

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



September 28, 2017

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

ADMINISTRATIVE NON-STANDARD LOCATION

Administrative Order NSL-7588

Chevron U.S.A. Inc.
OGRID 4323
HH SO 8 5 Federal 3 Well No. 3H
API No. 30-015-Pending

Non-Standard Location

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	579` FNL & 2309` FWL	C	17	26S	27E	Eddy
Penetration Point	330` FSL & 2430` FWL	N	8	26S	27E	Eddy
Final perforation	330` FNL & 2430` FWL	C	5	26S	27E	Eddy
Terminus	280` FNL & 2430` FWL	C	5	26S	27E	Eddy

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
W/2 Section 8	640	Purple Sage; Wolfcamp (GAS)	98220
W/2 Section 5			

Reference is made to your application received on September 7, 2017.

You have requested to drill this horizontal well at an unorthodox gas well location described above in the referenced pool or formation. This location is governed by Special Rules for Purple Sage, Wolfcamp (Gas) pool which provides for 320 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 surface location is outside the project area, and is permitted by Rule 19.15.16.15.B (4) NMAC which allows for surface locations outside project area. This location is unorthodox because portions of the proposed completed interval are closer to outside boundaries of the proposed project area than any location that would be a standard location under the applicable pool rules.

It is our understanding that the Applicant is seeking this location in order to maximize the recovery of oil and gas reserves from the Wolfcamp formation underlying the W/2 of Section 8 and Section 5.

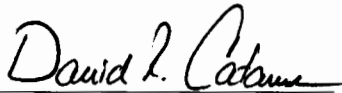
Your application has been duly filed under the provisions of Division Rules 19.15.15.13 NMAC and 19.15.4.12.A (2) NMAC.

It is 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

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.

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


DAVID R. CATANACH
Director

DRC/lrl

cc: Oil Conservation Division – Artesia District Office
Bureau of Land Management – Carlsbad Field Office