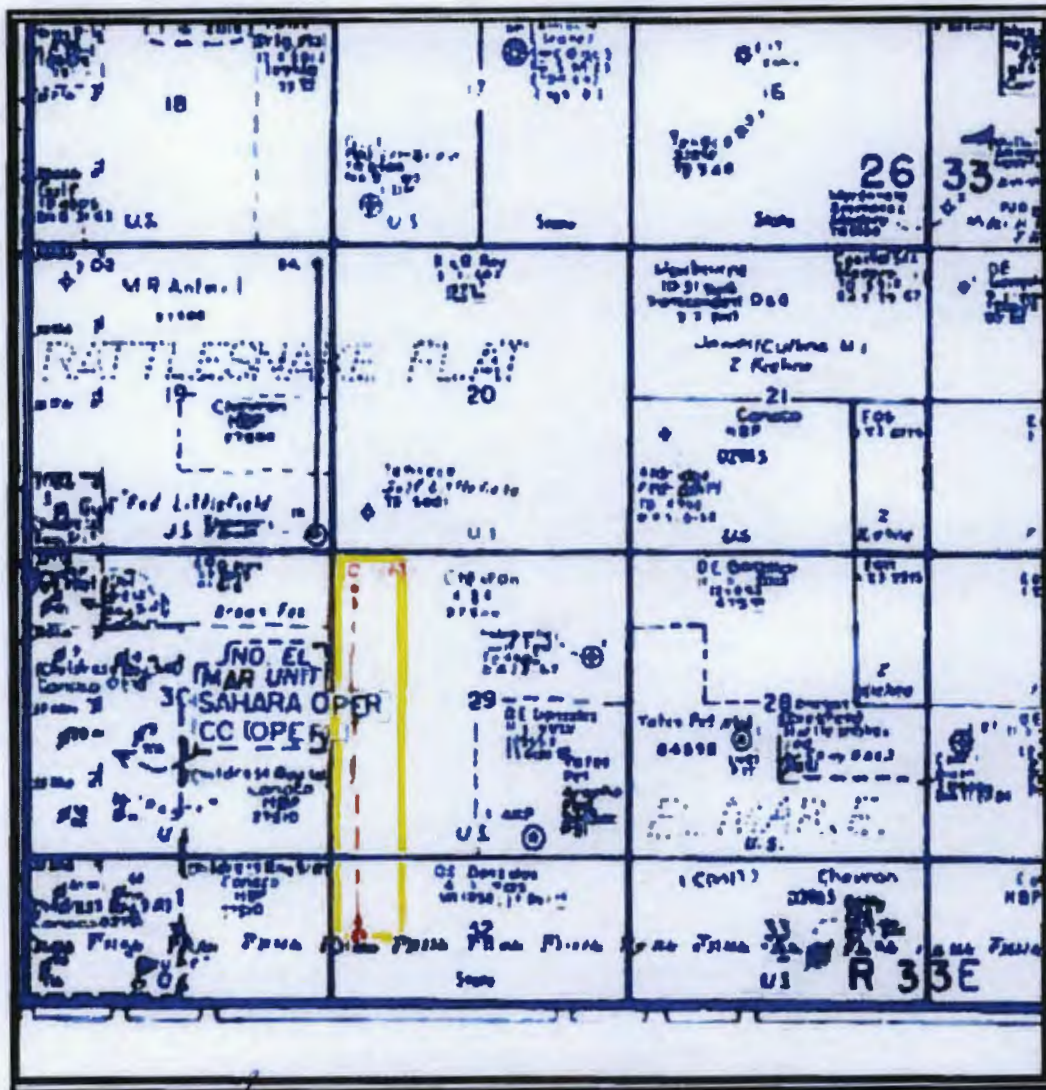
No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

