

RECEIVED: 10/24/17	REVIEWER: LRL	TYPE: NSL	APP NO: PLE1729762112
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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: 4323

Well Name: HH SO 10 P3 No. 8H Well

API: 30-015-43973

Pool: Purple Sage; Wolfcamp

Pool Code: 98220

**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

NSL-7607

2017 OCT 24 AM 11:11  
 RECEIVED OGD

**2) NOTIFICATION REQUIRED TO:** Check those which apply.

A. ☒ Offset operators or lease holdersB. ☐ Royalty, overriding royalty owners, revenue ownersC. ☐ Application requires published noticeD. ☐ Notification and/or concurrent approval by SLOE. ☒ Notification and/or concurrent approval by BLMF. ☐ Surface ownerG. ☒ For all of the above, proof of notification or publication is attached, and/or,H. ☐ No notice required

**FOR OCD ONLY**

☐ Notice Complete☐ 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.**

October 24, 2017

Date

Jordan L. Kessler

Print or Type Name

(505) 988-4421

Phone Number

jlkessler@hollandhart.com

e-mail Address

Signature



**Jordan L. Kessler**  
**Associate**  
**Phone** (505) 954-7286  
**Fax** (505) 983-6043  
JLKessler@hollandhart.com

October 24, 2017

**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 an unorthodox location, Sections 10 and 15, Township 26 South, Range 27 East, N.M.P.M., Eddy County, New Mexico.  
HH SO 10 P3 No. 8H Well**

Dear Mr. Catanach:

Chevron U.S.A. Inc. ("Chevron") (OGRID 4323) seeks administrative approval of an unorthodox well location for its **HH SO 10 P3 No. 8H Well** (API No. 30-015-43937) to be completed within the Wolfcamp formation (Purple Sage; Wolfcamp (Gas) Pool (98220)) underlying the E/2 of Section 10 and the E/2 of Section 15, Township 26 South, Range 27 East, NMPM, Eddy County, New Mexico. The project area for this well will be 640 acres. The **HH SO 10 P3 No. 8H Well** will be drilled from a surface location 603 feet from the South line and 2066 feet from the West line (Unit N) of Section 3. The first perforation will be located 330 feet from the North line and 2430 feet from the East line (Unit B) of Section 10 and the final perforation will be located 330 feet from the South line and 2440 feet from the East line (Unit O) of Section 15. Since this acreage is governed by the Special Rules for the Purple Sage Wolfcamp Gas Pool, as set forth in Order No. R-14262, which provide for wells to be located no closer than 330 feet to the outer boundary of the spacing unit, the completed interval for this well will be unorthodox because it is closer than 330 feet to the western, southwestern, and northwestern boundaries of the project area.

Ownership between the E/2 and the W/2 of Sections 10 and 15 is identical. The W/2 of Sections 10 and 15 will be developed by **HH SO 10 P3 No. 15H Well**. Approval of the unorthodox completed interval will allow Chevron to develop these sections using their preferred well spacing plan for horizontal wells in this area, and thereby prevent waste of a productive reservoir.

**Exhibit A** is the Well Location and Acreage Dedication Plat (Form C-102), which shows that the completed interval of the proposed **HH SO 10 P3 No. 8H Well** encroaches on the spacing and proration units to the West, Northwest, and Southwest.

**Holland & Hart LLP**

**Phone** [505] 988-4421 **Fax** [505] 983-6043 **www.hollandhart.com**

110 North Guadalupe Suite 1 Santa Fe, New Mexico 87501 **Mailing Address** P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Boulder Carson City Colorado Springs Denver Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Reno Salt Lake City Santa Fe Washington, D.C. ☉

HOLLAND & HART<sup>LLP</sup>



**Exhibit B** is a land plat showing the proposed **HH SO 10 P3 No. 8H Well** in relation to adjoining spacing units.

**Exhibit C** is a list of the parties affected by the encroachment to the Northwest and Southwest. As set forth previously, ownership between the E/2 and the W/2 of Sections 10 and 15 is identical. Accordingly, there are no affected parties in the spacing units to the West. A copy of this application with all attachments has been sent by certified mail to each affected party advising them that if they have an objection it must be filed in writing with the Division within 20 days from the date the Division receives the application. A courtesy copy of this application has also been provided to the Bureau of Land Management—Carlsbad.

