

DATE IN 12-23-11	SUSPENSE	ENGINEER DB	LOGGED IN 12.27.11	TYPE NSL NSP	PTG-W 1136141206 APP. NO. 1136141734
------------------	----------	-------------	--------------------	--------------	--

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION  
 - Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505



*Chevron*  
 NM BZ State NCT-1048

NSL-6543  
 NSP-1955

**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 \_\_\_\_\_

RECEIVED OOD  
 2011 DEC 23 PM 12:52

[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.

Carolyn Haynie *Carolyn Haynie* NM Petro Engineering Technical Assistant 12-21-11  
 Print or Type Name Signature Title Date

chay@chevron.com  
 e-mail Address



**Carolyn Haynie**  
Petroleum Engineering  
Technical Assistant

**MidContinent/Alaska SBU**  
Chevron North America  
Exploration and Production  
Company  
15 Smith Road  
Midland, TX 79705  
Tel 432-687-7261  
Fax 432-687-7558  
[chay@chevron.com](mailto:chay@chevron.com)

December 21, 2011

New Mexico Oil Conservation Division  
1220 South San Francis Drive  
Santa Fe, New Mexico 87504

Re: Request for Administrative Approval  
Non Standard Gas Well Location &  
Non Standard Proration Unit  
NM 'BZ' State NCT-10, Well # 6  
480' FSL & 1650' FWL  
Unit N, Sec. 2, T25S, R37E,  
Lea County, New Mexico

Chevron U.S.A. Inc. respectfully request administrative approval for a Non-Standard location, and a Non-Standard Proration Unit for the NM 'BZ' State NCT-10, Well # 6, to be recompleted as a gas well, in the Justis Glorieta (Pro Gas – 79360). The subject well was originally completed in the Blinebry-Tubb-Drinkard in 1996 as an oil well. After 4 years, the Blinebry perfs were squeezed and an open-hole horizontal section was drilled in the Drinkard formation. The well is currently producing from the DKR horizontal section and the original Tubb-Drinkard formations, and is currently producing 1 to 2 BOPD and negligible gas.

The Chevron U.S.A. Inc. lease NM BZ State NCT-10 encompasses 160 acres (the SW4 of Sec. 2), and therefore a Non-Standard Proration Unit is also requested for approval for the NM BZ State NCT-10, Well # 6.

The recompletion to the Glorieta will be the only gas well location within the section. If approved, it would allow the NM 'BZ' State NCT-10, Well # 6 to be returned to economic production.

A copy of this application was mailed via certified mail to all affected offset operators, and the list includes all the offset operators within 160 acres in all directions of the NM 'BZ' State NCT-10, Well # 6. The 160 acres was chosen because the workover for this well will include setting the CIBP with cement on top, above all open formations lower than the Glorieta.

For your convenience, I have enclosed an envelope with my return address so the decision for this application can be sent directly to me for distribution. If you require additional information, please contact me at 432-687-7261, or by email at: [chay@chevron.com](mailto:chay@chevron.com).

Sincerely,

A handwritten signature in cursive script, reading "Carolyn Haynie". The signature is written in black ink and is positioned above the typed name.

Carolyn Haynie

NM PE Technical Assistant

Enclosure cc: NMOCD – District 1; Hobbs

District I  
1625 N. French Dr., Hobbs, NM 88240

District II  
811 South First, Artesia, NM 88210

District III  
1000 Rio Brazos Rd., Aztec, NM 87410

District IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department

Form C-102  
Revised March 17, 1999

**OIL CONSERVATION DIVISION**

2040 South Pacheco  
Santa Fe, NM 87505

Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number 30-025-33168	<sup>2</sup> Pool Code 79360	<sup>3</sup> Pool Name Justis Glorieta (Pro Gas)
<sup>4</sup> Property Code	<sup>5</sup> Property Name New Mexico "BZ" State NCT-10	<sup>6</sup> Well Number 6
<sup>7</sup> OGRID No. 4323	<sup>8</sup> Operator Name Chevron U.S.A., Inc.	<sup>9</sup> Elevation 3132'

<sup>10</sup> 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	2	25S	37E		480'	North	1650'	West	Lea

<sup>11</sup> 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

<sup>12</sup> Dedicated Acres 160    <sup>13</sup> Joint or Infill    <sup>14</sup> Consolidation Code    <sup>15</sup> 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 DIVISION**

<p>16</p>	<p>17</p> <p><b>OPERATOR CERTIFICATION</b></p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p>  <p>Signature <b>Carolyn J. Haynie</b></p> <p>Printed Name <b>Petr. Engineering Technical Assistant</b></p> <p>Title <b>December 21, 2011</b></p>
	<p>18</p> <p><b>SURVEYOR CERTIFICATION</b></p> <p><i>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.</i></p> <p>Signature and Seal of Professional Surveyor:</p> <p>_____</p> <p>Certificate Number</p>



**Carolyn Haynie**  
Petroleum Engineering  
Technical Assistant

**MidContinent/Alaska SBU**  
Chevron North America  
Exploration and Production  
Company  
15 Smith Road  
Midland, TX 79705  
Tel 432-687-7261  
Fax 432-687-7558  
[chay@chevron.com](mailto:chay@chevron.com)

December 21, 2011

Notice of Request for Administrative Approval  
Non Standard Gas Well Location &  
Non Standard Proration Unit  
NM 'BZ' State NCT-10, Well # 6  
480' FSL & 1650' FWL  
Unit N, Sec. 2, T25S, R37E,  
Lea County, New Mexico

Offset Operators,

Chevron U.S.A. Inc. has requested NMOCD administrative approval for a Non Standard Location and a Non Standard Proration Unit, for the NM 'BZ' State NCT-10, Well # 6, to be recompleted as a gas well, in the Justis Glorieta (Pro Gas – 79360). The attached is a copy of the application for your information.

The Chevron U.S.A. Inc. lease NM BZ State NCT-10 encompasses 160 acres (the SW4 of Sec. 2), and therefore a Non-Standard Proration Unit is also requested for approval for the NM BZ State NCT-10, Well # 6.

Any objections to this commingle must be sent to the New Mexico Oil Conservation Division; 1220 South St. Francis Drive; Santa Fe, NM 87504, within 20 days of receipt of this notification.

If you require additional information, please contact me at 432-687-7261, or by email at: [chay@chevron.com](mailto:chay@chevron.com).

Sincerely,

A handwritten signature in cursive script that reads "Carolyn Haynie".

Carolyn Haynie  
NM PE Technical Assistant

Enclosure cc: NMOCD – District 1; Hobbs

**NOTIFICATION LIST**

**Prepared 11-16-11 by Daniel Pequeno, Senior Land Representative**

Injection Application of Chevron U.S.A. Inc. for Administrative Approval of a Non-Standard Well Location:

**New Mexico "BZ" State NCT-10 Well No. 6 (API #30-025-33168)**

480' FSL & 1,650' FWL  
Section 2, T-25-S, R-37E, Unit Letter K  
Lea County, New Mexico

**Offset Operators & Leasehold Owners - All Sections 2, T25S-R37E:**

Citation Oil & Gas Corp.  
P. O. Box 690688  
14077 Cutten Road  
Houston, TX 77069