AS-STAKED MOOSE TOOTH 29 26 33 FED COM NO. 1H WELL X= 726,885 NAD 27 Y= 372,167 LAT. 32.021087 LONG. 103.601275 X= 768,073 NAD83 Y= 372,224 LAT. 32.021213 LONG. 103.601742 ELEVATION +3203' NAVD 88	LAST TAKE POINT X= 726,906 NAD 27 Y= 371,674 LAT. 32.019732 LONG. 103.601217 X= 768,094 NAD83 Y= 371,731 LAT. 32.019857 LONG. 103.601684	¹⁷ OPERATOR CERTIFICATION 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. <i>Cindy Herrera-Murillo 2-9-15</i> Signature Date Cindy Herrera-Murillo Printed Name Cherreramurillo@chevron.com E-mail Address
ACTUAL BOTTOM HOLE LOCATION X= 726,996 NAD 27 Y= 365,768 LAT. 32.003496 LONG. 103.601057 X= 768,184 NAD83 Y= 365,824 LAT. 32.003620 LONG. 103.601523	FIRST TAKE POINT X= 726,987 NAD 27 Y= 365,873 LAT. 32.003786 LONG. 103.601084 X= 768,175 NAD83 Y= 365,930 LAT. 32.003912 LONG. 103.601550	¹⁸ SURVEYOR CERTIFICATION 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 2-9-15 Date of Survey <i>[Signature]</i> Signature and Seal of Professional Surveyor WM. J. DANIEL III NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR 15078 Certificate Number #15078

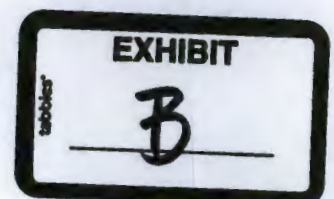
EXHIBIT

A

Exhibit B
Moose's Tooth 29-26-33 Fed Com #1H- Land Plat



Robert B. Morrison, Jr.
 Robert B. Morrison, Jr.
 Land Representative
 2/25/15





AUBREY DUNN
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

www.nmstatelands.org

February 23rd, 2015

Robert Morrison Jr
Chevron U S A Inc
1400 Smith Street
Houston, TX, 77002

Re: Non-Standard Location/Non-Standard Project Area Approval
Moose's Tooth 29-26-33 Fed Com Well #1H
Vertical Extent: Bone Spring
Township: 26 South, Range 33 East, NMPM
Section: 32:NW4SW4
Section 29 : W2W2
Lea County, New Mexico

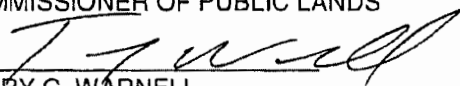
Dear Mr. Morrison,

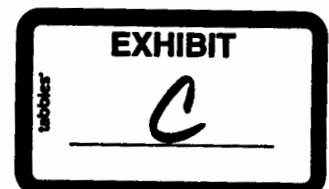
The Commissioner of Public Lands has this date approved the revised "as drilled" C-102/NSL and Non-Standard Project area for the Moose's Tooth 29-26-33 Fed Com Well #1H, api 30-025-42168, with the understanding that Chevron will be developing the stranded 40 acres at a later date. The SLO understands that this letter constitutes a waiver of our right to object to the "as drilled" NSL/NSPA for this well.

If we may be of further service, please contact Niranjana Khalsa at (505) 827-6628.

Sincerely,

AUBREY DUNN
COMMISSIONER OF PUBLIC LANDS

BY: 
TERRY G. WARNELL
Director – Oil, Gas, and Minerals Division
(505) 827-5745
AD/TGW/nkk





Robert (Rob) Morrison, Jr.
Land Representative

Mid-Continent Business Unit
Chevron U.S.A. Inc.
P.O. Box 2100
Houston, TX 77252
Tel: (713) 372-6707
Fax: (855) 721-7259
rmorrisonjr@chevron.com