Your attention to this application is appreciated

Sincerely,

Jordan L. Kessler

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

cc: Bureau of Land Management-Carlsbad  
620 E. Green Street  
Carlsbad, NM 88220



**Jordan L. Kessler**  
**Associate**  
**Phone** (505) 988-4421  
**Fax** (505) 983-6043  
jlkessler@hollandhart.com

October 24, 2017

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

**TO AFFECTED PARTIES**

**Re: Application of Chevron U.S.A. Inc. for administrative approval of an  
unorthodox location, Sections 10 and 15, Township 26 South, Range 27 East,  
N.M.P.M., Eddy County, New Mexico.  
HH SO 10 P3 No. 8H Well**

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 this date with the applicant and 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:

Amber Tarr-Delach  
Chevron U.S.A. Inc.  
(713) 372-9877  
ATarr@chevron.com

Sincerely,

A handwritten signature in black ink, appearing to read "J. L. Kessler", written over a horizontal line.

Jordan L. Kessler  
**ATTORNEY FOR CHEVRON U.S.A. INC.**

OC

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone (575) 391-6161 Fax (575) 391-6720  
District II  
811 S. First St., Artesia, NM 88210  
Phone (505) 748-1281 Fax (505) 748-9720  
District III  
1000 Rio Grande Road, Ariceo, NM 87310  
Phone (505) 334-6178 Fax (505) 334-6170  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone (505) 476-3444 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**

API Number <b>30-015-43937</b>		Pool Code <b>98220</b>	Pool Name <b>Purple Sage Wolfcamp (Gas)</b>
Property Code <b>317044</b>	Property Name <b>III SO 10 P3</b>		Well Number <b>8H</b>
GRID No. <b>1323</b>	Operator Name <b>CHEVRON U.S.A. INC.</b>		Elevation <b>3279'</b>

**Surface Location**

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	3	26 SOUTH	27 EAST, N.M.P.M.		603'	SOUTH	2066'	WEST	EDDY

**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
O	15	26 SOUTH	27 EAST, N.M.P.M.		280'	SOUTH	2440'	EAST	EDDY

Dedicated Acres <b>6.40</b>	Joint or Infill	Consolidation Code	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.

<p><b>III SO 10 P3 8H WELL</b></p> <p>X= 547,567 NAD 27 Y= 387,584 LAT. 32.065491 LONG. 104.179778</p> <p>X= 586,751 NAD83 Y= 387,641 LAT. 32.065613 LONG. 104.180271</p> <p>ELEVATION 3279' NAVD 88</p> <p><b>CORNER COORDINATES TABLE (NAD 27)</b></p> <p>A - Y=392447.75, X=545573.63 B - Y=387009.20, X=545492.91 C - Y=386937.82, X=550774.76 D - Y=381711.59, X=545622.05 E - Y=381658.95, X=550943.63 F - Y=376414.09, X=545653.53 G - Y=376383.44, X=550941.76</p> <p>Mid Point Y=381683.93, X=548472.27 First Take Point Y=386640.52, X=548352.74 Last Take Point Y=376727.58, X=548501.71</p> <p><b>PROPOSED BOTTOM HOLE LOCATION</b></p> <p>X= 548,502 NAD 27 Y= 376,878 LAT. 32.035505 LONG. 104.176812</p> <p>X= 589,886 NAD83 Y= 373,734 LAT. 32.035627 LONG. 104.177304</p>	<p><b>OPERATOR CERTIFICATION</b></p> <p>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 a mineral interest in the land including the proposed bottom hole location or it is a right in drill this well at this location pursuant to a contract with owners of such mineral or working interest or is a voluntary pooling agreement or a compulsory pooling order. Signed and sealed by the director.</p> <p><i>[Signature]</i> 11-29-2016 Director</p> <p><b>SURVEYOR CERTIFICATION</b></p> <p>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.</p> <p>01-05-2016 Date of Survey</p> <p><i>[Signature]</i> Signature and Seal of Professional Surveyor</p> <p>23006 Certificate Number</p>
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District I  
1625 N French Dr., Hobbs, NM 88240  
Phone (575) 391-6161 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) 476-3474 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 30-015-43937	<sup>2</sup> Pool Code 9840	<sup>3</sup> Pool Name KR-015 5262734P; Nulcamp (Gas)
<sup>4</sup> Property Code 31044	<sup>5</sup> Property Name III SO 10 P3	<sup>6</sup> Well Number 8H
<sup>7</sup> OGRID No. 4323	<sup>8</sup> Operator Name CHEVRON U.S.A. INC.	<sup>9</sup> Elevation 3279

<sup>10</sup> Surface Location

U.L. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North-South line	Feet from the	East-West line	County
N	3	26 SOUTH	27 EAST, N.M.P.M.		603'	SOUTH	2066'	WEST	EDDY

<sup>11</sup> Bottom Hole Location If Different From Surface

U.L. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North-South line	Feet from the	East-West line	County
O	15	26 SOUTH	27 EAST, N.M.P.M.		280'	SOUTH	2440'	EAST	EDDY

<sup>12</sup> Dedicated Acres 640	<sup>13</sup> Joint or Infill	<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.