Energen Resources Corporation  
2010 Afton Place  
Farmington, New Mexico 87401

Chevron U.S.A. Inc.  
15 Smith Road  
Midland, Texas 79705

Primal Energy Corporation  
21021 Springbrook Plaza Dr.  
Spring, Texas 77379

Apache Corporation  
303 Veterans Dr. Lane, Suite 3000  
Midland, Texas 79705

**Offset Operators & Leasehold Owners - All of Sections 11, T25S-R37E:**

Legacy Reserves Operating LP  
P. O. Box 10848  
Midland, TX 79702

Chevron U.S.A. Inc.  
15 Smith Road  
Midland, TX 79705

Energen Resources Corporation  
2010 Afton Place  
Farmington, New Mexico 87401

**Surface Owner for Section 2, T25S-R37E (Well Location):**

State of New Mexico  
Commissioner of Public Lands  
P. O. Box 1148  
Santa Fe, New Mexico 87504-1148



**Carolyn Haynie**  
Petroleum Engineering  
Technical Assistant

**MidContinent/Alaska SBU**  
Chevron North America  
Exploration and Production  
Company  
15 Smith Road  
Midland, TX 79705  
Tel 432-687-7261  
Fax 432-687-7558  
[chay@chevron.com](mailto:chay@chevron.com)

December 21, 2011

Notice of Request for Administrative Approval  
Non Standard Gas Well Location &  
Non Standard Proration Unit  
NM 'BZ' State NCT-10, Well # 6  
480' FSL & 1650' FWL  
Unit N, Sec. 2, T25S, R37E,  
Lea County, New Mexico

State of New Mexico  
Commissioner of Public Lands  
P.O. Box 1148  
Santa Fe, New Mexico 87504-1148

Chevron U.S.A. Inc. has requested NMOCD administrative approval for a Non Standard Location and Non Standard Proration Unit, for the NM 'BZ' State NCT-10, Well # 6, to be recompleted as a gas well, in the Justis Glorieta (Pro Gas – 79360). The attached is a copy of the application for your information. Enclosed is the \$30.00 filing fee.

The Chevron U.S.A. Inc. lease, NM BZ State NCT-10 encompasses 160 acres (the SW4 of Section 2), and therefore a Non-Standard Proration Unit is also requested for approval for the NM BZ State NCT-10, Well # 6.

Any objections to this commingle must be sent to the New Mexico Oil Conservation Division; 1220 South St. Francis Drive; Santa Fe, NM 87504, within 20 days of receipt of this notification.

If you require additional information, please contact me at 432-687-7261, or by email at: [chay@chevron.com](mailto:chay@chevron.com).

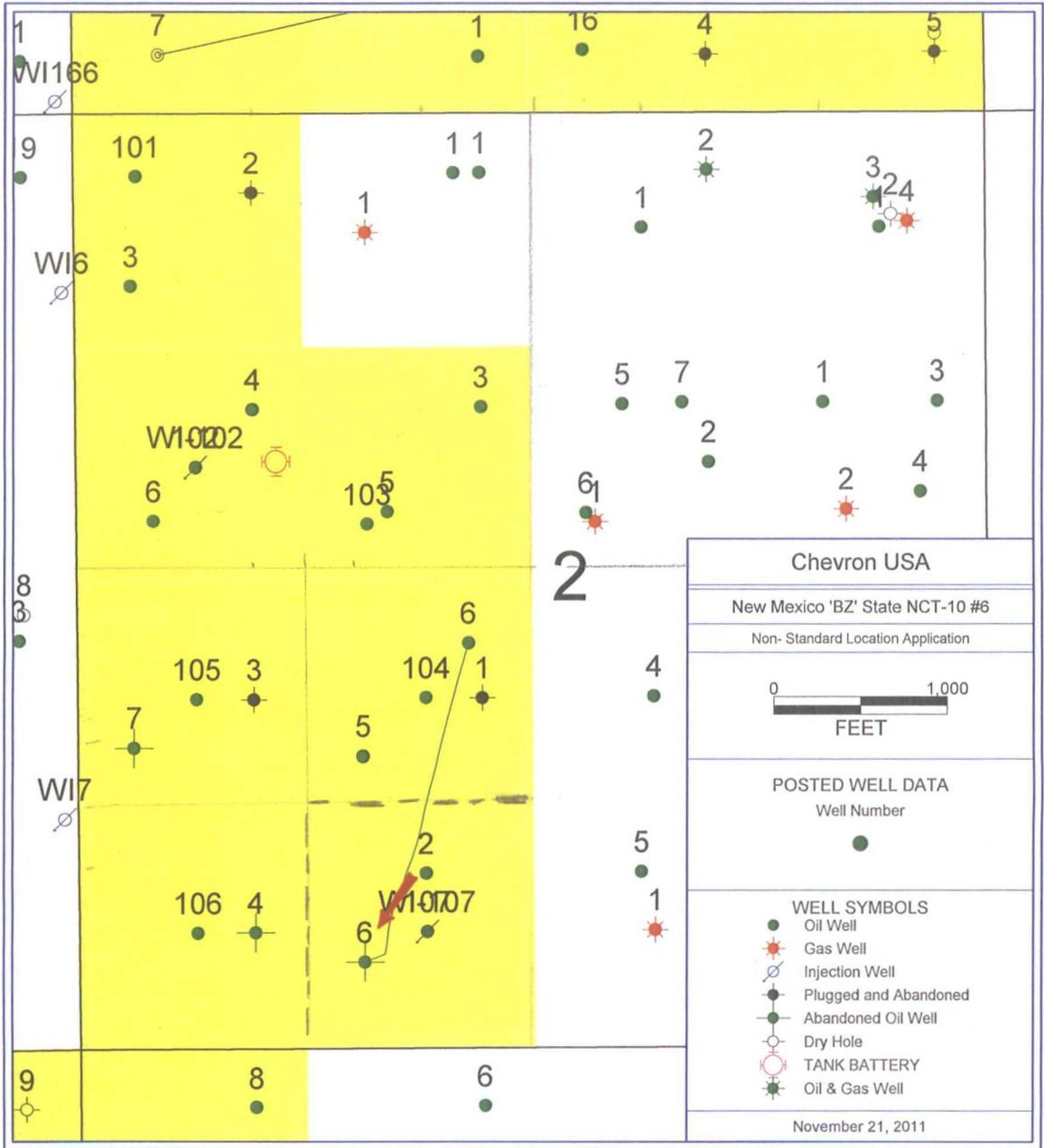
Sincerely,

A handwritten signature in cursive script that reads "Carolyn Haynie".

Carolyn Haynie

NM PE Technical Assistant

Enclosure cc: NMOCD – District 1; Hobbs





Q.N. UN 7-30 CC  
 CHAPARRAL EN.  
 (OPER.)

Chevron U.S.A. Inc.

New Mexico BZ State NCT-10 # 6

API # 30-025-33168

Unit Letter: N

Section: 2

Township: 25S

Range: 37E

Lea County, NM

Scale: 2" = 1 Mile

**Plat Reproduced With Permission  
 Granted to Chevron U.S.A. Inc.  
 By Midland Map Company  
 Midland, Texas  
 Additional Copies Are Prohibited**

DATE IN	SUSPENSE	ENGINEER	LOGGED 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 \_\_\_\_\_

[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.