February 24, 2015

Sent via Email
Cody.S.Travers@conocophillips.com

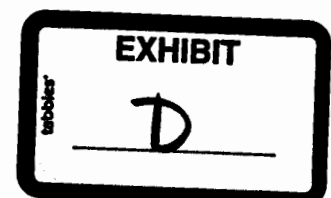
ConocoPhillips Company
ATTN: Cody Travers
P.O. BOX 7500
Bartlesville, OK 74005

Re: Request for Waiver of NSL
Moose's Tooth 29 26 33 Fed Com No. 1H Well
SHL: 200' FNL & 330' FWL of 29-T26S-R33E
Last Take: 693' FNL & 347' FWL of 29-T26S-R33E
First Take: 1212' FNL & 381' FWL of 32-T26S-R33E
BHL: 1318' FNL & 389' FWL of 32-T26S-R33E
Lea County, New Mexico

Dear Mr. Travers:

Chevron U.S.A. Inc. ("Chevron") owns 100% of the working interest in Section 29 and all of irregular Section 32, Township 26 South, Range 33 East, N.M.P.M., Lea County, New Mexico. Chevron commenced drilling the captioned well from a surface location 200 feet from the North line and 330 feet from the West line of Section 29 (Unit D) and intended to bottomhole the well at a standard location in Unit E of irregular Section 32. However, due to mechanical difficulties Chevron was forced to cease drilling at a location 1318 feet from the North line and 389 feet from the West line (Unit D) of irregular Section 32. As a result, the first perforation for the well is **1212 feet from the North line and 381 feet from the West line (Unit D) of irregular Section 32** and the last perforation is 693 feet from the North line and 347 feet from the West line (Unit D) of Section 29.

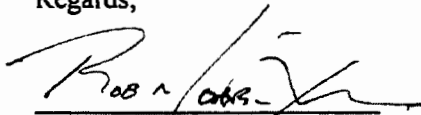
Accordingly, Chevron respectfully requests ConocoPhillips waive any objection to the captioned well's non-standard location. Please indicate your agreement to waive any objection to this non-standard location by having an authorized party date and execute both copies of this letter in the spaces provided below on behalf of ConocoPhillips. Please return one executed copy to the attention of Robert Morrison, Jr. at the address listed below.



Request for Waiver of NSL
Moose's Tooth 29-26-33 Fed Com #1H
February 17, 2015

Should you have any questions, please do not hesitate to contact me directly at 713-372-6707 or by email at rmorrisonjr@chevron.com. Thank you in advance for your prompt attention to this matter.

Regards,



Robert (Rob) Morrison, Jr.
Land Representative
P.O. Box 2100
Houston, TX 77252

Lessee of Record: ConocoPhillips Company

ConocoPhillips Company hereby waives its right to object to the application of Chevron U.S.A. Inc. for an administrative order from the New Mexico Oil Conservation Division approving Chevron's application for a non-standard location for the Moose's Tooth 29 26 33 Fed Com No. 1H Well.

☒ I waive the right to object to the captioned well's current non-standard location.

☐ I do not waive the right to object to the captioned well's current non-standard location

BY: Heather B. Libron CST
ITS: West Permian Land Supervisor
DATE: February 24, 2015