<p>HH SO 10 P3 8H WELL</p> <p>X= 547,567 NAD 27 Y= 387,584 LAT. 32.065491 LONG. 104.179778</p> <p>X= 588,751 NAD83 Y= 387,641 LAT. 32.065613 LONG. 104.180271</p> <p>ELEVATION = 3279' NAVD 88</p>		<p><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 agreement entered by the division.</p> <p>Signature: <i>[Signature]</i> Date: 11-29-2016 Printed Name: <i>[Name]</i> E-mail Address: <i>[Email]</i></p> <p><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.</p> <p>Date of Survey: 01-05-2016 Signature and Seal of Professional Surveyor: <i>[Signature]</i> Certificate Number: 23006</p>
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CORNER COORDINATES TABLE (NAD 27)

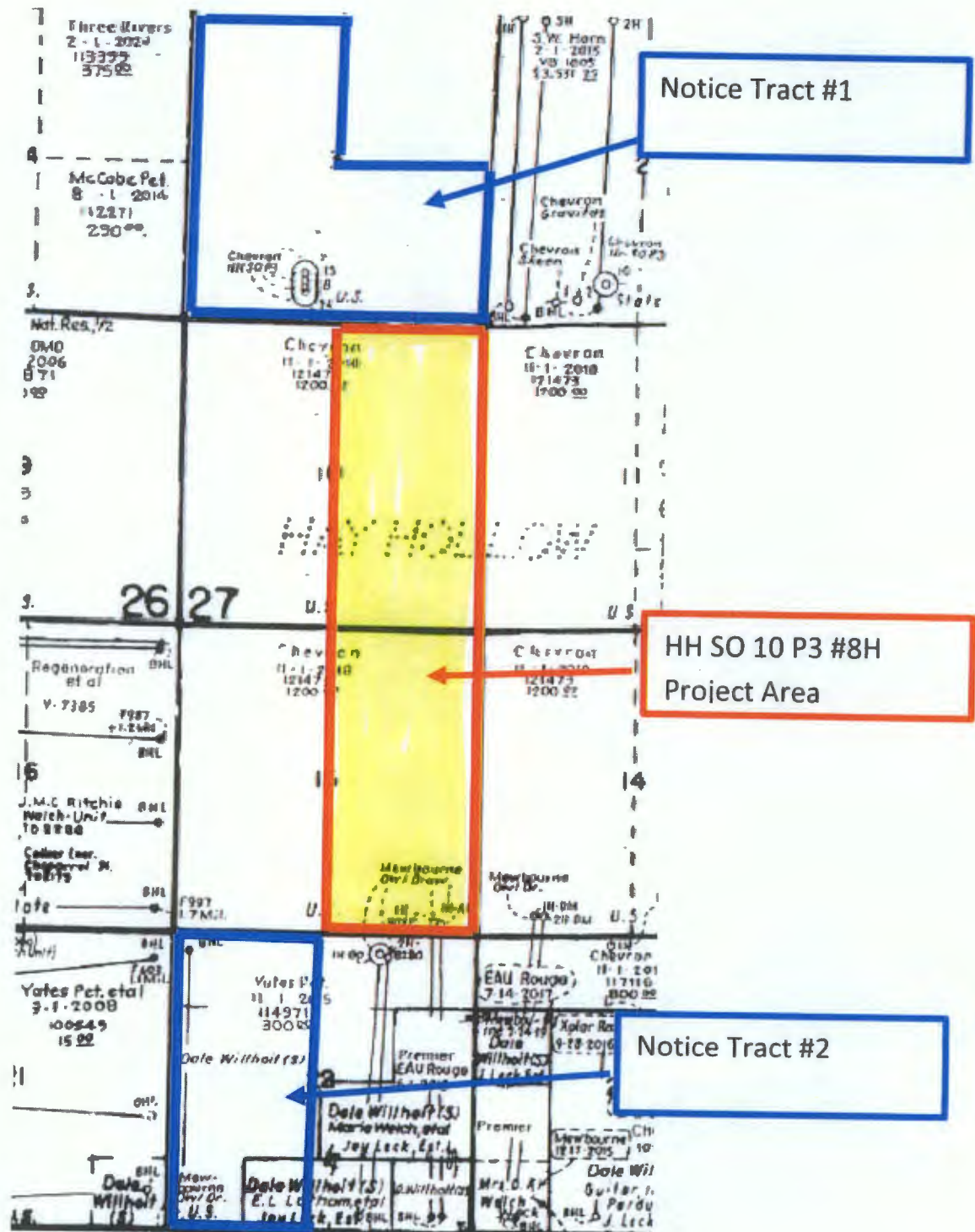
A - Y=392447.75, X=545573.63  
B - Y=387009.20, X=545492.91  
C - Y=386937.82, X=550774.76  
D - Y=381711.59, X=545622.05  
E - Y=381659.95, X=550943.63  
F - Y=376414.09, X=545653.53  
G - Y=376383.44, X=550941.76