Carolyn Havnie  
 Print or Type Name

*Carolyn Havnie*  
 Signature

NM Petro Engineering Technical Assistant  
 Title

12-21-11  
 Date

chay@chevron.com  
 e-mail Address



**Carolyn Haynie**  
Petroleum Engineering  
Technical Assistant

**MidContinent/Alaska SBU**  
Chevron North America  
Exploration and Production  
Company  
15 Smith Road  
Midland, TX 79705  
Tel 432-687-7261  
Fax 432-687-7558  
chay@chevron.com

December 21, 2011

New Mexico Oil Conservation Division  
1220 South San Francis Drive  
Santa Fe, New Mexico 87504

Re: Request for Administrative Approval  
Non Standard Gas Well Location &  
Non Standard Proration Unit  
NM 'BZ' State NCT-10, Well # 6  
480' FSL & 1650' FWL  
Unit N, Sec. 2, T25S, R37E,  
Lea County, New Mexico

Chevron U.S.A. Inc. respectfully request administrative approval for a Non-Standard location, and a Non-Standard Proration Unit for the NM 'BZ' State NCT-10, Well # 6, to be recompleted as a gas well, in the Justis Glorieta (Pro Gas – 79360). The subject well was originally completed in the Blinebry-Tubb-Drinkard in 1996 as an oil well. After 4 years, the Blinebry perfs were squeezed and an open-hole horizontal section was drilled in the Drinkard formation. The well is currently producing from the DKR horizontal section and the original Tubb-Drinkard formations, and is currently producing 1 to 2 BOPD and negligible gas.

The Chevron U.S.A. Inc. lease NM BZ State NCT-10 encompasses 160 acres (the SW4 of Sec. 2), and therefore a Non-Standard Proration Unit is also requested for approval for the NM BZ State NCT-10, Well # 6.

The recompletion to the Glorieta will be the only gas well location within the section. If approved, it would allow the NM 'BZ' State NCT-10, Well # 6 to be returned to economic production.

A copy of this application was mailed via certified mail to all affected offset operators, and the list includes all the offset operators within 160 acres in all directions of the NM 'BZ' State NCT-10, Well # 6. The 160 acres was chosen because the workover for this well will include setting the CIBP with cement on top, above all open formations lower than the Glorieta.

For your convenience, I have enclosed an envelope with my return address so the decision for this application can be sent directly to me for distribution. If you require additional information, please contact me at 432-687-7261, or by email at: [chay@chevron.com](mailto:chay@chevron.com).

Sincerely,

A handwritten signature in cursive script that reads "Carolyn Haynie". The signature is written in black ink and is positioned above the printed name.

Carolyn Haynie

NM PE Technical Assistant

Enclosure cc: NMOCD – District 1; Hobbs

District I  
1625 N. French Dr., Hobbs, NM 88240

State of New Mexico  
Energy, Minerals & Natural Resources Department

Form C-102  
Revised March 17, 1999

District II  
811 South First, Artesia, NM 88210

**OIL CONSERVATION DIVISION**

Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

District III  
1000 Rio Brazos Rd., Aztec, NM 87410

2040 South Pacheco  
Santa Fe, NM 87505

AMENDED REPORT

District IV  
2040 South Pacheco, Santa Fe, NM 87505

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number 30-025-33168		<sup>2</sup> Pool Code 79360		<sup>3</sup> Pool Name Justis Glorieta (Pro Gas)	
<sup>4</sup> Property Code		<sup>5</sup> Property Name New Mexico "BZ" State NCT-10			<sup>6</sup> Well Number 6
<sup>7</sup> OGRID No. 4323		<sup>8</sup> Operator Name Chevron U.S.A., Inc.			<sup>9</sup> Elevation 3132'

<sup>10</sup> 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	2	25S	37E		480'	North	1650'	West	Lea

<sup>11</sup> 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

<sup>12</sup> Dedicated Acres 160	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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 DIVISION**

<p>16</p>	<p>17</p> <p><b>OPERATOR CERTIFICATION</b></p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p></p> <p>Signature <b>Carolyn J. Haynie</b></p> <p>Printed Name <b>Petr. Engineering Technical Assistant</b></p> <p>Title <b>December 21, 2011</b></p>
	<p>18</p> <p><b>SURVEYOR CERTIFICATION</b></p> <p><i>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.</i></p> <p>Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>



**Carolyn Haynie**  
Petroleum Engineering  
Technical Assistant

**MidContinent/Alaska SBU**  
Chevron North America  
Exploration and Production  
Company  
15 Smith Road  
Midland, TX 79705  
Tel 432-687-7261  
Fax 432-687-7558  
[chay@chevron.com](mailto:chay@chevron.com)

December 21, 2011

Notice of Request for Administrative Approval  
Non Standard Gas Well Location &  
Non Standard Proration Unit  
NM 'BZ' State NCT-10, Well # 6  
480' FSL & 1650' FWL  
Unit N, Sec. 2, T25S, R37E,  
Lea County, New Mexico

Offset Operators,

Chevron U.S.A. Inc. has requested NMOCD administrative approval for a Non Standard Location and a Non Standard Proration Unit, for the NM 'BZ' State NCT-10, Well # 6, to be recompleted as a gas well, in the Justis Glorieta (Pro Gas – 79360). The attached is a copy of the application for your information.

The Chevron U.S.A. Inc. lease NM BZ State NCT-10 encompasses 160 acres (the SW4 of Sec. 2), and therefore a Non-Standard Proration Unit is also requested for approval for the NM BZ State NCT-10, Well # 6.

Any objections to this commingle must be sent to the New Mexico Oil Conservation Division; 1220 South St. Francis Drive; Santa Fe, NM 87504, within 20 days of receipt of this notification.

If you require additional information, please contact me at 432-687-7261, or by email at: [chay@chevron.com](mailto:chay@chevron.com).

Sincerely,

A handwritten signature in cursive script that reads "Carolyn Haynie".

Carolyn Haynie  
NM PE Technical Assistant

Enclosure cc: NMOCD – District I; Hobbs

## NOTIFICATION LIST

Prepared 11-16-11 by Daniel Pequeno, Senior Land Representative

Injection Application of Chevron U.S.A. Inc. for Administrative Approval of a Non-Standard Well Location:

**New Mexico "BZ" State NCT-10 Well No. 6 (API #30-025-33168)**

480' FSL & 1,650' FWL  
Section 2, T-25-S, R-37E, Unit Letter K  
Lea County, New Mexico

**Offset Operators & Leasehold Owners - All Sections 2, T25S-R37E:**

Citation Oil & Gas Corp.  
P. O. Box 690688  
14077 Cutten Road  
Houston, TX 77069

Energen Resources Corporation  
2010 Afton Place  
Farmington, New Mexico 87401

Chevron U.S.A. Inc.  
15 Smith Road  
Midland, Texas 79705

Primal Energy Corporation  
21021 Springbrook Plaza Dr.  
Spring, Texas 77379

Apache Corporation  
303 Veterans Dr. Lane, Suite 3000  
Midland, Texas 79705

**Offset Operators & Leasehold Owners - All of Sections 11, T25S-R37E:**

Legacy Reserves Operating LP  
P. O. Box 10848  
Midland, TX 79702

Chevron U.S.A. Inc.  
15 Smith Road  
Midland, TX 79705

Energen Resources Corporation  
2010 Afton Place  
Farmington, New Mexico 87401

**Surface Owner for Section 2, T25S-R37E (Well Location):**

State of New Mexico  
Commissioner of Public Lands  
P. O. Box 1148  
Santa Fe, New Mexico 87504-1148



**Carolyn Haynie**  
Petroleum Engineering  
Technical Assistant

**MidContinent/Alaska SBU**  
Chevron North America  
Exploration and Production  
Company  
15 Smith Road  
Midland, TX 79705  
Tel 432-687-7261  
Fax 432-687-7558  
chay@chevron.com

December 21, 2011

Notice of Request for Administrative Approval  
Non Standard Gas Well Location &  
Non Standard Proration Unit  
NM 'BZ' State NCT-10, Well # 6  
480' FSL & 1650' FWL  
Unit N, Sec. 2, T25S, R37E,  
Lea County, New Mexico

State of New Mexico  
Commissioner of Public Lands  
P.O. Box 1148  
Santa Fe, New Mexico 87504-1148

Chevron U.S.A. Inc. has requested NMOCD administrative approval for a Non Standard Location and Non Standard Proration Unit, for the NM 'BZ' State NCT-10, Well # 6, to be recompleted as a gas well, in the Justis Glorieta (Pro Gas – 79360). The attached is a copy of the application for your information. Enclosed is the \$30.00 filing fee.