McMillan, Michael, EMNRD

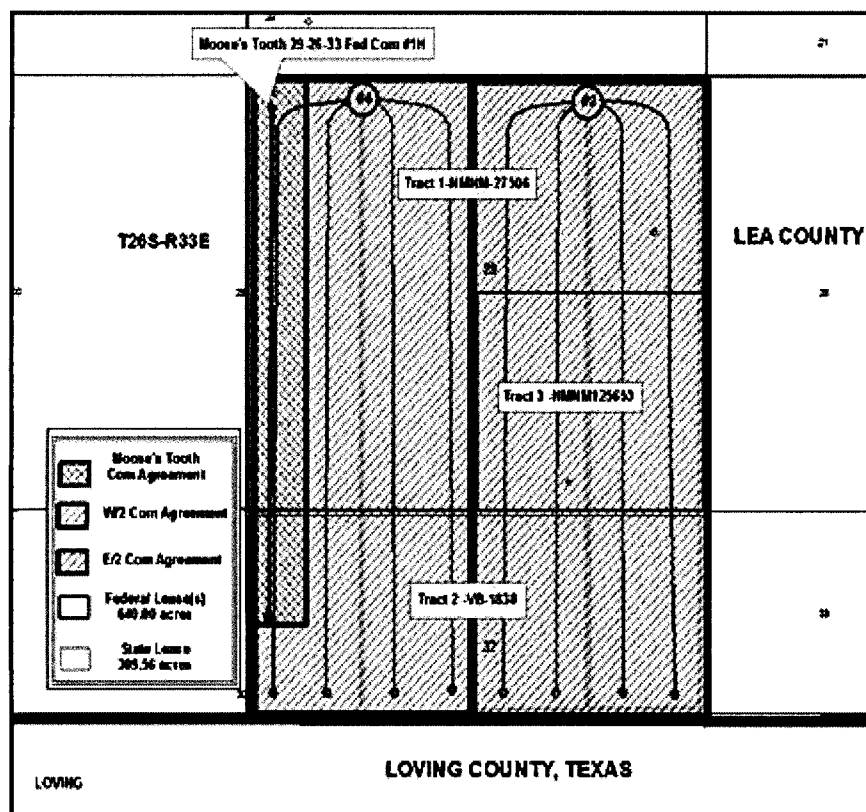
From: Jordan L. Kessler <JLKessler@hollandhart.com>
Sent: Thursday, February 26, 2015 9:00 AM
To: McMillan, Michael, EMNRD
Subject: RE: Chevron Mooses tooth 29 26 33

Dear Mr. McMillan,

Chevron has provided me with a detailed description and schematic of the proposed development of Lot 4, which I've included below. As stated in the initial application, this development is scheduled in mid-2016. Please let me know if I can answer any other questions.

Thanks!
Jordan

The initial development of Lot 4 will be by N-S oriented horizontal well targeting the Upper Avalon. Pad #4 is a 4 well pad that will extend from the North of 29 down to the bottom of section 32, so there will actually be two wells that TD in Lot 4 in mid 2016.



From: McMillan, Michael, EMNRD [<mailto:Michael.McMillan@state.nm.us>]
Sent: Wednesday, February 25, 2015 4:25 PM
To: Jordan L. Kessler
Subject: Chevron Mooses tooth 29 26 33

Ms. Kessler:

I received your NSL?NSP application today.

How does Chevron plan to develop Lot 4, which is stranded? Do they plan to develop this lot with another well?
Since you received a waiver from ConocoPhillips, this is the only concern with this well

Thank You

Michael A. McMillan

Engineering and Geological Services Bureau, Oil Conservation Division

1220 South St. Francis Dr., Santa Fe NM 87505

O: 505.476.3448 F. 505.476.3462

McMillan, Michael, EMNRD

From: Jordan L. Kessler <JLKessler@hollandhart.com>
Sent: Friday, February 27, 2015 11:28 AM
To: McMillan, Michael, EMNRD
Cc: Michael Feldewert
Subject: Update re: Moose's Tooth 29 26 33

Dear Mr. McMillan,

I spoke with Chevron and confirmed that the location of the bottomhole is in Unit D. Chevron, in turn, had confirmed this with their surveyor. Chevron will not be submitting an amended C-102 since the bottomhole is in fact located in Unit D. As we discussed in our phone call, the first perforation is also located in Unit D.

Thanks!
Jordan

Jordan Lee Kessler
Associate
Holland & Hart LLP
110 North Guadalupe Suite 1
Santa Fe, NM 87501
Phone (505) 988-4421
Fax (505) 983-6043
E-mail: JLKessler@hollandhart.com



CONFIDENTIALITY NOTICE: This message is confidential and may be privileged. If you believe that this email has been sent to you in error, please reply to the sender that you received the message in error; then please delete this e-mail. Thank you.