Mid Point  
Y=381683.93, X=548472.27  
First Take Point  
Y=386640.52, X=548352.74  
Last Take Point  
Y=376727.58, X=548501.71

PROPOSED BOTTOM HOLE LOCATION	
X=	548,502 NAD 27
Y=	376,678
LAT.	32.035505
LONG	104.176812
X=	589,686 NAD83
Y=	373,734
LAT.	32.035627
LONG	104.177304

EXHIBIT

A



**Exhibit C**

**Notice Tract #1:**

Bureau of Land Management  
301 Dinosaur Trail  
Santa Fe, NM 87508  
70171450000216971733

**Notice Tract #2**

Mewbourne Oil Co.  
500 West Texas, Suite 1020  
Midland, TX 79701  
70171450000216971740





## **Lowe, Leonard, EMNRD**

---

**From:** Jordan L. Kessler <JLKessler@hollandhart.com>  
**Sent:** Tuesday, November 14, 2017 4:06 PM  
**To:** Lowe, Leonard, EMNRD  
**Subject:** RE: NSL Question: HH SO 10 P3 NO. 8H

Hi Leonard,

The encroachment was to the Southwest, rather than the South. The affected "tract" is therefore the NW/4 of Section 22, not the N/2 of Section 22. There is a spacing unit formed and a well drilled by Mewbourne that includes the NW/4 of Section 22, so we notified that area. Please let me know if you have any follow up questions.

Thanks!  
Jordan

**From:** Lowe, Leonard, EMNRD [mailto:Leonard.Lowe@state.nm.us]  
**Sent:** Monday, November 13, 2017 3:55 PM  
**To:** Jordan L. Kessler <JLKessler@hollandhart.com>  
**Subject:** NSL Question: HH SO 10 P3 NO. 8H  
**Importance:** High

Dear Jordan Kessler,

In reference to your NSL application for the above subject well.

Affected Tracts in Section 22. Were there no notice for anyone in the N/2 of Section 22?

**Leonard Lowe**  
Engineering Bureau  
**Oil Conservation Division**  
**Energy Minerals and Natural Resources Department**  
1220 South St. Frances  
Santa Fe, New Mexico 87004  
Office: 505-476-3492  
Cell: 505-930-6717  
Fax: 505-476-3462  
E-mail: [leonard.lowe@state.nm.us](mailto:leonard.lowe@state.nm.us)  
Website: <http://www.emnrd.state.nm.us/ocd/>

**From:** [Lowe, Leonard, EMNRD](#)  
**To:** ["Jordan L. Kessler"](#)  
**Cc:** [Podany, Raymond, EMNRD](#); [Sharp, Karen, EMNRD](#); [Jones, William V, EMNRD](#); [Goetze, Phillip, EMNRD](#); [McMillan, Michael, EMNRD](#); ["lisa@rwbyram.com"](#); ["jglover@blm.gov"](#); ["scaffey@blm.gov"](#); ["jstovall@blm.gov"](#)  
**Subject:** APPROVED NSL-7607\_Chevron U.S.A. Inc.\_HH SO 10 P3 Well No. 8H\_SEC 3 26S 27E  
**Date:** Wednesday, November 15, 2017 9:02:00 AM  
**Importance:** High

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Ms. Jordan L. Kessler,

The following administrative order has been issued and will soon be available on the Division's web site:

<http://ocdimage.emnrd.state.nm.us/Imaging/Default.aspx>

## **NSL-7607**

Chevron U.S.A. Inc.

WELL: HH SO P3 Well No. 8H, [API #: 30-015-43937]

### **Leonard Lowe**

Engineering Bureau

Oil Conservation Division

Energy Minerals and Natural Resources Department

1220 South St. Frances

Santa Fe, New Mexico 87004

Office: 505-476-3492

Cell: 505-930-6717

Fax: 505-476-3462

E-mail: [leonard.lowe@state.nm.us](mailto:leonard.lowe@state.nm.us)

Website: <http://www.emnrd.state.nm.us/ocd/>