The Chevron U.S.A. Inc. lease, NM BZ State NCT-10 encompasses 160 acres (the SW4 of Section 2), and therefore a Non-Standard Proration Unit is also requested for approval for the NM BZ State NCT-10, Well # 6.

Any objections to this commingle must be sent to the New Mexico Oil Conservation Division; 1220 South St. Francis Drive; Santa Fe, NM 87504, within 20 days of receipt of this notification.

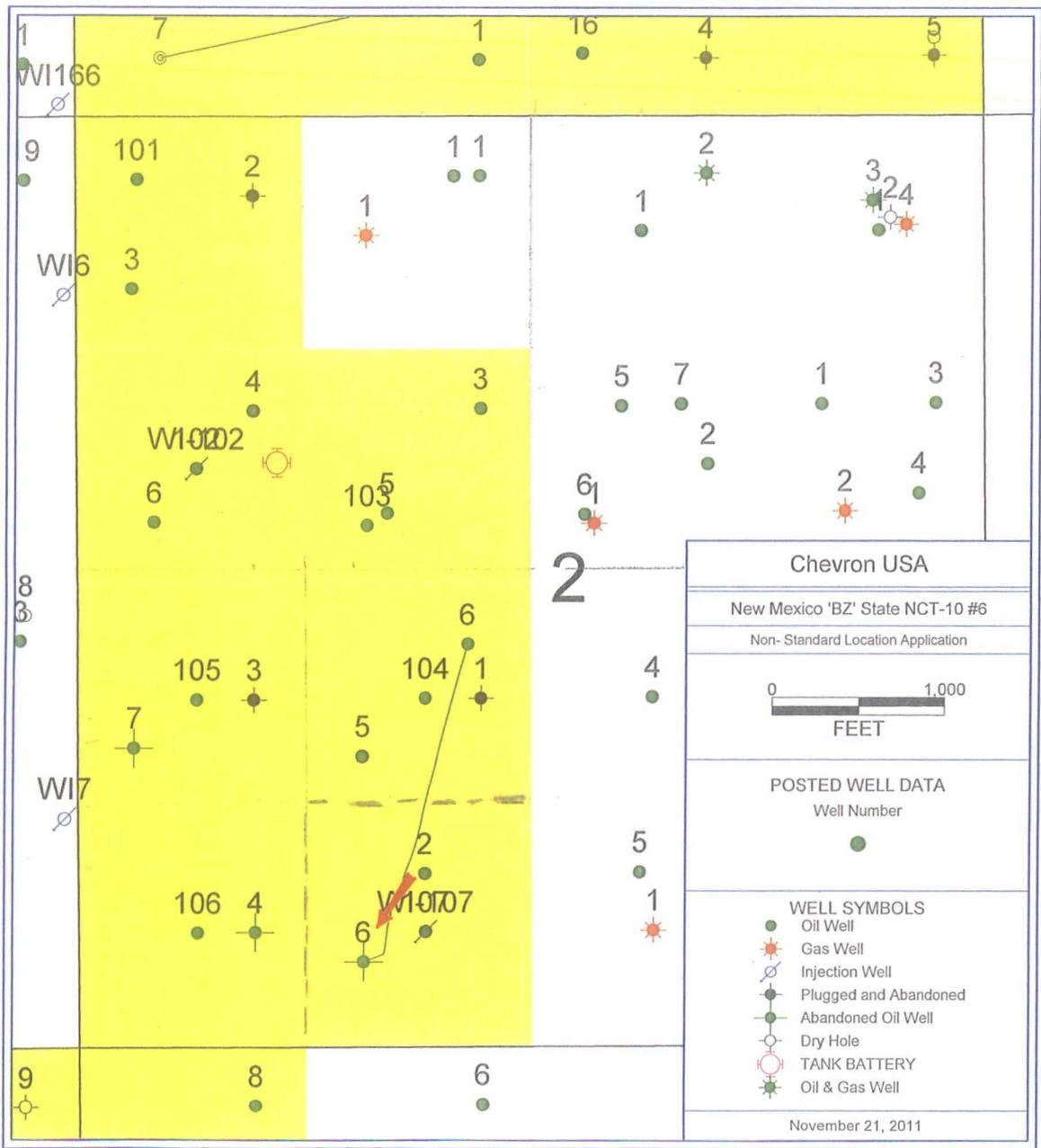
If you require additional information, please contact me at 432-687-7261, or by email at: [chay@chevron.com](mailto:chay@chevron.com).

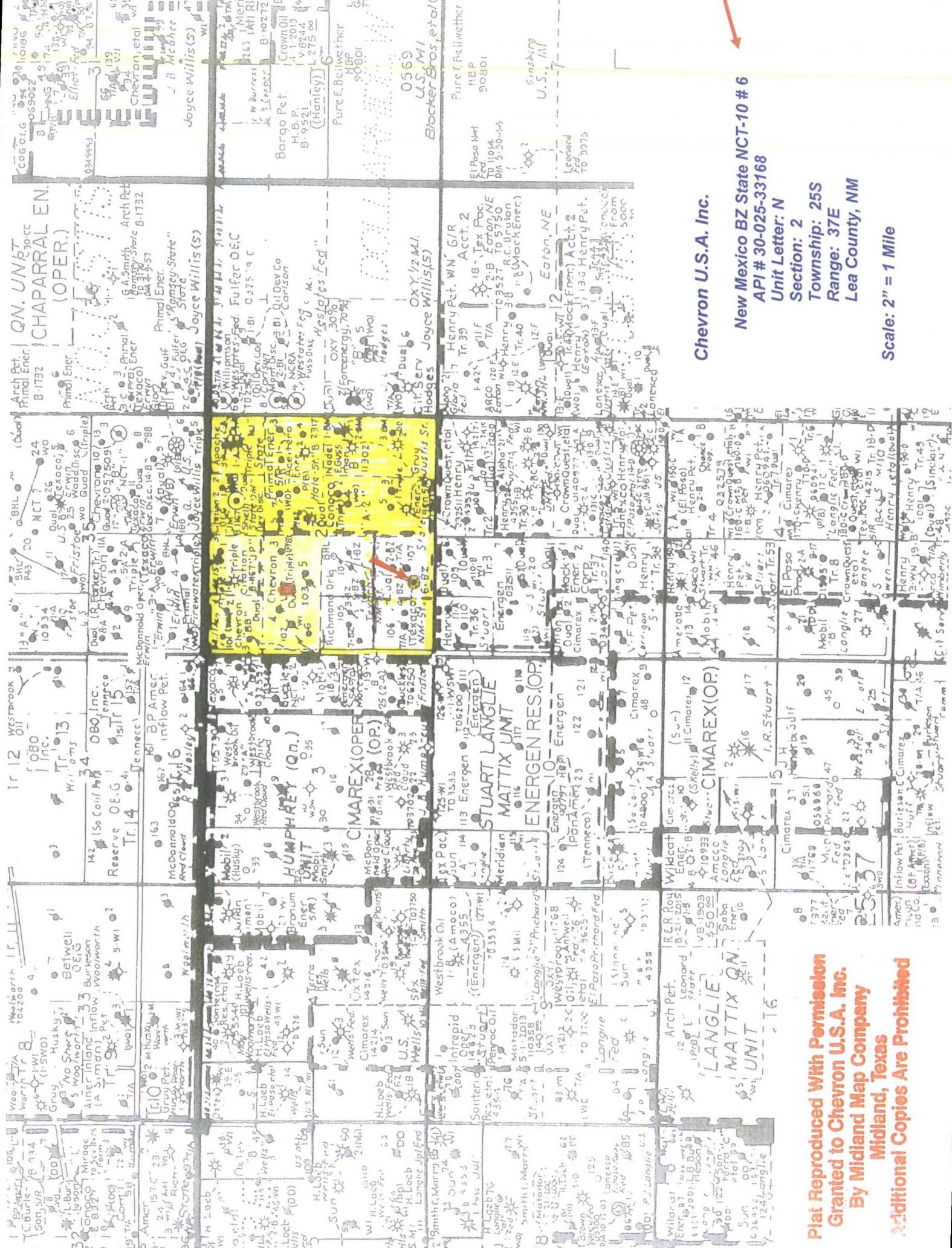
Sincerely,

A handwritten signature in cursive script that reads "Carolyn Haynie".

Carolyn Haynie  
NM PE Technical Assistant

Enclosure cc: NMOCD – District 1; Hobbs





**Chevron U.S.A. Inc.**

**New Mexico BZ State NCT-10 # 6**  
**API # 30-025-33168**  
**Unit Letter: N**

**Section: 2**  
**Township: 25S**  
**Range: 37E**  
**Lea County, NM**

**Scale: 2" = 1 Mile**

**Plat Reproduced With Permission**  
**Granted to Chevron U.S.A. Inc.**  
**By Midland Map Company**  
**Midland, Texas**  
**Additional Copies Are Prohibited**

**Brooks, David K., EMNRD**

---

**From:** Ezeanyim, Richard, EMNRD  
**Sent:** Wednesday, January 11, 2012 10:16 AM  
**To:** Brooks, David K., EMNRD  
**Subject:** FW: Chevron Letter dated 12/21/2011, NM "BZ" State NCT-10 #6 Non Standard Location and Non Standard Proration Unit, 480' FSL and 1650' FWL of Section 2-T25S-R37E

FYI.

Richard

---

**From:** Dawson, Scott [<mailto:sdawson@slo.state.nm.us>]  
**Sent:** Thursday, January 05, 2012 12:06 PM  
**To:** 'chay@chevron.com'  
**Cc:** Ezeanyim, Richard, EMNRD  
**Subject:** Chevron Letter dated 12/21/2011, NM "BZ" State NCT-10 #6 Non Standard Location and Non Standard Proration Unit, 480' FSL and 1650' FWL of Section 2-T25S-R37E

SLO has no objection on the above NSL and NSP.

Thanks,

***Scott Dawson***

*Petroleum Engineering Specialist  
NM State Land Office  
Oil, Gas and Minerals Division  
PO Box 1148  
310 Old Santa Fe Trail  
Santa Fe, New Mexico 87504-1148  
Ph. 505-827-6628  
Fax 505-827-4739  
[sdawson@slo.state.nm.us](mailto:sdawson@slo.state.nm.us)*

*Website:  
[www.nmstatelands.org](http://www.nmstatelands.org)*

CONFIDENTIALITY. This electronic mail and any files transmitted with it may contain information proprietary to the sender and is intended solely for the use of the individual or entity to whom they are addressed, shall be maintained in confidence and not disclosed to third parties without the written consent of the sender. If you are not the intended recipient or the person responsible for delivering the electronic mail to the intended recipient, be advised that you have received this electronic mail in error and that any use, dissemination, forwarding, printing, or copying of this electronic mail is strictly prohibited. If you have received this electronic mail in error, please immediately notify the sender by return mail.

-- Thanks --

---

This email has been scanned by the Symantec Email Security.cloud service.  
For more information please visit <http://www.symanteccloud.com>

---

---

This email has been scanned by the Symantec Email Security.cloud service.  
For more information please visit <http://www.symanteccloud.com>

---

DATE IN 11.28.11	SUSPENSE	ENGINEER DILB.	LOGGED IN 11.28.11	TYPE NSL	APP NO. 1133248411
------------------	----------	----------------	--------------------	----------	--------------------

ABOVE THIS LINE FOR DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505



PTGW  
 Chevron 4323  
 RECEIVED OCD  
 NM B2 State Net #6  
 30-025-33768

**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 \_\_\_\_\_

2-255-37E  
 Lea

[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.

Carolyn Haynie *Carolyn Haynie* NM Petro Engineering Technical Assistant 11-16-11  
 Print or Type Name Signature Title Date

chay@chevron.com  
 e-mail Address



**Carolyn Haynie**  
Petroleum Engineering  
Technical Assistant

**MidContinent/Alaska SBU**  
Chevron North America  
Exploration and Production  
Company  
15 Smith Road  
Midland, TX 79705  
Tel 432-687-7261  
Fax 432-687-7558  
chay@chevron.com

November 16, 2011

New Mexico Oil Conservations Division  
1220 South San Francis Drive  
Santa Fe, New Mexico 87504

Re: Request for Administrative Approval  
Unorthodox Gas Well Location  
NM 'BZ' State NCT-10, Well # 6  
480' FSL & 1650' FWL  
Unit N, Sec. 2, T25S, R37E,  
Lea County, New Mexico

Chevron U.S.A. Inc. respectfully request administrative approval for a Non-Standard location, (unorthodox well) for the NM 'BZ' State NCT-10, Well # 6 to be recompleted as a gas well, in the Justis Glorieta (Pro Gas – 79360). The subject well was originally completed in the Blinebry-Tubb-Drinkard in 1996 as an oil well. After 4 years, the Blinebry perms were squeezed and an open-hole horizontal section was drilled in the Drinkard formation. The well is currently producing from the DKR horizontal section and the original Tubb-Drinkard formations, and is currently producing 1 to 2 BOPD and negligible gas.

The recompletion to the Glorieta will be the only gas well location within the section. If approved, it would allow the NM 'BZ' State NCT-10, Well # 6 to be returned to economic production.

A copy of this application was mailed via certified mail to all affected offset operators, and the list includes all the offset operators within 160 acres in all directions of the NM 'BZ' State NCT-10, Well # 6. The 160 acres was chosen because the workover for this well will include setting the CIBP with cement on top, above all open formations lower than the Glorieta.

For your convenience, I have enclosed an envelope with my return address so the decision for this application can be sent directly to me for distribution. If you require additional information, please contact me at 432-687-7261, or by email at: [chay@chevron.com](mailto:chay@chevron.com).

Sincerely,

A handwritten signature in cursive script that reads "Carolyn Haynie".

Carolyn Haynie  
NM PE Technical Assistant

Enclosure cc: NMOCD – District 1; Hobbs

District I  
1625 N. French Dr., Hobbs, NM 88240

District II  
811 South First, Artesia, NM 88210

District III  
1000 Rio Brazos Rd., Aztec, NM 87410

District IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department

Form C-102  
Revised March 17, 1999

**OIL CONSERVATION DIVISION**  
2040 South Pacheco  
Santa Fe, NM 87505

Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number 30-025-33168	<sup>2</sup> Pool Code 79360	<sup>3</sup> Pool Name Justis Glorieta (Pro Gas)
<sup>4</sup> Property Code	<sup>5</sup> Property Name New Mexico "BZ" State NCT-10	
<sup>7</sup> OGRID No. 4323	<sup>8</sup> Operator Name Chevron U.S.A., Inc.	<sup>6</sup> Well Number 6
<sup>9</sup> Elevation 3132'		

<sup>10</sup> 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	2	25S	37E		480'	South	1650'	West	Lea

<sup>11</sup> 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

<sup>2</sup> Dedicated Acres 40	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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 DIVISION**

<p>16</p>	<p>17</p> <p><b>OPERATOR CERTIFICATION</b></p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><i>Carolyn Haynie</i> Signature CAROLYN HAYNIE Printed Name <b>Petr. Engineering Technical Assistant</b> Title November 14, 2011</p>
	<p>18</p> <p><b>SURVEYOR CERTIFICATION</b></p> <p><i>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.</i></p> <p>Signature and Seal of Professional Surveyor:</p> <p>_____</p> <p>Certificate Number</p>



**Carolyn Haynie**  
Petroleum Engineering  
Technical Assistant

**MidContinent/Alaska SBU**  
Chevron North America  
Exploration and Production  
Company  
15 Smith Road  
Midland, TX 79705  
Tel 432-687-7261  
Fax 432-687-7558  
chay@chevron.com

November 16, 2011

Notice of Request for Administrative Approval  
Unorthodox Gas Well Location  
NM 'BZ' State NCT-10, Well # 6  
480' FSL & 1650' FWL  
Unit N, Sec. 2, T25S, R37E,  
Lea County, New Mexico

Offset Operators,

Chevron U.S.A. Inc. has requested NMOCD administrative approval for a Non Standard Location, for the NM 'BZ' State NCT-10, Well # 6, to be recompleted as a gas well, in the Justis Glorieta (Pro Gas – 79360). The attached is a copy of the application for your information,

Any objections to this commingle must be sent to the New Mexico Oil Conservation Division; 1220 South St. Francis Drive; Santa Fe, NM 87504, within 20 days of receipt of this notification.

If you require additional information, please contact me at 432-687-7261, or by email at: [chay@chevron.com](mailto:chay@chevron.com).

Sincerely,

A handwritten signature in cursive script that reads "Carolyn Haynie".

Carolyn Haynie

NM PE Technical Assistant

Enclosure cc: NMOCD – District 1; Hobbs

## NOTIFICATION LIST

### Prepared 11-16-11 by Daniel Pequeno, Senior Land Representative

Injection Application of Chevron U.S.A. Inc. for Administrative Approval of a Non-Standard Well Location:

#### **New Mexico "BZ" State NCT-10 Well No. 6 (API #30-025-33168)**

480' FSL & 1,650' FWL  
Section 2, T-25-S, R-37E, Unit Letter K  
Lea County, New Mexico

#### **Offset Operators & Leasehold Owners - All Sections 2, T25S-R37E:**

Citation Oil & Gas Corp.  
P. O. Box 690688  
14077 Cutten Road  
Houston, TX 77069

Energen Resources Corporation  
2010 Afton Place  
Farmington, New Mexico 87401

Chevron U.S.A. Inc.  
15 Smith Road  
Midland, Texas 79705

Primal Energy Corporation  
21021 Springbrook Plaza Dr.  
Spring, Texas 77379

Apache Corporation  
303 Veterans Dr. Lane, Suite 3000  
Midland, Texas 79705

#### **Offset Operators & Leasehold Owners - E/2 of Section 3, T25S-R37E:**

Linn Operating, Inc.  
600 Travis Street, Suite 5100  
Houston, TX 77002

Range Operating New Mexico LLC  
100 Throckmorton St., Suite 1200  
Fort Worth, TX 76102

Chevron U.S.A. Inc.  
15 Smith Road  
Midland, Texas 79705

Arena Resources, Inc.  
6555 South Lewis  
Tulsa, OK 74106

#### **Offset Operators & Leasehold Owners - E/2 of Sections 10, T25S-R37E:**

Energen Resources Corporation  
2010 Afton Place  
Farmington, New Mexico 87401

Chevron U.S.A. Inc.  
15 Smith Road  
Midland, Texas 79705

**Offset Operators & Leasehold Owners - All of Sections 11, T25S-R37E:**

Legacy Reserves Operating LP  
P. O. Box 10848  
Midland, TX 79702

Chevron U.S.A. Inc.  
15 Smith Road  
Midland, TX 79705

Energen Resources Corporation  
2010 Afton Place  
Farmington, New Mexico 87401

**Offset Operators & Leasehold Owners - W/2 of Sections 12, T25S-R37E:**

Legacy Reserves Operating LP  
P. O. Box 10848  
Midland, TX 79702

J. R. Oil, LTD Co.  
3500 Acoma  
Hobbs, New Mexico 88240

**Surface Owner for Section 2, T25S-R37E (Well Location):**

State of New Mexico  
Commissioner of Public Lands  
P. O. Box 1148  
Santa Fe, New Mexico 87504-1148



**Carolyn Haynie**  
Petroleum Engineering  
Technical Assistant

**MidContinent/Alaska SBU**  
Chevron North America  
Exploration and Production  
Company  
15 Smith Road  
Midland, TX 79705  
Tel 432-687-7261  
Fax 432-687-7558  
[chay@chevron.com](mailto:chay@chevron.com)

November 16, 2011

Notice of Request for Administrative Approval  
Unorthodox Gas Well Location  
NM 'BZ' State NCT-10, Well # 6  
480' FSL & 1650' FWL  
Unit N, Sec. 2, T25S, R37E,  
Lea County, New Mexico

State of New Mexico  
Commissioner of Public Lands  
P.O. Box 1148  
Santa Fe, New Mexico 87504-1148

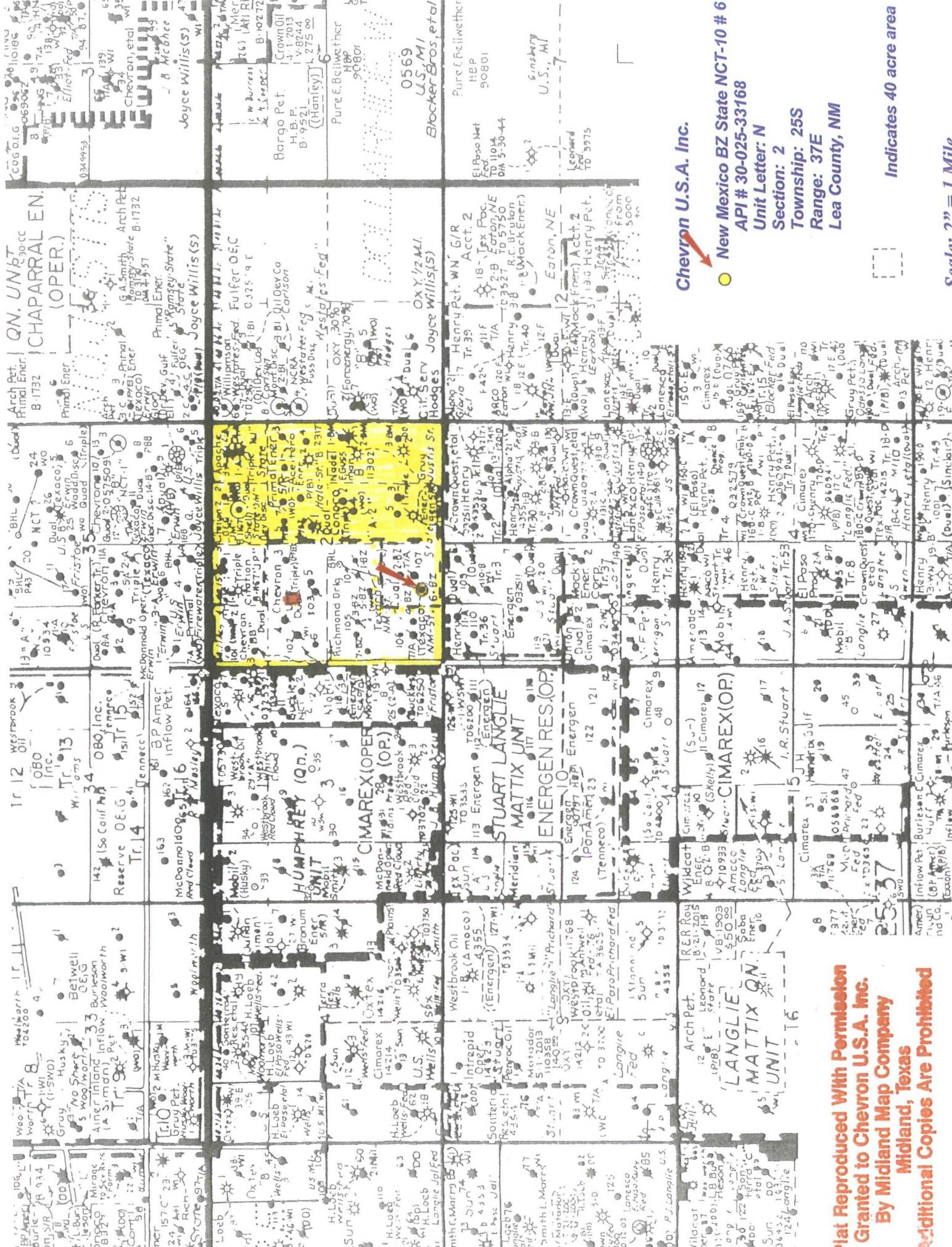
Chevron U.S.A. Inc. has requested NMOCD administrative approval for a Non Standard Location, for the NM 'BZ' State NCT-10, Well # 6, to be recompleted as a gas well, in the Justis Glorieta (Pro Gas – 79360). The attached is a copy of the application for your information and the State required \$30.00 filing fee is enclosed.

Any objections to this commingle must be sent to the New Mexico Oil Conservation Division; 1220 South St. Francis Drive; Santa Fe, NM 87504, within 20 days of receipt of this notification.

If you require additional information, please contact me at 432-687-7261, or by email at: [chay@chevron.com](mailto:chay@chevron.com).

Sincerely,

Carolyn Haynie  
NM PE Technical Assistant  
Enclosure cc: NMOCD – District 1; Hobbs



**Chevron U.S.A. Inc.**

● **New Mexico BZ State NCT-10 # 6**  
**API # 30-025-33168**

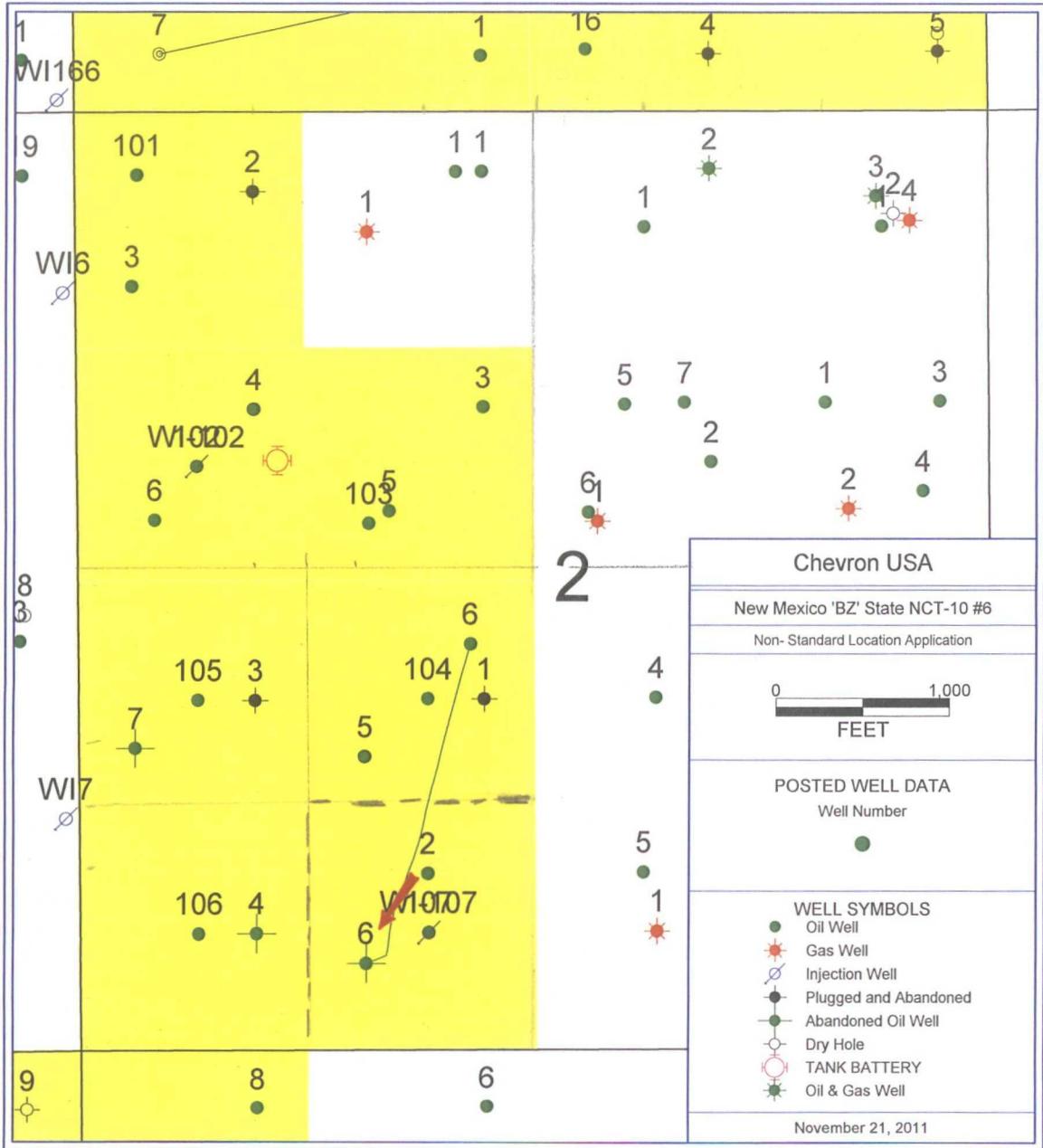
**Unit Letter: N**  
**Section: 2**  
**Township: 25S**  
**Range: 37E**  
**Lea County, NM**

Indicates 40 acre area

Scale: 2" = 1 Mile

**Plat Reproduced With Permission  
 Granted to Chevron U.S.A. Inc.  
 By Midland Map Company  
 Midland, Texas**

**Additional Copies Are Prohibited**



**Brooks, David K., EMNRD**

---

**From:** Brooks, David K., EMNRD  
**Sent:** Tuesday, December 20, 2011 5:52 PM  
**To:** 'Haynie, Carolyn (CHaynie) [Kelly Services]'  
**Subject:** NM BZ State NCT-10 #6; NSL Application

Dear Ms. Haynie

This application is captioned as a Request for Administrative Approval, Unorthodox Gas Well Location, and your letter states that you are requesting approval "for a Non-Standard location.

It appears, however, that you are proposing to dedicate a 40-acre unit to the proposed re-completion in the Justis Glorieta Gas Pool, a pool which, per Order R-1670, is apparently spaced on 320 acres. Although you have sent notice to everyone for whom notice of such a request should be sent, in view of the absence of any reference to the requested non-standard unit in either your letter to OCD or your cover letter to the notice parties, I cannot conclude that the offsetting parties have been given fair notice of the request for a non-standard 40-acre gas unit. If that is what you want, I believe an application specifically requesting a non-standard gas unit should be filed, and notice thereof sent to all owners in the S/2 and NE/4 of Section 2.

Additionally, the Division would require a basis for granting such a non-standard unit, and no evidence of reasons why this should be done was included with your application.

Sincerely

David K. Brooks  
Legal Examiner

**Brooks, David K., EMNRD**

---

**From:** Brooks, David K., EMNRD  
**Sent:** Wednesday, December 21, 2011 9:30 AM  
**To:** 'Haynie, Carolyn (CHaynie) [Kelly Services]'  
**Subject:** RE: NM BZ State NCT-10 #6; NSL Application

Dear Ms. Haynie

1. NSL and "unorthodox location: *are* the same thing. NSL applications are governed by Rule 19.15.15.13 NMAC, and the requirement for notification to offsetting operators and owners for NSL applications is governed by Rule 19.15.4.12.A(2). Your NSL application is correctly prepared and filed. The well location is non-standard because it will be a gas well, and a gas well is required to be at least 660 feet from unit boundaries. This location is only 490 feet from the southern boundary of Section 2. Accordingly notice was required to the operator or owners of the N/2 and W/2 of Section 11. This is because 19.15.4.12.A(2)(c) says you only have to notify owners of spacing units towards which the proposed unorthodox well encroaches.
2. But you appear to be wanting to assign a 40-acre unit to this well. The appropriate spacing unit for the Justis Gas Pool, so far as I can determine, should be 320 acres. If you want to designate a 40-acre unit, you need to apply for a Non-Standard Proration Unit (NSP). This is a different category of administrative application than NSL. It is governed by Rule 19.15.15.11.B NMAC, and the notification requirements are set forth in 19.15.4.12.A(3) NMAC. That provision would require that you notice all owners "of interest in the minerals estate" in the W/2 and S/2 of Section 2. The phrase "of the mineral estate" presumably requires notice to royalty and ORRI owners, as well as working interest owners.
3. The further concern is to alert the persons noticed that you are requesting not only a non-standard location (NSL) but also a non-standard proration unit (NSP). It seemed to me that this was not made clear in your paperwork, and accordingly, if you are applying for a 40-acre unit, as seems to be the case, you will need to re-notice those owners to whom notice of the NSP application is required.

Please let me know if I can be of further assistance.

Sincerely

David K. Brooks

---

**From:** Haynie, Carolyn (CHaynie) [Kelly Services] [<mailto:CHAY@chevron.com>]  
**Sent:** Wednesday, December 21, 2011 6:33 AM  
**To:** Brooks, David K., EMNRD  
**Subject:** RE: NM BZ State NCT-10 #6; NSL Application

*OK David, and Thanks!*

*This was my first (solo)NSL application and I apparently need some coaching. I followed a copy of an approval, as an example, in which both terms were included. I thought they were one and the same. (NSL & Unorthodox well location). Can you tell me where to look for the difference between the two? I really want to get it right and understand the difference.*

*Also, as an example for the 'evidence of interest', do you mean maybe something like, because of increase of efficiency and/or less work on the battery, thus providing safety and savings to Chevron? (This is an example.)*

*Sorry for any confusion and waste of time on your part. I'll resend and I'll get it right. ☺*

*Is it ok if I send it to your attention since you have already reviewed it? This will delay the recompletion of the project and I'd like to get it approved as soon as possible.*

And,

*Merry Christmas*

**Carolyn Haynie**  
**Chevron U.S.A. Inc.**  
**New Mexico PE TA**  
*For Eunice, Vacuum,*  
*Dollarhide, And Facilities*  
**Room 5232**  
**Midland, TX**  
**432-687-7261**



---

**From:** Brooks, David K., EMNRD [<mailto:david.brooks@state.nm.us>]  
**Sent:** Tuesday, December 20, 2011 6:52 PM  
**To:** Haynie, Carolyn (CHaynie) [Kelly Services]  
**Subject:** NM BZ State NCT-10 #6; NSL Application

Dear Ms. Haynie

This application is captioned as a Request for Administrative Approval, Unorthodox Gas Well Location, and your letter states that you are requesting approval "for a Non-Standard location.

It appears, however, that you are proposing to dedicate a 40-acre unit to the proposed re-completion in the Justis Glorieta Gas Pool, a pool which, per Order R-1670, is apparently spaced on 320 acres. Although you have sent notice to everyone for whom notice of such a request should be sent, in view of the absence of any reference to the requested non-standard unit in either your letter to OCD or your cover letter to the notice parties, I cannot conclude that the offsetting parties have been given fair notice of the request for a non-standard 40-acre gas unit. If that is what you want, I believe an application specifically requesting a non-standard gas unit should be filed, and notice thereof sent to all owners in the S/2 and NE/4 of Section 2.

Additionally, the Division would require a basis for granting such a non-standard unit, and no evidence of reasons why this should be done was included with your application.

Sincerely

David K. Brooks  
Legal Examiner

## Brooks, David K., EMNRD

---

**From:** Haynie, Carolyn (CHaynie) [Kelly Services] [CHAY@chevron.com]  
**Sent:** Wednesday, December 21, 2011 10:40 AM  
**To:** Brooks, David K., EMNRD  
**Subject:** RE: NM BZ State NCT-10 #6; NSL Application

OK David, I have talked to the engineer and we are resubmitting the project. The engineer wants to do both the NSL and the NS Proration Unit so we have changed the letter to reflect that and we are only sending this to those west and south of section 2.

Thank you so very much for your help.

**Carolyn Haynie**  
**Chevron U.S.A. Inc.**  
**New Mexico PE TA**  
*For Eunice, Vacuum,*  
*Dollarhide, And Facilities*  
**Room 5232**  
**Midland, TX**  
**432-687-7261**



---

**From:** Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]  
**Sent:** Wednesday, December 21, 2011 10:30 AM  
**To:** Haynie, Carolyn (CHaynie) [Kelly Services]  
**Subject:** RE: NM BZ State NCT-10 #6; NSL Application

Dear Ms. Haynie

1. NSL and "unorthodox location: *are* the same thing. NSL applications are governed by Rule 19.15.15.13 NMAC, and the requirement for notification to offsetting operators and owners for NSL applications is governed by Rule 19.15.4.12.A(2). Your NSL application is correctly prepared and filed. The well location is non-standard because it will be a gas well, and a gas well is required to be at least 660 feet from unit boundaries. This location is only 490 feet from the southern boundary of Section 2. Accordingly notice was required to the operator or owners of the N/2 and W/2 of Section 11. This is because 19.15.4.12.A(2)(c) says you only have to notify owners of spacing units towards which the proposed unorthodox well encroaches.
2. But you appear to be wanting to assign a 40-acre unit to this well. The appropriate spacing unit for the Justis Gas Pool, so far as I can determine, should be 320 acres. If you want to designate a 40-acre unit, you need to apply for a Non-Standard Proration Unit (NSP). This is a different category of administrative application than NSL. It is governed by Rule 19.15.15.11.B NMAC, and the notification requirements are set forth in 19.15.4.12.A(3) NMAC. That provision would require that you notice all owners "of interest in the minerals estate" in the W/2 and S/2 of Section 2. The phrase "of the mineral estate" presumably requires notice to royalty and ORRI owners, as well as working interest owners.
3. The further concern is to alert the persons noticed that you are requesting not only a non-standard location (NSL) but also a non-standard proration unit (NSP). It seemed to me that this was not made clear in your paperwork, and accordingly, if you are applying for a 40-acre unit, as seems to be the case, you will need to re-notice those owners to whom notice of the NSP application is required.

Please let me know if I can be of further assistance.